



**COMMONWEALTH OF VIRGINIA  
DEPARTMENT OF SOCIAL SERVICES**

October 1, 2004

TO: The Honorable Mark R. Warner

and

The General Assembly of Virginia

The report contained herein was prepared pursuant to §63.2-805 of the *Code of Virginia* (*Code*). The *Code* requires the Department of Social Services to submit an annual report on the effectiveness of low-income energy assistance programs in meeting the needs of vulnerable Virginians.

This is the fourth annual report on the effectiveness of low-income energy assistance programs in the Commonwealth. The report assesses the adequacy of energy assistance benefits and the effectiveness of energy assistance programs for low-income households. Energy affordability and the extent to which low-income households attempt to cope with high energy burden are also addressed.

Additionally, the report highlights outreach and enrollment strategies used for targeting low-income households and educating the general public. Outreach was conducted in tandem with enrollment measures in an effort to reach, educate and enroll more low-income households. Analysis of data from the latest census and Virginia's energy assistance programs clearly supports the need for low-income energy assistance programs in the Commonwealth.

Respectfully Submitted,

A handwritten signature in black ink that reads "Maurice A. Jones".

Maurice A. Jones  
Commissioner

**Report on the Effectiveness of Low-Income  
Energy Assistance Programs**

**June 1, 2003 – July 30, 2004**

October 1, 2004

# **Report on the Effectiveness of Low-Income Energy Assistance Programs**

## **PREFACE**

The *Code of Virginia (Code)* requires the Virginia Department of Social Services (VDSS) to report annually on the effectiveness of low-income energy assistance programs in meeting the needs of low-income Virginians. The requirement for the report and the report's content can be found in § 63.2-805.C.5. of the *Code*.

This report contains data from the VDSS Energy Assistance Program database as well as data compiled in collaboration with the Department for the Aging, the Department of Housing and Community Development, Dominion Virginia Power and American Electric Power. The Department of Social Services appreciates the contributions made to the report by all persons and organizations.

# Report on the Effectiveness of Low-Income Energy Assistance Programs

## TABLE OF CONTENTS

Executive Summary	Page i
Study Mandate	Page 1
Background	Page 1
Overview of Low-Income Energy Assistance Programs	Page 2
EAP - Fuel Assistance	Page 3
EAP - Crisis Assistance	Page 3
EAP - Weatherization Assistance	Page 4
AEP Neighbor to Neighbor Program	Page 4
DVP EnergyShare Program	Page 4
DHCD Weatherization Assistance Program	Page 4
EAP - Cooling Assistance	Page 5
VDA Fan Care Program	Page 5
VDA Summer Cooling Program	Page 5
Program Summary Findings	Page 5
Home Energy Assistance Program	Page 6
REACH Program	Page 6
Effectiveness and Adequacy of Energy Assistance Programs	Page 7
Percentage of Eligible Households Served	Page 8
Percentage of Vulnerable Households Served	Page 8
Extent to which Benefits meet Household Need	Page 9
Degree to which Programs are Duplicative	Page 11
Survey of Other States Criteria of Varying Benefits	Page 11
Virginia's Outreach and Enrollment Activities	Page 12
Conclusion	Page 14
<i>Code of Virginia</i> § 63.2.805	Appendix I
2004 Federal Poverty Guidelines	Appendix II
LIHEAP Income Eligibility Estimates	Appendix III
State Criteria for Varying Benefits	Appendix IV

# **Report on the Effectiveness of Low-Income Energy Assistance Programs**

## **EXECUTIVE SUMMARY**

**October 1, 2004**

The purpose of this report is to assess the adequacy of energy assistance services that target low-income households and to explore whether a duplication of services exists among the myriad of programs serving these households. Low income energy assistance services include heating and cooling subsidies, crisis intervention and weatherization. These programs and services are administered by the Virginia Departments of Social Services, Aging, and Housing and Community Development, and Virginia's major utilities.

During state fiscal year (SFY) 2004, major energy assistance programs in the Commonwealth served approximately 154,498 households, representing an increase of 9,657 households from SFY 2003. Total spending across programs during SFY 2004 was \$36,040,008, compared to \$35,315,527 in SFY 2003.

Energy affordability remains a critical challenge to low-income and vulnerable Virginians, who spend a much higher portion of their income on energy expenses than middle and upper income households. According to the 2000 census, approximately 254,552 households in Virginia fall below the federally defined poverty threshold. In Virginia, 60 percent of energy assistance recipient households have annual incomes of less than \$10,000. Though energy assistance programs provide critical support to needy families and individuals, the programs do not fully meet the energy assistance needs of recipient households.

This report provides an overview of the major energy assistance programs offered by state agencies and utilities. An analysis of households served, expenditures, and case denial data are included in the overview of energy programs. Additionally, this report contains the results of a survey of both energy assistance program participants and low-income Virginians that focused on the adequacy of benefits, program utilization and customer satisfaction. The results of this survey indicate that there may be less awareness about energy assistance programs than other social service programs, thereby indicating the need to increase outreach activities and enrollment strategies.

Outreach and enrollment strategies improve program effectiveness by broadening access and educating customers and the general public about benefits, as well as about energy conservation and efficiency. Presumptive eligibility for the fuel program was implemented statewide in 2003. The implementation of this enrollment strategy allowed for the automatic enrollment of 19,600 pre-selected Food Stamp cases. An increase is anticipated in the number of households enrolled in the fuel program each year as a result of presumptive eligibility.

When evaluating program effectiveness and benefit adequacy, another factor considered in this report is the extent to which the assistance affects a household's energy burden, allowing

them to better cope with energy costs. Energy burden is the ratio of household income to energy cost and is often used to measure the problems households encounter in meeting their energy needs. Nationwide, low income households' energy burden is four times higher than non-low income households, according to the U.S. Department of Health and Human Services, Low Income Home Energy Assistance Program (LIHEAP) Notebook, 2004.

Recognizing the enhancements needed to address the issues and concerns raised in the survey, the Department of Social Services is working in conjunction with Department of Housing and Community Development, other state agencies, utilities and many community-based partners to improve outreach service delivery and program effectiveness. These efforts include REACH, a three year energy conservation project, and the first annual Energy Fair, held in October 2003.

