

# ASPE RESEARCH BRIEF

OFFICE OF THE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION  
OFFICE OF HUMAN SERVICES POLICY - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

## APPROACHES TO LOW-INCOME ENERGY ASSISTANCE FUNDING IN SELECTED STATES

### Introduction

States rely on a variety of funding sources to help low-income residents pay their utility bills and reduce home energy costs. The Low Income Home Energy Assistance Program (LIHEAP), administered by the Administration for Children and Families in the U.S. Department of Health and Human Services (HHS), is the chief source of federal low-income energy assistance. However, a variety of other federal, state and local programs and resources also play key roles in helping vulnerable Americans heat, cool and weatherize their homes.

As a capped block grant program, LIHEAP serves only a small proportion of those eligible for benefits, and funding for the program has fluctuated considerably over the past several years. The relatively limited reach of the program compared to overall need is an incentive for states to identify and use nonfederal funding sources. While the assistance provided from these other sources is key, little is known about how individual states utilize these various funding streams to provide energy assistance. This research brief presents findings from a qualitative study of energy assistance funding sources and strategies in six purposively selected states – California, Colorado, Florida, Illinois, Massachusetts and Michigan. It identifies promising practices that other states may want to consider as they confront limited federal energy assistance funding and that may merit further study.

### ABOUT THIS RESEARCH BRIEF

*This ASPE Research Brief presents the results of an intramural ASPE study of selected energy assistance funding sources and approaches in six states: California, Colorado, Florida, Illinois, Massachusetts and Michigan. The brief was written by Alana Landey of ASPE's Office of Human Services Policy with assistance from Yuliya Rzad, Administration for Children and Families, Office of Community Services.*

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## Methods

The information presented here is based on a qualitative study, conducted by HHS staff, of six purposively selected states – California, Colorado, Florida, Illinois, Massachusetts and Michigan. While these states represent some variation in region, climate, proportion of population in poverty, and size of LIHEAP grant, they primarily were chosen based on (1) anecdotal evidence from federal and state experts of effective leveraging of disparate funding sources and promising private sector/state partnership arrangements, and (2) willingness to participate in the study. While the findings presented here are likely unique to these particular states and cannot be generalized to all states, we identify some common themes across the six states studied. The study is intended as a step toward better understanding how states utilize a variety of funding sources and partnership strategies to provide energy assistance to their neediest residents.

Information was obtained via telephone conversations, e-mail inquiries and Internet research from a variety of sources in each state, including state LIHEAP directors and their staffs, public utility commissions, utility companies and their web sites, and private nonprofits involved in energy assistance efforts. We also consulted several national resources such as the LIHEAP Clearinghouse, a repository of state and federal LIHEAP information maintained by HHS, and representatives of national organizations such as the National Association for State Community Services Programs, the National Energy Assistance Directors Association, and the National Energy and Utility Affordability Coalition.

This brief and accompanying state profiles present funding figures and funding sources as provided by study respondents in telephone conversations and e-mail. In some cases, particularly in the case of private funds, these figures are rounded or approximate, and are sometimes derived from information collected informally by those we consulted. We used FY 2012 as the base year for funding data since that year was easiest for states to provide, but in some cases we also cite other years for comparison purposes or when more recent numbers were available.

## Overview of Main Energy Assistance Funding Sources

States can draw from a number of federal, state and local resources to provide energy assistance to their residents. While LIHEAP represents the main source of federal energy assistance, the U.S. Department of Energy (DOE) provides weatherization assistance funding via formula grants to states and the U.S. Department of Housing and Urban Development (HUD) provides utility assistance through rent subsidies. State and local resources can include appropriations from state general funds; state-assessed surcharges on customers of regulated utilities (called ratepayer funds); voluntary utility company programs encouraging contributions from customers and employees; and charitable contributions funded by private nonprofit organizations, religious groups and foundations. Categories and amounts of funding differ considerably across states, as the table below and the attached state profiles show. For four of

the six study states, LIHEAP represents the largest source of energy assistance funding, while in California and Massachusetts, state ratepayer funds are the primary funding source.

### **Federal Funding Sources**

There are five potential sources of federal energy assistance funding:

**LIHEAP:** LIHEAP was established in 1981 to provide block grant funds and emergency funds to states, territories and tribes to assist low-income households with heating and cooling expenses and home weatherizing. The program is funded at \$3.4 billion for FY 2014,<sup>1</sup> compared to peak program funding of more than \$5 billion in FYs 2009 and 2010. Funds are distributed to states through a formula that takes into account each state's proportion of low-income households, the cost and prevalence of fuel types used for residential heating and cooling, and climate. Benefits are structured to provide the highest level of assistance to those with the lowest incomes, taking into account household size and energy expenses. HHS awards LIHEAP grants to state agencies (typically human services departments), the majority of which then subgrant funds to community action agencies, other nonprofits, or local governments that determine client eligibility and benefit levels. The LIHEAP statute requires that each grantee set income eligibility thresholds at or below 150 percent of the HHS poverty guidelines or 60 percent of the state median income, provided that no income threshold is lower than 110 percent of the HHS poverty guidelines. Each grantee has the discretion to set the specific income threshold as well as define countable and noncountable income. Grantees also have the option of applying assets tests and creating additional eligibility requirements not related to income.

In addition to the block grant, LIHEAP includes emergency contingency funds that are released by the Secretary of HHS during times of energy price increases or extreme weather (although no contingency funds have been appropriated since 2011), leveraging incentive funds to reward states for raising additional funding from nonfederal sources, and funds for demonstration projects that focus on the intersection of energy, health and safety. States have the discretion to use up to 15 percent of their LIHEAP grants (or up to 25 percent with an approved waiver) for weatherization activities.

The proportion of income spent on residential energy – known as energy burden – is higher for low-income households than for all households, primarily because income is lower but also in part because the homes tend to be older and less energy-efficient. Energy burden for LIHEAP recipient households is reduced due to LIHEAP benefits, but even with the assistance, historically LIHEAP household energy burden is about twice that of all households.<sup>2</sup> LIHEAP reaches a relatively small fraction of eligible households, due to the limited nature of the block grant relative to the number of low-income individuals nationwide.<sup>3</sup> The percent of eligible households receiving LIHEAP dropped from 36 percent at the beginning of the program in 1981 to 15 percent in 1997, and the participation rate has remained at about that level since.<sup>4</sup>

As shown in Table 1, the six states in this study had FY 2012 LIHEAP grants that varied from a low of \$47 million in Colorado to a high of \$186 million in Illinois.

***Weatherization Assistance Program (WAP):*** DOE administers WAP, created in 1976 to provide formula grant funds to states to improve home energy efficiency and reduce energy consumption by low-income households. The funding distribution formula is based on the size of each state’s low-income population, climate, and energy expenditures by low-income households. As noted above, states can allocate up to 15 percent of their LIHEAP grant to low-income residential weatherization or other energy-related home repair, and over time states’ contributions of LIHEAP funding for weatherization have come to exceed the DOE budget for WAP.<sup>5</sup> WAP funding was approximately \$250 million from FY 2002 to FY 2007, then surged in FY 2009 with a \$5 billion infusion under the American Recovery and Reinvestment Act. Subsequent appropriations have been lower, and WAP provided a total of \$138 million to states in FY 2013.<sup>6</sup> Normally, WAP funding is distributed to all states based on the allocation formula, but in 2012 some states – including two states in this study, Colorado and Florida – received no WAP funding. This was a one-time change to redistribute funds from states that had not yet expended all their Recovery Act weatherization funds to states that had spent all their funds.

***Housing supports:*** HUD funding assists in paying energy costs for low-income public housing and assisted-housing residents. HUD’s efforts are aimed at both subsidizing utility costs for residents of public housing and retrofitting publicly subsidized low-income housing to be more energy-efficient. In Section 8 and other assisted housing units, HUD rental assistance is used to pay utilities that are included as part of the rent. For units where heating and air conditioning are not included in the rent, families in Housing Choice Voucher programs may receive a utility allowance to pay for reasonable utility costs. States vary considerably in how they take into account these HUD-funded utility subsidies in determining LIHEAP eligibility for subsidized housing tenants who have out-of-pocket utility costs. Some states reduce the LIHEAP benefit by a flat amount and others use actual out-of-pocket costs to determine benefit amounts. About half the states deny LIHEAP eligibility to subsidized housing residents whose energy costs are included in their rent.<sup>7</sup> HUD does not report energy assistance funding at the state level, and this study did not capture any HUD funding in the study states.

***Temporary Assistance to Needy Families (TANF):*** States can use their HHS-administered TANF block grant funds to help recipient households pay utility costs, although little data exist to document the extent of this practice. Some states do this under the “assistance” category of spending since it can include benefits directed at basic needs, which includes utility payments, and some states categorize it as “non-assistance” if it is a nonrecurring, short-term benefit. According to a national study of TANF spending done in 2009, five states used TANF funding for emergency energy assistance.<sup>8</sup> Among the six states included in the present study, Michigan reported using about \$30 million of its TANF funding to provide energy assistance to TANF clients also on LIHEAP.

***Community Services Block Grant (CSBG):*** CSBG, another HHS program, funds a wide variety of antipoverty programs administered at the community level through local agencies that often also administer LIHEAP funds passed down from the state. CSBG funding can be used for emergency assistance, which includes emergency fuel and utility payments. In FY 2009, 3.7

million families received help with fuel or utility payments through CSBG.<sup>9</sup> It is possible that some of these households received LIHEAP benefits as well. While none of the states in this study reported using CSBG funding for energy assistance, it is possible local agencies utilize this funding source.

### **State Funding Sources**

States can draw from several main sources of public funding at the state level:

***Ratepayer funds:*** Many states mandate that their public, regulated energy utilities impose a surcharge on their customers to fund ratepayer programs that allow the utility companies to provide discounts on low-income customers' utility bills. The LIHEAP Clearinghouse reports that there are over 300 state-mandated and voluntary fuel funds in at least 47 states.<sup>10</sup> In some states, the funds collected through ratepayer programs go to the state to augment LIHEAP funding; in other states, utility companies administer the utility bill subsidies for their customers directly. We categorize state-mandated ratepayer funds as state public funding since most states have laws requiring the collection of those funds and their use for low-income energy assistance, even though not all of these funds pass through state hands or are administered as part of states' LIHEAP programs.

In this study, state-mandated ratepayer programs were significant sources of energy assistance for California, Colorado, Illinois and Massachusetts. This was the case in Michigan as well, until a 2012 court ruling determined that the state can no longer mandate regulated utilities to collect ratepayer surcharges, which halted ratepayer funding. Before the court ruling, Michigan split \$70 million in ratepayer fund revenue between the state LIHEAP program and state community action agencies to serve those who did not qualify for LIHEAP but needed utility bill assistance, and utilities used some of the funds to provide weatherization and rate discounts to low-income customers. Michigan utility vendors are now running a voluntary ratepayer program that generated \$50 million in 2013. Illinois has both a state-mandated ratepayer fund and a voluntary, vendor-administered ratepayer fund.

***Percent-of-income payment programs (PIPPs):*** Revenues from ratepayer programs can also fund PIPPs, in which low-income customers agree to pay a set percentage of their incomes toward their utility bills in exchange for discounts on bills. In some cases, PIPP participation can include forgiveness of arrearages, or accrued amounts owed on utilities. Two of the study states – Colorado and Illinois – are among the eight states nationally that are known to have PIPPs.<sup>11</sup>

***General funds:*** Some states, including Massachusetts and Michigan in this study, also provide general funds appropriated by the state legislature for energy assistance purposes. This is a fairly widespread practice nationally: in 2010, 22 states reported using a total of \$591 million in state and local funds to supplement LIHEAP.<sup>12</sup> However, few states are able to use their own funds for this purpose on a regular basis, and the amounts tend to fluctuate in response to energy prices and LIHEAP funding levels.<sup>13</sup>

## Private Funding Sources

States can draw on a variety of private funding sources to augment public funding of energy assistance. These most typically take the form of voluntary vendor donation programs and programs run by private nonprofit and religious organizations. All of the six states in this study, with the exception of California, have some form of privately funded energy assistance available to their residents. In some cases those funds are administered by local LIHEAP agencies, and in other cases the private organization provides the assistance directly to customers or to local nonprofit service agencies that administer the funds.

<b>Table 1: Study States at a Glance</b>						
(\$s in millions)						
state	federal funding, FY 2012		state funding (including mandated ratepayer funds)	private funding	% LIHEAP-eligible households receiving LIHEAP	highlights of promising practices/key innovations
	LIHEAP	WAP				
CA	\$156.4	\$1.6	\$1,469.8	0	7%	State collaborations with utilities and nonprofits; innovative weatherization and solar energy pilots
CO	\$47.5	0	\$19.8	\$16.8	17%	Close partnership with statewide nonprofit
FL	\$78	0	0	\$1.9	10%	Strong local provider network and referral system
IL	\$186.3	\$4.4	\$97.7	\$16	24%	Collaborative state/utility relationships; voluntary ratepayer program
MA	\$133.9	\$5.2	\$174.1	\$2.7	23%	Varied private funding; auto-enrollment of qualified utility customers in energy assistance
MI	\$205.1 (includes TANF transfer)	\$12.1	\$27.7	\$9.3	17% (crisis assistance only)	Home energy tax credit; unified online application; state/utility commission funding partnership

## Promising State Practices and Partnerships

The six states included in this study represent considerable diversity in their budget and policy environments, approaches to energy assistance funding, and leveraging of private resources and relationships. Each state's most promising practices and challenges are summarized below, and described in more detail in the attached state profiles.

