
SFY 2013 Evaluation: Energy and Weatherization Assistance Programs

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TABLE OF ACRONYMS

AB 432 Assembly Bill 432

ARRA American Recovery and Reinvestment Act

BPI Building Performance Institute

BWR Building Weatherization Report

CSA Community Services Agency

CSBG Community Service Block Grant

DSM Demand Side Management

DWSS Division of Welfare and Supportive Services

EAP Energy Assistance Program

EFSP Emergency Food and Shelter Program

ESG Emergency Shelter Grant

FAC Fixed Annual Credit

FEAC Fund for Energy Assistance and Conservation

FPL Federal Poverty Level

IT Information Technology

kWh Kilowatt hour

LIHEAP (LIHEA Program) Federal Low-Income Home Energy Assistance Program

NAC Nevada Administrative Code

NHD Nevada Housing Division

NRHA Nevada Rural Housing Authority

NRS Nevada Revised Statute

PUCN Public Utility Commission of Nevada

RFI Request for Information

RNDC Rural Nevada Development Corporation

RTCA Rebuilding Together with Christmas in April

SAFE Special Assistance Fund for Energy

SERC Sustainable Energy Resources for Consumers

SSI Supplemental Security Income

SFY State Fiscal Year

UEC Universal Energy Charge

USDHHS US Department of Health and Human Services

USDOE US Department of Energy

WAP Weatherization Assistance Program

BACKGROUND

Nevada's Weatherization Assistance Program (WAP) and Energy Assistance Program (EAP) are funded jointly by the state's Universal Energy Charge (UEC), which was established by the 2001 State Legislature and became effective during State Fiscal Year (SFY) 2002.¹ The first full program year was SFY 2003. The legislation establishing these programs requires an annual evaluation of program efficacy and compliance with legislative requirements. Nevada's Division of Welfare and Supportive Service and the Nevada Housing Division jointly hired H. Gil Peach & Associates and Smith & Lehmann Consulting to conduct this evaluation for the 2013 fiscal year.

EAP PROGRAM COMPLIANCE WITH LEGISLATIVE REQUIREMENTS (NRS 702)

Evaluation of EAP compliance and efficacy were determined using a variety of sources. The following EAP-provided data sets were used for analyses:

- ◆ **Eligibility Certification**—including information on 40,988 applicant records determined to be eligible, ineligible, pending, or in Request for Information (RFI) status with the dates of determination. This data set was used to define the case eligibility status.
- ◆ **Family Members Details**—including 106,013 records on the family members of applicants requesting EAP assistance, including dates of application.

The **Eligibility Certification** and **Family Members Details** data sets were merged in different steps of the analyses in order to obtain comprehensive program and client information.

- ◆ The **Eligibility Certification** data set was used to characterize clients as eligible or ineligible in all cases. The total number of eligible determinations from the **Eligibility Certification** was 26,088; the analyses were conducted on 26,039 unique eligible application determinations of merged **Eligibility Certification** and **Family Members Details**. Cases with missing values and high discrepancy between the energy cost, benefit payments, and income (n=38) were excluded from the analyses.
- ◆ Characteristics of EAP participants: Analyses of demographic and other characteristics of the EAP recipient population were based on 26,039 unique cases.

1.1. Did DWSS ensure UEC funds were administered in a coordinated manner with all other sources of money available for energy assistance?

[Reference NRS 702.250.3, Deliverable 3.4.1]

The Department of Welfare and Supportive Services (DWSS) receives money for energy assistance from two sources. The Universal Energy Charge (UEC) is a charge on customer bills and is collected by the participating utilities and sent to the Public Utilities Commission of Nevada (PUCN). PUCN deducts its collection and oversight cost and transfers the funds to the Fund for Energy Assistance and Conservation which is maintained by the Division of Welfare and Supportive Services. In addition, the program receives funding from the Federal Low-Income Home Energy Assistance Program (LIHEAP or LIHEA Program). The Fund for Energy Assistance and Conservation is maintained by DWSS; funds are distributed according to NRS 702 through the Energy Assistance Program.

1.2. Was interest and income earned appropriately credited to FEAC?

[Reference NRS 702.250.4, Deliverable 3.4.1.1]

Table 1 shows the distribution of FEAC interest between DWSS and NHD. Interest was distributed to each Division according to their unspent balance of Principal.

Table 1. FEAC interest received and distributed between DWSS and NHC for SFY 2013.

FEAC Interest Received and Distributed, SFY 2013	
	Amount
Amount Remaining for Distribution Following Refunds	\$4,619
Amount Distributed to NHD	\$ 325
Amount Distributed to DWSS	\$4,293

1.3. Were FEAC funds distributed as mandated in NRS 702.260?

[Reference NRS 702.260.1 Deliverable 3.4.1.2]

Table 2 shows the distribution of FEAC funds between DWSS and NHD.

Table 2. FEAC principal funds received and distributed between DWSS and NHD for SFY 2013.

FEAC Principal Received and Distributed, SFY 2013		
	Amount	Percentage of Funds Disbursed
FEAC Amount Received by DWSS from PUCN	\$9,751,263	
Refunds (Directed by PUCN)	\$49,281	
Amount Remaining for Distribution Following Refunds	\$9,701,983	
Amount Distributed to NHD	\$2,425,496	25%
Amount Distributed to DWSS	\$7,276,487	75%

In SFY 2013, UEC funds were coordinated with the LIHEAP funds, as these two sources were the only funds available for energy assistance.

1.4. Were 75% of the FEAC funds distributed to DWSS?

[Reference NRS 702.260.1 Deliverable 3.4.2]

As shown in Table 2, \$7,276,487, or 75% of FEAC funds, were distributed to DWSS.

1.5. Did DWSS use no more than 5% of FEAC funds for administrative expenses?

[Reference 702.260.1 Deliverable 3.4.2.1]

As shown in Figure 1 and Tables 1 and 2, \$7,280,780 was received by EAP in Principal and Interest. An additional reserve of \$1,985,317 from SFY 2012 was available for EAP. EAP has been consistently operating for the past 4 years with roughly 50% less available funds than in 2008. EAP spent \$9,291,098 in 2013. Of this total, 0.5% was used for program administration.

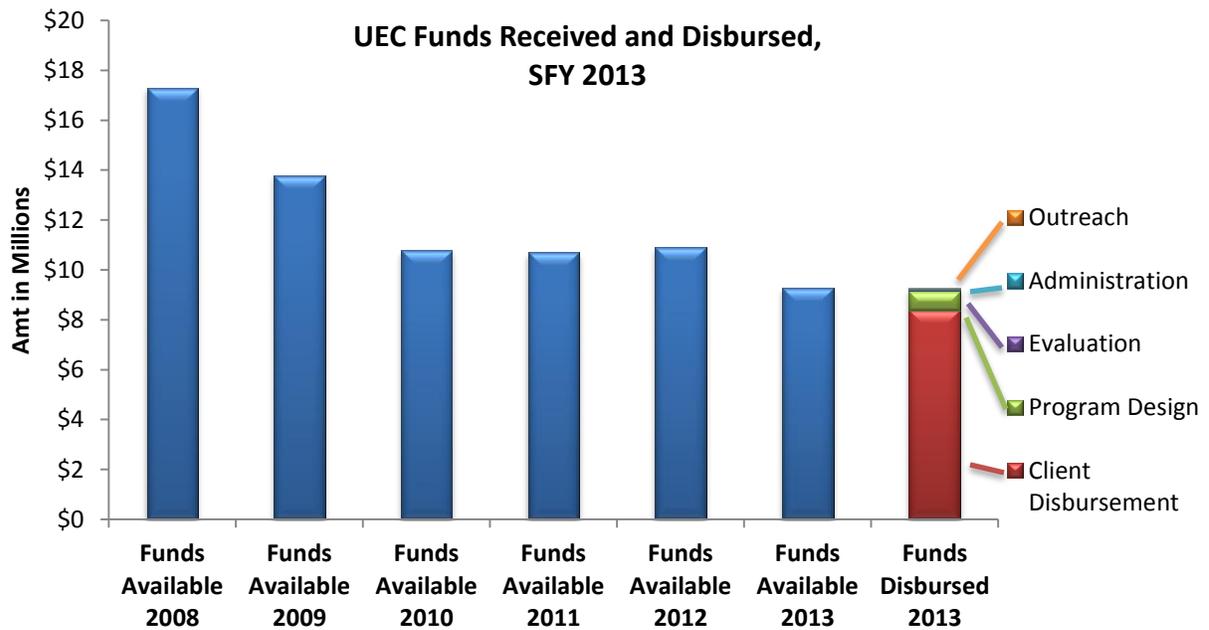


Figure 1. UEC funds received and disbursed by DWSS for SFY 2013, as compared to SFY 2008-2012.

Table 3. EAP funds spent, SFY 2013

EAP Funds Disbursed, SFY 2013		
	Amount	Percentage of Funds Disbursed
Administration	46,198	0.5%
Client Payments	8,391,578	90.3%
Outreach	22,013	0.2%
Program Design (including IT re-programming)	780,827	8.4%
Evaluation	50,482	0.5%
TOTAL	9,219,098	

1.6. Did DWSS use FEAC funds (after the no more than 5% deduction for administrative expenses) to assist eligible households in paying for natural gas and electricity?

[Reference 702.260.2(a) Deliverable 3.4.2.2]

As shown in Figure 1 and Table 3, \$8,391,578 was used to assist eligible households in paying for natural gas and electricity.

1.7. Did DWSS use FEAC funds (after the no more than 5% deduction for administrative expenses) to carry out activities related to consumer outreach?

[Reference 702.260.2(b) Deliverable 3.4.2.3]

Figure 1 and Table 3 show that 0.2% of funds were used for consumer outreach.

1.8. Did DWSS use FEAC funds (after the no more than 5% deduction for administrative expenses) to pay for program design?

[Reference 702.260.2(c) Deliverable 3.4.2.4]

Just over eight percent (8.4%) of funds were used for program design, as seen in Figure 1 and Table 3.

1.9. Did DWSS adjust the amount of assistance a household receives based upon the following factors: Household income; Household size; Energy type used, and Other factors determined to make household vulnerable to increases in natural gas or electricity costs?

[Reference 702.260.6(b) Deliverable 3.4.5.1]

DWSS developed eligibility tables based on household income and household size.

Table 4. DWSS EAP eligibility tables

Household Size	Maximum Annual Gross Income					Maximum Monthly Income* (150% Poverty)
	75% Poverty	100% Poverty	110% Poverty	125% Poverty	150% Poverty*	
1	\$8,378	\$11,170	\$12,287	\$13,963	\$16,755	\$1,396
2	\$11,348	\$15,130	\$16,643	\$18,913	\$22,695	\$1,891
3	\$14,318	\$19,090	\$20,999	\$23,863	\$28,635	\$2,386
4	\$17,288	\$23,050	\$25,355	\$28,813	\$34,575	\$2,881
5	\$20,258	\$27,010	\$29,711	\$33,763	\$40,515	\$3,376
6	\$23,228	\$30,970	\$34,067	\$38,713	\$46,455	\$3,871
7	\$26,198	\$34,930	\$38,423	\$43,663	\$52,395	\$4,366
8	\$29,168	\$38,890	\$42,779	\$48,613	\$58,335	\$4,861
Additional	\$2,970	\$3,960	\$4,356	\$4,950	\$5,940	\$495

*Annual Income Limit for 2013 Eligibility

DWSS developed benefit caps which varied based on both household size and the type of energy used. In addition, \$50 per month was added to this benefit for “vulnerable/targeted households” which includes the elderly, households with children younger than 6 years of age, and disabled persons.

Table 5. Benefit Cap for Households Using All Other Energy Sources, July 1, 2012 – June 30, 2013

Household Size	Benefit Cap <75% of poverty	Benefit Cap 75-125% of poverty	Benefit Cap 125-150% of poverty
1	\$1,136	\$634	\$571
2	\$1,196	\$668	\$601
3	\$1,259	\$703	\$633
4	\$1,325	\$740	\$666
5	\$1,391	\$777	\$699
6	\$1,461	\$816	\$734
7	\$1,534	\$857	\$771
8+	\$1,611	\$899	\$810

Table 6. Benefit Cap for Households Using Propane and Oil, July 1, 2012 – June 30, 2013

Household Size	Benefit Cap <75% of poverty	Benefit Cap 75-125% of poverty	Benefit Cap 125-150% of poverty
1	\$1,336	\$834	\$771
2	\$1,396	\$868	\$801
3	\$1,459	\$903	\$833
4	\$1,525	\$940	\$866
5	\$1,591	\$977	\$899
6	\$1,661	\$1,016	\$934
7	\$1,734	\$1,057	\$971
8+	\$1,811	\$1,099	\$1,010

1.10. Did DWSS solicit advice from Nevada Housing Division (NHD) and other knowledgeable sources in developing the program to assist households in paying for natural gas or electricity?

[Reference 702.260.8(a) Deliverable 3.4.7]

Throughout the year, DWSS managers consulted with the Low Income Advisory Committee, consistent with the directives for consultation and coordination in the enabling legislation for the program. Low Income Advisory Committee members were concerned with the SFY 2012 evaluation finding that households earning <75% FPL were subject to a higher energy burden even after receiving a benefit. DWSS was also concerned about this difference based on internal analysis. DWSS responded by increasing the benefit caps for households <75% FPL, with the intention of equalizing the energy burden across all EAP recipients.

DWSS and NHD coordinated programs that provide energy assistance to low income households and to assure that the Weatherization Program receives an appropriate share of the UEC money. In SFY 2013, DWSS reinstated a distribution of 5% of the LIHEAP funds to NHD to pay for weatherization. DWSS and NHD jointly developed the State Plans for administering LIHEA and UEC funds. There have not been any coordination problems in SFY 2013.

1.11. Did DWSS identify and implement appropriate delivery systems to distribute money from FEAC?

[Reference 702.260.8(b) Deliverable 3.4.7.1]

DWSS distributed an average benefit of \$729 to 26,039 households in SFY 2013. DWSS made several changes to case processing systems to increase efficiency beyond SFY 2012 levels. EAP now has the benefit of a stable management team in both Carson City and Las Vegas. After successfully decreasing

case processing times in SFY 2012 owing to improved processes, managers were able to further increase efficiency through office-specific changes.

Workforce characteristics differ greatly between the two offices: Carson City enjoys a largely stable workforce, while Las Vegas experiences a greater level of staff turnover. The process management approach continues to be optimal for Las Vegas’s staffing context, permitting new hires to become proficient on specific case processing tasks in a very short period of time.

