



COMMONWEALTH of VIRGINIA
DEPARTMENT OF SOCIAL SERVICES
Office of the Commissioner

S. Duke Storen
Commissioner

October 25, 2021

MEMORANDUM

TO: Honorable Ralph Northam
Governor of Virginia

Members, Virginia General Assembly

FROM: S. Duke Storen *S. Duke Storen*

SUBJECT: **Report on Low-Income Energy Assistance Programs**

I am pleased to submit the biennial report on the effectiveness of energy assistance programs in meeting the needs of low-income Virginians. This report was prepared pursuant to § 63.2-805.C.5. of the Code of Virginia. If you have questions or need additional information concerning this report, please contact me.

SDS:kc
Attachment

**BIENNIAL REPORT ON THE EFFECTIVENESS OF
LOW-INCOME ENERGY ASSISTANCE PROGRAMS**

October 2021

**A Report of the
Department of Social Services
Commonwealth of Virginia**

**To the Governor and
General Assembly of Virginia**

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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, 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. Approximately 45% 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) 21 Virginia provided services to 197,412 households, representing a decrease of 15,265 households from SFY 19. Total spending across programs during SFY 21 was \$86,890,217 representing a decrease of \$4,982,908 from SFY 19. It is believed that these decreases were caused by the COVID 19 pandemic and the moratoriums in place that kept households from being disconnected/terminated for services. Fewer households applied for services as they did not feel they needed the services until the moratoriums ended. Additionally, fewer weatherization services were provided due to COVID-19 restrictions. Currently, Virginia's energy assistance programs provide a benefit that covers approximately 56% of recipient household's heating needs compared to SFY 19 where the benefit covered approximately 46% 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 over \$95 and \$96 million for FFY 20 and 21 respectively.

According to the U. S. Census Bureau and the U.S. Department of Health and Human Services (HHS), there are over 922,930 families living at or below 150% of the federal defined poverty limit in Virginia. Over 449,747 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 23% of eligible households received assistance in SFY 21 (Note: This percentage has not changed since SFY 19). Energy benefits that only cover 56% 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 2021**

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 2021, the Department of Social Services (DSS) conducted its eighth 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 2021 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 by state.)

In addition to results and analysis from the 2021 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), and American Electric Power (AEP). VDSS 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. VDSS 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, Senior 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	Administered By
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	VDSS
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	VDSS
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	VDSS
EAP – Weatherization	Year round	Statewide	Air infiltration measures and heating systems replacement	All income eligible households	DHCD
Neighbor-To-Neighbor	January 1 to February 28	AEP service area	Pays towards past due AEP electric bills once EAP	AEP customers only	AEP

			benefits are exhausted		
EnergyShare – Heating/Cooling	Year round	DE 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	DE
Department of Energy (DOE) - Weatherization	Year round	Statewide	Air infiltration measures and heating system replacement	All income eligible households	DHCD
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	VDSS
Senior Cool Care (formerly Fan Care)	June through September	Statewide	Purchase air conditioners for seniors with more serious conditions	Age 60 and over	DE

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 21. 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 \$431 in SFY 21.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
102,178	\$44,025,178	N/A	N/A	4,989	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. 671 households were able to resolve the household’s crisis emergency with assistance from an additional source. 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 \$526 in SFY 21.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
13,134	\$6,909,129	671	\$77,858	3,193	None	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 21, the average payment of direct costs was \$12,144 per unit. The average payment of direct and indirect costs was \$12,775 per unit. The per unit costs are increasing due to increased construction costs, material shortages and additional protocols/personal protection equipment instituted as a result of COVID 19. Production decreases were the result of agency shutdowns, gradual re-openings over time and reluctance of households to receive services due to COVID 19.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
468	\$5,978,926	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 \$262 in SFY 21.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
401	\$105,163	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 21. The average payment was \$358.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
8,501	\$3,929,082	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 \$600 in SFY 21. The average payment was \$402.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
4,010	\$1,611,815	N/A	N/A	None	None	None

