
SFY 2010 Evaluation: Energy and Weatherization Assistance Programs

Prepared for the State of Nevada
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TABLE OF ACRONYMS

APPRISE *Applied Public Policy Research Institute for Study and Evaluation*

ARRA *American Recovery and Reinvestment Act*

BPU *Bureau of Public Utilities (New Jersey)*

BWR *Building Weatherization Report*

CARE *California Alternate Rates for Energy*

CO *Carbon Monoxide*

DETR *Department of Employment, Training, and Rehabilitation*

DOE *Department of Energy*

DSM *Demand Side Management*

DWSS *Division of Welfare and Supportive Services*

EAP *Energy Assistance Program*

FAC *Fixed Annual Credit*

FEAC *Fund for Energy Assistance and Conservation*

FPL *Federal Poverty Level*

GAO *Government Accounting Office*

IPV *Intentional Program Violation*

IT *Information Technology*

kWh *Kilowatt hour*

NAC *Nevada Administrative Code*

NHD *Nevada Housing Division*

NOMADS *Nevada Operations of Multi Automated Data System*

NRS *Nevada Revised Statute*

NRHA *Nevada Rural Housing Authority*

LIHEAP *Low Income Home Energy Assistance Program*

PIPP *Percentage of Income Payment Plan*

POB *Percentage of Bill*

PUCN *Public Utilities Commission of Nevada*

RNDC *Rural Nevada Development Corporation*

RFI *Request for Information*

SERC *Sustainable Energy Resources for Consumers*

SFY *State Fiscal Year*

SIR *Savings to Investment Ratio*

SSA *Social Security Administration*

SSN *Social Security Number*

TANF *Temporary Assistance for Needy Families*

TRC *Total Resource Cost*

UEC *Universal Energy Charge*

USF *Universal Services Fund (New Jersey)*

WAP *Weatherization Assistance Program*

INTRODUCTION

The Weatherization Assistance Program (WAP) and Energy Assistance Program (EAP) are funded jointly by Nevada's Universal Energy Charge (UEC), which was established by the 2001 State Legislature and became effective during State Fiscal Year (SFY) 2002.¹ The first full program year was SFY 2003. The legislation establishing these programs requires an annual evaluation of program efficacy and compliance with legislative requirements. WAP and EAP jointly hired H Gil Peach & Associates and Smith & Lehmann Consulting to conduct this evaluation for the 2009–12 fiscal years. This report represents an evaluation of program impacts both cross-sectionally and longitudinally for SFY 2010.

The UEC is one of several state energy-assistance funds established over the past 15 years. It logically remedies a severe problem of many Nevada households: the inability to pay for the energy necessary to meet basic household needs—such as moderating natural temperature extremes through home heating and cooling—due to rising energy costs and declining real incomes. In the northern Nevada winter or the southern Nevada summer, ability to secure adequate heating and cooling can be a matter of life and death. Federal Low-Income Home Energy Assistance (LIHEAP) funds, also used for these purposes, always fall far short of need in Nevada, are unreliable in amount, and are “locked in” by an allocation formula that sends these funds primarily to the winter-weather states of the northeastern U.S.

Universal Energy Charge

Six features define the careful and conservative character of the UEC:

- 1. Requiring a “Pay In.”** It is necessary to pay in to the UEC to be eligible for UEC assistance. In the legislation, “paying in” is determined primarily by utility service territory. The “paying in” provision is a link to the tradition of balance that combines self-reliance with the community pulling together when necessary. (LIHEAP, DOE, and State Housing Trust Funds are used to the extent available to help households not paying in to the UEC. State funds were unavailable for SFY 2010, but have been available in previous years)
- 2. Recognizing the Inability to Pay.** Nevada households that encounter problems paying basic energy bills are not *refusing* to pay for service. They have, instead, become either temporarily or (increasingly) permanently *unable* to pay for necessary energy on a cost-of-service basis. The new generation of UEC programs adopted in a number of states represents attempts by legislatures to deal with the reality that energy affordability is a temporary problem for some households but a chronic problem for others due to insufficient wages for full-time work, accidents, illnesses, and other causes.
- 3. Establishing Realistic and Fair Assistance.** By basing the UEC payment assistance on the Nevada median household energy burden (currently 2.46%), the UEC establishes a realistic and fair level of payment assistance. The level is inherently rooted in a principle of fairness; energy assistance

¹ Collection for the UEC was fully functional in SFY 2002, but the programs were not yet functioning under the new designs. The legislation specified that the new program designs would become effective at the start of SFY 2003.

is provided at the level of the median percentage of household income for the state. The portion below that level remains the household's responsibility, and the portion above is covered by the Energy Assistance Program.

4. **Starting with a Conservative Eligibility Level.** The eligibility level for SFY 2003 was set at 150% of the federal poverty level (FPL). Calculations by the evaluation team indicate that the current actual breakpoint for income insufficiency in the United States is 250-350% of the poverty level for most families (a point of increasing consensus arrived at in different studies around the country); some other states are now employing levels of 60% or 80% of state median income, 175% of FPL, 200% of FPL, or 250% of FPL.
5. **Categorical Eligibility of Households.** Categorical eligibility refers to households in which all household members are eligible for other means tested programs, such as Temporary Assistance for Needy Families (TANF), Supplemental Nutritional Assistance Program (SNAP, or "food stamps"), Social Security Supplemental Security Income (SSI), Social Security Disability Benefits (SSDI), or means tested Veteran's Disability Benefits. If all household members are eligible for one of these programs, the household is automatically considered income-eligible for EAP.
6. **Understanding the Long-Term Problem.** Unless a dramatic turnaround occurs in the provision of living-wage jobs (jobs that can support a family, including some provision for meeting medical, transportation, and retirement needs), increasingly large numbers of U.S. households—including those with full-time workers and a good history of bill payment and work discipline—will be unable to pay for their basic energy needs. As globalization of jobs continues, and in the context of an anticipated weak and long economic recovery, there is nothing on the horizon that offers to restore opportunities for living-wage jobs. The situation for Nevadans is even more challenging, as an official unemployment rate persisting exceeding 14%² has resulted in Nevada leading the nation in home foreclosures³. According to researchers at the University of Nevada, "the real estate and construction sectors are likely at or near bottom ... [with] no significant improvement likely for quite some time."⁴ EAP planners anticipate that economic recovery in Nevada will trail recovery of the US economy by several years.⁵ UEC payment assistance is therefore essential, picking up the part of the energy burden that is higher than that of the median Nevada household.
7. **Recognizing the Benefits of Weatherization.** Weatherization improves a home so that it can require substantially less energy to achieve the same (or sometimes better) levels of cooling,

²Nevada DETR. Press Release November Unemployment Rate Release, December 2010. Downloaded on December 17, 2010 from http://detr.state.nv.us/Press/UI_Rate_Releases/2010/Nov_2010_rate_release.pdf

³ Wargo, Buck (2010). Foreclosure rate drops, but Nevada still ranks No. 1. *Las Vegas Sun* July 14, 2010.

⁴ Brown, Stephen (2010). "Nevada Economic Conditions." The Center for Business and Economic Research, University of Nevada, Las Vegas, Dec 10 2010. Downloaded on Dec 15, 2010 from <http://cber.unlv.edu/cond.html>

⁵ Employment forecasts from State of Nevada Budget Division, January 2010.

heating, and other energy services. A one-time investment of weatherization, combined with occasional minor maintenance, is designed to provide a *cost-effective* return on investment over 5 or more years. The *investment* nature and the cost-effective return for the “weatherization package” as a whole define the essential characteristics of the Nevada Housing Division (NHD) portion of Nevada’s UEC fund.

Weatherization Assistance

WAP assists low-income households in reducing their utility costs by providing for energy conservation. It also provides necessary health and safety improvements to low-income homes as part of the weatherization service. In most years, funding comes primarily from Nevada’s UEC as provided by Nevada Revised Statute (NRS) 702⁶. WAP is administered by the NHD within the Department of Business & Industry. Although utilities may “red tag” a dangerous furnace leaking carbon monoxide to render it inoperable, NHD is the only agency in the state that provides emergency replacement of failed heating and cooling equipment to the resident. Other agencies would require that the resident take out a loan to replace equipment, and therefore could not act in time to ensure health and safety. Also, equipment replacement loans typically are not available to, nor repayable by, low-income households.

NHD coordinates funding from the Nevada Fund for Energy Assistance and Conservation (FEAC), with a variable amount of federal funding received from the U.S. Department of Energy (DOE). In addition, NHD sometimes can assist with Housing Trust Fund monies or other limited funding.

Energy Assistance

EAP helps eligible households pay utility bills. The program is not designed to pay the total cost of energy; each household is responsible for paying a balance.

EAP-eligible households receive an annual benefit (credit), which is paid directly to their energy providers.⁷ The program year corresponds to the state fiscal year, which begins each July 1. Applications are accepted through June 30 or until funds are exhausted, whichever comes first. Prior-year recipients may not reapply until approximately 11 months after receiving their last benefit.

Payments from FEAC are keyed to the state median household energy burden; that is, the percentage of household income that the median-income Nevada household pays for its energy bills. The median is updated yearly. Although more steps are involved, these are the primary steps in calculating a household’s Fixed Annual Credit (FAC):

- 1. Identify Household's Annual Gross Income.** This is performed by the Nevada Division of Welfare and Supportive Services (DWSS), which then applies the median energy burden percentage to determine the amount the household is expected to pay.

⁶ NHD was awarded over \$37 Million for weatherization from 2010-2012 by the Department of Energy as part of the American Recovery and Reinvestment Act.

⁷ UEC funds are first used for payments to utilities in UEC. Federal LIHEAP and/or other funds are used for payments to non-UEC utilities, such as propane dealers.

2. **Identify Household's Annual Usage in Dollars for All Energy Sources.** During the application, DWSS determines the total annual cost of energy use for the household (including, for example, natural gas, electricity, wood, oil, propane, and kerosene). DWSS generally requests that the client show bills, or it may receive copies of bills directly from energy-supply companies. Applicants are expected to help DWSS obtain billing records when necessary.
3. **Calculate the Difference.** For SFY 2010, if the household's annual dollar usage is greater than the state median percentage of household income, the difference (in dollars) is the Fixed Annual Credit (FAC). If the result of the calculation is less than \$180, the result is set equal to \$180, the minimum payment for eligible households.
4. **Compare FAC with CAP Table.** For SFY 2010, the household FAC cannot exceed amounts listed in the CAP table (See Table A in Appendix I). This table is adjusted annually to accommodate fluctuations in available funding and statewide need for the EAP program.

Only customers of utilities that require customers to pay the UEC added on their monthly bills are eligible to receive help from FEAC. However, the state UEC program is coordinated with the federal program so that all eligible Nevada households receive equal treatment.⁸

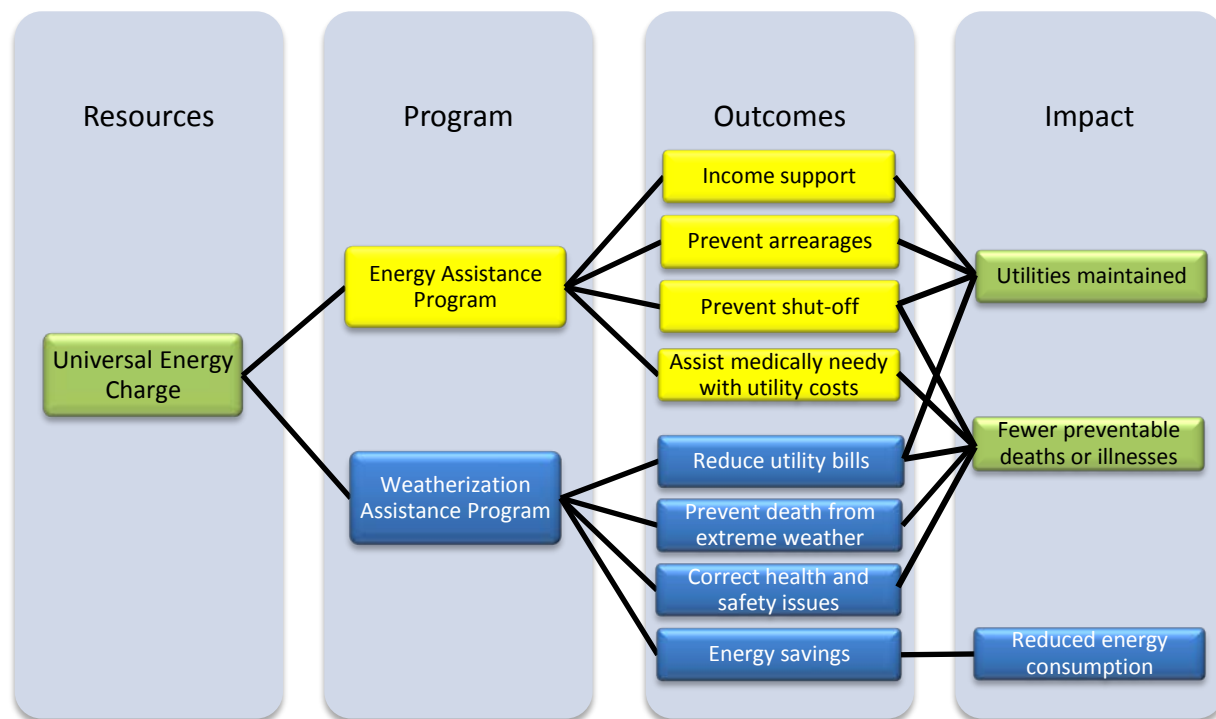


Figure 1. Coordinated impact of WAP and EAP on Nevada households.

⁸ This coordination implements NRS 702.250(3): "The Welfare Division shall, to the extent practicable, ensure that the money in the Fund is administered in a manner which is coordinated with all other sources of money that are available for energy assistance and conservation, including money contributed from private sources, money obtained from the Federal Government and money obtained from any agency or instrumentality of this state or political subdivision of this state."

Coordinated Impact of WAP and EAP

These programs work in tandem to achieve complementary outcomes. The logic of program synergy is shown in Figure 1 (page 9), which illustrates how the activities of each program support the desired impact of the other program. While EAP's desired outcomes, shown in yellow, differ from WAP's desired outcomes, shown in blue, the primary intended impacts of both programs are the same: to reduce the number of preventable illnesses and deaths owing to temperature extremes, and to maintain utilities for all Nevada residents within the UEC service territory. WAP has the additional desired impact of reducing energy consumption. When WAP and EAP work in tandem on a residence, the cost to EAP of assisting that residence is reduced, thereby increasing the number of households that can be assisted.

EVALUATION METHODS

This evaluation was designed to assess the implementation efficacy and achievements of Nevada's Energy Assistance and Weatherization Assistance Programs during SFY 2010. To support this goal, the evaluation team used multiple research methods tailored to the specific needs of the evaluation to provide systematic, objective data collection and analysis:

Document Review: Nevada Fund for Energy Assistance and Conservation State Plan 2009, NRS 702, EAP and WAP program and administrative manuals, program applications and associated worksheets and other forms, outreach materials, performance-monitoring guidelines and reports, and program personnel organization charts

Statistical Analysis: EAP and WAP fiscal and program data

File Review: Stratified random sample of 120 EAP application files reviewed at the Flamingo Road, Las Vegas, office and at the Carson City office

Office Observations: DWSS/EAP facilities at Flamingo Road and Carson City, WAP facilities in Carson City, and Nevada Rural Housing Authority (NRHA) offices in Carson City

Individual and Group Interviews: EAP program manager and social services manager, EAP Carson City office supervisor, EAP caseworker staff at the Flamingo Road and Carson City offices, WAP program manager, WAP grants analyst, WAP inspector/trainer, WAP subgrantees, and 24 WAP clients*

** These interviews were conducted in addition to meetings with DWSS and NHD leadership.*

Data Sources

EAP and WAP Qualitative Sources

The evaluation team obtained fiscal data, and data on services provided and clients served by EAP and WAP, directly from the EAP and WAP programs. We evaluated business process operations through site visits, in-person observations, and interviews with staff. IT functioning for EAP was evaluated both through the evaluation team's assessment of IT data quality and through interviews with EAP staff. We evaluated EAP program implementation and achievement through staff and management interviews.

The team assessed WAP program implementation and achievement through staff, management, subgrantee, and client interviews. Interviews were completed with multiple staff at four WAP subgrantees. For WAP client interviews, we selected a random sample of 60 clients from the subset of clients who had received at least \$3,000 in weatherization improvements. Telephone contact was attempted repeatedly with all clients: 24 interviews were completed, 10 were wrong or disconnected numbers, and 26 did not respond to attempts to contact them.

EAP Quantitative Data Sources

The following EAP-provided data sets were used for analyses:

Eligibility Certification—including information on 38,782 unique household applicants certified as eligible or determined to be ineligible, with the dates of determination

Family Members Details—including 119,411 records on the family members of applicants requesting EAP assistance, including dates of application, representing 38,774 unique households

Income Type Details—of 38,782 applicants

The data include some duplicate data, including applicants who applied for benefits more than once during the fiscal year. In order to create data sets that most accurately represent EAP application data, the evaluation team used the following criteria to “clean” the data files:

1. Application processing analyses: Only applications with complete application and determination dates were included in the analyses. The IT system replaces any previous application date for an applicant when a new application is received from that applicant. Some SFY 2009 applications that were not yet determined at the close of the SFY 2009 fiscal year appeared twice in the 2010 dataset: once for their SFY 2009 benefit, and once for their SFY 2010 benefit determination. Only the SFY 2010 application data were analyzed for those cases. Applications that were pending at the close of the SFY 2010 fiscal year, and therefore did not yet have a determination date, were also excluded from this analysis. After cleaning, there was complete application processing data for 37,930 cases. We were able to identify the application processing site for a subset of these cases; the analyses of the new business process by processing site are based on 33,562 cases.
2. Eligibility determination analyses: All unique application determinations were included in this analysis. In some cases, applicants who were awarded a benefit very early in SFY 2010 were eligible to re-apply late in SFY 2010, and in some cases these re-applicants were awarded a benefit for SFY 2009 at the start of the SFY 2010 fiscal year, and a benefit for SFY 2010 at the close of the SFY 2010 fiscal year. Since these re-applicants represent actual additional cases that were handled by EAP staff, and actual benefits that were paid for recipients, both determinations are included in these analyses and in the calculation of benefits paid during SFY 2010. There were 38,782 unique applicants in SFY 2010, of which 1,585 had two applications undergo full review, resulting in a total of 40,367 applications processed during SFY 2010.

3. Characteristics of EAP participants: Analyses of demographic and other characteristics of the EAP recipient population were based on unique cases. Participants who received benefits during SFY 2010 for both SFY 2009 and SFY 2010 were only counted once for this analysis. A total of 27,976 unique eligible cases were identified for SFY 2010.

WAP Quantitative Data Sources

The Building Weatherization Report (BWR) is an ACCESS-based tracking and management tool developed and used by the WAP program. The database contains a wealth of information on DOE- and FEAC-funded weatherization projects. The database was used to extract information on demographics, weatherization activities such as air sealing, conservation, health and safety, and minor home repairs. The BWR application also contains the Savings to Investment Ratio (SIR) program, which calculates estimated savings in kilowatts and therms generated by weatherization activities. The database contains information on weatherized homes only, which did not allow for examination of the application and certification process.

Fiscal Data

The fiscal analysis for the evaluation relies on information provided by DWSS and NHD.

ANALYSIS OF GOVERNING LAW, REGULATION, AND POLICIES

Nevada Revised Statutes 702

NRS 702 defines and provides primary direction to Nevada's Energy Assistance Programs. It specifies the responsibilities of the Public Utility Commission, the Division of Welfare and Supportive Services, and the Nevada Housing Division.

Duties of the Public Utility Commission of Nevada (PUCN): NRS 702 begins with a description of the duties of the PUCN, in the "Universal Energy Charge" (UEC) section. Basically, PUCN is responsible for collection of the UEC, along with any necessary refunds, and with collections enforcement should any collections problems occur. PUCN has powers of enforcement to ensure that collections comply with law.

In addition, each year the Division of Welfare and Supportive Services and the Housing Division are to jointly "solicit advice from the Commission as part of the annual evaluation" of the UEC programs [NRS 702.280(2)(b)]. Moreover, the PUCN must have representation on the Low-Income Energy Assistance Advisory Group. This Advisory Group provides recommendations to both EAP and WAP.

Duties of the Division of Welfare and Supportive Services: The next section, "Programs of Energy Assistance," describes the FEAC, which is initially constituted by the UEC receipts sent to the DWSS by PUCN after deduction of PUCN costs. PUCN may also direct refunds by DWSS from the Fund as appropriate. DWSS is also charged with ensuring that the Fund is administered "in a manner which is coordinated with all other sources of money that are available from energy assistance and conservation, including money contributed from private sources, money obtained from the Federal Government, and

money obtained from any agency or instrumentality of this State or subdivision of this State.” All interest to the Fund is to be credited to the Fund.

DWSS is responsible for ensuring that seventy-five percent (75%) of the fund is distributed to DWSS and twenty-five percent of the fund is distributed to the Housing Division. Except for administrative expenses, DWSS is to use its part of the FEAC to:

- ◆ Assist eligible households in paying for natural gas and electricity.
- ◆ Carry out activities related to consumer outreach.
- ◆ Pay for program design.
- ◆ Pay for the annual program evaluations.

To the extent practicable, DWSS is to determine the amount of assistance that a household will receive by determining the amount 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.