While the number of households assisted during state fiscal year increased, data from the low-income survey, the census and energy assistance programs indicates a large number of eligible households are still not receiving assistance. Energy insecure households are often forced to make difficult choices which can compromise health and safety. Clearly, the need for energy assistance programs exists; the benefits provided make a significant difference for recipient households.

# **Report on the Effectiveness of Low-Income Energy Assistance Programs**

## **Study Mandate**

Section 63.2-805.C.5. of the *Code of Virginia* provides:

*"5. Report annually to the Governor and General Assembly on or before October 1 of each year on the effectiveness of low-income energy assistance programs in meeting the needs of low-income Virginians. In preparing the annual report, the Department shall:*

*a. Conduct a survey biennially beginning in 2002 that shall collect information regarding the extent to which the Commonwealth's efforts in assisting low-income Virginians are adequate and are not duplicative of similar services provided by utility services providers, charitable organizations and local governments;*

*b. Obtain information on energy programs in other states; and*

*c. Obtain necessary information from the Department of Housing and Community Development, the Department of Mines, Minerals and Energy, and other agencies of the Commonwealth, as well as any nonstate programs that elect to participate in the Home Energy Assistance Program, to complete the biennial survey and to compile the required annual report. The Department of Housing and Community Development, the Department of Mines, Minerals and Energy, and other agencies of the Commonwealth, as well as any nonstate programs that elect to participate in the Home Energy Assistance Program, shall provide the necessary information to the Department. The Department's annual reporting requirement shall cease October 1, 2007."*

(See Appendix I for § 63.2-805)

## **Background**

The 1999 Virginia General Assembly established the Legislative Transition Task Force through the Virginia Electric Utility Restructuring Act, Chapter 23 of Title 56 of the *Code of Virginia*. The Task Force was formed to work collaboratively with the State Corporation Commission for the phase-in of retail energy competition within the Commonwealth. Membership of the Task Force includes 10 members of the General Assembly, six from the House of Delegates and four from the Senate. A Consumer Advisory Board was also created to assist the Legislative Transition Task Force in fulfilling its charge.

A recommendation of the Consumer Advisory Board was to study all aspects of low-income household energy assistance programs in the Commonwealth. This recommendation led to §63.1-339 of the *Code of Virginia*, which requires the Virginia Department of Social Services (VDSS) to prepare an annual report for the Governor and General Assembly on the effectiveness of low-income energy assistance programs in meeting the needs of low-income Virginians on or before October 1 of each year.

The 2002 General Assembly amended §63.1-339 of the *Code of Virginia* with the passage of House Bill 747 and created the Home Energy Assistance Program (HEAP). The amendment requires VDSS to conduct a biennial survey to collect data to determine the extent to

which the Commonwealth's efforts in assisting low-income households are adequate and not duplicative of similar services provided by utility services providers, charitable organizations and local government; obtain information on energy programs in other states; and obtain necessary information from other state agencies, as well as any non-state programs, that elect to participate in HEAP. Title 63.1 of the *Code of Virginia* was recodified effective October 1, 2002, and §63.1-339 is now §63.2-805.

The following annual report assesses the adequacy of low-income energy assistance programs in targeting and serving low-income households. The report also provides discussion on energy burden, outreach efforts and enrollment strategies intended to simplify and increase program participation.

## Overview of Low-Income Energy Assistance Programs

Virginia's low-income energy assistance programs are available through a myriad of public and private organizations. The largest program is offered by VDSS, which receives an annual federal grant of approximately \$34 million to provide heating and cooling assistance to low-income households. Other energy assistance programs are funded by various sources and provide assistance on a smaller scale. For example, the Weatherization Assistance Program is funded by multiple state and federal sources, while EnergyShare, Fan Care and Neighbor-to-Neighbor are utility-funded. Programs operated by the Commonwealth, the Energy Assistance Program (EAP) and Weatherization, provide statewide assistance. Programs sponsored by utility companies provide assistance in their service areas. The following chart outlines the major energy programs and displays the application period, service area, assistance offered, and the target group of each program.

<b>Program</b>	<b>Application Period</b>	<b>Service Area</b>	<b>Assistance Provided</b>	<b>Target Group</b>
EAP – Fuel	Second Tuesday in October to Second Friday in November	Statewide	Pay for a delivery of fuel or past fuel bill or utility for heating	All income eligible households
EAP – Crisis	November 1 to March 15	Statewide	Averts no heat situations through purchase or repair of heating equipment	All income eligible households with an energy crisis
EAP – Crisis Fuel	January 1 to March 15	Statewide	Averts no heat situations by securing a fuel delivery or maintaining heat utility	All income eligible households with an energy crisis
EAP – Weatherization	Year round	Statewide	Air infiltration measures	All income eligible households
Neighbor to Neighbor	January 1 to February 28	33 localities in American Electric Power's (AEP)	Pay past due AEP electric bill once EAP benefits are exhausted	AEP customers only



Program	Application Period	Service Area	Assistance Provided	Target Group
		service area		
EnergyShare	December 15 to May 31	67 localities in Dominion Virginia Power's (DVP) service area	Secure a fuel delivery or maintain heat utility	Elderly, ill unemployed, in crisis
Weatherization	Year round	Statewide	Air infiltration measures	All income eligible households
EAP – Cooling	June 15 to August 15	Statewide	Buy & repair fans or air conditioners, pay electric bill or security deposit	Vulnerable households
Fan Care	June through September	Statewide	Purchase fans	Age 60 and over
Summer Cooling	June through September	Statewide	Buy or repair conditioners and pay electric bill	Age 60 and over

All low-income energy programs base eligibility on income and energy needs. In most programs, energy subsidies are paid directly to contracted providers who receive authorization to provide assistance to households in their service area.

The following is a summary of services, utilization, expenditures and denial reasons indicative of unmet needs of customers for the public and private sector programs for SFY 2004. Data collection differs among programs as indicated by not applicable (N/A) in some columns when data are not available.

