



COMMONWEALTH of VIRGINIA
DEPARTMENT OF SOCIAL SERVICES
Office of the Commissioner

Margaret Ross Schultze
COMMISSIONER

October 1, 2017

MEMORANDUM

TO: Honorable Terence R. McAuliffe
Governor of Virginia

Members, Virginia General Assembly

FROM: Margaret Ross Schultze

A handwritten signature in blue ink, appearing to read "Margaret Ross Schultze".

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 2017

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Executive Summary

This biennial report on the effectiveness of low-income 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 struggle to pay home energy costs continues to create additional hardships for many vulnerable, low-income individuals and families in the Commonwealth. For a family of three, the annual federal poverty limit is \$20,160. Approximately 50% of all households who receive energy assistance have family incomes less than \$10,000, which is well below the federal poverty limit. These families have little room in their budgets to absorb even modest increases in energy costs; given limited family resources, the need for energy assistance services continues to be critical.

During State Fiscal Year (SFY) 17 Virginia provided services to 211,995 households, representing a decrease of 22,811 households from SFY 15. Total spending across programs during SFY 17 was \$83,055,611 representing a decrease of \$215,752 from SFY 15. Improvements in the economy contributed to the decrease in households served and total spending. Currently, Virginia's energy assistance programs provide a benefit that covers approximately 47% of recipient household's heating needs compared to SFY 15 where the benefit covered approximately 33% 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. Virginia received an allocation of just under \$84 million for each FFY 16 and 17.

According to the U. S. Census Bureau and the U.S. Department of Health and Human Services (HHS), there are over 894,226 families living at or below 150% of the federal defined poverty limit in Virginia. Over 447,469 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 as well as 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. Data from surveys, the census, and energy assistance programs indicate that slightly fewer income eligible households received assistance in SFY 17 (24%) than in SFY 15 (27%). Energy benefits that only cover 47% of home heating needs coupled with energy costs that remain high relative to household income 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.

**Biennial Report on the Effectiveness of Low-Income Energy Assistance Programs
October 2017**

Report 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.

Background

In 2017, the Department of Social Services (DSS) conducted its seventh 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 2017 survey are included in this report; the report also includes information on energy assistance programs in other states. (Appendix A includes a chart of the Total Number of Households Receiving LIHEAP Benefits in FY 2016 by state.)

In addition to results and analysis from the 2017 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.

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

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 March 15	Statewide	Averts no heat situations through heating equipment purchase/repair, and payment of security deposits	All income eligible households with an energy crisis
EAP – Crisis Primary Fuel/Utility	January 1 to March 15	Statewide	Averts no heat situations by securing a fuel delivery or maintaining heat utility	All income eligible households with an energy crisis
EAP – Weatherization	Year round	Statewide	Air infiltration measures and heating systems replacement	All income eligible households
Neighbor-To-Neighbor	January 1 to February 28	AEP service area	Pays towards past due AEP electric bills once EAP benefits are exhausted	AEP customers only
EnergyShare – Heating/Cooling	Year round	DE service area	Secures a fuel delivery or maintains a heating utility bill in the winter and	Elderly, ill, unemployed, in crisis

			pays electric bills in the summer	
Department of Energy (DOE) - 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 electricity 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. For the EAP, 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 17. 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. The average household payment was \$378 in SFY 17.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
111,883	\$42,327,374	N/A	N/A	6,106	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 842 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 average household payment was \$420 in SFY 17.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
15,361	\$6,456,328	1,882	\$148,413	2,810	842	None

EAP – WAP applies energy efficiency measures to the housing structure to decrease home energy consumption for low-income families. After an inspection process using energy efficiency technologies and testing protocols, air sealing, insulation, heating system tune-up or replacement, and health and safe efficiency measures are completed. The DHCD administers this program with 15% of the LIHEAP block grant. In SFY 17, the average direct cost per unit allowable under the program guidelines was \$7,105 per unit. The average payment of direct and indirect cost was \$9,365 per unit. The per unit cost increased due to license and certificate requirements for technical workers, whole house ventilation requirements, and increased health and safety measure costs after the start of the program year.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
1,240	\$11,612,105	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 29 localities. The average household payment was \$224 in SFY 17.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
833	\$186,793	N/A	N/A	N/A	None	N/A

