




COMMONWEALTH of VIRGINIA

DEPARTMENT OF SOCIAL SERVICES

October 1, 2013

MEMORANDUM

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

FROM: Margaret Ross Schultze, Commissioner 

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.

MRS: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 2013

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 (Appendix A).

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 Rehabilitative Services, 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.

The continued downturn in the economy and the struggle to pay rising home energy costs continues to create additional hardships for many vulnerable, low-income individuals and families in the Commonwealth. Approximately 46% 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 continues to be critical.

During State Fiscal Year (SFY) 13 Virginia provided services to 268,388 households, representing a slight decrease of 2,072 households from SFY 11. Total spending across programs during SFY 13 was \$109,064,057. Given that the number of households served increased by nearly 50,000 from SFY 09 to SFY 11, the modest decrease in households served during SFY 13 is not surprising. Currently, Virginia's energy assistance programs provide a benefit that covers approximately 29% of recipient household's heating needs compared to SFY 11 where the benefit covered approximately 25% 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.

Typically, the Low-Income Home Energy Assistance Program (LIHEAP) operates under a continuing resolution for the first several months of the Federal Fiscal Year (FFY). Final grantee allocations are often not available until the middle to end of the second quarter making program planning and administration difficult. As a result of the continuing resolution and federal program sequestration, the funding level for the 100% federally funded EAP was not known for most of SFY 13. The U.S. Department of Health and Human Services (HHS) did not finalize grantee allocations until June 2013. Once HHS finalized the LIHEAP allocations, Virginia received an allocation almost equal to FFY 12; however, the final allocation for FFY 13 was approximately \$25 million less than FFY 11.

According to the U. S. Census Bureau and HHS, there are over 781,932 families living at or below 150% of the federal defined poverty limit in Virginia. Over 400,265 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 potentially income eligible households continues to increase each year. Although data from surveys, the census, and energy assistance programs indicate that a slightly greater percentage of eligible households received assistance in SFY 13 (34%) than in SFY 11 (33%), over the last several years reduced benefit levels, increases in 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 2013, the DSS conducted its fifth 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 2013 survey are included in this report; the report also includes information on energy assistance programs in other states (Appendix D includes a state survey of seasonal termination protection regulations.)

In addition to results and analysis from the 2013 survey, this 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, sometimes 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.

Program	Application Period	Service Area	Assistance Provided	Target Group
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	Statewide	Averts no heat	All income

	March 15		situations through heating equipment purchase/repair, and payment of security deposits	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	Localities in American Electric Power (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 (DOE)/American Recovery and Reinvestment Act(ARRA) - Weatherization	Year round	Statewide	Air infiltration measures and heating system replacement	All income eligible households
DOE/ARRA – Sustainable Energy Resources for Consumers (SERC)	Year round	Statewide	Installation of high efficiency and renewable energy technologies	Low to moderately low income 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 13. 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 a significant delay in the release of federal funds, the average household payment was greatly reduced from the prior two years to \$269 in SFY 11. Although federal funding has decreased since SFY 11, modest decreases in households served (heating) and stabilization in households served (cooling) over the last several years has allowed heating benefits to remain fairly consistent. The average household payment was \$314 in SFY 13.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
138,621	\$43,596,709	N/A	N/A	7,641	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 1,767 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 13 remained consistent with those in SFY 11 for heating equipment, purchase/replacement and supplemental/maintenance at \$1,700 and \$800, respectively. Due to almost an 11% decrease in the number of households served, the average payment increased from \$374 in SFY 11 to \$393 in SFY 13.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
23,418	9,197,829	1,981	505,515	1,712	1,767	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 SFY 13, the average cost per unit allowable under the program guidelines was \$6,500 per unit. The average payment of direct and indirect cost was \$4,713 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
2,780	13,101,638	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 decreased from \$326 in SFY 11 to \$270 in SFY 13. This year, AEP and customers contributed \$438,497 and \$32,000 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
1,896	\$512,497	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 million to Virginia's EnergyShare Program. The maximum benefit amount was \$600 in SFY 13. The average payment was \$299.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
11,821	\$3,531,322	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. In SFY 13, DVP donated \$1 million to Virginia's EnergyShare Program. The average payment was \$221.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
5,218	\$1,155.367	N/A	N/A	None	None	None

The Department of Energy (DOE) WAP regulated by the United States DOE and administered by the 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 energy efficiency technologies and testing protocols available in the housing industry. In SFY 13, the average direct cost per unit allowable under the program guidelines was \$6,500 per unit. The average payment of direct and indirect cost was \$6,229 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
175	\$1,090,014	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 the 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 of Energy 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 13, the average direct cost per unit allowable under the program guidelines was \$6,500 per unit. The average payment of direct and indirect cost was \$5,351 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
3,189	\$17,061,288	N/A	N/A	None	None	None