DWSS may adjust the amount of assistance by such factors as:

- ◆ Household income;
- ◆ Household size;
- ◆ Type of energy used in the household; and
- ◆ Any other factor which, in the determination of the Division, may make the household particularly vulnerable to costs of these fuels.

DWSS must:

- ◆ Solicit advice from the Housing Division and other knowledgeable persons;
- ◆ Identify and implement appropriate delivery systems to distribute money from the Fund and provide other assistance;
- ◆ Coordinate with other federal, state, and local agencies that provide energy assistance or conservation services to low-income persons and, to the extent allowed by federal law and to the extent practicable, use the same simplified application forms as those other agencies;
- ◆ Establish a process for evaluating the programs;
- ◆ Develop a process for making changes to the programs; and
- ◆ Engage in annual planning and evaluation processes with the Housing Division.

The Evaluation Team finds the Division of Welfare and Supportive Services’ Energy Assistance Program fully compliant with the provisions of NRS 702.

Duties of the Nevada Housing Division: NHD receives twenty-five percent (25%) of the money in the FEAC. Of this, six percent (6%) may be used for administration. NHD may use the balance of funding only to:

- ◆ Provide an eligible household with services of basic home energy conservation and home energy efficiency or to assist an eligible household to acquire such services, including services of load management.⁹
- ◆ Pay for appropriate improvements associated with energy conservation, weatherization and energy efficiency.
- ◆ Carry out activities related to consumer outreach.
- ◆ Pay for program design.
- ◆ Pay for the annual evaluations.

Generally, with some exceptions, to participate in this program, a household must have an annual income not more than 150% of the federal poverty level as determined by NHD. The NHD may provide emergency assistance to a household if the health or safety of one or more of the members of the household is threatened because of the structural, mechanical or other failure of the unit of housing in which the household dwells or a component or system of the unit of housing in which the household dwells. Such emergency assistance may be rendered in good faith if the household is otherwise believed to be eligible to receive assistance. The NHD is to adopt regulations to carry out and enforce these provisions.

In carrying out the provisions of this section, the Housing Division is required to:

- ◆ Solicit advice from the Division of Welfare and Supportive Services and from other knowledgeable persons;
- ◆ Identify and implement appropriate delivery systems to distribute money from the Fund and to provide other assistance pursuant to this section;
- ◆ Coordinate with other federal, state and local agencies that provide energy assistance or conservation services to low-income persons and, to the extent allowed by federal law and to the extent practicable, use the same simplified application forms as used by those other agencies.
- ◆ Encourage other persons to provide resources and services, including, to the extent practicable, schools and programs that provide training in the building trades and apprenticeship programs;
- ◆ Establish a process for evaluating the programs conducted pursuant to this section;
- ◆ Develop a process for making changes to such programs; and
- ◆ Engage in annual planning and evaluation processes with the DWSS.

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

⁹ Load management entails balancing the supply of electricity by reducing peak demand through strategies such as increased rates or automatically cycling household appliances during peak demand periods.

Joint Duties of DWSS and NHD: Together, DWSS and NHD must establish an annual plan to coordinate their activities and programs. In establishing each annual plan, the Divisions are to solicit advice from knowledgeable persons. The annual plan must include a description of:

- ◆ The resources and services being used by each program and the efforts that will be undertaken to increase or improve those resources and services;
- ◆ The efforts that will be undertaken to improve administrative efficiency;
- ◆ The efforts that will be undertaken to coordinate with other federal, state, and local agencies, nonprofit organizations and any private business or trade organizations that provide energy assistance and conservation to low-income persons; and
- ◆ The efforts that will be taken to address issues identified during the most recently completed annual evaluation of the UEC programs.

In addition, the Divisions are to jointly:

- ◆ Conduct an annual evaluation of the UEC programs;
- ◆ Solicit advice from the Commission as part of the annual evaluation;
- ◆ Prepare a report concerning the annual evaluation and submit the report to the Governor, the Legislative Commission, and the Interim Finance Committee.

The joint report is to include:

- ◆ A description of the objectives for each program;
- ◆ An analysis of the effectiveness and efficiency of each program in meeting the objectives of the program;
- ◆ The amount of money distributed from the Fund for each program and a detailed description of the use of that money for each program;
- ◆ An analysis of the coordination between the Divisions concerning each program; and
- ◆ Any changes planned for each program.

The Evaluation Team finds the Division of Welfare and Supportive Services and the Nevada Housing Division fully compliant with the provisions of NRS 702 in carrying out these joint responsibilities.

Consumer Bill of Rights and the Public Utilities Commission of Nevada

Impact of Consumer Bill of Rights: Nevada's utility consumer Bill of Rights may also have policy impact on the operation of NRS 702. The mission of the PUCN is stated as follows:

"To enable universal access to affordable, efficient, safe and reliable utility service in Nevada, the Public Utilities Commission ('Commission') will ensure that all of its decisions are based on a fair and impartial examination of the evidence, as well as exhaustive investigation. The commission will balance the interest of customers and shareholders of public utilities by

providing utilities with the opportunity to earn a fair return on their investments while providing customers with just and reasonable rates.”

In carrying out this mission, PUCN has established a Consumer Bill of Rights “... designed to obtain utility services and to keep those services on.” The Bill of Rights recognizes that utilities provide vital services which must be made available to all. The Bill of Rights:

- ◆ Eliminates deposits unless the customer has poor credit history.
- ◆ Limits the size of the deposit and allows for installment payments.
- ◆ Requires utilities to offer a “budget billing”¹⁰ program.
- ◆ Requires payment plans for needy customers.
- ◆ Offers special protection for the elderly and handicapped.
- ◆ Postpones service termination when health is at risk.
- ◆ Provides third-party notice prior to service termination.
- ◆ Allows customers to apply for service via phone or mail.

A full presentation of the Consumer Bill of Rights is at Nevada Administrative Code 704.358 (NAC 704.358).

Impact of Public Utility Commission Oversight of Rights, Notice, and Termination: PUCN, under NAC 704, may also have an impact on the NRS 702 programs because these programs affect bills and payments. In particular, the timeliness of payments is affected by the timeliness of DWSS processing, which may ultimately affect termination of utility services. According to NRS 704.1835:

1. For the purposes of protecting the health of residential customers who receive gas, water or electricity from public utilities, the Commission shall adopt or amend regulations that: (a) Establish the criteria that will be used to determine when a public utility is required to postpone its termination of utility service to the residence of a residential customer who has failed to pay for such service. Such criteria may be based in part upon the residential customer’s ability to pay. (b) Require a public utility to postpone its termination of utility service to the residence of a residential customer who has failed to pay for such service if the residential customer satisfies the criteria established by the Commission and termination of the utility service is reasonably likely to threaten the health of an occupant of the residence of the residential customer.
2. In addition to the regulations adopted pursuant to subsection 1, for the purposes of regulating public utilities that provide gas, water or electricity to landlords who pay for the utility service and who distribute or resell the gas, water or electricity to one or more residential tenants, the Commission shall adopt or amend regulations to require a public utility to use its best efforts to post, in a conspicuous location, notice of the intent of the public utility to terminate utility service because the landlord has failed to pay for such service. Such notice must provide sufficient information to allow residential tenants or their occupants to contact the public utility

¹⁰ Budget billing enables a customer to pay the same fixed amount each month throughout the year.

if termination of the utility service is reasonably likely to threaten the health of an occupant of the residence of a residential tenant.

3. A public utility shall not terminate utility service for gas, water or electricity without complying with the regulations adopted by the Commission pursuant to this section.

American Recovery and Reinvestment Act of 2009, Public Law 111-5 (ARRA)

ARRA was passed by the United States Congress in February 2009 in an attempt to stimulate the United States economy by distributing funds to states for various projects expected to generate employment. Under ARRA, the Department of Energy awarded the State of Nevada \$37,281,937 for low-income energy efficiency over a 3-year period. This represents a substantial increase in funding over previous years. ARRA also required that employment funded by ARRA adhere to Davis-Bacon Act wage determinations, which was a new policy for NHD to implement.¹¹

Nevada Senate Bill 152

SB152, enacting the Green Jobs Initiative by specifying how portions of ARRA funding must be spent on energy efficiency, was introduced in the Nevada Senate on February 19, 2009 and was effective on June 9, 2009. This bill provides specific direction on training in weatherization, energy retrofit, and energy audits. It requires the Department of Employment, Training and Rehabilitation (DETR) and NHD to contract this training with nonprofit collaboratives. The bill also specifies that individuals trained by the collaborative will be employed by NHD contractors for ARRA-funded residential weatherization work, and that said employees will be paid prevailing wages and offered health insurance. Waivers for some of the provisions are provided in the bill, under specific circumstances. Previous to SB152, NHD provided much of the weatherization training to subgrantees and contractors. In addition, contractors and subgrantees had full responsibility for hiring weatherization employees, with no governmental requirements regarding prevailing wages (other than standard employment law) or recruitment from training programs.

FISCAL ANALYSIS OF UEC DISTRIBUTION

There are two high-level fund categories:

1. **UEC** collection is an operation completely separate from program administration. It is administered separately by the PUCN, which began to receive UEC payments in fall 2001 (early SFY 2002). Amounts collected are periodically reconciled and then transmitted to the DWSS Accounting office.¹²
2. **FEAC** is maintained by the DWSS Accounting office. FEAC serves as the UEC minus the administrative expense for the PUCN. It also includes any carry-over funds from a prior fiscal

¹¹ Davis-Bacon Act (1931) requires that workers are paid prevailing wages and benefits paid on similar projects.

¹² Per NRS 702.100, "Universal Energy Charge" means the charge (UEC) imposed pursuant to NRS 702.170.

year and any interest accrued. It is reduced by the amount of any refunds directed by the PUCN.¹³

Collections (PUCN)

The PUCN is the locus of oversight responsibilities for regulated Nevada utilities. The agency has both investigative and enforcement powers. PUCN responsibilities for the UEC include collections, refunds in accordance with legislative provisions, and investigation and enforcement of collections matters as necessary. Because collections have proceeded smoothly, there has been no need for the PUCN to exercise its investigative or enforcement powers through the close of SFY 2010. The PUCN transfers funds to FEAC, which is administered by DWSS, the Accounting office of which then transfers funds to NHD.

In SFY 2010, \$12,015,143 was received for the UEC by PUCN. After deducting \$57,064 for administrative costs, PUCN transferred \$11,958,079 to the DWSS for FEAC. An additional \$18,138 in interest was added to this amount, while \$41,195 in PUCN-directed refunds was subtracted. The total FEAC revenue to be distributed between EAP and WAP for SFY 2010 was \$11,935,022.

Statute dictates that 75% of FEAC be allocated to EAP while 25% be distributed to WAP. The distribution of principle UEC funds follows this allocation formula. The distribution of UEC fund interest follows a separate formula, initiated in SFY 2006. This formula is as follows:

1. The average balance of the fund is determined by adding the fund balance at the beginning of a period to the fund balance at the end of that period. This sum is then divided by two to obtain the simple average balance of the fund.
2. The Housing Division's simple average balance is calculated by dividing the Housing Division's principle distribution by two.
3. The Housing Division's simple average balance is divided by the total fund's simple average balance during the period. This percentage is then multiplied by the total interest earned during that period. The result is the amount of interest that is distributed to the Housing Division.

Note 1: Of the total amount transferred from PUCN for the FEAC, a small portion (approximately 15%) is generally not received until the first quarter of the following fiscal year; therefore, these funds are generally expended during the next fiscal year.

Note 2: In SFY 2010, there was an error in the allocation formula, and NHD was overpaid by \$824. This will be corrected in SFY 2011.

¹³ Per NRS 702.040, "Fund" means the Fund for Energy Assistance and Conservation (FEAC) created by NRS 702.250.

EAP EVALUATION

Fiscal Analysis

As shown in Figure 2, \$8,949,898 was received by EAP, representing a 26% decline in the UEC funds available compared with SFY 2009. EAP spent \$8,908,804 in 2010. Of this total, 1.0% was used for program administration, 7.0% was used for program design and computer re-programming, 0.5% for outreach, and 1.4% for program evaluation. The remainder of the funds was spent on case processing and client assistance. (See Table B in the Appendix for full fiscal data tables.)

Business Processes Analysis

EAP operations experienced a high level of procedural change during SFY 2010 as management developed strategies to increase productivity in the face of increasing demand and decreasing state resources. The State of Nevada is experiencing unprecedented budget shortfalls, requiring furloughs and pay reductions for staff across the state. EAP has made enormous efforts to maintain improvements in application processing that were established during SFY 2010.

Early in SFY 2010, management determined that the increased application processing demand could not be met with existing processes. One ongoing problem faced by the Las Vegas office is high staff turnover. New staff required 6 weeks to 3 months to become proficient under previous operations.

With Las Vegas staff separating at a rate of 68.5% in SFY 2010, it was difficult to keep the office staffed with people who could competently process the applications. Management determined that some aspects of application processing required less experience and proficiency than others. Processing was broken into separate elements so that each element could be handled by a specialized team. New staff could be assigned to budgeting or certifying after a short period of training and could quickly become proficient at that task. Reviewing was reserved for experienced and proficient staff. By modifying this process, experienced staff could spend more time working on tasks that require knowledge and understanding of the EAP program, while inexperienced staff could handle simpler tasks.

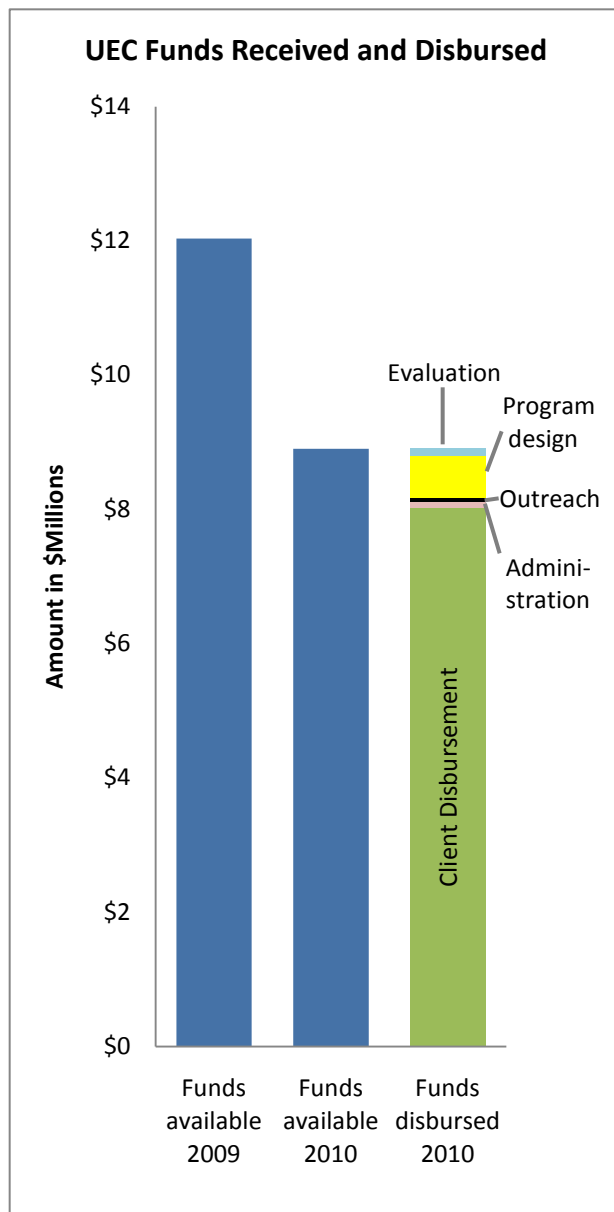


Figure 2. EAP funds received and disbursed, SFY 2010

ENERGY ASSISTANCE PROGRAM BUSINESS PROCESS, FY 2010
State of Nevada Division of Welfare and Supportive Services

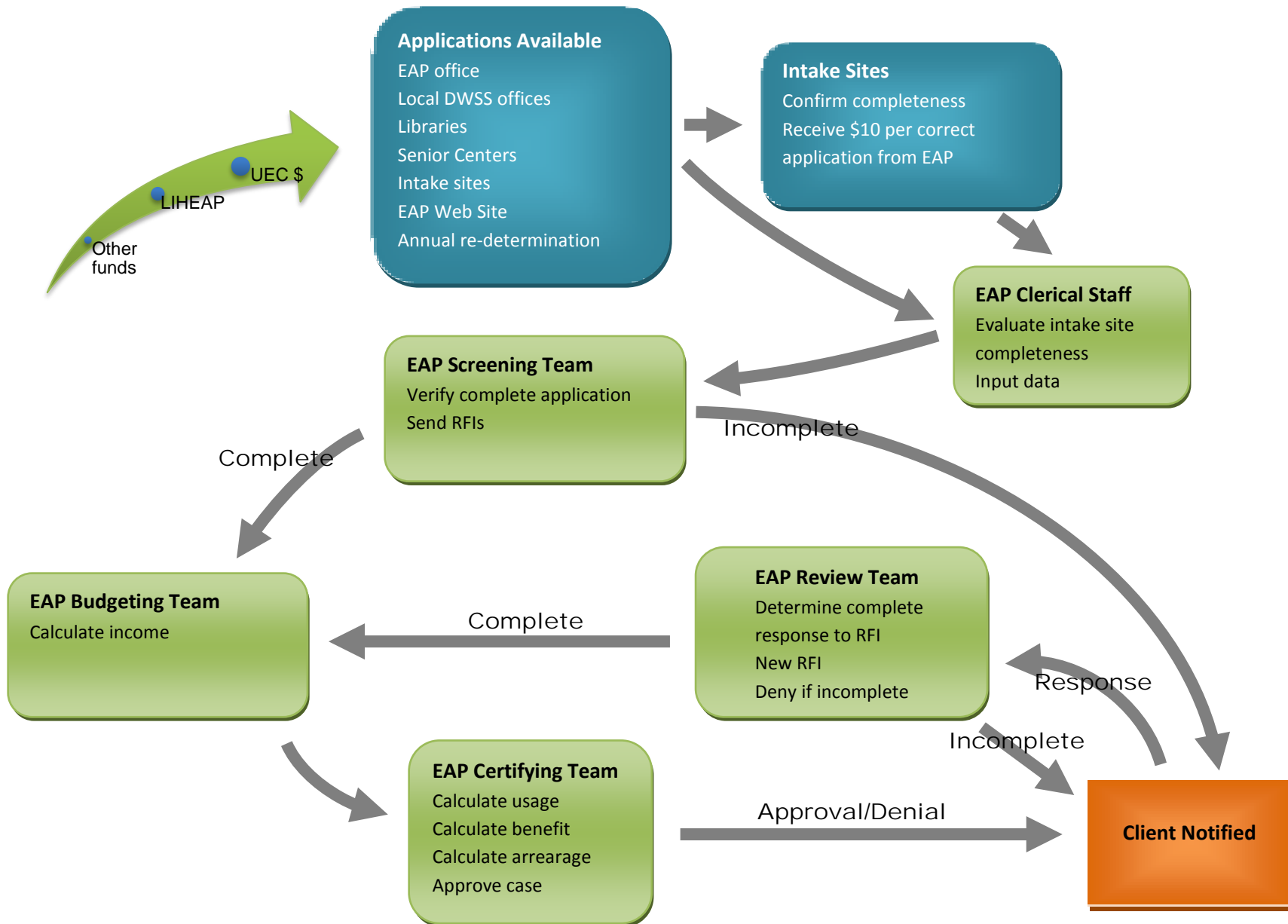


Figure 3. EAP Business Process Map, SFY 2010

Business Processes Map

The new operational processes of EAP are depicted in Figure 3 on page 20. This diagram displays the series of major activities that occur during the EAP life cycle. The cycle begins with the major funding streams into EAP (primarily UEC and LIHEAP), and then program outreach makes applications for assistance available in various locations. Contract intake sites assist clients with filling out applications, and intake sites and local social services offices accept applications. Applications are processed at EAP offices in Carson City and in Las Vegas. Once in the processing queue, applications are input into the computer system and passed to the Screening Team for “first touch” Request for Information screening for completeness. If information is missing, clients are issued a Request for Information. Information that comes back from the client goes to the Review Team, which determines whether the client responded completely to all requests for information. When applications are complete, they are passed to the EAP Budgeting Team that calculates income. The application then goes to the Certifying Team to determine eligibility and then calculate energy usage and benefit. Clients then are notified of the decision, and funds are dispersed.

Experienced State Staff Lead the Way to Greater Efficiency, Bolstered by Successful Implementation of New Business Processes

We reviewed the application processing data to evaluate factors associated with application processing. For this analysis, only decisions that were completed within a given week are included in the analysis. Number of state and contract staff per week was analyzed. Each staff person was categorized as having more or less than 6 months of experience in the EAP program. Total applications processed per week and average number of applications processed per staff person per week were analyzed. The application processing site was examined (Carson City vs. Las Vegas). We also looked at whether the applications were processed using the old business processes or the new business processes. Data from July 2009 were excluded from this analysis because staff spent much of July transferring pending SFY 2009 applications into the SFY 2010 system, reducing the number of case decisions that could be made during that month.