EnergyShare (Heating Program) provides assistance with heating costs for any energy type to residents in DE's service area. The maximum benefit amount was \$600 in SFY 17. The average payment was \$332.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
9,127	\$3,036,581	N/A	N/A	None	None	None

EnergyShare (Cooling Program) provides assistance with cooling costs for electricity to residents in DE's service area. The maximum benefit amount was \$300 in SFY 17. The average payment was \$232.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
4,464	\$1,038,952	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 the latest energy efficiency technologies and testing protocols available in the housing industry. In SFY 17, the average direct cost per unit allowable under the program guidelines was \$7,105 per unit. The average payment of direct and indirect cost was \$3,224 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
975	\$3,143,280	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 household payment in SFY 17 was \$228.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
66,674	\$15,204,199	2,244	\$254,981	3,242	894	None

Fan Care Program purchases fans and air conditioners for the elderly. The Virginia Department for Aging and Rehabilitative Services administers this program with \$50,000 provided by DE. For SFY 17, the average household payment was \$35.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
1,438	\$50,000	N/A	N/A	N/A	N/A	N/A

Analysis of Program Summary Reports

During SFY 17, Virginia’s energy assistance programs provided \$83 million in energy subsidies to 211,995 low-income households. An analysis of the program summaries indicates that the number of households assisted during SFY 17 decreased by 10% since SFY 15. Similarly, in Virginia, other safety net programs have recently experienced decreases in the number of households assisted. Administrative data collected from two of the programs (EAP – Cooling and Crisis) indicates that for 2,497 recipient households, the benefits received did not fully meet their immediate need. Even with assistance provided, low-income households were required to spend \$403,394 in additional funding to meet their immediate energy needs. Depending on the program, income in excess of 130% of poverty resulted in the denial of energy subsidies to 12,158 households.

In addition to the programs summarized in this report, several pilot programs and 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), administered by the DSS. 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 SFY 17, donations to HEAP through the tax check-off initiative totaled \$6,782. HEAP funds are used to supplement Fuel Assistance and Crisis Assistance. To date, HEAP fund contributions, including interest, total \$333,199. Virginia will continue to promote the HEAP income tax check-off in SFY 18.

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 National Energy Assistance (NEA) Survey Reports.

Percentage of Eligible Households Served

Data from 2-1-1 Virginia shows the need for utility assistance was by far the number one reason for calls to 2-1-1 representing 42% of the total requests for assistance from individuals and families in the Commonwealth. The remaining top reasons for calls in SFY 17 were financial aid/housing, health care, and food/meals.

Many low-income households do not receive assistance in meeting their energy needs. The programs outlined in this report provided benefits and services to 211,995 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 894,226 LIHEAP-eligible households in Virginia, with 342,812 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 24% of potentially eligible households in SFY 17.

Percentage of Vulnerable Households Served

Many LIHEAP income-eligible households do not receive assistance. For households that do receive assistance, steps have been taken to ensure those 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 53% 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 66,674 cooling recipient households include vulnerable household members.