**EAP - Fuel Assistance** provides assistance with purchasing home heating energy. Fifty –three percent of the VDSS portion of the Low Income Home Energy Assistance Program (LIHEAP) grant is used for fuel assistance benefits. All eligible applicant households are assigned a benefit amount. The average household benefit amount for FFY 2004 was \$190. The maximum benefit was \$283.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
97,588	\$18,500,917	N/A	N/A	6,286	N/A	None

**EAP - Crisis Assistance** averts or meets a household's emergency heating need. Assistance includes: one-time heat security deposit; portable space heater for temporary use; buying home heating fuel; paying heat utility bill; paying for emergency shelter; and buying or repairing heating equipment. The average benefit amount for FFY 2004 was \$283 per household. The maximum allowable benefit amount was \$2,208.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
15,603	\$4,408,015	2,758	\$553,359	912	1,270	None

**EAP - Weatherization Assistance** applies energy efficiency measures to the Housing structure. The Virginia Department of Housing and Community Development (DHCD) administers this component with 15 percent of the LIHEAP block grant. The average benefit was \$2,520

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
1,324	\$3,336,814	N/A	N/A	296	N/A	N/A

**Neighbor-To-Neighbor Program** provides assistance in 33 localities to American Electric Power customers to pay their winter electric bills. The average household benefit was \$89. AEP matches customer donations up to a maximum of \$37,500.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
1,277	\$114,043	N/A	N/A	27	None	63

**EnergyShare Program** provides assistance with heating costs for any fuel type to residents in Dominion Virginia Power's 67 locality service area. The average benefit was \$210. Contributions are matched by the company up to \$50,000.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
4,682	\$983,490	N/A	N/A	None	None	44

**Weatherization Assistance Program**, regulated by the United States Department of Energy and administered by DHCD, installs cost-effective energy efficiency measures to decrease home energy consumption. The average benefit was \$2,154.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
1,319	\$2,840,623	N/A	N/A	None	None	None

**EAP - Cooling Assistance** provides purchase or repair of cooling equipment, one time payment of cooling utility security deposit and/or payment for electricity to operate cooling equipment. The average benefit was \$186.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
30,788	\$5,726,106	1,407	\$153,774	1,305	1,229	None

**Fan Care Program** purchases fans for the elderly. VDA administers this program with \$27,500 provided by Dominion Virginia Power. The average household benefit was \$26.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
1,170	\$30,000	502	\$2,637	16	None	6

**Summer Cooling Assistance** is administered by the Virginia Department for the Aging (VDA) using LIHEAP funds to purchase and repair air conditioning systems and pay electric bills for households containing elderly citizens, age 60 and older, who have income at or below 150 percent of poverty. The average benefit was \$134.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
747	\$100,000	18	N/A	10	0	11

### Program Summary Findings

Findings from the program summary reports indicate that five of the nine programs had an increase in the numbers of households assisted during SFY 2004. As a result, 9,657 additional low-income households received assistance through one of the above referenced energy programs. Administrative data collected from four of the programs (Summer Cooling, Fan Care, EAP – Cooling and Crisis) indicates that for 4,685 recipient households, the benefits did not fully meet the need. Even with assistance, low-income income households were forced to provide nearly three-quarters of a million dollars in additional funding to meet their needs. Income in excess of 130 percent of poverty resulted in the denial of 8,852 households.

In addition to the programs summarized in this report, numerous other small community and faith-based energy assistance programs operate throughout Virginia. These programs provide assistance to households in their communities, offering subsidies to help defray energy bills. The extent of duplication of assistance and the provision of multiple services remains unknown due to privacy and confidentiality restrictions on data sharing. Additional low-income energy assistance programs are described below.

### **Home Energy Assistance Program (HEAP)**

HEAP was established by the 2002 Virginia General Assembly in anticipation of contributions from utilities, businesses and private citizens. The program received its first contribution from NiSource Inc. NiSource is the holding company for Columbia Gas. The corporation pledged \$100,000 over a five-year period in \$20,000 annual increments.

Beginning in January 2004, the Virginia state income tax form provided a check off option for contributions to HEAP. In the first year of the HEAP check off, Virginians donated nearly one thousand dollars. The tax check off was promoted during the State Fair and the Energy Fair. Virginia will continue to promote the HEAP income tax check off in 2005.

### **Residential Energy Assistance Challenge (REACH)**

The goal of REACH is to provide consumer education to low-income families to increase energy efficiency. In October 2001, VDSS was awarded a \$1 million grant by U.S. Department of Health and Human Services (HHS) for the REACH Option Program. Virginia was one of only six states to receive a grant and received one of the highest awards. Virginia's REACH project is designed to increase the effectiveness of the Weatherization Assistance Program by educating more than 2,800 households in energy efficiency. VDSS, in conjunction with DHCD and 14 Community Based Organizations (CBOs), have partnered to implement REACH.

Any client who receives weatherization services is eligible for a client education kit and energy education, provided by the CBOs. Reports received from the CBOs through March 31, 2004 identified approximately 450 households in the REACH program, consisting of over 950 people. Four hundred twenty-nine of these households received an energy education session. Three hundred fourteen of the households were single-family owner-occupied units, 23 were single family renter-occupied, 133 were manufactured home owner-occupied, 13 were manufactured home renter-occupied, 10 were multi-family dwellings of 4 units or less, and 23 were multi-family dwellings of 5 units or more. Client characteristics reported by the CBOs showed 316 customers over the age of 60 years, 56 under 5 years, and 228 ages 6 – 18. Two hundred fifty seven (257) of the customers were disabled. The average household income was \$10,634.

Educators meet with clients, review the client education kits, and work with the client to identify energy-saving opportunities and integrate energy-saving behaviors into the clients' lifestyles. The education kit helps the client identify opportunities for energy savings. The kit includes work plans, data sheets, and information sheets on REACH and Weatherization Assistance Programs; brochures pertaining to water conservation, heating and cooling, electricity

and carbon monoxide; magnets for the refrigerator and furnace; handbooks on saving energy and money, and on how a house functions as a system; and a five-minute shower timer.

Data loggers are placed in a specific number of housing units, as agreed upon by the state and the individual CBO. Housing units selected must have a furnace that the data logger is able to read and must not have auxiliary heating systems, such as wood stoves. CBOs reported that 55 housing units received data loggers. Thirty-three housing units received weatherization services. Five of these households, the control group, did not receive the services. An overall average energy savings of 23 percent less energy consumption was demonstrated when comparing the pre-weatherization data and the post-weatherization data. The average decrease in energy consumption by reporting CBO was: Community Housing Partners Corporation – 24 percent; BayAging – 19 percent; Lynchburg Community Action Agency – 19 percent; Support to Eliminate Poverty – 24 percent; and Mountain Community Action Program – 31 percent.

