

A report of the  
Department of Social Services  
Commonwealth of Virginia

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

to the Governor and the  
General Assembly of Virginia

October 2009



**COMMONWEALTH OF VIRGINIA**  
**DEPARTMENT OF SOCIAL SERVICES**  
*Office of the Commissioner*

Anthony Conyers, Jr.  
COMMISSIONER

October 1, 2009

**MEMORANDUM**

**TO:** The Honorable Timothy M. Kaine  
Governor of Virginia  
  
The General Assembly of Virginia

**FROM:** Anthony Conyers, Jr. *Anthony Conyers, Jr.*

**SUBJECT:** The Effectiveness of Low-Income Energy Assistance Programs

I am pleased to submit the Department of Social Services' biennial report on the effectiveness of low-income energy assistance programs prepared pursuant to § 63.2-805 of the Code of Virginia. If you have questions or need additional information concerning this report, please contact me.

AC/lrm

# Preface

Section 63.2-805 of the Code of Virginia (Code) requires the Department of Social Services (DSS) to report biennially on the effectiveness of low-income energy assistance programs in meeting the needs of low-income Virginians.

Section 63.2-805 provides in pertinent part:

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:

5. Report annually to the Governor and the General Assembly on or before October 1 of each year through October 1, 2007, and biennially thereafter, on the effectiveness of low-income energy assistance programs in meeting the needs of low-income Virginians. In preparing the report, the Department shall:

- a. Conduct a survey biennially in each year that the report is due to the General Assembly 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 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.

This report contains data from the DSS Energy Assistance Program database as well as data compiled in collaboration with the Department of Housing and Community Development (DHCD), Dominion Virginia Power (DVP) and American Electric Power (AEP). DSS appreciates the contributions made to the report by all people and organizations.

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# Executive Summary

This biennial report on the effectiveness of energy assistance programs in the Commonwealth (1) evaluates the extent to which these programs meet the needs of low-income Virginians and (2) assesses the adequacy of the services provided to recipient households. The report examines whether a duplication of services exists among programs designed to serve these households. Energy assistance services - including heating and cooling subsidies, crisis intervention, and weatherization - are available through a number of programs administered by the Departments of Social Services, Aging, and Housing and Community Development, and Virginia's major utilities. This report concludes that there is little duplication across programs, and that the poorest and most vulnerable households in the Commonwealth benefit from energy assistance programs.

With an uncertain and declining economy, the struggle to pay home energy costs has created additional hardships for many vulnerable, low-income individuals and families in the Commonwealth. Almost 52% of all households who receive energy assistance have family incomes less than \$10,000, which is well below the federal poverty limit. Even in a more stable economy, these families have little room in their budgets to absorb even modest increases in energy costs; with the current economic situation, the need for energy assistance services is more critical than in previous years.

During State Fiscal Year (SFY) 09, energy assistance programs in Virginia provided services to 220,972 households, representing an increase of 39,451 households from SFY 07. Total spending across programs during SFY 09 was \$99,238,587. Due to outreach efforts and a significant increase in federal funding - leading to an increase in media attention, which included a press conference held by Governor Kaine - the number of households receiving benefits continued to increase in SFY 09. This increase in federal funding, combined with a decline in energy costs, contributed to the increase in the number of low-income households served by Virginia's energy assistance programs by 22% over SFY 07. It also allowed Virginia's energy assistance programs to offer a benefit that provided 47% of a recipient household's heating needs, compared to approximately 25% in previous years. Included in this report are statistics, which highlight the difficult choices these households must make, some of which jeopardize the health, safety, and well-being of individual household members.

According to the U. S. Census Bureau and the U. S. Department of Health and Human Services, there are over 816,492 families living at or below 150% of the federal defined poverty limit in Virginia. Over 340,292 of these households have incomes at or below 130% of poverty, meaning they are income eligible for most, if not all, of Virginia's energy assistance programs. In an effort to increase program awareness and participation, various outreach and enrollment strategies are pursued each year. An overview of major energy assistance programs offered by state agencies and utilities and analysis of households served, expenditures, and case denial data are included in the overview of programs. Additionally, the results of surveys that focused on benefit adequacy, program utilization, and energy insecurity of program participants and low-income Virginians are included. An analysis of benefit adequacy, based on energy costs and the

extent to which benefits actually subsidize total energy costs, as well as a discussion on recipient households' energy burden, is also included.