Multiple regression and multiple analysis of variance were used to determine which factors were associated with increased case processing. Two factors appear to be associated with increased total number of applications and with increased number of applications processed per staff person. The new business process increased overall applications processed per week, as well as average applications processed per staff person. However, the greatest impact on processing time appears to be the number of experienced state employees on staff. State employees with at least 6 months experience in case processing increase the number of applications processed each week, and also increase the overall per-staff productivity rate. The regression analysis found that the impact of contract staff on productivity was negligible, but this analysis was confounded by the high turnover rate among these staff in SFY 2010. If EAP continues to employ contract staff, steps should be taken to curtail turnover. The Las Vegas location had 69% staff turnover in SFY 2010, compared with 38% staff turnover in Carson City. DWSS is taking steps to curtail turnover by increasing the wages of contract staff. In addition, the evaluation team recommends that exit interviews be conducted by the human resources department with all staff

who leave, either voluntarily or involuntarily, so that management can address any additional sources of staff turnover that are within their control.

Further Options for Increasing Application Processing Efficiency While Preventing Fraud

Staff has done an excellent job re-designing application processing to improve efficiency. However, EAP is now at a point of being a mature program; tweaks to the current system will likely produce only incremental gains in efficiency. Much larger gains can be attained by automating the application process in conjunction with DWSS's general efforts; however, no funding has yet been allocated to implement EAP automation.

The evaluation team reviewed 120 case files, randomly selected and stratified for season and file processing location. The file review was used to estimate the true occurrence of certain events, using a 90% confidence interval for all population estimates. The file review and staff interviews revealed that there are still numerous opportunities for improving efficiency:

- ◆ **Reduce RFIs to save EAP money.** Between 50% and 66% of all applications are receiving RFIs. RFIs require additional effort on the part of staff, doubling application processing time, which doubles the processing cost to the EAP program. While some RFIs will always be necessary, reducing RFIs to marginal cases would improve efficiency. Efficiency would also improve because the RFI step is one at which many applicants drop out, resulting in wasted staff time and costs — time and costs that could be spent serving other applicants. Therefore, the evaluation team suggests that the best way to save money and increase efficiency is to reduce the need for RFIs. Reducing RFIs will generate more gains in efficiency than any other process engineering effort, save automation. If EAP finally moves to automation, time savings are expected to be extremely high, because not only will application processing time be drastically reduced, but so will the need for RFIs. If RFIs were reduced both through procedural modifications and automation, efficiency could be increased by 30-45%.
- ◆ **Reduce income-eligibility RFIs to categorically eligible households.** Between 82% and 92% of categorically eligible households were issued RFIs compared with between 42% and 58% of households not categorically eligible. Of the categorically eligible households that received RFIs

Experienced state workers had a positive impact on productivity. The new business process for handling applications also greatly increased overall efficiency as well as individual productivity.

in our sample, 71% received RFIs requesting income verification. Categorically eligible clients have already been screened for income-eligibility by DWSS in order to receive food stamps or TANF. Therefore, we recommend reviewing the verification and budgeting procedures for categorically eligible clients to reduce RFIs to what is really necessary.

- ◆ **Investigate causes of high RFIs and errors in Las Vegas.** RFI issuance differed significantly by site. Seventy-six percent of applications processed at the Las Vegas location received RFIs, compared with

43% of applications processed in Carson City (statistically significant at $p < .01$). At both sites, categorically eligible households were issued RFIs at higher rates than households that were not categorically eligible. Management reported that Carson City staff have a lower application processing error rate than Las Vegas staff. Management also reported that applications received in Las Vegas tend to be less complete than applications received in Carson City. Other potential differences between the office caseloads include different percentages of new applicants and different methods used to submit applications (drop off vs. mail/fax).

- ◆ **Reduce time required to obtain energy usage data from utilities.** Case processors reported that in some cases, usage data can take as long to obtain as it takes to process the rest of the application. Several staff noted that when clients receive utilities from both Southwest Gas and Sierra Pacific, only one vendor's usage data will come through automatically, while the other will require manual effort. Staff reported that this occurs with up to 80% of applications in Carson City, substantially slowing down case processing at that location, compared with Las Vegas. Our statistical analysis supports this claim, indicating that applications for clients who hold accounts with Southwest Gas, Sierra Pacific Power, or one of the very small local utilities take an average of 8 days longer to process than accountholders with Nevada Power. The vast majority of applications processed in Carson City (71.4%) involve these utilities with longer processing times, compared with only 2.5% of Las Vegas applications. EAP management has indicated that as of November 2010, this system fix is in the testing phase, and it is expected that this problem will be absent for the remainder of SFY 2011.
- ◆ **Improve interface between EAP and DETR.** Staff reported that it can take up to two weeks to get unemployment data from DETR, even when staff make multiple requests. Staff have been instructed to request the unemployment letter from the client, but if the client does not have the original letter the client will most certainly not be able to obtain it from DETR (Department of Employment, Training, and Rehabilitation) within the 10-day limit on RFIs. This increases the likelihood that an application will be rejected and require re-application, using EAP resources that could have been used to process new cases.

In addition to the findings above, the evaluation team identified some aspects of case processing that warrant additional review of details in the next evaluation report. A more detailed file review with a wider sample of files will be undertaken by the evaluation team during SFY 2011.

Note Regarding Fraud Prevention

In June 2010, the Governmental Accounting Office (GAO) issued an investigative report concerning fraud in state LIHEAP programs¹⁴. Seven states were chosen for this study, and the GAO found instances of fraud in each. Nevada was not among the states studied. The states studied did not have preventive controls, detection and monitoring, or investigations and prosecutions. Each of these components is

¹⁴ Low-Income Home Energy Assistance Program: Greater Fraud Prevention Controls are Needed. United States Government Accountability Office Report to Congressional Requesters: June 2010.

present in Nevada's program. The GAO report made several specific recommendations: 1) Require applicants to submit Social Security numbers; 2) Validate applicant data with the Social Security Administration (SSA); 3) Develop prepayment edit checks to prevent individuals from receiving duplicate benefits; 4) Use SSA or state vital records death data to prevent fraudulent use of deceased identities; 5) Verify Social Security numbers with state's prisoner information; and 6) Use third-party sources such as a State Directory of New Hires to provide assurance that individuals do not exceed maximum income thresholds.

Review of Nevada's procedures suggests that EAP had already implemented the procedures (numbers 1, 3, and partial implementation of 6) that are both feasible and cost-effective. In the report, the SSA indicated that GAO recommendation 2 is not permissible, and several states involved in the LIHEAP fraud study reported difficulty in obtaining SSA access for validation. Further cooperation between LIHEAP and SSA would be needed before EAP could pursue this option. Recommendations 4, 5, and 6 (using state records) could be considered by EAP for full implementation if EAP implements automated processing of applications.

Cost-Effectiveness of Increasing Intake Site Payment for Completed Applications

EAP has been attempting to increase the completeness of applications by paying community service organization intake sites \$10 for each complete application that is received by EAP. Our file review suggested that approximately 22% of applications are submitted by intake sites. This figure does not account for applications that may have been submitted incomplete by intake sites. EAP management indicated that 14% of applications overall were submitted completed by intake sites.

Intake sites do significantly reduce application processing time by EAP. Only 37.5% of applications submitted by intake sites received an RFI, compared with 64.6% of applications submitted directly to EAP. Given that applications without an RFI can be processed in approximately half the time of applications with an RFI, this could potentially result in substantial cost savings for EAP if intake sites began handling more applications.

EAP is considering incentivizing intake sites to handle more applications by increasing the reimbursement to \$20 per completed application. EAP management requested that the evaluation team analyze the cost-effectiveness of this practice. Several assumptions went into this analysis:

1. Increasing the payment to \$20 would double the number of complete applications submitted by intake sites.
2. Eliminating an RFI cuts processing time in half.
3. The current RFI rate would continue unchanged, with intake site applications receiving RFIs at roughly half the rate of applications submitted directly to EAP.
4. The fully loaded average weekly cost to EAP of staff and contract workers is as follows: State Administrative Assistant I (AAI), \$1177.38; State Administrative Assistant IV (AAIV), \$1,424.65; Contract Caseworker, \$1,182.89; Contract Clerical, \$996.09.

The impact of increasing the completed applications submitted by intake sites on productivity is shown in Table 1. This table also estimates the cost per application processed by staff under various scenarios. Further assumptions, data and formulas used to create this table are found in Appendix II.

Paying intake sites for completed applications reduces RFIs and reduces processing time, but increases the cost of processing per application. Under the proposed scenario of \$20/application payments, intake sites would have the incentive to double the proportion of applications they currently submit. This would provide a gain of approximately 1 additional application processed per staff per week. This gain in productivity comes at a substantial cost, however, increasing overall processing costs per application by approximately \$5 per application. Completely eliminating intake site processing is only expected to reduce productivity by 1 application per staff per week; however, the cost savings are negligible. The current payment of \$10 optimizes the benefit of intake sites. The most cost-effective approach is to increase the number of experienced state workers processing applications, while permitting the number of contract staff to decline. The final column shows that the increased production from adding a state worker outweighs the additional cost and actually reduces per application processing costs. (At this point we would like to point out that we are using applications processed as a measure of productivity: EAP uses a different metric for internal performance monitoring of daily applications “touched” by each staff.

Cost-Effectiveness of Increasing Intake Site Payments					
Scenario Assumptions	Current	Proposed Scenario	High Site Participation Scenario	Eliminating Intake Site Processing	Increased Productivity with More State Staff
% of applications submitted by intake sites	22%	44%	66%	0%	22%
Payment to intake site	\$10	\$20	\$20	0	\$10
Productivity estimates per staff per week	26	27	28	25	43
Estimated processing cost per application					
AAI	\$ 47.48	\$ 52.41	\$ 55.25	\$ 47.10	\$ 29.58
AAIV	\$ 56.99	\$ 61.56	\$ 64.08	\$ 56.99	\$ 35.33
Caseworker	\$ 47.70	\$ 52.61	\$ 55.45	\$ 47.32	\$ 29.71
Clerical	\$ 40.51	\$ 45.69	\$ 48.77	\$ 39.84	\$ 25.36

Table 1. Cost-effectiveness of increasing payment to intake sites to \$20 per completed application. Productivity estimates obtained from multiple regression analysis described on page 21. Processing costs at the bottom of the table are shown per class of worker, assuming that each class of worker meets the average productivity shown in the top half of the table. Given that state workers are shown to be more productive than contract workers, this table overestimates the per application processing cost for state workers, and underestimates the per application processing cost for contract workers.

Coordination with Other Programs

UEC funds are coordinated with LIHEA funds. EAP also conducts an annual query of nonprofits and community agencies for a leveraging report for federal agencies. EAP coordinates with community assistance grants, Project REACH (Relief through Energy Assistance to Prevent Customer Hardships), and utility programs resulting in leveraging dollars worth \$16,872,537 in SFY 2009. These leveraging

activities resulted in \$678,751 in LIHEAP Leveraging Incentive Grant for 2010. EAP's primary coordination with the utilities is through the energy assistance advisory board. It also coordinates its program outreach activities with the utilities. EAP is also trying to keep utilities in the loop to stem the flood of utility shut-offs. More EAP applicants are receiving shut-off notices than in the past, and EAP is communicating with the utilities to prevent shut-offs and give the agency time to process the applications and distribute the benefits.

Program Outreach

Due to the rising tide of applicants, EAP and the utilities backed off on initial plans to increase outreach efforts. Still, some new outreach activities have included partnering with the Employment Security Department to distribute pamphlets and being added to resource lists at one-stop employment services. Food stamp and TANF applicants will also get referred to the program. The majority of outreach occurs at the intake sites.

IT System Evaluation

The evaluation team interviewed EAP management staff to determine how improvements to the EAP IT system are working. During SFY 2010, numerous system changes were planned and implemented, including building a Crystal Data Universe and Crystal Reports infrastructure to improve data access by EAP management. Crystal Reports was planned to provide management with real-time access to all EAP data, eliminating the need to request ad hoc reports from IT staff and reducing reporting costs and time lines.

The transition to Crystal was completed on January 15, 2010, and was largely successful. Crystal Reports works well for all reporting features, with the exception of participant benefit reports. Successful implementation of benefit amount reports in Crystal has been delayed due to difficulties in the data system and because IT contractors left the project prior to completion of the work. For this reason, data on benefits are still obtained using ad hoc reports produced by IT staff. However, the functionality that exists in Crystal indicates great promise when all components of Crystal have been completed. The biggest difference seen by EAP is the accuracy of the available reports. Prior reports did not capture the data correctly; with Crystal Reports, management has real-time access to accurate reporting on individual staff performance and office performance. Management is better able to make decisions regarding staff apportionment across offices and monitor efficacy of changes in workflow. Crystal Reports also enabled management to recognize the impact of staff retention on efficiency. Better data has also meant more accurate projections. EAP management is satisfied with the Crystal Universe pieces that are already functional; however, they continue to struggle with the pieces that are still not available.

Other IT work orders involved making changes to the underlying data system. Again, some of these changes have been delayed owing to early contractor departure. However, a number of successful improvements have been made to the system, including some specific changes that will greatly improve the accuracy of case processing data and reduce processing costs:

- ◆ The EAP system now correctly calculates “table-driven” FAC benefits based on income for categorically eligible cases that are over the income limit. (October 16, 2009).
- ◆ The EAP system now automatically calculates FAC benefits based on a higher cap for participants who use oil or propane. (October 16, 2009).
- ◆ If a case manager attempts to certify a case prior to resolving open RFI questions in the system, there will be an error message. This will alert the case manager to close the open RFI questions prior to certifying eligibility (February 19, 2010).
- ◆ The EAP system now has the capacity for supervisors to delete erroneous cases, such as those with an incorrectly entered SSN or name.

IT functioning for data entry has been improved, but challenges remain. Numerous staff mentioned waiting for screens to populate during data entry, or waiting for new windows to appear. System errors sometimes cancel an RFI and the staff person has to start over. Also, staff report periodic overall system slow-downs. Additionally, the interface between the IT system and Southwest Gas and Sierra Pacific Power was the subject of numerous complaints. Difficulties in obtaining client usage data are reported to double application processing time for up to 80% of applications in Carson City. In addition, old application dates are displaced by new applications, even if a decision is not yet made on the new case. What this means is that if multiple applications occur during one fiscal year (for instance, the re-certification occurs before the fiscal year ends, or there is a re-application on a case that was denied), there will be multiple determination dates in the system, but only one application date. This results in some applications appearing to have been determined prior to the date of application. It also means that completely accurate case processing time data is not available for analysis. As mentioned below, continued progress on outstanding IT issues is expected to proceed at a slow pace owing to more pressing DWSS priorities.

Regardless of the remaining functionality issues, the IT system is on a positive path forward, and functionality for evaluation purposes has been far superior for SFY 2010 than in SFY 2009. EAP management and supervisory staff have also found the system much easier to use for reporting and monitoring purposes.

Possibility of Automation

TANF, Food Stamps and Medicaid have piloted an online application process that has been highly successful. Applicants prefer the online applications, which can be completed in community centers and family resource centers, at kiosks in district offices, at Carson City Health/Social Services, and at Nevada Division of Aging Services. The online application skips unnecessary information and prints customized verification forms and checklists so that each person has a customized list of the documents that must be submitted with the applications. Currently, the application must be printed and then re-entered by staff into NOMADS, but the plan is to get the process completely online. There is a strong impetus to move this forward quickly to save staffing costs. There is interest in adding EAP to the automation effort, but there is no funding currently allocated for implementation. Unfortunately for EAP, most DWSS IT

resources are dedicated to the transition to automation; making EAP IT work items a low departmental priority for the near future.

Implementation Evaluation

EAP experienced a very successful application processing year in SFY 2010. Average application processing time was kept under 60 days for every month in SFY 2010, as shown in Figure 4. EAP did report a substantial increase in the number of applications toward the end of the fiscal year. EAP management anticipates challenges in maintaining these processing times through SFY 2011, given severe budget constraints for meeting the increased need for EAP and budget constraints for hiring additional staff.

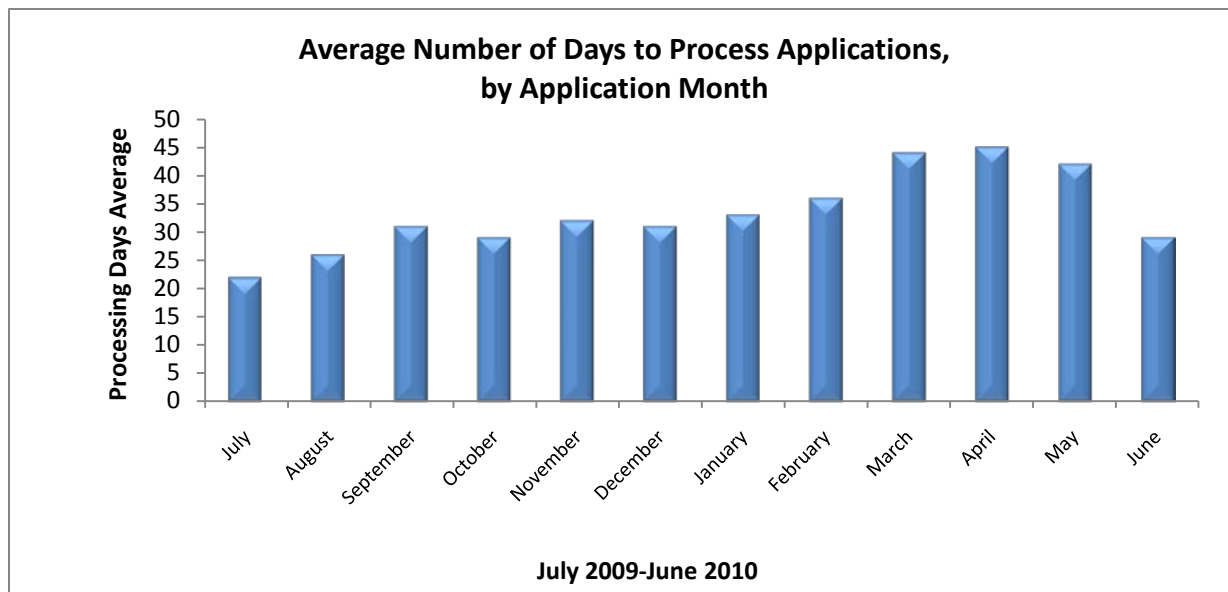


Figure 4. Average number of days EAP took to process applications by month of application.

Application processing time varied slightly by processing site after implementation of the new business process. Figure 5 (page 29) shows the percentage of applications processed by number of days for both Carson City and Las Vegas before and after the new business processes were implemented. The new business process resulted in slightly longer application processing times in Carson City. This is most likely due to the new processes only being fully implemented in Carson City for the final two months of the fiscal year. In addition, as mentioned on page 23, utility interface problems delay application processing by over a week for most applications processed in Carson City. As of November, 2010, EAP management reports that this problem is in the process of being corrected, and is not expected to have an impact on

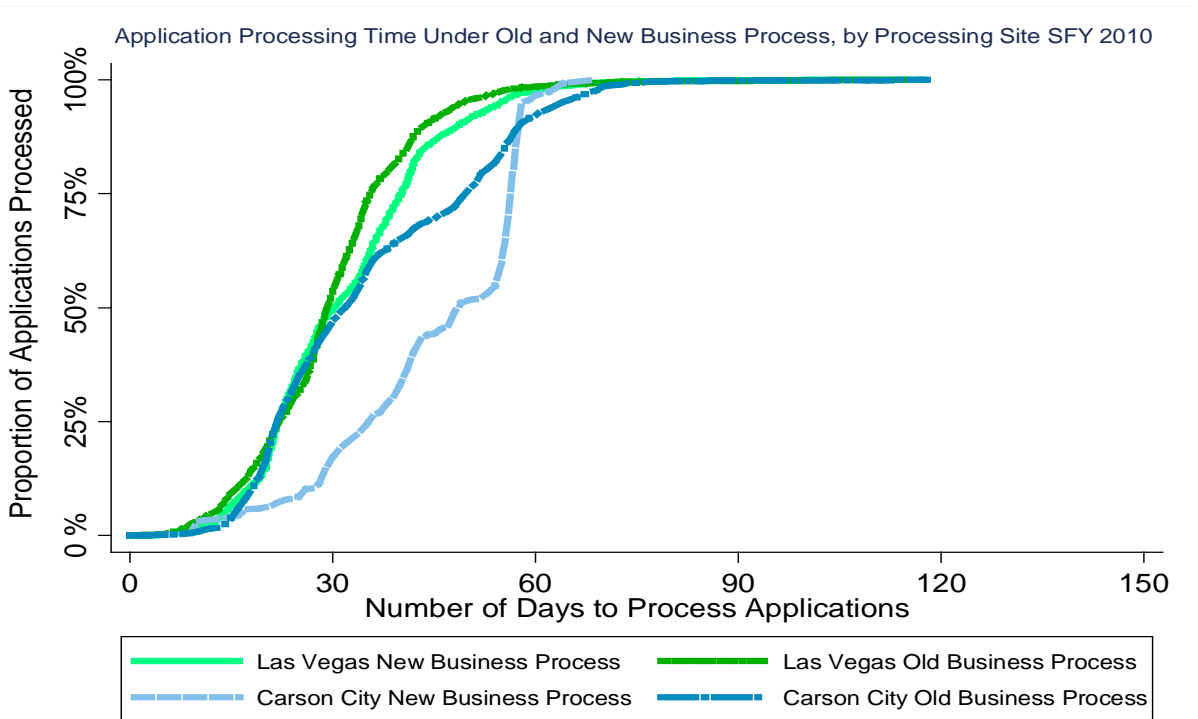


Figure 5. Differences in application processing time in Las Vegas and Carson City before and after new business process. processing times in SFY 2011. However, it is clear from the graph that the vast majority of applications were still successfully processed in fewer than 60 days, regardless of site or business process.

