



# COMMONWEALTH of VIRGINIA

## DEPARTMENT OF SOCIAL SERVICES

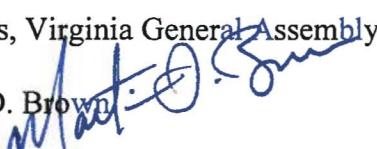
*Office of the Commissioner*

Martin D. Brown  
COMMISSIONER

October 1, 2011

### MEMORANDUM

**TO:** The Honorable Robert F. McDonnell  
Members, Virginia General Assembly

**FROM:** Martin D. Brown 

**SUBJECT:** Report on 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.

MB/kc

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 2011

## 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 Department of Social Services (DSS) Energy Assistance Program (EAP) 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 involved.

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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 a continued downturn in the economy, the struggle to pay home energy costs has created additional hardships for many vulnerable, low-income individuals and families in the Commonwealth. Approximately 40% 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 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) 11 Virginia provided services to 270,460 households, representing an increase of 49,488 households from SFY 09. Total spending across programs during SFY 11 was \$83,844,507. Outreach efforts and a continued declining economy, contributed to the increase in the number of low-income households served by Virginia's energy assistance programs by 22% over SFY 09. The increase in recipient households coupled with a decrease in the SFY 11 Fuel Assistance allocation only allowed Virginia's energy assistance programs to provide a benefit that met approximately 25% of recipient household's heating needs compared to SFY 09 where the benefit met approximately 47% of heating needs. 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.

Because the Low-Income Home Energy Assistance Program (LIHEAP) operated under a continuing resolution until April 2011, the funding level for the 100% federally funded EAP remained uncertain for most of SFY 11. The U.S. Department of Health and Human Services (HHS) did not finalize grantee allocations until May 2011. The EAP allocations for the SFY 11 Fuel and Crisis Assistance Programs were based on funding available under the continuing resolution at the time. As a result, the allocation for the SFY 11 Fuel Assistance Program was significantly less than SFY 09 and 10. This resulted in a substantially decreased average fuel benefit of \$269 in SFY 11 compared to \$518 and \$439 in SFY 09 and 10 respectively. Once HHS finalized the LIHEAP allocations, Virginia received an allocation almost equal to Federal Fiscal Year (FFY) 10. This late release in funding while decreasing the Fuel Assistance benefit, allowed Virginia to operate a robust Cooling Assistance Program during the summer of 2011. As a result, SFY 12 benefit levels for Cooling Assistance will be substantially greater than previous years.

According to the U. S. Census Bureau and HHS, 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. Although data from surveys, the census, and energy assistance programs indicate that a greater percentage of eligible households received assistance in SFY 11 (33%) than in SFY 09 (27%), reduced benefit levels for heating assistance, energy costs and the current economy resulted in hardships and difficult choices for families which can 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 2010, the DSS conducted its fourth biennial survey. The survey's primary purpose 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. Results, findings, and analysis from the 2010 survey are included in this report; the report also includes information on energy assistance programs in other states.

In addition to results and analysis from the 2010 survey, 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 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 (WAP) is through multiple federal sources, while EnergyShare, Fan Care and Neighbor-To-Neighbor are utility-funded programs. Programs operated by the Commonwealth, the EAP and the WAP, 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 September)	Statewide	Pays for primary heating fuel delivery, past fuel bills or payment of heating utility bills	All income eligible households with a heat expense
EAP – Crisis	November 1 to March 15	Statewide	Averts no heat situations through	All income eligible

			heating equipment purchase/repair, and payment of security deposits	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	Localities in AEP service area	Pays towards past due AEP electric bills once EAP benefits are exhausted	AEP customers only
EnergyShare – Heating/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
Department of Energy/American Recovery and Reinvestment Act - 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 reasons for case denials, indicative of unmet needs of customers, for the public and private sector programs for