The number of recipient households continues to increase each year, as do the number of potentially income-eligible households. Data from surveys, the census, and energy assistance programs indicate that approximately 27% of income eligible households receive assistance. This is a concern given that even recipient households are often forced to make difficult choices, which can even further compromise their health and safety. The need for energy assistance programs in Virginia continues to exist. These programs are part of a safety net that clearly makes a significant difference in the lives of many low-income vulnerable Virginians.

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

## Background

In 2008, DSS conducted its third biennial survey. The survey had three primary purposes. The first was 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 governments. The second purpose was to obtain information on energy programs in other states. The survey was also to obtain necessary information from other state agencies, as well as any non-state programs, that elect to participate in the Home Energy Assistance Program (HEAP).

Results, findings, and analysis from the 2008 survey are included in this report. The report assesses the adequacy of low-income energy assistance programs in targeting and serving low-income households. The report also examines home energy costs, duplication of services among energy assistance programs, benefit adequacy, and the difficult choices facing low-income Virginians.

## Overview of Low Income Energy Assistance Programs

Virginia's low-income energy assistance programs are available through a myriad of public and private organizations. DSS oversees the largest heating and cooling assistance programs for low-income households through the federally funded Low-Income Home Energy Assistance Program (LIHEAP) block grant, often supplemented by the release of LIHEAP contingency funds. Contingency funds are funds released by the President to address a specific or immediate need.

Various sources fund other energy assistance programs and provide assistance on a smaller scale. For example, funding for the Weatherization Assistance Program is through multiple federal sources, while EnergyShare, Fan Care and Neighbor-To-Neighbor are utility-funded programs. Programs operated by the Commonwealth, the Energy Assistance Program (EAP) and the Weatherization Assistance Program, provide statewide assistance. Programs sponsored by utility companies provide assistance in their service areas.

The following chart outlines the major energy programs and includes the application period, service area, types of services 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 October to second Friday November (Prior year recipients are mailed an application in late	Statewide	Pays for primary heating fuel delivery, past fuel bills or payment of heating utility bills	All income eligible households with a heat expense

	September)			
EAP – Crisis	November 1 to March 15	Statewide	Averts no heat situations through heating equipment purchase/repair, and payment of security deposits	All income eligible households with an energy crisis
EAP – Crisis Primary Fuel/Utility	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 and heating systems replacement	All income eligible households
Neighbor- To-Neighbor	January 1 to February 28	33 localities in American Electric Power’s (AEP) service area	Pays towards past due AEP electric bills once EAP benefits are exhausted	AEP customers only
EnergyShare – Fuel/Cooling	Year round	Dominion Virginia Power’s (DVP) service area	Secures a fuel delivery or maintains a heating utility bill in the winter and pays electric bills in the summer	Elderly, ill unemployed, in crisis
Weatherization	Year round	Statewide	Air infiltration measures and heating system replacement	All income eligible households
EAP – Cooling	June 15 to August 15	Statewide	Purchase and/or installation of a window a/c unit, fan, attic fan or whole house fan and repair of a central a/c unit or heat pump unit or installed fan. Payment of utility bills or a security deposit	Income eligible households with at least one vulnerable household member
Fan Care	June through September	Statewide	Purchase fans and air conditioners for seniors with more serious conditions	Age 60 and over

All low-income energy assistance programs base eligibility on income and energy needs. Some programs have further eligibility criteria such as a vulnerable household member requirement. A vulnerable individual is defined as someone who is 60 years of age or older, a child under the age of six, or a disabled individual. In most programs, energy assistance benefits 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 reason for cases denied, indicative of unmet needs of customers, for the public and private sector programs for SFY 09. Data collection differs among programs as indicated by not applicable (N/A) in columns when data are not available.