Vulnerable Households

The average processing time for households with elderly, disabled, or young children was an average of three days shorter than the processing time for non-vulnerable households (33 days vs. 36 days). While this difference was statistically significant, it is not practically meaningful. The state target for processing

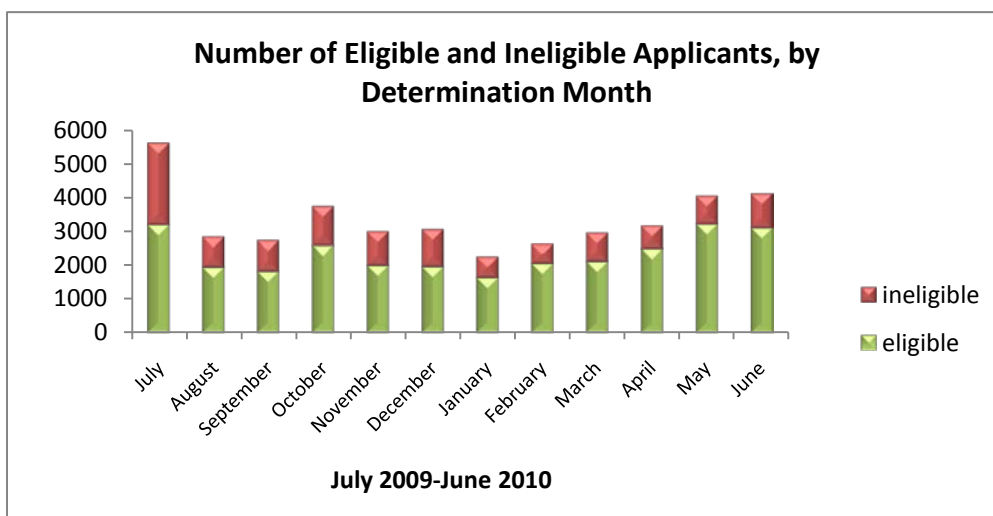


Figure 6. Number of EAP applications determined to be eligible and ineligible by determination month.

the applications of vulnerable households is 30 days, and EAP has come commendably close to meeting this goal for all applicants, not only the vulnerable.

As seen in Figure 6, the number of determinations is cyclical throughout the

year, with a peak in July as pending cases from the previous fiscal year are rolled over as cases in the new fiscal year. In July, a higher proportion of cases than expected were found ineligible, possibly owing to the volume of cases that staff must process quickly to prevent a backlog. During the remainder of the year, the proportion of eligible and ineligible cases is more consistent.

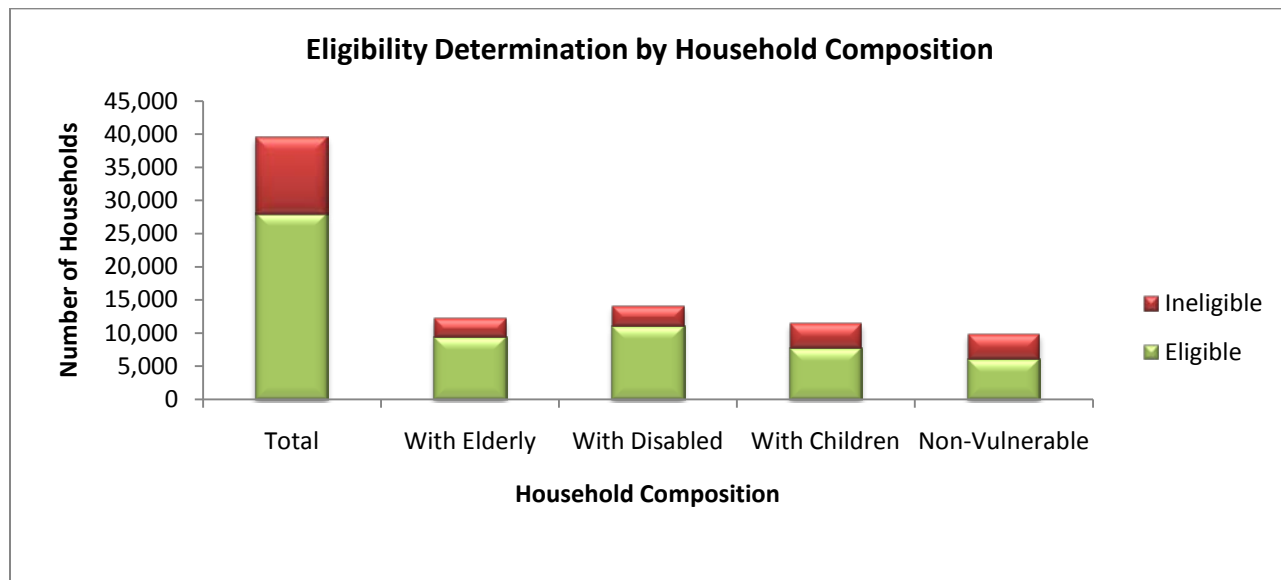


Figure 7. Number of EAP applications determined to be eligible and ineligible by household composition.

Household Characteristics

Nearly 40,000 households applied for energy assistance during SFY 2010, an increase of 24% from SFY 2009 (as shown in Figure 7). Of those, 27,984 (70.6%) were determined to be eligible, and 11,638 (29.4%) were determined to be ineligible.

Households Served

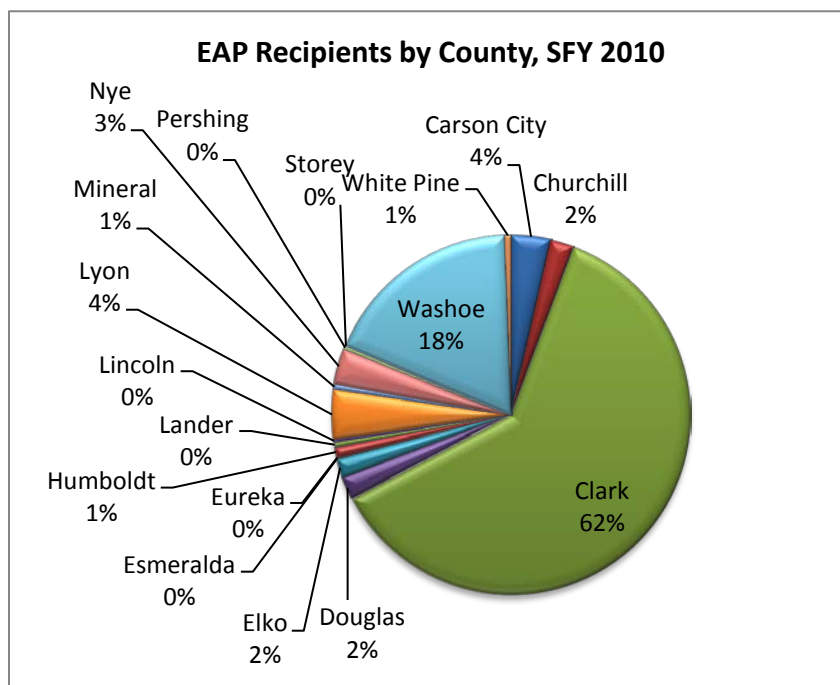
Households served included the following vulnerable populations: elderly (age 60 or older) (33.4% of all households served), children younger than 6 (27.5% of all households served), or disabled (39.3% of all households served). This is shown in Table 2

and represents an increase in the percentages of households with young children or with no vulnerable members, and a decrease in the proportions of elderly and disabled from SFY

Vulnerable Populations Served			
	Number of Households 2010	Percent of Total 2010	Percent of Total 2009
With Elderly	9,339	33.4	37.6
With Disabled	11,000	39.3	43.4
With Children Under 6	7,693	27.5	25.1
Non-Vulnerable	5,991	21.4	18.7
Total	27,976		

Table 2. Number and percent of EAP households with vulnerable and non-vulnerable members, compared with previous fiscal year. The above percentages do not add to 100% since the vulnerable populations are not mutually exclusive, i.e. some of the households may include elderly and disabled, or some other combinations, and are thus counted more than once.

2009. These changes are statistically significant, and may indicate rising need owing to higher unemployment in Nevada among healthy pre-retirement adults. The number of household members ranged between one and eighteen, with a median of two.



The majority of the households served were in Clark County (61.6% of all households served), followed by Washoe County (18.1%), as shown in Figure 8.

Most households served by EAP were living in rented homes (79.3%; see Table C in the Appendix), primarily apartments (47.4%; see Table 3). The main energy source used by EAP households was electricity (99.6%), followed by natural gas (59.4%); see Table 4, page 32).

Figure 8. Proportion of EAP participants served in each county, SFY 2010

Issues of Newly Unemployed and Households in Medical Crisis

The EAP was designed during a period of economic growth, and various policies and procedures reflect that reality. During Nevada's current recession, which is not predicted to improve for at least three more years¹⁵, these policies may not be wholly appropriate. Additionally, a category of clients has been identified who are particularly vulnerable to being denied benefits owing to inexperience in divisional procedures.

The FAC benefit is calculated based upon earnings during the 30 days prior to application. For applicants whose current

Dwelling Type		
	Number of Households	Percent of Total
Apartment	13,256	47.4
House	9,012	32.2
Mobile Home	3,019	10.8
Condo/Townhouse	1,535	5.5
Duplex	761	2.7
Studio	157	0.6
Other	124	0.4

Table 3. Number of EAP households by type of dwelling.

¹⁵ Source: Employment forecasts from State of Nevada Budget Division, January 2010.

earnings (such as unemployment) do not cover their expenses, or who show zero income, the most recent two quarters of earnings in their previous job are annualized and used to calculate the benefit.¹⁶ For instance, in the case of an applicant receiving unemployment income, the unemployment benefit will be annualized over 26 weeks (or more, depending on whether Congress extends unemployment benefits), and the earnings prior to unemployment (the last two quarters earnings at the previous job) will also be annualized and added to the unemployment benefit when calculating the FAC. This was done to ensure that seasonal employees do not receive a higher benefit than people who work year-round for the same annual salary. However, this policy reduces benefits to people who are permanently terminated from unemployment, rather than seasonally laid off. This occurs because instead of calculating the benefit based upon their unemployment income, the benefit is calculated based upon their former employed income in addition to the unemployment income. This problem is further exacerbated by challenges in the data interface between DWSS and DETR, which leads to newly unemployed applicants being denied benefits altogether because it is not possible for them to obtain copies of award letters from DETR within the 10 days allotted for response.

A second class of applicants at risk for denial is households in medical crisis. File review identified an elderly person in hospice care who was denied benefits because they did not respond to RFIs within 10 days. A disabled, 80-year-old previous EAP client was denied re-certification because the driver's license she submitted was expired.¹⁷ Another family with an infant, two children under 7, a mother, and a father disabled by cancer were already receiving food stamps and thereby categorically eligible for EAP. However, the caseworker requested further income verification; the family did not respond within 10 days and was therefore denied.

While a phone call to the caseworker could have provided any of these households with a time extension, this is not stated explicitly in the RFI letter. Households that are accustomed to self-sufficiency do not know how to “work the system.” These households are the most likely to become homeless because they are unaware how to locate and use “safety net” services.¹⁶ In many cases, homelessness will follow job loss in as few as 6 months.¹⁸

Energy Type		
	Number of Households	Percent of Total
Electric	27,861	99.6
Natural Gas	16,610	59.4
Propane	1,167	4.2
Heating Oil	90	0.3
Other*	34	0.1

Table 4. Number of EAP households by type of energy.
* “Other” fuel types include wood, pellets, and kerosene.

¹⁶ Rules used to calculate the FAC which are most relevant to Nevadans who are unemployed or working reduced hours are summarized in Appendix III

¹⁷ Very elderly people in particular are more likely to have their driver's license renewal denied by the Nevada Department of Transportation and therefore may be unable to produce a current driver's license. A State of Nevada Identification Card is available to people who are ineligible to drive, but applicants must appear in person at the Department of Motor Vehicles. This may be a difficult or even impossible task for medically fragile or disabled elderly people.

¹⁸ Lehmann de García ER, Kass PH, Drake CM, Nichols SB (2007). Risk factors for first time homelessness in low-income women. *American Journal of Orthopsychiatry* 77(1), 20-28.

EAP may consider instituting a different type of processing for “First-Time Unemployed” (as opposed to seasonally unemployed) or “Medical Crisis” cases. This processing would not involve prioritizing these cases over other cases, or processing the cases more quickly than other cases. However, it may be appropriate to calculate the FAC benefit differently for unemployed cases by annualizing the current unemployment income, rather than including the previous employment income. Moreover, it may also be appropriate to handle the Medical Crisis or Newly Unemployed cases with a more hands-on approach that takes inexperience with divisional procedures into account. This processing could involve RFI letters that specifically inform the applicant to call for a time extension if the information cannot be obtained within 10 days. Households that are already categorically eligible should also receive RFI letters that inform them where they are in the process, e.g., clarifying that the household appears to be eligible for the EAP program, but additional information is still needed to calculate the benefit. While these additional procedures could increase processing time for these applications, it would be a more equitable approach overall.

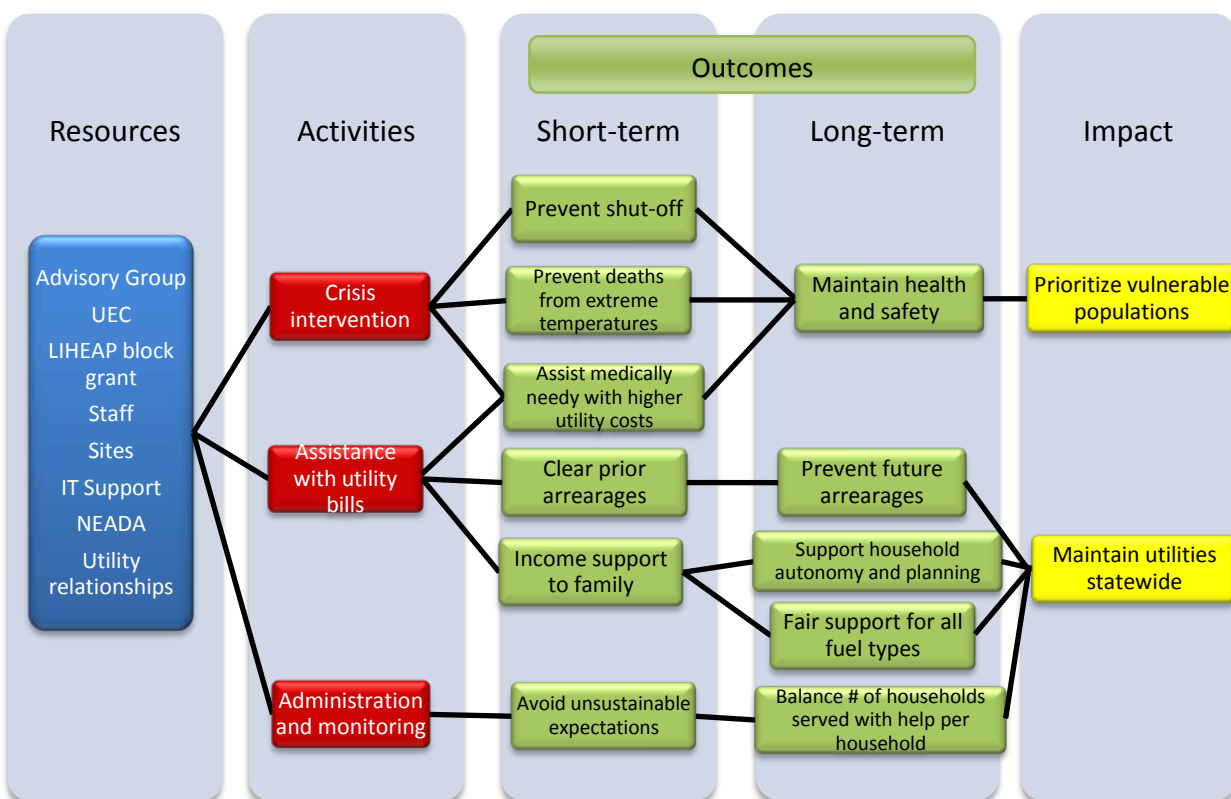


Figure 9. EAP Logic Model.

Achievement Evaluation

The EAP’s logic model is shown in Figure 9. The model was developed through discussion with EAP staff. EAP’s ultimate goals are to maintain utility services for low-income households throughout the state, and to maintain health and safety, including moderating temperature extremes and operating medical equipment. To make progress toward these objectives, EAP provided support to 27,976 households

throughout UEC-paying utilities in the state in SFY 2010, as seen in Table 5, which gives a demographic view of EAP distributions.

As seen in Table 2 on page 30, greater than one-third of households receiving EAP funds had a disabled member. About one-third had an elderly member, and over one-quarter of households had at least one child under age 6.

Demographic Data for EAP Households					
	Households with young children	Households with disabled member	Households with elderly member	Households with no vulnerable members	All Households
Average Benefit	\$1,187	\$892	\$763	\$1,060	\$964
Total Awarded	\$9,113,965	\$9,814,676	\$7,127,946	\$6,351,520	\$26,976,576

Table 5. Demographic data for EAP households. The numbers do not add to totals since the vulnerable populations are not mutually exclusive, i.e. some of the households may include elderly and disabled, or some other combinations, and thus are counted more than once.

Impact of Benefit Caps

EAP is designed so that the energy burden for program participants should be equivalent to the median energy burden for a median-income Nevada household: 2.46% in SFY 2010. EAP raised the spending caps in SFY 2010 in order to better help clients meet the energy burden goal. These spending caps, based on family size, were higher for households with a vulnerable member. These higher caps resulted in a significant reduction in the energy burden EAP clients, compared with last year. The energy burden for participating households averaged somewhat higher than the statewide median, but was 20-40% lower for vulnerable groups than last year.

Percentage of Income EAP Participants Are Expected to Spend on Energy After Assistance, by Household Composition, SFY 2010			
	Average % FAC Income Expected to be Spent on Energy	Average % Current Income Expected to be Spent on Energy	Range % of Income Expected to be Spent on Energy
With Children	3%	4%	0-22%
With Disabled	4%	4%	0-9%
With Elderly	4%	4%	0-12%
Non-Vulnerable	6%	8%	0-59%
Statewide median	2.46%		

Table 6. Percentage of income spent on energy by household composition.

As shown in Table 6, the mean energy burden of program participants ranged between 3% and 6% of their FAC-counted incomes, depending on whether they were in a household with a vulnerable member (the number of households in each category is shown in Table 2).

The FAC benefit is usually calculated based on an applicant's income in the 30 days prior to application, annualized and projected for the next year. However, applicants who experience a change in income, such as substantially reduced work hours or total job loss, and whose incomes are no longer sufficient to meet their monthly expenses, will have a FAC benefit calculated based on their unemployment income in addition to the two most recent quarters of employment earnings from their previous jobs, or in the case of job reduction, the FAC benefit could be calculated based upon the previous 12 months' wages if household expenses exceed current income. Eligibility is based on current income. For the disabled and the elderly, the FAC income and eligibility income amounts are likely to be the same, because these groups tend to be on fixed incomes that vary minimally from one year to the next. Households facing job loss in Nevada's current economy, however, are likely to have large discrepancies between their eligibility income and their FAC income. The energy burden calculation based on current income (2nd data column, Table 6) is higher than the energy burden calculation that EAP uses, which is based on the previous year's earnings. While this approach was implemented to prevent people who are seasonally employed from unfairly receiving a higher benefit than people with same earnings spread across a year, it does not work well in Nevada's current economic situation: The data in Table 6 bolster the theory that the increase in households with children and without vulnerable members is due to recent unemployment or employment reduction. This table also indicates that the recently unemployed are bearing a higher energy burden with EAP assistance than those on fixed incomes. Given the State of Nevada's projections of continuing high unemployment and EAP demand over the next three to five

years, it is worthwhile for EAP management to discuss whether this calculation is still appropriate. There may be good reason to change the benefit calculation to be based upon eligibility income until the unemployment rate returns to pre-recession levels.