SFY 11. 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 the delay in the release of and the uncertain status of federal funding for FFY 11, the allocation for Fuel Assistance for SFY 11 was substantially less than SFY 09 and 10. The allocation for Fuel Assistance was based on the level of federal funding provided at the time. As a result, the average household payment was \$269 in SFY 11 compared to \$518 and \$439 in SFY 09 and SFY 10, respectively.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
144,726	\$38,946,021	N/A	N/A	10,208	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 1,901 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. The maximum benefit levels in SFY 11 remained consistent with those in SFY 09 for heating equipment, purchase/replacement and supplemental/maintenance at \$1,700 and \$800, respectively. Due to almost a 10% increase in the number of households served, the average payment amount decreased from \$446 in SFY 09 to \$374 in SFY 11.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
26,041	9,749,631	2,779	747,257	2,163	1,901	None

**EAP - WAP** applies energy efficiency measures to the housing structure to decrease home energy consumption for low-income families. The DHCD administers this program with 15% of the LIHEAP block grant. For the program year beginning September 1, 2010 through June 30, 2011, the average cost per unit allowable under the program guidelines was \$6,500 per unit. The average payment for client benefit was \$4,164.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
1,970	8,204,940	N/A	N/A	N/A	N/A	N/A

**Neighbor-To-Neighbor Program** provides assistance with payment of electric bills for AEP customers in 34 localities. The average household payment increased from \$294 in SFY 10 to \$326 in SFY 11. This year, AEP and customers contributed \$500,000 and \$97,000 to the program, respectively.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
1,759	\$573,087	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. DVP donated \$4.5 million to Virginia's EnergyShare Program. The maximum benefit amount was \$600 in SFY 11. The average payment was \$295.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
12,648	\$3,736,238	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. DVP donated \$2 million to Virginia's EnergyShare Program. In SFY 11, the average payment was \$219.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
8,027	\$1,755,964	N/A	N/A	None	None	None

**The Department of Energy (DOE) WAP** regulated by the United States DOE and administered by DHCD installs cost-effective energy efficiency measures to decrease home energy consumption. The WAP enables low-income families to decrease their energy bills permanently by making their homes more energy efficient. Funds are used to improve the energy performance of dwellings of needy families using the most advanced technologies and testing protocols available in the housing industry. In SFY 11, the average cost per unit allowable under the program guidelines was \$6,500 per unit. The average payment was \$4,705.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
386	\$1,816,171	N/A	N/A	None	None	None

**American Recovery and Reinvestment Act (ARRA) funded DOE WAP** regulated by the United States DOE and administered by DHCD installs cost-effective energy efficiency measures to decrease home energy consumption. The ARRA of 2009, Public Law 111-5,

appropriated funding for the DOE to issue/award formula-based grants under the WAP. Due to the extraordinary expansion of WAP activities required by the Recovery Act, the Secretary encouraged states to give priority to using such funds for the most cost-effective efficiency activities in order to increase the effectiveness of the program. During SFY 11, the average cost per unit allowable under the program guidelines was \$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
2,445	\$10,288,740	N/A	N/A	None	None	None

**EAP - Cooling Assistance** provides for the 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 \$152 in SFY 09 to \$123 in SFY 11. The number of households served through Cooling Assistance in SFY 11 increased by almost 47% from 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
70,904	\$8,723,715	3,952	695,475	3,974	2,464	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. The average household payment was \$32.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
1,554	\$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 11.

### Analysis of Program Summary Reports

During SFY 11, Virginia's energy assistance programs provided \$83.8 million dollars in energy subsidies to 270,460 low-income households. An analysis of the program summaries indicates that the number of households assisted during SFY 11 increased by 22%, serving 49,488 additional households. Administrative data collected from two of the programs (EAP – Cooling and Crisis) indicates that for 6,731 recipient households, the benefits received did not fully meet their immediate need. Even with assistance provided, low-income households were required to spend \$1,442,733 in additional 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 16,345 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 the Home Energy Assistance Program (HEAP). HEAP receives 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 \$235,850. In SFY 11, donations to HEAP through the tax check-off initiative totaled \$33,471. HEAP funds are used to supplement Fuel Assistance and Crisis Assistance. Virginia will continue to promote the HEAP income tax check-off in SFY 12.

