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# SFY 2014 Evaluation: Energy and Weatherization Assistance Programs

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Prepared for the State of Nevada by

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## **TABLE OF ACRONYMS**

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*

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.<sup>1</sup> 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 2014 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 44,838 applicant records determined to be eligible, ineligible, pending, or in Request for Information (RFI) status with the dates of determination, with eligibility information of one record missing. This data set was used to define the case eligibility status.
- ◆ **Family Members Details**—including 112,559 records on the family members of applicants requesting EAP assistance, including dates of application.
- ◆ **Income Type Detail** – including 64,246 household income entries.

The **Eligibility Certification** and **Family Members Details** and **Income Type Detail** 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 eligibility groups were processed to remove duplicate IDs, with remaining n=24,333 unique eligible cases and n=14,193 unique non-eligible cases. This data were also used to analyze demographic and other characteristics of the EAP recipient population.
- ◆ **Energy Burden** analyses were conducted on 66,146 records of merged **Eligibility Certification** and **Family Members Details** that included population household composition such as children, disabled, and aged. Eligibility cases with missing values, high discrepancy between the energy cost, benefit payments, income and calculated negative values for energy burden (n=1,499) were excluded from the analyses.
- ◆ **Household Income Data** merged with **Eligibility Certification** data were used to determine the relationship between social security income and program eligibility.

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<sup>1</sup> Universal Energy Charge (UEC) is granted by the [State of Nevada Assembly Bill 661 \(2001\), Section 26](#), et al, effective 07/17/2001, as codified in the Nevada Revised Statutes 702.010 through 702.170 and regulations adopted by the Public Utilities Commission of Nevada, as codified in the Nevada Administrative Code 702.010 through 702.450.

**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. Other funding sources have been from LIHEAP only.

**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 2014.

FEAC Interest Received and Distributed, SFY 2014	
	Amount
Amount Remaining for Distribution Following Refunds	\$5,774
Amount Distributed to NHD	\$ 579
Amount Distributed to DWSS	\$5,196

*Interest earned was credited appropriately in this fiscal year.*

### 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 2014.

FEAC Principal Received and Distributed, SFY 2014		
	Amount	Percentage of Funds Disbursed
FEAC Amount Received by DWSS from PUCN	\$14,803,370	
Refunds (Directed by PUCN)	\$36,939	
Amount Remaining for Distribution Following Refunds	\$14,766,431	
Amount Distributed to NHD	\$3,691,608	25%
Amount Distributed to DWSS	\$11,074,823	75%

*FEAC funds were distributed as mandated in NRS 702.260.*

### 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, \$11,074,823, or 75% of FEAC funds, were distributed to DWSS.

*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, \$11,080,019 was received by EAP from FEAC funds and earned interest. No reserve funds were available from the prior fiscal year as SFY 2013 closed with a \$25,000 deficit. The available funds in SFY 2014 included the deposit from SFY 2013 last quarter deposit, but are still below the level of funding available from SFY 2003 through 2009. DWSS used 4.2% of total FEAC funds for program administration.

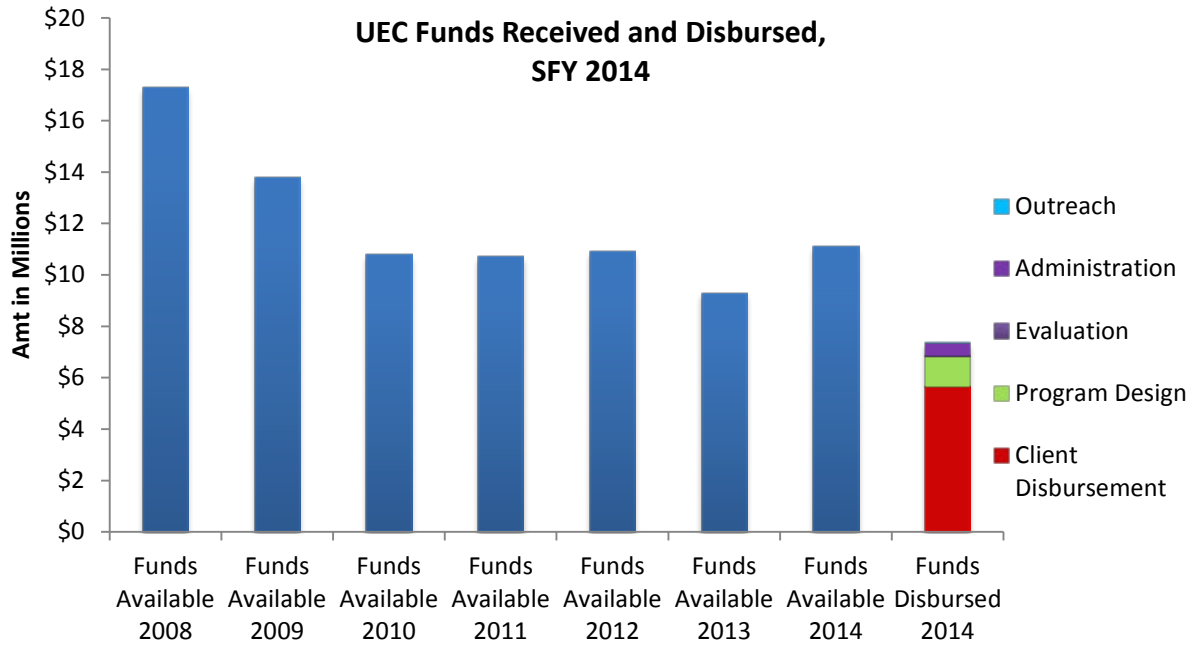


Figure 1. Amount of UEC funds received by year, 2008-2014, and disbursed in 2014.

Table 3. EAP funds spent, SFY 2014.

EAP Funds Disbursed, SFY 2014		
	Amount	Percentage of Funds Disbursed
Administration	463,294	4.18%
Client Payments	5,667,477	51.15%
Outreach	27,668	0.25%
Program Design (including IT re-programming)	1,156,610	10.44%
Evaluation	51,220	0.46%
<b>Total Spent</b>	<b>7,366,268</b>	
<b>Total Received</b>	<b>11,080,019</b>	

DWSS did not use more than 5% of FEAC funds for administrative expenses.

**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, \$5,667,477 was used to assist eligible households in paying for natural gas and electricity.

*DWSS used 51.2% of FEAC funds 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 0.25% of funds were used for consumer outreach.

*DWSS used FEAC funds 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]

Over ten percent (10.4%) of funds were used for program design, as seen in Figure 1 and Table 3.

*DWSS used FEAC funds for program design.*

**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. 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 the benefit cap for “vulnerable/targeted households” which includes the elderly, households with children younger than 6 years of age, and disabled persons. These tables remained the same in SFY 2014 from SFY 2013.



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

Table 5. Benefit Cap for Households Using All Other Energy Sources, July 1, 2013 – June 30, 2014

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, 2013 – June 30, 2014

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. There were no significant changes to the program except updating the program year and other relevant dates in the program documentation.

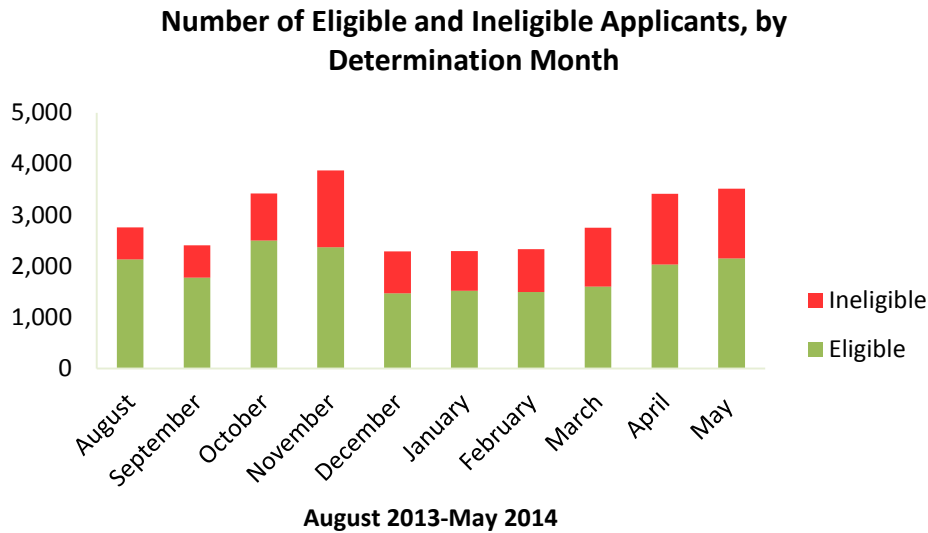
### **1.11. Did DWSS identify and implement appropriate delivery systems to distribute money from FEAC?**

[Reference: 702.260.8(b) Deliverable 3.4.7.1]

DWSS distributed an average benefit of \$718 to 24,333 households in SFY 2014. DWSS continues to make changes to case processing systems to increase efficiency. The most notable change was in altering the requirement that DWSS requests for information (RFIs) to clients be responded to within 10 calendar days, a slight reduction from the 10 business days required previously. The intent of this change in April 2014 was to speed application processing by reducing the amount of time staff have to wait for information from clients.

Workforce characteristics continue to differ greatly between the two offices: Carson City's workforce remains stable, while Las Vegas is still experiencing high staff turnover with staff, including the program manager. Additionally, the Las Vegas office relocated, creating further delays in processing. 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 in Carson City also continues to be optimal for case processing. This approach is working well with Carson City's more stable workforce.

Average processing times have increased during SFY 2014 due to mailing letters to eligible clients and to staff turnover. There was a significant influx of applications from mailings; over 5,300 letters were sent to elderly and disabled who were enrolled in 2011 but not in 2012 due to income guideline changes. The letters informed participants that the guidelines were set back to 150 percent of federal poverty rather than 110 percent. Most residents who received the letter then requested a paper application to be mailed to them, thus causing the influx. Additionally, there was a large amount of staff turnover, owing to the hiring of contract staff by other agencies as permanent employees. As a result, processing time was about 67 days in SFY 2014 compared to 35 days in SFY 2013.



**Figure 2.** Number of eligible and ineligible applicants by determination month, August 2013 – May 2014.

***Analysis of Employee Status: More State Staff Will Lead the Way to Greater Efficiency***

In response to the high turnover of case processing staff, DWSS is seeking allocation of more state staff positions in an effort to retain trained and productive employees. The evaluation team reviewed staff information and application processing data for the past five fiscal years to evaluate the importance of employee status on processing performance. For this purpose, all case processing decisions that were finalized during any given week from July 2009 through June 2014 are included in the analysis.

This evaluation builds on a previous analysis performed by Smith & Lehmann in SFY 2010. The 2010 Evaluation concluded that the greatest impact on processing times appeared to be the number of state employees on staff. This current evaluation analyzes the impact of staff status on processing times over the period from July 2009 through the end of SFY 2014. Business processes have changed numerous times between 2009 and 2014 in order to achieve greater efficiency: many of these changes had dramatic impacts on efficiency. Therefore, both year and quarter were included in the analysis to control for the effects of business process changes. Number of state and contract staff per week and total applications processed per week was analyzed. Each state and contract staff person was categorized as “new” if they had less than 6 months of experience in the EAP program, and “experienced” if they had been there more than 6 months.

Linear regression was performed to determine the impact of state and contract employees on the overall number of applications processed per week, controlling for year and quarter (details in Appendix A). Regression results indicate that state employees had a greater positive impact on the processing of applications when compared to contract employees. All results are statistically significant ( $p < .01$ ). As shown in Figure 3, state employees processed nearly double the applications as contract employees. The numbers of applications processed per week are very similar for experienced and new state employees, reflecting the fact that many new state hires are chosen from the ranks of the highest

performing contract employees. Unfortunately, current limitations on state positions for the EAP program mean that high-performing contract employees are currently being hired away by other agencies. This results in EAP needing to hire and train additional contract staff to replace the outgoing experienced contract staff.

The current staffing situation, in which greater than half the staff are contract employees, reduces application processing efficiency, increases application processing times, and increases administrative costs as supervisors must spend the majority of their time training and supervising new contract employees. Given that the productivity of a single state employee exceeds that of two new contract hires, processing time and operating costs would be significantly reduced if more processing staff were hired to state positions. The results of this analysis clearly illustrate the need for more state application processing positions to improve program efficiency and reduce operating costs.