The program participant energy burden varied according to percentage of FPL, as shown in Figure 10. The discrepancy between the energy burden for households with higher incomes and lower incomes was substantially reduced from

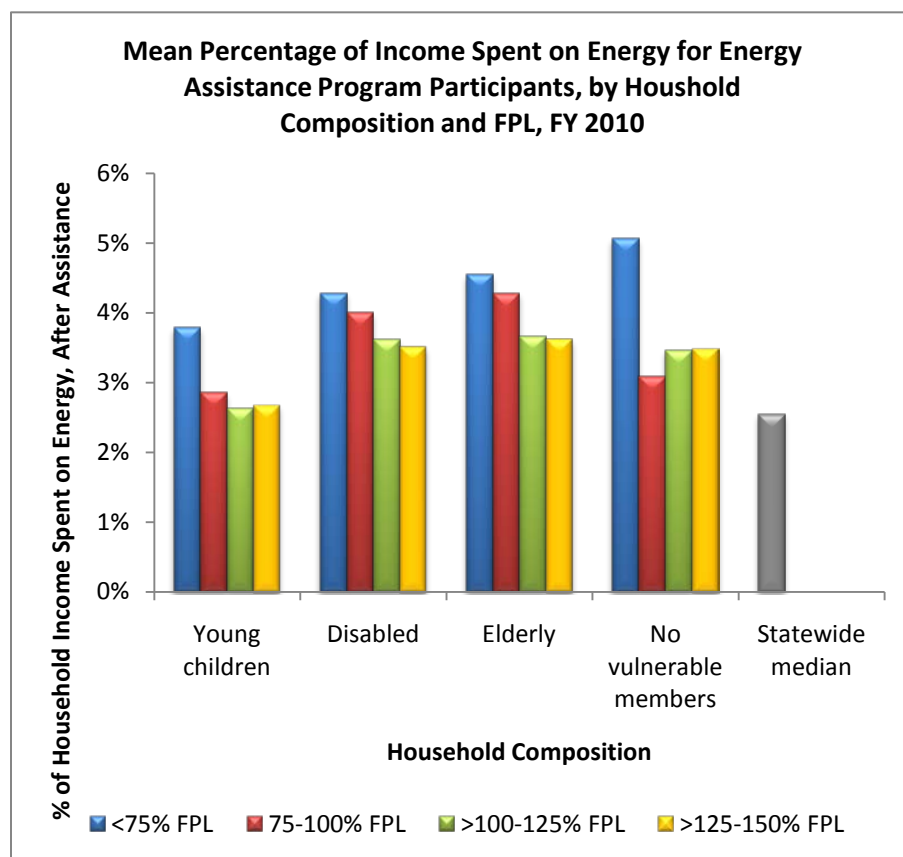


Figure 10. Percentage of income spent on energy by household composition and FPL.

last year, when the poorest had up to twice the energy burden of the “least” poor. While this reduced discrepancy is commendable, it is interesting to note that the greatest discrepancy exists for families with young children and for the non-vulnerable households—again suggesting that the newly unemployed are receiving a lower benefit than might be warranted.

Graphs and charts communicate the numbers served, but the personal impact of the program is best understood through the words of the program participants themselves. Staff at EAP receive thank-you letters and holiday cards throughout the year. One elderly woman, a recent widow, wrote “I can’t tell you how grateful I am that this is something I am able to qualify for since my life has changed so since my husband passed. Thank you for your consideration of having me qualify for this program.” Another elderly recipient penned “It was very kind of you to call me. I didn’t know what was going on only that it was very stressful and [words illegible] at them this year. You have taught me at 85 that there still are kind and caring people in Las Vegas.” Other recipients laud the compassion, humanitarian spirit, and hard work of EAP case workers. These notes serve as reminders of the human face behind the FAC, and also communicate how very grateful program participants are to have assistance with energy bills.

Plans to Address Increasing Need

During SFY 2010, the benefit cap was increased to enable EAP to fully realize its goal of keeping low-income people at an energy burden level in parity with the rest of the state. While this approach was largely successful, it is unsustainable in the face of dramatic increases in applications coupled with shrinking UEC and highly unstable LIHEA funds. For SFY 2011, the benefit cap will be reduced again in an effort to cover a greater number of households.

Other strategies under consideration include transitioning to application “seasons” to better distribute applications across the fiscal year. Northern applicants would apply during the winter, and southern applicants during the summer. This could help balance workload for staff more evenly across the year, reducing the need to bring in extra contract help or borrow staff from other programs within the division during “crunch” times.

Policy Issues for Coming Year

At the close of SFY 2010, EAP did not expect that there would be sufficient funding in SFY 2011 to serve eligible clients at the current level. Since that time, the possibility of additional federal LIHEA grant funds has arisen, but the final amount of funding is yet uncertain. As mentioned earlier, EAP is considering lowering the benefit cap to spread resources among more applicants. Other options under consideration include changing eligibility criteria so that fewer households would be eligible, eliminating the arrearage program, restricting the arrearage program to households with elderly, disabled or young children, and other policy changes. While reducing the eligibility to 125% or 135% of poverty would mean that fewer households are served by the program, this approach would adhere to the spirit of NRS 702 by ensuring that households who do participate in EAP have an energy burden in par with the rest of the state. Unfortunately, this approach would also mean that some households eligible for WAP would not be eligible for EAP, creating administrative imbalance between the programs. Conversely, reducing the benefit would permit EAP to serve all eligible applicants at the level of 150% of poverty, but

the household energy burden could be dramatically increased. **There are no simple solutions to ensure that all Nevada households will be able to maintain utility service in the current economy, in the absence of increased funding for energy assistance.**

WAP EVALUATION

Fiscal Analysis

As shown in Figure 11, \$2,985,124 was received by WAP from FEAC, a substantial decline from the previous year. Owing to uncertainty of funds for subsequent years, WAP reduced the amount of funds budgeted for SFY 2010 to \$2,485,444. The remaining funds are placed under NHD's Reserve Category and can only be used by WAP. \$2,202,903 was spent by WAP in SFY 2010. Of the total spent, 7.1% was for program administration,¹⁹ 1.6% was on training and technical assistance, and 1.9% was on program evaluation. The remaining 89% of the funds were spent on weatherization, including subgrantee administration. (See Table D in the Appendix for full fiscal data tables.)

Business Process

WAP performed very well in SFY 2010, exceeding production goals by 47%. WAP's exceptional performance in spending down ARRA funds was highlighted in the National Association for State Community Service Programs newsletter, and in a letter of recognition from the Department of Energy, the DOE recognized that Nevada WAP had greatly exceeded its production quotas for three months running. Nevada's efficiency in completing weatherization work was also noted in this letter.

Monitoring reports indicated positive findings for all subgrantees, demonstrating full compliance with all state, federal, and program

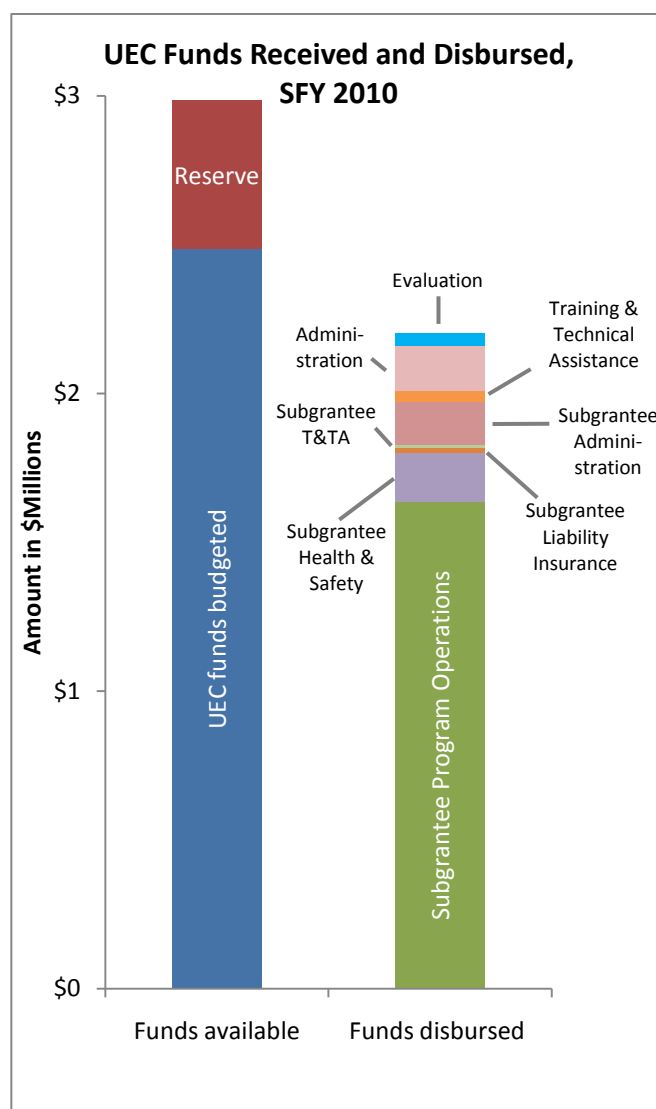


Figure 11. WAP funds received and disbursed, SFY 2010

¹⁹ Additional administrative costs were incurred in SFY 2010 due to extensive involvement of WAP staff in managing regulatory changes as a result of SB152, ARRA, and due to the availability of unspent administrative funds carried forward from SFY 2008.

rules and regulations, as well as reporting and fiscal requirements.

These achievements were attained during a year of great upheaval in requirements owing to Nevada SB152 and ARRA requirements. At the most basic level, the pressure to complete work for ARRA meant that subgrantees had to reduce the time spent on FEAC weatherization jobs until they were better able to balance the increased workload. Additionally, SB152 was a “Green Jobs” bill that required the use of training collaboratives coordinated through DETR, which had a significant impact on the way training for weatherization subgrantees and contractors was conducted. Both ARRA and SB152 slowed down the actual weatherization work for subgrantees until all the requirements of ARRA and the new law were worked out. SB152 appeared to be the most controversial change for subgrantees. Subgrantee response to the impact of SB152 was mixed. Several subgrantees believed that the training provided by DETR was insufficient and inferior to the trainings that had previously been provided by Jim Smallridge, the Compliance Audit Investigator with NHD (SB152 required weatherization training to be conducted by training collaborative instead of by NHD staff). Specific criticism of the trainings was that the DETR sponsored trainings were not following the weatherization program field manual; instead, trainings were Building Performance Institute (BPI) trainings, or trainers developed their own materials. It was the impression of several subgrantees that DETR trainers themselves had been trained in Florida and were not sufficiently knowledgeable about the materials and procedures used for weatherization in Nevada. One subgrantee lamented that NHD did not have a stronger hand in the training collaboratives. A few subgrantees indicated that NHD needed to step back into the ring with training and requested that NHD provide at least two trainings per year. The NHD trainings were perceived to have the best hands-on experience for contractors and staff. Furthermore, one subgrantee suggested that creative partnerships with coordination and facilitation could greatly improve training with minimal outlay. The training collaborative sites could partner with other organizations that have facilities. For example, Southwest Gas has a furnace lab that could be used for trainings, and Central Las Vegas has a facility on East Bonanza and Pecos that could be used for training. Alternatively, a training lab could be created in Nevada so people would not have to be sent to Arizona and Florida for trainings.

Coordination of UEC and ARRA

ARRA presented additional administrative challenges, both to NHD staff and to subgrantees. When NHD received ARRA funding to expand its weatherization program, it was obligated to comply with Davis-Bacon wage requirements, a laborious process that reduced the time available for actual program administration. NHD staff reported that Nevada faced greater challenges in implementing ARRA than other states because there were both federal and state requirements to contend with. Progress was held up by waivers and wage determinations. Davis-Bacon wage determinations under ARRA were ready in August 2009, but work could not begin until the training waiver requirement of SB152 was met (November 2009). Contractors then had a short period in which to make up for the lost time. An additional ARRA requirement is weekly certified payrolls, which necessitated the hiring of new NHD staff to manage Davis-Bacon compliance and required subgrantees to have staff who could handle the certified payrolls. At the same time, ARRA ushered in an additional layer of reporting requirements, which were not coordinated with LIHEAP reporting requirements. Some subgrantees reported on the strain of responding to multiple sets of data requests at different times of the month. While subgrantees

WEATHERIZATION ASSISTANCE PROGRAM BUSINESS PROCESS, FY 2010 State of Nevada Housing Division

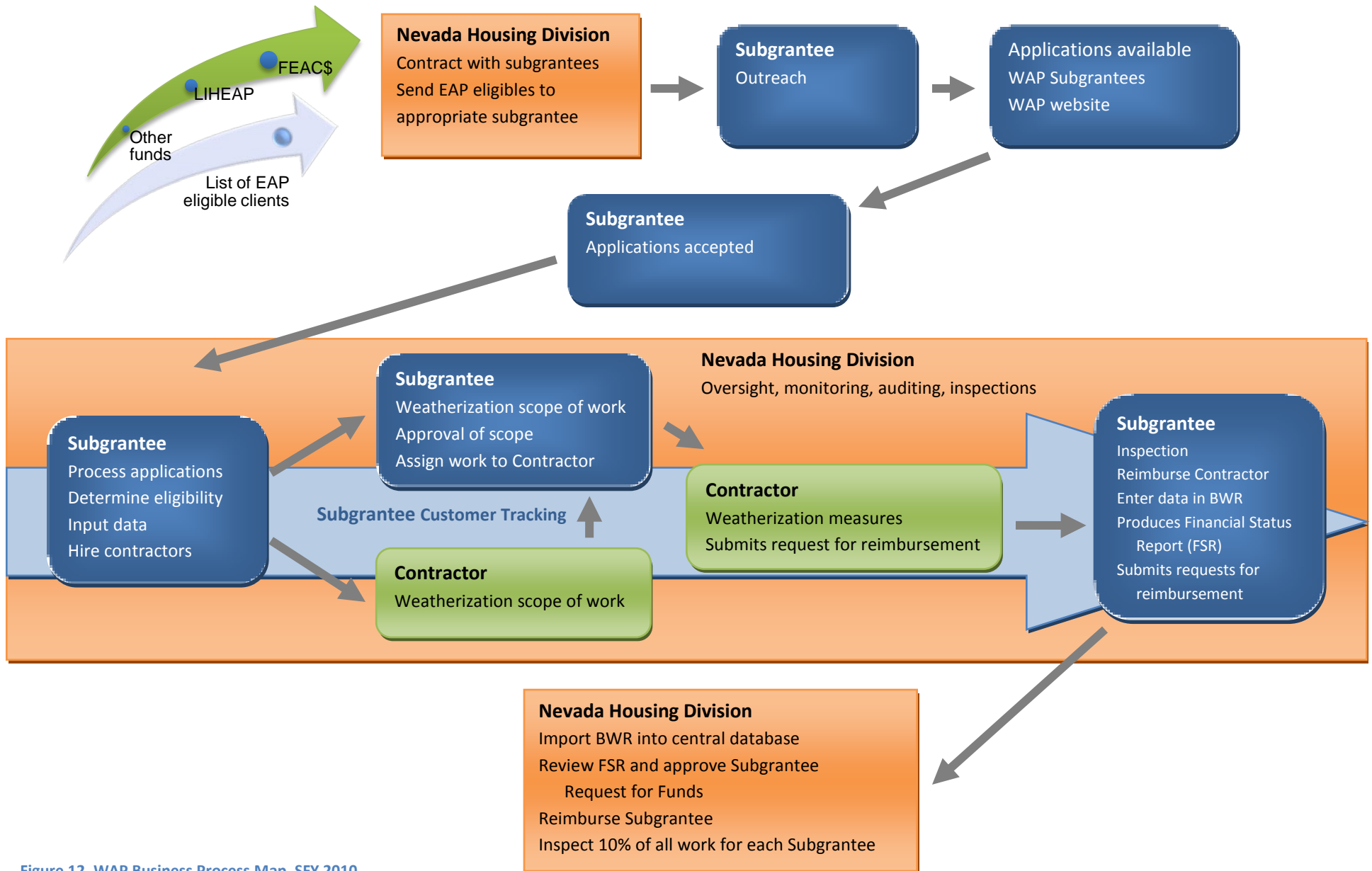


Figure 12. WAP Business Process Map, SFY 2010

understood that NHD was simply responding to federal requests, they noted that it created additional administrative burden. A huge advantage to the ARRA funding, of course, is the dramatic increase in the funds available for weatherization in Nevada. This has enabled Nevada to weatherize a record number of homes, and created or preserved more than 50 full time equivalents per month for both subgrantees and weatherization contractors. Some WAP subgrantees have tripled in size owing to ARRA. However, when the ARRA funds are depleted, the UEC and LIHEA will not be able to employ this level of staff. If additional funding sources are not identified, or if the Nevada economy has not improved at that point, WAP subgrantees will need to lay off a large proportion of their weatherization workforce. The barriers faced by NHD and its subgrantees in implementing the dramatic and complex changes ushered by ARRA and SB152 makes WAP's recognition as one of the top nationwide performers in weatherization even more remarkable.

Staffing

An additional challenge faced by NHD was the retirement of the program manager, Craig Davis. This, combined with the increased demands of the ARRA funding, stretched NHD staff very thin. While subgrantees spoke positively about Sue Martin, Craig Davis, and Hilary Lopez, they did believe it essential that NHD fill the program manager position.

Weatherization Process

Figure 12 (page 39) shows the process by which applications are processed and homes weatherized by the WAP program. NHD fills primarily the administrative, inspection and monitoring roles in this process. Subgrantee community agencies complete the majority of the work, conducting outreach, processing applications, and hiring weatherization contractors to complete the actual weatherization measures. Outreach activities include newspaper ads, website materials, postcards to eligible households, a booth at a senior center event, door-to-door canvassing in target neighborhoods, an informational booth at Wal-Mart, coordination with mobile home park management, and inter-agency referrals.

One key to success in weatherization is the ability to blend funding sources. UEC, LIHEA, ARRA, and other funding sources each have rules and restrictions. Subgrantees can pull different funding sources together to provide better weatherization services to needy Nevadans.

Subgrantees report varying degrees of application completeness. One subgrantee indicates that a pre-screening process has helped their agency immensely by reducing the need to request additional information from the applicant. During the pre-screen phone call, the applicant is told exactly what they need to do to apply to the program. Completed applications take up to 10 days to process. The weatherization work itself takes between 30 and 60 days.

Each subgrantee has their own approach to scheduling. For the Rural Nevada Development Corporation (RNDC), for example, the northern applicants are completed during the summer, and the southern applicants are completed during the winter. Applicants are on a waiting list according to their geographical region, but all work is completed for all applicants within the fiscal year. In some cases where the home has high needs and where funding is available, a subgrantee may delay work on the

home until they can obtain separate funding from private agencies to do more comprehensive home rehabilitation in addition to the weatherization.

Other subgrantees in more limited service areas may have no waiting list, or much shorter lists.

Greatest Strengths

The commitment of NHD staff to the purpose of WAP and the judicious use of weatherization funds by NHD are among the program's greatest strengths. Subgrantees feel that Craig Davis and Sue Martin are knowledgeable, helpful, responsive, and accessible, and provided several specific examples where challenges owing to program changes were resolved successfully through conversations with Sue or Craig. NHD staff have helped subgrantees negotiate all the rule changes in the past year, despite furloughs and understaffing. More technical assistance for weatherization is needed.

NHD staff also succeeded in leveraging Southwest Gas as a partner in weatherization.

Suggestions for Improvement

Subgrantees had several suggestions for improvement in response to the substantial changes caused by ARRA and SB152:

- ◆ Provide subgrantees with a list of EAP clients that distinguishes new EAP clients from recurring EAP clients. Subgrantees believe it is not a good use of their resources to keep mailing postcards to clients who have not responded to WAP's informational postcards for the past few years. They believe their outreach would be more effective if they could focus on new clients.
- ◆ Move from a 1-year funding cycle to a 3-year cycle for the subgrantees. The subgrantees felt that multi-year cycle would make planning easier and would increase efficiency. NHD staff are concerned about making multi-year awards given the uncertainty of annual weatherization funding. The amount of funds available to NHD for weatherization varies substantially from year to year. It might be possible to implement a multi-year funding cycle that would be contingent upon the availability of funds and upon subgrantee performance.
- ◆ Coordinate NHD's contract monitoring inspections with subgrantee inspections. This is believed to serve multiple purposes: a) reduce disturbance of the client, who may not want repeat visitors to the home; b) increase efficiency for the subgrantee; c) provide immediate feedback to the weatherization contractor on NHD performance expectations; and d) ensure that monitoring co-occurs with the close of a project so that any errors discovered can be accurately attributed to the project (monitoring that occurs 60 days or 6 months after the project ends may incorrectly attribute other contractor or client errors to the weatherization contractor).
- ◆ NHD could facilitate greater participation, communication and collaboration between subgrantees. One subgrantee suggested that better communication would ensure that everyone knows about program updates, new methods, new information, guidance or requirement changes. Proactive information on what data will be needed from subgrantees would also be helpful.

- ◆ Subgrantees would like a more participatory role in program administration, particularly when faced with the increased complexity involved in blending UEC, ARRA, and LIHEA. One possible solution to the communication issues may be to hold a regular forum in which subgrantees have an opportunity to discuss with NHD any proposed changes or new requirements.
- ◆ NHD could provide guidance on the price structure for weatherization measures to ensure smoother contract negotiations. It can be time-consuming to negotiate a price with a contractor, only to then be told by NHD that the figure is too high and have to return to negotiations.
- ◆ Provide an organizational chart for NHD for its weatherization administration.

Greatest Challenges

WAP has seen an increase in need and a change in the types of households eligible for services. At the same time, the base FEAC funding is expected to drop as the funding base for the UEC dwindles as businesses close or leave Nevada. The greatest challenge to NHD is to address need in this shrinking economy.

Collaboration and Cooperation

WAP coordinates UEC, LIHEA and ARRA (DOE) funds to maximize weatherization measures available for Nevada residents. NHD is working to obtain other funding, such as a Sustainability Energy Grant (awarded from Sustainable Energy Resources for Consumers/SERC funds for SFY 2011-2012), for additional measures such as sustainable and renewable energy sources. In addition, NV Energy has a “Comfort Savings” program that provides weather-stripping, CFLs, and programmable thermostats. NHD also succeeded in leveraging Southwest Gas as a weatherization partner.