### **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, 2008 and 2010 National Energy Assistance (NEA) Survey Reports.

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

The demand for energy assistance programs exceeds available funding and service capacity. Data from 2-1-1 Virginia shows the need for heating assistance was by far the number one reason for calls to 2-1-1 representing 31% of the total requests for assistance from individuals and families in the Commonwealth. This is a substantial change from 2008 when heating assistance was tied for third place. The remaining top reasons for calls in 2010 were financial aid/housing, food pantry/emergency, and shelter.

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 270,460 low-income households during the last fiscal year. Some of these programs assist 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 HHS, 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. The energy assistance programs in the Commonwealth served 33% of potentially eligible households in SFY 11.

### 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.

Fuel Assistance represents 54% 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 70,904 cooling recipient households include vulnerable household members.

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

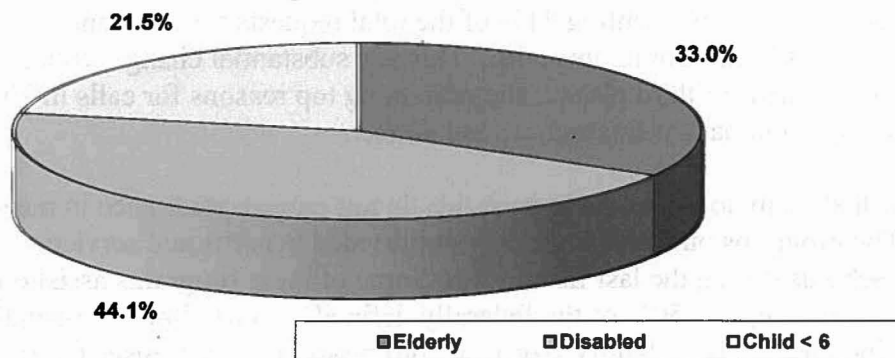


Figure 1 shows the proportion of total Fuel Assistance households served that included at least one vulnerable member in SFY 11. Households with elderly (age 60 or older) total 33%, households with disabled total 44.1% and households with young child (under age 6) total 21.5%. Individuals can be included in more than one vulnerability category. The data are derived from EAP administrative data for the 2010-11 winter season.

### **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. The DSS 2010 survey found that, among those participating in the Fuel Assistance Program of EAP, nearly 50% responded that the fuel benefit covered 1.0% to 25% of their heating bill. On average, survey respondents reported that the fuel benefit covered nearly one third of their heating expenses. There was less participation in the Cooling Assistance Program than Fuel Assistance by many households surveyed. Approximately 55% of households that received Cooling Assistance indicated that the benefit met 1.0% to 25% of their needs, while 29% said it covered between 26% to and 50%.

The results of a survey on energy costs completed in December 2010 indicated that from 2009 to 2010, overall energy costs across fuel types increased by 12%. The increase in energy costs coupled with reduced funding for Fuel Assistance in SFY 11 placed additional stress on recipient households.

This year, further impacted by the 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 11 was \$269. 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 approximately 40% 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 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 the report, severe residential energy burden is defined as energy costs exceeding 11% of income. According to the HHS, 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 2009 NEA survey. The data reveals that LIHEAP programs can have a tremendous impact on recipient households. In 2009, LIHEAP benefits reduced the proportion of households with a severe residential energy burden by 35%.