### California

California has a particularly well-funded ratepayer program. Four main utility companies participate in two state-mandated elements: the California Alternative Rates for Energy (CARE) program, which provides discounts on utility bills, and the Energy Savings Assistance Program (ESAP), which provides no-cost weatherization services. Combined, these two programs provide \$1.5 billion in assistance to low-income utility customers. The four utilities work closely with local LIHEAP agencies to ensure eligible customers are enrolled in CARE.

California is also particularly distinctive for developing a consortium of nonprofits. Many of California's local LIHEAP agencies have joined to form the Association of California Community and Energy Services (ACCES), which serves as a network for advocating for the energy needs of low-income residents. The group provides input to the state public utility commission on utility rate-setting and works with the state LIHEAP office on low-income program issues and policies.

The state LIHEAP office transfers 25 percent of its LIHEAP grant to weatherization activities (notably more than the typical 10 percent for most states), and works closely with utility companies and nonprofits to pilot solar energy technologies for improving the energy efficiency of low- and moderate-income households and to better coordinate state and federal weatherization initiatives.

### Colorado

A distinctive element of Colorado's low-income energy assistance environment is the central role played by a statewide nonprofit organization in collecting and administering assistance. This nonprofit, Energy Outreach Colorado (EOC), was created in 1989 to raise private funds to fill the gap left by declining federal LIHEAP funding. EOC continues to help fill this gap by providing help to 17,000 households through a statewide network of 120 community-level service providers. EOC partners with the state to run the toll-free call system which provides Coloradans with a single point of contact for energy assistance information. It is also the contractor for the state's crisis assistance program that repairs and replaces residential heating systems.

The state also benefits from a highly collaborative approach to energy assistance that connects state program staff, utility companies, the public utility commission and the nonprofit sector to address issues and develop policy. One mechanism that supports this approach is the

Commission on Low Income Energy Assistance, through which the LIHEAP program works with the state energy office and EOC to coordinate state-funded energy assistance services.

Colorado also has a centralized energy assistance eligibility processing system that allows the state to use data on households' heating costs, uploaded daily by utility companies, to determine LIHEAP eligibility.

## **Florida**

Florida, the one entirely southern, warm-weather state in the study, has no ratepayer program or PIPP, but benefits from a strong local provider network and referral system. LIHEAP funds are administered at the local rather than state level, by a mix of local governments and private, nonprofit agencies. About half of Florida's 29 local agencies are able to augment the limited state LIHEAP grant with private funding from various sources such as voluntary utility company donation programs, the Salvation Army, and United Way.<sup>14</sup> For instance, one of Florida's largest utilities, Florida Power and Light, raised \$1.4 million in 2012 through its Care to Share donation program.<sup>15</sup> The state's local agency network helps redirect clients to other providers if their closest program is out of funding.

Florida's Coalition of Energy Vendors, a partnership between utility companies and local agencies, helps the state develop and track subgrantee performance measures and collect utility data on household energy usage patterns. Local agency caseworkers can pay utility bills on clients' behalf through online systems created by utility companies.

Florida is particularly challenged by the increase in the number of needy households since the Great Recession. As with many states, need always exceeds availability of assistance, but the "new poor" create a particular challenge as the state grapples with how to serve households that qualify for assistance based on current income but were recently much better off.

## **Illinois**

Illinois benefits from a particularly wide array of state and private funding sources, including both a private, voluntary ratepayer program as well as a state-mandated one; PIPPs run by five utilities; supplements to the LIHEAP grant from state general funds; and funds generated through a surcharge on utility companies that increase their rates to cover power grid improvements.

Illinois' utility companies have a strong culture of supporting low-income customers, as demonstrated by the voluntary ratepayer program and by the existence of several charitable programs run by utility companies to raise funds for low-income customers. Major vendors participate actively in the state's Policy Advisory Council, which provides a mechanism for raising program issues with the state government.



## Massachusetts

Like Illinois, Massachusetts has a robust mix of public and private funding sources to serve its low-income population: a mandated ratepayer program, state general funds to supplement LIHEAP, state-negotiated discounts on bulk fuel, and several private funding sources. Utility companies collaborate closely with the state on their roles in utility rate discounts, arrearage management, and weatherization services. Each year, regulated utilities provide a list of their customers to the state, which cross-checks the list with human services program records and identifies which customers receive means-tested benefits such as TANF, Supplemental Nutrition Assistance Program, or general assistance. Vendors then automatically enroll these individuals in their rate discount programs without requiring an application or any other action on the customer's part.

The state's network of local agencies run the Combined Fuel Fund, which consolidates funds raised from various private charitable organizations, individuals and corporations to provide assistance to households that have exhausted their LIHEAP benefits.

Massachusetts' main challenge in serving its low-income residents' energy needs is the prevalence of high-cost heating systems. As is the case in other northeastern, cold-weather states, a large proportion of Massachusetts residents rely on fuel oil, the most expensive kind of heating fuel, to heat their homes. Federal funds cannot be used to convert fuel oil furnaces to systems that rely on less expensive heating fuels, so many Massachusetts residents struggle with very high utility bills in the winter even after receiving energy assistance.

## Michigan

Michigan's energy assistance environment is in flux, due to a pivotal 2012 court ruling that the state can no longer require its regulated utilities to assess ratepayer surcharges, as had been done for many years through the state's mandated ratepayer program. Michigan has been grappling over the past year with how to deal with the loss of this \$70 million-a-year revenue stream, and has used the opportunity to experiment with new approaches to providing energy assistance. Utilities are now providing \$50 million through voluntary ratepayer programs, and are pilot-testing arrearage management programs that help customers pay down their utility debts. Michigan has recently launched a partnership between the public service commission and the state department of human services to combine voluntary ratepayer funds and LIHEAP funds to award grants that support energy assistance to low-income households. The state also is encouraging nonprofits to increase private fundraising efforts. The state provided one-time funding of \$60 million for energy assistance in FY 2012, about half of which came from general funds and half of which came from a transfer of TANF funds.<sup>16</sup> These changes have created a good deal of uncertainty and instability for Michigan's energy assistance funding, and the state has recently adopted an asset test to reduce categorical eligibility for LIHEAP.

Despite these funding issues, Michigan benefits from close working relationships with its utility companies and nonprofit partners. The state has implemented a standardized online

application for almost all social service programs, considerably reducing the burden on low-income households applying for assistance. Michigan also is notable for its provision of energy assistance through a home energy tax credit, for which households apply on their state income tax returns. (Households that do not file tax returns can apply separately.) The state Department of Treasury processes applications and determines credit amounts, which averaged \$169 per household in FY 2011.<sup>17</sup> The cost of the tax credit is covered by state LIHEAP funds; 25 percent, or approximately \$43 million, of Michigan's LIHEAP block grant was spent on tax credits in FY 2012.

## Discussion: Emerging Themes and Lessons

While the six states included in this study are not necessarily representative of all states, comparing funding sources and partnerships across these states reveals some common themes and promising practices. These practices may be of interest to other states contemplating ways to augment public energy assistance funding, and thus may merit further study. Other states are likely to have examples of promising practices not reflected here. This list can serve as a starting point for cross-state information-sharing.

***Formal commissions and councils involving key stakeholders.*** Respondents in nearly all of the six states commented on the importance of good relationships with utility companies and local service delivery agencies for the successful implementation of state energy assistance programs. Four of the states have formal associations, councils or commissions in which nonprofits and utility companies participate: California (Association of California Community and Energy Services, Low-Income Oversight Board), Colorado (Commission on Low Income Energy Assistance), Florida (Coalition of Energy Vendors) and Illinois (Policy Advisory Council). These organizations provide routine and institutionalized mechanisms for the state to obtain input from key partners and for nongovernment stakeholders to have a voice in the structure and policy of the programs they help support. Such commissions may provide a model for states considering creating such mechanisms, or expanding and/or better supporting existing ones, to ensure key stakeholders' perspectives are considered.

***Strong local-level networks.*** Several of the study states depend on especially active networks of local service delivery organizations to coordinate multiple funding sources of energy assistance and to ensure clients are referred to the right resources. This is especially important in Florida, the study state with decentralized administration of its LIHEAP program, and in California. In these states, local service providers communicate regularly about their funding status so clients applying at a program where funding is exhausted can be directed to other nearby resources. This approach can help states ensure maximum reach and effectiveness of existing funding.

***Varied private fundraising initiatives.*** In this study, Massachusetts and Michigan are notable for their number of different statewide private fundraising efforts tailored to specific purposes such as weatherization, bulk fuel discounts and consumer education. Florida draws on a variety

of private funding sources at the local level, and Colorado taps many private sources through a single statewide nonprofit. While the models and amounts of funding differ, these states appear to benefit from connections to a broad array of private charitable organizations. Cultivating relationships with charities and foundations at both the state and local levels can position states to explore more private fundraising opportunities.

***Private ratepayer funds.*** Two of the study states, Illinois and Michigan, have been able to supplement public and other private funding with voluntary ratepayer programs implemented and managed by large utility companies. In Michigan's case, the private ratepayer fund generated \$50 million for the state in 2013 - a significant help to the state after the 2012 court case invalidating mandated ratepayer surcharges, which generated \$70 million in revenue. While the implications of the Michigan state court case for other states is unclear, the willingness of Michigan utilities to try to help fill this sudden funding gap, and their ability to replace over 70 percent of the lost funding so quickly, highlight the considerable role that utilities can play in helping states augment limited public energy assistance funds. Illinois, which has both state-mandated and private, voluntary ratepayer programs, could serve as a model for other states considering new ways to more effectively leverage the potential of this funding source.

***Home heating tax credits.*** Michigan is unique in providing home energy assistance through a home heating tax credit that can be claimed on state income tax forms. LIHEAP funds pay for the Home Heating Credit, but the state's Department of Treasury issues the credits directly to utility companies on behalf of individuals. The credit is available to all state residents regardless of whether they file a tax return, but many eligible low-income Michigan residents who do not file tax returns are unaware of the availability of this benefit and do not claim it.<sup>18</sup> Other states interested in pursuing a tax-based approach to energy assistance could use Michigan's experience as a guide, and could perhaps tailor the strategy for specific state needs and tax systems.

## **Possible Next Steps and Future Research**

As indicated, this study represents one step toward better understanding how states utilize a variety of public and private funding sources to augment their federal LIHEAP block grant funds to provide energy assistance to low-income residents. Exploring the topics listed below would help us build on this work by encouraging information-sharing among states and focusing on some specific aspects of nonfederal funding options that emerged from this study as particularly promising. Discussion with states about their current funding strategies could provide further ideas for study.

***Funding strategies discussions among states.*** As indicated above, HHS could facilitate information-sharing among states on their utilization of state and private funding sources for energy assistance. This could be done through blogs, webinars, or through regularly scheduled workshops the Administration for Children and Families currently holds with LIHEAP grantees.

States that have multi-state utility companies in common could share their experiences with working with those utilities.

***Role of utility companies.*** This study demonstrates the critical roles utility companies play in publicizing utility rate discount programs for low-income customers, connecting eligible customers to assistance, and in some cases operating voluntary donation programs, sometimes in partnership with other private organizations. In-depth profiles of particularly active utilities in different state environments could shed light on how these utilities manage relationships with state governments and nonprofits, how utilities benefit from such partnerships, and how states can improve existing relationships with utilities.

***Role of public utility commissions.*** Some states have very active public utility commissions or public service commissions, which set rates for regulated utilities and in some cases are involved in overseeing utility companies' administration of ratepayer funds and private fundraising efforts. A follow-on study could examine the roles of particular commissions and identify ways for states to leverage the commissions' expertise with utility companies to support fundraising partnerships.

***CSGB and TANF funding for energy assistance.*** Little data exist on the extent to which these two federal block grant programs are used for energy assistance. It may be useful to canvass all or selected states on whether and how they utilize these funds so other states can learn from their experiences.