Seamless processing was implemented in Carson City to increase the speed at which proficient staff could process cases. The seamless approach reduces the number of “touches” to a specific case. This makes it easier for the manager to track specific cases and review files for accuracy. This approach appears to work well with Carson City’s more stable workforce, but would not be appropriate in Las Vegas owing to the three months of training required for new staff to reach proficiency.

This site-specific case processing approach yielded further efficiency gains for EAP case processing. Case processing time declined by nearly half from SFY 2012 to SFY 2013. While in SFY 2012, DWSS maintained average case processing times just under the target of 60 days, the new approach has yielded an average time of 35 days for SFY 2013.

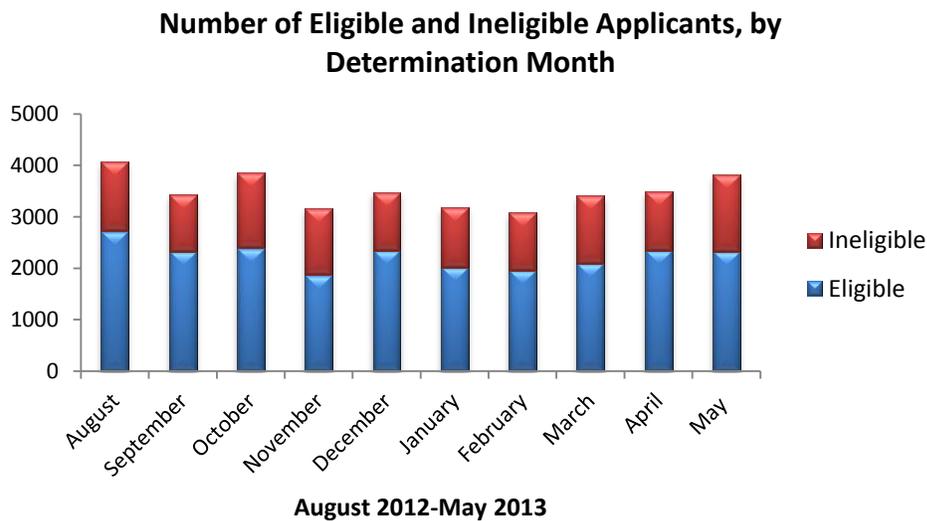


Figure 2. Number of eligible and ineligible applicants by determination month, August 2012 – May 2013.

1.12. Did DWSS coordinate with other federal, state and local agencies that provide energy assistance to low-income persons?

[Reference 702.260.8(c) Deliverable 3.4.7.2]

Fifty agencies statewide provided screening services for the EAP. DWSS coordinated with several local agencies and programs that provide energy assistance to low income persons including:

- ◆ “Special Assistance Fund for Energy (SAFE) – Nevada Energy’s fund that provides some utility bill payment assistance to low-income, elderly and disabled customers as well as families facing short-term financial crisis. This program is administered through several local social service agencies.
- ◆ Energy Share – Southwest Gas’s direct assistance program for qualified people with unexpected financial difficulties, such as job loss and medical emergency. This program is administered by the Salvation Army.

The current coordination between EAP and the Weatherization Assistance Program involves EAP sending WAP a monthly list of newly eligible EAP participants. WAP then divides this list according to subgrantee service areas, and forwards to the subgrantees a list of potential WAP participants within their service territories. Depending on backlog, subgrantees then send postcards to potentially eligible households to alert them to this program.

1.13. Did DWSS establish a process for evaluating EAP?

[Reference 702.260.8(d) Deliverable 3.4.7.3]

The Division of Welfare and Supportive Services and Nevada Housing Division jointly conducted an annual evaluation of the EAP and WAP for the State Fiscal Year 2012 programs during SFY 2012 and are currently conducting the SFY 2013 evaluation covering the programs from July 2012 through June 30, 2013.

1.14. Did DWSS establish a process for making changes to EAP?

[Reference 702.260.8(e) Deliverable 3.4.7.4]

As the change in available funds from the federal LIHEA program led to the change in the benefit cap, DWSS used the formal clearance process for changes specified in the policy manual. All changes are communicated in policy transmittal and manual transmittal letters. Several changes were made to EAP during the fiscal year and are documented through this process. The following policy transmittals were issued in SFY 2013:

- ◆ July 1, 2012. EAP eligibility increased from 110% to 125% FPL. Median household energy burden for SFY 2013 was set at 2.30%.
- ◆ August 14, 2012. A new benefit cap table was issued with the goal of an average household EAP benefit of \$776, effective July 1, 2012 – September 30, 2012.
- ◆ October 1, 2012. The benefit cap table established on August 14, 2012 was made effective indefinitely.
- ◆ November 16, 2012. EAP eligibility increased from 125% to 150% FPL. All denied cases were reviewed to determine if households qualified under the new income limits. The benefit cap table was updated to include amounts for these income categories. The arrearage assistance program was reinstated as of December 1, 2012.

- ◆ April 16, 2013. The benefit cap table was updated to increase the benefit amounts for households <75% FPL, retroactive to July 1, 2012, with the goal of an average household EAP benefit of \$767.

1.15. Did DWSS engage in annual planning and evaluation processes with NHD?

[Reference 702.260.8(f) Deliverable 3.4.7.5]

DWSS and NHD engaged in a series of public hearings and joint planning activities throughout the year. A joint meeting was held on March 7, 2012 to review and discuss the Nevada Fund for Energy Assistance and Conservation and Weatherization State Plan. A public hearing was held on May 21, 2012, to adopt the State Plan.

1.16. Did DWSS distribute 25% of FEAC funds to Nevada Housing Division?

[Reference 702.270.1 Deliverable 3.4.8]

As shown in Table 2 on page 3, 25% of FEAC funds were distributed to NHD.

1.17. Did DWSS submit a report to the Director of the Legislative Counsel Bureau prior to the end of the fiscal year which specifies the amount of all money in FEAC allocated to DWSS during the preceding year which remains unspent and encumbered?

[Reference 702.275.1 Deliverable 3.4.9]

A summary report produced on June 28, 2013 provided the following information:

Table 7. SFY 2013 FEAC spending amounts submitted by DWSS to Director of the Legislative Counsel Bureau

	YTD Actual	Work Program ¹	Difference
Total Funding	11,716,199.10	17,200,000.00	-5,483,800.90 ²
Total Expenditures	11,716,199.10		
Total Encumbrances³	.00		
Total Pre-encumbrances⁴	.00		
Total Obligations	11,716,199.10 ⁵	17,200,000.00	5,483,800.90
Realized Funding Available	.00		

¹ Legislatively approved budget amount for the UEC program

² Nevada’s program was authorized to spend \$5 million more than the FEAC funding for 2013

³ Obligation in the form of a purchase order, contract or salary commitment for which an estimated amount has been reserved but the actual good or services have not yet been received.

⁴ An amount expected to spend, but for which there is no legal obligation to spend

⁵ Equal to YTD Spending because there were no encumbrances or pre-encumbrances

1.18. Did DWSS distribute not more than 30% of all FEAC funds that remained unspent and unencumbered at the end of a fiscal year to NHD?

[Reference 702.255.2 Deliverable 3.4.9.1]

No funds were unspent and unencumbered at the end of the fiscal year.

1.19. Did DWSS adopt regulations to carry out provisions of NRS 702.250 and 260?

[Reference 702.260.7) Deliverable 3.4.6]

This report outlines each provision of NRS 702.250 and 206 and DWSS compliance with those provisions. In summary, by taking the following actions, DWSS implemented the program in compliance with NRS 702.250 and 260.

- ◆ DWSS administered the FEAC, which included all sources of public and private money available for energy assistance.
- ◆ DWSS coordinated the distribution of these funds with all available energy assistance funds.
- ◆ 75% of money in the FEAC was distributed to DWSS and no more than 5% of that amount was used for administrative expenses.
- ◆ The EAP provided subsidies to households to assist with paying for natural gas and electricity, pay for program design and evaluation expenses.
- ◆ Only households below 150% of the FPL were eligible to receive subsidies.
- ◆ DWSS provided emergency assistance to households for whom health and/or safety was threatened by bearing the full cost of heating and cooling.
- ◆ DWSS made a good faith effort to reduce the proportion of household income spent on energy to the statewide average. Due to the availability of funds, this goal was not met in 2013; however, DWSS greatly improved progress toward this goal compared with 2012.
- ◆ The amount of assistance was adjusted based on household income, household size, type of energy used and the presence of a vulnerable household member.
- ◆ DWSS sought advice from the NHD and coordinated implementation of the EAP with the weatherization program.
- ◆ DWSS established and carries out a process for
 - Coordinating with other available programs including applications and eligibility;
 - An evaluation process;
 - A program design process that enabled changes during the fiscal year; and
 - Engaged in a planning and evaluation process with NHD.

Develop plan for cash reserves fund to offset federal funding cuts

EAP is dependent on adequate federal funding to maintain benefit amounts consistent with the intent of NRS 702. The unpredictability of federal allocation from one year to the next creates an unstable budgetary environment for the EAP programs.

In 2014, significant cuts in the federal Low Income Home Energy Assistance Program (LIHEAP) have been proposed. Therefore, to ensure the continued success of EAP, it is necessary for the State of Nevada to develop contingency plans to compensate for potential reductions of federal funding levels.

During the past several years of economic instability, Nevada’s unemployment and poverty levels have increased. This has resulted in increased demand for the EAP, which has far outstripped available state funds. At the same time, federal allocations have been reduced and funding levels have been highly unpredictable. As a result, DWSS has been forced to reduce EAP benefits and eligibility limits in a manner inconsistent with the intent of the law. In particular, seniors and people with disabilities who live in poverty bear the brunt of these cuts, due to their dependence on small fixed incomes. This problem is further exacerbated by the frequent changes in the eligibility rules (DWSS has altered these six times in the past three fiscal years).

A more stable source of revenue would a) allow the EAP to function according to statute; and b) reduce processing costs and increase funding available for households by eliminating the need for supplemental checks to be processed. To this end, the establishment of a cash reserves fund would allow the EAP to plan and budget for the “most likely scenario” while also preserving the ability to maintain program consistency in the event of federal funding shortages.

We recommend that DWSS estimate the amount of annual funding that would be required to reduce the energy burden of all eligible households to the average statewide median of 2.3%. Once this amount is determined, average annual UEC revenues and LIHEA allocations should be used to estimate how much cash reserve would be needed to make up this difference for a three year period. EAP should establish a specific cash reserve account target and develop a plan to fund the reserve account. For example, in years of high LIHEAP funding, some UEC funds could be diverted to grow the cash reserves fund, which could then be used to maintain EAP benefits during years of low LIHEAP funding. This would enable DWSS to engage in longer-term budgetary planning, and would help to maintain more consistent benefit levels and eligibility rules in the likely event of fluctuations or reductions in federal funding. This approach would save money by reducing administrative costs, reduce confusion among applicants, and ultimately enable the EAP to reach more households in need of energy assistance.

Recommendation: The establishment of a cash reserves fund would allow the EAP to plan and budget for the “most likely scenario” while also preserving the ability to maintain program consistency in the event of federal funding shortages.

EAP ASSESSMENT OF PROGRAM EFFECTIVENESS

1.20. Did DWSS determine eligibility of EAP households at a maximum income level of no more than 150% of the FPL?

[Reference 702.260.3 Deliverable 3.4.3]

DWSS anticipated that FY 2013 federal LIHEA program funding would be similar to FY 2012 levels. Based on these projections, EAP eligibility was increased from 110% FPL to 125% FPL. In August 2012, DWSS learned that LIHEA funds would be somewhat greater than expected, permitting DWSS to increase the EAP benefit. This change was made retroactively effective for the entire 2013 SFY.

In order to meet Nevada’s need for low-income energy assistance, DWSS has instituted benefit caps since 2009. While the cap reduces the amount of assistance available to each household, it enables the EAP program to serve a greater number of households. This practice has been crucial during the “Great Recession” when revenues declined and demand increased. On Aug 14, 2012, EAP announced a temporary increase in the benefit cap, retroactively effective July 1, 2012 through Sept 30, 2012. On Sept 26, 2012, when the final LIHEA funding was allocated, EAP was able to make the increased benefits effective going forward. On Nov 16, 2012, program eligibility was restored to households earning up to 150% FPL, and the arrearage program was reinstated, effective December 1, 2012. On April 16, 2013, new benefit cap tables were established to provide better equity for households earning <75% FPL. This raised the targeted monthly benefit from \$555 in 2012 to \$776 for SFY 2013.

1.21. Did DWSS render emergency assistance to health/safety-threatened households experiencing an emergency related to the cost or availability of natural gas or electricity to otherwise EAP-eligible households?

[Reference 702.260.4 Deliverable 3.4.4]

A Crisis Intervention Program provided assistance to households above the 150% poverty level whose medical expenses brought their income below 150% of poverty. In this fiscal year, 27 households were served through this program.

1.22. Did DWSS determine the amount of EAP assistance a household is eligible to receive by determining the amount of assistance that is sufficient to reduce the percentage of the household’s income that is spent on natural gas and electricity to the median percentage of household income spent on natural gas and electricity statewide?

[Reference 702.260.8(c) Deliverable 3.4.5]

NRS 702 specifies that the EAP will use the average statewide energy burden to set benefit levels. The statewide energy burden falls near 2% for all households in Nevada.

In SFY 2013, a median family of four in Nevada spent 2.30% of their income on energy. The targeted average benefit was \$776 per household in SFY 2013, representing an increase from the \$555 average benefit in SFY 2012. Benefit caps are currently in place to ensure that EAP can provide a benefit to all qualifying households who apply, given insufficient funding for the program. The intent of the cap is to enable the EAP program to serve all eligible applications with a ‘meaningful benefit’ – a grant that gets eligible households as close as possible to the statewide median energy burden and reduces the likelihood of service termination. Households with particularly vulnerable members, the elderly, children under 6, or disabled, receive an additional benefit subsidy to bring them closer to the program statutory target.

The SFY 2012 evaluation revealed that even after assistance, households earning below 75% FPL with the lowest income spent proportionately more on energy than households between 75% and 110% FPL.

Consequently, DWSS increased the benefit cap for households below 75% FPL in an effort to reduce their energy burden to more equitable levels. The following table and graph show that this change in additional subsidies for targeted, vulnerable groups (elderly, children under 6, disabled) was successful in reducing the energy burden for those subpopulations in 2013.⁶

Table 8. Percentage of income EAP participants are expected to spend on energy, after assistance, SFY 2013.