Virginia Polytechnic Institute and State University (Virginia Tech), the program's third-party evaluator, developed a two-part survey to measure the effectiveness of the REACH program. The first survey was completed before the energy education session and a second survey form was left with the client to be completed following weatherization. Pre-weatherization client surveys consisted of a series of questions to determine current behavior related to energy use, and a series to determine knowledge of household energy consumption. Post-weatherization surveys, administered after a client education session, included the same two series of questions and a series of questions to obtain the client's impression of the value of the energy education. Pre- and post-weatherization surveys were compared to determine any changes in behavior or knowledge.

Surveys administered to 50 customers during the heating season showed some increase in energy conservation and knowledge. Responses to 18 of the 22 evaluation questions showed an average of 15 percent improvement. In addition, 91 percent of the customers who responded to the education evaluation section stated that the education session was very helpful or helpful. Client comments continue to be overwhelmingly positive in the evaluation of REACH. Surveys show a high level of satisfaction with the client education sessions and the Energy Educators.

## **Effectiveness and Adequacy Energy Assistance Programs**

For the purposes of this report, the effectiveness of Virginia's energy assistance programs is measured by the percentage of eligible applicants served, the level to which services meet the needs of target households and the degree to which programs are duplicative. The data used for this analysis is derived from program administrative data, census data and the results of a random survey of low-income households conducted by Virginia Tech in 2002. This report also utilizes data from the 2003 National Energy Assistance (NEA) Survey Report. The NEA report includes a survey of Commonwealth LIHEAP recipients.

## **Percentage of Eligible Households Served**

The need for the vast majority of the Commonwealth's energy assistance programs exceed funding and service availability. Using the LIHEAP eligibility criteria as a proxy for eligibility across all low-income energy assistance programs, it is clear that many low-income households do not receive help in meeting their energy needs. The programs outlined in this report offered benefits and services to approximately 154,498 low-income households in the past fiscal year. These programs provide assistance to eligible households with income up to 150 percent of the federally defined poverty guidelines (Appendix II delineates these income levels by family size). According to the U.S. census and HHS, Virginia has 689,300 households that have income below 150 percent of poverty and 254,551 households with income below 100 percent of the poverty threshold (see Appendix III).

Summary findings from the low-income survey conducted by Virginia Tech indicate that less than one quarter (22 percent) of low-income Virginians reported having received assistance from at least one source in the last year to help pay for their heating costs. These sources include VDSS (11 percent), church (three percent) and family/friends (five percent). The following programs provided benefits or services to no more than one percent of the low-income population: EnergyShare, Metro Care, United Way, Neighbor-to-Neighbor and utility companies.

A lack of awareness about the programs clearly contributes to the relatively lower percentage of households served. The outreach and enrollment portion of this report will address Virginia's efforts to improve awareness and increase utilization of energy assistance programs.

## **Percentage of Vulnerable Households Served**

Though Virginia considers a variety of factors in the determination of benefits, priority is given to households with one or more vulnerable members. These individuals include low-income seniors, disabled persons and children under the age of six. Vulnerable members face a number of environmental factors that place them at significant risk of injury or death due to high residential energy costs. Although many low income households are forced to suffer without air conditioning in the summer or heat during the winter, the effects of energy insecurity can be particularly harmful to children and seniors. Of additional concern are the safety risks these individuals may face when trying to heat or cool their homes using faulty or make-shift heating devices if they are unable to pay for their energy expenses. Figure 1 represents the proportion of Commonwealth LIHEAP recipients who reported having one or more vulnerable household members in 2003. This data is derived from the 2003 NEA Survey.

Figure 1: Percentage of Vulnerable Households Served

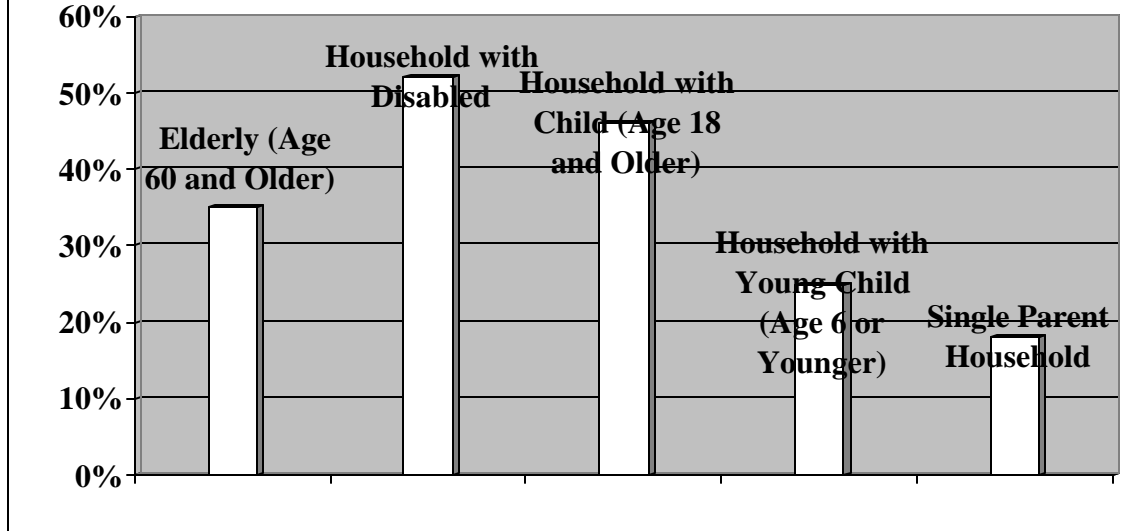


Figure 1 shows the proportion of vulnerable household members served through LIHEAP programs in Virginia: Household with Elderly (Age 60 or older), 35 percent; Household with Disabled, 52 percent; Household with Child (Age 18 or younger), 46 percent; Household with Young Child (Age 5 or younger), 25 percent; and Single Parent Household, 18 percent.