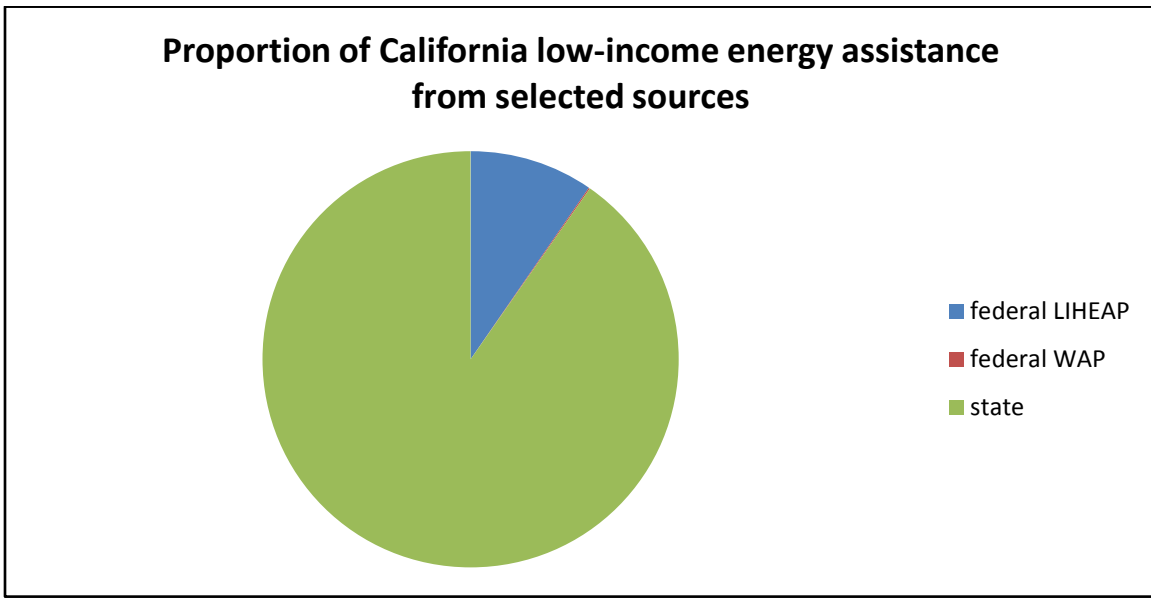
***Considerations of unmet need and program targeting.*** As indicated, LIHEAP reaches only a small proportion of those eligible for benefits, due to limited funding and the size of the low-income population. The six states discussed here reach between 7 and 24 percent of eligible households, even with creative funding partnerships and enrollment strategies. Given this limited reach, targeting of benefits to those most in need is especially critical. Information on the extent of unmet energy costs among LIHEAP households as compared to non-LIHEAP households could help guide the effective targeting of benefits and determining the need for additional sources of assistance.

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- <sup>1</sup> FY 2014 congressional appropriations bill, <http://beta.congress.gov/bill/113th-congress/house-bill/3547/text>
- <sup>2</sup> U.S. Department of Health and Human Services, "LIHEAP Home Energy Notebook for Fiscal Year 2009," published 2011, [http://www.acf.hhs.gov/sites/default/files/ocs/fy2009\\_liheap\\_notebook.pdf](http://www.acf.hhs.gov/sites/default/files/ocs/fy2009_liheap_notebook.pdf).
- <sup>3</sup> The Census Bureau estimates that 15.9 percent of Americans lived in poverty in 2012 ("[Poverty: 2000 to 2012](#)," [American Community Survey Briefs, September 2013](#)), and millions more have incomes low enough to qualify for LIHEAP.
- <sup>4</sup> U.S. Department of Health and Human Services, "LIHEAP Home Energy Notebook for Fiscal Year 2009," published 2011, [http://www.acf.hhs.gov/sites/default/files/ocs/fy2009\\_liheap\\_notebook.pdf](http://www.acf.hhs.gov/sites/default/files/ocs/fy2009_liheap_notebook.pdf).
- <sup>5</sup> "WAP Explained," Mark J. Kaiser and Allan G. Pulsipher, *Energy Policy*, 32(16), 2004.
- <sup>6</sup> U.S. Department of Energy Notice to Weatherization Program Grantees, June 21, 2013, [http://waptac.org/data/files/website\\_docs/government/guidance/2013/wpn-13-2.pdf](http://waptac.org/data/files/website_docs/government/guidance/2013/wpn-13-2.pdf).
- <sup>7</sup> U.S. Department of Health and Human Services LIHEAP Clearinghouse, <http://liheap.ncat.org/pubs/440.htm>.
- <sup>8</sup> "Understanding Two Categories of TANF Spending: 'Other' and 'Authorized under Prior Law,'" Mathematica Policy Research, Inc., 2009. The report identifies the number but not the identity of states using TANF for energy assistance.
- <sup>9</sup> Community Services Block Grant Program Report to Congress, FY 2009.
- <sup>10</sup> LIHEAP Clearinghouse, <http://liheap.ncat.org/pubs/820.htm>.
- <sup>11</sup> From PIPP summary information compiled by the LIHEAP Clearinghouse and shared with HHS/ASPE. Information on specific state PIPPs also is available through the Clearinghouse's individual state profiles at <http://www.liheap.ncat.org/dereg.htm>.
- <sup>12</sup> LIHEAP Clearinghouse, <http://liheap.ncat.org/pubs/820.htm>.
- <sup>13</sup> Ibid.
- <sup>14</sup> Informal survey of local agencies conducted July 2013 by the Florida LIHEAP office.
- <sup>15</sup> Florida Power and Light Care to Share customer assistance annual report for 2012, <http://www.fpl.com/community/pdf/report.pdf>.
- <sup>16</sup> The funds were administered by the Michigan Department of Human Services as part of LIHEAP, but the TANF funds were used only for TANF clients on LIHEAP.
- <sup>17</sup> "Mapping Energy Assistance Infrastructure and Resources in Southeast Washington," McGregor Fund, August 2012.
- <sup>18</sup> Ibid.

## CALIFORNIA

Selected energy assistance funding sources (FY 2012 unless otherwise noted):

Federal:	LIHEAP	\$156.4m <sup>1</sup>
	WAP	\$1.6m
State:	Utility ratepayer funds	
	Energy Savings Assistance Program	\$269.8m
	California Alternate Rate for Energy	\$1.2b



**Highlights:** The primary funding sources for California’s energy assistance services for low-income households are LIHEAP and state-mandated ratepayer funds. The bulk of ratepayer funds are used to subsidize a discounted gas and electric rate for low-income customers. By legislative mandate, the state sets aside 25 percent of its LIHEAP funds each year for weatherization services. Utilities also fund some weatherization activities, but they are not currently integrated with those funded by LIHEAP. California is piloting efforts in selected counties that would increase coordination between federally funded and ratepayer-funded weatherization services. The state also has piloted several projects involving solar energy, testing the feasibility of installing solar hot water heaters and rooftop photovoltaic systems for LIHEAP households.

**LIHEAP income eligibility level:** At or below 60 percent of the state median income

<sup>1</sup> This amount includes \$153.3 million in LIHEAP block grant funds and \$3.06 million in leveraging incentives. The state was awarded the leveraging funds after demonstrating its ability to leverage nonfederal resources to augment the federal block grant.

**LIHEAP households served:** Approximately 7 percent of LIHEAP income-eligible households received assistance funded through LIHEAP in FY 2012.<sup>2</sup>

**State funding:** Ratepayer funds (see next section)

**Role of utilities:** The California Department of Community Services and Development (CSD) has a close working relationship with its four major investor-owned utilities (IOUs). As part of the process of getting approval from the California Public Utilities Commission (CPUC) each year for the rates they charge, the four IOUs designate millions of dollars to provide energy assistance to their low-income customers. The two main ratepayer programs that assist the low-income are the California Alternate Rates for Energy (CARE) and the Energy Savings Assistance Program (ESAP), which assist households at or below 200 percent of the federal poverty guidelines. CARE provides a 20 percent discount off electric and natural gas bills and ESAP provides no-cost weatherization services.

CARE and ESAP, as well as other pilot projects and initiatives developed to assist low-income households, are overseen by the CPUC's Low Income Oversight Board, which has representatives from the utilities, CSD, the LIHEAP Service Provider Network, and others.

The IOUs work closely with the LIHEAP service providers (nonprofits and local agencies that administer LIHEAP at the local level under contract to CSD) to enroll eligible households in CARE. The majority of LIHEAP applicants have their utility bills screened to determine if they are enrolled in CARE and if not, an application for enrollment is completed during the application intake process. Less coordination occurs with ESAP. While some LIHEAP service providers in southern California also receive funding from the IOUs in their service territories to administer ESAP, this practice is not uniform throughout the state. CSD has identified a number of issues that interfere with leveraging between ESAP and LIHEAP and has designed and launched a pilot in two different counties that will test ways that the programs can be more effectively coordinated to enhance weatherization for eligible customers.

**Role of nonprofits:** CSD contracts with a network of local service providers made up of community action agencies, other nonprofit organizations and local government agencies to administer both LIHEAP and weatherization services at the local level. Many of the organizations within the network have joined together to form the Association of California Community and Energy Services (ACCES). ACCES is a nonprofit organization that serves as an advocacy organization for low-income energy programs, those both federally funded and ratepayer-funded. ACCES comments on IOU rate cases before the CPUC. It also works closely with CSD to discuss program administration and policy issues that are important to its members.

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<sup>2</sup> Based on a preliminary unduplicated count of households served in FY 2012 divided by the number of LIHEAP income-eligible households (from five-year derived estimates of the American Community Survey).

**Energy assistance policies:** CSD runs both the utility assistance and weatherization components of LIHEAP year-round. There is no set application period or enrollment period. Utility assistance benefits are based on income, household size, cost of fuel, and energy burden. Benefits range from \$138 to \$538 per household per year.

**Percent-of-income payment program:** None

**Arrearage pay-down:** Customers who are unable to pay the entirety of their monthly bills may be eligible to make longer payment arrangements with their utility company.

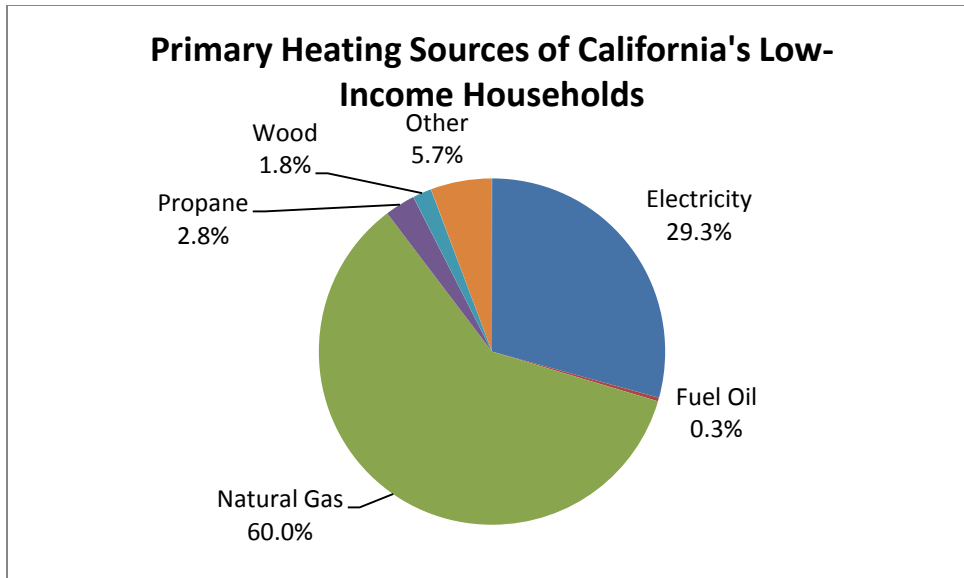
**Shut-off prevention:** The CPUC does not have any statewide policies on shut-off moratoria based on temperature or time of year. Customers who provide certification from a licensed physician or surgeon that service termination will be life-threatening and that they are unable to pay in the normal period are permitted to spread out payments over a period of up to 12 months.

**Crisis assistance:** California defines crisis for the purpose of LIHEAP assistance as "weather related and supply shortage emergencies and other household energy related emergencies." CSD operates three activities as part of its LIHEAP-funded crisis assistance: (1) Fast Track utility payments, (2) wood, propane and oil payments, and (3) furnace repair and replacement. Fast Track utility payments provide the same services as would be provided to an applicant not in crisis, but in a faster manner. Often, local service providers will make a pledge to a utility company on behalf of a client during the intake appointment, to prevent a shut-off or to immediately restore services. The base benefit for Fast Track (electric and gas) payments are the same as for regular assistance. However, clients receiving Fast Track may also qualify for a supplemental benefit amount, with the total benefit not exceeding \$1,000 a year.

A household may receive either Fast Track utility assistance or regular utility assistance once per program year. However, a household may be eligible to receive both regular utility assistance and furnace repair or replacement services through crisis assistance.

**Prevalence of utility types:** Approximately 11 percent of low-income households in California use deliverable or bulk fuel such as propane as the primary source of heating.





*Source: 2008-2010 American Community Survey*

**Weatherization:** California has a very robust weatherization program that uses funding from both the US Department of Energy and LIHEAP. By state law, California is required to request a waiver each year from HHS to use 25 percent of its LIHEAP funds for weatherization (instead of the national average of 10 percent). Thus, LIHEAP is the primary federal funding source of California’s weatherization activities.