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 21, the average costs was \$6,003 per unit. The per unit costs increased due to increased construction costs, material shortages and additional requirements/ protocols/ personal protection equipment instituted as a result of COVID-19. Production decreases were the result of agency shutdowns, gradual re-openings and reluctance of households to receive services due to COVID-19.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
499	\$3,463,030	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. 270 households were able to resolve the household’s cooling need with assistance from an additional source. The average household payment in SFY 21 was \$308.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
67,431	\$20,782,894	270	\$7,710	4,188	None	None

Senior Cool Care (formerly Fan Care) Program purchases air conditioners for the elderly. The Virginia Department for Aging and Rehabilitative Services administers this program with \$85,000 provided by DE. For SFY 21, the average household payment was \$108.

Total Family units Served	Total Cost	Multiple Program Needs		Reason Cases Denied		
		# of Cases	Funds Needed	Excess Income	Benefit too Small	Out of Funds
790	\$85,000	N/A	N/A	N/A	N/A	N/A

Analysis of Program Summary Reports

During SFY 21, Virginia’s energy assistance programs provided \$86 million in energy subsidies to 197,412 low-income households. An analysis of the program summaries indicates that the number of households assisted during SFY 21 has decreased slightly since SFY 19; most likely due to the moratoriums on disconnections/terminations during the pandemic. Other safety net programs in Virginia have experienced slight decreases in the number of households assisted during the same period. Administrative data collected from two of the programs (EAP – Cooling and Crisis) indicates that for 941 recipient households, the benefits received did not fully meet their immediate need. Even with assistance provided, low-income households were required to spend \$85,568 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 12,370 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. For example, DE provides services to veterans and disabled individuals through specialized Heating and Cooling EnergyShare programs. DE served 2,630 of these households in SFY 21 spending \$1,309,500 in addition to their regular EnergyShare programs.

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 21, donations to HEAP through the tax check-off initiative totaled \$80.75. HEAP funds are used to supplement Fuel Assistance and Crisis Assistance. To

date, HEAP fund contributions, including interest, total \$338,107. Virginia will continue to promote the HEAP income tax check-off in SFY 22.

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 “211 Virginia” shows the need for utility assistance was the number two reason for calls to 211 representing 21% of the total requests for assistance from individuals and families in the Commonwealth. The remaining top reasons for calls in SFY 21 were housing (at number one), food/meals, and healthcare.

Many low-income households do not receive assistance in meeting their energy needs. The programs outlined in this report provided benefits and services to 197,412 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 922,930 LIHEAP-eligible households in Virginia, with 362,117 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 21% of potentially eligible households in SFY 21.

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. If this additional condition of eligibility was not placed on households applying for Cooling Assistance, there would be an increase in eligible households (to mirror the Fuel Assistance population) and the Cooling Assistance benefit would be reduced. It is possible that some eligible households might not be able to receive a Cooling Assistance benefit if the funding for this component was exhausted before the end of the application period. Although this has not happened in several years, it has happened.

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 67,431 cooling recipient households include vulnerable household members.