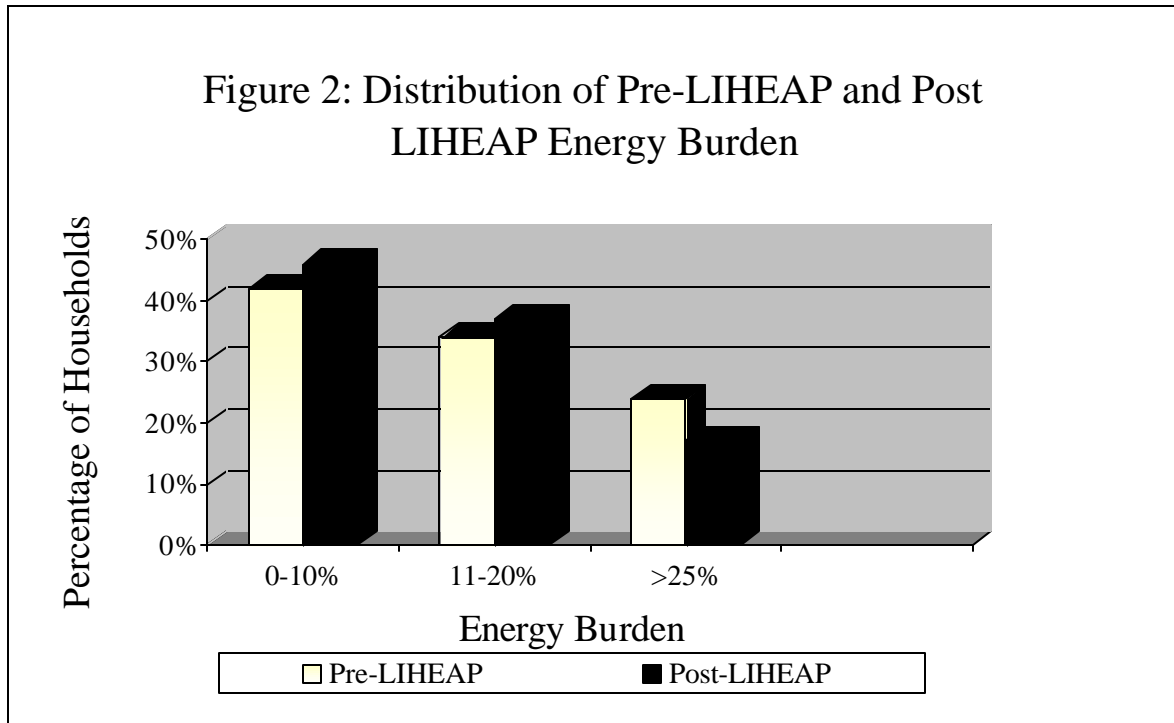
### Extent to which Benefits Meet Household Need

While Virginia’s energy assistance programs provide support to low-income households, studies show that the need for energy assistance far exceeds the capacity of current funding. According to the low-income survey conducted by Virginia Tech, among those participating in the fuel component of EAP, 33 percent say their benefit covered one to 25 percent of their heating bill, while 24 percent say it covered 36 to 50 percent of their bill. Only 13 percent of recipients indicated that their benefit covered the entire bill. The survey reported similar findings among cooling assistance recipients. Thirty-five percent of respondents indicated that cooling assistance met one to 25 percent of their needs, and 24 percent say it covered between 26 and 50 percent of their needs.

The average benefit award for EAP fuel and cooling components in SFY 2004 was \$190 and \$186 respectively. While the average benefit award does not fully meet the needs of low-income households, energy assistance programs significantly reduce the energy burden of recipient households. Studies show low-income households have higher energy costs than other households due to old or substandard housing with inefficient heating systems, low levels of insulation or gaps in the exterior of the home. The hardships of experiencing higher than normal energy costs are more devastating when combined with drastically lower household income. In Virginia, the annual income of 60 percent of recipient households is less than 10,000; this is particularly alarming in light of the upward trend in energy costs. Heating bills are projected to

increase by 10-20 percent in the upcoming winter, based on information released by the Department of Energy.

Energy burden is defined as the ratio of household energy expenditure to income. Energy burden is much higher for low-income households than for higher income households. According to HHS, the energy burden for low-income households is twice that of the average of all households and four times that of non low-income households. For the purposes of this report, severe residential energy burden is defined as energy costs exceeding 11 percent of income.



### Percent of Households

Figure 2 indicates that the number of households with lower energy burdens increases after LIHEAP benefits have been applied. Figure 2 shows the level of energy burden for Commonwealth recipients of LIHEAP prior to subtracting benefits from residential energy costs (pre-LIHEAP) and after subtracting benefits (post-LIHEAP), as reported by the NEA survey. As the data reveals, LIHEAP programs can have a tremendous impact on recipient households. In SFY 04, LIHEAP benefits reduced the proportion of households with a severe residential energy burden by seven percent.

Figure 2 represents total residential energy costs, as that data is more accessible and apparent to recipient households than an expenditure breakdown by individual use. However, data available from the national Residential Energy Consumption Survey (RECS) indicates recipient households spend 35 percent of their residential expenditures on heating and seven percent on cooling. Moreover, any reduction in home heating and cooling costs leads to a direct reduction in total residential energy costs.



## **Degree to which Programs are Duplicative**

Another important component in assessing the effectiveness of energy assistance programs in the Commonwealth is the degree to which program duplication exists. In examining the major state and utility-based programs, it appears that there is little duplication of services among programs. Each program offers a discrete and complementary energy assistance benefit to low-income Virginians.

The major programs funded by the LIHEAP block grant include the EAP – Fuel Program, EAP – Crisis Program, EAP – Cooling Program, and the Weatherization Program. The three EAPs provide subsidies to offset the costs of heat and cooling or to avoid an energy crisis. The Weatherization Program serves a very different purpose, by helping households make their homes more energy efficient, thus reducing their future costs for energy. The Summer Cooling Program operated by VDA provides subsidies to individuals aged 60 and over to pay electric bills or purchase/repair air conditioners. This program serves relatively few individuals; however, it is possible that some duplication of services may exist between this program and the EAP - Cooling Program.

An examination of the major utility-sponsored programs reveals a possibility that a duplication of services may be provided by the EnergyShare Program operated by Virginia Dominion Power in 67 localities and the EAP Program. The EnergyShare Program provided subsidies to approximately 4,682 households in the past fiscal year, and it is possible that those households also received energy assistance through the EAP Program. Duplication of services cannot be determined by VDSS due to privacy concerns with the release of Dominion Virginia Power customer data.