**Figure 2**  
**Total Residential Energy Burden**  
**2009 NEA Survey**

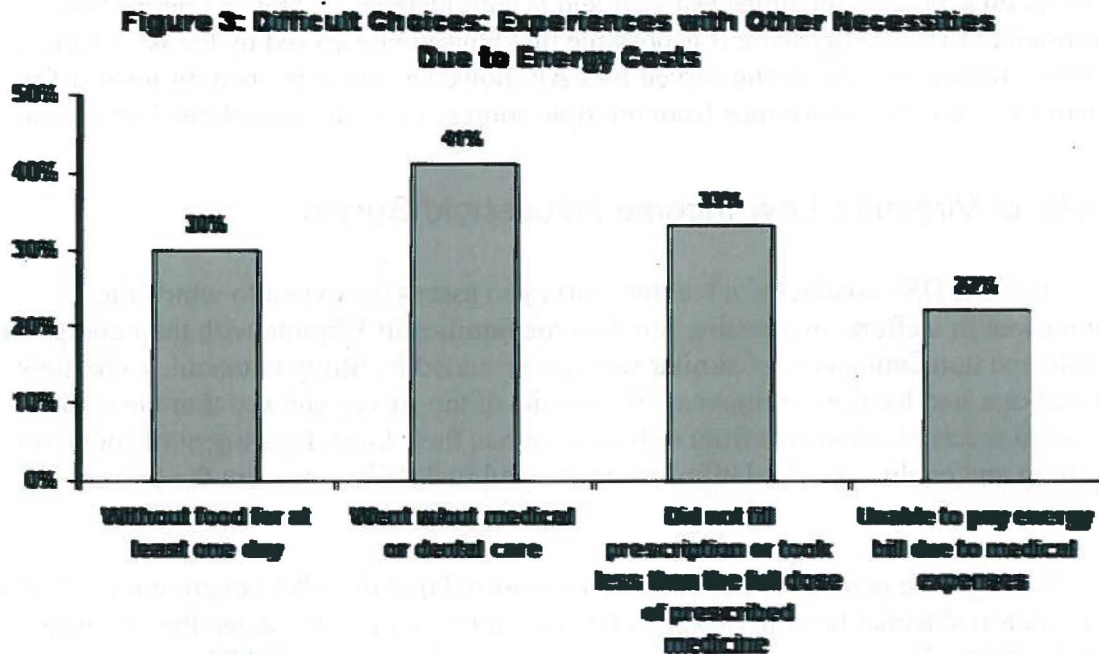
Energy Burden	Percent of Households Served	
	Pre-LIHEAP	Post-LIHEAP
0 -10%	45%	66%
11 – 25%	41%	29%
>25%	14%	7%

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 32% 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 the energy burden. With energy subsidies only covering approximately 25% of most households' heating costs in SFY 11, low-income Virginians continue to face significant challenges in meeting their immediate home energy needs while maintaining other basic necessities.

The 2009, NEA report surveyed 12 states that were part of the 2008 NEA survey. The 2008 NEA survey collected information on the choices made by LIHEAP households when faced with high energy bills. The intent of the 2008 survey was to update the information provided by the same recipients as part of similar NEA surveys conducted in 2003 and 2005. The 2003 survey contained state specific data and showed 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. The 2009 survey provides comparisons between the 2003 and 2008 surveys. Although the 2008 and 2009 surveys do not include state level detail like the 2003 survey, 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 2009 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.



### 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 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 22,000 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 are covered.

The other major utility-sponsored program is Neighbor-To-Neighbor sponsored by AEP. This program served 34 localities last year and is administered by Dollar Energy Fund, Incorporated. Like EnergyShare it is possible that households served by the AEP Neighbor-To-Neighbor Program are also being served by EAP; however, given the benefit levels of these programs, it is unlikely assistance from multiple sources meet the households' total costs.

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

In 2010, DSS conducted a biennial survey to assess the extent to which the Commonwealth's efforts in assisting low-income families in Virginia with their energy 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.

Twenty-nine percent of the households reported that the EAP benefit covered 26% to 50% of their residential heating expenses for the winter, while 49% stated that the benefit covered 1.0% to 25%. On average, survey respondents felt that the EAP benefit covered 31% of their heating expenses. Almost all households surveyed had taken one or more preventive measures to reduce heating costs, such as closing off rooms, turning down thermostats, covering windows with plastic, and wearing additional layers of clothing. Forty-five percent of the low-income households stated they had to choose between purchasing groceries, medication, or paying heating and cooling expenses.

## The Future of LIHEAP Funding

Federal funding for LIHEAP for FFY 11 was uncertain and tumultuous for most of the fiscal year. Unlike previous years, where the total funding level was known at the beginning of the FFY, the annual appropriation was not finalized until April 2011. The final FFY 11 appropriations action (PL112-10) provided \$4,500,652,656 for the LIHEAP block grant and \$200 million in emergency contingency funds.