WAP Implementation Evaluation

WAP Household Characteristics

During SFY 2010 1,189 homes were weatherized. As seen in Figure 13, most of the households had vulnerable populations: elderly (43.8%), disabled (38.0%), high energy users (42.6%), and young children (63.1%). This represents a dramatic increase in the households with children from SFY 2009 (12.3%). This may

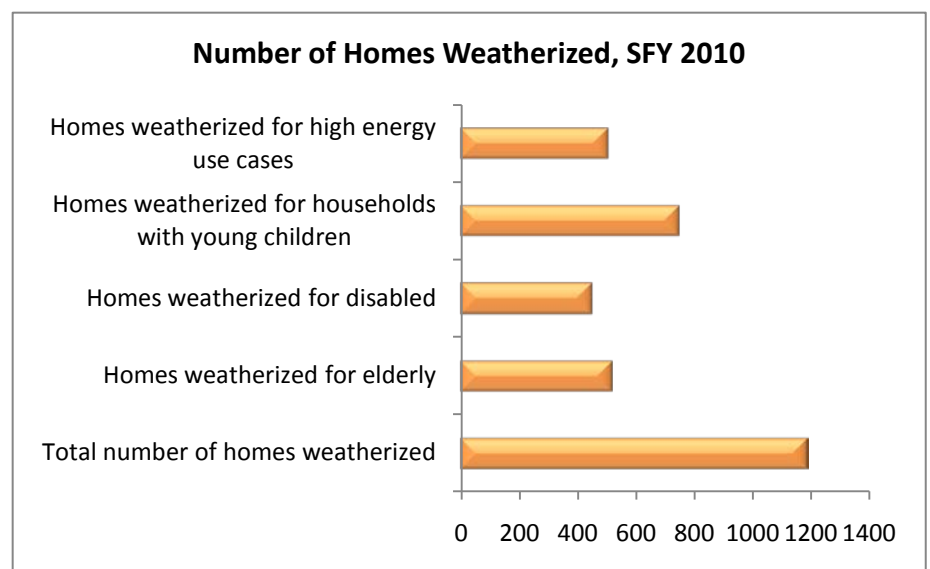


Figure 13. Number of homes weatherized by WAP, by vulnerable status, SFY 2010. Categories are not mutually exclusive: a household could include a member who is both disabled and elderly.

be a consequence of newly unemployed families receiving greater referrals for weatherization and other services at local subgrantee agencies. NHD staff also reported a large rise in the percentage of applicants who have unemployment as their only source of income, compared with past applicants who were primarily Social Security recipients.

Figure 14 shows the geographic distribution of weatherized homes. The majority of the weatherized homes were in Clark County (69.8% of all households served), followed by Washoe County (14.6%).

The majority of the households receiving weatherization were owner-inhabited (62.4%). As shown in Table 7, the highest percentage of recipients was living in single-family homes (41.9%), as opposed to last year's primary recipients being mobile homes (34.4%). The primary heating source for weatherized homes was natural gas (73.0%).

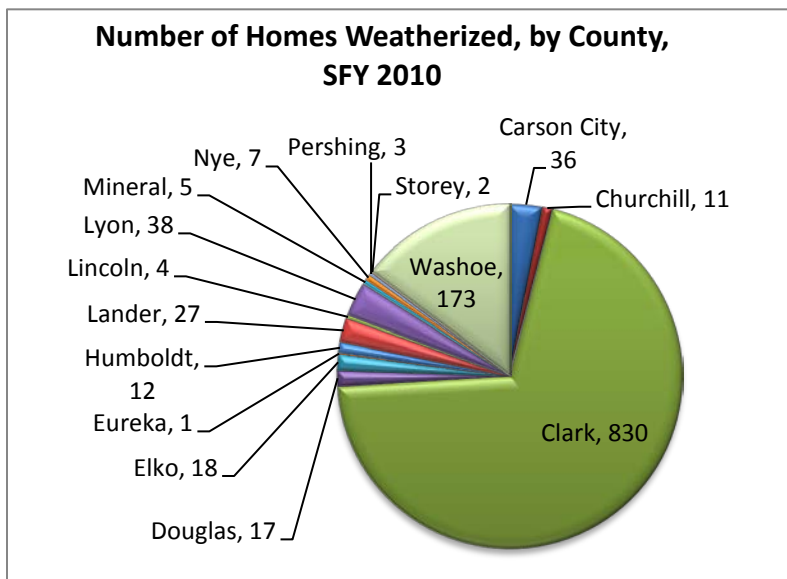


Figure 14. Number of Homes Weatherized by WAP by County, SFY 2010. Counties with fewer than 5 weatherized homes are excluded from the graph.

Housing Type	Heating Source			Total
	Natural Gas	Electric	Other*	
Mobile Home	271	40	31	342 (28.8%)
Single-Family	386	102	10	498 (41.9%)
5+ Family	169	100	0	269 (22.6%)
2-4 Family	42	38	0	80 (6.7%)
Total	868 (73.0%)	280 (23.5%)	41 (3.4%)	1189 (100.0%)

Table 7. Type of residence and fuel type of homes receiving weatherization, SFY 2010.

*"Other" includes propane and oil.

WAP Providers

Table 8 illustrates the amount of weatherization work completed by each WAP subgrantee. The majority of the weatherization work was done by HELP of Southern Nevada (HELP) (63.6%), followed by Community Services Agency (CSA) (14.6%). Nevada Rural Housing Authority (NRHA), Neighborhood Services and Rural Nevada Development Corporation (RNDC) combined completed the remaining 21.8% of the work.

	Number of Homes	Percent of Homes
CSA	173	14.6
HELP	756	63.6
NRHA	93	7.8
Neighborhood Services	74	6.2
RNDC	93	7.8
Total	1189	100.0

Table 8. Number of homes weatherized for WAP by subgrantee, SFY 2010.

WAP Achievement Evaluation

The WAP's program logic is shown in Figure 15. This logic model was developed through discussion with WAP staff and subgrantees. The ultimate goals of the WAP program are to maintain health and safety related to temperature extremes and appliance safety, and to reduce utility costs for and lower energy consumption by low-income households. Additional WAP goals include job creation and client satisfaction with weatherization improvements.

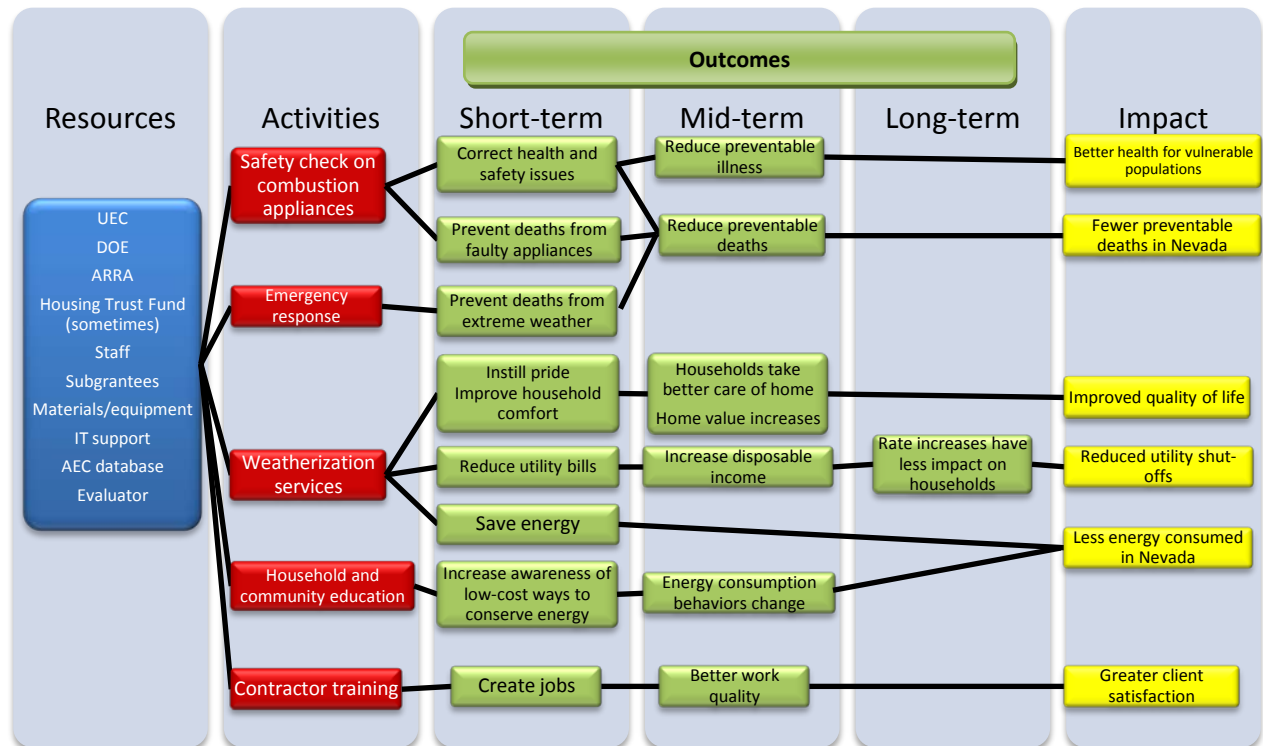


Figure 15. WAP Program Logic and Impacts, SFY 2010.

Improved Health and Safety

In order to preserve health and safety, WAP contractors perform a number of health and safety checks to ensure safe functioning of existing gas-powered appliances. In addition to inspections, WAP contractors install carbon monoxide detectors to ensure ongoing safety following weatherization. The most common health and safety measures are shown in

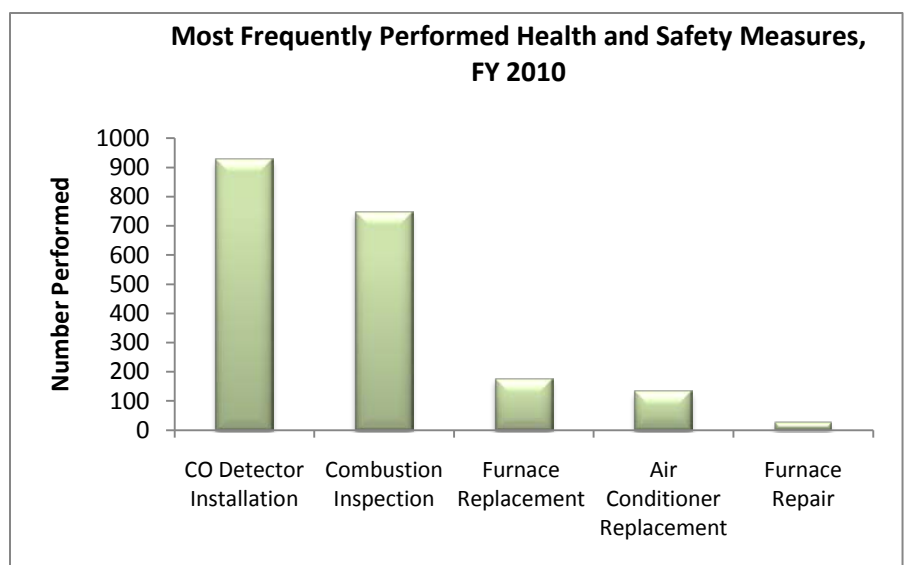


Figure 16. Health and safety measures most frequently performed by WAP contractors, SFY 2010.

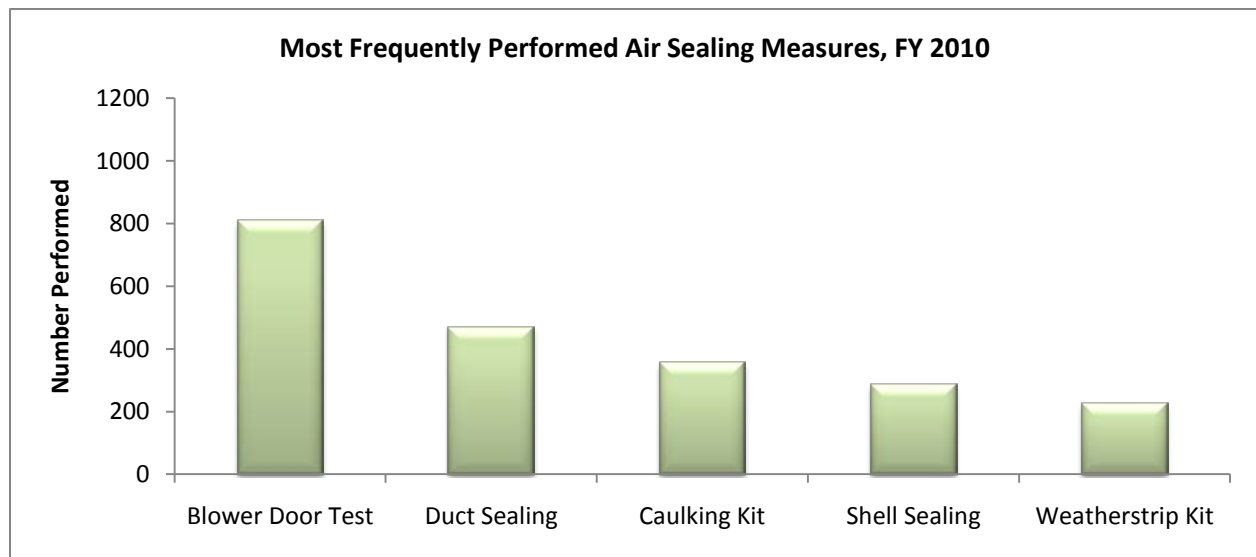


Figure 17. Air sealing measures most frequently performed by WAP contractors, SFY 2010

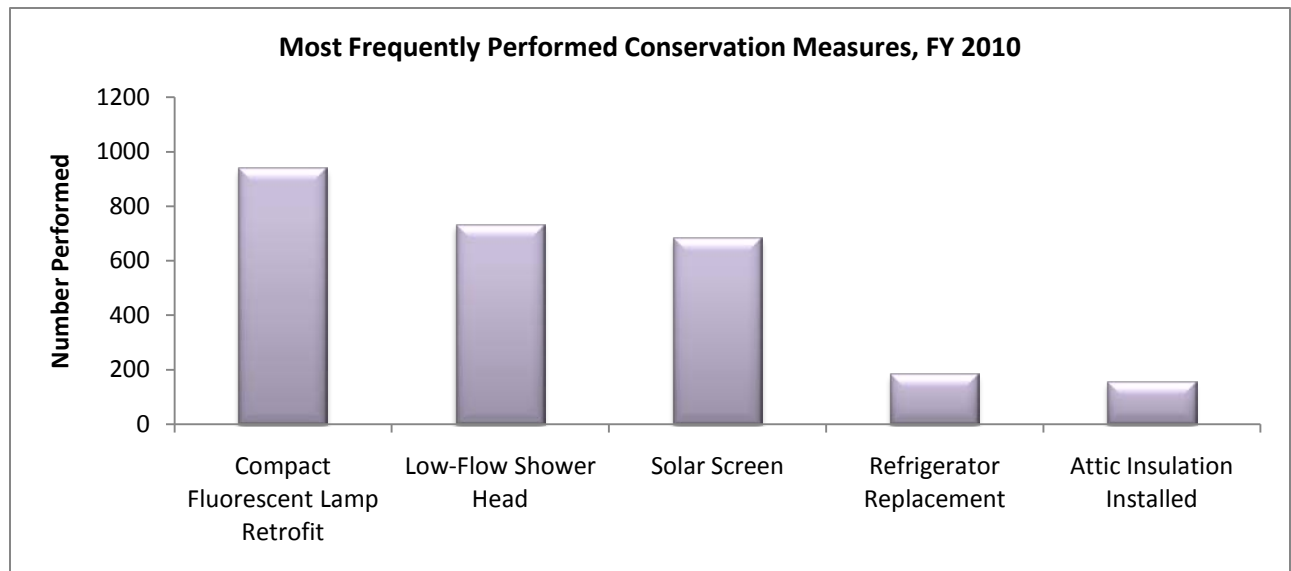


Figure 18. Conservation measures most frequently performed by WAP contractors, SFY 2010.

Figure 16 (page 44). It should be noted that furnace and air conditioner installation are also performed to replace aged inefficient units with new efficient ones. WAP contractors also performed air sealing measures (Figure 17) and conservation measures (Figure 18).

Impact of Measure Cap on Weatherization Measures

In SFY 2010, there was a UEC cap of \$7,500 on any weatherization job, with an average cost of \$4,000. For many homes, these funds were completely adequate to provide an array of weatherization measures. However, for some homes with substantial health risks and safety problems (approximately 25% of homes with HVAC replacement), the cap may limit the intended impact of weatherization. Installation of high cost measures such as heat pump, furnace, air conditioning, or evaporative cooler replacement leaves less money for additional weatherization (average cost of these measures is shown

in Table 9). Figure 19 shows the percentage of mobile homes, single-family homes, 2- to 4-family homes, and 5+-family apartments that received these high-cost measures. Mobile homes appeared particularly

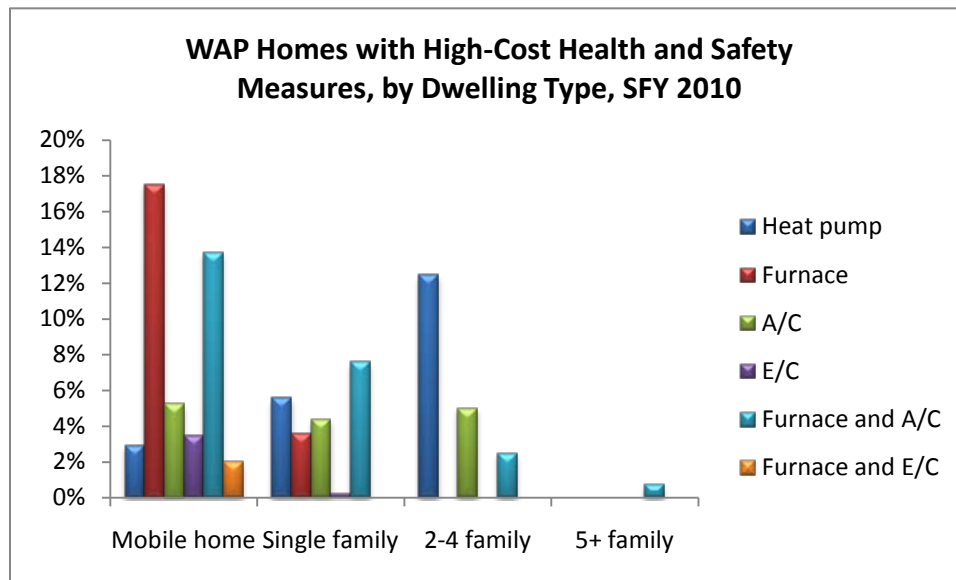


Figure 19. High-cost safety measures installed in WAP homes by dwelling type.

susceptible to this problem: nearly one-third required a new furnace, and approximately one-fifth required a new air conditioner. Mobile homes tend to be poorly insulated and constructed to begin with. If HVAC systems are installed for health and safety reasons, there are reduced funds available for

additional weatherization, theoretically reducing the energy savings that can be realized for these homes. However, 75% of WAP HVAC installations replace inefficient units with more energy efficient ones. This is particularly true for mobile homes, where contractors may have replaced furnaces that are 40 years old. This produces substantial energy savings for these homes even if additional measures are limited. Further savings could be realized if more funds were available to complete all possible weatherization measures.

Table 9 shows the average cost of weatherization for homes that do not require high-cost health and safety measures. Mobile homes require the most funds because, as mentioned earlier, they are the least energy-efficient when constructed. Homes that receive the higher-cost measures have fewer funds available for additional weatherization measures. Table 11 shows the average amount spent on

Average Contractor Cost of Weatherization Measures for Homes with No High-Cost Health & Safety Measures, SFY 2010				
Mobile home	Single-family home	2-4 family homes	5+ family home	
\$2,609	\$2,130	\$1,590	\$710	

Table 9. Average contractor cost per dwelling of weatherization measures for homes that do not have high-cost health and safety measures, by dwelling type. This cost represents direct costs of labor and material, but excludes subgrantee administrative or overhead costs.

Weatherization measures in high-cost homes after the cost of the high-cost measures has been subtracted. After the high cost measure was installed, there appear to be fewer additional weatherization measures compared with homes without those high-cost measures. For example, weatherization costs in the average mobile home are \$2,609; however, costs of additional measures for mobile homes receiving high-cost measures average between \$0 and \$2,217. This problem is particularly

salient for mobile homes, not only because of the discrepancy in funds available, but also because of the sheer proportion of mobile homes that require HVAC replacement.

Average Contractor Cost per Home of High-Cost Health & Safety Measures, SFY 2010	
Heat pump replacement	\$4,495
Furnace replacement	\$2,412
Air conditioner (A/C) replacement	\$3,350
Evaporative cooler (E/C) replacement	\$1,285
UEC per-home cap	\$7,500

Table 10. Average replacement contractor cost of high-cost health and safety measures. This cost represents direct costs of labor and material, but excludes subgrantee administrative or overhead costs.

Average Contractor Cost Spent on Additional Weatherization Measures for Homes with High-Cost Health & Safety Measures, SFY 2010			
	Mobile home	Single-family home	2-4 family homes
Heat pump replacement	\$456	\$1,877	\$393
Furnace replacement	\$1,720	\$1,729	N/A
Air conditioner (A/C) replacement	\$2,217	\$2,888	\$1,242
Evaporative cooler (E/C) replacement	\$1,764	N/A	N/A
Furnace and A/C	\$0	\$477	\$398
Furnace and E/C	\$2,073	N/A	N/A

Table 11. Average cost per dwelling of additional weatherization measures for homes that require heat pump, furnace, air conditioner, or evaporative cooler replacement, by dwelling type. Figure computed by calculating the average weatherization cost per home receiving the equipment replacement and subtracting the average cost of the replacement. The figures in the table represent the estimated average cost of the additional measures performed in addition to the equipment replacement. This cost represents direct costs of labor and material, but excludes subgrantee administrative or overhead costs.