Figure 1: Households Served Including Vulnerable Individuals

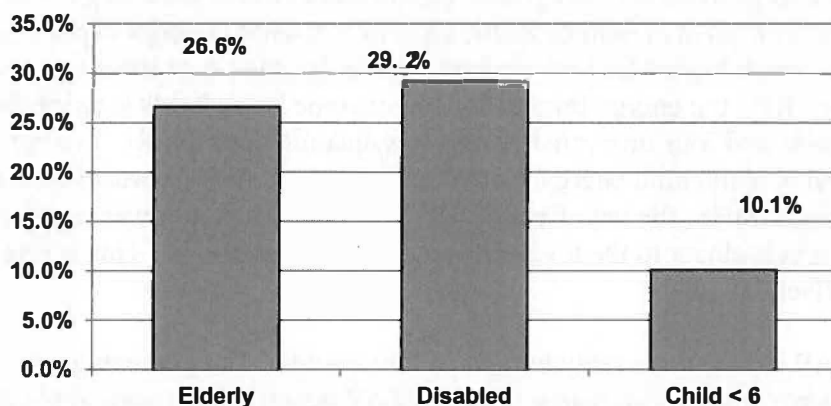


Figure 1 shows the proportion of total Fuel Assistance households served that included at least one vulnerable member in SFY 17. Households with elderly (age 60 or older) total 26.6%, households with disabled total 29.2%, and households with young child (under age 6) total 10.1%. Individuals can be included in more than one vulnerability category. The data are derived from EAP administrative data for the 2016-17 winter season.

Extent to which Benefits Meet Household Need

While Virginia's energy assistance programs provide much needed support to low-income households, energy assistance benefits only cover 47% of heating costs. The DSS 2017 survey found that, among those participating in the Fuel Assistance Program of EAP, 16% responded that the fuel benefit covered 1.0% to 25% of their heating bill. Twenty-seven percent of the households reported that the EAP benefit covered 26% to 50% of their residential heating expenses for the winter. Eight percent of households that received Cooling Assistance indicated that the benefit met 1.0% to 25% of their needs, while 43% said it covered between 26% to and 50%.

The results of a survey on energy costs completed in November 2016 indicate that from 2015 to 2016, overall energy costs across fuel types decreased by 2%. Even with modest decreases in energy costs, 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 household payment for Fuel Assistance in SFY 17 was \$378. 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 50% 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 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 latest National Energy Assistance survey conducted in 2011. 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**

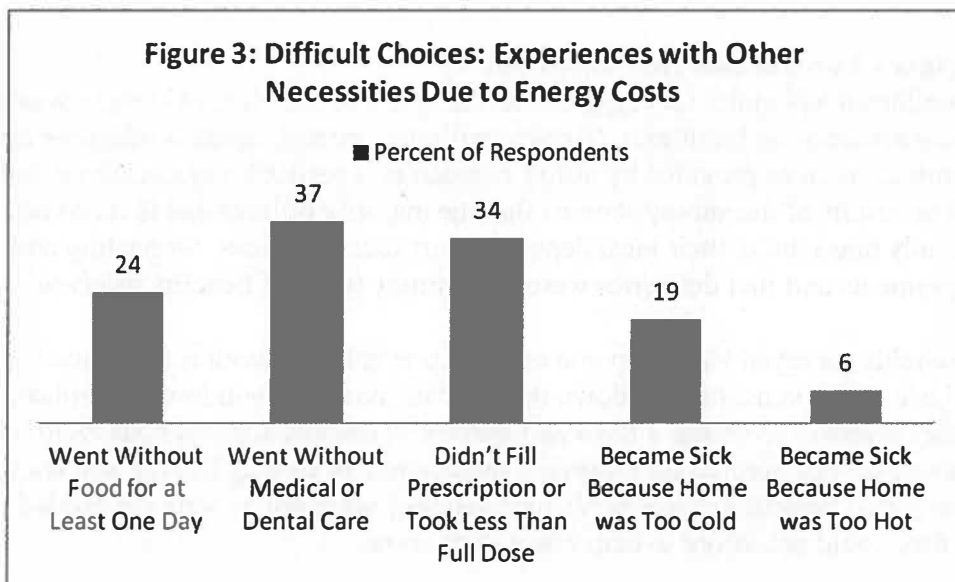
Energy Burden	Percent of Households Served	
	Pre-LIHEAP	Post-LIHEAP
0 -10%	41%	58%
11 – 25%	45%	34%
>25%	13%	8%

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 covering approximately 47% of most households’ heating costs in SFY 17, 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. Additionally, the national findings are similar to the findings in the DSS 2017 biennial survey.