The other major utility-sponsored program is Neighbor to Neighbor sponsored by American Electric Power Company. This program served 1,277 individuals in 33 localities last year and is administered by VDSS, preventing a duplication of services. VDSS uses the funds from Neighbor to Neighbor to supplement the EAP Program. Funds from the Neighbor to Neighbor are only used for households when their EAP subsidy has been exhausted.

## **Survey of Other States' Criteria for Varying Benefits**

In compliance with the legislative mandate, information on energy assistance programs in other states was obtained for use in preparing this report. States use various criteria in establishing benefit levels in an effort to tailor benefits to the needs of the specific household. The various criteria used to determine an eligible household's benefit amount is included in Appendix IV.

Most states, particularly those operating programs using LIHEAP funds, employ various criteria when determining household benefit amounts; one such criteria, energy burden, is included in the state survey and has been discussed in this report. Use of energy burden in benefit calculation ensures households with the lowest incomes and the highest energy costs are awarded benefits accordingly.

Virginia's varied benefit amounts ensure that households with the lowest incomes and the highest energy costs are given priority. The varied benefit approach also embraces the special needs of individuals who are 60 years old or over, under six years of age, or disabled. Appendix IV, LIHEAP Heating Assistance: Criteria for Varying Benefits, shows typical criteria states use to vary benefit amounts.

## **Virginia's Outreach and Enrollment Activities**

This section is included to demonstrate the commitment of Virginia's energy assistance programs to increase program effectiveness and participation. While program participation increased in five of the nine energy assistance programs offered in the Commonwealth, efforts to improve public access and awareness of these programs through outreach and enrollment activities continues to be a priority. Despite increased participation rates, awareness about energy assistance programs is still needed. Efforts to improve utilization of energy assistance programs include:

- Introduction of a presumptive eligibility process for select Food Stamp and energy assistance recipients
- Sponsorship of the first annual statewide Virginia Energy Fair
- Continued use of "Am I Eligible?" Virginia's online eligibility screening tool
- Statewide Information and Referral services
- Creation of multi-lingual outreach and enrollment materials

These outreach and enrollment activities are addressed below.

### *Presumptive Eligibility*

In the fall of 2003, VDSS implemented a presumptive eligibility process to allow for the automatic enrollment of pre-selected Food Stamp cases into the fuel program. Individuals that meet certain requirements and received energy assistance within the last year will now receive a letter explaining their automatic enrollment into the fuel assistance program. Since the implementation of this initiative, the presumptive eligibility process has resulted in the automatic enrollment of more than 19,600 fuel cases; this represents approximately 20 percent of the total fuel assistance caseload. The fuel component is the largest of the Commonwealth's energy assistance programs. VDSS anticipates an increase in the number of households automatically enrolled in the fuel program each year through the presumptive eligibility process.

### *Pre-printed Application*

VDSS continues to distribute pre-printed fuel applications to previous recipients of energy assistance programs. Pre-printed applications increase access and utilization of the fuel assistance program by reducing time and effort as well as transportation barriers to participation.

### *First Annual Virginia Energy Fair*

A contributing factor to low utilization of energy assistance programs may be the lack of awareness of the existence of the myriad of programs. In an effort to increase awareness of energy assistance programs in the Commonwealth, a large number of public and private entities hosted the first annual statewide Energy Fair in October 2003. The Energy Fair was held at the Science Museum of Virginia, with an attendance of 3,500.

The theme of the Energy Fair was “Saving energy, Saving money, Saving the environment.” The fair provided an opportunity to educate consumers on the availability of energy assistance programs, energy conservation and environmental awareness. Increased awareness of program availability and energy and environmental conservation education should bring about more knowledgeable customers and an increase in the number of households served.

The purpose of the annual Energy Fair is to promote the value of energy with a strong emphasis on information about the various energy assistance programs as well as energy conservation and efficiency. During 2003 fair, applications for fuel assistance were available as well information about Dominion Virginia Power EnergyShare and other utility sponsored programs such as the City of Richmond’s Public Utility MetroCare, and weatherization programs. Information about HEAP and the Virginia income tax check off was also shared.

The fair provided an opportunity for attendees to acquaint themselves with energy conservation tips and energy efficiency techniques in a fun and learning environment. Individuals left the Energy Fair equipped with “energy smarts” for life. Activities were planned for all age groups and attendees experienced hands-on activities, exhibits and workshops. Low-income families inclusive of older Americans, individuals with disabilities and school-age children were targeted for attendance.

Several state agencies continue to work in collaboration on the annual Energy Fair. The Departments of Social Services, Housing and Community Development, Environmental Quality, Mines, Mineral and Energy and Forestry; in conjunction with the State Corporation Commission; Housing Development Authority; Commission on National and Community Service and the Science Museum, are sponsoring state entities. Also, the Association of Energy Conservation Professionals and the Virginia Housing and the Environment Network have joined the state agencies in sponsoring this new energy education effort.

### *Online Eligibility Screening Tool*

Since January of 2003, VDSS has provided the e-government initiative, “Am I eligible for assistance?” on its public website. This is an online screening tool that allows state residents to determine their potential eligibility for energy assistance and other public assistance programs. Residents who believe they may be eligible for energy assistance can complete an online questionnaire which indicates their potential eligibility for benefits. While it is important to note that receipt of energy benefits still requires proof of eligibility, the online screening tool represents the removal of a significant barrier to program participation. By providing useful information about household eligibility, the online screening tool saves residents time and

encourages those who are uncertain of their eligibility to feel more confident about going to their local department of social services to seek assistance. Since the inception of “Am I eligible for assistance?” VDSS has received a total of 13,279 energy assistance inquiries.

### *Statewide Information and Referral System*

VDSS administers the statewide Information and Referral system which provides citizens with program information on a variety of human services through a toll free phone system. Three out of five of the unmet needs identified in the Information and Referral Annual Report 2004 were energy assistance-related.

### *Utility-Funded Outreach*

Several of Virginia’s public utilities have developed brochures, bill inserts, solicitation envelopes and media campaigns. The purpose of utility-funded outreach is to promote utility-sponsored energy assistance programs and to create public awareness on the programs.