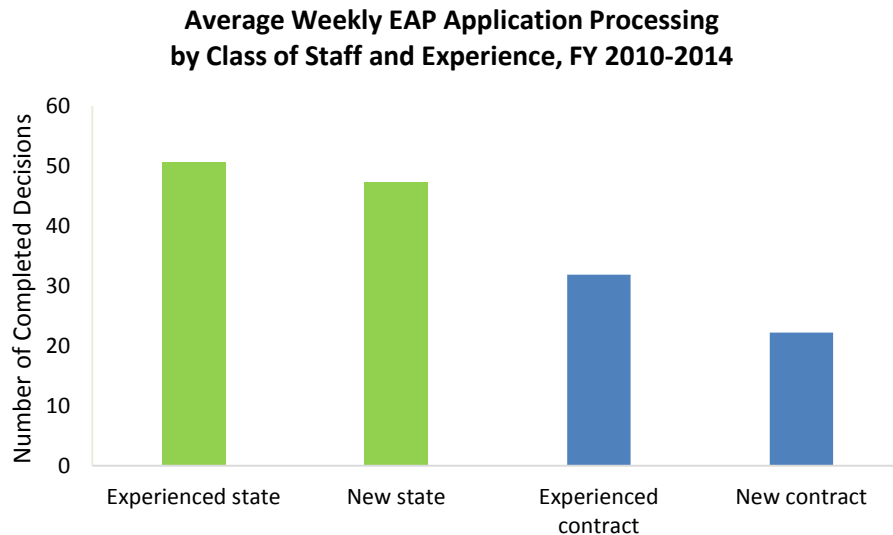


Figure 3. Application Processing Productivity of State and Contract Staff

**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]

There was substantial direct outreach to persons on Social Security through letters mailed to inform them that the income threshold for program eligibility was back to its previous level. Beyond this, the Nevada Energy (NVE) Senior Expo was held in August 2013 where 823 seniors were in attendance and \$173,000 of bill assistance funding was distributed. The event brought forth local television news stations who were conducting interviews with participants.

### **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 2013 programs during SFY 2014 and are currently conducting the SFY 2014 evaluation covering the programs from July 2013 through June 30, 2014.

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

[Reference: 702.260.8(e) Deliverable 3.4.7.4]

All changes are communicated in policy transmittal and manual transmittal letters. Few changes were made to EAP during the fiscal year and were documented through this process. The following policy transmittals were issued in SFY 2014:

- ◆ September 23, 2013. New performance measure data collection and reporting requirements for the Energy Assistance Program effective October 1, 2013. The new requirements included: average reduction in energy burden for households receiving EAP fuel assistance, the percent of unduplicated households where EAP benefits restored home energy, and the percent of unduplicated households where EAP prevented a potential home energy crisis. Two new fields were added into the EAP system to collect this data.
- ◆ April 10, 2014. The time to process and approve applications was changed from 10 business days to 10 calendar days. If the tenth calendar day lands on a holiday or the weekend, the due date should be the next business day. This policy was updated to improve case processing timeframes.

### **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 11, 2014 to review and discuss the Nevada Fund for Energy Assistance and Conservation and Weatherization State Plan. A public hearing was held on June 18, 2014 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.

*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 July 1, 2014 provided the following information:

**Table 7.** SFY 2014 FEAC spending amounts submitted by DWSS to Director of the Legislative Counsel Bureau

	YTD Actual	Work Program <sup>2</sup>	Difference
<b>Total Funding</b>	12,136,661.99	17,200,000.00	-5,063,338.01 <sup>3</sup>
<b>Total Expenditures</b>	10,381,123.69		
<b>Total Encumbrances<sup>4</sup></b>	.00		
<b>Total Pre-encumbrances<sup>5</sup></b>	.00		
<b>Total Obligations</b>	10,381,123.69 <sup>6</sup>	17,200,000.00	6,818,876.31
<b>Realized Funding Available</b>	1,755,538.30		

### 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]

When the final accounting records were produced in August 2014, there was a carryover of 3.7 million to SFY 2015. The carryover included the deposit for the fiscal year end in June, which was received in August. EAP carried over 1.7 million at the end of SFY 2014 into SFY 2015 and PUC deposited an additional 2 million in August. These funds were encumbered for applications carried over from SFY 2014.

<sup>2</sup> Legislatively approved budget amount for the UEC program

<sup>3</sup> Nevada's program was authorized to spend \$5 million more than the FEAC funding for 2013. The last quarter deposit of SFY 2013 was posted to SFY 2014.

<sup>4</sup> 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.

<sup>5</sup> An amount expected to spend, but for which there is no legal obligation to spend

<sup>6</sup> Equal to YTD Spending because there were no encumbrances or pre-encumbrances

## 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 260 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.
- ◆ 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 2014; however, DWSS greatly improved progress toward this goal compared with 2013.
- ◆ 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.
- ◆ DWSS continues to struggle with high turnover among application processing staff. Staff in state positions are far more productive than contract staff, indicating a high need for more state processing positions in the EAP program.

### 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 that current year’s average statewide median. Once this amount is determined, average annual UEC revenues and LIHEAP 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 or carry-over account 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 1: The establishment of a cash carry-over 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.**

**Recommendation 2: Increasing the number of state positions for application processors is necessary to increase EAP’s efficiency and decrease operating costs.**



## 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 SFY 2014 federal LIHEA program funding would be similar to SFY 2013 levels. The EAP eligibility guidelines remained at the same level and will continue to remain for the next program year.

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 average monthly benefit from \$555 in 2012 to \$776 for SFY 2013. These benefit cap tables have remained the same for SFY 2014 with a targeted average monthly benefit of \$776.

### **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. There have been minor changes in reporting in 2014. In this fiscal year, 11 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 2014, a median family of four in Nevada spent 2.23% of their income on energy. The targeted average benefit was \$776 per household. The actual average benefit was \$718 per household in SFY

2014, representing a slight decrease from the actual \$729 average benefit in SFY 2013. 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 increased benefit cap to bring them closer to the program statutory target.

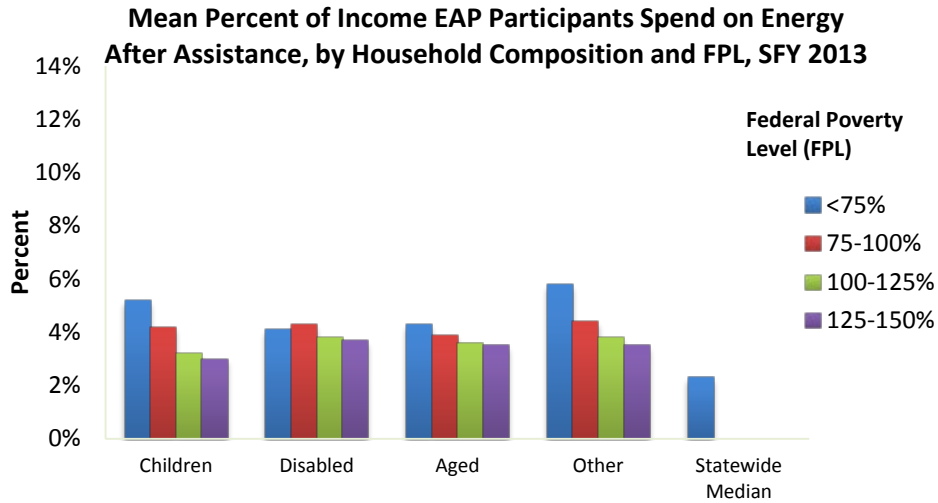
**Table 8.** Percentage of income EAP participants are expected to spend on energy, after assistance, SFY 2014.

<b>Percentage of Income EAP Participants Are Expected to Spend on Energy After Assistance, by Household Composition, SFY 2014<sup>7</sup></b>			
	<b>Average % 2014 FAC Income Expected to be Spent on Energy</b>	<b>Average % 2014 Current Income Expected to be Spent on Energy</b>	<b>Average % 2013 Income Expected to be Spent on Energy</b>
<b>With Children</b>	4.02%	4.83% <sup>8</sup>	6.35%
<b>With Disabled</b>	3.79%	3.91%	4.54%
<b>With Elderly</b>	3.61%	3.72%	4.06%
<b>Non-Vulnerable</b>	5.45%	6.50%	7.80%
<b>Statewide Median</b>	2.23%		

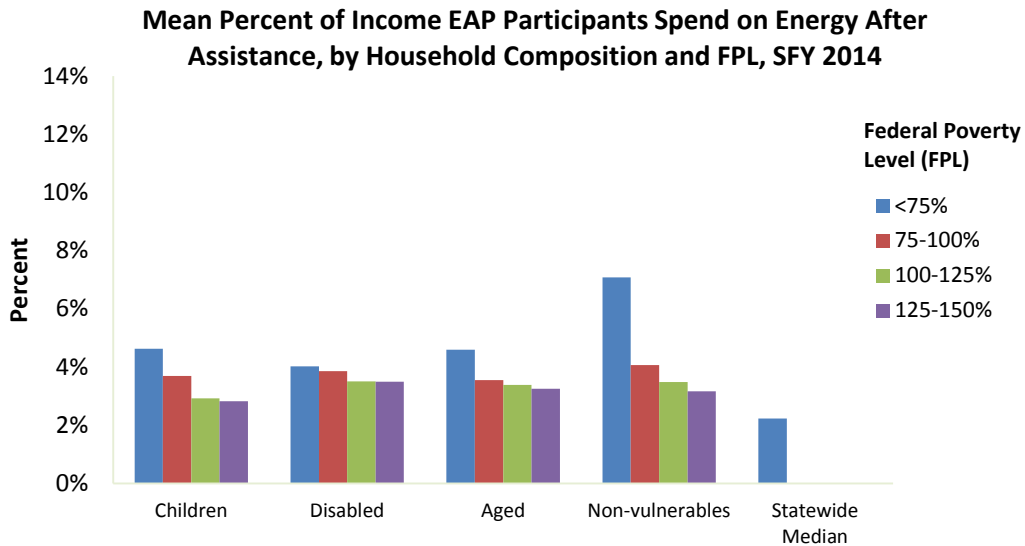
The table above shows a significant reduction in the energy burden for all households, but this reduction is particularly notable for families with young children. Examination of the data by poverty level (Figures 4 and 5) shows similar improvements. In SFY 2014, all households continue to spend less of their incomes on energy, after receiving a benefit. The graph for 2014 indicates a continuing downward trend for households with the greatest poverty compared to 2013. Only the subgrouping of non-vulnerable households below 75% FPL displayed an increase in their energy burden after receiving a benefit.

<sup>7</sup> Percentage of income EAP participants are expected to spend on energy after assistance by household composition SFY 2014. 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.

<sup>8</sup> 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 4.** Mean percent of income EAP participants spend on energy after assistance, by household composition and FPL for SFY 2013.



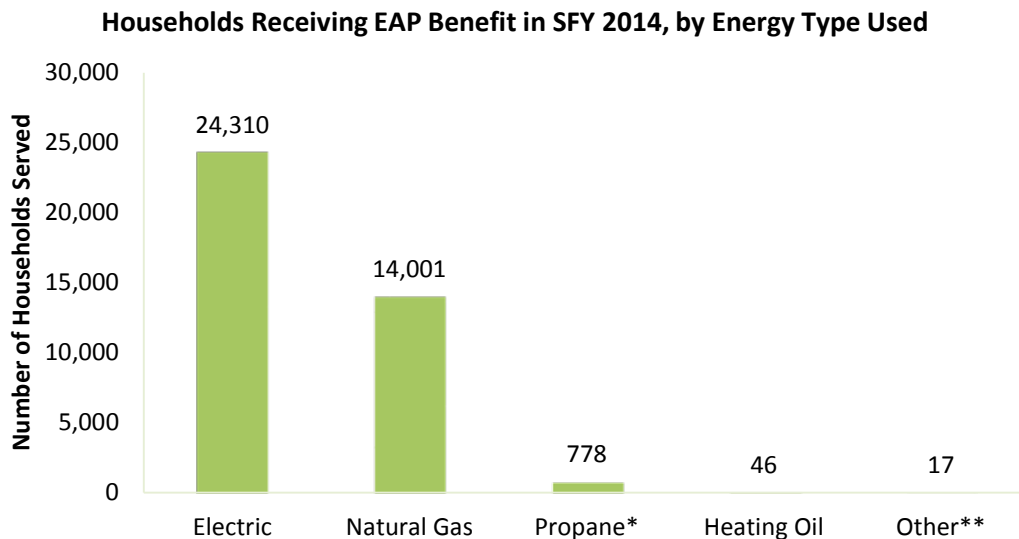
**Figure 5.** Mean percent of income EAP participants spend on energy after assistance, by household composition and FPL for SFY 2014.