Percentage of Income EAP Participants Are Expected to Spend on Energy After Assistance, by Household Composition, SFY 2013⁷			
	Average % 2013 FAC Income Expected to be Spent on Energy	Average % 2013 Current Income Expected to be Spent on Energy	Average % 2012 Income Expected to be Spent on Energy
With Children	4.59%	6.35% ⁸	11.10%
With Disabled	4.11%	4.54%	6.90%
With Elderly	3.84%	4.06%	5.80%
Non-Vulnerable	4.65%	7.80%	12.80%
Statewide Median	2.30%		

The table above shows a significant reduction in the energy burden for all households, but this reduction is particularly notable for families with young children. Examination of the data by poverty level (Figures 3 and 4) shows similar improvements. In SFY 2012, households under 75% FPL were spending on average between 7- 13% of their incomes on energy, even after receiving a benefit. The graph for 2013 indicates clear improvement for households with the greatest poverty.

⁶ Four cases were omitted from the analysis owing to outlier data, most likely representing data entry errors.

⁷ Percentage of income EAP participants are expected to spend on energy after assistance by household composition SFY 2013. FAC income is the income used to determine benefit amount, while Current income is the actual current income of the applicant. Current income is used to determine eligibility and may be lower than the income used to determine the benefit amount.

⁸ Households with young children or without a disabled or elderly family member have the greatest discrepancy between FAC income and Current income because they are more likely to have changes in income owing to unemployment or job changes. Households with disabled or elderly family members are more likely to be on a fixed income, which would reduce the variability between FAC income and Current income.

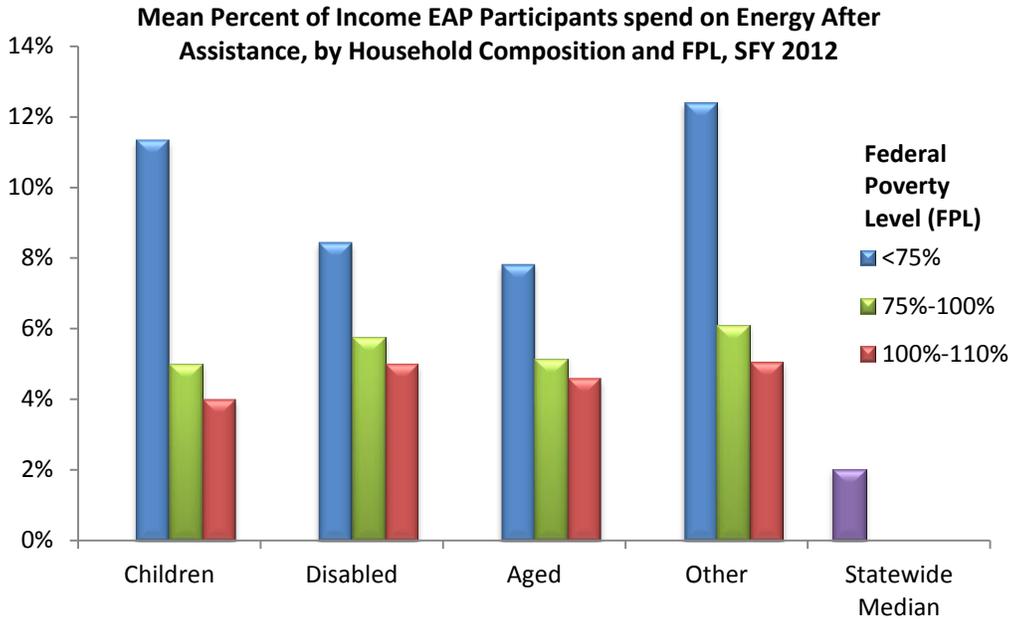


Figure 3. Mean percent of income EAP participants spend on energy after assistance, by household composition and FPL for SFY 2012.

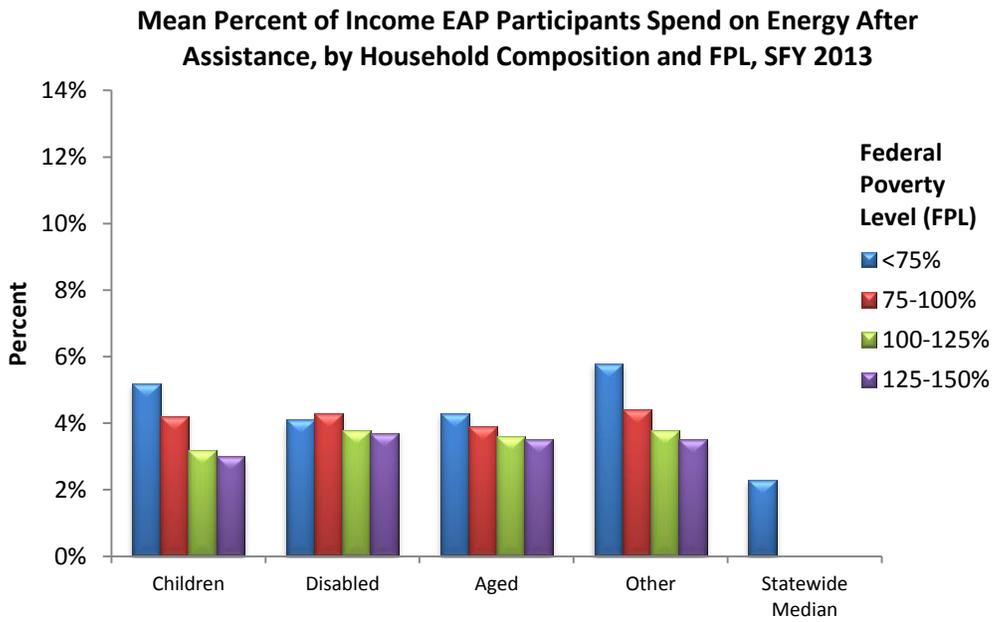


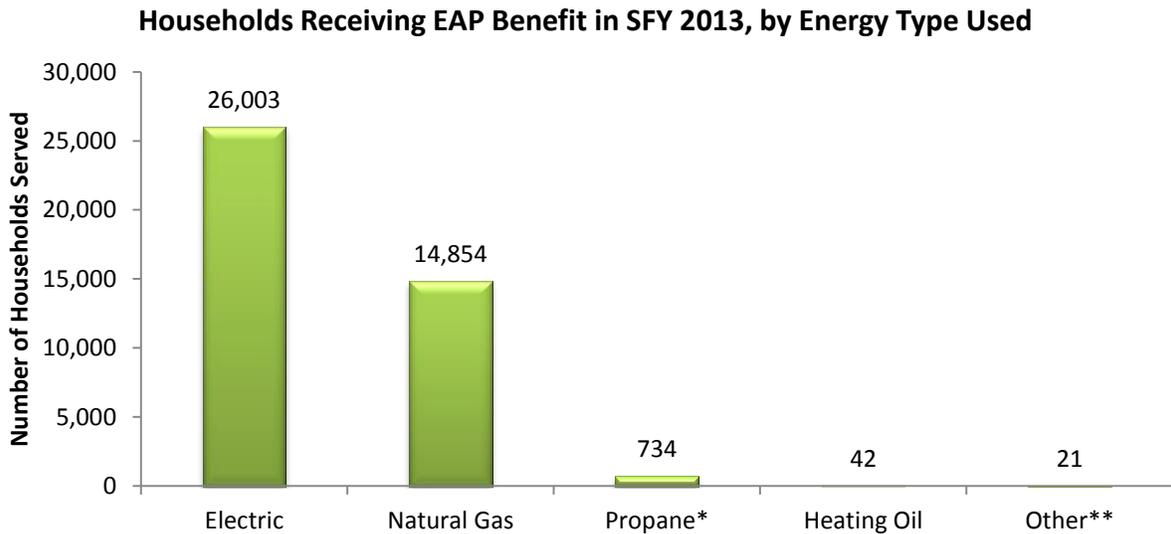
Figure 4. Mean percent of income EAP participants spend on energy after assistance, by household composition and FPL for SFY 2013.

[Reference 702.260.2(a) Deliverable 3.4.2.2]

Recommendation: DWSS should take further steps to restore EAP benefits to fully reduce the energy burden to the statewide median, according to the intent of NRS 702. Households under 125% of poverty should be prioritized for this benefit.

1.23. Numbers Served by Vulnerable Status and Energy Type Used

Households with a variety of energy sources were served by EAP, as shown in Figure 5.



*This includes 1 household with two propane bills

** "Other" fuel types include wood, pellets, and kerosene.

Figure 5. Number of households receiving EAP benefit by energy source. The above numbers do not sum to the total number of households served, because some households used more than one energy source.

DWSS served more total households with elderly, disabled, or children under 6 than households without such vulnerable members (Figure 6).

Households Receiving EAP Benefit in SFY 2013, by Household Composition

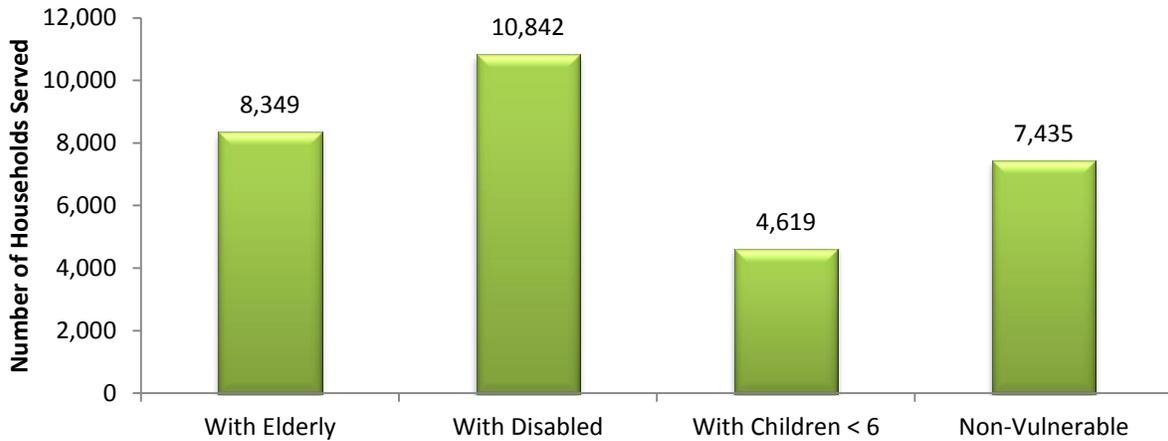


Figure 6. Number and percent of EAP households with vulnerable and non-vulnerable members. The above numbers do not add to the total number of beneficiaries since the vulnerable populations are not mutually exclusive, i.e. some of the households may include both elderly and disabled residents, or some other combinations, and are thus counted more than once.

During SFY 2012, there was a substantial and statistically significant decline in the proportion of applicants receiving Social Security Income who were eligible for EAP benefits (Figure 7). This was owing to a combination of the reduced eligibility criteria and a small increase in federal Social Security benefits that pushed many applicants above the income limits for 2012.

Proportion of Applicants with Social Security Income Determined to be Eligible for EAP, SFY 2011-2013

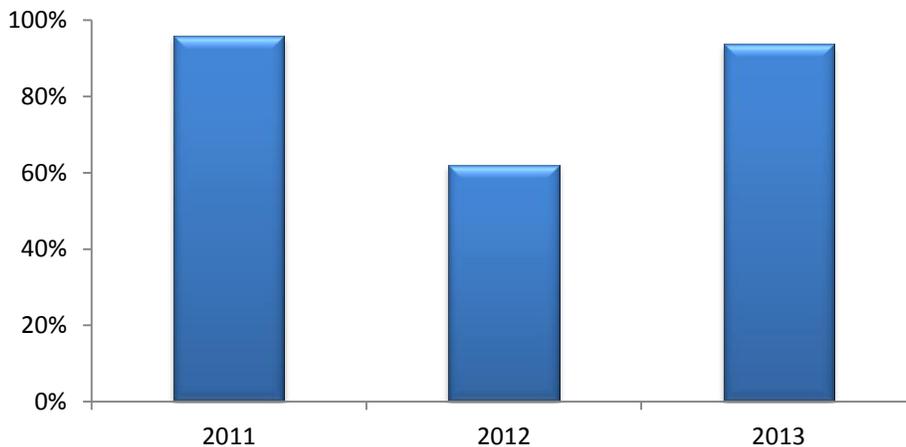


Figure 7. Proportion of applicants with Social Security income determined to be eligible for EAP, SFY 2011-13.

As can be seen in Figure 8, the number of EAP recipients with Social Security income declined by nearly half from 2011 to 2012. While there was a substantial increase in households on Social Security who

received benefits in SFY 2013, the number is still significantly below SFY 2011 levels. This presents an opportunity for DWSS to provide additional outreach to seniors who may not realize that they are again eligible for energy assistance.

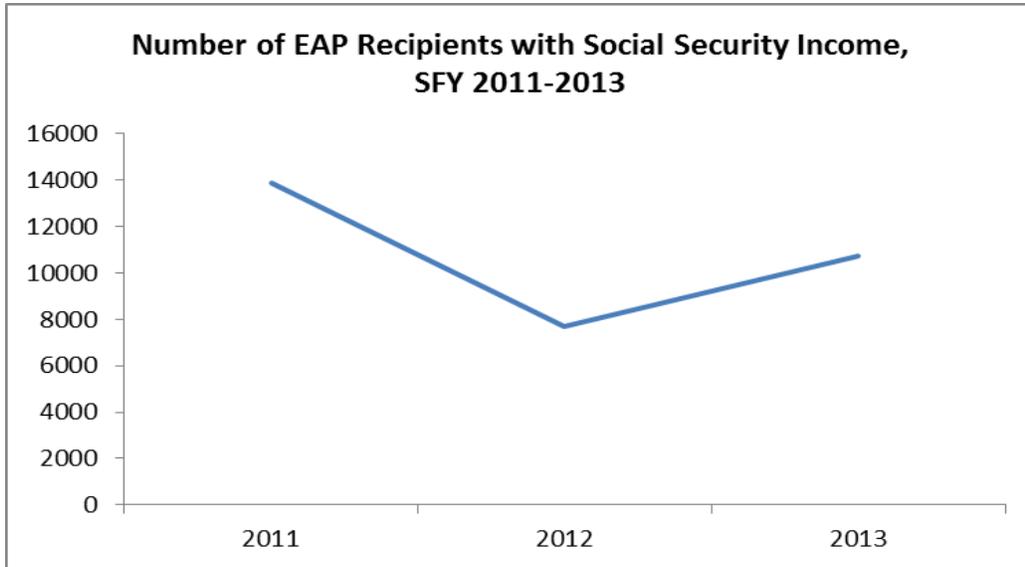


Figure 8. Number of EAP recipients with Social Security income, SFY 2011-13.