### *Multi-Lingual Outreach and Enrollment materials*

The EAP has designed and distributed posters in both Spanish and English describing various energy assistance components. Additionally, applications and program fact sheets are available in both Spanish and English.

## **Conclusion**

The demand for energy assistance programs for low-income households in the Commonwealth continues to exist. Each year, vulnerable Virginians receive assistance paying their energy bills through a myriad of low-income energy assistance programs. The opportunity for duplicative services appears to be relatively small. Nonetheless, the overall needs of vulnerable Virginians are not being met. Quite often the recipients of benefits and services are required to supplement their energy subsidy with funds from an additional resource. Census and energy assistance program data along with a random sample survey of low-income Virginians reveal that the majority of eligible households in the Commonwealth do not receive any assistance. This is a concern, given the choices households are forced to make when faced with high energy burden.

Efforts to increase the resource pool to fund low-income energy assistance programs through HEAP are progressing. Consumer education, weatherization tips, and energy efficiency and conservation devices are being utilized by programs and REACH partners to assist low-income households keep their energy demand in balance. These combined efforts, while commendable, are not likely to significantly reduce the challenges Virginians will face in heating and cooling their homes. Many lifestyle choices and sacrifices will be made daily by vulnerable Virginians as they attempt to meet basic needs and maintain safe, energy secure homes during the heating and cooling seasons.

*Code of Virginia*

§ 63.2-805. Home Energy Assistance Program; report; survey.

A. The General Assembly declares that it is the policy of this Commonwealth to support the efforts of public agencies, private utility service providers, and charitable and community groups seeking to assist low-income Virginians in meeting their residential energy needs. To this end, the Department is designated as the state agency responsible for coordinating state efforts in this regard.

B. There is hereby created in the state treasury a special nonreverting fund to be known as the Home Energy Assistance Fund, hereinafter the "Fund." Moneys in the Fund shall be used to:

1. Supplement the assistance provided through the Department's administration of the federal Low-Income Home Energy Assistance Program Block Grant; and

2. Assist the Commonwealth in maximizing the amount of federal funds available under the Low-Income Home Energy Assistance Program and the Weatherization Assistance Program by providing funds to comply with fund - matching requirements, and by means of leveraging in accordance with the rules set by the Home Energy Assistance Program.

The Fund shall be established on the books of the Comptroller. The Fund shall consist of donations and contributions to the Fund and such moneys as shall be appropriated by the General Assembly. Interest earned on money in the Fund shall remain in the Fund and be credited to it.

Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes set forth in this section. The State Treasurer shall make expenditures and disbursements from the Fund on warrants issued by the Comptroller upon written request signed by the Commissioner. Up to twelve percent of the Fund may be used to pay the Department's expenses in administering the Home Energy Assistance Program.

C. The Department shall establish and operate the Home Energy Assistance Program. In administering the Home Energy Assistance Program, it shall be the responsibility of the Department to:

1. Administer distributions from the Fund;

2. Lead and facilitate meetings with the Department of Housing and Community Development, the Department of Mines, Minerals and Energy, and other agencies of the Commonwealth, as well as any nonstate programs that elect to participate in the Home Energy Assistance Program, for the purpose of sharing information directed at alleviating the seasonal energy needs of low-income Virginians, including needs for weatherization assistance services;

3. Collect and analyze data regarding the amounts of energy assistance provided through the Department, categorized by fuel type in order to identify the unmet need for energy assistance in the Commonwealth;

4. Develop and maintain a statewide list of available private and governmental resources for low-income Virginians in need of energy assistance; and

5. Report annually to the Governor and the General Assembly on or before October 1 of each year on the effectiveness of low-income energy assistance programs in meeting the needs of low-income Virginians. In preparing the annual report, the Department shall:

a. Conduct a survey biennially beginning in 2002 that shall collect information regarding the extent to which the Commonwealth's efforts in assisting low-income Virginians are adequate and are not duplicative of similar services provided by utility services providers, charitable organizations and local governments;

- b. Obtain information on energy programs in other states; and
- c. Obtain necessary information from the Department of Housing and Community Development, the Department of Mines, Minerals and Energy, and other agencies of the Commonwealth, as well as any nonstate programs that elect to participate in the Home Energy Assistance Program, to complete the biennial survey and to compile the required annual report. The Department of Housing and Community Development, the Department of Mines, Minerals and Energy, and other agencies of the Commonwealth, as well as any nonstate programs that elect to participate in the Home Energy Assistance Program, shall provide the necessary information to the Department.

The Department's annual reporting requirement shall cease October 1, 2007.

The Department is authorized to assume responsibility for administering all or any portion of any private, voluntary low-income energy assistance program upon the application of the administrator thereof, on such terms as the Department and such administrator shall agree and in accordance with applicable law and regulations. If the Department assumes administrative responsibility for administering such a voluntary program, it is authorized to receive funds collected through such voluntary program and distribute them through the Fund.

D. Local departments may, to the extent that funds are available, promote interagency cooperation at the local level by providing technical assistance, data collection and service delivery.

E. Subject to Board regulations and to the availability of state or private funds for low-income households in need of energy assistance, the Department is authorized to:

1. Receive state and private funds for such services; and
2. Disburse funds to state agencies, and vendors of energy services, to provide energy assistance programs for low-income households.

F. Actions of the Department relating to the review, allocation and awarding of benefits and grants shall be exempt from the provisions of Article 3 (§ 2.2-4018 et seq.) and Article 4 (§ 2.2-4024 et seq.) of Chapter 40 of the Administrative Process Act (§ 2.2-4000 et seq.).

G. No employee or former employee of the Department shall divulge any information acquired by him in the performance of his duties with respect to the income or assistance eligibility of any individual or household obtained in the course of administering the Home Energy Assistance Program, except in accordance with proper judicial order. The provisions of this section shall not apply to (i) acts performed or words spoken or published in the line of duty under law; (ii) inquiries and investigations to obtain information as to the implementation of this chapter by a duly constituted committee of the General Assembly, or when such inquiry or investigation is relevant to its study, provided that any such information shall be privileged; or (iii) the publication of statistics so classified as to prevent the identification of any individual or household.