**EAP - Fuel Assistance** provides assistance with purchasing primary home heating fuel or paying primary home heating utility bills. Eligible households receive a benefit based on individual household conditions such as primary energy type, climate zone, income, energy burden, vulnerability conditions, and household size. Due to an increase in federal funding for Federal Fiscal Year (FFY) 09, the average household payment amount doubled from \$255 in SFY 07 to \$518 in SFY 09.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
123,129	\$63,719,532	N/A	N/A	11,168	N/A	N/A

**EAP - Crisis Assistance/Crisis Primary Fuel/Utility** provides assistance in meeting a household's immediate emergency heating needs. To be eligible for Crisis Assistance, the benefit provided must ensure the crisis is averted. Even using other resources as a supplement, for 1,130 households the benefit was not enough to resolve the immediate crisis. Types of Crisis Assistance include: one-time heat security deposit; portable space heater for temporary use; buying home heating fuel; paying a primary heat utility bill; and purchasing and installing or repairing heating equipment. Due to an increase in January 2009 in federal funding for FFY 09, primary fuel and primary utility benefits increased and the maximum benefit amounts for heating equipment purchase/replacement and supplemental/maintenance were increased from \$1,200 to \$1,700 and \$500 to \$800. The average payment amount increased from \$305 in SFY 07 to \$446 in SFY 09.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
23,852	10,634,267	1,555	567,003	2,619	1,130	None

**EAP - Weatherization Assistance** applies energy efficiency measures to the housing structure. The DHCD administers this program with 15% of the LIHEAP block grant. From September 1, 2008 through February 12, 2009, the average payment per unit was \$3,200 and the average cost for capital-intensive projects requiring substantial repairs or replacements to heating systems was \$4,000. For a limited time, the average cost was increased to \$12,000 per unit to allow for the completion of housing repairs needed to provide installation of weatherization measures. Beginning October 1, 2009, the average cost will be reduced to \$6,500 per unit.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
1,530	8,301,136	N/A	N/A	N/A	N/A	N/A

**Neighbor-To-Neighbor Program** provides assistance with payment of winter electric bills for AEP customers in 33 localities. The average household payment increased from \$110 in SFY 07 to \$114 in SFY 09. This year, AEP contributed \$100,000 to the program. The total number of households served in SFY 09 was 1,192.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
1,192	135,900	N/A	N/A	N/A	None	N/A

**EnergyShare (Heating Program)** provides assistance with heating costs for any energy type to residents in DVP's service area. In anticipation of higher costs for the 2008-2009 heating season, DVP donated an additional \$5 million to Virginia's EnergyShare Program for a total of \$6 million. The maximum benefit amount was increased from \$500 to \$600 per client. DVP matches customer contributions up to a maximum of \$50,000. The average payment was \$308.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
14,000	4,318,032	N/A	N/A	None	None	None

**EnergyShare (Cooling Program)** DVP expanded EnergyShare in 2008 to provide assistance with cooling costs for electricity to residents in DVP's service area. For the first year of the Cooling Program, DVP donated \$1.3 million. The average payment was \$204.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
6,000	1,225,863	N/A	N/A	None	None	None

**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 payment was \$2,298

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
1,522	\$3,498,142	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 payment for electricity to operate cooling equipment. The average payment decreased from \$181 in SFY 07 to \$152 in SFY 09. The number of households served through the Cooling Assistance component in SFY 09 increased by

almost 11% from SFY 07. The Cooling Assistance component for SFY 09 was funded with FFY 08 funds.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
48,324	\$7,355,715	2,461	327,045	2,656	980	None

**Fan Care Program** purchases fans for the elderly. Limited funds are allocated to purchase air conditioners for seniors with a serious condition. The Virginia Department for the Aging (VDA) administers this program with \$50,000 provided by DVP. During SFY 09, 1,307 fans and 116 air conditioners were purchased. The average household payment was \$35.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
1,423	\$50,000	N/A	N/A	N/A	N/A	N/A

Note: Statistics on multiple program needs and reasons for case denials were unavailable for SFY 09.

### Analysis of Program Summary Reports

During SFY 09, Virginia’s energy assistance programs provided \$99.2 million dollars in energy subsidies to 220,972 low-income households. An analysis of the program summaries indicates that the number of households assisted during SFY 09 increased by 21.7%, serving 39,451 additional households. Administrative data collected from two of the programs (EAP – Cooling and Crisis) indicates that for 2,110 recipient households, the benefits received did not fully meet their immediate need. Even with assistance provided, low-income households were required to spend over \$894,000 in additional program funding to meet their immediate energy needs. Depending on the program, income in excess of 130% or 150% of poverty resulted in the denial of energy subsidies to 16,443 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 assistance that helps defray energy costs.