[Reference: 702.260.2(a) Deliverable 3.4.2.2]

**Recommendation 3: 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 6.

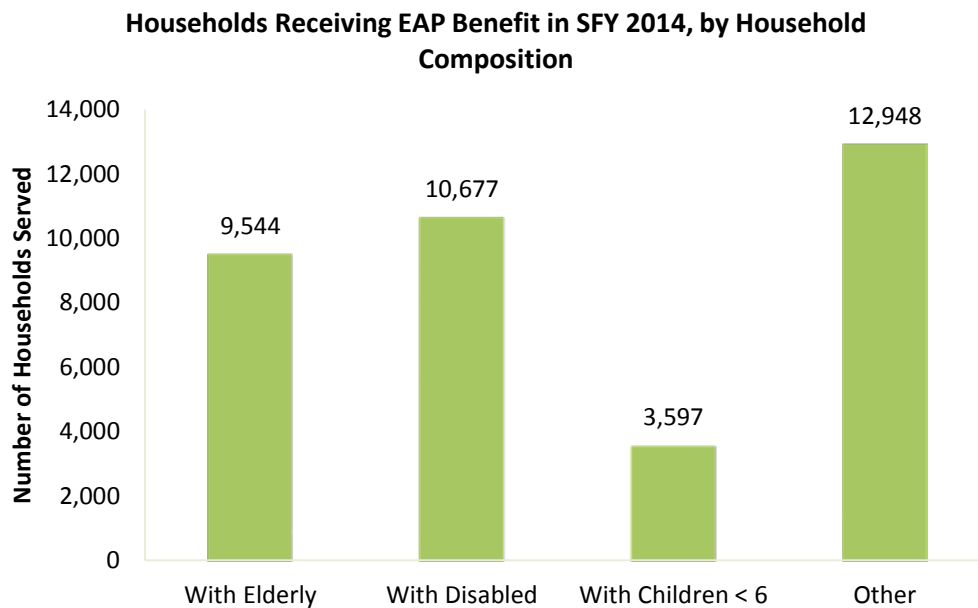


\*This includes 1 household with two propane bills

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

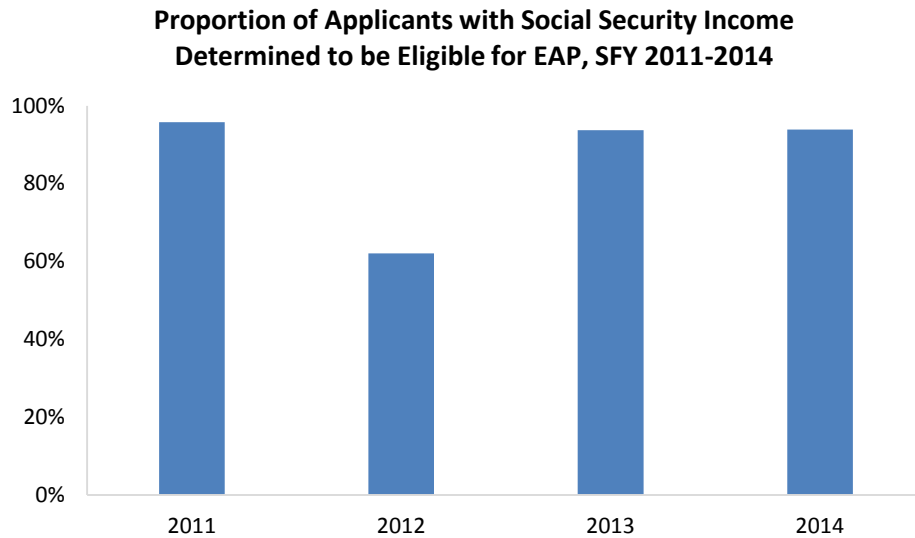
**Figure 6.** Number of households receiving EAP benefit by energy source. The above numbers do not sum to the total number of households served, because some households used more than one energy source.

The federal government classifies households with elderly, disabled, or children under 6 as vulnerable and prioritizes service to these households. DWSS served more such households than other households during SFY 2014 (Figure 7).



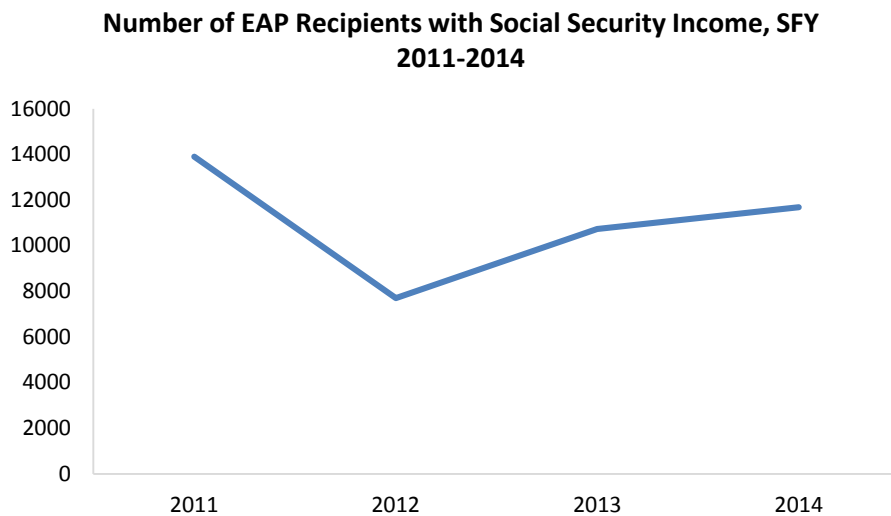
**Figure 7.** Number and percent of EAP households with vulnerable and other members. The above numbers do not add to the total number of beneficiaries since the vulnerable populations are not mutually exclusive, i.e. some of the households may include both elderly and disabled residents, or some other 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 8). 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. The proportion of applicants with social security income in SFY 2014 remained around the same in SFY 2014.



**Figure 8.** Proportion of applicants with Social Security income determined to be eligible for EAP, SFY 2011-14.

As can be seen in Figure 9, the number of EAP recipients with Social Security income declined by nearly half from 2011 to 2012. While there was a slight increase in households on Social Security who received benefits in SFY 2014 as compared with 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 9.** Number of EAP recipients with Social Security income, SFY 2011-14.

## 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 24,333 households assistance with their heating and cooling costs during FY 2014. The average benefit per household during this year was \$677 if the arrearage average is not included, and \$718<sup>9</sup> if included.

DWSS's application processing decreased in efficiency this year, returning to SFY 2012 levels as the economy slowly improved and there was again significant turnover in the Las Vegas office. 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 2.23% 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.

## RECOMMENDATIONS

1. The establishment of a cash reserves or carry-over 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.
2. The evaluation team recommends DWSS increase the number of state positions for application processors to increase EAP's efficiency, reduce turnover, and decrease operating costs.
3. 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.
4. DWSS should increase outreach efforts to seniors and other vulnerable populations.

**Finding 1: The evaluation team finds DWSS fully compliant with the requirements of NRS**

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<sup>9</sup> Source: EAP Management Monitoring Summary July 2014

## WAP OVERVIEW

### Overview of SFY 2014

This evaluation covers the Universal Energy Charge/Fund for Energy Assistance and Conservation (FEAC) Weatherization Assistance Program administered by the Nevada Housing Division (NHD) for State Fiscal Year (SFY) 2014. Nevada SFY 2014 began July 1, 2013 and ended June 30, 2014. Field reporting for SFY 2014 was completed by the end of July 2014 and production performance data was completed by August 6<sup>th</sup>. Financial reporting was completed in August. The basic performance requirements for this program are codified in Nevada Revised Statutes (NRS) 702.

For SFY 2014, the primary program activities and major contextual factors affecting the UEC Weatherization Assistance Program include:

**Planning** – As is required each year, during SFY 2013 and in order to prepare for SFY 2014, the NHD 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 2014 Nevada Fund for Energy Assistance and Conservation State Plan required by NRS 702.280. The second is the 2014 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.<sup>10</sup>

In 2014, NHD also developed priority lists for measure installation for both Northern and Southern Nevada.<sup>11</sup>

**Program Implementation** – The revised Business Process developed in the later part of SFY 2012 continued in place through SFY 2014. The Business Process is summarized in Figure 10. The Nevada Universal Energy Charge/Fund for Energy Assistance and Conservation, the US Department of Energy, the US Department of Health and Human Services Low-Income Home Energy Assistance Program and Southwest Gas provided primary funding Weatherization Assistance Program effort for SFY 2014.

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<sup>10</sup> Additionally, during SFY 2014 NHD and DWSS developed the plans required for 2015. The state plan follows the state fiscal year which ends each June 30<sup>th</sup>; the plan for the LIHEA Program follows the federal fiscal year that ends each September 30<sup>th</sup>.

<sup>11</sup> There are separate priority installation lists for the USDOE Weatherization Assistance Program and for the Universal Energy Charge/Fund for Energy Assistance and Conservation Weatherization Assistance Program.

## WEATHERIZATION ASSISTANCE PROGRAM Nevada Housing Division BUSINESS PROCESS

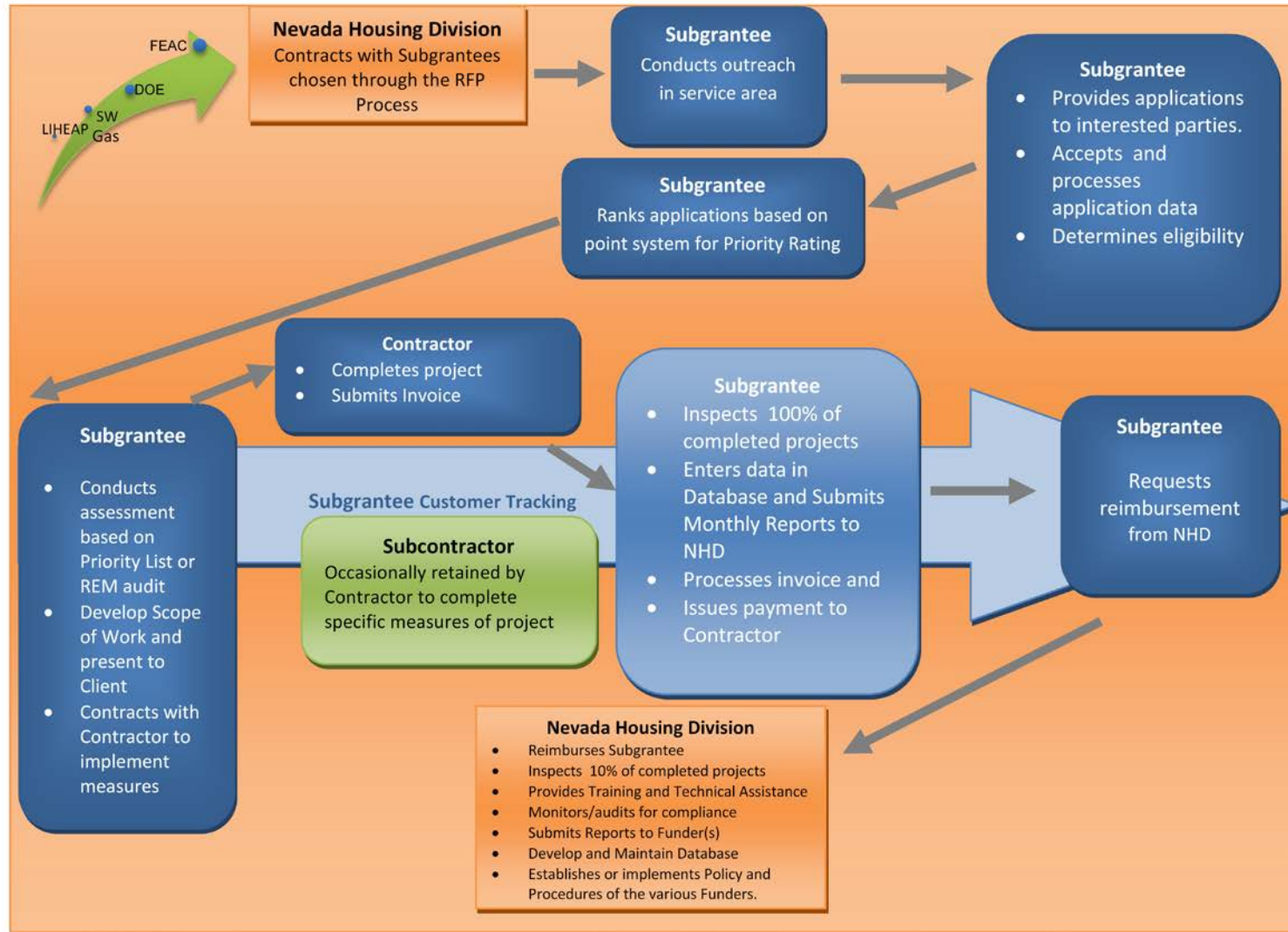


Figure 10. Business Process of Nevada Housing Division's Weatherization Assistance Program.