SUMMARY AND CONCLUSIONS

DWSS distributed the FEAC funds in a coordinated manner consistent with the requirements of the defining legislation. Through the EAP, DWSS provided 26,088 households assistance with their heating and cooling costs during FY 2013. The average benefit per household during this year was \$722 if the arrearage average is not included, and \$729 if included.

DWSS greatly increased application processing efficiency, slashing application processing time nearly in half. DWSS also made benefit changes which materially improved the benefit for those below 75% FPL, as compared with prior fiscal years. While this reduced energy costs for eligible households, this amount was insufficient to reduce costs to a level consistent with the statewide average of 2.30% of income.

DWSS worked within the requirements of NRS 702 to the extent possible. The level of funding available in the FEAC from the Federal LIHEA Program and UEC funds was insufficient to reduce the energy burden of eligible households to the state median. DWSS spent all available funds implementing this program, and worked well below the ceilings for administrative expenses, putting as much program money into subsidies as possible.

RECOMMENDATIONS

- ◆ Develop and implement plan to fully restore EAP benefit to reduce the energy burden of recipients to the statewide median (2.3% of income for SFY 2013), particularly for those under 125% FPL.
- ◆ Develop financial target for EAP reserve fund to support EAP operations for a 3-year budget cycle.
- ◆ Develop plan to accumulate funds in reserve account to ensure future financial stability to EAP

The evaluation team finds DWSS fully compliant with the requirements of NRS 702.

WAP OVERVIEW

Overview of SFY 2013

This evaluation covers the Universal Energy Charge (UEC)/Fund for Energy Assistance and Conservation (FEAC) Weatherization Assistance Program administered by the Nevada Housing Division (NHD) for State Fiscal Year (SFY) 2013. Nevada SFY 2013 began July 1, 2012 and ended June 30, 2013. Field reporting for SFY 2013 was completed by the end of July 2013 and production performance data was completed by August 15th. Financial reporting was completed in September. The basic performance requirements for this program are codified in Nevada Revised Statutes (NRS) 702.

For SFY 2013, the primary issues and challenges impacting the UEC Weatherization Assistance Program WAP include:

Planning – As is required each year, during SFY 2012 and in order to prepare for SFY 2013, the NHD UEC Weatherization Assistance Program and the Division of Welfare and Supportive Services (DWSS) Energy Assistance Program (EAP) collaborated on the development of two State Plans. One was the 2013 Nevada Fund for Energy Assistance and Conservation State Plan, which is required by NRS 702.280. The second is the 2013 State of Nevada Low Income Home Energy Assistance Program (LIHEA Program) State Plan. The LIHEA Program plan is required by the US Department of Health and Human Services (USDHHS).⁹

For SFY 2013, NHD implemented a new program control tool; an internal requirement that energy audits and assessments are to be conducted by certified staff of the Subgrantee agencies rather than by Contractors. This assures uniform implementation with AB 432 (passed during SFY 2012) and is in compliance with the update to the Nevada Revised Statutes (NRS) and with the update to Nevada Administrative Code (NAC) corresponding to AB 432.¹⁰

Program Implementation – The revised Business Process developed in the later part of SFY 2012 continued in place through SFY 2013. The Business Process is summarized in Figure 9. Following closeout of the one-time American Recovery and Reinvestment Act funding, UEC, DOE, SWG and LIHEA were the primary funding sources for the Weatherization Assistance Program effort for SFY 2013.

Inspections – Final inspections for SFY 2013 were initiated on December 4, 2012 and were completed September 10, 2013.

⁹ Additionally, during SFY 2013 the required plans for SFY 2014 were developed by NHD and DWSS. The state plan follows the state fiscal year that ends each June 30th; the plan for the LIHEA Program follows the federal fiscal year that ends September 30th each year.

¹⁰ Two Subgrantee agencies (City of Henderson Neighborhood Services and Nevada Rural Housing Authority) are exempted from the application of AB 432, since they are government agencies. However, NHD internal implementation makes the provisions of AB 432 uniform across all Subgrantees. This NHD program control tool ensures that the Contractor doing the work will not be doing the inspection. Another NHD control tool is the requirement that the NHD inspector as well as at least one staff member at each Subgrantee are required to be certified by the Building Performance Institute (BPI).

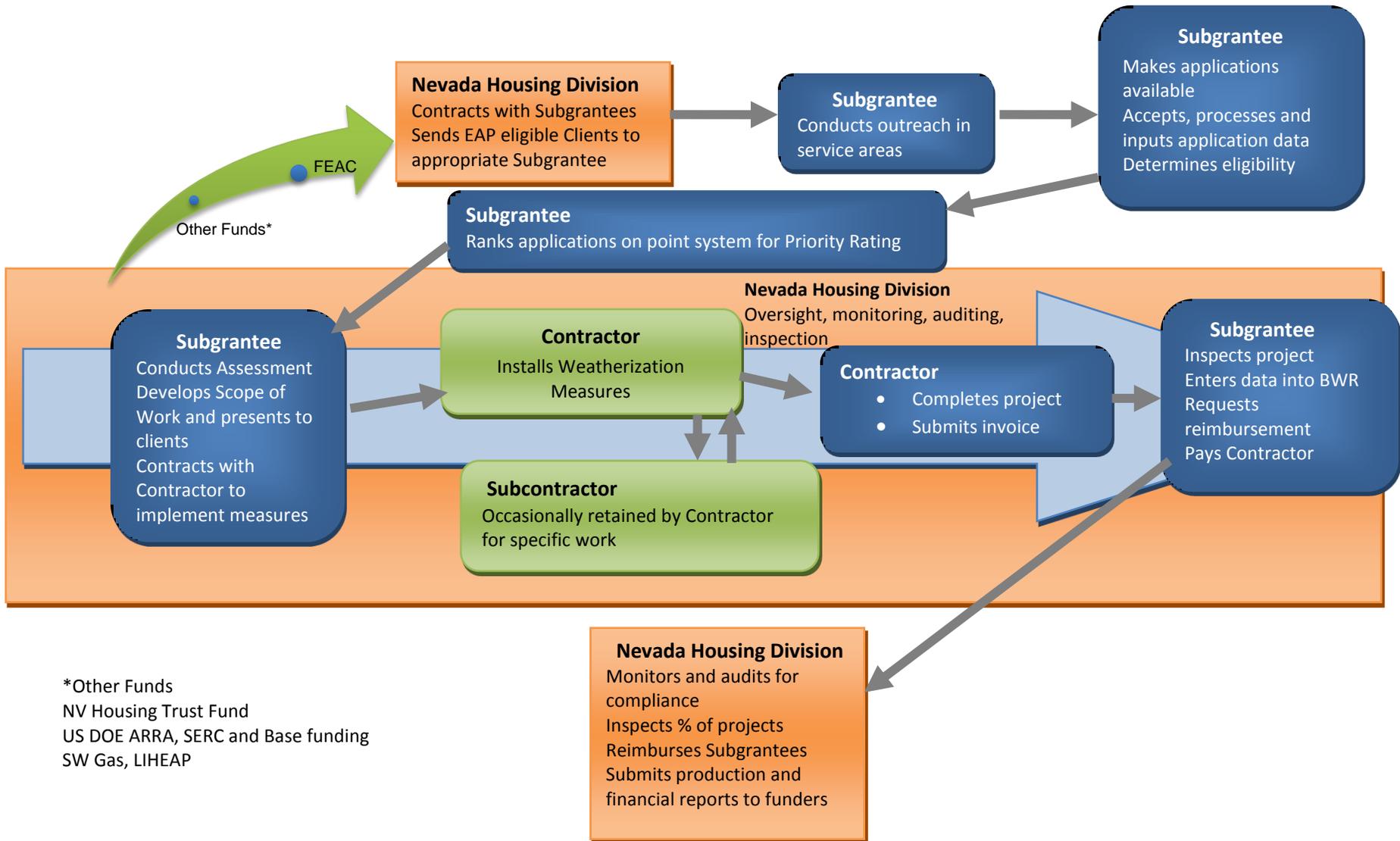


Figure 9. WAP Business Process, SFY 2013

Planning Targets and Accomplishments - For SFY 2013, NHD received UEC/FEAC funds for the UEC Weatherization Assistance Program in the amount of \$2,978,795 and there was a \$500,000 NHD reserve for the program plus \$104,218 at two Subgrantee agencies for a working budget of \$3,583,012.¹¹ Of this, \$3,052,187 was expended by the six Subgrantee agencies and \$251,882 by NHD, leaving a balance of \$278,944 to be carried over at the end of the Program Year. A total of 1,065 households were completed on time and within budget. All SFY 2013 weatherization was complete as of June 30, 2013.¹²

Need vs. Funding Constraints - In SFY 2012, DOE base funding was reduced to an amount lower than in 2009. This funding was increased in SFY 2013, but remains below the normal level of yearly federal funding in the years prior to the American Recovery and Reinvestment Act. This is a function of lower than normal yearly national funding by the US Congress resulting in funding reduction for all of the states. Yet more people need weatherization services. The NHD UEC Weatherization Assistance Program will be challenged to provide service to Nevadans under the funding level available.

Current Context and Trends - Poverty is increasing. The changing percentage of persons living in poverty in Nevada is shown in Figure 10.¹³ Note in this figure that Nevada usually had a lower percentage of population in poverty than did the United States as a whole for the four decades beginning in 1959. However, beginning with the recession of the early 2000's (related to the collapse of the dotcom bubble, the ENRON energy fraud and other factors) and followed by the "Great Recession" (related to the derivatives fraud, the collapse of the housing bubble and other factors), after about 2001 this relationship changed. Nevada's rate of official poverty is now essentially equal to the rate of official poverty in US as a whole.

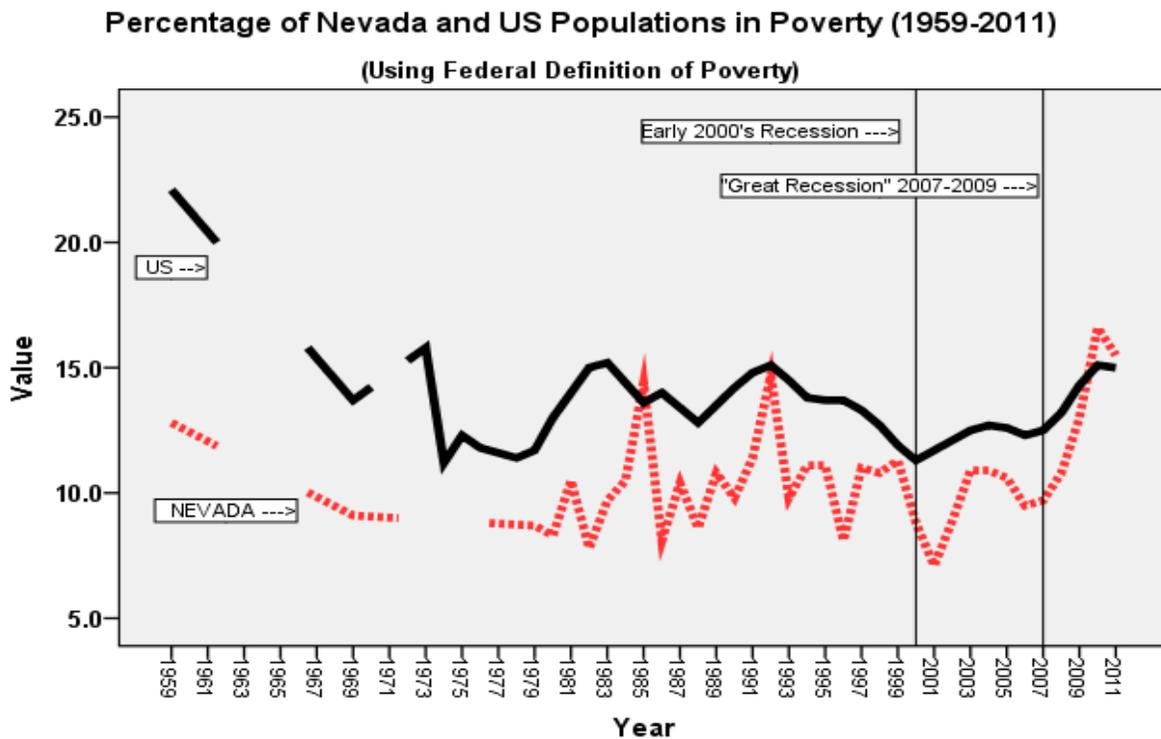
In Figure 10, the economic vitality of the earlier period and the positive effects of the "War on Poverty" can be seen in the dip in the percentage in poverty from 1959 (during a general economic recovery and just prior to the War on Poverty) to 1979 when poverty started to noticeably increase again. For the US as a whole, the change from 1959 (with about 22% of US population in poverty) to 2011 (with about 15% of the US population in poverty) reflects the continuing residual effectiveness of federal income protection programs during a period in which the jobs and income situation for most US households has

¹¹From a functional point of view the numbers for NHD are as noted above. But from an accounting perspective, they are as in the DWSS section of this report. Two payments that belong to SFY 2013 were received by NHD in SFY 2014. The NHD treated payment for SFY 2013 as from SFY 2013 monies although final SFY 2013 payments were not received until SFY 2014 (by paying from the reserve fund). Both of the amounts belong to the 2013 year from a utility payments perspective (utility customer and utility perspective) or from a program activity perspective, but to the 2014 year from a SFY accounting perspective. We traced the amounts through the DAWN system and DWSS and NHD agree to the penny and both are internally consistent.

¹² Some carryover is necessary each year in order to maintain services. This is largely due to the federal weatherization dollars (not analyzed in this report) being awarded through annual appropriations so that amounts and timing vary from year to year and cannot be projected on a regular basis in advance.

¹³ For 1959 and 1969, the information used in Figure 2 is from (a) Poverty in the United States: 2000, Appendix Table A-1 and (b) US Census Bureau Table CPH-L-162, Persons by Poverty Status by State. In this figure, the more recent year by year data is from the US Bureau of the Census, Current Population Survey, Annual Social and Economic Supplement. This data is from (c) Table 5, Percent of People by Ratio of Income to Poverty Level: 1970 to 2011 and (d) Table 21: Number of Poor and Poverty Rate by State: 1980 to 2011.

been seriously weakened by globalization. Though the Nevada poverty percentage (about 15%) is essentially the same as for the US, this 15% for Nevada is higher than the 12% in 1959 prior to the War on Poverty. This illustrates the dramatic and still continuing impact of the Great Recession, which disproportionately impacted Nevada.¹⁴ As in SFY 2012, for SFY 2013 this fact is a general finding of the evaluation: The effect of the Great Recession and extended weak economic recovery has been to increase the need for services since income insufficiency is increasing even as some parts of the economy recover.