### Home Energy Assistance Program

In anticipation of contributions from utilities, businesses and private citizens, the 2002 Session of the General Assembly established HEAP. NiSource, Inc., the holding company for Columbia Gas, pledged \$100,000 over a five-year period. HEAP continues to receive annual donations from private citizens.

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 \$1,000. Through the tax check-off option, donations to HEAP have increased significantly with total contributions including interest totaling \$164,979.52. In SFY 09, donations to HEAP through the tax check-off initiative totaled \$42,570. HEAP funds are used to supplement the Fuel Assistance and Crisis Assistance components of the EAP. Virginia will continue to promote the HEAP income tax check-off in SFY 10.

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

For the purposes of this report, the effectiveness of Virginia's energy assistance programs is measured by the percentage of eligible households served, the level to which services meet the needs of target households, the extent to which energy assistance benefits actually subsidize total energy costs, and the degree to which programs are duplicative. The data used for this analysis is from program administrative data, census data, data from the U.S. Department of Health and Human Services LIHEAP Notebook, results from a random survey of low-income EAP applicant households conducted by DSS, and data from the 2003, 2005 and 2008 National Energy Assistance (NEA) Survey Reports.

### **Percentage of Eligible Households Served**

The demand for energy assistance programs exceeds available funding and service capacity. According to 211 Virginia's 2008 Annual Report, heating assistance was tied for third place with emergency housing/shelter in the top five categories of unmet needs for individuals and families in the Commonwealth, representing 11% each in requests for assistance. The top two unmet needs were rent/mortgage assistance at 46% and other utility assistance at 27%. "Other financial aid" was number five at 5.0%.

It is clear that many low-income households do not receive assistance in meeting their energy needs. The programs outlined in this report provided benefits and services to 220,972 low-income households during the last fiscal year. These programs provide assistance to eligible households with income up to 150% of the federally defined poverty limits (Appendix B delineates these income levels by family size). According to the U.S. Census Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) and U.S. Department of Health and Human Services, there are 816,492 LIHEAP eligible households in Virginia, with 345,656 of these households containing at least one individual 60 years of age or older. Even with increased funding for 2009, energy assistance programs in the Commonwealth still only served 27% of potentially eligible households in SFY 09.

### **Percentage of Vulnerable Households Served**

Given that many LIHEAP income eligible households do not receive assistance, steps have been taken to ensure households with the lowest incomes and the highest energy costs or needs are awarded the highest benefits. The two groups of low-income households identified as having the highest home energy needs are households with vulnerable individuals and households with high energy burdens. Targeting these households is in keeping with the intent

of the LIHEAP federal statute. 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 individuals, and children under the age of six. The largest of the three DSS EAP programs, Fuel Assistance, provides a weighted benefit for households containing at least one vulnerable individual. Additionally, due to funding limitations, the second largest program, Cooling Assistance, requires that households include at least one vulnerable individual as a condition of eligibility.

Vulnerable individuals face a number of environmental factors that place them at significant risk of injury or death due to their inability to pay 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 choices these individuals and families are often forced to make while trying to maintain stable, safe, temperatures in their homes.

The Fuel Assistance Program represents 56% of all households served by energy assistance programs included in this report. As illustrated in the following pie chart, a large percentage of Fuel Assistance households include at least one vulnerable individual. Additionally, since the Cooling Assistance Program requires that households include at least one vulnerable individual, all 48,324 cooling recipient households include vulnerable household members.

**Figure 1: Households Served Containing Vulnerable individuals**

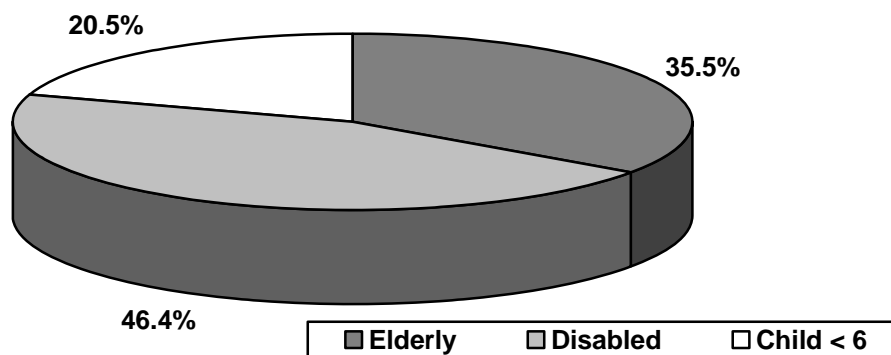


Figure 1 shows the proportion of total Fuel Assistance households served that included at least one vulnerable member in SFY 09. Households with elderly (age 60 or older) total 35.5%, households with disabled total 46.4%, and households with young child (under age 6) total 20.5%. Individuals can be included in more than one vulnerability category. This data is derived from EAP administrative data for the winter season 2008-2009.