**Strengths/innovations:** CSD is currently working with the CPUC and the four major IOUs on several pilot projects:

1. *Geographic Coordination: Targeting High Energy Users / Underserved Populations.* This pilot attempts to improve coordination between CSD and the IOUs to provide enhanced weatherization services through a single agency in a particular geographic service area. Two pilot target areas will be selected and the LIHEAP service provider agency in each area will be trained to deliver ESAP services, alongside federally funded weatherization services. CARE-enrolled households will be targeted for services based on either high energy usage or because they are a single fuel customer that receives electric energy from an IOU, but use non-regulated fuel (i.e. wood, propane or oil) to meet their other energy needs. CSD and its partner IOU will work to streamline intake and eligibility processes to provide the most efficient and effective service delivery with a blend of federal and rate-payer funding.
2. *Solar Water Heaters for Low-Income Single Family Households.* CSD is partnering with 14 of its LIHEAP service providers and IOUs to pilot the installation of solar hot water heaters for low-income households. They will track utilities for these households a year prior to and a year after installation to evaluate the cost-efficiency of this measure, in combination with other weatherization services.

3. *Other solar projects.* In addition to these current pilot projects, California also has piloted other innovative solar projects. In one such initiative, CSD set aside 3 percent of the 2009 LIHEAP grant totaling \$14.7 million to fund four objectives using a competitive bid process:

- Install optimally-sized solar photovoltaic systems on single- or multi-family homes.
- Develop creative partnerships to provide systems with no loans, no liens and no out-of-pocket costs for the low-income owners or residents.
- Put energy efficiency first to further reduce the energy consumption of each home before installing solar photovoltaic panels.
- Develop “green” jobs by training low-income workers to become solar installers.

Awards were made to four agencies, three of which installed solar photovoltaic systems in single-family homes and one agency that focused on multi-family installations. As a result, 545 single family homes and 14 low-income apartment complexes (937 individual units) benefited from solar photovoltaic systems, in combination with weatherization.

**Challenges:** California’s size and geographic variation present ongoing challenges in designing statewide LIHEAP services that provide a reasonable level of consistency while allowing for enough flexibility to local sub-grantees to meet the needs of their communities. For example, communities in Death Valley require a different approach than those in the snowy mountainous parts of northern California, and state programs must accommodate this diversity.

California also faces significant challenges in obtaining consistent and adequate data from its regulated utilities. More and more, managing the performance of the state’s LIHEAP operations requires data on energy consumption and expenditures by LIHEAP clients. However, state privacy legislation has made data exchanges between CSD and regulated utilities difficult and cumbersome. While negotiations for such exchanges are underway, actual data transfers may take several years.

**Sources:**

- December 2012 reports filed by each investor-owned utility with the California Low Income Oversight Board: <http://www.liob.org/lib.cfm>
- NASCSP Weatherization Assistance Program PY 2012 Funding Survey: [http://www.waptac.org/data/files/website\\_docs/reports/funding\\_survey/nascsp-2012-wap-summary\\_final\\_spread.pdf](http://www.waptac.org/data/files/website_docs/reports/funding_survey/nascsp-2012-wap-summary_final_spread.pdf)
- Interview with representatives from the California Department of Community Services and Development
- Interview with representative from the Association of California Community and Energy Services
- CPUC low income assistance programs: <http://www.cpuc.ca.gov/PUC/energy/Low+Income/home2.htm>
- LIHEAP Clearinghouse: [www.liheap.ncat.org](http://www.liheap.ncat.org)

For further information, contact:

Kathy Andry, Acting Division Chief, Dept. of Community Services and Development

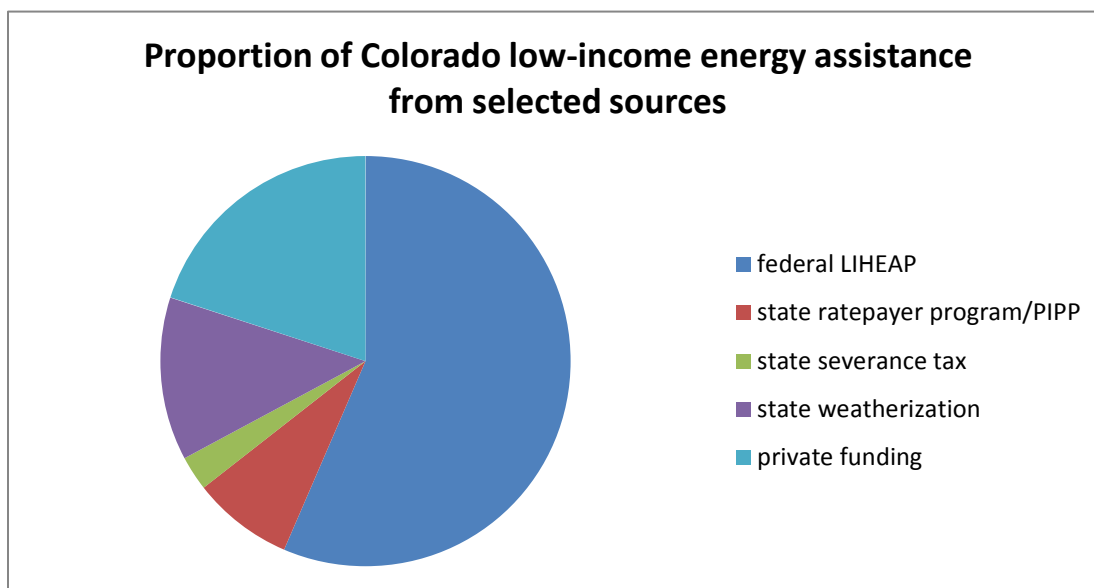
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## COLORADO

Selected energy assistance funding sources (FY 2012 unless otherwise noted):

Federal:	LIHEAP	\$47.5 m <sup>3</sup>
	WAP	0
State:	Severance tax on nonrenewable energy	\$2.3 m
	Weatherization	\$10.8 m
	Ratepayer funds/percent-of-income payment program	\$6.7 m
Private:	Energy Outreach Colorado (FY 2013)	\$16.8 m



**Highlights:** Colorado’s Commission on Low-income Energy Assistance coordinates state-funded low-income energy services among the state LIHEAP office, the state energy office, and Energy Outreach Colorado (EOC), the state’s main energy nonprofit. The Commission was originally created with the purpose of forming a nonprofit organization to raise funds to help address declining federal LIHEAP funding. EOC, created by the original Commission, is a key player in Colorado energy assistance efforts and helps fill the gap between state assistance levels and need.

**LIHEAP income eligibility level:** 150 percent of the federal poverty level and below (decreased from 185 percent prior to 2011)

<sup>3</sup> This amount includes \$47.3 million in LIHEAP block grant funds and \$189,000 in leveraging incentives. The state was awarded the leveraging funds after demonstrating its ability to leverage nonfederal resources to augment the federal block grant.

**LIHEAP households served:** Colorado LIHEAP assistance reached 17 percent of eligible households in FY 2012.<sup>4</sup> All eligible residents who apply get some level of benefit; however, only about 20 to 30 percent of eligible households seek assistance. When federal funding dropped in recent years, the state lowered benefit levels and currently covers about 70 percent of participating households' heating costs.

**State funding:** In past years, Colorado LIHEAP has received funding from a state severance tax imposed on mineral extraction from public lands. But recent budget constraints have led the state legislature to redirect most of these funds to other purposes and it is no longer a reliable source of funding. Public funds from this source going to the state LIHEAP office have fallen from a high of \$5 million in the past to \$2.3 million in FY 2012. Severance tax funds are distributed each year among the state LIHEAP office, EOC and the state energy/weatherization office if funds are available. A total of \$13 million is projected to be available for these three purposes in FY 2013.

**Role of utilities:** Colorado has no ratepayer fund, but the five largest of the state's 130 utility companies have Percentage of Income Payment Plans (PIPPs) in which customer surcharges help fund monthly reductions in low-income customers' bills based on household income. (See PIPP section below for specifics.) The state LIHEAP office describes a strong and positive relationship with most vendors. Utility companies assist with eligibility determination by transmitting daily data on customer heating costs to the state's centralized LIHEAP eligibility processing system. The state and utilities work together to prevent utility shut-offs for low-income customers with arrearages on their bills, and have annual meetings before the heating season to prepare for program demands.

**Role of nonprofits:** EOC, the large statewide nonprofit, fills much of the funding gap left by LIHEAP cuts. With a distribution network of over 120 nonprofit organizations across the state, EOC receives some LIHEAP funding from the state as well as private funds from oil and gas companies, foundations, and private donations. EOC spent a total of \$18 million in FY 2013 in three main service areas: cash assistance (\$10 million), weatherization (\$6 million), and crisis assistance (\$1.2 million of LIHEAP funding). EOC contracts with eCallogy, a call center that provides information and referrals to low-income households in need of energy assistance. This call center arrangement is a partnership between LIHEAP and EOC to provide clients with a single point of contact for obtaining benefits. The EOC network of private service agencies helps provide assistance to approximately 17,000 Colorado households.

**Energy assistance policies:** State LIHEAP utility assistance benefits range from \$200 to \$700 per year and are based on income, household size, primary fuel type, and type of home. In some years, the state legislature has redirected for other purposes the severance tax revenue that

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<sup>4</sup> Based on a preliminary unduplicated count of households served in FY 2012 divided by the number of LIHEAP income-eligible households (from five-year derived estimates of the American Community Survey).

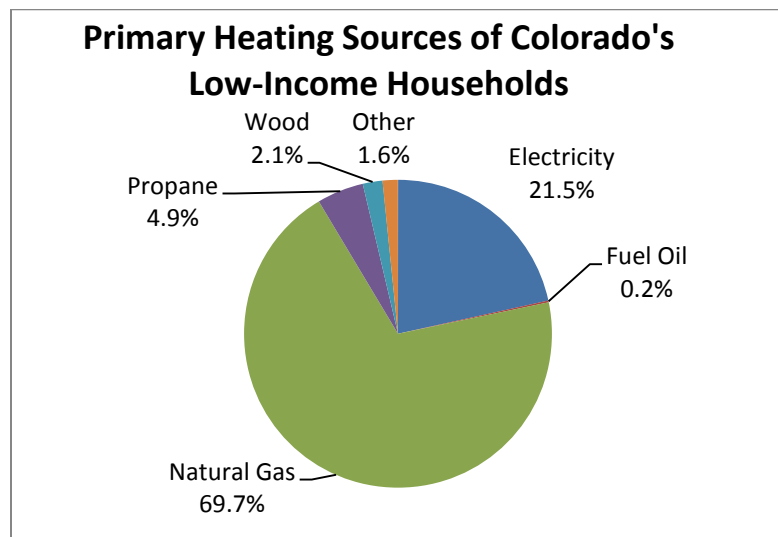
has been used to supplement LIHEAP spending, so this has not been a predictable source of funding.

**Percent-of-income payment program:** Colorado’s regulated utility companies – Xcel Energy, Atmos Energy, Source Gas, Black Hills Energy, and Colorado Natural Gas – offer percent-of-income payment programs for their low-income customers, as mandated by the Colorado Public Utilities Commission. Under these programs, participants pay between two and three percent of their household income, and have the opportunity to have past-due amounts forgiven. The Colorado Public Utility Commission oversees the utilities and regulates the terms of the PIPPs, which were just established in 2012.

**Shut-off prevention:** The state’s agreements with utility companies specify that the utility must initiate, continue or restore service, as applicable, to the eligible households within 24 hours of notification. They must continue utility services for at least 60 days after notification. Fuel vendors must deliver fuel within 24 hours if a household is out of fuel or in imminent danger of running out.

**Crisis assistance:** Colorado runs the Crisis Intervention Program (CIP) to provide emergency assistance with emergency replacement of residential heating systems. EOC won the contract for running CIP and has established a network of furnace vendors with whom it works.

**Prevalence of utility types:** Colorado has over 150 energy utility companies, only five of which are regulated. The most prevalent heating fuel is natural gas.



Source: 2008-2010 American Community Survey

**Weatherization:** Colorado may transfer up to 10 percent of its annual LIHEAP funding to the state energy office to fund state-wide weatherization efforts each year. In FY 2012, the state

LIHEAP office transferred \$4.3 million – 10 percent of the grant – to augment the \$6.5 million from the state severance tax fund.

**Strengths/innovations:**

- Colorado’s largest utility, Xcel Energy, has created a portal for counties to verify client eligibility. The state also maintains a centralized eligibility processing system for energy assistance that uses daily data from utility companies on customers’ estimated heating costs. The data on household energy costs is used to calculate the LIHEAP benefit.
- The state, utility companies, the public utility commission, and the nonprofit sector have a highly collaborative approach to their interactions. These stakeholders work together on program and policy issues through the state Commission on Low Income Energy Assistance, which was created in 1989 and is staffed by the state LIHEAP office.
- The state and EOC maintain an 800 number, called HEATHELP and run by a contractor, eCallogy, to provide centralized information and referrals to those seeking help with energy costs.
- Each of the five largest utility companies maintains departments dedicated to working with their low-income clients to ensure those households get the heating they need and can manage their bill payments.