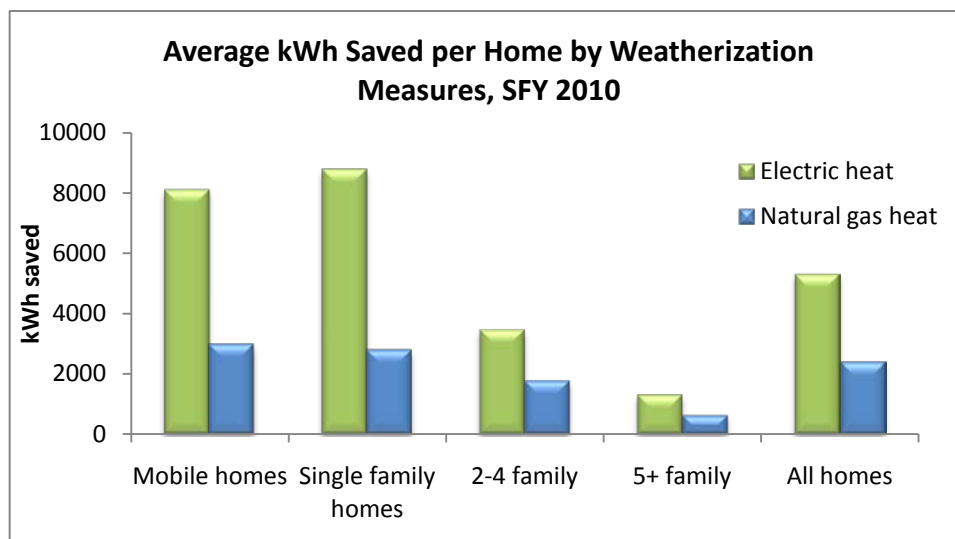


Figure 20. Estimated kWh saved per home by weatherization measures for homes with electric or natural gas heating, by dwelling type.

Measures installed in single-family homes with electric heat saved more electricity than in other homes, with mobile homes realizing the next highest average electricity savings (Figure 20). Measures to reduce gas or fuel consumption, however, had the

greatest impact in mobile homes (Figure 21). Mobile homes following weatherization are expected to save 44% more therms than single-family homes. This may be partially owing to the high proportion of mobile homes that received more efficient furnaces, as well as more opportunities for savings in mobile homes.

If measures perform as expected, given the average SFY 2010 Nevada utility rates for electricity (0.12 per kWh) and gas (1.33 per therm), current WAP participants will save approximately \$756,490 in utility bills statewide, or a savings on average of \$600 per household per year. Households with propane heating would benefit from greater dollar savings, as propane rates are roughly double gas rates.

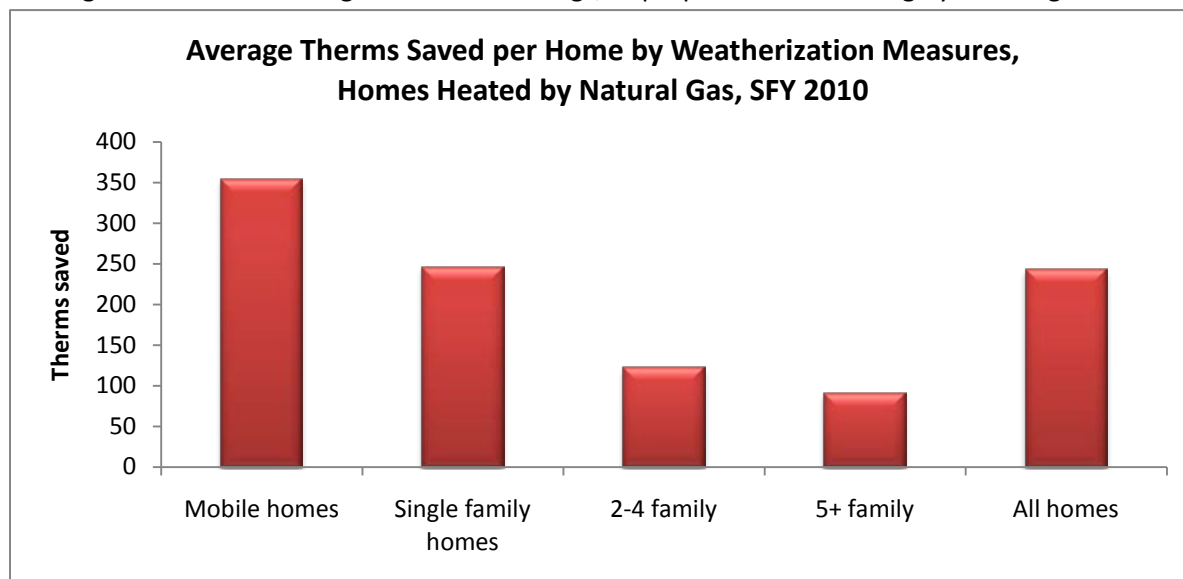


Figure 21. Estimated therms saved per natural gas-heated home by weatherization measures, by dwelling type.

Increased Energy Efficiency

The weatherization program will save utilities and clients an estimated total of 246,700 therms and 3,569,831 kilowatt hours (kWh) per year over the life of these improvements. These improvements have resulted in practical reductions in individual clients' bills. Nearly 80% of clients interviewed noticed a change in their energy bills following weatherization; one noted a \$100 savings over the course of the summer, while another mentioned saving \$40 per month. Conversely, one person reported that the energy usage went up in their home. Seventy-five percent of clients noticed changes in their homes after weatherization, particularly in how much cooler their home was in the summer. One person mentioned finally being able to sleep at night after the weatherization; another reported having difficulties breathing in the summer until WAP installed an air

"I heard about WAP at one of the fairs. I loved the construction guys. They were nice and on time."

—WAP Client

conditioner, while another said that the weatherization made a big difference for her husband with kidney failure.

Client Satisfaction

Twenty-four weatherization clients were interviewed; all were grateful for WAP. One client did report that bringing her home up to code required a location change of the swamp cooler and air conditioner, which resulted in part of the house no longer getting cooled. This client was still very grateful for the work and mentioned that the new doors and windows have made a big difference. Nearly all (95%) clients found the WAP application process easy, and nearly all would recommend WAP to a friend (many reported already having referred others to the program). The primary suggestions for improvement involved having more funds available for more improvements, such as additional windows, new wiring, or window caulking. One person suggested that the services should be available to safe houses and domestic violence shelters.

COORDINATION BETWEEN EAP AND WAP

Of approximately 27,977 residences participating in EAP in SFY 2010, 2.3% (617) have been weatherized by WAP between 2004 and 2010. This represents 7.3% of the approximately 8,469 residences in Nevada that have been weatherized since 2004.

Elderly and disabled EAP participants are most likely to live in homes that have been weatherized, but the percentages are still low, as shown in Figure 22. Among the vulnerable households, families with young children

are least likely to live in homes that have been weatherized. Only 36 households with young children (less than 1/2%) were living in a home that had been weatherized. This may partially be owing to greater residential stability among the elderly and disabled, who are more likely to be longer-term residents of their homes and are therefore more likely to still be living in their home after weatherization.

Figure 23 shows the percentages of homes that have been weatherized by dwelling type. While apartments are the least likely to be weatherized, and mobile homes are the most likely owing to program targets, fewer than 10% of EAP participants live in weatherized mobile homes. Elderly EAP

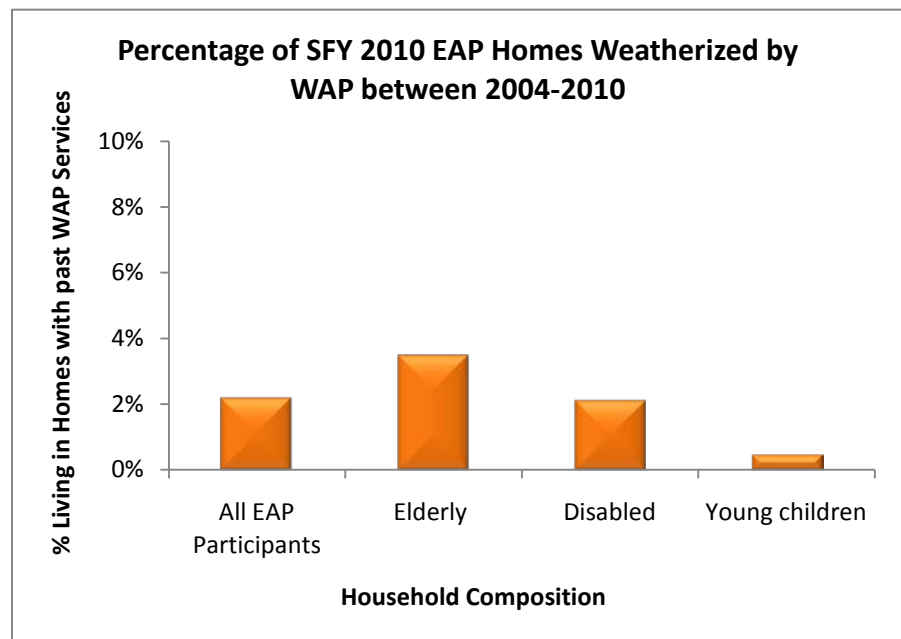


Figure 22. Estimated percentage of EAP participants living in homes that were weatherized by WAP between 2004 and 2010, by participant characteristic.

participants are more likely to live in mobile homes that have been weatherized, as seen in Figure 24, while families with young children living in duplexes or townhomes are the least likely.

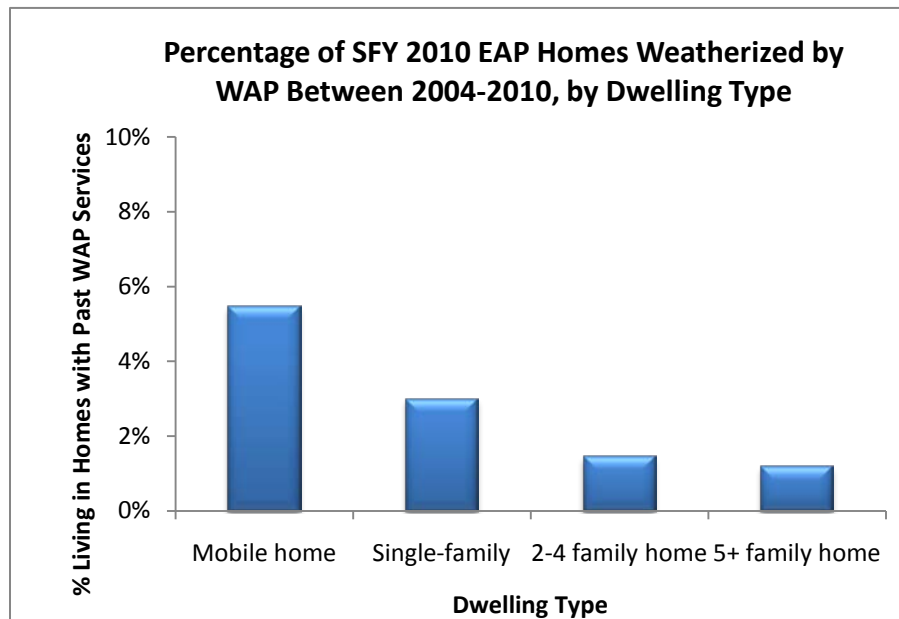


Figure 23. Estimated percentage of SFY 2010 EAP participants living in homes that have ever been weatherized by WAP between 2004 and 2010, by dwelling type.

The overlap between programs is in line with what would be expected, given the funding available for weatherization over the past seven years. As an aside, NHD staff noted that sometimes the client who applies for WAP is not the same household member as the one who applies for EAP, and therefore it can be difficult to identify the overlap or lack of overlap between programs.

However, the analysis presented in this report, which is based upon service address rather than client name, suggests that

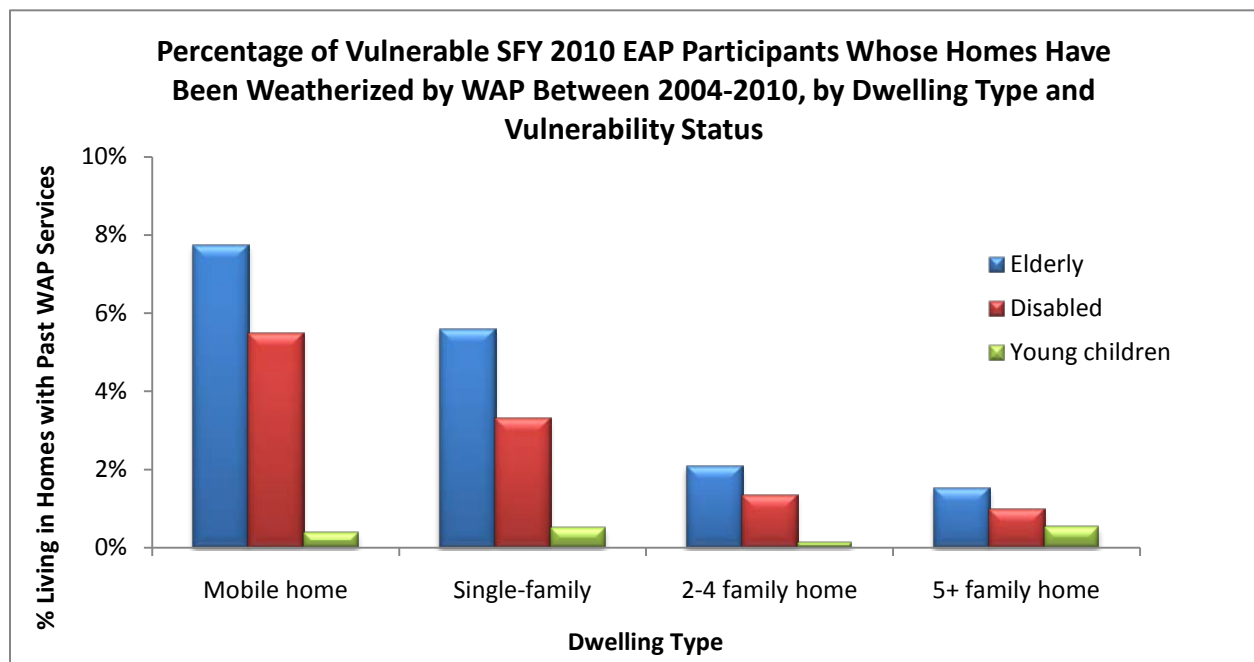


Figure 24. Estimated percentages of vulnerable SFY 2010 participants living in homes that have ever been weatherized by WAP between 2004 and 2010, by dwelling type.

there are substantial numbers of current EAP clients who could also benefit from weatherization services. Increased funding for weatherization would enable substantially more EAP clients to participate in weatherization.

Utility bills for EAP households would decrease by a total of \$900,000 if only 5% more were weatherized

Increasing the proportion of co-served clients could benefit EAP by decreasing per household costs to EAP and increasing the number of households that could be served by EAP. For instance, if an additional 5% of EAP households (1,400 more households) received weatherization, the annual utility bill for these households would decrease by nearly \$900,000.²⁰ If some of these households had propane heating, the cost savings would be even greater. This would reduce the amount of the FAC benefit designated for those WAP households, and would free those funds for serving additional households.

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

Subgrantees have provided feedback that this process is not cost-effective for them because they do not know from the list how many homes have already been weatherized and how many households have been on previous lists. Therefore, they may be sending out postcards to households repeatedly, or sending postcards to households that have already received services. While it is reasonable for subgrantees to desire a more efficient method of reaching potential clients, NHD does not currently have the resources to develop the technical solution to this problem. Subgrantees may consider pooling resources to develop a data-matching system that would offer a solution independently of NHD.

Subgrantees suggested that EAP provide FAC recipients with WAP contact information in the EAP award letter. Subgrantees have also requested that they receive completed EAP application data to reduce the redundancy of requiring the client to fill out a second application for WAP. While DWSS sends the majority of the application data to NHD, DWSS is currently unable to share SSNs with NHD or directly with subgrantees, and NHD does not have authorization from SSA to collect and store SSN data. Until such data sharing barriers have been addressed with SSA, it does not appear that there is a simple way to reduce this redundancy.

Clearly, there are opportunities for streamlining the interface between EAP and WAP, but each solution requires additional resource allocation and/or data sharing agreements between state, federal, and community agencies.

²⁰ Savings estimate based on an average household saving 3000 kWh and 200 therms after weatherization, and based on average electric rates of .12 per kWh and gas rates of 1.33 per therm. Propane rates are more than twice the cost of gas.

Low/no-cost improvement that can be implemented immediately

- ◆ EAP could notify FAC participants about the WAP program by including in the EAP award letter a notice of “Another way to save on your power bill” with the WAP phone number and website.

Improvements that are more resource-intensive or require changes in SSA privacy regulations

1. Full data-sharing between EAP and WAP, contingent upon SSA permission to provide SSNs to subgrantees.
2. Automated data-matching with past WAP recipients to reduce redundancy.
3. Automated data-sharing between EAP and WAP. If EAP moves to automation, it would be recommended that IT also develop an interface to facilitate automated data transfer to WAP. This interface could specifically exclude SSNs, or it could include a provision to share SSNs upon approval from SSA.

LOW-INCOME ENERGY ASSISTANCE ADVISORY GROUP

NRS 702.280(1) requires that “[t]he Division of Welfare and Supportive Services and the Housing Division jointly shall establish an annual plan to coordinate their activities and programs pursuant to this chapter.” In preparing the annual plan, the Divisions shall solicit advice from knowledgeable persons. This is the basis for activities of the Low-Income Energy Assistance Advisory Group (Advisory Group). The Advisory Group provides a primary means for Department of Welfare and Supportive Services (DWSS) and Nevada Housing Division (NHD) to implement mandates in NRS 702 for consultation with knowledgeable persons and for coordination with other programs offering low-income programs and low-income funding.

The Advisory Group met quarterly throughout SFY 2010, coordinated by Chairperson Karen Ross, NV Energy’s Northern Nevada Community Relations Manager. Bob Cooper at the Bureau of Consumer Protection is the Secretary. Meetings are conducted utilizing video conferencing between NV Energy’s facilities in Las Vegas and Reno, Nevada, as well as a telephone conferencing option. The Advisory Group is informal in interactions within its meetings but formal in its operation. Each meeting of the Advisory Group begins with the reading and approval of the notes of the previous meeting. Decisions of the Advisory Group (which constitute recommendations to DWSS and NHD) are taken following Robert’s Rules of Order. At each meeting both DWSS and NHD provide reports of activity in their UEC Fund programs to date, usually comparing activity to date with activity to date both in the prior State Fiscal Year and in the prior State Fiscal Year to date. Other reports, including a summary of evaluation recommendations from the previous evaluation and plans for coordination, are presented and discussed. There are several subcommittees working on special topics that periodically report back to the committee as a whole. For SFY 2010, meetings were well attended by the primary UEC delivery agencies (DWSS and NHD), staff of the Public Utilities Commission of Nevada (PUCN), many of the Housing Division subgrantee agencies, agencies involved with the payment assistance program, utility

provider representatives, senior and low-income family advocates, and other interested parties, as well as the evaluation team.

Advisory Group & Nevada Housing Division

Throughout SFY 2010, NHD reported that it was “on track” for progress to that portion of the year; it remained on schedule throughout the year. During 2010, NHD received a windfall of weatherization ramp-up funding through ARRA (over \$37 Million). Despite the new wage and reporting requirements that accompanied the funding, all UEC production targets were met. As reported last year, ARRA funds are required to be spent over a short project life of three years. While the Obama administration portrayed ARRA funding as only a first “down payment” in a dramatic ramp-up of weatherization work that will be needed to address climate change, and a permanent source of expanding “green jobs,” climate change legislation was not passed by Congress so expansion of funding following ARRA remains an open question. SW Gas received approval from the Public Utilities Commission of Nevada for its natural gas Demand Side Management weatherization effort, and this is run in cooperation with the Nevada Housing Division using its subgrantee agencies. NV Energy’s Demand Side Management weatherization effort is run separately using a private vendor. NHD performed its UEC weatherization work on time and on budget for the year. The UEC weatherization and SW Gas programs serve to 150% of the federal poverty level; NV Energy serves 80% of the state median income; and the ARRA program serves up to 200% of the federal poverty level. Though NHD presented progress reports at all meetings and solicited input for use in planning, it presented no problems for the Advisory Group to address in SFY 2010.

Advisory Group & Division of Welfare and Supportive Services

Case processing was reported by DWSS at each Advisory Group meeting. *All UEC funds were spent for 2010.* Although the backlog of cases was completely cleared during the year, increasing numbers of applications began to create a new backlog.

DWSS made presentations of options to the Advisory Group for SFY 2011 based on the increasing amount of information that became available during SFY 2010 and requested discussion for consideration in the development of the plan for SFY 2011.

In the first Advisory Group meeting for SFY 2011 (September 14, 2010), DWSS presented several contingencies as to what may occur for funding through the UEC and through federal sources (LIHEAP). These contingencies will set the amount of funding available. Several program options were also presented, as well as the economic projection for the state for the next several years. This series documents the substantial decline in employment, and the projections suggest a continuing bottoming out in employment.

Basically, the UEC as currently structured provides for full payment assistance to only a fraction of eligible households. While this has always been the case, with the program fully subscribed and need increasing, the payment assistance programs are stressed. Under NRS 702, DWSS has authority in situations of funding shortage to restrict eligibility to certain categories and also to “cap” benefits.