### **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 exceeds the capacity of current funding. DSS’

2008 survey found that, among those participating in the Fuel Assistance component of EAP, 32.6% say their benefit covered 1.0% to 25% of their heating bill, while 32% say it covered 26% to 50% of their bill. Less than 2.0% of recipients indicated that their benefit covered the entire bill. The percentage of benefit coverage among Cooling Assistance recipients was much less. Additionally, there was less participation in the Cooling Assistance component than the Fuel Assistance component by many households surveyed. Approximately 19% percent of households that received Cooling Assistance indicated that the benefit met 1.0% to 25% of their needs, while 21% said it covered between 26% and 50% of their needs.

The results of a fuel survey on energy costs completed in December 2008 indicated that, from 2007 to 2008, energy costs in Virginia increased slightly by an average of 3.49%. Increased program funding for SFY 09 and lower energy prices for oil and natural gas helped defray energy costs for many low-income Virginians. The average benefit subsidy for Fuel Assistance in SFY 09 was \$518 and covered approximately 47% of a households energy costs.

This year, impacted by an uncertain economy, many low-income families struggled to pay their monthly energy bills, accruing large unpaid balances and facing disconnections. For some Fuel Assistance recipients, the entire benefit was used to eliminate or reduce arrearages or outstanding balances owed to a vendor. These households may seek assistance from other energy assistance programs to supplement additional costs incurred for the remainder of the year.

The average benefit subsidy for Fuel Assistance in SFY 09 was \$518. The hardships encountered when experiencing high home energy costs are even more devastating when combined with drastically lower household income. In Virginia, the annual income of 52% of recipient households is less than \$10,000.

Even though the average benefit subsidy does not fully meet the needs of low-income households, studies show energy assistance programs significantly reduce the energy burden of recipient households. Energy burden is defined as the ratio of household energy expenditures to income. Energy burden is much higher for low-income households than for higher income households. According to the U.S. Department of Health and Human Services, 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 the report, severe residential energy burden is defined as energy costs exceeding 11% of income. According to the U.S. Department of Health and Human Services, the net effect of LIHEAP benefits is to lower recipient home heating burdens to levels closer to the levels of the average households. This is referred to as the LIHEAP burden offset.

Benefits paid with LIHEAP reduce the energy burden of households. The percentage of households with lower energy burdens increases after LIHEAP benefits have been applied. Figure 2 shows the level of energy burden nationally for recipients of LIHEAP prior to subtracting benefits from residential energy costs (pre-LIHEAP) and after subtracting benefits (post-LIHEAP), as reported by the 2008 NEA survey. The data reveals that LIHEAP programs can have a tremendous impact on recipient households. In 2008, LIHEAP benefits reduced the proportion of households with a severe residential energy burden by 15%.

**Figure 2**  
**Total Residential Energy Burden**  
**2008 NEA Survey**

<b>Energy Burden</b>	<b>Percent of Households Served</b>	
	<b>Pre-LIHEAP</b>	<b>Post-LIHEAP</b>
0 -10%	39%	55%
11 – 20%	37%	31%
>25%	23%	14%

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 31% of their residential expenditures on heating and 12% on cooling. Moreover, any reduction in home heating and cooling costs leads to a direct reduction in total residential energy costs.