American Recovery and Reinvestment Act (ARRA) funded Sustainable Energy Resources for Consumers (SERC) regulated by the United States DOE and administered by the DHCD installs high efficiency or renewable energy technologies to decrease home energy consumption in low to moderately low income homes. SERC measures and activities are distinct from Weatherization activities. Energy efficiency technologies include cool roofs, solar photovoltaic technologies, geothermal heating and cooling systems, and high performance hot water systems. During SFY 13, the average direct cost per unit allowable under the program guidelines was \$12,000 per unit. The average payment of direct and indirect cost was \$8,211 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
276	\$2,266,274	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 in SFY 13 was \$219; the average payments in SFY 12 and 11 were \$325 and \$123 respectively. The number of households served through Cooling Assistance in SFY 13 increased by 11% from SFY 11; a modest increase compared to the 47% increase in households served from SFY 09 to 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
79,804	\$17,501,120	2,512	443,293	3,625	1,218	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 Aging and Rehabilitative Services administers this program with \$50,000 provided by DVP. For SFY 13, the average household payment was \$42.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
1,190	\$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 13.

Analysis of Program Summary Reports

During SFY 13, Virginia's energy assistance programs provided \$109 million dollars in energy subsidies to 268,388 low-income households. An analysis of the program summaries indicates that the number of households assisted during SFY 13 decreased by less than one percent serving 2,072 fewer households. Administrative data collected from two of the programs (EAP – Cooling and Crisis) indicates that for 4,493 recipient households, the benefits received did not fully meet their immediate need. Even with assistance provided, low-income households were required to spend \$948,808 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 10,900 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 \$286,602. In SFY 13, donations to HEAP through the tax check-off initiative totaled \$24,090. HEAP funds are used to supplement Fuel Assistance and Crisis Assistance. Virginia will continue to promote the HEAP income tax check-off in SFY 14.

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 - 2011 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 33% of the total requests for assistance from individuals and families in the Commonwealth. This is a slight increase from 2010 when these calls represented 31% of the total requests. The remaining top reasons for calls in SFY 2013 were financial aid/housing and food pantry/emergency.

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 268,388 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 781,932 LIHEAP-eligible households in Virginia, with 298,026 of these households containing at least one individual 60 years of age or older (Appendix C includes estimates of federal and state LIHEAP households by vulnerable group.) The energy assistance programs in the Commonwealth served 34% of potentially eligible households in SFY 13.

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 52% 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 79,804 cooling recipient households include vulnerable household members.

Figure 1: Households Served Containing Vulnerable Individuals

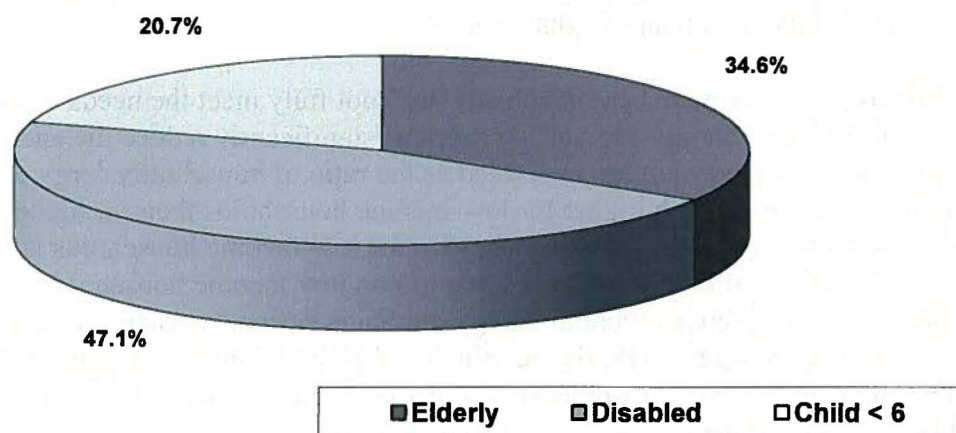


Figure 1 shows the proportion of total Fuel Assistance households served that included at least one vulnerable member in SFY 13. Households with elderly (age 60 or older) total 34.6%, households with disabled total 47.1% and households with young child (under age 6) total 20.7%. Individuals can be included in more than one vulnerability category. The data are derived from EAP administrative data for the 2012-13 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 2013 survey found that, among those participating in the Fuel Assistance Program of EAP,

43% responded that the fuel benefit covered 1.0% to 25% of their heating bill. On average, survey respondents reported that the fuel benefit covered one third of their heating expenses. There was less participation in the Cooling Assistance Program than Fuel Assistance by many households surveyed. Thirty-nine percent of households that received Cooling Assistance indicated that the benefit met 1.0% to 25% of their needs, while 32% said it covered between 26% to and 50%.

