



STATE OF WISCONSIN

Legislative Audit Bureau

22 East Mifflin Street, Suite 500
Madison, Wisconsin 53703
(608) 266-2818
Fax (608) 267-0410

www.legis.wisconsin.gov/lab

Toll-free hotline: 1-877-FRAUD-17

Joe Chrisman
Interim State Auditor

DATE: October 11, 2011

TO: Senator Robert Cowles and
Representative Samantha Kerkman, Co-chairpersons
Joint Legislative Audit Committee

FROM: Joe Chrisman 
Interim State Auditor

SUBJECT: Proposed Audit of Heating Assistance and Weatherization Services for
Low-Income Households—Background Information

At your request, we have gathered some background information the Joint Legislative Audit Committee may find useful in considering an audit of utility public benefits and related programs. The programs serve low-income households by providing heating assistance and weatherization services and are currently administered by the Division of Energy in the Department of Administration (DOA). Program expenditures made with state and federal funds in fiscal year (FY) 2009-10 totaled approximately \$287.2 million, including \$61.4 million in American Recovery and Reinvestment Act funds spent on weatherization activities.

As created by 1999 Wisconsin Act 9, the segregated Utility Public Benefits Fund supported both low-income programs and energy efficiency and conservation programs. Effective July 1, 2007, 2005 Wisconsin Act 141 limited the Utility Public Benefits Fund to low-income programs. Services are delivered by community agencies, nonprofit corporations, or local units of government, and state oversight is the responsibility of DOA.

Fees paid by utility customers are deposited in the segregated Utility Public Benefits Fund and, along with federal funds, support the low-income programs. In FY 2009-10, expenditures for payment of heating bills, furnace repair and maintenance, and services such as household budget management training totaled \$162.9 million and served a caseload of over 214,000 households. Expenditures for weatherization services, such as home insulation, and window and appliance replacement, totaled \$124.4 million in FY 2009-10, and were delivered to over 11,000 dwelling units.

Reviews by state and federal agencies have raised concerns regarding the heating assistance and weatherization programs. For example, 12.3 percent of weatherization work spot-checked by state inspectors did not meet federal standards during the period from 2007 through 2009.

An audit of utility public benefits programs, which comprise programs funded through the segregated Utility Public Benefits Fund and low-income home energy assistance programs funded by other sources and administered by DOA, could include:

- an inventory of all programs in operation from FY 2008-09 through FY 2010-11 by funding source, including an analysis of trends in program participation and an assessment of program outcomes;
- an analysis of program revenues, expenditures, staffing, and administrative costs;
- an analysis of the process used to determine the amounts to be collected from utilities;
- a review of DOA's oversight of the programs, including the role of the Council on Utility Public Benefits in program administration;
- a review of efforts by program administrators to promote the program to eligible households;
- a review of the activities of local contractors in the process of determining eligibility for and administering the services provided through the programs;
- an analysis of DOA's program integrity efforts for low-income energy assistance programs, including weatherization programs funded by the American Recovery and Reinvestment Act; and
- a comparison of Wisconsin's programs to those operated by neighboring midwestern states to identify best practices in design, funding, management, and program integrity.

I hope you find this information helpful. If you have additional questions, please contact me.

JC/KW/bm

cc: Senator Mary Lazich
Senator Alberta Darling
Senator Kathleen Vinehout
Senator Julie Lassa

Representative Kevin Petersen
Representative Robin Vos
Representative Andy Jorgensen
Representative Jon Richards

Mike Huebsch, Secretary
Department of Administration