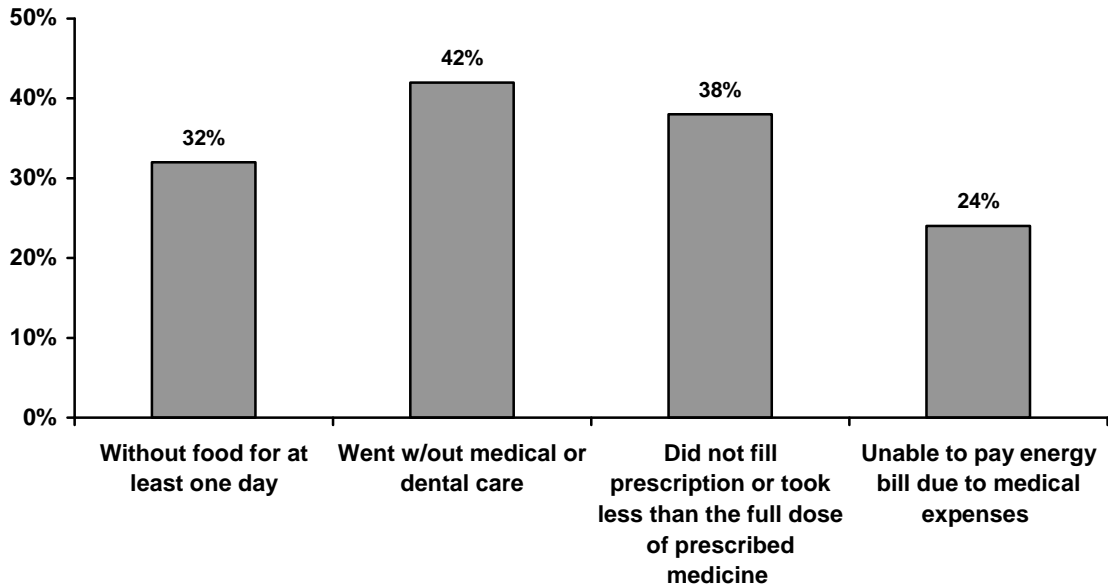
When evaluating the adequacy of energy assistance benefits it is important to note that energy benefits positively affect recipient households by reducing their energy burden. Even with energy subsidies covering 47% of most households’ heating costs, low-income Virginians continue to face significant challenges in meeting their immediate home energy needs while maintaining other basic necessities.

The 2003 NEA survey, which includes state level detail for the Commonwealth of Virginia, includes a section on energy insecurity. LIHEAP recipients were asked a series of questions designed to measure energy insecurity and to examine aspects of energy affordability and experiences of households trying to meet their energy needs. Particularly alarming are the responses to questions about choices low-income households are often forced to make regarding energy bills, food, and prescription medicine. According to the survey, the biggest sacrifices made by Virginians were health related with 43% depriving themselves of medical or dental care and 34% choosing not to fill prescriptions or reducing the recommended dosage of their prescribed medication. Twenty-two percent stated that they went without food for at least one day and 20% were unable to pay their energy bills because of their medical expenses.

In 2008, another NEA survey was conducted to collect information on the choices made by LIHEAP households faced with high energy bills. The intent of the survey was to update the information provided by the same recipients as part of similar NEA surveys conducted in 2003 and 2005. Although the results of the 2008 study did not include state level detail, the national findings continue to highlight the fact that low-income households face difficult choices in attempting to pay their energy bills.

Figure 3 represents the proportion of total respondents in the 2008 NEA survey where someone in their household went without food, medical care, or medicine in the past five years due in part to their residential energy expenses.

**Figure 3: Difficult Choices: Experiences with Other Necessities Due to 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 Assistance Program, the EAP Crisis Assistance Program, the EAP Cooling Assistance Program, and the Weatherization Assistance Program. The three DSS Energy Assistance Programs provide subsidies to offset the costs of heating and cooling or to avoid an energy crisis. The Weatherization Assistance Programs serve a very different purpose by helping households make their homes more energy efficient, thus reducing future costs for energy.

An examination of the major utility-sponsored programs indicates that a duplication of services may exist between the EnergyShare Program operated by DVP and the EAP. In addition to operating a heating assistance program, DVP implemented a cooling assistance program in 2008 expanding EnergyShare to a year around program. The EnergyShare Program provided subsidies to approximately 20,000 households in the past fiscal year. Some of the households served by DVP may have also received EAP assistance. However, given the benefit amounts for various programs do not cover a households' entire cost, while some households may receive assistance from multiple sources it is unlikely their entire energy costs would be covered.



The other major utility-sponsored program is Neighbor-To-Neighbor sponsored by the AEP. This program served 33 localities last year and is administered by DSS, preventing a duplication of services. DSS uses the funds from Neighbor-To-Neighbor to supplement the EAP. Funds from Neighbor-To-Neighbor are only used for households when their EAP subsidy has been exhausted.