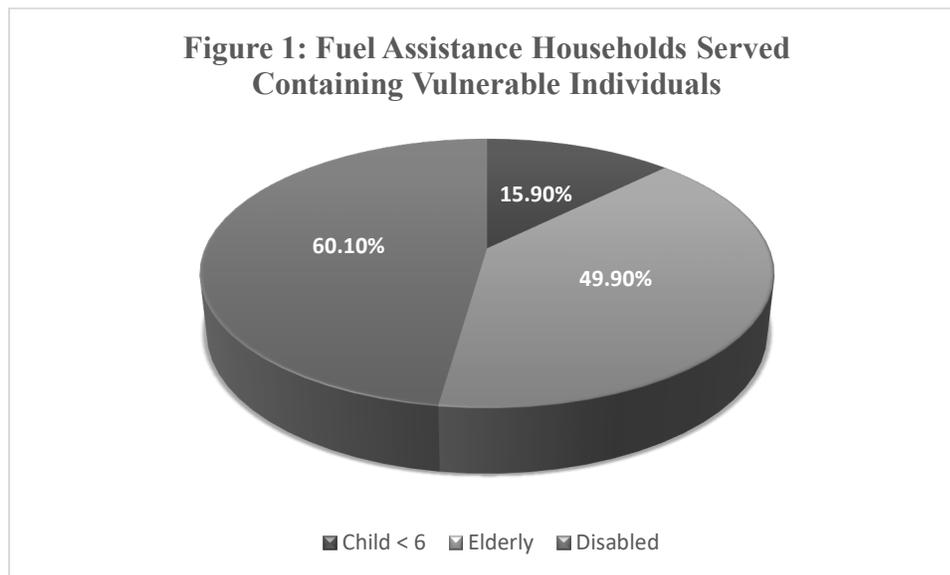


Figure 1 shows the proportion of total Fuel Assistance households served that included at least one vulnerable member in SFY 21. Households with elderly (age 60 or older) total 49.9%, households with disabled total 60.1%, and households with young child (under age 6) total 15.9%. Individuals can be included in more than one vulnerability category. The data are derived from EAP administrative data for the 2020-21 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 56% of heating costs. The DSS 2021 survey found that, among those participating in the Fuel Assistance Program of EAP, 4% responded that the fuel benefit covered 1.0% to 25% of their heating bill. Thirty-two percent of the households reported that the EAP benefit covered 26% to 50% of their residential heating expenses for the winter. Four percent of households that received Cooling Assistance indicated that the benefit met 1.0% to 25% of their needs, while 20% said it covered between 26% to and 50%.

The results of a survey on energy costs completed in October 2020 indicate that from 2019 to 2020, overall energy costs across fuel types increased by 9%. Many low-income families struggled to pay their monthly energy bills, accruing large unpaid balances and facing disconnections when moratoriums are not in place. 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 21 was \$431. 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 45% 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 NEA survey conducted in 2018. The data reveal that LIHEAP programs can have a tremendous impact on recipient households. In 2018, LIHEAP benefits reduced the proportion of households with a severe residential energy burden by 25%.

Figure 2
Total Residential Energy Burden
2018 NEA Survey

Energy Burden	Percent of Households Served	
	Pre-LIHEAP	Post-LIHEAP
0 -10%	36%	52%
11 – 25%	50%	35%
>25%	14%	13%

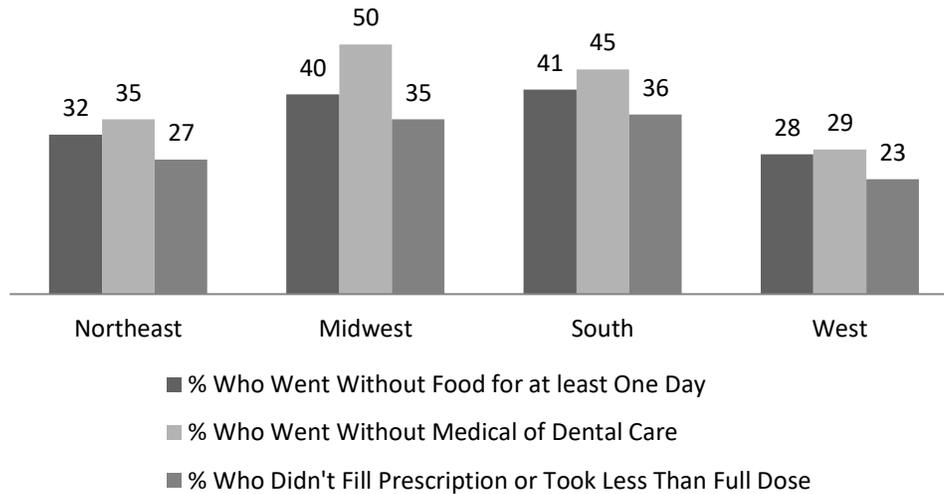
Figure 2 represents total residential energy costs, as that data is more accessible and apparent to recipient households than a breakdown of expenditures by type of use. However, data available from the national Residential Energy Consumption Survey (RECS) indicates recipient households spend 32% of 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 46% of most households’ heating costs in SFY 19, low-income Virginians continue to face significant challenges in meeting their immediate home energy needs while maintaining other basic necessities.