The results of a survey on energy costs completed in November 2012 indicated that from 2010 to 2012, overall energy costs across fuel types increased by 15%. The increase in energy costs coupled with reduced funding since SFY 11 placed additional stress on recipient households.

As in previous years, 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 13 was \$314. 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 46% of recipient households is less than \$10,000, compared to 40% of recipient households with income less than \$10,000 in SFY 11.

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 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 2011 NEA survey. The data reveal that LIHEAP programs can have a tremendous impact on recipient households. In 2011, LIHEAP benefits reduced the proportion of households with a severe residential energy burden by 28%.

Figure 2
Total Residential Energy Burden
2011 NEA Survey

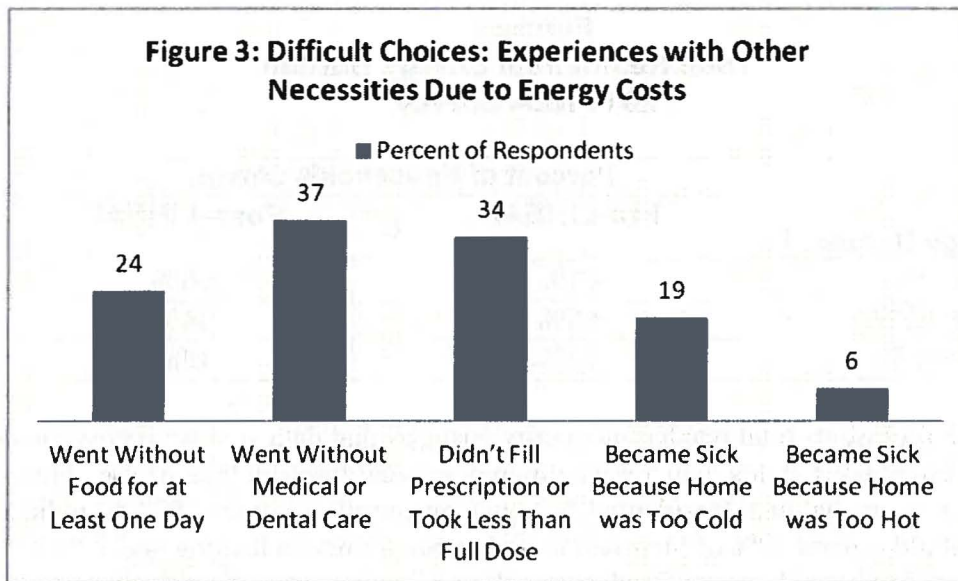
Energy Burden	Percent of Households Served	
	Pre-LIHEAP	Post-LIHEAP
0 -10%	41%	58%
11 – 25%	45%	34%
>25%	13%	8%

Figure 2 represents total residential energy costs, as that data is more accessible and apparent to recipient households than a breakdown of expenditures by type of 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 29% of most households' heating costs in SFY 13, low-income Virginians continue to face significant challenges in meeting their immediate home energy needs while maintaining other basic necessities.

The 2011 NEA report surveyed 13 states. The 2011 NEA survey collected information on the choices made by LIHEAP households when faced with high energy bills. A new sample of 2011 LIHEAP recipients was selected to document changes in the need for LIHEAP and changes in the choices that low-income households make when faced with unaffordable energy bills. The report presents the findings from the 2011 NEA Survey and provides comparisons to the 2003, 2008 and 2009 NEA Surveys. 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. Although the subsequent 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 2011 NEA survey where someone in their household became sick due to household temperature or 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 DHCD 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 17,000 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 being served by EAP; however, given the benefit levels of these programs, it is unlikely that assistance from multiple sources meet the households' total costs.

Results of Virginia's Low-Income Household Survey

In 2013, 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.

Thirty-one percent of the households reported that the EAP benefit covered 26% to 50% of their residential heating expenses for the winter, while 43% stated that the benefit covered 1.0% to 25%. On average, survey respondents felt that the EAP benefit covered 37% 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. Fifty-two 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 FFY 12 was \$3.46 billion for the LIHEAP block grant. No emergency contingency funds or leveraging funds were provided. Virginia was awarded \$80.4 million in block grant funds.