Virginia was awarded \$102,839,476 in block grant funds and \$4,375,444 in emergency contingency funds for a total of \$107.2 million. The funding level for FFY 11 was almost consistent to FFY 10 but approximately \$20 million less than FFY 09. Due to the delay in the release of funds, the allocation level for EAP Fuel Assistance for SFY 11 was significantly less than SFY 10. The Cooling Assistance Program for SFY 12 will be funded using FFY 11 LIHEAP funds. Due to the timing of the release of federal funds, a substantially greater portion of the LIHEAP award has been allocated to Cooling Assistance. This will result in a substantially larger benefit for Cooling Assistance than previous years.

For FFY 12, the Administration's proposed budget reduces funding for LIHEAP back to the 2008 level of \$2.6 billion. Should this occur the funding level for Virginia would be decreased by approximately \$65 million to \$38 million. In an effort to sustain LIHEAP funding at the authorized level of \$5.1 billion dollars, significant lobbying efforts are underway. However, given the current fiscal situation at the federal level, it is very possible that LIHEAP funding will be significantly reduced for FFY 12.

## **Conclusion**

The significant increase in federal funding received since FFY 09 provided tremendous opportunity and relief for EAP in the Commonwealth. Specifically, DSS was able to manage the continuous increase in the number of individuals and families seeking and receiving assistance while maintaining and at times increasing benefit levels.

Increased costs coupled with the lingering downturn in the economy will likely result in increased hardships for Virginia residents as well as an increase in the number of households requesting assistance. Should LIHEAP funding for Virginia decrease from over \$100 million back to \$38 million, the benefits offered to households through the EAP will be substantially reduced. Although the proposed funding level would be consistent with levels prior to FFY 09, future benefit levels will be substantially lower than the last several years due to the greater number of households now served. Also of concern, in addition to reduced benefit levels, depending on energy costs it is likely the purchasing power of energy assistance benefits will be significantly reduced.

Studies 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.

# 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	130% of Poverty	150% of Poverty
1	10,890	14,157	16,335
2	14,710	19,123	22,065
3	18,530	24,089	27,795
4	22,350	29,055	33,525
5	26,170	34,021	39,255
6	29,990	38,987	44,985
7	33,810	43,953	50,715
8	37,630	48,919	56,445

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

\*(Published January 20, 2010, 130% of the federal poverty limit is used for the DSS EAP Cooling Assistance Program Summer 2011 and Fuel/Crisis Assistance Fall/Winter 2011-2012).

## Appendix C

### LIHEAP INCOME ELIGIBILITY ESTIMATES<sup>1</sup> FOR VIRGINIA Federal Fiscal Year (FFY) 08

Estimates of Federal and State LIHEAP Eligible Households  
by Vulnerable Group, FFY 08

Vulnerable Group	Number of LIHEAP Eligible Households (Federal Maximum Standard) <sup>2</sup>	Number of LIHEAP Eligible Households (Virginia Maximum Standard)
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) and the American Community Survey (ACS). To estimate the number of LIHEAP eligible households for FFY 08, averages derived from the 2006, 2007, and 2008 CPS ASEC were used. Estimates are subject to sampling error.

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

Data Source: US Department of Health and Human Services, Administration for Children and Families, LIHEAP Home Energy Notebook for FFY 08; Appendix B.

## Appendix D

### Percent LIHEAP Funds by Program Component in Other States<sup>1</sup>

State	FFY	Percent Funds for Heat	Percent Funds For Cooling	Percent Funds for Crisis	Percent Funds for Weatherization FY2010	COMMENT
Alabama	2010	40	20	20	5	
Alaska	2011	66	0	15	5	
Arizona	2011	72			15	Heating, cooling and crisis operated as one year-round program.
Arkansas	2011	53		17	15	Crisis is year-around, funds can be used for cooling.
California	2011	15.35	15.35	29.29	15	Heating and cooling are one year around program.
Colorado	2011	65	0	5	7.5	
Connecticut	2011	83	0		\$1 million	83% for heating, crisis and Safety Net Emergency Fund.
Delaware	2011	59.92	5	12.5	9	
District of Columbia	2008	55	10	5	15	
Florida	2011	10	15	40	15	
Georgia	2010	58	\$7 million	29	15	if funds available
Hawaii	2011	85	0	5	0	Funds are used for heating or cooling
Idaho	2010	59.2	0	4	15	
Illinois	2010	70				Heating and Crisis are integrated.
Indiana	2011	60	2	8	15	
Iowa	2011	60	0	5	15	
Kansas	2011	65	0	10	15	