Source: US Bureau of the Census, Current Population Survey, Annual Social and Economic Supplements; and the Decennial Census for 1959 and 1969.

Figure 10. Percentage of Nevada and US population in poverty, 1959-2011.

Finding 1: The effect of the Great Recession and extended weak economic recovery has been to increase need for services.

¹⁴ Economists define the official end of a recession by using abstract rules that do not reflect the experience of real people; sometimes many additional years pass before there is a general experience of economic recovery.

Though the Federal Poverty Level (FPL) is used in Figure 10, the actual level of need is higher than revealed by the FPL.¹⁵ For this reason, state and federal programs seldom use the FPL directly as a program eligibility criterion. However, for ease of administration (and because the FPL data is maintained by the federal government) state and federal programs usually use a *multiple* of the FPL as a gauge of real need and, so, as a program eligibility criterion. This multiplication provides a rough correction and partially makes up for the severe inadequacy of the official FPL as a measure of income insufficiency.

For example:

- ◆ The US Department of Health and Human Services Low Income Home Energy Assistance Program (known in Nevada as the LIHEA Program) uses 150% of the FPL for eligibility. The Nevada UEC Payment Assistance Program is harmonized to this 150% level for household eligibility (as required by NRS 702.260.3).
- ◆ The US Department of Energy permits a range of eligibility levels. Most states use either 60% of state median household income or 200% of poverty. In Nevada, the LIHEA Weatherization Assistance Program sets eligibility for a household at 150% of the FPL. Also, the Nevada UEC Weatherization Assistance Program eligibility criterion is set at 150% of the FPL (as required by NRS 702.270.3).

Using a multiple of poverty is a rough correction. One way to develop a more exact result is to use the family budget method rather than the poverty multiple method and allow eligibility to vary by county. As has been demonstrated in all studies using the family budget method, today tangible need often runs considerably above 150% of poverty. The “self-sufficiency standard” (a particular form of the family budget method) better reflects reality as lived and experienced by households. The self-sufficiency standard of income meets most *immediate* needs of a family at a minimal level of living, for households

¹⁵ Federal indicators of need, such as the poverty metric, unemployment and the consumer price index each have the virtue of being systematic time series measurements with a record of explicit changes in definition over the years for which they are reported. However, they have become gradually distorted and now significantly understate the conditions that they were originally developed to measure. All are academically defensible in an abstract sense. All can be useful as general indicators. Yet each falls meaningfully short as a true indicator. The federal indicators correspond poorly to what people mean by poverty, unemployment and the increasing cost of a standard basket of goods. They do not make sense in terms of ordinary public experience. Each quantitatively underestimates economic hardship as experienced by individuals and households. The size of the gaps between experienced reality and the indicators increases over time. Now, the Federal Poverty Level (FPL) is a discredited measure of income insufficiency. Now, unemployment has been progressively redefined so that it is a misleading measure of actual unemployment. The degree of inadequacy of the consumer price index (CPI-U) is, on the other hand, somewhat controversial. A good way to appreciate its inadequacy is to look at a jurisdiction in which family budget studies have been done at two points in time and compare the simple CPI-U adjustment of the earlier study with the results of the later study. This kind of comparison demonstrates the substantial inability of the CPI-U to capture inflation as actually experienced by households. One set of replacement indicators for unemployment and CPI is at <http://www.shadowstats.com/>. A critical review of this website can be found on Wikipedia: <http://en.wikipedia.org/wiki/Shadowstats.com>. Our own assessment is that the proposed replacement indicators are largely much better than the official indicators but the correction for CPI is somewhat overstated.

without special (for example, medical) problems. A strength of this method is that it does provide for transportation to work and for child care when it is needed to permit a parent to work. Defects of the self-sufficiency standard are that it does not provide for:

- Retirement
- College for children
- Resources children need to participate in normal school activities in grade school and high school
- Special medical problems
- Meals outside the home
- Recreation

So, while not fully reasonable, the self-sufficiency standard is much better in assessing income insufficiency than a fixed multiple of the poverty level. This contrast is presented in Table 9, which tabulates what an individual must earn to support their family, if they are the sole provider and are working full-time (2,080 hours per year). The percentages are computed for different family structures and sizes based on tables developed for states and cities by Dr. Amy K. Glasmeier at Pennsylvania State University. Glasmeier converts poverty level into an equivalent hourly wage.

Table 9. Lean Living Wage, in dollars and as a percentage of FPL.

Lean Living Wage Expressed in Dollars and as a Percentage of Federal Poverty Level (2013 Annual Income)					
Place	One Adult	One Adult, One Child	Two Adults	Two Adults, One Child	Two Adults, Two Children
2013 Dollars					
Washoe	\$21,483	\$40,944	\$32,294	\$51,803	\$66,845
Clark County	\$22,611	\$41,790	\$33,470	\$52,696	\$67,786
Carson City	\$18,615	\$34,339	\$27,735	\$43,459	\$55,846
Elko	\$17,510	\$33,752	\$26,583	\$42,871	\$55,234
Nye	\$19,297	\$37,301	\$30,226	\$48,207	\$63,367
Federal Poverty Level	\$11,170	\$15,130	\$15,130	\$19,090	\$23,050
2013 Poverty					
Washoe	192%	271%	213%	271%	290%
Clark County	202%	276%	221%	276%	294%
Carson City	167%	227%	183%	228%	242%
Elko	157%	223%	176%	225%	240%
Nye	173%	247%	200%	253%	275%
Federal Poverty Level	100%	100%	100%	100%	100%
Note: For a small number of households, depending on family size and type, the percentage of Federal Poverty Level can be over 350%. Poverty is as established for state fiscal year 2013.					

Note in Table 9 that the dollar cost for the self-sufficiency standard for different family structures and sizes is *always above 150% of the FPL* and usually above 200% of the FPL. Also, it varies meaningfully by county. In Table 9, we multiply the table values of Glasmeier’s hourly living wage by the change in the value the US Dollar from 2007 to 2013¹⁶ and work hours per year (2,080), then divide by the 2013 Federal Poverty Level for the household size.¹⁷ The 2013 Federal Poverty Level by household size used in this calculation is shown in Table 10. Unlike the FPL, the results express much more closely the actual immediate needs of families of different sizes and structures.¹⁸ As is shown in Table 9, family budgets for the same minimal level of living (self-sufficiency standard) vary considerably by place/county: they are not uniform across the state. In contrast, the FPL, although adjusted for household size, is applied uniformly in the forty-eight contiguous states and in the District of Columbia.

Table 10. 2013 Poverty Guidelines.

2013 Poverty Guidelines for the 48 contiguous states and the District of Columbia	
Persons in family/household	Poverty level (\$)
1	\$11,170
2	\$15,130
3	\$19,090
4	\$23,050
5	\$27,010
6	\$30,970
7	\$34,930
8¹⁹	\$38,890

Of course, as noted, a number of costs required for full participation in society are missing from the self-sufficiency standard. Yet, as opposed to a fixed statewide multiple of the FPL, the self-sufficiency standard provides a more realistic measure of immediate family need (always remembering that provision for several other ordinary costs of normal family life should also be included in a fully correct accounting).²⁰

Similar calculations to those reported in Table 9 have been performed by Fang Lin at University of

¹⁶ One dollar in 2007 is officially equal to \$1.13 in 2013 according to the US Bureau of Labor Statistics CPI Calculator, consulted August 26, 2013. Although the federal data understates need, we use it here to provide a conservative analysis. See website: http://www.bls.gov/data/inflation_calculator.htm/. The alternate (Shadowstats) calculator is at: http://www.shadowstats.com/inflation_calculator.

¹⁷ For Glasmeier’s tables see <http://livingwage.mit.edu/>. Also see National Center for Children in Poverty, April 2009 at http://www.virtualcap.org/downloads/US/US_Living_Wage_NCCP_Measuring_Poverty_in_the_US.pdf.

¹⁸ As a caution, this table is for a lean living wage that does not contain funding for several kinds of family expense that would be expected in a moderate way of life.

¹⁹ For families/households with more than 8 persons, add \$3,960 for each additional person.

²⁰ The lack of inclusion of these other normal expenses means that even the best analytic work based on the family budget method does not take into account the growing chasm of increasingly severe economic inequality that squeezes households out of normal participation in society. When the upper one-percent is allocated ludicrously more income each year than anyone else (instead of simply moderately more) it means many public functions do not receive necessary funding because the middle class incomes are no longer large enough to support public institutions to the degree that they were supported during the more egalitarian era that ran from the end of WWII through approximately 1970. These reallocations from the middle class and the public sector to the ludicrously rich cause, in turn, much rationing apportioned through our economic system, though this rationing is not acknowledged by its true name in most conventional economic analysis.

Nevada, Las Vegas. Lin calculated reasonable family budgets for a two-adult, two-child family in the Las Vegas-Paradise area and in the Reno-Sparks area at \$44,650.96 and \$46,445.11 per year, respectively in the fall of 2008.²¹ Using the Bureau of Labor Statistics Inflation Calculator in August of 2013,²² the equivalent incomes are \$50,456 and \$52,483 for 2013. If we convert these incomes to FPL equivalents using the 2013 percentage guidelines for a similarly-sized family, the results are 219% and 228%.

Also, in a more detailed analysis for different family types, Diana Pierce and Jennifer Brooks found that a family of two adults with one pre-school and one school age child required a budget of \$39,153 in Washoe County in 2002.²³ Updating this budget with the Bureau of Labor Statistics Inflation Calculator to August of 2013 yields an equivalent value of \$50,839 in 2013 or 220% of the 2013 FPL. For a family of one adult, one preschool age child and one school age child in 2002, the budget calculated by Pierce and Brooks was \$32,621. This is equivalent to \$42,353 in 2013 or 221% of the FPL using the Bureau of Labor Statistics calculator for August 2013. For a family of one adult and one preschool child, Pierce and Brooks found a budget of \$28,864 was required in 2002. This is equivalent in value to \$37,479 in August of 2013, or 248% of the FPL.

While estimates of actual need based on Glasmeier, Lin and Pierce & Brooks differ, they all indicate that program eligibility should be in the range of 160% to a little below 300% of poverty, with a few households that are above these levels. This analysis leads to a recommendation: the basis for determination of eligibility should be the family budget method. If necessary for ease of administration, eligibility could be moved to a higher multiple of the FPL. As shown in Table 9, a conservative but reasonable multiple would be 250%.

Recommendation 1: Seek an Amendment to NRS 702 to use the Family Budget Method by County or, if better for ease of administration, raise the FPL multiple for eligibility to 250% of the FPL.

In addition to the “level of income” approach exemplified in NRS 702 and using a multiple of the federal poverty metric to define eligibility, there are also households at middle income level that need assistance due to a temporary or a unique situational problem: such as sudden illness or death of a provider, loss of employment, divorce or other sudden economic change. These temporary emergencies for middle-income households are not fully recognized within the current scope of NRS

²¹ Lin, Fang, *Nevada Kids Count*, “How Much is Enough: Family Budgets in Nevada,” Issue No. 4. Las Vegas: University of Nevada, Center for Business and Economic Research, Fall 2008.

²² See the Bureau of Labor Statistics website (http://www.bls.gov/data/inflation_calculator.htm/).

²³ Pierce, Diana & Jennifer Brooks, *The Self-Sufficiency Standard for Nevada*, prepared for the Progressive Leadership Alliance of Nevada. Seattle: University of Washington.

702, although these households pay into the Universal Energy Charge.²⁴ This observation leads to a further recommendation: Seek an amendment to NRS 702 to redefine the Universal Energy Charge as a form of insurance for all households; broaden the emergency provisions for inclusion of all in temporary economic difficulties.

Recommendation 2: Seek an amendment to NRS 702 to broaden the emergency provisions for inclusion of all households in temporary economic difficulties.

Other factors that influence need are:

- ◆ Nominal electric and natural gas rates generally increase over time, though there are some temporary exceptions.
- ◆ “[B]etween 2000 and 2012 wages were flat or declined for the entire bottom 60 percent of the wage distribution”²⁵
- ◆ Though the “Great Recession” is officially over according to economists, there is a substantial shortage of jobs.
- ◆ The unemployment rate is slowly improving (down to 9.6% for Nevada in June 2013).²⁶

²⁴ An exception is that there is an emergency provision in NRS 702 for households technically above the eligibility level that experience severe un-reimbursable medical problems that suddenly bring them to the 150% FPL eligibility level and there are certain other provisions that can provide emergency exceptions.

²⁵ Mishel, Lawrence and Heidi Shierholz, “A Decade of Flat Wages, The Key Barrier to Shared Prosperity and a Rising Middle Class.” Washington, DC: Economic Policy Institute Briefing Paper, August 21, 2013, Briefing Paper No. 365.

²⁶ See Local Area Unemployment Statistics for Nevada: <http://data.bls.gov/timeseries/LASST32000003>. As a rule of thumb taught in grad school economics, to convert the usual federal definition of unemployment (CPI-U) into an everyday commonsense value, multiply it by two. More recently, this has changed to “multiply by two and then add three percent.” So, actual unemployment is running at something over 22% for Nevada. By “everyday commonsense” we mean, for example, that if Uncle Jack does not have a job, he is unemployed even if the federal statistics reclassify him as a “discouraged worker” or other “technical adjustments” remove him from the official count of unemployed. No one is fooled by this kind of statistical trick when it involves a family member, but we do tend to be fooled by the statistical talk when it is repeated constantly in federal press releases and on radio and TV (though media communicators occasionally explain what is happening, they then continue repeating the official statistic). Also, in common talk, we make a distinction between a “job” (underemployment, piecing together pieces of part-time work or two underpaid and under resourced fulltime jobs) and a “real job” (full time, decent pay, medical benefit, secure career prospect and defined benefit pension). Federal statistics in the areas of employment and unemployment do not take reality into account. They are still useful as general indicators, since they are maintained over decades, but for real analysis they must be adjusted.

Household eligibility for both Energy Assistance and Weatherization Assistance is set at 150% of poverty by NRS 702, but is subject to adjustment when funding is short in relation to overall need. There are approximately 227,857 eligible households in Nevada (households at or below 150% of the FPL).²⁷ If eligibility were to be raised to 200% of the FPL, approximately 282,542 households would be eligible. In either case, at the current yearly funding levels, need far exceeds ability to serve.²⁸

THE LOGIC OF THE WAP

The Logic of the Weatherization Assistance Program is shown in terms of resource inputs and program goals in Figure 11.