## LOW INCOME HOME ENERGY ASSISTANCE PROGRAM ELIGIBILITY GUIDANCE

### 2004 ANNUAL FEDERAL POVERTY GUIDELINES

*For All States (Except Alaska and Hawaii) and for the District of Columbia*

Size of Family Unit	100 Percent of Poverty	<b>130 Percent of Poverty</b>	150 Percent of Poverty
1	\$9,310	<b>\$12,103</b>	\$13,965
2	\$12,490	<b>\$16,237</b>	\$18,735
3	\$15,670	<b>\$20,371</b>	\$23,505
4	\$18,850	<b>\$24,505</b>	\$28,275
5	\$22,030	<b>\$28,639</b>	\$33,045
6	\$25,210	<b>\$32,773</b>	\$37,815
7	\$28,390	<b>\$36,907</b>	\$42,585
8	\$31,570	<b>\$41,041</b>	\$47,355

Federal law requires that income criteria for use of Low Income Home Energy Assistance Program funds must not exceed more than 150 percent of poverty. Virginia uses 130 percent of poverty.

**LIHEAP INCOME ELIGIBILITY ESTIMATES<sup>1</sup>**  
**FOR VIRGINIA**  
**Federal Fiscal year (FFY) 2001**

Estimates of Federal and State LIHEAP Eligible Household  
by Vulnerable Group, FFY 2001

<b>Vulnerable Group</b>	<b>Number of LIHEAP Eligible Households (Federal Maximum Standard)<sup>2</sup></b>	<b>Number of LIHEAP Eligible Households (State Maximum Standard)</b>
All	689,300	336,704
Elderly	316,487	145,183
Disabled	204,545	122,211
Young Child	107,069	53,293

Estimates of Federal and State LIHEAP Eligible Household  
by Poverty Level, FFY 2001

<b>Vulnerable Group</b>	<b>Number of LIHEAP Eligible Households (Federal Maximum Standard)<sup>2</sup></b>	<b>Number of LIHEAP Eligible Households (State Maximum Standard)</b>
All	689,300	336,704
<=100%	233,792	233,792
101% - 125%	85,793	85,793
126% - 150%	94,161	17,119

<sup>1</sup> An average of 2000, 2001, and 2002 March Current Population Survey data are used to create these estimates. Estimates are subject to sampling error.

<sup>2</sup> The greater of 60 percent of state median income or 150 percent of Poverty Guidelines.



## STATE SURVEY: Criteria for Varying Benefit including use of Energy Burden

The table below shows typical criteria states use to vary benefits.

<b>LIHEAP Heating Assistance: Criteria for Varying Benefits</b>									
<b>State</b>	<b>Income</b>	<b>HH Size</b>	<b>Energy Cost</b>	<b>Fuel Type</b>	<b>Climate/Region</b>	<b>Individual Bill</b>	<b>Dwelling Type</b>	<b>Energy Burden</b>	<b>Energy Need</b>
Alabama	Yes	Yes	Yes	Yes	No	No	No	No	No
Alaska	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Arizona	Yes	Yes	Yes	No	No	Yes	No	Yes	Yes
Arkansas	Yes	Yes	No	No	No	No	No	No	No
California	Yes	Yes	Yes	No	Yes	No	No	Yes	Yes
Colorado	Yes	Yes	Yes	No	No	No	No	No	No
Connecticut	Yes	Yes	No	No	No	No	No	No	No
Delaware	Yes	Yes	Yes	Yes	No	No	Yes	No	Yes
District of Columbia	Yes	Yes	Yes	Yes	No	No	Yes	No	Yes
Florida	Yes	Yes	Yes	No	No	No	No	No	No
Georgia	Yes	Yes	Yes	Yes	No	No	Yes	No	No
Hawaii	Yes	Yes	No	Yes	No	No	No	Yes	Yes
Idaho	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No
Illinois	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No
Indiana	Yes	Yes	Yes	Yes	Yes	No	Yes	No	No
Iowa	Yes	No	Yes	Yes	No	No	Yes	No	Yes
Kansas	Yes	Yes	Yes	Yes	No	No	Yes	No	No
Kentucky	Yes	Yes	Yes	Yes	No	No	No	No	No
Louisiana	Yes	Yes	Yes	No	No	No	No	Yes	No
Maine	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Maryland	Yes	Yes	No	Yes	Yes	No	No	No	No
Massachusetts	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes
Michigan	Yes	Yes	Yes	No	No	Yes	No	No	No
Minnesota	Yes	Yes	Yes	Yes	No	Yes	No	No	No

<b>State</b>	<b>Income</b>	<b>HH Size</b>	<b>Energy Cost</b>	<b>Fuel Type</b>	<b>Climate/Region</b>	<b>Individual Bill</b>	<b>Dwelling Type</b>	<b>Energy Burden</b>	<b>Energy Need</b>
Mississippi	Yes	Yes	Yes	No	No	Yes	No	No	Yes
Missouri	Yes	Yes	No	Yes	Yes	No	No	No	No
Montana	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes
Nebraska	Yes	Yes	No	Yes	No	No	Yes	No	No
Nevada	Yes	Yes	Yes	No	No	Yes	No	Yes	No
New Hampshire	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
New Jersey	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes
New Mexico	No	No	No	No	Yes	No	No	No	Yes
New York	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes
North Carolina	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes
North Dakota	Yes	Yes	Yes	No	No	Yes	No	No	No
Ohio	Yes	Yes	Yes	Yes	Yes	No	No	No	No
Oklahoma	Yes	Yes	Yes	Yes	No	No	No	No	No
Oregon	Yes	Yes	No	No	Yes	No	No	No	No
Pennsylvania	Yes	Yes	No	Yes	Yes	No	No	No	No
Rhode Island	Yes	Yes	Yes	Yes	No	No	No	Yes	No
South Carolina	Yes	No	No	No	No	Yes	No	No	No
South Dakota	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No
Tennessee	Yes	Yes	Yes	No	No	Yes	No	Yes	Yes
Texas	Yes	No	Yes	No	No	Yes	No	Yes	Yes
Utah	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
Vermont	Yes	Yes	Yes	Yes	No	No	Yes	No	No
Virginia	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No
Washington	Yes	Yes	Yes	No	No	Yes	No	No	No
West Virginia	Yes	Yes	Yes	Yes	No	No	No	No	No
Wisconsin	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Wyoming	Yes	Yes	No	Yes	No	No	No	No	No

Source: LIHEAP Clearing House --FY 2003 State LIHEAP Plans