Federal funding for FFY 13 was \$3.25 billion for the LIHEAP block grant. No emergency contingency funds or leveraging funds were provided. This was a reduction of approximately six percent from FFY 12 and was primarily due to sequestration. These spending cuts were required by law and reduced discretionary spending by approximately five percent. The reductions were applied proportionately across all programs. For FFY 13, Virginia was awarded \$78.9 million in block grant funds.

For FFY 14, the Administration's proposed budget decreases LIHEAP funding by approximately \$235 million from \$3.25 billion to \$3.02 billion. In an effort to return LIHEAP funding to the authorized level of \$5.1 billion dollars, lobbying efforts continue by the National Energy Assistance Directors' Association and numerous utility and fuel fund networks/organizations. However, given the fiscal situation at the federal level, it is likely LIHEAP funding will be reduced for FFY 14.

Conclusion

The increased federal funding received since FFY 09 provided tremendous opportunity and relief for EAP in the Commonwealth. Specifically, DSS was able to manage an almost

continuous increase in the number of individuals and families seeking and receiving assistance while maintaining and at times increasing benefit levels.

Continued increases in energy costs, a lingering downturn in the economy and static, if not potentially reduced, benefit levels will likely result in increased hardships for Virginia residents. Since FFY 09 LIHEAP funding for Virginia has decreased from \$127.6 million to \$78.9 million, while the number of households served over the same time period has increased. Further decreases in federal funding will result in reduced benefit levels for low-income individuals and families in Virginia. Given the current benefit only covers approximately 29% of costs, additional benefit reductions will potentially jeopardize the health and safety of many of Virginia's most vulnerable families.

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	11,170	\$14,521	\$16,755
2	15,130	\$19,669	\$22,695
3	19,090	\$24,817	\$28,635
4	23,050	\$29,965	\$34,575
5	27,010	\$35,113	\$40,515
6	30,970	\$40,261	\$46,455
7	34,930	\$45,409	\$52,395
8	38,890	\$50,557	\$58,335

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 26, 2012, 130% of the federal poverty limit is used for the DSS EAP Cooling Assistance Program Summer 2012 and Fuel/Crisis Assistance Fall/Winter 2012 - 2013).

Appendix C

LIHEAP INCOME ELIGIBILITY ESTIMATES¹ FOR VIRGINIA

Federal Fiscal Year (FFY) 09

Estimates of Federal and State LIHEAP Eligible Households
by Vulnerable Group, FFY 09

Vulnerable Group	Number of LIHEAP Eligible Households (Federal Maximum Standard) ²	Number of LIHEAP Eligible Households (Virginia Maximum Standard)
All	781,932	400,265
Elderly	298,026	147,749
Disabled	83,418	50,625
Young Child	144,847	79,088

¹ State level estimates and the number of eligible households were developed using the American Community Survey (ACS). To estimate the number of LIHEAP eligible households for FFY 09, averages derived from the 2007, 2008, and 2009 ACS were used. Estimates are subject to sampling error.

² 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 09; Appendix B.

Appendix D

STATE SURVEY SEASONAL TERMINATION PROTECTION REGULATIONS¹

State	Date-based	Protection Dates	Temperature-based	Temperature	Seasonal Policy
Alabama	no		yes	<32° F	
Alaska	no		no		No disconnect for seriously ill, disabled.
Arizona	no		yes	<32° F	
Arkansas	yes	11/1-3/31 12/1-3/31	yes	<32° F or >95° F	No disconnect for elderly, disabled or medical emergency.
California	no		no		
Colorado	no		no		
Connecticut	yes	11/1 - 5/1	no		No disconnect for hardship customers.
Delaware	yes	11/15 - 4/15	yes	20° F or below	
District of Columbia	no		yes	<32° F	
Florida	no		no		
Georgia	yes	11/15 - 3/15 and summer months	yes	<32° F or National Weather Service Heat Advisory or Excessive	No disconnect if illness would be aggravated.

¹ Data Source: US Department of Health and Human Services, Administration for Children and Families, LIHEAP Clearinghouse.

State	Date-based	Protection Dates	Temperature-based	Temperature	Seasonal Policy
				Heat Warning in effect.	
Hawaii	no		no		
Idaho	yes	12/1 - 2/28	no		Disconnect ban for households with children under 18, elderly age 62 or older, or infirm.
Illinois	yes	12/1 - 3/31 and summer months	yes	<32° F; >=95° F	
Indiana	yes	12/1 - 3/15	no		Prohibits disconnect if customer qualifies for public assistance.
Iowa	yes	11/1 - 4/1	yes	<20° F	
Kansas	yes	11/1 - 3/31	yes	<35° F	
Kentucky	no		no		
Louisiana	no		no		
Maine	yes	11/15 - 4/15	no		Must agree to special payment arrangement.
Maryland	yes	11/1 - 3/31	no	<32° F or below or if the temperature exceeds 95 degrees for 24 of the next 72 hours.	