The 2018 NEA report surveyed seven states. The 2018 NEA survey collected information on the choices made by LIHEAP households when faced with high energy bills. A new sample of 2018 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 2018 NEA Survey and provides comparisons to the 2003, 2008, 2009, and 2011 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 2019 biennial survey.

Figure 3 represents the proportion of total respondents in the 2018 nationwide NEA survey where someone in their household went without food, medical care, or medicine in the past five years due in part to their residential energy expenses.

Figure 3: Difficult Choices: Experiences with Other Necessities Due to Energy Costs



Degree to which Programs are Duplicative

Another important component in assessing the effectiveness of energy assistance programs in the Commonwealth is the degree to which program duplication exists. In examining the major state and utility-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 DE 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 12,511 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 2021, 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. Thirty-three percent of the low-income households stated they had to choose between purchasing groceries, medication, or paying heating and cooling expenses. Seventy-seven percent of households reported they were not as warm as needed in the winter because they could not afford to better heat their home. Sixty-nine percent of households reported they were not as cool as needed in the summer because they could not afford to better cool their home.

The Future of LIHEAP Funding

Federal funding for FFY 20 was \$3.70 billion for the LIHEAP block grant. No emergency contingency funds or leveraging funds were provided. Virginia was awarded \$94.52 million for FFY 20.

Federal funding for FFY 21 was \$3.70 billion for the LIHEAP block grant. No emergency contingency funds or leveraging funds were provided. Virginia was awarded \$96.44 million for FFY 21. Fortunately, LIHEAP enjoys bipartisan support in Congress as well as strong support among many consumer advocacy groups, utilities and fuel fund organizations. Significant lobbying 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 2022 appropriations bills at \$3.85 billion.

Conclusion

Since FFY 09 LIHEAP funding in Virginia has decreased from \$127 million to \$96 million. The federal LIHEAP block grant is the primary source of funding for energy assistance programs in Virginia. Even with significant federal funding only 23% of potentially eligible households receive assistance and while benefits have increased over the last several years, assistance still only covers 56% 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; 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.

The past year has been a difficult one with many households losing income or having their income significantly reduced. While there has been large amounts of assistance available, there were also moratoriums in place that kept households from being disconnected/terminated from heating/cooling services and allowed many to take advantage of long term payment plans. However, it is expected that we will see a significant increase in applications as these moratoriums end and the opportunity to participate in the payment plans is no longer offered. While the economy is improving, it is not fully recovered.

Appendix A

Total Number of Households Receiving LIHEAP Benefits in FY 2020

State	Total Households Served	Member 60 or Over	Member with a Disability	Child 5 and Under	Total Vulnerable Households	Total Vulnerable as a % of Households Served
Alabama	69,650	31,742	43,780	11,319	57,338	82%
Alaska	5,675	2,536	1,835	1,042	3,894	69%
Arizona	23,669	7,332	13,578	5,508	17,598	74%
Arkansas	66,642	25,000	41,664	9,318	51,993	78%
California	168,213	78,862	63,085	30,307	126,550	75%
Colorado	76,632	29,826	16,741	12,388	48,139	63%
Connecticut	75,260	30,533	26,214	12,385	53,456	71%
Delaware	11,206	5,488	4,448	1,536	8,828	79%
District of Columbia	9,564	3,811	812	1,590	5,700	60%
Florida	103,477	40,065	34,198	21,428	70,375	68%
Georgia	167,430	89,253	62,365	9,870	117,174	70%
Hawaii	8,567	5,386	1,154	1,501	6,400	75%
Idaho	32,183	13,721	18,383	6,631	27,122	84%
Illinois	268,765	122,780	89,451	42,468	200,418	75%
Indiana	115,047	46,604	52,318	18,338	88,422	77%
Iowa	82,274	29,849	44,199	16,132	65,721	80%
Kansas	34,464	12,793	17,942	6,197	27,452	80%
Kentucky	129,790	47,617	71,991	31,129	117,943	91%
Louisiana	68,512	28,870	27,439	9,815	48,945	71%
Maine	32,956	18,706	13,388	3,127	27,187	82%
Maryland	88,639	34,409	31,911	16,854	63,953	72%
Massachusetts	146,234	71,886	50,061	18,953	110,000	75%
Michigan	341,307	82,545	69,479	80,965	213,218	62%
Minnesota	117,283	48,850	49,550	22,710	91,030	78%
Mississippi	39,435	17,062	22,069	5,019	29,955	76%
Missouri	108,591	36,673	57,797	19,872	83,625	77%
Montana	18,447	8,227	8,057	2,733	14,322	78%
Nebraska	37,533	8,596	13,997	11,822	27,299	73%
Nevada	26,054	12,559	14,584	4,142	20,915	80%
New Hampshire	28,727	9,732	12,146	4,203	21,502	75%