**Challenges:** Colorado struggles with reduced federal, state and private funding levels for energy assistance, and there is much competition for limited dollars. The state’s climate and resulting large seasonal fluctuations in residents’ heating needs exacerbates the funding challenges. The perception of limited available assistance means that fewer eligible households, about 20 to 30 percent, now apply for benefits.

**Sources:**

- Telephone conversations with representatives of Colorado LIHEAP office and Energy Outreach Colorado
- Colorado LEAP Service Delivery Evaluation Final Report, February 2009, APPRISE, Inc.: <http://www.appriseinc.org/reports/CO%20LEAP%20Final%20Report.pdf>
- LIHEAP Clearinghouse: <http://www.liheap.ncat.org/dereg/states/cosummary.htm>
- Colorado annual state plan and leveraging report submitted to HHS/ACF
- Colorado LIHEAP web site: <http://www.colorado.gov/cs/Satellite/CDHS-SelfSuff/CBON/1251580884665>
- Energy Outreach Colorado web site: <http://www.energyoutreach.org/>

For further information, contact:

Aggie Berens, Colorado Low-Income Energy Assistance Program Manager

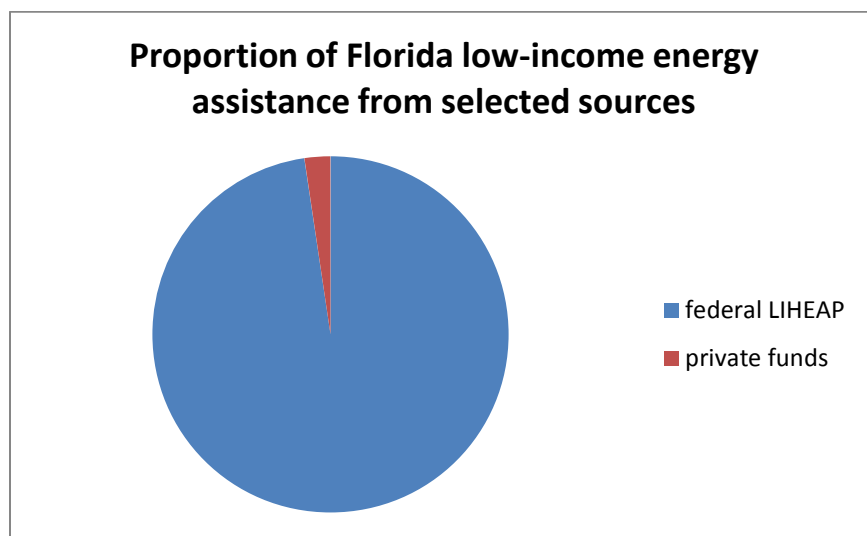
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## FLORIDA

Selected energy assistance funding sources (FY 2012 unless otherwise noted):

Federal:	LIHEAP	\$78m
	WAP	0
State:		0
Private:		\$1.9m <sup>5</sup>



**Highlights:** Florida has a decentralized approach to LIHEAP administration, with block grant funds going to 29 local agencies. Private charities, voluntary utility vendor ratepayer programs, and private foundation contributions help fill the need for energy assistance left unfilled by LIHEAP funds, which reach only 10 percent of eligible households. The recession has created many “new poor” in Florida – households that are seeking assistance for the first time but don’t qualify for benefits under current eligibility rules due to relatively high past income. The state legislature provides no state funds for energy assistance. Local agencies are encouraged to seek nonpublic sources of funding for energy assistance, and a number of them do so.

**LIHEAP income eligibility level:** 150 percent of the federal poverty level and below

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<sup>5</sup> Combined funding from FL Power and Light Care to Share voluntary donation program and other private funding as reported in a July 2013 informal survey of local LIHEAP administering agency funding sources conducted by the state LIHEAP office. The latter category includes voluntary ratepayer programs run by several other FL utility vendors, foundation contributions, and contributions from United Way and the Salvation Army.



**LIHEAP households served:** Ten percent of Florida’s eligible population received LIHEAP benefits in FY 2012.<sup>6</sup>

**State funding:** Florida contributes no public state funding for energy assistance.

**Role of utilities:** Florida has no state-mandated ratepayer program, but several utility companies have voluntary ratepayer programs that provide funding to low-income customers in the communities they serve. Florida Power and Light’s Care to Share program raises voluntary donations from its customers, employees, and shareholders to provide up to \$500 in electricity assistance a year for needy households. While Care to Share raised \$1.4 million in 2012 and has served over 71,000 families since its beginning in 1994, need always greatly exceeds available funding so many eligible households do not receive assistance.

Most interactions with vendors happen at the local agency rather than state level. Florida’s Coalition of Energy Vendors, a partnership between utility companies and local agencies, encourages communication between the two groups and focuses on tracking data needed to document performance under LIHEAP’s new federal performance measures. The two largest vendors in the state, Florida Power and Light and Duke Energy, are working with the state network of local agencies to collect utility company data on households’ energy usage and expenses.

Local agencies all have agreements with utility companies through which the agencies pay bills on clients’ behalf. Duke Energy, one of the largest state utilities, has developed an on-line system through which local agency caseworkers can access a portal set up by the utility vendor so that commitments can be made on a client’s behalf. Once applications for clients are approved, the local agency makes the payments directly to the utilities.

**Role of nonprofits:** Several private nonprofit charitable organizations, including Catholic Charities, United Way and the Salvation Army, augment limited LIHEAP assistance through funding contributions provided to local-level LIHEAP administering agencies. Local agencies often refer clients to these organizations when they run out of public funding or if the applicant does not qualify for LIHEAP. A recent informal survey of the state’s local agencies conducted by the state LIHEAP office shows that about half have received varying amounts of funds from private sources (the majority of agencies responded to the survey).

**Energy assistance policies:** State LIHEAP benefit amounts range from \$150 to \$300, and are based on household size and income.

**Percent-of-income payment program:** none

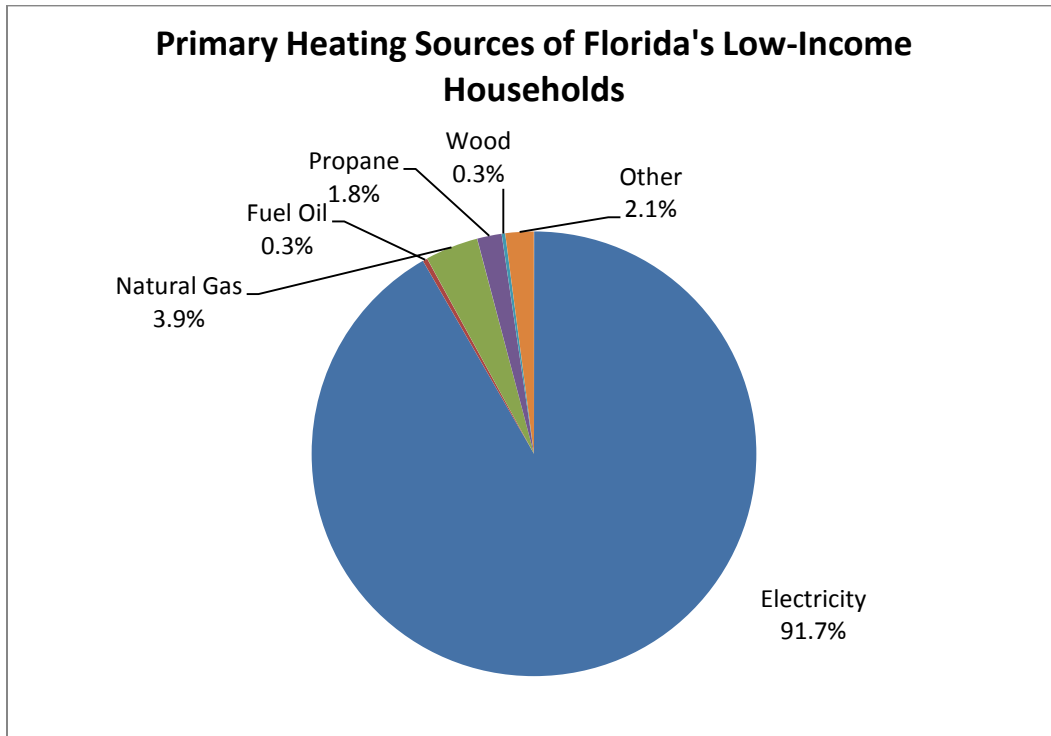
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<sup>6</sup> Based on a preliminary unduplicated count of households served in FY 2012 divided by the number of LIHEAP income-eligible households (from five-year derived estimates of the American Community Survey).

**Shut-off prevention:** Exemptions for those with medical needs prevent vendors from shutting off utilities in these cases.

**Crisis assistance:** Eligible LIHEAP applicants may receive up to two crisis benefits per year, including assistance with deposits and restoration of services after shut-off.

**Prevalence of utility types:** Florida’s main source of residential energy is electricity. There is little use of unregulated or bulk fuels such as heating oil.



Source: 2008-2010 American Community Survey

**Weatherization:** Florida transferred 7 percent (\$6 million) of its LIHEAP funds to the state weatherization office in FY 2012. The income eligibility threshold for assistance is 200 percent of the federal poverty level, and preference is given to households with members who are elderly, disabled, and children and to households with particularly high utility bills. Florida was the 10<sup>th</sup> highest weatherization producer in the country under the American Recovery and Reinvestment Act, and exceeded production goals set for the state.

**Strengths/innovations:**

- Florida’s LIHEAP provider network is strong, and local agencies are said to be effective at referring clients to energy assistance programs if the agency does not have a program itself. The state’s 29 local agencies (a mix of local governments and private, nonprofit

organizations) work cooperatively with the state weatherization program, the state LIHEAP office, and state Community Services Block Grant staff.<sup>7</sup>

- Florida's Coalition of Energy Vendors could be a successful and replicable example of partnerships between vendors and community agencies to provide coordination in a decentralized state environment.

**Challenges:** Florida's LIHEAP funding is relatively low, resulting in much unmet need in the state despite community agencies' efforts to augment federal funding from other sources. Most local agencies run out of funding before the end of the month, particularly in high-energy-usage months in the summer. The decentralized approach to running LIHEAP makes data collection and tracking particularly difficult, although Florida plans to seek federal LIHEAP training and technical assistance to increase their data capacity and to better link data sources.

Sources:

- Telephone conversations and e-mails with state LIHEAP office and Florida Public Service Commission
- Annual state plan submitted to HHS/ACF
- LIHEAP Clearinghouse
- State LIHEAP web site, <http://www.floridajobs.org/job-seekers-community-services/community-services/low-income-home-energy-assistance-program>
- Florida Power & Light bill payment assistance web site, [http://www.fpl.com/community/payment\\_assistance.shtml](http://www.fpl.com/community/payment_assistance.shtml), <http://www.fpl.com/community/pdf/report.pdf>
- State weatherization assistance web site, <http://www.floridajobs.org/job-seekers-community-services/community-services/weatherization-assistance-program>
- Florida Public Service Commission web site, [http://www.psc.state.fl.us/publications/pdf/general/Guide to UTILITY Assistance book.pdf](http://www.psc.state.fl.us/publications/pdf/general/Guide_to_UTILITY_Assistance_book.pdf)

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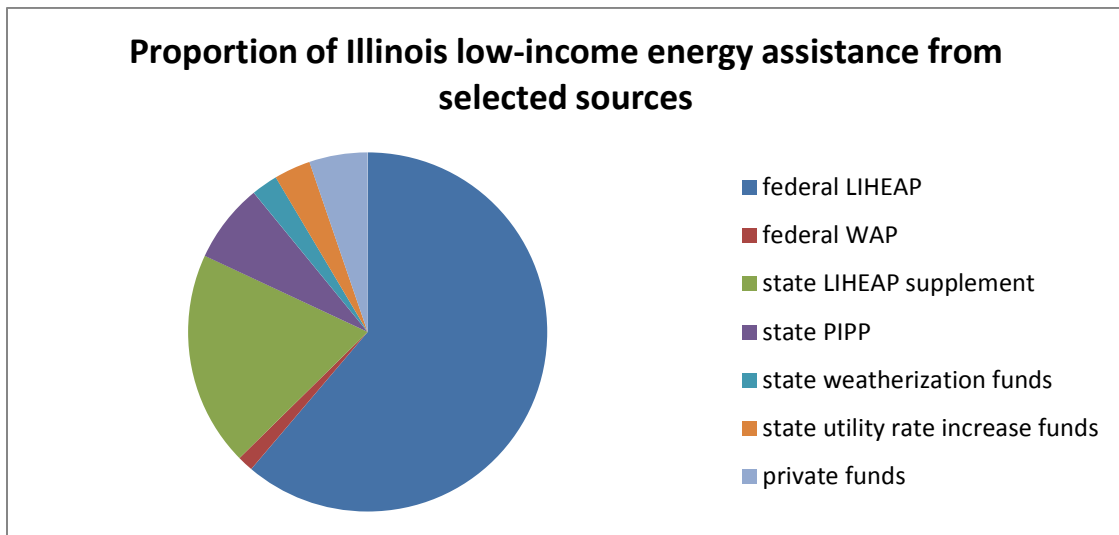
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<sup>7</sup> Community agencies may use CSBG and TANF funds for energy assistance, but states do not track or report the amounts.