The resources are all of the resources that are drawn upon by the program. In addition to UEC/FEAC funding, for SFY 2013 the program leveraged federal DOE base funding, some support is provided from the Nevada Housing Trust Fund and Southwest Gas Corporation. The direct resources used to carry out the principal activities for SFY 2013 are the NHD managers and staff; the Subgrantees, the Contractors, building science technologies and equipment, the BWR database and IT support coupled with the specialized knowledge required to administer and manage the overall WAP.

The immediate outcomes of the weatherization work are reduced energy use and lower energy bills for the low-income homes while working to promote health and safety, reduce illnesses, and possibly save lives. Also, the program provides community education and Contractor training.

²⁷ This estimate was developed in 2012 using three different calculation methods. The methods provided estimated results of 226,239, 227,857 and 229,219. The middle number (the number adopted for this study) is based on the Governor Certified Population and its development was assisted by the State Demographer (electronic communication of 7/23/2012 from Jeff Hardcastle to Gil Peach and NHD). It is likely that this estimate should be raised slightly for SFY 2013 but reliable census data tends to become available with a lag of two to three years. For this reason, the 2012 estimate is used in this report. If it should later be found that the number of households at or below 150% of the FPL is increasing over time and so is slightly underestimated here, it would not make an actionable difference.

²⁸ Estimates calculated using Census 2000 tables P88 and P93, updated using Nevada Demographer's Governor Certified Nevada Population for 2011. Viewed as a process, the current level of funding enables a certain number of homes to be weatherized each year. Since the stock of eligible homes increases each year, it is not possible to eventually serve all eligible homes over a period of years. The program effort is always a process that never reaches an end.

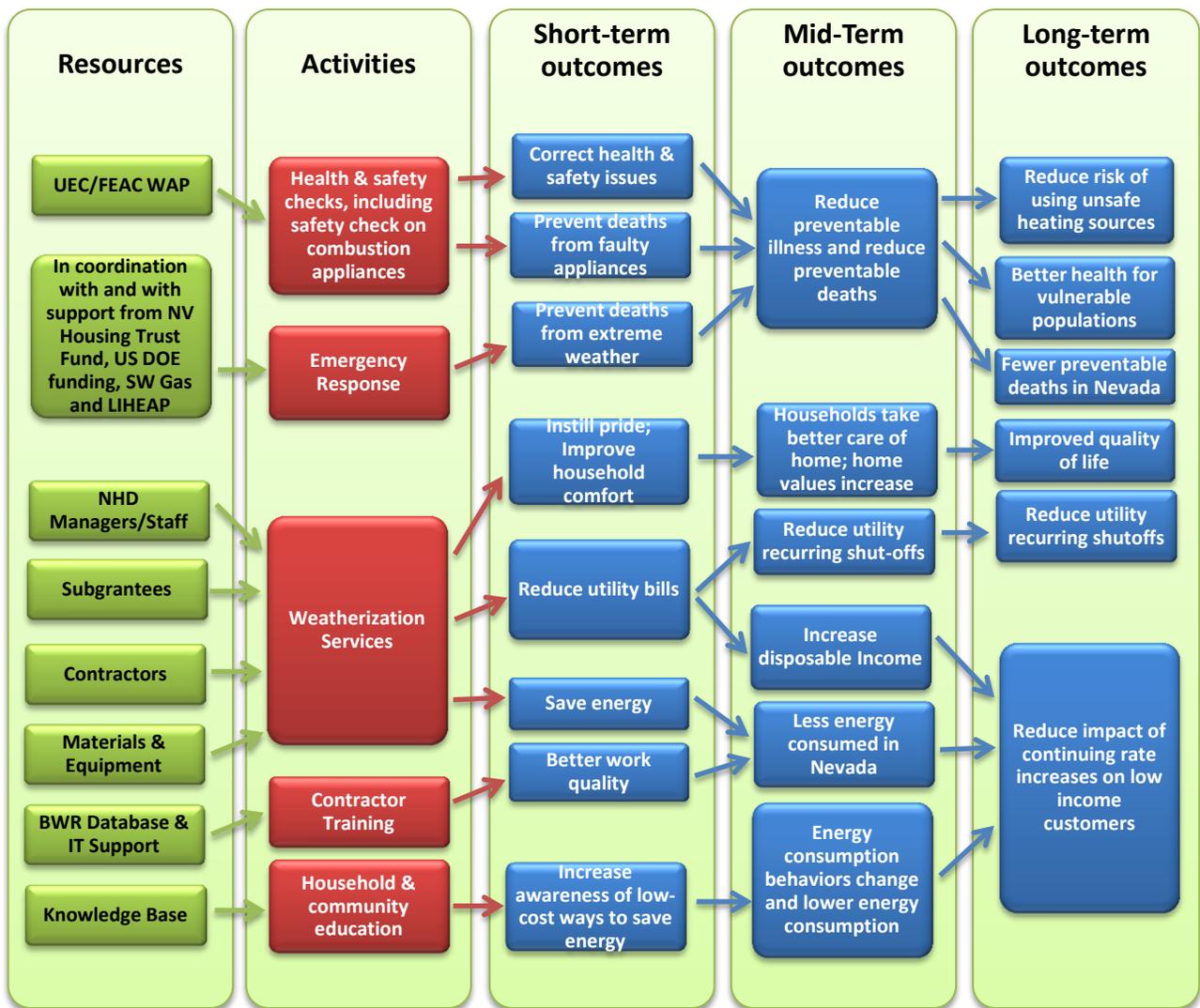


Figure 11. Logic diagram for UEC/FEAC WAP

WAP PROGRAM COMPLIANCE WITH LEGISLATIVE REQUIREMENTS (NRS 702)

2.1. Did NHD use no more than 6% of FEAC funds for its administrative expenses?

[Reference: NRS 702.270.1; Deliverable 3.5.1]

Yes, NHD's total cost for program administration was \$180,483, or 5% of the total FEAC funds used for Program Year 2013 (\$3,583,013). This included some carryover of SFY 2012 FEAC funds for administrative expenses into SFY 2013.

2.2. Did NHD provide eligible households with services of basic home energy conservation and efficiencies or assist households in acquiring services of load management?

[Reference: NRS 702.270.2(a); Deliverable 3.5.2]

NHD provided eligible households with services of basic home energy conservation and efficiencies which assisted households in reducing energy consumption over time. Performance was confirmed during NHD Weatherization Assistance Program staff Monitoring Reviews of sample projects and reviews of the Buildings Weatherization Reports database (BWR database). Production numbers are provided in the effectiveness section of the WAP evaluation.

2.3. Did NHD pay for appropriate improvements associated with energy conservation, weatherization and energy efficiency?

[Reference: NRS 702.270.2(b); Deliverable 3.5.2.1]

Yes. Monitoring Reviews by NHD Weatherization Assistance Program staff of a sample of projects verifies that NHD paid for appropriate improvements associated with energy conservation, weatherization and energy efficiency measures.

2.4. Did NHD carry out activities related to consumer outreach?

[Reference: NRS 702.270.2(c); Deliverable 3.5.2.2]

Yes. Throughout the year, NHD responded to phone calls referred by NV Energy and the NHD website. NHD also participated in NV Energy's Senior Energy Assistance Expositions (one in southern Nevada and one in northern Nevada). In addition, consumer outreach was conducted by NHD through the six (6) Subgrantee agencies. Outreach through the Subgrantees was verified through Monitoring Review by NHD Weatherization Assistance Program staff, from written reports and feedback from Clients, by the number of applications received from referrals by other non-profits and input from participants during community events. Subgrantees also provided radio public service announcements and distributed flyers and door hangers (documented by Subgrantees). The Subgrantees provided intake sites and online service to process applications. NHD, Subgrantees and Contractors distributed brochures and the "Your Home Energy Savers Book" to the public and Clients regarding energy conservation measures.

2.5. Did NHD pay for program design?

[Reference: NRS 702.270.2; Deliverable 3.5.2.3]

While primary program design for UEC/FEAC WAP was accomplished by NHD in 2002-2003, during SFY 2012, UEC/FEAC funds were used to: (1) Update BWR database design related to the SQL server; and, (2) Design and develop the Priority Lists for the installation of energy conservation measures, as required by funders (FEAC and DOE). The updated BWR database and priority lists were continued in implementation in SFY 2013.

2.6. Did NHD pay for annual program evaluation?

[Reference: NRS 702.270.2(e); Deliverable 3.5.2.4]

Yes. In SFY 2013, NHD paid its prorated share of the cost for the SFY 2012 annual program evaluation.

2.7. Did NHD determine eligibility of households at a maximum income level of no more than 150% of the federally designated level signifying poverty (FPL)?

[Reference: NRS 702.270.3; Deliverable 3.5.3]

Yes. Eligibility criteria were communicated to Subgrantees through verbal and written communications. Income eligibility was verified by the Subgrantee and during NHD staff Monitoring Reviews of samples of Client applications from completed projects.

2.8. Did NHD render emergency assistance to health/safety-threatened households experiencing an emergency because of the structural, mechanical or other failure of their occupied dwelling?

[Reference: NRS 702.270.4(a); Deliverable 3.5.4]

Emergency assistance was provided due to failure of a component or system (see response to question 2.9 below) but not for buildings with a structural, mechanical or similar failure. The problem with dwellings in which there is major structural, mechanical or other failure of the whole dwelling (for example, very old homes with knob and tube wiring throughout) is that the cost of repairs would be so substantial that the building cannot be treated, although the authority exists to do so. During SFY 2013, although authorized in NRS 702, no emergency assistance was provided to repair/replace the structural, mechanical or other failure of an occupied dwelling.

2.9. Did NHD render emergency assistance to health/safety-threatened households experiencing an emergency because of a failure of a component or system of their occupied dwelling?

[Reference: NRS 702.270.4(b); Deliverable 3.5.4.1]

Yes. Emergency assistance to health/safety threatened households was provided to thirty-seven households that experienced an emergency because of a failure of a component or system of their occupied dwelling.

- ◆ Community Services Agency, Nevada Rural Housing Authority and Rural Nevada Development Corporation did not spend any Fund for Energy Assistance and Conservation funds for emergency assistance to health/safety-threatened households experiencing an emergency because of a failure of a component or system of their occupied dwelling during SFY 2013.
- ◆ Las Vegas Clark County Urban League provided emergency service to five homes, each with a failed AC unit. One unit was repaired; the other four had to be replaced.
- ◆ Neighborhood Services of the City of Henderson provided emergency service to seven homes. In one, the furnace repaired. In another, the AC unit was repaired, and in five the AC unit had to be replaced..
- ◆ HELP of Southern Nevada provided emergency service to twenty-five homes. Six required AC replacements and 20 required heating system replacements. In many cases the units were old and replacement parts were unavailable. All units were non-functional and replacement was the only option.

2.10. Did NHD adopt regulations to carry out and enforce the provisions of NRS 702.270?

[Reference: NRS 702.270.5; Deliverable 3.5.5]

The necessary regulations were established primarily in 2002-2003. No new regulations were adopted in SFY2013 by NHD.

2.11. Did NHD solicit advice from DWSS and from other knowledgeable sources?

[Reference: NRS 702.270.6(a); Deliverable 3.5.6]

Yes. Please see the answer to question 2.17 on page 36.

2.12. Did NHD identify and implement appropriate delivery systems to distribute money from FEAC?

[Reference: NRS 702.270.6(b); Deliverable 3.5.6.1]

Yes. Please see the NHD WAP Business Process on page 22.

2.13. Did NHD coordinate with other federal, state and local agencies that provide conservation services to low-income persons?

[Reference: NRS 702.270.6(c); Deliverable 3.5.6.2]

Federal coordination: During SFY 2013, NHD coordinated with federal officials through the National Association for State and Community Services Programs, whose members are state administrators of the US Department of Health and Human Services, Community Service Block Grant (CSBG) and the US Department of Energy/Weatherization Assistance Program for ARRA, SERC and DOE programs.

Coordination at the federal, state and local agencies also occurred through the Energy OutWest conference with training in state-of-the-art best practice building sciences techniques.

State coordination: NHD coordinated with state officials through continuing contact with the Division of Welfare and Supportive Services and through the Low-Income Energy Assistance Program Advisory Group (FEAC Advisory Group). Participants in this group include representatives of the Division of Welfare and Supportive Services and the Public Utility Commission of Nevada. Also in this group are representatives of NV Energy, Southwest Gas, service and community based organizations and advocates. In addition, NHD served as a member of the Low-Income Weatherization Program Demand-Side Management group in collaboration with NV Energy and Southwest Gas, program delivery specialists and other groups interested in energy conservation such as the Southwest Energy Efficiency Project.

In regards to coordination specifically with DWSS, both NHD and DWSS exchange client referrals. NHD uses a one-page application form which includes the question, “Are you currently receiving Energy Assistance (LIHEA or Energy Assistance)?” The applicant’s response is NHD’s opportunity to refer clients to DWSS/EAP. NHD also accepts referrals from DWSS and forwards the list of eligible clients provided by DWSS to its Subgrantee agencies and, when possible, to projects funded by others.²⁹ While NHD and DWSS are unable to use the same application form due to different eligibility criteria—both agencies are committed, to the fullest extent practicable, to efficiency in the application process.

Local coordination: NHD coordinated with many local agencies through its six (6) Subgrantee agencies, serving different areas of the state. This local work by the Subgrantees provides education in energy conservation and program outreach.

2.14. Did NHD encourage other persons to provide resources and services to the extent practicable, to schools and programs providing training in the building trades and apprenticeship programs?

[Reference: NRS 702.270.6(d); Deliverable 3.5.6.3]

No UEC/FEAC funds were used or leveraged during SFY 2013 to encourage other persons to provide resources and services to schools and programs providing training in the building trades and apprenticeship programs. During the economic stimulus (American Recovery and Reinvestment Act or ARRA), NHD implemented training. When the stimulus funding ended but the economy had only begun to improve, there was not a need for any major support of training and will not be a need for another major focus on training until there is a sufficient need for new trainees. The federal administration had called ARRA support for weatherization “an initial down payment” or, in other words, initial funding

²⁹ Qualifying referrals are not automatically accepted in the Weatherization Assistance Program because referrals are also generated from other sources and only occasionally is there capacity to accept a few qualifying households (the UEC/FEAC Weatherization Assistance is underfunded in relation to need). Also, NHD is required to prioritize service according to specific criteria. This means that some households will never be accepted since there are always households above them in order of priority selection.

which would grow to meet need and so provide good employment to existing weatherization workers and newly trained weatherization workers who had been displaced from the homebuilding industry during the economic crisis. Since the stimulus funding stopped instead of expanding and since federal support for weatherization work is currently provided at below pre-ARRA levels, employment in this area did not expand. Since the federal government severely underfunds weatherization work and since the economy in general, and the building industry, in particular, have not recovered, training programs to produce new workers would not be a logical expenditure for SFY 2013 (in contrast to the ARRA years).