<sup>1</sup> Source Document – LIHEAP Clearinghouse. National Center for Appropriate Technology. Percent LIHEAP Funds by Program Component. Modified: 5-20-2011.



<b>State</b>	<b>FFY</b>	<b>Percent Funds for Heat</b>	<b>Percent Funds For Cooling</b>	<b>Percent Funds for Crisis</b>	<b>Percent Funds for Weatherization FY2010</b>	<b>COMMENT</b>
<b>Kentucky</b>	2010	42.31	0	47.69	15	
<b>Louisiana</b>	2011	35	35	10	15	
<b>Maine</b>	2010	72	0	1	15	
<b>Maryland</b>	2011	77		5	\$750,000	
<b>Massachusetts</b>	2011	73.78	0	3	\$12 million	
<b>Michigan</b>	2011	33	0	56	\$15 million	
<b>Minnesota</b>	2011	62.35	0	15.10	5	
<b>Mississippi</b>	2010	63	16	5	\$5 million	
<b>Missouri</b>	2011	46	0	34	0	Community Action Agencies can use funds for weatherization measures such as repairs to resolve crisis.
<b>Montana</b>	2011	61.6	0	3	15	
<b>Nebraska</b>	2011	35	3	33	11	
<b>Nevada</b>	2011	35		35	5	Heating and cooling operate as one program.
<b>New Hampshire</b>	2011	65		10	\$750,000	
<b>New Jersey</b>	2011	65	4	6	\$18 million	
<b>New Mexico</b>	2011	60		30	15	Once-a-year benefit can be used for heating cooling and expedited crisis.
<b>New York</b>	2011	46.02	0	28.09	15	
<b>North Carolina</b>	2011	55.6		31.66	1.8 and 6.07	Cooling benefits are part of crisis. Weatherization: 6.07 is allocated to the Heating Assistance Repair Program.
<b>North Dakota</b>	2011	75			15	

<b>State</b>	<b>FFY</b>	<b>Percent Funds for Heat</b>	<b>Percent Funds For Cooling</b>	<b>Percent Funds for Crisis</b>	<b>Percent Funds for Weatherization FY2010</b>	<b>COMMENT</b>
<b>Ohio</b>	2011	45	0	30	15	
<b>Oklahoma</b>	2011	40	28	10	\$2.2 million	
<b>Oregon</b>	2011	50	0	15	15	
<b>Pennsylvania</b>	2011	35	0	10	\$15.7 million	
<b>Rhode Island</b>	2011	61.8		13.2		
<b>South Carolina</b>	2011	30	20	20	15	
<b>South Dakota</b>	2008	68	0	5	15	
<b>Tennessee</b>	2011	40	20	30	10	
<b>Texas</b>	2011	10	50	10	15	
<b>Utah</b>	2011	66	0	9	\$1 million	
<b>Vermont</b>	2010	77	0	10	\$250,000	
<b>Virginia</b>	2011	52	12	10	15	
<b>Washington</b>	2010	70.87	0		15	Heating and crisis are integrated.
<b>West Virginia</b>	2005	53	0	22	15	
<b>Wisconsin</b>	2011	66	0	8	15	
<b>Wyoming</b>	2011	65	0	10	15	

NOTE: The LHEAP statute authorizes states to provide assistance to low-income households in meeting their home energy costs, intervene in energy crisis situations, and provide low-cost residential weatherization and other cost-effective energy-related home repairs; it also allows states to spend no more than 10% of their grant for administrative purposes.