State	Date-based	Protection Dates	Temperature-based	Temperature	Seasonal Policy
Massachusetts	yes	11/15-3/15 (electric and gas) DPU asked regulated utilities to extend protection to April 1	no		Disconnect not permitted if household includes child <12 months, seriously ill member or all residents are 65 or older. If the elderly household is low-income and includes a minor, the protection against termination will apply.
Michigan	yes	11/1 - 3/31	no		Winter Protection Plan for elderly 65 years or older, recipients of Medicaid, Food Stamps or state emergency relief, full-time active military personnel or persons needing critical care or having a certified medical emergency. Households with income less than 150% of federal poverty

State	Date-based	Protection Dates	Temperature-based	Temperature	Seasonal Policy
					guidelines must be enrolled in a payment plan.
Minnesota	yes	10/15 - 4/15	Disconnect ban for residential electricity service when an excessive heat watch, heat advisory, or excessive heat warning has been issued by the National Weather Service.		
Mississippi	yes	12/1 - 3/31	no		
Missouri	yes	11/1 - 3/31	yes	<32° F	
Montana	yes	11/1 - 4/1	yes	No disconnect when the temperature at 8 a.m. is below 32° F or if freezing temperatures are forecast for the next 24 hours for customers receiving public assistance or if household member is age 62 or older or	

State	Date-based	Protection Dates	Temperature-based	Temperature	Seasonal Policy
				disabled.	
Nebraska	yes	11/1 - 3/31	no		No disconnect for low-income natural gas customers with proof of eligibility for energy assistance.
Nevada	no		no		
New Hampshire	yes	11/15 - 3/31	no		
New Jersey	yes	11/15 - 3/15	yes (summer)	95° or above	Disconnect ban for customers receiving Lifeline, LIHEAP, TANF, SSI, PAAD or GA or households unable to pay overdue amounts due to unemployment medical expenses, or recent death of spouse. If eligible for Winter Termination Program, cannot disconnect if 90° F or above for following 48 hours.
New Mexico	yes	11/15 - 3/15	no		Must be

State	Date-based	Protection Dates	Temperature-based	Temperature	Seasonal Policy
					current with payments or have entered into a payment agreement and are current with that agreement by Nov. 15.
New York	yes	2-week period encompassing Christmas and New Years	no		
North Carolina	yes	11/1 - 3/31	no		No disconnect for elderly, disabled, and customers who are eligible for the Energy Crisis Assistance Program.
North Dakota	no		no		
Ohio	yes	10/15 - 4/15	no		Medical certification program.
Oklahoma	yes	11/15 - 4/15	yes	<32° F (daytime), <20° F (night) or >103° F	
Oregon	no		no		
Pennsylvania	yes	12/1 - 3/31	no		
Rhode Island	yes	11/1 - 4/30	yes	No termination if	Disconnect ban for elderly,

State	Date-based	Protection Dates	Temperature-based	Temperature	Seasonal Policy
				National Weather Service issues a heat advisory or excessive heat warning.	disabled, seriously ill, households with child under 2 years old, or recipients of unemployment compensation, federal heating assistance or have income 75% or less of state median income.
South Carolina	no		yes December 1-March 31	Disconnect is suspended when the average forecasted temperature is 32° F or below for a 45-hour period.	
South Dakota	yes	11/1 - 3/31	no		
Tennessee	no		yes	<32° F	
Texas	no		yes	<32° F or during heat advisory.	No disconnect for elderly 65 years or older and critical care customers until Oct. 1.
Utah	yes	11/15 - 3/15	no		
Vermont	yes	11/1 - 3/31	no	<10° F or <32° F for households with elderly	

State	Date-based	Protection Dates	Temperature-based	Temperature	Seasonal Policy
				age 62 or older.	
Virginia	no		no		Termination delayed up to 60 days in a 12-month period with a Serious Medical Condition Certification provided by a physician.
Washington	yes	11/15 - 3/15	no		
West Virginia	yes	12/1 - 2/28	no		
Wisconsin	yes	11/1 - 4/15	yes		Prohibited when heat advisory from the National Weather Service is in effect.
Wyoming	yes	11/1 - 4/30	yes	Disconnect only if above 32° F.	