DWSS Authority to Adjust Assistance Amounts

NRS 702.260(6)(a) [t]he Division Shall, to the extent practicable, determine the amount of assistance that the household will 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. (b) May adjust the amount of assistance that the household will receive based upon such factors as:

- (1) The income of the household;
- (2) The size of the household;
- (3) The type of energy that the household uses; and
- (4) Any other factor which, in the determination of the Division, may make the household particularly vulnerable to increases in the cost of natural gas or electricity.

Adding contract staff could help reduce the processing backlog, but there is a tradeoff in that each new staff member also reduces the number of households that can be served given the total budget. One option presented was to continue the program with full funding but then close the program after

funding is exhausted and until the next budget year. The general preference of DWSS and of the Advisory Group was to never close the program but to adopt one or more types of restrictions of eligibility and/or adopt a benefit cap. Several types of caps were discussed.

At the September 2010 meeting, the Advisory Group recommended that in SFY 2011 DWSS maintain the benefit cap at current levels, with flexibility to review and potentially implement adjustments in the benefit cap and arrearage program mid-year. The Advisory Group recommended that DWSS monitor performance of the Energy Assistance Program throughout SFY 2011. If it appears that funds are in danger of being exhausted before the end of the SFY, DWSS should review the option to lower benefit amounts to maintain funding throughout the SFY. The Committee suggested that the benefit cap remain an agenda item for future meetings to monitor the situation. In order to create flexibility, DWSS issued a notice of public determination set for December 2010 so that assistance amounts could be modified if necessary. It is expected that the extent of federal LIHEAP support for Nevada will be known by December. Initial information in mid-November 2010 indicates a reduction in federal LIHEAP support. The practical constraint is that caps and specification of certain categories are also conditioned by the relation of ability to pay (with the capped payment) in relation to utility collections policies and termination procedures for lack of full payment. And inclusions are also, at the same time, exclusions. DWSS and the Advisory Group are working with these inter-related problems and tradeoffs.

Summary: The active involvement of both DWSS and NHD with the Advisory Group throughout SFY 2010 and at the beginning of SFY 2011 demonstrate that NRS 702.280(1) is productive and that both agencies are following the intent and specification of the Legislature in this area.

DSM COLLABORATIVE COORDINATION WITH NHD

The original Demand Side Management Collaborative was established by Nevada Power and Sierra Pacific Power Company, which later became NV Energy. For the most part, the collaborative concerns only the Nevada Housing Division. Over the years, the Housing Division has had cooperative program efforts with NV Energy. These continuing cooperative efforts are mandated by NRS 702, specifically by NRS 702.270(6)(a, c & d).

NRS 702.270(6) In carrying out the provisions of this section, the Housing Division shall:

- (a) Solicit advice from the Division of Welfare and Supportive Services and from other knowledgeable persons;
- (c) Coordinate with other federal, state and local agencies that provide energy assistance or conservation services to low-income persons and, to the extent allowed by federal law and to the extent practicable, use the same simplified application forms as those other agencies;
- (d) Encourage other persons to provide resources and services, including, to the extent practicable, schools and programs that provide training in the building trades and apprenticeship programs.

The current DSM Collaborative for SFY 2010 now also includes Southwest Gas and participation by water authorities.

Southwest Gas Low-Income Weatherization is coordinated with Nevada Housing Division, and work is carried out by the subgrantee agencies. NV Energy's Low-Income Weatherization is carried out by a private for-profit contractor, but is coordinated to the extent that it focuses on low-income households with levels of poverty above the maximum poverty limit currently established for Nevada Housing Division Low-Income Weatherization Assistance (above 150%).

In past years, NV Energy in cooperation with Nevada Housing Division developed a low-income air conditioner replacement program. However, the Total Resource Cost (TRC) test result for this program was 0.4 for electricity and 0.8 for natural gas and electricity considered together. Since NV Energy is required by the Public Utilities Commission of Nevada (PUCN) to use the TRC test as a criterion for program success, this result from the pilot program was problematic and led NV Energy to withdraw from this particular coordinated program. Nevada Housing Division's Weatherization Assistance Program has a strong focus on health and safety, which leads to significant percentages of furnace replacements and (for southern Nevada) whole house and individual air conditioner and swamp cooler replacements. These replacements may take up all or most of the program budget allocation for a household, but are not technically energy-efficient under the conventions for the TRC calculation. The

Housing Division uses a separate DOE-approved accounting system for energy savings and is not required to use the TRC test. PUCN does not actually require a TRC result of one or better for low income Demand-Side Management programs, but sometimes utilities feel at risk for cost recovery when it is seen that the TRC is coming below one.

During SFY 2010, many meetings of the DSM Collaborative were cancelled due to special requirements on NV Energy for an unscheduled DSM filing to adjust current programs to the economic collapse. Most meetings of the Low-Income Subcommittee were not held. There has thus not been progress on the proposal for a new coordinated pilot for NV Energy and Nevada Housing Division, and no new collaborative activity has emerged this year.

General cooperation among Nevada Housing Division, Southwest Gas, and NV Energy continues.

AGENCY-UTILITY COORDINATION

For the Division of Welfare and Supportive Services (DWSS), in NRS 702.260(8)(c) there is a requirement to coordinate with other state federal and local agencies that provide energy assistance or conservation services to low-income persons. Because these other agencies are separately funded this means funds and programs can be coordinated (funds and programs that are outside the UEC can be coordinated with UEC programs) to accomplish the joint DWSS-Utility mission of payment assistance. In NRS 702.860(8)(c), DWSS is to coordinate with other federal, state and local agencies that provide energy assistance or conservation services to low-income persons. In NRS 702.860(8)(a) DWSS is to solicit advice from knowledgeable persons. There are parallel provisions in NRS 702 for the Nevada Housing Division (NHD). The primary local agencies that provide coordinated services are utilities, public corporations serving under the authority of renewable grants of certain service territories. Also the Public Utility Commission of Nevada (PUCN) which has regulatory authority over the major utilities and has certain responsibilities for the Universal Energy Charge. Thus the utilities and the PUCN are inherently parts of the universe of external coordination for DWSS and NHD.

Utilities administer collections for energy services and enforce payment, penalty, and service termination in accord with the Customer Bill of Rights²¹ and the direction of PUCN. For DWSS, the internal outcome criterion is households served. For the utilities, the outcome criterion is maintaining payment and avoiding termination of the customer account: (a) the customers are to be kept connected to affordable service, and (b) they are to be returned to a stable pattern of making full and timely monthly utility payments. By itself, the Universal Energy Charge (UEC) payment assistance program makes this possible for many households. NV Energy's "budget billing" is a coordinated program that promotes success by spacing payment equally over several months. Additionally, the utilities have "fuel funds" made up of customer donations and stockholder contributions that can sometimes supplement when the UEC amount is not enough. Beyond that, there are religious institutions, membership organizations, and sometimes localities that will provide small amounts of

²¹ See [http://pucweb1.state.nv.us/PUCN/\(X\(1\)S\(1xqw1sre0wylbm45lgtjhg45\)\)/ConsumerInfo/dkt_01-3015/BillofRights.aspx?AspxAutoDetectCookieSupport=1](http://pucweb1.state.nv.us/PUCN/(X(1)S(1xqw1sre0wylbm45lgtjhg45))/ConsumerInfo/dkt_01-3015/BillofRights.aspx?AspxAutoDetectCookieSupport=1). Currently PUCN has an open docket on the Consumer Bill of Rights.

payment assistance. In this way, DWSS payment assistance is inherently coordinated with utility and other community effort. This coordination should be examined and the roles of all parties should be made more cooperative and explicit.

Beyond ironing out possible barriers within the way these systems interact²² (for example, updating the Consumer Bill of Rights to include the UEC payment assistance programs), there is also a more basic problem that strongly conditions the effectiveness of the DWSS payment assistance. This problem is the bill amounts that customers are asked to pay (“the “please pay” amounts) as determined by utility rate designs. If customer bills are lowered by special low income rate designs, the UEC dollar would cover more households, and the program would immediately become more effective.

As an interim step, the Public Utilities Commission of Nevada (PUCN) and the NV Energy are investigating the possibility of instituting new low-income rates to supplement the UEC so that need can be met.²³

Recommendations

- ◆ DWSS or the Advisory Group should propose a presentation to the Advisory Group and DWSS by utility collection managers that includes a detailed step-by-step discussion of the collections/termination process at each utility, how UEC payment assistance fits into that process, and where there are issues to discuss and resolve.
- ◆ DWSS or the Advisory Group should be aware of and follow the ongoing work of ECO Northwest and Tetra Tech for NV Energy at the direction of PUCN to develop alternative low income rates.

NARRATIVE AND STATISTICAL COMPARISON TO OTHER STATES

None of the programs in other states fully meet need in terms of serving all qualifying households or in terms of fitting the amount of payment assistance provided to the actual situations of each household. The twenty percent (20%) Percentage of Bill (POB) simple discount in California leaves eighty-percent (80%) of the bill to be paid by the low income household regardless of energy burden. Participation in California is much higher (nearly 80% of qualifying households) than in the other states due to the new self-certification provision and the lack of a recertification provision. This program would not be a good fit for Nevada energy bills, with cold winters in the North and hot summers in the South. Though the Nevada UEC as currently funded can meet only serve about eleven percent (11%) of qualified households due to funding limitations, the size of the payment assistance figured at about the median Nevada household energy burden is realistic given Nevada energy use and bills.

²²Close coordination the UEC payment assistance programs and the Consumer Bill of Rights presents the practical challenge of how to make changes. Any revisions to the Consumer Bill of Rights must be done through the PUCN’s rulemaking procedures. While some kinds of changes to UEC procedures would be within the discretion of DWSS, more fundamental changes would require legislative approval.

²³ This work is being carried out by ECO Northwest and Tetra Tech.

New Jersey provides the most relevant model. The six percent (6%) of household income payment program in New Jersey is much more realistic payment assistance than the California program. Other programs have also been based on the same percentage for a combination gas and electric utility payment, following the program model proposed by Roger Colton. The percentage is derived from an analysis using federal guidelines for housing costs. The main advantage of the New Jersey energy charge is that it has been established through a tracker rate so that funding automatically adjusts to number of approved applications.

Ohio has recently revised its low-income payment assistance plans to require twelve percent (12%) combined payment for gas and electricity. This is progressive for Ohio, which previously used a higher combined percentage.

The best programs, like Nevada's and New Jersey's, are well crafted to help a household with low but stable income—for example, a household with two senior citizens both on a moderate Social Security income. The advantage of the Nevada program is that it is self-indexing, since the median household energy burden is calculated each year. Nevada is the only state using this concept.

No state has developed a payment assistance program responsive to the ongoing economic crisis. The payment assistance programs in the United States were not designed for a severely depressed economy with the prospect of a multi-year “jobless” recovery.

PUBLIC UTILITIES COMMISSION OF NEVADA (PUCN)

Each year the evaluation team is directed by NRS 702 to ask PUCN for input to the evaluation. Each year PUCN says that it has nothing currently to add. However, PUCN has moved ahead to create a docket on updating the Consumer Bill of Rights and a docket on low income customers. These are likely to produce results that can be considered implicit or explicit leverage to increase the effectiveness of the NRS 702 UEC programs. As noted above, PUCN and NV Energy are studying appropriate low-income rates.

SUMMARY AND RECOMMENDATIONS

EAP

DWSS was very successful in managing an increase in applications while still keeping application processing times within acceptable program limits. During SFY 2010, EAP made gains in caseworker efficiency by re-engineering application processing. The implementation of Crystal Reports was also highly successful, decreasing EAP reliance on an IT system that is currently almost entirely allocated to a department-wide automation project. Several opportunities for increasing the efficiency of application processing were identified in the evaluation, as well as some areas where EAP policies could be made more responsive to current economic conditions.

The evaluation team recommends a number of steps for SFY 2011, which builds on EAP's successes in the previous year, and allows the program to increase efficiency:

- (1) Modify application processing procedures to increase responsiveness to growing numbers of "newly unemployed" or those in medical crisis who are inexperienced in "working the system"
- (2) Until the Nevada unemployment rate is reduced to pre-recession levels, change benefit calculation procedures to annualize only current income and unemployment benefits when computing the FAC, instead of basing the FAC on wages from a job that has been lost.
- (3) Reduce income-related RFIs to categorically eligible clients
- (4) Investigate additional methods to reduce overall RFIs. Obtaining funding to develop and implement automated application processing may be the most expedient way to accomplish this
- (5) Improve utility interface to obtain usage data (this recommendation is already in process)
- (6) Improve interface between DWSS and DETR to obtain unemployment data
- (7) Develop interface with other state agencies to verify income and prevent fraud (this recommendation will require budget allocation and data sharing agreements with other state agencies)
- (8) Keep intake site per application payment at \$10/application (this recommendation has been adopted by DWSS)
- (9) In the event that SSA permits greater ease of data-sharing between agencies, work with WAP to develop process to share SSNs with WAP subgrantees.
- (10) Provide notice and contact information for WAP program in EAP award letter.
- (11) DWSS or the Advisory Group should propose a presentation to the Advisory Group and DWSS by utility collection managers that includes a detailed step-by-step discussion of the collections/termination process at each utility, how UEC payment assistance fits into that process, and where there are issues to discuss and resolve.
- (12) DWSS or the Advisory Group should be aware of and follow the ongoing work of ECO Northwest and Tetra Tech for NV Energy at the direction of PUCN to develop alternative low income rates.

WAP

NHD managed a large influx of federal funding very well in the face of substantial changes to state and federal program requirements, receiving accolades from the federal government for their rapid spend-down of ARRA funding. WAP's primary difficulties stemmed from being understaffed, but plans are in place to fill open positions.

Recommendations:

- (13) Fill open positions at NHD
- (14) In the event that SSA permits greater ease of data-sharing between agencies, work with EAP to facilitate process of sharing full EAP application data with WAP subgrantees.
- (15) Work with state and community partners to improve weatherization training for weatherization contractors.
- (16) Improve communication with/between subgrantees regarding proposed program changes and other administrative issues.
- (17) Pursue coordinating contract monitoring inspections with subgrantee inspections.

APPENDIX I

Table A: EAP Benefit CAP Table

Household Size	Federal Poverty Level			
	<75%	75-100%	100-125%	125-150%
1	\$1,154	\$927	\$923	\$854
2	\$1,558	\$1,252	\$1,246	\$1,152
3	\$1,799	\$1,445	\$1,439	\$1,331
4	\$1,932	\$1,551	\$1,546	\$1,429
5	\$2,016	\$1,618	\$1,613	\$1,491
6	\$2,178	\$1,749	\$1,743	\$1,611
7	\$2,351	\$1,887	\$1,880	\$1,739
8+	\$2,387	\$1,917	\$1,910	\$1,765

Add \$50 to Households with a member who is elderly, disabled, or child under 6 years of age.

Add \$400 to Households with oil/propane energy source.

Table B: EAP funds spent, SFY 2010

EAP Funds Disbursed, SFY 2010		
	Amount	Percentage of Funds Disbursed
Administration	89,973	1.0%
Client Payments	8,024,379	90.1%
Outreach	48,410	0.5%
Program Design (including IT re-programming)	624,850	7.0%
Evaluation	121,192	1.4%
Total	8,908,804	

Table C. Number of EAP households that own vs. rent their homes

Home Ownership		
	Number of Households	Percent of Total
Rent	22,164	79.3
Buy/Own	5,750	20.6

Table D. WAP funds spent, SFY 2010

WAP Funds Disbursed, SFY 2010		
	Amount	Percentage of Funds Disbursed
Administration*	153,613	7.1%
Training and Technical Assistance	34,421	1.6%
Evaluation	40,850	1.9%
Subgrantee Administration	145,361	6.7%
Subgrantee Training and Technical Assistance	12,863	0.6%
Subgrantee Liability Insurance	14,781	0.7%
Subgrantee Health & Safety	164,369	7.5%
Subgrantee Program Operations	1,636,645	74.0%
Total	2,202,903	

*Note: Additional administrative costs were incurred in SFY 2010 due to extensive involvement of WAP staff in SB152, ARRA, and due to the availability of unspent administrative funds carried forward from SFY 2008.

Table E. Living Wage as a Percentage of Federal Poverty Level

Living Wage Expressed as a Percentage of Federal Poverty Level (2010 Annual Income)					
Place	One Adult	One Adult, One Child	Two Adults	Two Adults, One Child	Two Adults, Two Children
Reno	\$18,736	\$35,551	\$28,849	\$47,972	\$59,094
Las Vegas	\$19,711	\$36,279	\$30,014	\$48,705	\$59,756
Carson City	\$17,003	\$31,908	\$26,517	\$43,395	\$53,361
Elko	\$16,028	\$31,326	\$25,352	\$42,845	\$52,700
Federal Poverty Level	\$10,830	\$14,570	\$14,570	\$18,310	\$22,050

The federal poverty level metric is generally acknowledged to be poorly calibrated to household experience of actual economic need; the living wage and the self-sufficiency standard better reflect the realities of everyday life. Both cover most immediate needs of a family at a minimal level of living, at a lifestyle lower than middle class, without special (for example, medical) problems or provisions for retirement, college for children, and similar costs. The living wage can be shown as a percentage of the official federal poverty level that individuals must earn to support their family, if they are the sole provider and are working full-time (2,080 hours per year). These percentages are computed based on tables developed for states and cities by Dr. Amy K. Glasmeier at Pennsylvania State University. Dr.

Glasmeier converts poverty level into an equivalent hourly wage. For the table shown, we divide Dr. Glasmeier's hourly living wage by the poverty-equivalent hourly wage to express living wage as a percentage of the official poverty level. For Dr. Glasmeier's tables, please see <http://www.livingwage.geog.psu.edu>. For the Wider Opportunities for Women Self-Sufficiency Standard, an alternate measure that produces much the same results, see <http://www.sixstrategies.org/states/states.cfm>. For a basic introduction to why the current system of federal poverty level calculation is inadequate, please see the fact sheet developed by Sarah Fass of the National Center for Children in Poverty in April 2009 at http://www.virtualcap.org/downloads/US/US_Living_Wage_NCCP_Measuring_Poverty_in_the_US.pdf.

APPENDIX II

Formulas used to calculate cost-effectiveness

Definitions

a=% of applications with intake assistance

r_1 = % of applications with intake assistance that require RFI

r_2 = % of applications with intake assistance that do not require RFIs

b=% of application with no intake assistance

s_1 = % of applications without intake assistance that require RFI

s_2 = % of applications with no intake assistance that do not require RFIs

t_1 =time to process applications without RFI

t_2 =time to process applications with RFI

X=number of applications processed in 40 hours

To compute t_1 , time required to process an application:

Assumptions:

$t_2=2t_1$	$b=78\%$
$a=22\%$	$s_1=64.6\%$
$r_1=37.5\%$	$s_2=35.4\%$
$r_2=62.5\%$	$X=26$

Formula to compute t_1 :

$$(2Xar_1t_1) + (Xar_2t_1) + (2Xbs_1t_1) + (Xbs_2t_1)=40$$

Solving for t_1

$$t_1= 40 / (X (a (2r_1+r_2) + b (2s_1+s_2)))$$

$$t_1= 0.96979383 \text{ hours}$$

To compute X, number of applications processed in 40 hours, under different scenarios in Table 1:

Assumptions:

$t_1= 0.96979383 \text{ hours}$	$a=44\%, 66\%, 0\%$
$t_2=2t_1$	$r_1=37.5\%$

$r_2=62.5\%$

$s_1=64.6\%$

$b=56\%, 34\%, 100\%$

$s_2=35.4\%$

Solving for X

$$X=40 / (t_1 (a(2r_1+r_2)+b(2s_1+s_2)))$$

To compute processing cost per application:

Assumptions

Average costs

Position	Salary	Overhead	Benefits
AAI	\$34,003	\$16,000	\$11,221
AAIV	\$43,670	\$16,000	\$14,411
Caseworker	\$45,510	\$16,000	
Clerical	\$35,796	\$16,000	

Formula to calculate weekly staff cost:

$$\text{Weekly staff cost} = ((\text{Average salary})+(\text{Estimated overhead})+(\text{Estimated benefits}))/52$$

Formula to calculate cost/application:

$$\text{Cost/application} = (\text{Weekly staff cost})/(X)+(\text{Number applications processed at intake site})*(\text{Intake site payment per application})$$

APPENDIX III

Caseworker guidelines for calculating FAC which are applicable to applicants who are unemployed or working reduced hours. Summarized from EAP Manual 2009

Section 7.7.1 specifies how to handle households with zero income or with expenses that exceed income. In this instance, the caseworker should assess prior income and annualize and budget it when determining the FAC benefit.

Section 7.7.1.1 specifies further budgeting instructions in cases with zero income or expenses that exceed income. In these cases, annual income should be projected using the average of the 12-month previous income history, or annualizing the year-to-date income, or projecting using previous year's tax return (only if no other income data are available).

Section 7.7.2 specifies that at least 6 months of income should be annualized for applicants who work variable temporary jobs.

Section 7.7.3.1 specifies that irregular income (such as cash contributions, loans, or gifts from friends or relatives) be totaled and annualized if it is expected to continue; if irregular income is not expected to continue, only the past 60 days' of irregular income should be included when calculating the FAC benefit.

Section 7.7.11.3 specifies that in cases of fluctuating income (such as seasonal income), up to a 12 month history may be used to project income for the year.

Section 7.7.12 specifies that for applicants receiving unemployment, the two most recent quarterly earnings from previous employment must be included with the unemployment benefit when calculating the FAC.