**Planning Targets and Accomplishments** - For SFY 2014, NHD received UEC/FEAC funds for the UEC Weatherization Assistance Program in the amount of \$2,828,718 and there was a \$278,944 NHD reserve for the program plus \$71,618 carryover at two subgrantee agencies for a working budget of \$3,179,280.<sup>12</sup> Of this, \$2,861,291 was expended by the six subgrantee agencies and \$264,073 by NHD, leaving a balance of \$53,916 to be carried over at the end of the Program Year. A total of 549 households were completed on time and within budget. All SFY 2014 weatherization was complete as of June 30, 2014.

**Need vs. Funding Constraints** - DOE funding 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 Universal Energy Charge/Fund for Energy Conservation and Assistance Weatherization Assistance Program will be challenged to provide service to Nevadans under the funding level available. And, as outlined below, actual need exceeds the funding level of the program.

**Changes in the Rate of Poverty** – After a substantial increase over several years that has created a service gap, poverty *decreased slightly* from 2012 to 2013. For the US as a whole, the decrease was from 15.9% to 15.8%. For Nevada, the decrease was from 16.4% to 15.8%. The fluctuating graphs of percentage of individuals living in poverty are shown in the figure below for the US and for Nevada.<sup>13</sup>

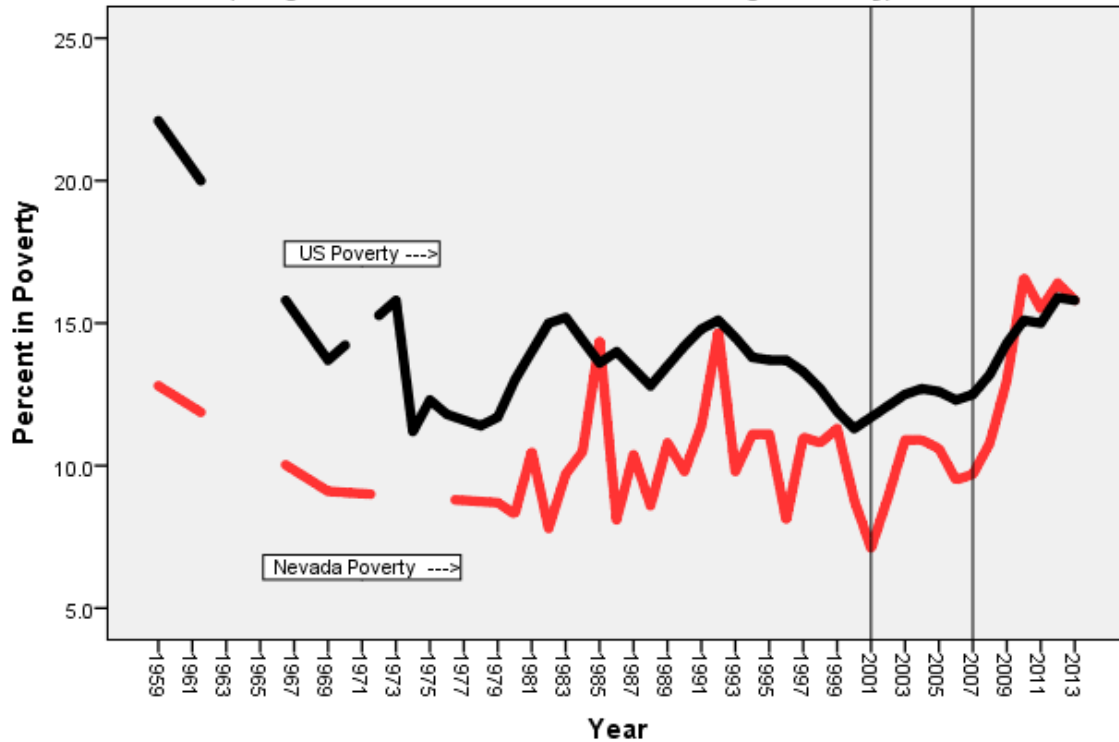
Since 1959 Nevada has *almost always* had a much lower poverty rate than the US as a whole. However, in the economic recession of the early 2000's (sometimes referred to as the "dotcom bubble" – see the vertical reference line for the year 2001) and in the Great Recession of 2007 (sometimes referred to as the "derivatives bubble" or the "housing bubble" – see the vertical reference line for the year 2007) the rate of poverty in Nevada has increased and was briefly above the national rate of poverty. *Nevada's rate of official poverty is now equal to the rate of official poverty in US as a whole* (15.8 for 2013, the latest full year for which information is available).

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<sup>12</sup> Source: NHD spreadsheet, Combined 2014 Expenditures.

<sup>13</sup> For 1959 and 1969, the information used in the figure is from Poverty in the United States: 2000, Appendix Table A-1 and from US Census Bureau Table CPH-L-162, Persons by Poverty Status by State. The data from that point through 2011 is from the US Bureau of the Census, Current Population Survey, Annual Social and Economic Supplement, Table 5, Percent of People by Ratio of Income to Poverty Level: 1970 to 2011 and Table 21: Number of Poor and Poverty Rate by State: 1980 to 2011. The data source for 2012 and 2013 is Poverty 2012 and 2013, American Community Survey Briefs by Alemayehu Bishaw and Kayla Fontenot, US Department of Commerce, Economics and Statistics Administration, US Census Bureau, September 2014.

**Percentage of Nevada and US Poverty (1959 - 2013)**  
 (Using Federal Definition of Individuals Living in Poverty)



Source: US Bureau of the Census data.

**Figure 11.** Percentage of Nevada and US population in poverty, 1959-2011.

**Finding 2: The Great Recession and extended weak economic recovery has increased the rate of poverty and need for services; however there is some indication that poverty has started to decrease. This still leaves a substantial service gap.**

The import of this pattern in the rate of poverty is that the need for services has substantially increased in Nevada since 2001, due most recently to the extended impacts of the Great Recession. However, there is some recent indication that poverty has started to decrease. This still leaves a substantial service gap.

## Needs Analysis

**Income Insufficiency and Multiples of the Federal Poverty Level** - Though the Federal Poverty Level (FPL) is used in the figure above, the level of actual need is higher than the level of need indicated by the FPL.<sup>14</sup> For this reason, federal and state programs seldom use the FPL directly as a program eligibility criterion. However, since FPL data is maintained by the federal government, for ease of administration programs use a *multiple* of the FPL as a program eligibility criterion. This provides a rough correction and partially makes up for the 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 Universal Energy Charge/Fund for Energy Assistance and Conservation 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 for the federal Weatherization Assistance Program. Most states use either 60% of state median household income or 200% of poverty. Nevada uses 200% of the FPL for the federal program.
- ◆ In Nevada, the Nevada Universal Energy Charge/Fund for Energy Assistance and Conservation Weatherization Assistance Program eligibility criterion is set at 150% of the FPL (as required by NRS 702.270.3).

Using a multiple of the FPL provides a very useful correction factor for setting program eligibility. However, a much more exact way to estimate income insufficiency (and so indicate need for service from the program) is to use the *family budget method* rather than the *poverty multiple method* and

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<sup>14</sup> 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 what people ordinarily experience. Each quantitatively underestimates economic hardship as experienced. The size of the gaps between the indicators and reality as experienced 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 family budget study with the results of the later family budget study. This kind of comparison demonstrates that the CPI-U captures a part of inflation as actually experienced by households and can be useful for very short-term comparisons, but over time the drift of the CPI-U from reality becomes a serious problem. 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 that the correction for CPI is somewhat overstated.

allow eligibility to vary by county. The family budget method is a traditional method that has been used by social workers and community workers since at least the early 1900's. As has been demonstrated in all recent studies using the family budget method, today tangible need often runs considerably above 150% of the FPL. The "self-sufficiency standard" (a particular form of the family budget method, sometimes also identified as a "living wage" standard) 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 without special (for example, medical) problems.

Strengths of this family budget method/self-sufficiency standard approach over the simple FPL multiple method are that it captures:

- ◆ Cost of transportation to work
- ◆ Cost of child care when needed to permit a parent to work.

Weaknesses of the self-sufficiency standard (or living wage) are that it does not include:

- ◆ Provision for retirement
- ◆ College for children
- ◆ Resources children need to participate in many normal school activities in grade school and high school (most of these costs have, in recent decades, been isolated by the schools and are transferred as direct "add-on" costs to families – in other words, if families do not pay these additional costs, their children may attend school but may not participate in the normal life and activities of other children whose parents can pay these additional fees)
- ◆ Special medical problems
- ◆ Meals outside the home
- ◆ Recreation

So, while not fully inclusive, in that it does not fully provide for normal participation in society, the self-sufficiency standard or living wage is much better in assessing income insufficiency than a fixed multiple of the FPL.

This contrast is shown in Table 9. This table provides estimates of what an individual must earn to support their family, on a (lean) living wage 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 updated for 2012 by Dr. Amy K. Glasmeier at Pennsylvania State University. Glasmeier expresses the result in the form of an hourly pay rate, which has here been converted to an annual income level.<sup>15</sup>

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<sup>15</sup> Glasmeier's results have been converted to 2014 dollars for this report, using the Bureau of Labor Statistics CPI calculator ([http://www.bls.gov/data/inflation\\_calculator.htm](http://www.bls.gov/data/inflation_calculator.htm)). We refer to this as a lean living wage since though it covers an adequate family budget for everyday expenses it does not cover the costs listed above as weaknesses of this method (above).

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

<b>(Lean) Living Wage expressed in Dollars and as a Percentage of Federal Poverty Level (2014 Annual Income)</b>					
<b>Place</b>	<b>1 Adult</b>	<b>1 Adult, 1 Child</b>	<b>2 Adults</b>	<b>2 Adults, 1 Child</b>	<b>2 Adults, 2 Children</b>
<b>2014 Dollars</b>					
<b>Washoe</b>	\$19,707	\$44,108	\$30,869	\$38,721	\$41,577
<b>Clark County</b>	\$20,832	\$44,713	\$32,037	\$39,327	\$42,182
<b>Carson City</b>	\$18,712	\$42,377	\$29,766	\$36,969	\$39,846
<b>Elko</b>	\$18,430	\$41,598	\$28,338	\$36,190	\$39,067
<b>Nye</b>	\$16,354	\$39,630	\$28,273	\$34,200	\$37,099
<b>2014 FPL</b>	\$11,670	\$15,730	\$15,730	\$19,790	\$23,850
<b>Percentage of Official Poverty (Adjusted for Household Size)</b>					
<b>Washoe</b>	169%	280%	196%	196%	174%
<b>Clark County</b>	179%	284%	204%	199%	177%
<b>Carson City</b>	160%	269%	189%	187%	167%
<b>Elko</b>	158%	264%	180%	183%	164%
<b>Nye</b>	140%	252%	180%	173%	156%
<b>Poverty Level</b>	100%	100%	100%	100%	100%
Note: Depending on family size (for example, more children) the percentage of Federal Poverty Level can easily be over 350%.					

Note in the table above that the lean living wage for different family structures and sizes is *almost always above 150% of the FPL*. Also, it varies meaningfully by county. In Table 9, we multiply the table values of Glasmeier’s hourly living wage by work hours per year (2080) and then by 1.04, the change in the value the US Dollar from 2012 to 2014<sup>16</sup>; then divide by the 2014 Federal Poverty Level as adjusted for household size.<sup>17</sup> The 2014 Federal Poverty Level by household size used in this calculation. Unlike the FPL, the results express much more closely the actual immediate needs of families of different sizes and structures.<sup>18</sup>

<sup>16</sup> One dollar in 2012 is officially equal to \$1.04 in 2014 according to the US Bureau of Labor Statistics CPI Calculator, consulted October 4, 2014. Although the CPI adjustment understates need, it does work for short time differences and we use it here to provide a conservative analysis. See:

[http://www.bls.gov/data/inflation\\_calculator.htm/](http://www.bls.gov/data/inflation_calculator.htm/). The alternate (Shadowstats) calculator is at: [http://www.shadowstats.com/inflation\\_calculator](http://www.shadowstats.com/inflation_calculator).