2.15. Did NHD establish a process for evaluating Weatherization Assistance Program (WAP)?

[Reference: NRS 702.270.6(e); Deliverable 3.5.6.4]

For the SFY 2013 WAP, as in each year since the requirements of NRS 702 were legislated, the NHD has established a process for evaluating the Weatherization Assistance Program (WAP). For the WAP evaluations for SFY 2012 through SFY 2015, the evaluation criteria have been set to conform exactly to the explicit provisions of NRS 702.

2.16. Did NHD establish a process for making changes to WAP?

[Reference: NRS 702.270.6(f); Deliverable 3.5.6.5]

Yes. The state UEC/FEAC WAP has a process for making changes to WAP to conform to changes in federal requirements to ensure the programs are undiluted and cost effective.

2.17. Did NHD engage in annual planning and evaluation processes with DWSS?

[Reference: NRS 702.270.6(g); Deliverable 3.5.6.6]

Yes. During SFY 2013, NHD engaged in annual planning and evaluation processes with the Division of Welfare and Supportive Services. Meetings with the Low-Income Advisory Group were part of the planning process; that is, since input and ideas are solicited from the Advisory Group at each meeting. Also, NHD made presentations at each meeting regarding funding levels, expenditures and production performance, as well as, solicited member responses. In addition, in SFY 2013, these meetings included a presentation from Tetra Tech which performed the study of low-income customers of NV Energy that was requested by the Public Utility Commission of Nevada (PUCN) and included the results of the SFY 2012 WAP evaluation.

Further, an annual evaluation for SFY 2013 program was chartered and sponsored jointly by NHD and the Division of Welfare and Supportive Services. The formal planning process proceeded according to state and federal requirements, with public participation and formal hearings conducted, resulting in the approved Nevada Fund for Energy Assistance and Conservation State Plan for 2012-2013 and the companion State of Nevada LIHEAP State Plan for 2012-2013. The LIHEAP program year is the same as the federal program year, beginning on October 1 each year and ending on the 30th of the following September.

ASSESSMENT OF WAP PROGRAM EFFECTIVENESS

In SFY 2013, Nevada Housing Division Subgrantees weatherized 1,065 homes (Table 11), exceeding the goal of 570 homes by 187% overall (Table 12). Much of this performance over goal was due to treatment of apartments. Some agencies treated single-family homes; others treated primarily apartments. The energy savings target for SFY 2013 was an average of 20% per home weatherized, assuming an average consumption of about 511 therms and 9,576 kWh per home.³⁰

Table 11. Work Completed by each WAP Subgrantee during SFY 2013.

Work Completed by each WAP Subgrantee Agency		
Agency	Number of Homes	Percent of Homes
RNDC	22	2.1%
Neighborhood Services	35	3.3%
Urban League	60	5.7%
NRHA	65	6.1%
CSA	99	9.3%
HELP	784	73.5%
TOTAL	1,065	100.0%

Table 12. Work completed vs. performance goal by each WAP Subgrantee Agency.

Work Completed vs. Performance Goal by each WAP Subgrantee Agency			
Agency	Planned	Homes Completed	% of Agency Goal
RNDC	13	22	169%
Neighborhood Services	33	35	106%
Urban League	52	60	117%
NRHA	33	65	197%
CSA	91	99	109%
HELP	348	784	225%
TOTAL	570	1,065	187%

³⁰ Energy savings (first year energy savings) are estimated using a proprietary calculation developed by Architectural Energy Corporation (AEC) under contract to the Nevada Housing Division (NHD). NHD is required by the US Department of Energy (USDOE) to use an estimation method approved by USDOE for homes for which any USDOE or US Department of Health and Human Services (USDHHS) funding is applied. As an administrative savings, NHD also applies this method to Universal Energy Charge (UEC)/Fund for Energy Assistance and Conservation (FEAC) homes.

Of the 1,065 homes completed during SFY 2013, the services to special needs households are shown in Table 13.³¹

Table 13. Services to Special Needs Households.

Services to Special Needs Households		
Special Need	Households	% of Households
Elderly over 60	442	41.5%
Persons w/ disabilities	496	46.5%
Children under 6	208	19.5%
Native American	16	1.5%
High Energy	96	9.0%

Homes completed by county are shown in Table 14. These completions approximately follow the population sizes of Nevada counties, with Clark and Washoe counties being the largest counties in population.

Table 14. Number of homes completed by county, SFY 2013.

Homes Completed by County		
County	Percent	Number
Clark	82.5%	879
Washoe	9.3%	99
Lyon	2.92%	31
Carson City	1.7%	18
Douglas	1.2%	13
Churchill	0.6%	7
Elko	0.5%	5
Mineral	0.4%	4
Humboldt	0.3%	3
Storey	0.3%	3
Nye	0.2%	2
Pershing	0.1%	1
TOTAL	100.0%	1,065

Some Nevada counties do not have utilities that arrange for payment into the Universal Energy Charge, so housing units weatherized by NHD in those counties are funded from federal and other funds (and are not reported here).

³¹ A household may have more than one special needs classification.

Table 15 shows the distribution of completed homes by type of housing and the source of heating fuel. This table reflects the relative frequency in the population of natural gas as a heating source as compared with electricity and propane.

Table 15. Homes completed by type of housing and heating source, SFY 2013.

Housing Type	Primary Heating Fuel				TOTAL	PERCENT
	Natural Gas	Electric	Propane	Oil		
Single family	186	47	7	0	240	22.5%
2-4 family	242	10	0	0	252	23.6%
5+ family	271	120	0	0	391	36.7%
Mobile home	154	11	16	1	182	17.1%
Unknown	0	0	0	0	1	0.1%
TOTAL	853	188	23	1	1,065	100.0%
PERCENT	77.7%	19.7%	2.4%	0.1%	100.0%	

As shown in Figures 12 and 13, homes using natural gas as the primary heating source have considerable gas savings and also considerable electricity savings. Electrically heated home have essentially no natural gas savings (Figure 14), but do have electricity savings (Figure 15). As would be expected, savings for single family home and for mobile homes are quite a bit higher than savings for 2-4 unit home and apartments in 5+ unit homes.

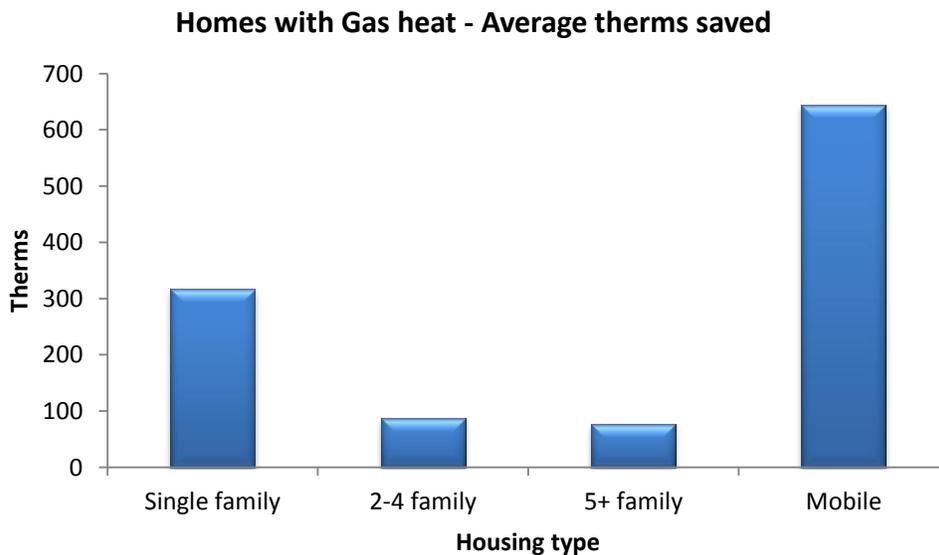


Figure 12. Homes heated with natural gas – Gas savings (therms)

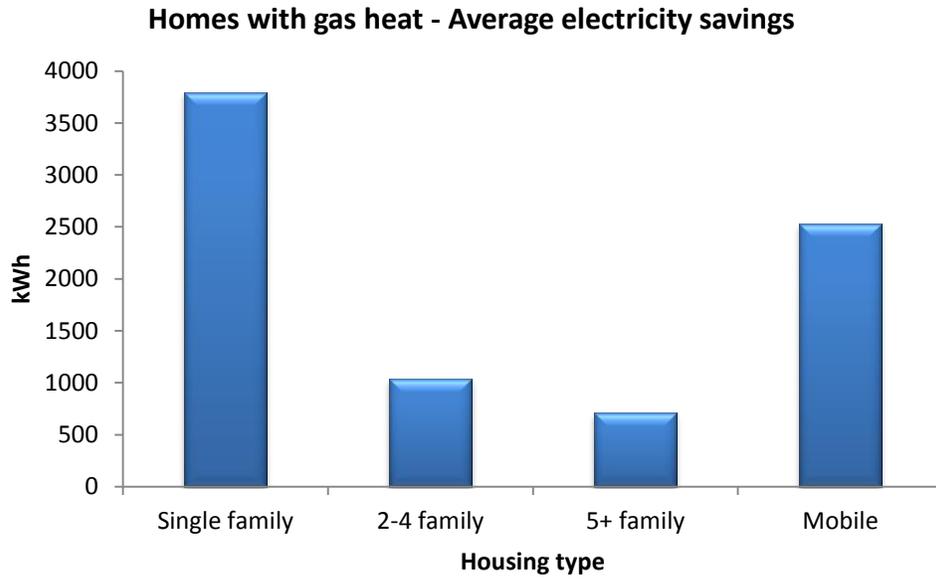


Figure 13. Homes heated with natural gas – electricity savings (kWh)

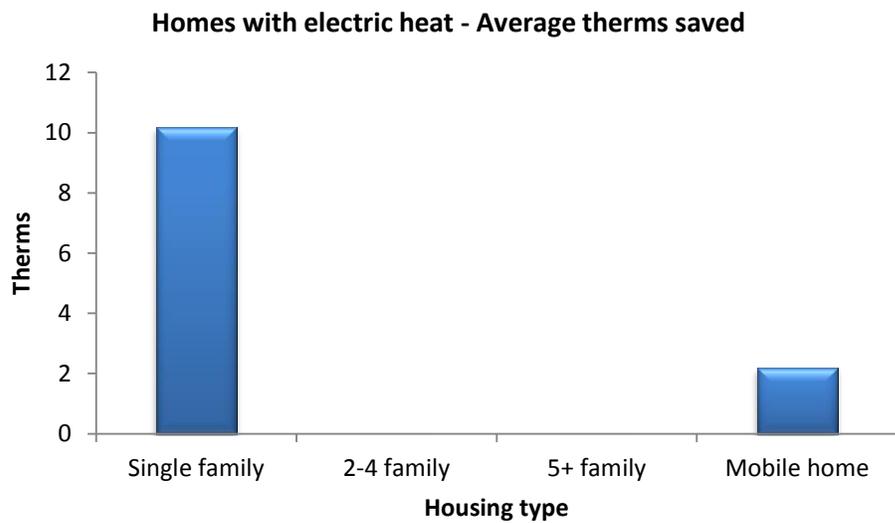


Figure 14. Homes heated with electricity – Gas savings (therms)

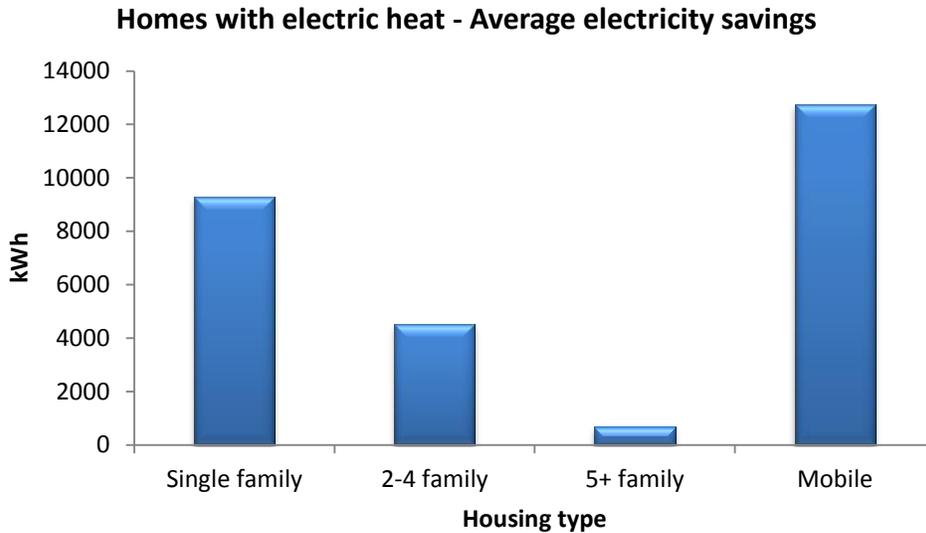


Figure 15. Homes heated with electricity – Electricity savings (kWh)

Table 16. First Year Average Dollar Savings to Household.

First Year Dollar Savings to Household from NHD UEC/FEAC Weatherization					
Type of Home	Homes Heated with Natural Gas				
	Therms	(\$)	kWh	(\$)	Total (\$)
Single Family	318	254.40	3796	417.56	671.96
Mobile Home	645	516.00	2531	278.41	794.41
2-4 Family	87	69.60	1036	113.96	183.56
5+ Family	77	61.60	709	77.99	139.59
Type of Home	Homes Heated with Electricity				
	Therms	(\$)	kWh	(\$)	Total (\$)
Single Family	10	8.00	9,280	1,020.80	1,028.80
Mobile Home	2	1.60	12,744	1,401.84	1,403.44
2-4 Family	0	0.00	4,152	456.72	456.72
5+ Family	0	0.00	670	73.70	73.70

The combined natural gas and electricity savings for NHD weatherized homes, by housing type and heating fuel are shown in Table 16. The dollar amounts of savings on utility bills is developed using the BWR database and using an estimated \$0.11 cost per kWh and \$0.80 cost per therm.³² Savings are first year average dollar savings.

³² These cost values were selected to be approximately representative of the marginal kWh and therm purchased in the state as a whole, so do not take into account the Southwest Gas low-income rate.

However all energy saving improvements to the homes last at least five years and the major improvements, such as insulation will last thirty-five years or the life of the house. Savings are expected to be stable for the first five years and then gradually decrease as different types of improvements reach the end of their effective measure lives.

SUMMARY

With regard to all of the specific provisions of NRS 702.270 for NHD, NHD was fully compliant for SFY 2013.