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-sponsored 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 state 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 WAP. 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 Dominion Energy and the EAP. In addition to operating a heating assistance program, DE implemented a cooling assistance program in 2008 expanding EnergyShare to a year-round program. The EnergyShare Program provided subsidies to 13,591 households in the past fiscal year. Some of the households served by DE 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 29 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 2017, 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 not 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.

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-eight percent of the low-income households stated they had to choose between purchasing groceries, medication, or paying heating and cooling expenses. Seventy-two percent of households reported they were not as warm as needed in the winter because they could not afford to better heat their home.

The Future of LIHEAP Funding

Federal funding for FFY 16 was \$3.37 billion for the LIHEAP block grant. No emergency contingency funds or leveraging funds were provided. Virginia was awarded \$83.93 million for FFY 16.

Federal funding for FFY 17 was \$3.38 billion for the LIHEAP block grant. No emergency contingency funds or leveraging funds were provided. Virginia was awarded \$83.57 million in FFY 17.

For FFY 18, the Administration's proposed budget eliminates LIHEAP funding. Fortunately, LIHEAP enjoys bipartisan support in Congress as well as strong support among many consumer advocacy groups, utilities and fuel fund organizations. Significant educational efforts by the National Energy Assistance Directors' Association and numerous utility and fuel funds are underway to ensure LIHEAP funding is included in the federal fiscal 2018 appropriations bills.

Conclusion

Since FFY 09 LIHEAP funding in Virginia has decreased from \$127 million to \$83 million. The federal LIHEAP block grant is the primary source of funding for energy assistance programs in Virginia. Even with significant federal funding only 24% of potentially eligible households receive assistance and while benefits have increased over the last several years, assistance still only covers 47% of costs. Energy assistance benefits reduce the energy burden of low-income households who already experience a much higher energy burden than other households. Reducing benefits or failing to provide energy assistance on a large scale would endanger 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 over the last several years and the income levels of the households assisted

Appendix A

Total Number of Households Receiving LIHEAP Benefits in FY 2016

State	Total Households Served	Elderly (60+)	Disabled	Young children (5 and under)	Total Vulnerable Households (Unduplicated)	Total Vulnerable as a % of Households Served
Alabama	76,948	30,866	39,672	13,404	59,371	77.2%
Alaska	8,385	3,033	2,519	1,990	5,892	70.3%
Arizona	23,726	5,463	12,119	5,982	17,439	73.5%
Arkansas	63,797	15,868	29,166	6,710	36,073	56.5%
California	219,265	79,978	81,627	52,036	161,380	73.6%
Colorado	79,028	26,163	22,228	15,184	52,507	66.4%
Connecticut	90,661	30,952	30,140	17,282	62,534	69.0%
Delaware	13,633	6,013	4,716	2,115	10,258	75.2%
District of Columbia	12,173	3,256	504	2,659	6,070	49.9%
Florida	118,401	41,560	41,158	23,805	81,638	69.0%
Georgia	128,481	68,029	43,850	14,400	89,943	70.0%
Hawaii	8,806	4,295	1,392	1,767	6,516	74.0%
Idaho	32,399	12,367	17,691	7,344	27,204	84.0%
Illinois	230,121	111,015	74,930	32,803	181,471	78.9%
Indiana	104,874	36,019	44,100	18,733	78,786	75.1%
Iowa	80,346	26,533	41,074	16,297	63,008	78.4%
Kansas	39,694	12,561	18,911	7,939	n/a	n/a
Kentucky	118,148	34,860	54,725	19,764	80,506	68.1%
Louisiana	71,557	29,607	35,410	11,364	54,878	76.7%
Maine	32,262	17,171	11,573	2,960	25,583	79.3%
Maryland	104,480	33,333	35,004	22,177	71,270	68.2%
Massachusetts	164,763	69,394	52,964	24,971	118,312	71.8%
Michigan	454,618	76,228	41,244	79,632	179,288	39.4%
Minnesota	132,786	46,896	52,689	29,423	100,315	75.5%
Mississippi	36,451	13,622	20,123	4,738	26,816	73.6%
Missouri	134,416	35,335	68,721	27,638	100,229	74.6%
Montana	17,774	6,537	7,749	3,136	13,496	75.9%
Nebraska	43,558	7,956	18,190	14,597	32,634	74.9%
Nevada	24,965	10,542	12,399	4,336	19,898	79.7%