## ILLINOIS

Selected energy assistance funding sources (FY 2012 unless otherwise noted):

Federal:	LIHEAP	\$186.3m <sup>8</sup>
	WAP	\$4.4m
State:		
	Ratepayer funds (Supplemental Low-income Energy Assistance Fund) <sup>9</sup>	
	Supplement to LIHEAP funding	\$58.8 m
	Percent-of-income payment program (PIPP)	\$21.7 m
	Weatherization	\$7.2 m
	Utility rate increase revenue	\$10m <sup>10</sup>
Private: Utility-administered voluntary ratepayer fund (FY 2010)		
		\$16m



**Highlights:** Illinois benefits from having a variety of state funds as well as private funds to augment its federal LIHEAP block grant. Illinois also is unusual in having both state-mandated and voluntary, utility-administered ratepayer programs, which together provide over \$100 million of assistance combined. The state’s largest utility companies participate in a Policy Advisory Council, through which utilities can comment on program and policy issues for LIHEAP, PIPP and weatherization efforts.

<sup>8</sup> This amount includes \$185.7 million in LIHEAP block grant funds and \$586,000 in leveraging incentives. The state was awarded the leveraging funds after demonstrating its ability to leverage nonfederal resources to augment the federal block grant.

<sup>9</sup> These three funding amounts represent actual benefits provided to participating individuals and households, and do not include administrative and program support funds available for program operation at the state and subgrantee levels.

<sup>10</sup> Other utilities provide funding through this source, but amounts are not known.

**LIHEAP income eligibility level:** 150 percent of the federal poverty level and below

**LIHEAP households served:** Twenty-four percent of LIHEAP-eligible households received benefits in FY 2012.<sup>11</sup>

**State funding:** Illinois' Supplemental Low-Income Energy Assistance Fund (SLEAF) provides about \$88 million a year total, distributed across three assistance programs: low-income utility bill payment assistance, PIPP, and weatherization. SLEAF is funded through a state-mandated surcharge on gas and electric utility customers. Each year, 10 percent of ratepayer funds collected are transferred to the state weatherization program and the remaining 90 percent is split evenly between funding PIPP benefits (see description below) and supplementing the state's LIHEAP benefits. Any PIPP funding remaining at the end of the calendar year is transferred to LIHEAP.

Illinois also requires its utility companies to contribute to the state 10 percent of the revenue generated from increased rates due to power grid improvements. The state uses these funds to augment household energy assistance benefits. Commonwealth Edison, one of the state's largest utilities, provides about \$10 million a year through this utility rate increase assessment.

**Role of utilities:** Illinois utility companies have a substantial role in serving low-income customers, both through PIPPs at five major utilities (described below) and through a variety of charitable programs funded by voluntary donations from customers, the companies and their employees. These programs are sometimes targeted to those who have trouble paying their utility bills but don't qualify for LIHEAP. Under a program called the Good Samaritan Initiative, several major utility companies entered into an agreement with the governor's office for several years to provide utility reconnections for disconnected households at a substantial discount off the required payment amount, but this program has recently ended.

**Role of nonprofits:** The state LIHEAP office has a close and collaborative relationship with the Illinois Community Action Association. Illinois' nonprofit community agencies don't have enough funding to serve all eligible residents, and refer clients to other sources and programs if their funding runs out. The nonprofit network tracks which organizations still have funds available. A wide variety of private charitable organizations, including the Salvation Army and various churches, are parts of this network. The Good Samaritan Fund, established through charitable donations and aggregated and administered by the state, provides assistance to residents of the counties in which the contributions are collected. The Fund has helped the state meet demand for utility bill assistance in the past, but contributions have greatly decreased in recent years and the Fund now distributes a negligible amount of benefits.

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<sup>11</sup> Based on a preliminary unduplicated count of households served in FY 2012 divided by the number of LIHEAP income-eligible households (from five-year derived estimates of the American Community Survey).

**Energy assistance policies:** Eligible low-income Illinois residents can choose to either receive LIHEAP benefits or participate in their utility vendor's PIPP if they are customers of a participating vendor. LIHEAP benefits are based on household size, income, type of fuel source, and geographic location, and range from \$209 to \$1,061. The state legislature has tried in recent years to create earmarks for LIHEAP from property tax revenues, but these efforts have failed.

**Percent-of-income payment program:** Five major Illinois utilities – Ameren Illinois, Commonwealth Edison, Nicor Gas, Peoples Gas, and North Shore Gas – offer PIPPs for their low-income customers who do not receive LIHEAP benefits. PIPP participants pay no more than six percent of their income for gas and electricity bills, receive a monthly discount on their bills, and lower their overdue bill amounts by up to \$1,000 a year for every on-time payment they make. The PIPPs are funded through meter charges assessed on the four participating utilities' customers. PIPP participants can receive a maximum benefit of \$1,800 a year. In FY 2012, over 37,000 households participated in PIPPs and received just under \$22 million in utility bill discounts.

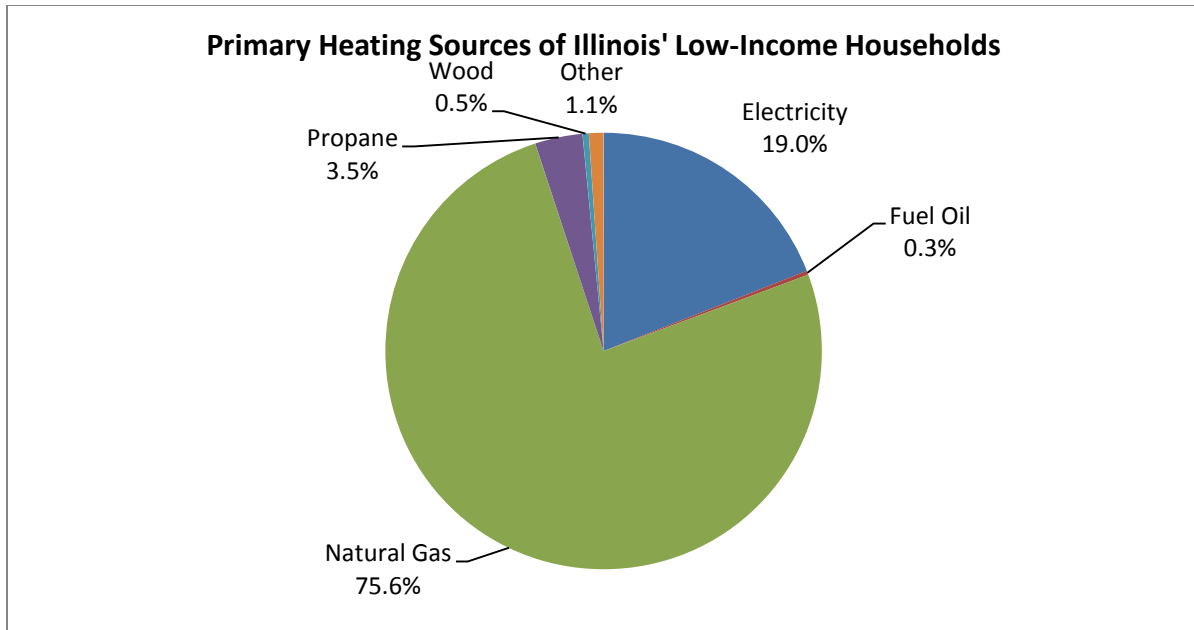
Applications for PIPPs are handled centrally by the state Department of Commerce and Economic Opportunity's Office of Energy Assistance and not through the individual vendors, but the participating utility companies have helped design the program from its beginning in 2011. The utilities offering PIPPs use a real-time integrated data system in which they enter and track customer information such as Social Security Number and termination status to aid in program administration.

**Arrearage pay-down:** See PIPP description. Utility bill arrearages are reduced for PIPP participants who make on-time payments.

**Shut-off prevention:** The Illinois Public Utility Act specifies limitations on utility shut-offs, including a maximum number of hours utilities can take to reconnect power once a customer makes payment. The state provided utility reconnection assistance to over 65,000 households in 2009. As of December 2013, there is legislation pending that will prevent shut-offs for anyone receiving or eligible for Unemployment Insurance.

**Crisis assistance:** The state offers crisis assistance in the form of utility reconnection assistance, funded with 15 percent of the federal LIHEAP block grant and 15 percent of state LIHEAP supplemental funding.

**Prevalence of utility types:** Ten percent of Illinois residents are served by unregulated utilities such as propane.



Source: 2008-2010 American Community Survey

**Weatherization:** The state LIHEAP program routinely transfers 10 percent of its LIHEAP funding to the state weatherization office. Illinois' SLEAF provides about \$7.2 million a year toward weatherization assistance.

**Strengths/innovations:**

- The availability of both state-administered and vendor-administered ratepayer funds at several of the largest utilities provides Illinois with substantial revenue to augment federal funding for low-income energy assistance.
- The state LIHEAP office works closely and collaboratively with the community agency association to plan and provide energy assistance.
- Illinois has a particularly successful working relationship with its utility companies. Major utilities participate actively in a Policy Advisory Council, through which they advise on all the components of state energy assistance – LIHEAP, PIPP and weatherization.

**Challenges:**

- Illinois, like many states, struggles with the challenge of verifying customer-supplied information in establishing eligibility for benefits.
- At this point, Illinois has no on-line application for energy assistance, so all applicants must go in person to a community agency to apply for benefits. The state LIHEAP office hopes to offer an on-line application option in the future.

## Sources

- Conversations and e-mails with state LIHEAP office staff and staff in the public utility component of the Illinois Commerce Commission
- Annual LIHEAP state plan and 2010 leveraging report submitted to HHS/ACF
- LIHEAP Clearinghouse state summary information
- State LIHEAP web site:  
<http://www.ildceo.net/dceo/Bureaus/Energy+Assistance/Illinois+LIHEAP/>
- Illinois Commerce Commission web site: <http://www.icc.illinois.gov/>
- Commonwealth Edison web site: <https://www.comed.com/customer-service/assistance-programs/Pages/default.aspx>

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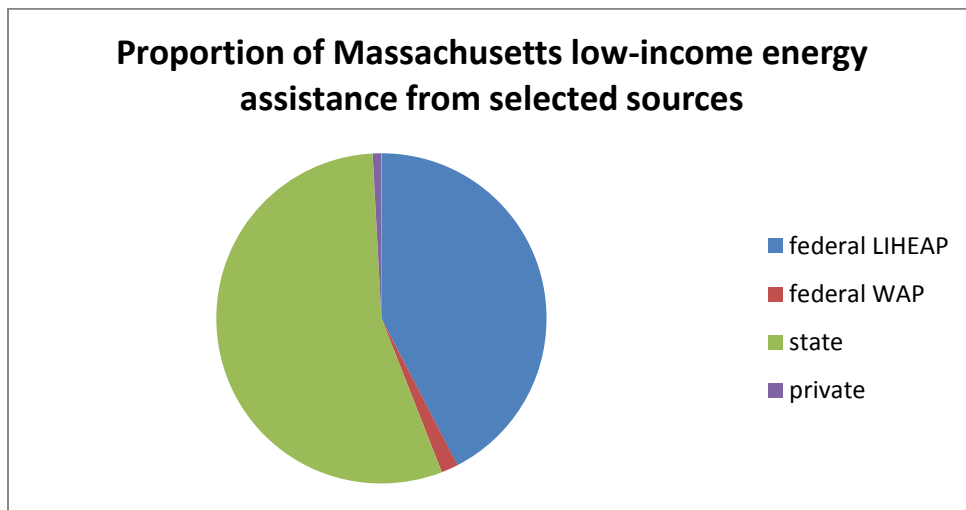
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## MASSACHUSETTS

Selected energy assistance funding sources (FY 2012 unless otherwise noted):

Federal:	LIHEAP	\$133.9m <sup>12</sup>
	WAP	\$5.2m
State:	General funds	\$21.2m
	Ratepayer funds	
	Low Income Utility Discount Rates	\$100m
	Arrearage Management Programs	\$15.9m
	Weatherization	\$37m
Private:	Combined Fuel Fund	\$0.2m
	Bulk Fuel Margin-Over-Rack Program	\$2.5m



**Highlights:** Massachusetts has a vibrant network of energy assistance services for low-income residents, with funding streams from federal, state, private, and ratepayer sources. State funding for energy assistance is fully integrated with LIHEAP services, although the level of funding provided by the state’s general fund can vary significantly. Regulated utilities contribute significantly in assistance for low-income customers, with ratepayer programs that provide discounted rates, arrearage forgiveness, and weatherization services. LIHEAP clients using fuel oil also benefit from a discounted price negotiated each year by the state on their behalf.