<sup>17</sup> 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](http://www.virtualcap.org/downloads/US/US_Living_Wage_NCCP_Measuring_Poverty_in_the_US.pdf).

<sup>18</sup> 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 as part of a normal way of life (see list of weaknesses above).

As is shown in Table 9, family budgets for the same minimal level of living (self-sufficiency standard) vary 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. It is not sensitive to this place/county variation.

Table 10. 2014 Poverty Guidelines.

2014 Poverty Guidelines for the 48 contiguous states and the District of Columbia	
Persons in family/household	Poverty level (\$)
1	\$11,670
2	\$15,730
3	\$19,790
4	\$23,850
5	\$27,910
6	\$31,970
7	\$36,030
8	\$40,090
For families/households with more than 8 persons, add \$4,060 for each additional person.	

As opposed to a fixed statewide multiple of the FPL, the family budget method provides a better 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).<sup>19</sup>

Similar calculations to those reported in Table 9 have been performed by Fang Lin at University of 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.<sup>20</sup> Using the Bureau of Labor Statistics Inflation Calculator in October 2014,<sup>21</sup> the multiplier is 1.10 for equivalent incomes are \$49,116 and \$51,089 for 2014. If we convert these incomes to FPL equivalents using the 2014 percentage guidelines for a similarly-sized family, the results are 206% and 214%.

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.<sup>22</sup> Updating this budget with the Bureau of Labor Statistics Inflation Calculator in October 2014 (a multiplier of 1.32) yields an equivalent value of \$51,682 in 2014 or 261% of the 2014 FPL adjusted for household size. For a family of one adult, one preschool age child and one school age

<sup>19</sup> 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 to be apportioned throughout our economic system, though this rationing is not acknowledged by its true name in most conventional economic analysis.

<sup>20</sup> 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.

<sup>21</sup> See the Bureau of Labor Statistics website ([http://www.bls.gov/data/inflation\\_calculator.htm/](http://www.bls.gov/data/inflation_calculator.htm/)).

<sup>22</sup> Pierce, Diana & Jennifer Brooks, *The Self-Sufficiency Standard for Nevada*, prepared for the Progressive Leadership Alliance of Nevada. Seattle: University of Washington.

child in 2002, the budget calculated by Pierce and Brooks was \$32,621. This is equivalent to \$43,060 in 2014 or 218% of the FPL as adjusted for household size. 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 \$38,100 in 2014 as assessed using the BLS calculator in October of 2014, or 242% of the 2014 FPL as adjusted for household size.

While estimates of actual need based on Glasmeier, Lin and Pierce & Brooks differ somewhat, they all indicate that program eligibility should be in the range of 200% -280% of poverty. Calculations for different sizes and compositions of households lead to results above this range. Taken together, the analysis of the family budget method leads to a recommendation: The basis for determination of eligibility should be the family budget method. If necessary for ease of administration, administration of eligibility could be moved to a higher multiple of the FPL. As shown in Table 9, a reasonably conservative multiple would be 250%.

**Recommendation 5: 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.**

**Temporary emergencies for other households** - There are also households at middle income levels and occasionally at upper income levels 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. While middle and upper income households typically have the resources to recover from these situations, some do not. A list might include:

- ◆ Injury or illness
- ◆ High medical bills
- ◆ Medically related usage
- ◆ Death in the family
- ◆ Sudden loss of employment and household income
- ◆ Disabled persons
- ◆ Aging out; a household that has become infirm elderly

These kinds of emergencies for middle-income households are not fully recognized within the current scope of NRS 702, due to the income eligibility cap (although some flexibility for emergency situations within the income cap has been included). The program concept could be extended to a temporary and situational insurance concept for all households that pay into the Universal Energy Charge.<sup>23</sup> 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

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<sup>23</sup> 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.

for inclusion of all in temporary economic difficulties by removing the income limit for a set of emergency situations and provide additional discretion to the program administrator.<sup>24</sup>

**Recommendation 6: Seek an amendment to NRS 702 to broaden the emergency provisions for inclusion of all households in temporary economic difficulties.**

**Other Factors** - Other factors in the general socioeconomic context that influence need for services include:

- ◆ 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”<sup>25</sup>
- ◆ Though the “Great Recession” is officially over and the situation is improving, there is a substantial shortage of jobs. Nationally, there were about 2.1 unemployed people for every job opening in July 2014, according to the Bureau of Labor Statistics, down from about three the year before.<sup>26</sup>
- ◆ The Nevada unemployment rate is slowly improving (see Figure 12).<sup>27</sup>

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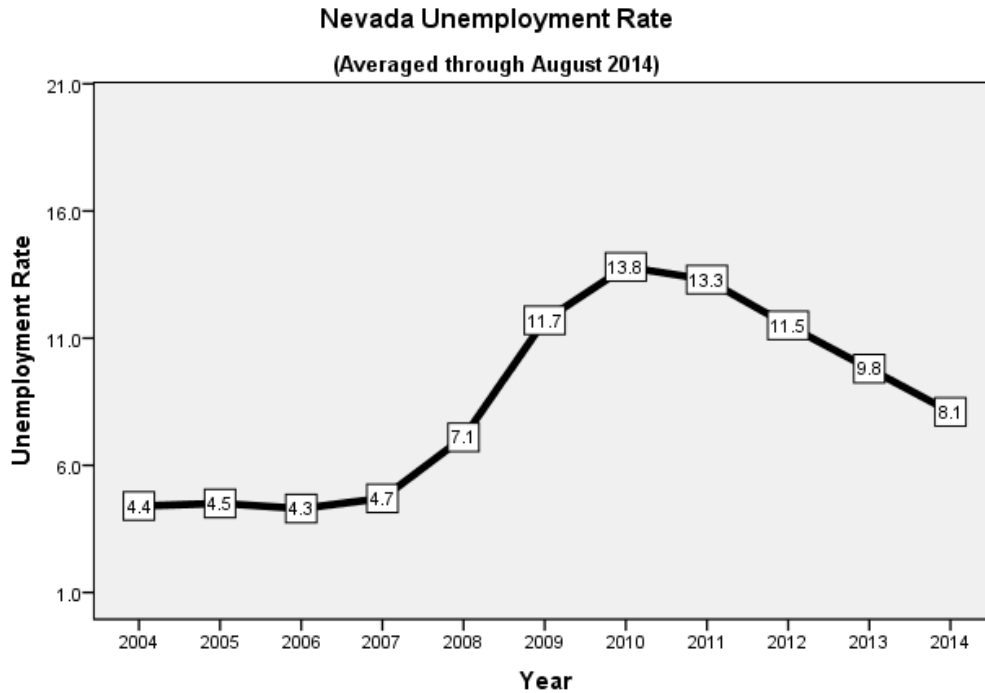
<sup>24</sup> The program would remain primarily a low-income program but, through inclusion would also become a general residential program.

<sup>25</sup> 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.

<sup>26</sup> US Bureau of Labor Statistics, Unemployed Job Seekers per Opening (JOLTS data). See <http://www.labor.ny.gov/stats/job-seekers-per-opening.shtm>.

<sup>27</sup> Graphed rates are averaged from monthly rates provided by the Bureau of Labor Statistics (see data file at [http://data.bls.gov/timeseries/LASST320000000000003?data\\_tool=XGtable](http://data.bls.gov/timeseries/LASST320000000000003?data_tool=XGtable)). As a rule of thumb taught in grad school economics, to convert the usual federal report 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 from one to three percent.” So, actual unemployment is running at about 17% in Nevada, down from a peak of about 30% in 2010. 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” rather than as unemployed (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 at an abstract level when it is repeated constantly. Also, in common talk, we make a distinction between a “job” (underemployment, piecing together pieces of part-time work such as two or more underpaid and under resourced 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 these realities into account. However, they are still useful as general indicators of direction of change.





Source: Bureau of Labor Statistics Monthly Values Averaged

**Figure 12.** Average Nevada unemployment rate, 2004-2014.

Household eligibility for both Energy Assistance and Weatherization Assistance is set at 150% of poverty by NRS 702. There were approximately 227,857 eligible households in Nevada (households at or below 150% of the FPL) in 2012.<sup>28</sup> We estimate 257,478 eligible households in 2014 or approaching thirty percent (30%) of Nevada households.<sup>29</sup> This further documents that at the current yearly funding levels need exceeds ability to serve.<sup>30</sup>

<sup>28</sup> 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).

<sup>29</sup> Using the BLS Current Population Survey Table Creator (<http://www.census.gov/cps/data/cpstablecreator.html>) to count all individuals below 150% of poverty, the increase in eligible individuals from 2012 to 2013 was about thirteen percent (13%). A ratio of 1.13 was applied to the 2012 family estimate to arrive at 257,478 eligible households for 2013 and this is reported in the text above for 2014 since it is the most recent estimate for which data is available.

<sup>30</sup> 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, while other homes disappear from the housing stock 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.

## THE PROGRAM LOGIC OF THE WAP

The program logic of the Universal Energy Charge/Fund for Energy Assistance and Conservation Weatherization Assistance Program is shown in terms of resource inputs and program goals in Figure 13.

The resources are all of the resources that are drawn upon by the program. In addition to UEC/FEAC funding, for SFY 2014 the program leveraged federal DOE funding. Support is also provided from the Nevada Housing Trust Fund, LIHEA and by the Southwest Gas Corporation which coordinates its low-income Demand-Side Management program with the NHD program effort.

As shown in the logic diagram, the direct resources used to carry out the principal activities for SFY 2014 were the NHD; 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 low-income homes, improvement in health and safety condition of homes, reduced illnesses, and in some cases, saved lives. The program also provides community education and contractor training.

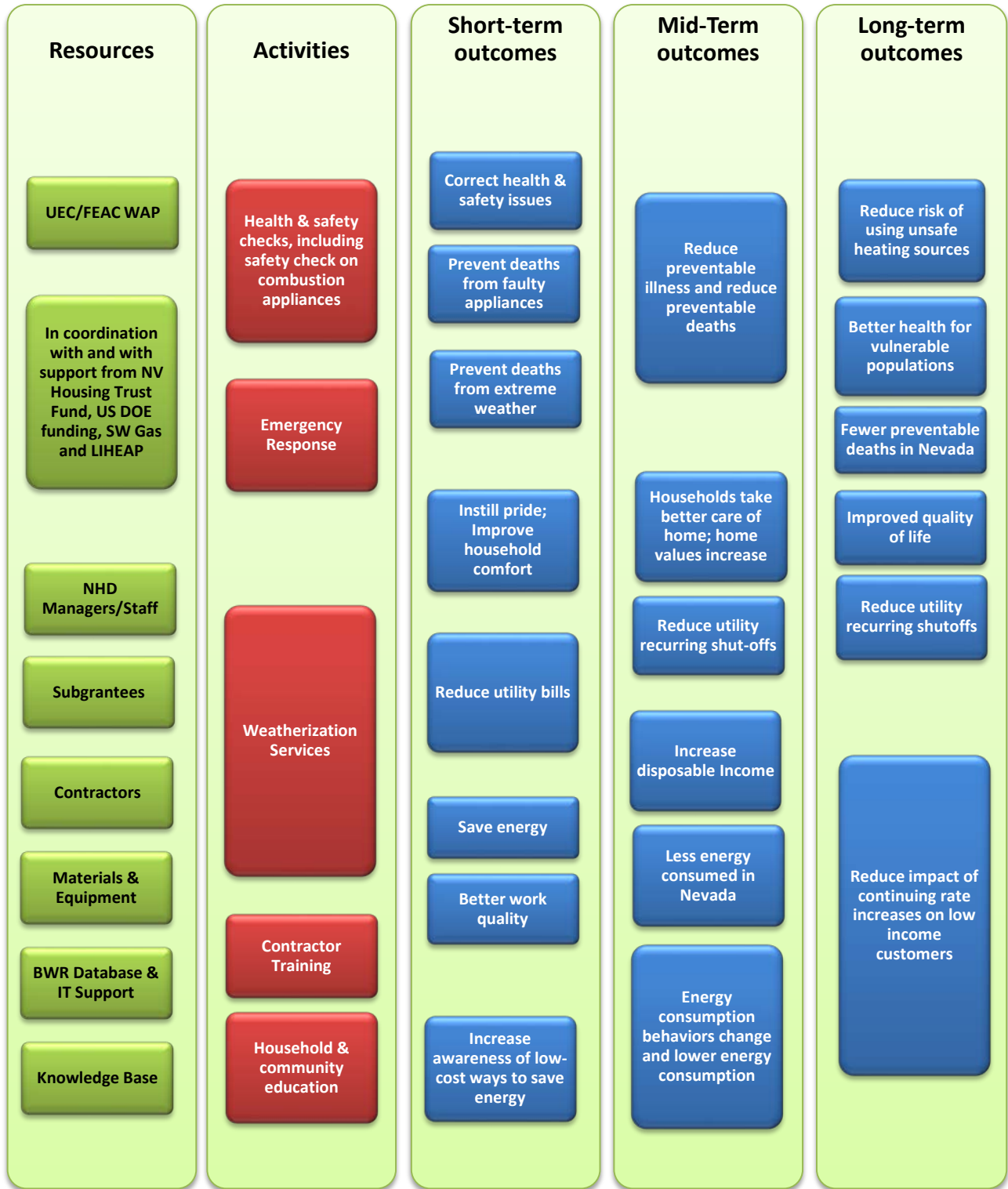


Figure 13. Logic diagram for UEC/FEAC WAP

## **WAP PROGRAM COMPLIANCE WITH LEGISLATIVE REQUIREMENTS (NRS 702)**

This section of the study is focused on direct answers to specific legislative questions.