New Hampshire	32,082	9,038	13,278	4,705	23,413	73.0%
New Jersey	273,831	115,402	69,749	45,927	190,455	69.6%
New Mexico	64,556	16,520	27,726	12,833	43,201	66.9%
New York	1,034,274	397,286	470,658	198,108	740,700	71.6%
North Carolina	191,288	62,589	66,658	41,850	129,184	67.5%
North Dakota	12,298	3,580	3,083	2,663	8,472	68.9%
Ohio	407,336	130,099	157,427	64,327	271,719	66.7%
Oklahoma	121,680	30,497	35,576	28,432	72,267	59.4%
Oregon	61,608	23,454	24,131	12,224	46,123	74.9%
Pennsylvania	345,791	147,608	231,158	89,843	337,663	97.6%
Rhode Island	29,772	10,922	8,404	5,469	20,218	67.9%
South Carolina	42,425	15,128	15,164	8,677	30,555	72.0%
South Dakota	22,180	8,623	6,826	4,490	16,560	74.7%
Tennessee	105,616	51,808	61,639	17,435	91,790	86.9%
Texas	98,437	39,177	46,330	24,824	46,330	47.1%
Utah	31,082	10,743	14,578	9,259	19,661	63.3%
Vermont	21,715	7,122	8,794	4,202	16,257	74.9%
Virginia	145,788	53,249	74,026	31,670	121,919	83.6%
Washington	61,514	22,387	26,126	12,778	47,182	76.7%
West Virginia	86,471	21,393	40,833	10,793	67,561	78.1%
Wisconsin	205,025	67,574	78,199	38,933	146,197	71.3%
Wyoming	9,620	3,871	3,942	1,796	7,473	77.7%
Total	6,070,905	2,143,522	2,400,893	1,156,424	4,337,320	71.4%

Source: Preliminary Data as Reported by States on the FY 2016 LIHEAP Household Report Long Form. Summary table prepared by the National Energy Assistance Directors' Association 2/6/17.

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	11,880	15,444	17,820
2	16,020	20,826	24,030
3	20,160	26,208	30,240
4	24,300	31,590	36,450
5	28,440	36,972	42,660
6	32,580	42,354	48,870
7	36,730	47,749	55,095
8	40,890	53,157	61,335

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 25, 2016, 130% of the federal poverty limit is used for the DSS EAP Cooling Assistance Program Summer 2016 and Fuel/Crisis Assistance Fall/Winter 2016 – 2017.

Appendix C

LIHEAP Income Eligibility Estimates¹ For Virginia Federal Fiscal Year (FFY) 14

Estimates of Federal and State LIHEAP Eligible Households
by Vulnerable Group, FFY 14

Vulnerable Group	Number of LIHEAP Eligible Households (Federal Maximum Standard)²	Number of LIHEAP Eligible Households (Virginia Maximum Standard)
All	894,226	447,469
Elderly	342,812	155,613
Disabled	327,979	178,502
Young Child	159,886	87,938

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 14, averages derived from the 2011 - 2013 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.

Note: The Census Bureau changed the questions on disability in ACS in 2008. Since the new questions were not comparable to those in previous years, the reader should exercise caution in comparing the estimates of households with disabled individuals with those in previous Notebooks.

Data Source: US Department of Health and Human Services, Administration for Children and Families, LIHEAP Home Energy Notebook for FFY 14; Appendix B, Tables B-1 and B-2.