## Results of Virginia's Low-Income Household Survey

In 2008, DSS conducted a biennial survey regarding the extent to which the Commonwealth's efforts in assisting low-income families in Virginia with their energy assistance needs is adequate and non duplicative of similar services provided by utility companies, charitable organizations, and local governments. The results of the survey showed that the majority of households received assistance from only one source, their local department of social services, for heating and cooling needs. Utility payments and fuel deliveries were the primary types of benefits received.

Thirty-two percent of the households reported that their subsidized benefit covered 26% to 50% of their residential heating expenses for the winter, while 32.6% stated that their benefit covered 1.0% to 25%. Almost all households surveyed had taken one or more preventive measures to reduce their heating costs, such as closing off rooms, turning down thermostats, covering windows with plastic, and wearing additional layers of clothing. Thirty percent of the low-income households admitted that they sometimes have to choose between purchasing groceries, medication, or paying heating and cooling expenses.

## The Future of LIHEAP Funding

Funding for LIHEAP at the authorized level of \$5.1 billion occurred for the first time under a Continuing Resolution (CR) in FFY 09. Of the \$5.1 billion, \$4.5 billion was allocated to states under the regular block grant and \$590 million was allocated as emergency contingency funds. The states received the funds within 30 days of the enactment of the CR on October 28, 2008.

Virginia was awarded \$118,083,836 in block grant funds and \$9,584,580 in emergency contingency funds for a total of \$127.7 million. The amount received for FFY 09 was more than triple the \$38 million in block grant funds awarded in previous years. With the additional funding, the EAP was able to increase benefit amounts while serving more households through the Fuel and Crisis components. The Cooling Assistance component funded with FFY 09 funds is part of SFY 10. The Weatherization Assistance Program, administered by the DHCD, which provides services to a much smaller number of households, was able to increase the eligibility threshold to 75% of state median income and increase the average cost for capital intensive projects to make households more energy efficient.

For FFY 10, the House Appropriations Committee on Labor, Health and Human Services has proposed the same level of funding as FFY 09. The proposal provides \$5.1 billion for LIHEAP. Of that amount, \$4.5 billion would be designated block grant funds and \$590.3

million would be designated emergency contingency funds. The allocation for emergency contingency funds could change depending on the price of oil and natural gas. In FFY 09, states that used heating oil and, to a lesser extent, natural gas, were favored in the allocation process.

While Congress may push to maintain LIHEAP funding at \$5.1 billion for FFY 10, the President's proposed budget includes only \$3.1 billion for LIHEAP.

## Conclusion

The significant increase in federal funding received in FFY 09 provided a tremendous opportunity for EAP in the Commonwealth. DSS was able to increase the number of individuals and families served, while providing a much-needed increase in benefit amount to those households. Historically low benefit levels in Virginia were increased and almost doubled in SFY 09. In total, energy assistance programs in Virginia provided nearly \$100 million in assistance to low-income families for their energy costs. For the first time, energy assistance subsidies covered 47% of a household's total heating costs in SFY 09.

Unfortunately, the additional funding and the decline in energy prices for 2009 were offset by an uncertain and rapidly declining economy, resulting in a 22% increase in the number of households assisted by energy assistance programs for SFY 09. Without the additional funding, the increase in households needing assistance would have contributed to a significantly reduced benefit.

Studies continue to show many individuals and families who receive energy assistance continue to choose between basic human needs such as groceries, prescription medication, or heating and cooling their homes. The need for energy assistance programs in Virginia continues to exist; maintaining the current federal funding level is critical, particularly given the volatility of energy costs and the income levels of the households assisted.

While the House voted to provide \$5.1 billion in funding for LIHEAP in FFY 10 and Senate appropriators have agreed to the same level of funding, that amount is \$1.9 billion more than what is included in the President's budget proposal for FFY 10.

If funding for LIHEAP continues at the \$5.1 billion authorized level, energy costs remain relatively stable, and the economy stabilizes, DSS anticipates being able to offer benefits that potentially supplement up to half of a recipient's energy costs for the winter.