<sup>12</sup> This amount includes \$132.7 million in LIHEAP block grant funds and \$1.2 million in leveraging incentives. The state was awarded the leveraging funds after demonstrating its ability to leverage nonfederal resources to augment the federal block grant.

**LIHEAP income eligibility level:** At or below 60 percent of the state median income.

**LIHEAP households served:** Approximately 23 percent of LIHEAP-eligible households in Massachusetts received assistance through LIHEAP in FY 2012<sup>13</sup>.

**State funding:** In FY 2012, the state contributed \$21.2 million to home energy assistance services from general funds. These funds were administered by the Department of Housing and Community Development (DHCD) as a supplement to its LIHEAP services. All funds went toward deliverable fuel such as liquid fuel oil and utility assistance payments. No funding was used for weatherization. Funding from the general fund is not predictable and has ranged from \$10 to \$20 million a year, when available.

**Role of utilities:** Utility companies in Massachusetts have a close working relationship with DHCD. All regulated utilities contribute to the Low-Income Utility Discount Rate with state-mandated ratepayer funds. Through this program, low-income customers receive a discount of approximately 25 percent off their gas and electric bills. The value of the discounts amounts to approximately \$100 million per year, about half of which benefits LIHEAP households. Regulated utilities also participate in the Arrearage Management Program (see the Arrearage pay-down section). In addition, utility companies provide significant funding for weatherization services. Funding from utilities is provided to target both existing homes (see the Weatherization section) and new construction (see the Innovation section).

**Role of nonprofits:** Massachusetts works with a network of 22 community action agencies, other nonprofits, and local governments to deliver LIHEAP services. In addition to administering LIHEAP funds, this network of local agencies raises funds from individuals and private corporations to provide additional fuel assistance. These supplemental funds are usually used to assist LIHEAP-eligible households that have exhausted their LIHEAP benefits. Annually, this Combined Fuel Fund raises approximately \$200,000.

The Low Income Energy Affordability Network (LEAN) is an organization of local community action agencies and advocacy groups involved in delivering energy services to low-income households in Massachusetts. LEAN's primary role is to coordinate utility-funded weatherization, heating system and fuel assistance programs. LEAN member agencies have worked with DHCD to develop a strong energy infrastructure in the state. LEAN also administers a multi-family weatherization program funded by the utilities (see the Weatherization section).

**Energy assistance policies:** DHCD provides LIHEAP-funded deliverable fuel (e.g., propane, fuel oil) benefits of \$755 to \$1,095 per household per year. Utility assistance benefits to eligible households range from \$120 to \$675 a year. The exact value of the benefit is dependent on

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<sup>13</sup> Based on a preliminary unduplicated count of households served in FY 2012 divided by the number of LIHEAP income-eligible households (from five-year derived estimates of the American Community Survey).

household size, income, type of fuel used for the primary heating source, and whether or not the household lives in subsidized housing. In addition to this base benefit, DHCD provides a supplemental annual benefit of \$60-\$100 for households that have higher energy costs. At the beginning of each year's heating season, DHCD sets the "High Energy Cost Supplement" threshold for each fuel type, based on data collected from LIHEAP clients the previous year. Any household with an annual fuel cost within the top 25 percent of all household for that fuel type receives the supplemental benefit.

Each year, DHCD negotiates with all of its fuel oil vendors for a reduced price for oil purchases for its LIHEAP clients. They negotiate a margin increase over the wholesale (rack) price, but below the retail price of fuel oil. This Margin-Over-Rack discount program amounts to approximately \$2.5 million in discounts for LIHEAP clients annually.

**Percent-of-income payment program:** None

**Arrearage pay-down:** The Massachusetts Department of Public Utilities requires that all regulated utilities operate the Arrearage Management Program (AMP). Low-income customers with past due bills are able to negotiate an affordable payment plan with their utility vendor. In return for prompt and consistent payments, the utility:

- agrees not to shut off service for non-payment if the customer follows the payment plan;
- gives the customer credits against their overdue balance when they make payments on time or meet other program requirements; and
- forgives part of the customer's debt when they enroll in the program.

By participating in AMP, customers can receive forgiveness of up to \$30,000 in debt. Utilities consider this program a great success, in part because LIHEAP clients participating in AMP can use their LIHEAP benefit to pay their negotiated fixed monthly payment. In 2012, utility companies in Massachusetts forgave a total of \$15.9 million in arrearages through AMP.

**Shut-off prevention:** Between November 15 and March 15 disconnections are not permitted for any customer who cannot pay an overdue charge because of financial hardship. After November 1, a LIHEAP customer may get service reconnected with a minimum payment of \$255.

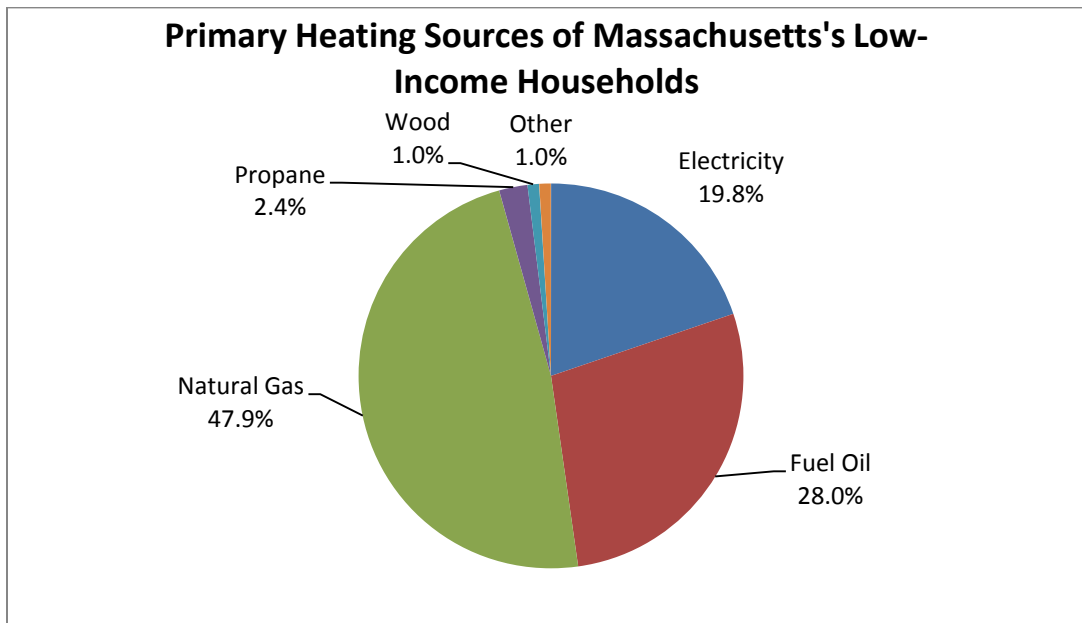
Regulated utilities are prohibited from terminating service to low-income households where occupants present certification that a household member is seriously ill or is an infant under 12 months of age. Utilities need written approval to shut off services where all household residents are 65 years or older. If the elderly household is low-income and includes a minor, the protection against termination will apply.

**Crisis assistance:** DHCD offers expedited regular LIHEAP benefits as crisis assistance through LIHEAP funding. To qualify, a household must face one of the following circumstances:

- Less than a three-day supply of a deliverable fuel or a reading of 1/8 tank (or less) on a standard 275 gallon oil tank
- Receipt of a final utility termination notice for the primary heat source or a secondary source necessary to operate the primary heating system
- Eviction within 72 hours for a renter whose heat is included in the rent
- Heating system failure.
- The aftermath of fire or other unforeseen events that may force relocation
- Other circumstances in accordance with the statute, which are deemed to be “household energy related emergencies” and cannot be resolved by other public or private resources.

Eligible households meeting one of these criteria may receive a utility assistance benefit of up to \$675 or the repair and/or replacement of their furnace, if necessary. Deliverable fuel clients can receive up to \$1,095 in LIHEAP benefits annually.

**Prevalence of utility types:** Approximately 32 percent of low-income households in Massachusetts use deliverable or bulk fuel, such as heating oil, as the primary source of heating.



Source: 2008-2010 American Community Survey

**Weatherization:** Massachusetts has a variety of funding sources for weatherization services. DHCD administers the federal DOE Weatherization Assistance Program (WAP). In addition to DOE funding, DHCD transfers approximately 7 percent of its LIHEAP funds to a dedicated heating system repair and replacement program that serves LIHEAP-eligible households. Regulated utility companies contribute another \$37 million toward weatherization and heating system services that are coordinated with WAP and LIHEAP. At the local level, utility assistance

and weatherization services are administered by the same network of local agencies, under contract to DHCD. Efforts are made to integrate and coordinate these services, in order to provide the most effective assistance to low-income communities throughout the state.

Regulated utilities also use ratepayer funds to weatherize low-income multi-family complexes. The program provides owners with direct services that include benchmarking a development's energy use and, in most cases, a comprehensive energy audit. This "whole building" audit assesses all energy-saving opportunities in a building, regardless of fuel source and whether metered usage is paid by the owner or tenant. The most cost-effective measures are then implemented, in some cases requiring co-payment by the owner. This program is administered by the utilities in collaboration with LEAN. Program administrators are advised by a committee that includes DHCD, public housing authorities, community development corporations, other nonprofit entities that own or operate low-income non-institutional multi-family housing, a representative of tenant organizations, and community action agencies.

### **Strengths/Innovations:**

- Each year, utility companies provide a full list of all of their customers to the Massachusetts Executive Office of Health and Human Services. That list is then cross-checked against the department's database of clients receiving any kind of social service, such as TANF, SNAP, or general assistance. A match results in automatic enrollment of that household into the utility's low-income discount rate program. No application is required. LIHEAP administering agencies (sub-grantees) also have a similar data exchange process in place with their respective utility companies.
- In addition to providing weatherization services for existing buildings, Massachusetts utilities operate a new construction program. This program offers builders of low-income housing three tiers of incentives to construct homes up to 45 percent more efficient than code and achieve ENERGY STAR-qualified energy savings levels. The goal for the program is to build more homes to higher efficiency levels while increasing the number of participating builders each year.

**Challenges:** A large proportion of low-income households in Massachusetts heat with fuel oil, the most expensive form of heating fuel. Federal DOE rules prohibit using WAP funds to convert heating systems from one fuel type to another, such as replacing a fuel-oil furnace with a furnace that uses a more efficient, less expensive fuel. Thus, many low-income Massachusetts residents are forced to pay extremely high heating bills, even with efficient fuel-oil furnaces.

### **Sources:**

- NASCSP Weatherization Assistance Program PY 2012 Funding Survey: [http://www.waptac.org/data/files/website\\_docs/reports/funding\\_survey/nascsp-2012-wap-summary\\_final\\_spread.pdf](http://www.waptac.org/data/files/website_docs/reports/funding_survey/nascsp-2012-wap-summary_final_spread.pdf)
- LIHEAP Clearinghouse: [www.liheap.ncat.org](http://www.liheap.ncat.org)

- Interviews with representatives from the Massachusetts Department of Housing and Community Development
- Interviews with representatives from the Massachusetts Department of Public Utilities
- Interview with representatives from Citizens Energy Corporation
- Massachusetts Assistance Programs: <http://www.massresources.org>
- The 2011 Report of the Massachusetts Energy Efficiency Advisory Council: <http://www.mass.gov/eea/energy-utilities-clean-tech/energy-efficiency/eeac-2011-report-ee-advisory-council.pdf>
- Low-Income Multifamily Energy Retrofit Grant Program Preliminary Program Description & Application Process: <http://www.mass.gov/hed/docs/dhcd/ph/publicnotices/10-01b.pdf>

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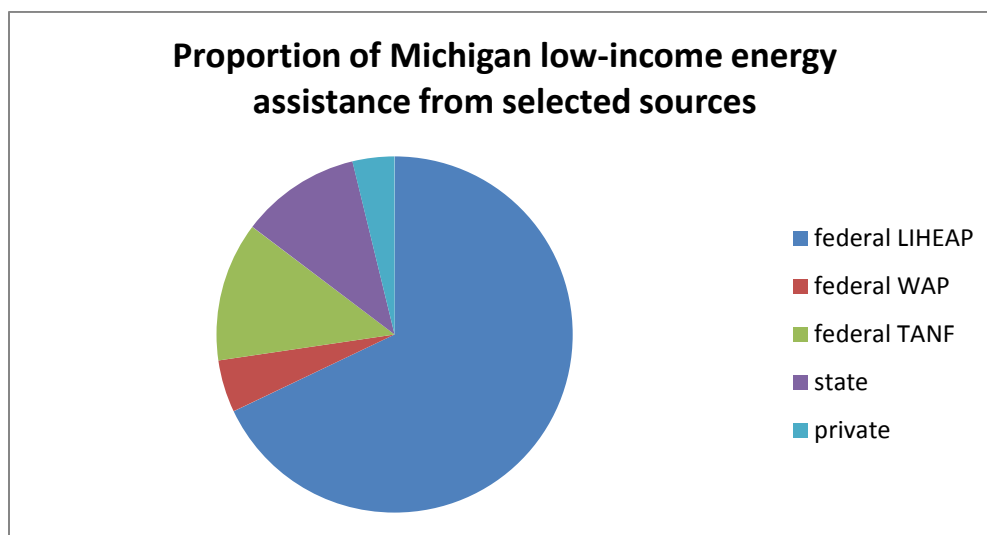
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## MICHIGAN