### **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 \$164,181, or 5.2% of the total FEAC funds used for Program Year 2014 (\$3,125,364).

### **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]

Yes, 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 this 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, consumer outreach was conducted by NHD and its six (6) subgrantee agencies. NHD and its subgrantees responded to phone calls referred by NV Energy, Southwest Gas bill inserts and NHD and subgrantees' websites. NHD or its subgrantee also participated in NV Energy's Senior Energy Assistance Expositions (one in southern Nevada and one in northern Nevada). Subgrantees also provided outreach at local social service offices, senior centers, through radio and television interviews, newspaper ads, community meetings, energy savings events, poster with tear tabs, and distributed of brochures, 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. Outreach through the subgrantees was verified through Monitoring Review by NHD Weatherization Assistance Program staff.

## **2.5. Did NHD pay for program design?**

[Reference: NRS 702.270.2; Deliverable 3.5.2.3]

No. Primary program design for UEC/FEAC WAP was accomplished by NHD in 2002-2003 and updates were carried out in other years. During SFY 2014 there were no major program design activities. However, there were ongoing discussions of possible program coordination with Nevada Energy.

## **2.6. Did NHD pay for annual program evaluation?**

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

Yes. In SFY 2014, NHD paid its prorated share of the cost for the SFY 2013 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]

No, this year, emergency assistance was not provided for buildings with 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 2014, 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(a) and (b); Deliverable 3.5.4.1]

Yes. Emergency assistance to health/safety threatened households was provided to twenty-six households that experienced an emergency because of a failure of a component or system of their occupied dwelling. Three of the six agencies did not provide emergency services (CSA, NRHA and RNDC).

**HELP**

<b>Project Number</b> (Household)	<b>Emergency Service</b> (Kind of service provided)	<b>Specific Equipment Failure</b> (Type: Structural, Mechanical or its components, Component System, brief description of repair or replacement)	<b>Resolution</b> (Describe the results: Heat, AC, improved ventilation, etc.)
F23799	No AC	34 year old unit-not repairable	New 3.5 ton gas pack unit, thermostat, roof stand, new condenser drain, whip , new fused disconnect
F23922	No AC	Compressor is dead-15 years old	Install Revolve/evcon condenser-3 ton model with matching coil
F23891	No AC	Unsafe furnace, coil fins bent, bad condenser, bad bearings	80 AFUE down flow gas furnance, fluent, condensing pad and fan motor, run capacitor repair leak in line set
F23968	No AC	Blower motor bearings bad, compressor values bad, king values leaking and coil rusted	New Compressor, condenser fan motor, new contactor, freon
F23918	No AC	Bad run cap, condenser fan motor bearing bad	Install run capacitor, condenser fan motor, coil cleaning
F23966	No AC	System in op-reversing valve has gone bad and is leaking refrigerant	Install new reversing valve, charge system
F23865	No AC	System in op	Install 4 ton heat pump split system-reseal seams and joints
F24208	No Heat	Heat in op	Install new inducer motor
F24251	No Heat	Furnace in bad shape due to age, AC also not working	AC split system with gas furnance, new return grill in door
F24355	No Heat	No-op-burners, rusted heat exchanger cracked, ac condenser stolen	4 ton AC split system, new return, fireproofing in closet

**Urban League**

<b>Project Number</b>	<b>Emergency Service</b>	<b>Specific Equipment Failure</b>	<b>Resolution</b>
F14000	AC unit stopped	Condenser non-operational	Replace split system and replace condenser
F14001	AC unit stopped	Blower motor and condenser seized up and coils dirty	Replace blower motor and clean coils
F14002	AC unit stopped	Burner assembly, pressure switch damage, control board shorted. Evap coil rotted	Replace with 4 ton gas package
F14005	AC unit stopped	Aged equipment no parts available	Install new 2.5 ton gas package unit completion
F14006	AC unit stopped	Compressor and fan motor weak. Low RLA and FLA	Replace A/C condenser and coil.
F14010	AC unit stopped	A/C condenser has a dead compressor, upper case coil plugged	Replace A/C condenser with cased coil and clean primary drain
F14011	AC unit stopped	1991 Air handler motor and condenser dead	Install 4 ton package unit
F14015	AC unit blowing hot air	1979 7 Seer unit aged unable to get parts	Install 4 ton package unit
F14016	AC unit stopped	1980 AC inoperable. Parts stripped	Install 5 ton split system and central return
14020	AC unit stopped	15 year unit condenser seized up	Replace existing A/C condensing unit with new 3.5 ton and matching attic coil, remove two duck supplies to garage to supply plenum
14021	AC unit stopped	AC tripping main breaker, condenser fan motor drawing high amps.	Install new condenser fan motor with run capacitor. Clean indoor and outdoor coil. Charge system to factory specification.
14029	AC unit stopped	Aged equipment no parts available	Install 4 ton package unit

**Neighborhood Services**

<b>Project Number</b> (Household)	<b>Emergency Service</b> (Kind of service provided)	<b>Specific Equipment Failure</b> (Type: Structural, Mechanical or its components, Component System, brief description of repair or replacement)	<b>Resolution</b> (Describe the results: Heat, AC, improved ventilation, etc.)
WAP 07-13-02	HVAC Repair	HVAC was in operable	The HVAC was repaired.
WAP 07-13-03	HVAC Replacement	HVAC was in operable	The HVAC was replaced.
WAP 07-13-04	HVAC Replacement	HVAC was in operable	The HVAC was replaced.
WAP 10-13-06	HVAC Replacement	HVAC was in operable	The HVAC was replaced.

**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]

No. 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.

**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 diagram.

**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]

Yes. NHD coordinated with appropriate federal, state and local agencies.

**Federal coordination:** During SFY 2014, 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 DOE programs. Coordination at the



federal, state and local agency levels 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 through its subgrantees 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.<sup>31</sup> 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 2014 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

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<sup>31</sup> 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.

to improve, there was not a need for any major support of training and there will not be a need for another major focus on training until there is a sufficient need for new trainees.

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

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

For the SFY 2014 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 2014, 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 2014, these meetings included workshops directed by the Public Utility Commission of Nevada (PUCN) in which both NHD and DWSS participated.

Further, an annual evaluation for SFY 2014 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 2014 and the companion State of Nevada LIHEAP State Plan for 2014. The LIHEAP program year is the same as the federal program year, beginning on October 1 each year and ending on the 30<sup>th</sup> of the following September.

## ASSESSMENT OF WAP PROGRAM EFFECTIVENESS

In SFY 2014, Nevada Housing Division subgrantees weatherized 549 homes (Table 11), exceeding the goal of 528 homes at 104% overall (Table 12). The energy savings target for SFY 2014 was an average of 20% per home weatherized, assuming an average consumption of about 511 therms and 9,576 kWh per home.<sup>32</sup>

**Table 11.** Work Completed by each WAP subgrantee (SFY 2014).

Work Completed by each WAP Subgrantee Agency		
Agency	Number of Homes	Percent of Homes*
CSA	90	16.4%
HELP	235	42.8%
Neighborhood Services	43	7.8%
NRHA	49	8.9%
RNDC	16	2.9%
Urban League	116	21.1%
<b>TOTAL</b>	<b>549</b>	<b>100.0%</b>

\*Percentage total not exact due to rounding.

**Table 12.** Work completed vs. performance goal by subgrantee (SFY 2014).

Work Completed vs. Performance Goal by each WAP Subgrantee Agency			
Agency	Planned	Homes Completed	% of Agency Goal
CSA	89	90	101%
HELP	238	235	99%
Neighborhood Services	42	43	102%
NRHA	31	49	159%
RNDC	22	16	73%
Urban League	106	116	109%
<b>TOTAL</b>	<b>528</b>	<b>549</b>	<b>104%</b>

Of the 549 homes completed during SFY 2014, services to special needs households are as shown in Table 13.<sup>33</sup>

<sup>32</sup> From the BWR Database. 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.

<sup>33</sup> A household may have more than one special needs classification.

**Table 13.** Services to Special Needs Households (SFY 2014).

Services to Special Needs Households		
Special Need	Households	% of Households*
Elderly over 60	259	47.2%
Persons w/ disabilities	228	41.5%
Children under 6	82	14.9%
Native American	24	4.4%
High Energy	152	27.7%

\*Percentages sum to over 100% due to category overlaps.

Homes completed by county are shown in Table 14. These completions approximately follow the population sizes of Nevada counties.

**Table 14.** Homes by County (SFY 2014).

Homes Completed by County		
County	Percent*	Number
Clark	71.8%	394
Washoe	16.4%	90
Lyon	5.8%	32
Carson City	1.5%	8
Douglas	0.9%	5
Churchill	1.5%	8
Elko	0.7%	4
Mineral	0.4%	2
Humboldt	0.2%	1
Storey	0.7%	4
Pershing	0.2%	1
<b>TOTAL</b>	<b>100.0%</b>	<b>549</b>

\*Percentage total not exact due to rounding.

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).

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 2014.

<b>Housing Type &amp; Primary Heating Fuel</b>					
<b>Housing Type</b>	<b>Natural Gas</b>	<b>Electric</b>	<b>Propane</b>	<b>TOTAL</b>	<b>PERCENT*</b>
<b>Single family</b>	213	73	5	<b>291</b>	<b>53.0%</b>
<b>2-4 family</b>	19	14	0	<b>33</b>	<b>6.0%</b>
<b>5+ family</b>	1	47	0	<b>48</b>	<b>8.7%</b>
<b>Mobile home</b>	155	9	13	<b>177</b>	<b>32.2%</b>
<b>TOTAL</b>	<b>388</b>	<b>143</b>	<b>18</b>	<b>549</b>	<b>100.0%</b>
<b>PERCENT</b>	<b>70.7%</b>	<b>26.0%</b>	<b>3.3%</b>	<b>100.0%</b>	<b>100.0%</b>

\*Percentage total not exact due to rounding.

Energy savings improvements to homes have a life of at least five to twenty years, and the major improvements, such as insulation, will last thirty-five years or more. 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 2014.

**Finding 3: 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 2014 became effective July 1, 2013 and the plan for SFY 2015 became effective July 1, 2014. Each of these plans includes a description of resources and services used by each program and a description 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 includes 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 and other state 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 2014, the Division of Welfare and Supportive Services Energy Assistance Program was ready to apply for federal leveraging credit but did not apply since there were no leveraging dollars available in FY 2014. However, EAP did receive just over \$21,000 from a re-allotment of FY 2013 LIHEAP funds. In addition, DWSS shortened the time allowed to clients to respond to DWSS information requests.

The Nevada Housing Division continued its arrangement for program coordination with Southwest Gas. Coordination of the Southwest Gas low-income DSM effort implemented through NHD improves the efficiency and effectiveness for both NHD and the utility.