State	Total Households Served	Member 60 or Over	Member with a Disability	Child 5 and Under	Total Vulnerable Households	Total Vulnerable as a % of Households Served
New Jersey	219,755	104,663	62,021	33,165	159,612	73%
New Mexico	70,157	20,993	31,776	13,793	49,581	71%
New York	1,035,850	423,178	387,437	178,857	695,439	67%
North Carolina	162,264	66,903	40,473	31,349	112,218	69%
North Dakota	12,575	4,463	3,037	2,181	8,840	70%
Ohio	271,526	106,025	133,450	38,821	202,566	75%
Oklahoma	109,547	26,678	32,538	18,310	59,282	54%
Oregon	52,508	22,440	21,776	9,239	39,833	76%
Pennsylvania	323,101	124,221	41,104	61,720	205,718	64%
Rhode Island	27,690	14,533	9,597	6,227	19,777	71%
South Carolina	43,957	18,905	17,603	6,774	32,512	74%
South Dakota	21,081	9,404	7,161	3,823	16,173	77%
Tennessee	110,696	43,117	75,729	19,766	95,836	87%
Texas	142,609	60,990	73,901	23,560	113,094	79%
Utah	32,592	11,749	13,753	8,578	20,062	62%
Vermont	27,520	12,175	13,107	3,803	22,067	80%
Virginia	122,558	56,365	68,820	24,818	106,347	87%
Washington	77,664	32,488	40,313	12,229	59,357	76%
West Virginia	49,272	19,909	14,691	4,274	30,159	61%
Wisconsin	207,024	72,855	81,088	37,656	148,230	72%
Wyoming	8,320	3,927	3,750	1,222	6,692	80%
TOTAL	5,630,492	2,257,294	2,147,761	979,467	4,049,869	72%

Source: Data as Reported by States on the FY 2020 LIHEAP Household Report Long Form. Summary table prepared by the National Energy Assistance Directors' Association June, 2021.

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	\$12,760	\$16,588	\$19,140
2	\$17,240	\$22,412	\$25,860
3	\$21,720	\$28,236	\$32,580
4	\$26,200	\$34,060	\$39,300
5	\$30,680	\$39,884	\$46,020
6	\$35,160	\$45,708	\$52,740
7	\$39,640	\$51,532	\$59,460
8	\$44,120	\$57,356	\$66,180

Federal law requires the income criteria for the use of LIHEAP funds not exceed 150% of the federal poverty limit. Virginia used 130% until June of 2021.

*Published January 17, 2020, 130% of the federal poverty limit is used for the DSS EAP Cooling Assistance Program Summer 2020 and Fuel/Crisis Assistance Fall/Winter 2020 – 2021.

Appendix C

LIHEAP Income Eligibility Estimates¹ For Virginia Federal Fiscal Year (FFY) 17

Estimates of Federal and State LIHEAP Eligible Households
by Vulnerable Group, FFY 17

Vulnerable Group	Number of LIHEAP Eligible Households (Federal Maximum Standard)²	Number of LIHEAP Eligible Households (Virginia Maximum Standard)
All	922,930	449,747
Elderly	362,117	162,119
Disabled	335,517	180,111
Young Child	162,847	84,607

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 17, averages derived from the 2012 - 2016 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 17; Appendix B, Tables B-1 and B-2.