# Appendix A

## Study Mandate

§ 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 through October 1, 2007, and biennially thereafter, on the effectiveness of low-income energy assistance programs in meeting the needs of low-income Virginians. In preparing the report, the Department shall:
  - a. Conduct a survey biennially in each year that the report is due to the General Assembly 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 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 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.

## Appendix B

### LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM ELIGIBILITY GUIDANCE

#### ANNUAL FEDERAL POVERTY GUIDELINES\*

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

Size of Family Unit	100% of Poverty	<b>130% of Poverty</b>	150% of Poverty
1	10,400	<b>13,520</b>	15,600
2	14,000	<b>18,200</b>	21,000
3	17,600	<b>22,880</b>	26,400
4	21,200	<b>27,560</b>	31,800
5	24,800	<b>32,240</b>	37,200
6	28,400	<b>36,920</b>	42,600
7	32,000	<b>41,600</b>	48,000
8	35,600	<b>46,280</b>	53,400

Federal law requires the income criteria for the use of LIHEAP funds not exceed 150% of the federal poverty limit. Virginia uses 130%.

\*(Published in 2008, 130% of the federal poverty limit is used for the DSS EAP Cooling Assistance Program Summer 2008 and Fuel/Crisis Assistance Fall/Winter 2008-09)

# Appendix C

## LIHEAP INCOME ELIGIBILITY ESTIMATES<sup>1</sup> FOR VIRGINIA Federal Fiscal Year (FFY) 07

Estimates of Federal and State LIHEAP Eligible Households  
by Vulnerable Group, FFY 07

<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	816,492	340,292
Elderly	345,656	143,264
Disabled	210,301	103,181
Young Child	174,391	79,086

<sup>1</sup> State level estimates and the number of eligible households were developed using the U.S. Census Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC). To estimate the number of LIHEAP eligible households for FFY 07, averages of FFY 06, FFY 07, and FFY 08 CPS ASEC were used. Estimates are subject to sampling error.

<sup>2</sup> The greater of 60% of state median income or 150% of federal poverty limits.

Data Source: US Department of Health and Human Services, Administration for Children and Families, LIHEAP Home Energy Notebook FFY 07.

**Appendix D**  
**Information on Energy Programs in Other States:**  
**Survey of Program Changes for FFY 2009<sup>1</sup>**

<b>State</b>	<b>Increase Regular Benefit</b>	<b>Increase Crisis Benefit</b>	<b>Increase Eligibility</b>	<b>Extend Program Dates</b>	<b>Increase Weatherization</b>	<b>Add Component</b>	<b>Add Outreach</b>
AL	yes	yes	yes				yes
AK	yes						
AZ	yes	yes	yes				
AR		yes	yes				
CA			yes				
CO	yes						yes
CT	yes	yes					
DE		yes		yes		yes	yes
DC	yes	yes					
FL	yes	yes					yes
GA	yes					if funds available	
HI							
ID	yes		yes				yes
IL	yes (propane)			yes (cooling)		yes	yes
IN	yes	yes					
IA	<b>yes</b>						
KS	yes						yes
KY	yes	yes					
LA	yes	yes					yes
ME	yes		yes				
MD	yes	yes					
MA	yes		yes		yes		
MI	yes	yes			pending		

<sup>1</sup> Source Document – LIHEAP Clearinghouse, Networker Issue #1 dated December 2008



State	Increase Regular Benefit	Increase Crisis Benefit	Increase Eligibility	Extend Program Dates	Increase Weatherization	Add Component	Add Outreach
MN	yes	yes			yes	yes	yes
MS			yes		yes		yes
MO			yes				
MT	yes		yes	yes	pending		
NE	yes		yes	yes	if available		
NV					yes		
NH	yes	yes	yes		yes		
NJ	yes	yes	yes	yes	yes		yes
NM	yes	yes	considering				
NY	yes	yes	yes (crisis )	yes			
NC						yes (crisis)	
ND							
OH	yes						
OK	yes		yes	yes		yes	
OR	yes (del fuel)	yes		yes (crisis)		yes	yes
PA	yes	yes	yes				yes
RI	yes					yes	
SC							
SD	yes						
TN							yes
TX							yes
UT	yes	yes	yes	considering	yes		yes
VT	yes			yes			yes
VA	yes	yes		yes		yes	yes
WA	yes	yes		yes		yes	considering
WV	yes	yes		yes			
WI	yes				yes	yes	
WY			yes				yes