NV Energy has had some difficulty in developing a similar low-income DSM effort that is cost-effective using the test that is required for electric utilities by the Public Utility Commission of Nevada (PUCN). A program scope for working with NHD and the subgrantee agencies was approved by PUCN and was technically operative in the first half of FY 2014 (though withdrawn by the utility in the second half), but the envisioned implementation did not generate uptake by the NHD subgrantees for individual residences. In part this was likely due to providing an ancillary measure at the option of each subgrantee rather than directly coordinating with NHD which can direct the subgrantees. Overall, when it works, program coordination improves efficiency and effectiveness for NHD and for the utilities.

### **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 2014 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 2014 annual plan. For 2014, coordination is specifically discussed with the following entities:

- ◆ **Special Assistance Fund for Energy (SAFE)** – Sierra Pacific Power/NV 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. Sierra Pacific Power provides all administrative costs for the program and provides annual financial support.
- ◆ **Emergency Shelter Grant (ESG)** – This program is administered through 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.
- ◆ **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.
- ◆ **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 its qualifying northern Nevada customers.
- ◆ **NV Energy Demand-Side Management (DSM) Programs** –During SFY 2013, NHD worked with NV Energy to help improve their low-income DSM program design. For 2014 the Public Utility Commission of Nevada (PUCN) approved the new low-income DSM weatherization program to be coordinated with NHD so that NHD and its subgrantee agencies could implement the program in southern Nevada. However, this program, which was limited to a single ancillary measure and was not directly coordinated through NHD, did not find uptake from the subgrantee agencies and was withdrawn in the second half of SFY 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 in altering the design when funding runs short of need.<sup>34</sup> By basing the UEC energy assistance on the Nevada’s median state household energy burden (2.23 for SFY 2014) the Energy Assistance Program (EAP) establishes a realistic

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<sup>34</sup> The “median” is 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.



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 the energy burden percentage of their income toward their utility bills for the year. The portion above that amount may be covered by the Energy Assistance Program.

During the national economic crisis (sometimes referred to as the “Great Recession”), it became necessary to further cap assistance in order to stretch existing funds to serve more households. In 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 FPL<sup>35</sup> 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. For 2014, the program again operated at its design level of 150% of FPL.<sup>36</sup> However, to stretch funding to more households benefit caps were used during 2014, with the caps based on poverty level and a designation for vulnerability. The basic problem is that the need for the program far exceeds available funding.

The Nevada Housing Division Universal Energy Charge/Fund for Energy Assistance and Conservation Weatherization Assistance Program, following USDOE guidance, has standardized job descriptions and certification requirements for positions in weatherization work. It has also introduced Building Performance Institute certification both for the NHD WAP Compliance/Audit Investigator and for some field staff at each subgrantee agency. In addition, NHD separated the building audit role from the contractor services role so that the auditing is independent. These efforts should increase program effectiveness.

### **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 2013 programs, dated November 25, 2013) recommended seven actions. Two of the seven were fully implemented and one was partially implemented. The evaluation recommendations from SFY 2013 and actions during SFY 2014 are as follows:

- ◆ 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.
  - *Action:* There was a substantial carry over at the end of SFY 2014 that, while not a reserve fund, accomplished the same result for this year. Due to the patterning of receipt of UEC dollars, with the final payment for a year occurring after the end of the

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<sup>35</sup> This was raised to 125% FPL when additional federal funds became available in April of 2012.

<sup>36</sup> There are no asset or resource criteria for eligibility. There are some more detailed rules for special situations.

fiscal year, it appears that a formal reserve fund is not necessary. This is a successful implementation.

- ◆ 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 (2.23% for of household income for 2014), particularly for those under 125% FPL.
  - *Action:* This recommendation was not implemented due to the continuing need for the program vs. the funding available. Instead, caps were used to provide support to more households. This was reasonable due to the funding situation and the slow improvement of the economy.
- ◆ 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.
  - *Action:* This recommendation was not implemented. This is reasonable given the funding constraint and the very gradual improvement of the economy.
- ◆ NHD should seek an amendment to NRS 702 to broaden the emergency provisions for inclusion of all households in temporary economic difficulties.
  - *Action:* NHD provides emergency service for households at or below 150% of the FPL in temporary economic difficulty. The recommendation to broaden the applicability of the emergency provisions to all households in temporary economic difficulty was not implemented. This change would require legislative action to modify NRS 702.
- ◆ 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 recommended 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.
  - *Action:* NHD fully resolved the data entry problems and is looking at program design changes to improve software during SFY 2015. Together, these actions will resolve the data problems. This is a successful implementation.
- ◆ 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.
  - *Action:* This recommendation was not implemented as NHD worked to maximize production using existing funds plus coordinated funding from Southwest Gas. An attempt was made to develop a similar arrangement with NV Energy and it was approved by the Nevada Public Utility Commission (PUCN), however it was not implemented due to electric utility concerns with anticipated benefit-cost results as

projected to occur using the benefit-cost test required by the PUCN. This partial implementation is a successful implementation within the given economic context.

- ◆ When possible and as the economy improves, Nevada should increase funding for the DWSS Energy Assistance Program.
  - *Action:* This recommendation was not implemented. This is reasonable, as the economic improvement, while tangible, is slow.

### 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 2013 programs during SFY 2014 and are currently conducting the SFY 2014 evaluation covering the programs from July 1, 2013 through June 30, 2014.

### 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 and SFY 2014, DWSS/NHD jointly solicited advice from the Nevada Public Utilities Commission as part of the evaluations and on April 9, 2013 the Public Utilities Commission of Nevada voted to open an investigation to evaluate the energy assistance programs authorized by Chapter 702 of the NRS (Docket Number 13-04033). The investigation was conducted by the Commission pursuant to the NRS and the Nevada Administrative Code (“NAC”) Chapters 233B, 702, 703 and 704, including, but not limited to, NRS 702.280(2)(b).

Participants included the Regulatory Operations Staff of the Commission, the American Association of Retired Persons (“AARP”), the Attorney General’s Bureau of Consumer Protection (“BCP”), Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy (collectively, “NV Energy”), Southwest Gas Company (“SWG”), and Scan America. The investigation included two workshops (one on August 27, 2013 and the other on January 22, 2014). There were four Procedural Orders:

- ◆ Procedural Order No. 1, issued on September 6, 2013, requested EAP cost analysis for monthly/quarterly/biannual disbursements.
- ◆ Procedural Order No. 2, issued on November 6, 2013, requested an explanation of DWSS’s one-page summary of costs.
- ◆ Procedural Order No. 3 was issued on December 20, 2013, regarding comments on DWSS’s analysis.
- ◆ On March 13, 2014, Procedural Order No. 4 was issued, regarding the costs and time period needed for a utility to implement billing software changes to credit lump sum payments to EAP recipients over a twelve-month period.

The Final Order in Docket No. 13-04033, including the Energy Assistance Program Report as Attachment 1, and adopting its recommendations was issued May 1, 2014. The Report provides proposed recommendations for the Energy Assistance Program for the SFY 2014 evaluation.

After summarizing the background to the study and participants' comments, the Report concludes that payments should be distributed to the utilities by DWSS on an annual basis and that utilities should credit the Energy Assistance Program customer accounts on a monthly basis. Section II of the Report, Summary, describes the form of implementation:

As part of the upcoming SFY Evaluation, the Commission should advise that DWSS continue to evaluate utility customers for EAP eligibility on an annual basis and EAP payments continue to be disbursed to the utilities in annual lump sum payments for EAP customers. However, utilities should now credit 1/12<sup>th</sup> of each payment to the corresponding EAP customer on a monthly basis over a 12-month period.

**Yearly Fixed Credit vs. Monthly Fixed Credit** – As cited in the Report, AARP supports the fixed monthly credit to better assist recipients with their budgeting and conservation efforts and stated that the purpose of EAP is to provide ongoing assistance with payments rather than primarily be an emergency program. The BCP stated that monthly payments would be more conducive to coordination with the utility Equal Payment Plans (which are offered in accordance with NAC 704.338) and that EAP is premised on trying to normalize a monthly budget for energy.

NV Energy stated that in the current fixed yearly credit design, approximately eighty percent (80%) of customers who receive some type of assistance do not make a monthly payment in any amount until the credit is exhausted. This is supported by the SFY 2008 evaluation in which it was found that seventy-three percent (73%) of EAP households do not respond to the core logic of the EAP design. For these non-conforming households, the larger the assistance payments, the more months until the next household payment to the utility company.<sup>37</sup> And, more generally, the SFY 2007 evaluation of EAP found that “unless clients are put on special bills that ask for equal payment as a ‘please pay’ amount each month, it is likely that client dollars, which are short in relation to needs will go for other bills when the utility shows a bill credit.”<sup>38</sup> NV Energy further notes that it has “found that many of its customers who receive EAP funds do not restart paying their monthly bill after the EAP funds are exhausted and as a result eventually are subject to termination of services. A further problem is that customers may exhaust the EAP payment and then move.”

DWSS commented that “Many times participants come to DWSS already in arrears, and they need a lump sum as opposed to a monthly payment to get out of arrears.” DWSS also noted that in the case of clients with an annual benefit under \$200, payment would continue to be made on a yearly basis. DWSS states that the annual lump-sum disbursement is the best method for the EAP program. However, DWSS does not see any statutory impediments to the utilities administering EAP payments. Southwest Gas

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<sup>37</sup> SFY 2008 Evaluation of the NRS 702 EAP and Weatherization Assistance Program, P. 83.

<sup>38</sup> SFY 2007 Evaluation of the NRS 702 EAP and Weatherization Assistance Program, P. 76.

states that it prefers an annual fixed credit (the current design) to a monthly one if utilities administer the EAP.

AARP notes that the monthly fixed credit design is the norm for programs in other states. NV Energy states that most low-income programs identified in the Tetra Tech study provide customer support using the monthly fixed credit design. This coincides with the evaluation team's experience – where a state has set up a payment assistance program either through legislation or through a commission order, virtually all follow a monthly credit design rather than a yearly credit design.

Putting together the perspectives in the Report with our own experience with the Energy Assistance Program and with low-income programs in many states we arrive at the following recommendation:

**Recommendation 7:** The Energy Assistance Program should, for the most part, be put on a monthly fixed credit basis. There would be exceptions, for example, for customers whose fixed yearly credit amount is less than \$200. These customer would continue to receive a fixed yearly credit. Also, customers for whom all or part of the assistance is for propane, oil or a fuel other than electricity or natural gas would continue with the fixed yearly credit. Should a fixed monthly credit amount exceed a monthly bill, the remainder should rollover to credit on the following bill. Also, in the case of impending disconnection for nonpayment, it may be necessary to apply the balance of the yearly credit to immediate charges.

This recommendation follows from an understanding of NRS 702 as providing for a payment assistance program *primarily* designed to assist households with insufficient income to manage their energy bills on an ongoing basis while providing for some forms of emergency assistance on an as-needed basis. While recommending a monthly fixed credit design implementation, one exception could be that on a case by case basis, if the DWSS finds a customer is in a crisis situation with an arrearage that will absorb a major portion of the assistance, DWSS could opt to provide a fixed yearly credit for that household. But for the majority of program participants, a fixed monthly credit should apply.

As to conversion of the fixed yearly credit to a fixed monthly credit, DWSS has demonstrated that it is not economic for DWSS to administer the monthly credit. For the utilities to offer a fixed monthly credit, the adjustment of already existing monthly billing and the Equal Payment Plan option is not large. As the utilities have noted there would be a one-time cost for enhancing billing systems. From experience, the cost of making billing systems responsive to customer needs is relatively high because the current generation of billing systems tend to be proprietary packages optimized to certain billing practices and have not been constructed to facilitate local adjustment. Offsetting this cost is the fact that it is a one-time cost which would then create options that would remain in place for many years. So, it would be reasonable to negotiate a plan to spread cost recovery over at least five years.

Staff has stated that automatic enrollment of EAP participants into the Equal Payment Plan (“EPP”) may cause complications. As noted in the Report, “If the utilities begin to credit lump sum payments over a 12-month period, the Commission can investigate further the merits of a coordinated EPP.” Until such time the combination with EPP should be a customer option.

### **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 2013 evaluation and the SFY 2013 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)].

## **SUMMARY OF FINDINGS**

1. The evaluation team finds DWSS’s Energy Assistance Program fully compliant with the requirements of NRS 702.
2. The Great Recession and extended weak economic recovery has increased the rate of poverty and need for services; however, there is some indication that poverty has started to decrease. This still leaves a substantial service gap.
3. The evaluation team finds the Nevada Housing Division’s Weatherization Assistance Program fully compliant with the provision of NRS 702.