The Evaluation Team finds the Nevada Housing Division's Weatherization Assistance Program fully compliant with the provision of NRS 702.

DWSS and NHD COMPLIANCE WITH JOINT REQUIREMENTS

3.1 Did DWSS and NHD jointly establish an annual plan to coordinate their activities and programs?

[Reference: NRS 702.280.1; Deliverable 3.6.1]

Yes. Each year, the Department of Welfare and Supportive Services (DWSS) and the Nevada Housing Division (NHD) jointly develop an annual plan, the *Nevada Fund for Energy Assistance and Conservation State Plan*, to coordinate their activities and programs in accordance with NRS 702.280. The plan for SFY 2013 became effective July 1, 2012 and the plan for SFY 2014 became effective July 1, 2013. Each of these plans includes a description of resources and services being used by each program and of efforts undertaken to improve services and resources [NRS 702.280.1(a)]. The programs are funded by the Universal Energy Charge (UEC) /Fund for Energy Assistance and Conservation (FEAC). These funds support the FEAC Energy Assistance Program (EAP) which is administered by DWSS and the FEAC Weatherization Assistance Program (WAP), administered by NHD.

EAP assists eligible Nevadans in paying their utility costs on an annual basis and provides emergency assistance for eligible households in crisis. The program also has a one-time arrearage component. WAP assists low-income households in reducing their utility costs and energy consumption by providing for energy conservation and health and safety measures.

3.2. Did the plan include resources and services used by each program and efforts to increase or improve resources and services?

[Reference: NRS 702.280.1(a); Deliverable 3.6.1.2]

Yes. The joint annual plan included resources and services used by each program. Both the Division of Welfare and Supportive Services and the Nevada Housing Division continually work to improve resources and services.

For each program, need currently far surpasses the combination of UEC and available federal or private sector funding.

3.3. Did the plan include efforts to improve administrative efficiencies?

[Reference: NRS 702.280.1(b); Deliverable 3.6.1.3]

Yes. For SFY 2013, improving administrative efficiency [NRS 702.280.1(b)] was addressed by NHD by updating the Subgrantee administrative manual, and DWSS adjusted energy assistance as funding levels changed in order to balance payment assistance amounts and number of households that could be served. DWSS also increased the funding for the lowest income households to bring them into line with the overall energy assistance target. This insures the lowest income households are provided energy

assistance closer to the goal level established in NRS 702 (yearly statewide median energy burden calculation).

3.4. Did the plan include efforts undertaken to coordinate with other federal, state and local agencies, nonprofit organizations and any private business or trade organizations providing energy assistance or conservation services to low-income persons?

[Reference: NRS 702.280.1(c); Deliverable 3.6.1.4]

Yes. The plan for SFY 2013 includes efforts to coordinate with federal, state and local agencies, nonprofit organizations and utilities to provide energy assistance and conservation services to low-income persons [NRS 702 280.1(c)]. Trade organizations were not included in the 2013 or 2014 annual plans. In both years, coordination is specifically discussed with the following entities:

- ◆ **Special Assistance Fund for Energy (SAFE)** – Nevada Energy’s fund that provides some utility bill payment assistance to low-income, elderly and disabled customers, as well as families facing short-term financial crisis. This program is administered through several local social service agencies.
- ◆ **Energy Share** – Southwest Gas’s direct assistance program for qualified people with unexpected financial difficulties, such as job loss and medical emergency. This program is administered by the Salvation Army.
- ◆ **Emergency Shelter Grant (ESG)** – This program is administered though NHD and funded by the US Department of Housing and Urban Development (HUD). It covers some households experiencing sudden reduction of income with an inability to pay bills. It is aimed at preventing homelessness when there is a reasonable prospect that the household will resume their regular payments in a reasonable amount of time.
- ◆ **Emergency Food and Shelter Program (EFSP)** – United Way’s program to help people with economic emergencies not related to disasters. Funding can be used to help some households supplement food, shelter, rent/mortgage and utility assistance.
- ◆ **Seniors Helping Seniors Weatherization Program** – Seniors Helping Seniors provides some qualified Southwest Gas customers with weather-stripping, caulking, door sweeps, low-flow showerheads, pipe insulation, switch and outlet gaskets, water heater blankets and energy education. This program is limited to Southern Nevada, to homeowners at least 55 years of age or disabled and with annual income not exceeding \$25,000.
- ◆ **Rebuilding Together with Christmas in April (RTCA)** – RTCA operates in Southern Nevada to provide free housing repairs to low-income seniors and the disabled. It includes an annual corporate volunteers event day in which over 3,000 corporate volunteers make home improvements at no charge to qualifying households. RTCA also maintains rapid repair services for home heating, cooling, plumbing and electrical programs to qualifying homeowners.
- ◆ **Low-Income Housing Trust Fund Welfare Set-Aside Program** – NHD allocates 15% of the funds received for the Account for Low-Income Housing (Trust Fund) to city and county social service

agencies for families who are or are in danger of becoming homeless and need assistance with utilities, security deposits and rental or mortgage payment assistance. Eligibility is restricted to individuals and families with income at or below 60% of area median income as designated by the Department of Housing and Urban Development.

- ◆ **Southwest Gas Demand-Side Management (DSM) Programs** -- Southwest Gas Corporation contracts with NHD to provide weatherization services for some of its qualifying northern Nevada customers.
- ◆ **NV Energy Demand-Side Management (DSM) Programs** –During SFY 2013, NHD has worked with NV Energy to improve program design to meet the utility cost-effectiveness criteria and it is expected that NV Energy will provide some financial support for a joint NHD/NV Energy low-income weatherization program beginning in calendar year 2014.

3.5. Did the plan include measures concerning program design that will be undertaken to improve program effectiveness?

[Reference: NRS 702.280.1(d); Deliverable 3.6.1.5]

Yes. The Energy Assistance Program (EAP) was designed to assist qualifying households with utility cost that exceed the median state household energy burden, but provides flexibility when funding runs short of need.³³ By basing the UEC energy assistance on the Nevada’s median state household energy burden (2.30% for SFY 2013), the Energy Assistance Program (EAP) establishes a realistic and fair level of assistance. The level is inherently rooted in a principle of fairness: energy assistance is provided at the level of the median percentage of household income required for household energy use for the state. Each household in the program is responsible for paying this portion of their utility bills for the year. The portion above that amount may be covered by the Energy Assistance Program.

In the continuing national economic crisis it became necessary to further cap assistance in order to stretch existing funds to serve more households. During SFY 2011 and in prior years, energy assistance was provided to households up to and including 150% of the Federal Poverty Level (FPL) as specified in NRS 702. For SFY 2012 assistance eligibility was capped at 110% of the FPL³⁴ due to shortage of funding in relation to increased need. For SFY 2013 eligibility was initially capped at 125% but was raised back to 150% of the FPL when additional federal funds became available late in fiscal year.

³³ The “median” is not the same as the arithmetic average (mean); it is simply the middle value of a statistical distribution. In this case, half of Nevada households for a given year have energy burdens larger than the median value and half have energy burdens less than the median value for that year. The calculation of median energy burden in Nevada begins with the most recent value of median household income. This is used as the denominator of a fraction. The numerator of the fraction is the cost of household energy use (natural gas and electricity used by the household) for the year. Household energy used data is calculated for each of the two major utilities, Southwest Gas and NV Energy, and the energy use (gas and electricity) is applied to the current residential rate structure of the utilities to derive the cost of energy per household. This cost is then divided by the Nevada median household income to provide the median household energy burden for the year. The actual calculation has some more details and is carried out separately for Northern Nevada and Southern Nevada.

³⁴ This was raised to 125% FPL when additional federal funds became available in April of 2012.

NHD has been working with NV Energy in the redesign of its low-income weatherization program. It is expected that NV Energy will provide some financial support in a joint NHD/NV Energy weatherization program for qualifying homes beginning sometime during calendar year 2014.

3.6. Did the jointly-developed DWSS/NHD annual plan include the efforts that will be undertaken to improve program effectiveness?

[Reference: NRS 702.280.1(e); Deliverable 3.6.1.6]

Yes. The most recent evaluation (for SFY 2012 programs, dated December 4, 2012) recommended five actions. Though not explicitly discussed in the plan for SFY 2013 programs [(NRS 702.280.1(e))], two of the five have been completed, two were explored and one was (reasonably) not addressed given its inherent difficulty and the need to prioritize other effort during SFY 2013. The evaluation recommendations and actions are as follows:

- ◆ **Recommendation 1:** When sufficient funds are available, DWSS should reinstate the EAP eligibility at 150% of poverty.
 - **Action: Completed.** After the impact of the “Great Recession,” and as the economy improves, DWSS has been gradually restoring eligibility to the target level included in NRS 702. When additional federal funding was received late in SFY 2013, EAP eligibility was restored to the 150% of poverty level.
- ◆ **Recommendation 2:** When sufficient funds are available, DWSS should strive to meet the target specified in NRS 702 by removing the temporary benefit cap to achieve parity between the energy burden of low-income Nevadans and the median energy burden of Nevada households.
 - **Action: Partially Completed.** DWSS analyzed the situation and has restored energy burden for the lowest of the low-income households to the median energy burden of Nevada households, consistent with NRS 702. As the economy continues to improve it is likely that this restoration will gradually be introduced for middle to upper level low-income households.
- ◆ **Recommendation 3:** When possible and as the economy improves, Nevada should increase funding for NHD’s Weatherization Assistance Program to enable more households to be weatherized each year.
- ◆ **Recommendation 4:** When possible and as the economy improves, Nevada should increase funding for the DWSS Energy Assistance Program.
 - **Action: Explored.** These two recommendations are for program changes that would have to occur in funding outside the programs. NHD continues to work with NV Energy to try to develop a coordination arrangement with utility Demand Side Management low-income program funding, similar to the coordination arrangement with Southwest Gas. Also, at a level above the programs there was exploration at the legislative level regarding increasing the Universal Energy Charge rate so as to fund a higher level of program effort. However, no action occurred. In addition, the Public Utilities Commission of Nevada has conducted explorations of possible low-income rates.
- ◆ **Recommendation 5:** When possible and as the economy improves, the eligibility level for energy assistance and weatherization services should be increased to take into account income insufficiency levels for different household sizes and be determined by county.

- **Action: No Action.** This is a difficult recommendation because it would probably require a federal variance if Nevada UEC efforts are to be kept substantially compatible with federal eligibility guidelines. Given all of the other work during the year as Nevada continues to recover from the national economic problems and programs are restored to full operation, it is reasonable that this option was not assigned to a study group for possible development and internal evaluation for possible eventual implementation. However, as the economy improves it should remain an area for study and is repeated as a recommendation for the SFY 2013 evaluation.

3.7. Continuing Evaluation

[Reference: NRS 702.280.2(a); Deliverable 3.6.2]

The Division of Welfare and Supportive Services and Nevada Housing Division jointly conducted an annual evaluation of the EAP and WAP for the State Fiscal Year 2012 programs during SFY 2013 and are currently conducting the SFY 2013 evaluation covering the programs from July 2012 through June 30, 2013.

3.8. Did DWSS/NHD jointly solicit advice from the Nevada Public Utilities Commission as part of the annual evaluation?

[Reference: NRS 702.280.2(b); Deliverable 3.6.2.1]

Yes. During SFY 2013, DWSS/NHD jointly solicited advice from the Nevada Public Utilities Commission as part of the SFY 2012 evaluation and, during SFY 2013 (as reflected in this report) for the evaluation of the SFY 2012 programs. During SFY 2014, the Public Utilities Commission of Nevada opened a proceeding and held a Universal Energy Charge workshop to solicit public participation. These will provide input to the SFY 2014 evaluation.

3.9. Report to Governor, Legislative Commission and Interim Finance Committee

[Reference: NRS 702.280.2(c) & NRS 702.280.3(a-3); Deliverables 3.6.2.2, 3.6.3 & 3.6.3.1 through 3.6.3.4]

Yes. During SFY 2013, DWSS/NHD jointly prepared a report concerning the annual evaluation and submitted the report to the Governor, Legislative Commission and Interim Finance Committee in accordance with NRS 702 280.2(c).

The report consisted of the SFY 2012 evaluation and the SFY 2012 executive summary with a cover letter. The evaluation includes a full description of the objectives of each program [NRS 702 280.3(a)], an analysis of the effectiveness and efficiency of each program in meeting the objectives of the program [NRS 702 280.3(b)], the amount of money distributed from FEAC for each program and a detailed description of the use of that money for each program [NRS 702 280.3(c)], and analysis of the coordination between the Divisions concerning each program [NRS 702 280.3(d)], and any changes planned for each program [NRS 702 280.3(e)].

RECOMMENDATIONS

- ◆ DWSS should develop a plan to accumulate funds in a reserve account to ensure future financial stability of EAP, and develop a financial target for the EAP reserve fund to support operations for a 3-year budget cycle.
- ◆ When sufficient funds are available, DWSS should strive to meet the target specified in NRS 702 by removing the temporary benefit cap to achieve parity between the energy burden of low-income Nevadans and the median energy burden of Nevada households. DWSS should develop and implement a plan to fully restore EAP benefits to reduce the energy burden of recipients to the statewide median (currently 2.3% of income), particularly for those under 125% FPL.
- ◆ When possible and as the economy improves, the eligibility level for energy assistance and weatherization services should be increased to take into account income insufficiency levels for different household sizes and be determined by county. This may require an Amendment to NRS 702 to use the Family Budget Method by County or, if better for ease of administration, an amendment to raise the FPL multiple for eligibility to 250% of the FPL.
- ◆ NHD should seek an amendment to NRS 702 to broaden the emergency provisions for inclusion of all households in temporary economic difficulties.
- ◆ Some data entry problems were encountered and fixed with NHD during the effectiveness analysis and a few homes could benefit from a check using REM Design™. We recommend that NHD discuss quality control for data entry with subgrantees and check approximately ten of the large kWh savings results using REM Design. In the long run, perhaps the subgrantee agencies could enter the past year's total natural gas and electricity usage for each home into the BWR database and the database could compute the percentage savings as a check.
- ◆ When possible and as the economy improves, Nevada should increase funding for NHD's Weatherization Assistance Program to enable more households to be weatherized each year.
- ◆ When possible and as the economy improves, Nevada should increase funding for the DWSS Energy Assistance Program.

SUMMARY

With regard to all of the specific provisions of NRS 702.270 for NHD and DWSS joint compliance, NHD WAP and DWSS EAP were fully compliant for SFY 2013.

The Evaluation Team finds the Department of Welfare and Supportive Services' EAP and the Nevada Housing Division's WAP fully compliant with the joint provisions of NRS 702.