

Energy Assistance and Weatherization Assistance Programs

Department of Administration

June 2014

Report Highlights ■

In FY 2012-13, expenditures for the energy assistance and weatherization assistance programs totaled \$217.1 million.

From FY 2008-09 through FY 2012-13, the number of households receiving energy assistance increased from 179,662 to 222,470.

From FY 2008-09 through FY 2012-13, the number of dwelling units weatherized decreased from 8,446 to 7,471.

DOA is unable to independently verify the accuracy of information used in making eligibility determinations.

The Department of Administration (DOA) administers two programs that provide energy assistance and weatherization assistance for low-income individuals and families. The Wisconsin Home Energy Assistance Program provides financial assistance to offset energy costs, and the Wisconsin Weatherization Assistance Program provides services to reduce energy consumption. Counties, tribes, and nonprofit organizations provide local administration of the energy assistance program. Nonprofit organizations and local housing and community development authorities provide local administration of the weatherization assistance program. DOA had filled 33.8 full-time equivalent positions as of June 30, 2013, to perform its statutorily required responsibilities for both programs, which are funded with state and federal revenue.

At the request of the Joint Legislative Audit Committee, we:

- reviewed the amount of state and federal funds used to support the energy assistance and weatherization assistance programs in Wisconsin;
- determined the number of households and individuals that received energy assistance and weatherization assistance;
- reviewed service delivery and outcomes; and
- analyzed DOA's oversight of the programs, including program integrity efforts.

Key Facts and Findings

The energy assistance program provides financial aid to low-income households to offset heating and electricity costs.

Weatherization services, such as adding insulation, are provided to reduce a household's energy consumption.

2009 Wisconsin Act 11 expanded financial eligibility for energy assistance and weatherization assistance for most individuals.

Counties either serve as energy assistance agencies or contract with private organizations for the administration and delivery of services.

Utility customers pay fees into the Utility Public Benefits Fund to support both programs.

Federal revenues obligated for both programs decreased from \$143.4 million in FY 2008-09 to \$111.2 million in FY 2012-13.

Revenues and Expenditures

Total federal revenues obligated for the energy assistance and weatherization assistance programs decreased from \$143.4 million in fiscal year (FY) 2008-09 to \$111.2 million in FY 2012-13, or by 22.5 percent.

State funding for the programs is provided by the Utility Public Benefits Fund, which is administered by DOA. The Fund is supported with fees collected by utilities from their customers. The amount of funding for the energy assistance and weatherization assistance programs provided by the Utility Public Benefits Fund increased from \$91.5 million in FY 2008-09 to \$102.8 million in FY 2012-13, or by 12.4 percent.

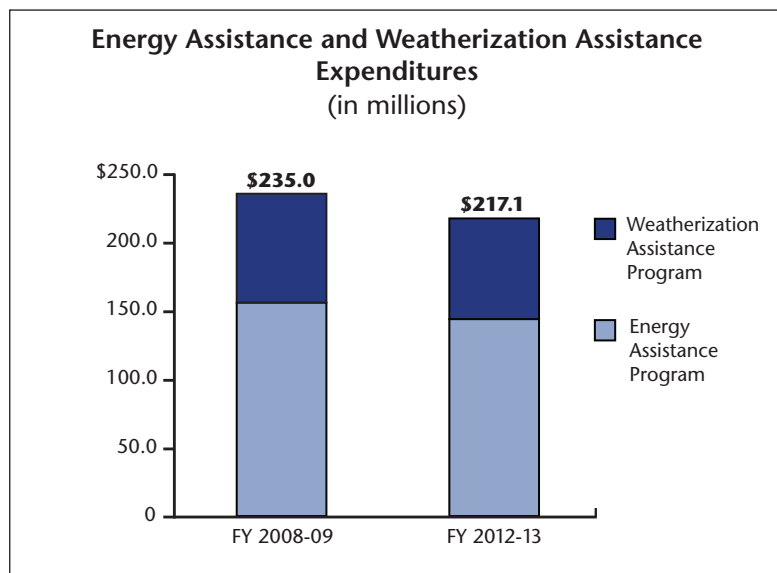
Expenditures for the energy assistance and weatherization assistance programs decreased from \$235.0 million in FY 2008-09

to \$217.1 million in FY 2012-13, primarily because of declining federal revenue. In FY 2012-13, energy assistance benefits, which are generally paid directly to energy vendors to offset heating and electricity costs, totaled \$111.7 million.

Program Eligibility and Participation

Eligibility for energy assistance and weatherization assistance services is based on both financial and non-financial criteria. A single application process is used for both programs, and all applications are made to local energy assistance agencies, which may be counties, tribes, or nonprofit organizations. 2009 Wisconsin Act 11 changed the financial eligibility limit for both programs to 60 percent of the state median income.