Selected energy assistance funding sources (FY 2012 unless otherwise noted):

Federal:	LIHEAP (includes Home Heating Credit)	\$172.9m <sup>14</sup>
	WAP	\$12.1m
	Transfer from TANF	\$32.2m
State:	General funds	\$27.7m
Private:	Walk for Warmth	\$0.6m
	Pennies for Power	\$0.05m
	The Heating and Warmth Fund	\$8.6m



**Highlights:** Michigan’s energy assistance landscape has been evolving in the past several years. In 2012, a Michigan Court of Appeals case, *In re: Application of Michigan Consolidated Gas Company to Increase Rates*, invalidated the practice of mandatory ratepayer funds for low-income energy assistance. While the case was being tried, the Michigan legislature stepped in to provide additional funding. Beginning in 2013, ratepayer funds from regulated utilities became completely voluntary. This change ended long-established weatherization and utility assistance services provided by regulated utility companies. However, it also provided an opportunity to experiment with new approaches to providing energy assistance, such as targeted interventions for arrearage management and prevention. The Heating and Warmth Fund, a nonprofit organization, is heavily involved in helping utility companies craft these new

<sup>14</sup> This amount includes \$172.4 million in LIHEAP block grant funds and \$510,000 in leveraging incentives. The state was awarded the leveraging funds after demonstrating its ability to leverage nonfederal resources to augment the federal block grant.

policies. LIHEAP heating assistance in Michigan is implemented in part through a tax credit, administered by the state Department of the Treasury.

**LIHEAP income eligibility level:** At or below 110 percent of the federal poverty level for heating assistance (through the Home Heating Credit) and at or below 60 percent state median income for crisis assistance. In 2012, Michigan added an assets test for crisis assistance to more effectively target the limited benefits available.

**LIHEAP households served:** Approximately 17 percent of LIHEAP-eligible households in Michigan received crisis assistance through LIHEAP in FY 2012.<sup>15</sup> In FY 2012, about 414,000 Michigan households received a Home Heating Credit through the tax system.

**State funding:** State funding for energy assistance in Michigan is variable. In FY 2012, the state provided one-time funding of \$59.9 million through the Vulnerable Heat and Warmth Fund. This fund was comprised of \$27.7 million in funding from the state's general fund and \$32.2 million as a transfer from TANF. This money was administered by the state LIHEAP program (with the TANF funds going to serve TANF clients enrolled in LIHEAP). In the current budget climate, there is no funding stability for energy assistance programs at the state level.

**Role of utilities:** The state has a close working relationship with utility companies. In years past, regulated utilities contributed \$70 million each year toward energy assistance services through a mandatory ratepayer fund. Half the funds were given to the state LIHEAP office to supplement LIHEAP and the other half to local agencies to assist those not qualified for LIHEAP as well as LIHEAP clients with emergencies that require more funds than LIHEAP can provide. However, after the 2012 court ruling determined that ratepayer funds cannot be mandatory, ratepayer funding for energy assistance ceased. Utilities are now funding energy assistance through a voluntary ratepayer fund, at approximately \$50 million (not included in the funding table above). The \$50 million in voluntary ratepayer funds was combined with \$40 million from LIHEAP to create the Michigan Energy Assistance Program (MEAP), which is administered as a partnership between the PSC and DHS. In late October 2013, the PSC and DHS approved over \$89 million in grants to 14 organizations. These organizations must use MEAP funds to help low-income households meet their energy needs and become more self-sufficient.

Utilities have also begun to pilot various efforts that target low-income customers. Consumers Energy began piloting the Consumers Affordable Rate for Energy (CARE) in 2013, which offers a 40 percent credit to low-income customers with low or no arrearages. In return, enrolled customers complete a survey about their energy use and review options for improving energy efficiency. SEMCO Gas Company has launched an arrears payment program that provides a \$500 arrears credit at time of enrollment to low-income customers with large arrearages. Customers then receive a monthly bill credit of \$20 to \$58, depending on income, household

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<sup>15</sup> Based on a preliminary unduplicated count of crisis assistance households served in FY 2012 divided by the number of LIHEAP income-eligible households (from five-year derived estimates of the American Community Survey).



size, and time of year. At the conclusion of the program, if funding is available, customers who kept current on their bills have any remaining arrearage balance cleared.

Utility companies also support private fundraising efforts, such as Pennies for Power, operated by the Lansing Board of Power and Light. Funds raised through such events go directly to local agencies for utility assistance services.

**Role of nonprofits:** The crisis assistance and weatherization components of Michigan's energy assistance services are administered locally by a network of local agencies. These agencies also receive private and independent funding through grants and donations. Each year, community agencies collaborate in the Walk for Warmth fundraiser, which raised more than \$630,000 in FY 2012.

The Heating and Warmth (THAW) Fund is a nonprofit organization that works with community agencies from across the state. THAW Fund leverages private and public sources of funding to provide utility assistance and advance policies to improve energy assistance through demonstration projects. In 2012, THAW provided \$8.6 million in utility payment assistance to low-income households throughout Michigan. THAW also operates several energy assistance pilot and demonstration projects (see the Strengths/innovations section).

**Energy assistance policies:** Routine (noncrisis) heating assistance is addressed through the Home Heating Credit, a tax credit administered in partnership with the Michigan Department of the Treasury. In FY 2012, Michigan allocated approximately 25 percent of its LIHEAP funds to the Home Heating Credit. Applications for the Home Heating Credit can be filed in conjunction with the state's income tax return, or separately for those not filing a state return. Applications are processed and benefit levels determined by the Department of the Treasury, with benefits being paid directly to utility companies. Typical annual benefits range from \$400 to \$1,200 per household, depending on income, number of exemptions claimed, and annual cost of utilities.

**Percent-of-income payment program:** None

**Arrearage pay-down:** The state partnered with its three largest vendors to create an arrearage protection program as part of the LIHEAP crisis assistance component. This program, the Arrearage Payment Program (APP), targets LIHEAP recipient households that also receive TANF, Supplemental Nutrition Assistant Program (SNAP) benefits, or Supplemental Security Income. These households are considered categorically eligible for LIHEAP and thus are not required to complete applications or provide further evidence of income eligibility. Eligibility is based on electronic file matching with three energy companies: Detroit Edison, Consumers Energy, and SEMCO. Each utility agreed to pay 25 percent of the total arrearage on each qualified account. In FY 2012, \$19 million went toward APP services for approximately 20,000 customers.

**Shut-off prevention:** The Michigan Public Service Commission enforces a Winter Protection Plan for individuals 65 years or older, recipients of Medicaid, SNAP or cash assistance, full-time active military personnel, or persons needing critical care or having a certified medical

emergency. The Winter Protection Plan precludes eligible households from being shut-off between November 1 and March 31.

Low-income customers must make monthly payments of at least 7 percent of their estimated annual bills, along with a portion of any past-due amounts, from November through March to avoid shut-off. Eligible senior citizens participating in Winter Protection are not required to make specific monthly payments during this period. A disconnection delay of 21 days can be obtained with a medical certificate if the health of household member would be adversely affected by utility shut-off. Certification may be renewed for another 42 days, and the due date for utility bills is extended to 22 days.

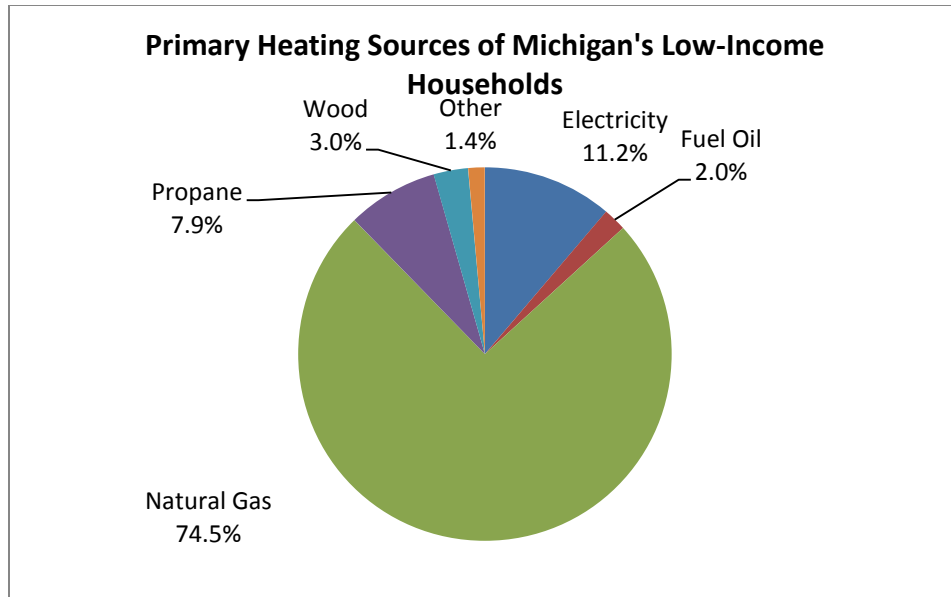
Year-round protection from shut-off is available to all residential customers, regardless of income, with an initial downpayment of 10 percent of a customer's annual estimated bill and enrollment in a monthly budget plan. Customers called to full-time active military service during a time of declared national or state emergency or war, may apply for shut-off protection for up to 90 days and may request extensions of this protection by reapplying.

**Crisis assistance:** Michigan operates a year-round crisis program, with more than 50 percent of total LIHEAP funding going toward crisis assistance. A household may qualify for a \$450 benefit for gas or electric heaters or an \$850 benefit for deliverable fuel (e.g., propane or oil) heaters if it can demonstrate immediate need through one of the following mechanisms:

- declared need for a deliverable fuel such as fuel oil, liquid propane gas, wood, or coal;
- presentation of a shut-off notice for natural gas or electricity;
- notification received from a participating provider via a web service interface or electronic file that a household's natural gas and/or electric account is in shutoff status.

As part of its crisis assistance, Michigan may provide repair or replacement of a non-functioning furnace.

**Prevalence of utility types:** Approximately 14 percent of low-income households in Michigan use deliverable or bulk fuel as the primary source of heating.



Source: 2008-2010 American Community Survey

**Weatherization:** No LIHEAP funds were used for weatherization services in Michigan during FY 2012, due to an influx of funding from the American Recovery and Reinvestment Act that were used instead. However, with those one-time funds being spent down, Michigan is again considering transferring a portion of LIHEAP funds for weatherization services.

**Strengths/innovations:** The state LIHEAP office has implemented a unified online application for all of its social service programs (with the exception of the Home Heating Credit). This streamlines the application process and greatly reduces the burden on low-income households.

THAW Fund has created the Michigan Home Energy Solutions (MHES) project, which is currently operating multiple initiatives to develop, test, and launch scalable solutions that prevent energy debt and increase energy affordability. The goal of these various pilot programs is to encourage a sense of ownership for utility usage among low-income customers by providing guidance on energy usage and providing a forum for customer engagement. Current MHES pilot projects include:

- Clear Control – Provides billing and energy consumption information via text messages to customers, and incentives for prompt bill-paying.
- Building Blocks – Provides education and incentives for customers to make weatherization improvements to their homes.
- THAW Seal of Approval – Increases the transparency of information about energy costs during customers’ home-buying or leasing process to ensure they consider energy affordability.
- THAW Affiliates Program – Encourages partnerships between low-income service providers and customers to support financial stability/self-sufficiency.

- Driving Transactional Efficiency – Decreases the cost of energy delivery through technology improvements. The LSP pilot by DTE noted above, for example, came out of this initiative.

**Challenges:** Michigan currently benefits from a substantial pool of ratepayer funds that are used to supplement its utility assistance. However, the 2012 court ruling making ratepayer surcharges optional for utilities has significantly affected the total funding available for energy assistance in Michigan. In 2012, in response to decreasing funding levels, Michigan added an assets test for crisis assistance to reduce categorical eligibility.

**Sources:**

- NASCSP Weatherization Assistance Program PY 2012 Funding Survey: [http://www.waptac.org/data/files/website\\_docs/reports/funding\\_survey/nascsp-2012-wap-summary\\_final\\_spread.pdf](http://www.waptac.org/data/files/website_docs/reports/funding_survey/nascsp-2012-wap-summary_final_spread.pdf)
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