## **SUMMARY OF RECOMMENDATIONS**

1. The establishment of a cash reserves or carry-over 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.
2. The evaluation team recommends DWSS increase the number of state positions for application processors to increase EAP’s efficiency, reduce turnover, and decrease operating costs.
3. 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.
4. DWSS should increase outreach efforts to seniors and other vulnerable populations.
5. 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.
6. Seek an amendment to NRS 702 to broaden the emergency provisions for inclusion of all households in temporary economic difficulties.
7. The Energy Assistance Program should, for the most part, be put on a monthly fixed credit basis. There would be exceptions, for example, for customers whose fixed yearly credit amount is less than \$200. These customer would continue to receive a fixed yearly credit. Also, customers for

whom all or part of the assistance is for propane, oil or a fuel other than electricity or natural gas would continue with the fixed yearly credit. Should a fixed monthly credit amount exceed a monthly bill, the remainder should rollover to credit on the following bill. Also, in the case of impending disconnection for nonpayment, it may be necessary to apply the balance of the yearly credit to immediate charges.

## **EVALUATION 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 2014.

**Finding 4: 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.**

## APPENDIX A

### Regression Analysis of Employee Status:

The following regression equation was used to evaluate the importance of employee status on processing performance.

### Regression Equation

$$AAP_i = \alpha + \beta_1 State\_new_i + \beta_2 State\_exp_i + \beta_3 Contract\_new_i + \beta_4 Contract\_exp_i + \beta_5 Year_i + \beta_6 Quarter_i + \epsilon_i$$

Where:

AAP<sub>i</sub> = average applications processed per week

State\_new<sub>i</sub> = number of state employees with less than 6 months experience

State\_exp<sub>i</sub> = number of state employees with more than 6 months experience

Contract\_new<sub>i</sub> = number of contract employees with less than 6 months experience

Contract\_exp<sub>i</sub> = number of contract employees with more than 6 months experience

Year<sub>i</sub> = calendar year

Quarter<sub>i</sub> = calendar quarter

Table xx. STATA regression output testing fit of model					
Source	SS	df	MS	Number of obs	261
				F( 12, 248)	11.79
<b>Model</b>	5024381	12	418698.434	Prob > F	0
<b>Residual</b>	8806945	248	35511.8759	R-squared	0.3633
				Adj R-squared	0.3325
<b>Total</b>	13831326	260	53197.4094	Root MSE	188.45

Table xx. STATA regression output showing regression coefficients						
applicatio~_	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
<b>stateNew</b>	47.23057	15.64409	3.02	0.003	16.41835	78.0428
<b>tempNew</b>	22.19649	4.517441	4.91	<0.001	13.29905	31.09394
<b>stateExp</b>	50.68633	19.24643	2.63	0.009	12.77904	88.59362
<b>tempExp</b>	31.88479	6.233141	5.12	<0.001	19.60815	44.16143
<b>Q_2</b>	146.0173	33.92016	4.30	<0.001	79.20895	212.8256
<b>Q_3</b>	51.59232	39.51546	1.31	0.193	-26.2364	129.421
<b>Q_4</b>	43.53365	39.67543	1.10	0.274	-34.6101	121.6774
<b>year_2</b>	258.0317	58.54955	4.41	<0.001	142.714	373.3495
<b>year_3</b>	592.2031	82.26677	7.20	<0.001	430.1725	754.2337
<b>year_4</b>	624.0029	92.51989	6.74	<0.001	441.7779	806.2278
<b>year_5</b>	519.209	107.2116	4.84	<0.001	308.0475	730.3705
<b>year_6</b>	393.719	107.0274	3.68	<0.001	182.9205	604.5174
<b>_cons</b>	-701.672	185.1087	-3.79	<0.001	-1066.26	-337.087



## APPENDIX B

### FEAC FUNDED WEATHERIZATION

#### FY 2014 PRIORITY LIST

#### NORTHERN NEVADA

All of the measures below are to be installed in accordance with the Weatherization Field Manual. The measures should be installed in the sequence listed, unless otherwise approved by NHD and documented in the file.

1. **Health and Safety Activities:**
  - a. Diagnostic Testing
  - b. Primary Heating System –Repair or Replace with a 90% AFUE under the following conditions:
    - Unit is inoperable or unsafe based on HVAC evaluation.
    - Furnace (15 years or older) excluding electric heat. (charge to program operations)
  - c. Repair/Replace Gas Water Heater for CAS Failure only.
  - d. Repair/Replace Gas Cooking Appliances for CAS Failure only.
  - e. Replace damper and/or exhaust fan when inoperable (Mobile Homes with gas appliances only)
  - f. CO Alarms (Maximum 2 per dwelling)
2. Catastrophic Shell Sealing only (12 sq. in. or more), photo documentation required.
3. Duct Sealing

In addition to the above, install the following measures based on housing type:

#### Single Family:

1. Floor Insulation (where none exists)
2. ESP Shell Sealing
3. Duct Insulation (where none exists)
4. Attic Insulation (supersedes floor insulation if none existing) Bring attic up to R-38 if existing is R-19 or less, must include attic hatch insulation. If existing is above R-19 but hatch is not insulated, insulate hatch only with R-19.
5. CFL's (5 maximum)
6. Low flow showerhead
7. Water Heater Blanket (unconditioned space)
8. Water Heater Pipe Wrap (unconditioned space)
9. Refrigerator Replacement (Use WAPTAC website or default chart attached if not listed or unable to find data)
10. Interior Storm Windows (if the primary windows are single pane, close, and latch.)
11. Dual Pane Low E Windows (only in place of jalousie or inoperative single pane; operable single pane windows with storms do not qualify. Photo required), pre 1978 - all lead safe work practices apply or installation of measure is non-feasible)

**Mobile Home:**

1. ESP Shell Sealing
2. Floor Insulation (where none exists)
3. CFL's (5 maximum)
4. Low flow showerhead
5. Water Heater Blanket (unconditioned space)
6. Water Heater Pipe Wrap (unconditioned space)
7. Refrigerator Replacement (Use WAPTAC website or default chart attached if not listed or unable to find data)
8. Interior Storm Windows (if the primary windows are single pane, close, and latch.)
9. Dual Pane Low E Windows (only in place of jalousie or inoperative single pane; operable single pane windows with storms do not qualify. Photo required) Windows must be at least .30 U-factor and .30 SHGC

**Multi- Family:**

The only allowable measures for Multi-family Dwellings (1-4 units located in multi-building complex under single ownership and 5+ unit buildings under single ownership) are as follows:

- Carbon Monoxide Alarm (2 per unit, max)
- Water heater blanket (unconditioned space)
- Water heater pipe wrap (unconditioned space)
- Low flow showerhead, CFL's (max 5)

**The following are considered capital improvements may be considered on a case by case basis. A 50% owner contribution on all capital improvements is required.**

- Duct Insulation – R-8 or higher (where none exists)
  - Floor Insulation (where none exists)
  - Refrigerator replacement.
  - Ceiling Insulation – Bring attic up to R-38 if existing is R-19 or less, must include attic hatch insulation. If existing is above R-19 but hatch is not insulated, insulate hatch only with R-19.
  - HVAC replacement - All air handler replacement will require duct leakage testing and sealing if necessary (REM Design required on all HVAC replacements to meet SIR requirements).
-

**Refrigerator Replacement Default Chart:**

<b>Annual kWh/yr Existing Unit</b>	<b>Max. Replacement Cost by Annual kWh/yr of New Refrigerator</b>		
	<b>400 kWh/yr</b>	<b>500 kWh/yr</b>	<b>600 kWh/yr</b>
<b>800</b>	\$750	\$600	\$450
<b>900</b>	\$900	\$750	\$600
<b>1000</b>	\$1,050	\$900	\$750
<b>1100</b>	\$1,200	\$1,050	\$900
<b>1200</b>	\$1,350	\$1,200	\$1,050
<b>1300</b>	\$1,500	\$1,350	\$1,200
<b>1400+</b>	\$1,660	\$1,500	\$1,350

Rental Units: All rental units; Single family, 2-4 units, mobile homes and 5+ require a 50% owner contribution for all capital improvements. (See Grant Award Financial Assurance, Item 17.)

## APPENDIX C

### FEAC FUNDED WEATHERIZATION

#### FY 2014 PRIORITY LIST

#### SOUTHERN NEVADA AND SOUTHERN NYE COUNTY

**All of the measures below are to be installed in accordance with the Weatherization Field Manual. The measures should be installed in the sequence listed, unless otherwise approved by NHD and documented in the file.**

1. Health and Safety Activities:
  - a. Diagnostic Testing
  - b. Primary Cooling System –Repair or Replace with a 13 SEER under the following conditions:
    1. Unit is inoperable or unsafe based on HVAC evaluation.
    2. A/C is 15 years or older. (charge to program operations)
  - c. Repair/Replace Gas Water Heater for CAS Failure only.
  - d. Repair/Replace Gas Cooking Appliances for CAS Failure only.
  - e. Replace damper and/or exhaust fan when inoperable (Mobile Homes with gas appliances only)
  - f. CO Alarms (Maximum 2 per dwelling)
2. Catastrophic Shell Sealing only (12 sq. in. or more), photo documentation required.
3. Duct Sealing

**In addition to the above, install the following measures based on housing type:**

#### **Single Family:**

1. Duct Insulation where none exists.
2. Shell Sealing
3. Attic Insulation (supersedes floor insulation if none existing) Bring attic up to R-30 if existing is R-19 or less, must include attic hatch insulation. If existing is above R-19 but hatch is not insulated, insulate hatch only with R-19.
4. Solar Screens
5. CFL's (5 maximum)
6. Low flow showerhead
7. Water Heater Blanket (unconditioned space)
8. Water Heater Pipe Wrap (unconditioned space)
9. Refrigerator Replacement (Use WAPTAC website or default chart attached if not listed or unable to find data)
10. Interior Storm Windows (if the primary windows are single pane, close, and latch.)
11. Dual Pane Windows Low E (only in place of jalousie or inoperative single pane; operable single pane windows with storms do not qualify. Photo required), pre 1978 - all lead safe work practices apply or installation of measure is non-feasible) Windows must be at least .30 U-factor and .30 SHGC

**Mobile Home:**

1. Elastomeric roof coating (2 coats) or 1” of urethane foam with elastomeric coating.
2. Shell Sealing
3. Solar Screens
4. CFL’s (5 maximum)
5. Low flow showerhead
6. Water Heater Blanket (unconditioned space)
7. Water Heater Pipe Wrap (unconditioned space)
8. Refrigerator replacement (use the WAPTAC website or the default table attached if not listed or unable to obtain the data)
9. Interior Storm Windows (if the primary windows are single pane, close, and latch.)
10. Dual Pane Low E Windows (only in place of jalousie or inoperative single pane; operable single pane windows with storms do not qualify. Photo required) Windows must be at least .30 U-factor and .30 SHGC.

**Multi- Family:**

The only allowable measures for Multi-family Dwellings (1-4 units located in multi-building complex under single ownership and 5+ unit buildings under single ownership) are as follows:

- Carbon Monoxide Alarm (2 per unit, max)
- Water heater blanket (unconditioned space)
- Water heater pipe wrap (unconditioned space)
- Low flow showerhead
- CFL’s (max 5)
- Refrigerator replacement.
- Solar Screens

**The following are considered capital improvements and may be considered on a case by case basis. A 50% owner contribution is required on all capital improvements.**

- Duct Insulation – R-8 or higher (where none exists)
  - Ceiling Insulation – Bring attic up to R-30 if existing is R-19 or less, must include attic hatch insulation. If existing is above R-19 but hatch is not insulated, insulate hatch only with R-19.
  - HVAC replacement - All air handler replacements will require duct leakage testing and sealing if necessary (REM Design required on all HVAC replacements to meet SIR requirements).
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**Refrigerator Replacement Default Chart:**

Annual kWh/yr Existing Unit	Max. Replacement Cost by Annual kWh/yr of New Refrigerator		
	400 kWh/yr	500 kWh/yr	600 kWh/yr
800	\$730	\$580	\$440
900	\$880	\$730	\$580
1000	\$1,020	\$880	\$730
1100	\$1,170	\$1,020	\$880
1200	\$1,320	\$1,170	\$1,020
1300	\$1,470	\$1,320	\$1,170
1400+	\$1,610	\$1,470	\$1,320

Rental Units: All rental units; Single family, 2-4 units, mobile homes and 5+ require a 50% owner contribution for all capital improvements. (See Grant Award Financial Assurance, Item 17.)