Local energy assistance agency employees are generally required to



review documentation to establish non-financial eligibility based on criteria such as state residency, citizenship or immigration status, and possession of a valid social security number for each household member. In addition, local energy assistance agency employees are to positively identify new applicants by verifying photo identification. Households determined eligible for the energy assistance program are automatically eligible for the weatherization assistance program if the dwelling in which they live also meets program requirements.

The number of households receiving energy assistance benefits increased from 179,662 in FY 2008-09 to 222,470 in FY 2012-13. The increase is due, in part, to changes to the financial eligibility limit in 2009 that expanded eligibility. However, the average annual energy assistance benefit received by households decreased from \$686 to \$504 over this period, partly because of a decrease in federal funding and an increase in the number of households receiving assistance.

The number of dwelling units weatherized decreased from 8,446 in FY 2008-09 to 7,471 in FY 2012-13, primarily because of a decrease in federal funding.

Federal law encourages states to prioritize the provision of energy assistance benefits and requires states to prioritize the provision of weatherization assistance benefits to households with the lowest incomes, households with the highest energy costs or needs, and households containing vulnerable

individuals, which include children under the age of six, seniors 60 years of age and older, and persons with disabilities. During FY 2012-13, we found that vulnerable individuals represented 39.7 percent of all household members that received energy assistance and 37.8 percent of all household members that received weatherization assistance.

Service Delivery

Local energy assistance agencies conduct outreach activities, provide crisis assistance services, and coordinate the provision of emergency furnace repair and replacement services.

Crisis assistance benefits are available to households that have been determined eligible for energy assistance and who face a crisis situation, such as no heat during cold-weather months. Crisis assistance payments totaling \$16.7 million in FY 2012-13 were made directly to energy vendors to assist 42,315 households.

Expenditures for emergency furnace repair and replacement services increased from \$4.1 million in FY 2008-09 to \$6.6 million in FY 2012-13. In FY 2012-13, a total of 1,801 households received a furnace replacement at an average cost of \$3,151, and 1,637 households received furnace repairs at an average cost of \$372.

Due to disruptions in the propane supply during the 2013-14 heating season, the Governor declared a state of emergency in January 2014. As a result, DOA provided \$500,000

in additional federal funds to help address rising fuel costs. In addition, 2013 Wisconsin Act 175 created an emergency heating assistance loan guarantee administered by the Wisconsin Housing and Economic Development Authority.

Oversight and Program Integrity

DOA provides oversight of the energy assistance and weatherization assistance programs directly and through a contractor. DOA and its contractor conduct inspections of weatherized dwelling units. Of the 1,387 dwelling units inspected from July 1, 2011, through June 30, 2013, we reviewed 251 inspection reports. We found that DOA or its contractor identified at least one area of program noncompliance for 83.7 percent of the dwelling units.

The most common area of noncompliance was weatherization work that was incomplete or unsatisfactory, which accounted for 80.6 percent of the deficiencies identified. Many of these issues involved things such as failure to insulate pipes and water heater tanks.

In addition, we found 37 instances in which weatherization agencies billed DOA for work they did not perform or materials they did not provide. The inspections conducted for the weatherization program are important in ensuring that work is actually performed, that the work performed is adequate, and that deficiencies are addressed when the work is not adequate.

Although statutes require DOA to provide for an annual independent audit of its low-income energy assistance and weatherization assistance programs funded by the Utility Public Benefits Fund, it has not done so. Statutes also direct DOA to consult with the Council on Utility Public Benefits, which is an advisory and consultative body created by 1999 Wisconsin Act 9 that is intended to provide additional oversight for the energy assistance and weatherization assistance programs. We found that the Council has been inactive since at least 2007 and does not have any of its statutorily prescribed 11 members currently appointed. Instead, DOA has relied on the Low-Income Energy Advisory Committee as an ongoing forum for programmatic input.

DOA also monitors eligibility and benefit determinations made by local energy assistance agencies. Based on an agreement between DOA and the Department of Health Services (DHS) to access social security data, local energy assistance agencies began verifying applicant social security numbers in October 2013. Obtaining access to additional sources of data on applicant income could further facilitate independent verification of eligibility.

In addition, because DOA does not require local energy assistance agencies to retain original source

documentation, it is unable to independently verify the accuracy of information used in making eligibility determinations. Six other midwestern states we contacted require some documentation to be maintained for a minimum of three years.

Recommendations

We include recommendations for DOA to:

- ☑ comply with statutes by providing for an annual independent audit of its low-income energy assistance and weatherization assistance programs funded by the Utility Public Benefits Fund or request that the Legislature eliminate the statutory requirement for an audit (*p. 47*);
- ☑ ensure applicants' reported incomes are verified using additional sources of data (*p. 49*);
- ☑ implement policies that require retention of original source documentation supporting applicants' eligibility for at least three years from the date of application (*p. 49*); and
- ☑ report to the Joint Legislative Audit Committee by November 14, 2014, on the status of its efforts (*p. 49*).

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Additional Information

For a copy of report 14-8, which includes a response from the Department of Administration, call (608) 266-2818 or visit our website:



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