

Low Income Home Energy Assistance Program

Presentation to the Coal and
Energy Commission

December 3, 2009

Agenda

- General Program Overview
- Topics of Interest
 - Targeting/Outreach/Access
 - Collaboration with Other Programs
- Projections Winter 2010

General Program Overview

- The Low Income Home Energy Assistance Program (LIHEAP) is the largest Energy Assistance Program in Virginia.
- 100% federally funded through the Low Income Home Energy Assistance Program block grant (LIHEAP).
- LIHEAP consists of four program components:
 - Fuel Assistance;
 - Crisis Assistance;
 - Cooling Assistance; and
 - Weatherization which is administered by the Department of Housing and Community Development (DHCD.)

General Program Overview

- Fuel Assistance – one-time benefit to subsidize payment of primary heating bills; this is the largest component of the Energy Assistance Program.
- Crisis Assistance – resolves immediate crisis during the winter, assistance includes heating equipment repair/replacement, primary heat security deposits, payment of primary heat utility bills and purchase of deliverable fuels.
- Cooling – payments subsidize electric bills, pay electric security deposits and purchase or repair cooling equipment during the Summer.
- Weatherization – 15% of LIHEAP funding goes to DHCD for Weatherization services to low-income households (maximum allowed under LIHEAP federal statute.)
 - The use of LIHEAP funds for Weatherization is set forth in §36-139 of the Code of Virginia.

Eligibility and Benefit Levels

- Income Eligibility limit is 130% of the federal poverty limit.
 - Last year, the Fuel Program served 123,129 households
- Benefits are weighted depending on individual household characteristics, i.e. climate zone, income, fuel type, number in household and energy burden.
 - Energy burden is the cost a households energy source compared to their income.
- Increased benefit for households with members that are elderly, disabled, or children under 6.

Eligibility and Benefit Levels

- Average Fuel benefit last year - \$518
 - \$225 in program year 2007-08
- Average Crisis benefit last year - \$446
 - \$293 in program year 2007-08
- Last year, benefits covered approximately 47% of participants total heating expenditures.

Funding

- FFY 2009 federal funding for LIHEAP was appropriated at the authorized level of \$5.1 billion.
- Virginia received \$127.7 million in total funding; \$118.1 million in block grant and \$9.6 million in contingency funds.
 - Contingency funds are released by the President when weather conditions are colder than normal, there are spikes in energy prices, or other extreme circumstances.
- This was more than triple Virginia's typical allocation of \$38 million when the program was funded at \$2.1 billion.
- With the additional funding, the DSS was able to increase historically low benefit amounts while serving more households.

Characteristics of a Fuel Assistance Household

- 52% of households have annual incomes of less than \$10,000.
- 46.4% include a disabled individual.
- 35.5% include an elderly individual.
- 20.5% include a child under 6.

Targeting/Outreach/Access

- There is a three tiered application process for Fuel Assistance:
 - DSS pre-approves select eligible households currently receiving Supplemental Nutrition Assistance Benefits (SNAP) who received assistance in the previous year if there is no change in the households circumstances.
 - DSS mails preprinted Fuel Assistance applications to households who received assistance the previous year.
 - There is an open application period from the second Tuesday in October through the second Friday in November.
- DSS issues several media releases throughout the application cycle.
- These releases result in radio, television and print coverage throughout the state that encourage households to apply if they think they may need help with their heating bills.

Targeting/Outreach/Access

- The DSS collaborates with various vendors to promote the program. Vendors provide program information on bill inserts, customer notices and various other publications.
- The DSS works closely with energy providers on public awareness campaigns.
 - This year the DSS participated in multiple Energy Conservation Fairs sponsored by the Virginia Employment Commission and Dominion Virginia Power.

Targeting/Outreach/Access

- Access to programs is relatively simple.
- For households that apply during the open application period, applications are one page.
- Applications can be dropped off or mailed to the applicant's local department of social services; an interview is not required.
- This may reduce the stigma attached to some of the other benefit programs.

Collaboration with Other Programs

- With small vendors and utility co-ops collaboration occurs primarily between the local department of social services and the vendor.
- For larger programs like Dominion's EnergyShare Program or American Electric Power's (AEP) Neighbor- to-Neighbor Program, the collaboration is both at the state and local level.
- The Energy Assistance Program Manager is a member of Dominion Virginia Power's EnergyShare Steering Committee.

Collaboration with Other Programs

- Until this year, local departments of social services in the AEP service area administered the NTN Program.
 - This year AEP has contracted with Dollar Energy Fund.
- The DSS works with vendors on eligibility criteria and coordination of services.
- Many of the utility sponsored programs require the household exhaust their Fuel Assistance benefit before they are eligible to receive assistance through their program.

Collaboration with Other Programs

- The vast majority of benefit subsidies are paid directly to the household's energy provider.
 - Approximately 85% of all payments for Fuel Assistance are made directly to the energy provider.
 - Payments are made directly to a household if they use coal or wood as their primary heat source or if their utility provider does not participate in the Fuel Assistance Program.

Collaboration with Other Programs

- With Virginia's Fuel Assistance benefit only covering about 47% of a household's heating costs, it is reasonable to assume many of the same households will seek assistance through another source.
 - For households needing equipment replacement/repair, other sources of assistance may be necessary to augment the maximum equipment benefit if it will not cover the cost of the equipment needed by the household.
- Households that exhaust their Fuel Assistance benefit may also seek assistance from other sources available in their community.

Projections Winter 2010

- The US Energy Information Administration November Short-Term Energy Outlook forecasts that nationally home energy prices could drop by as much as 6% from last year's average level of \$1,038 to \$977.
- Prices are projected to vary by fuel type as follows:
 - heating oil +4.1% (from \$1,864 to \$1,940);
 - natural gas -10.9% (\$889 to \$792);
 - propane -10.6% (\$1,950 to \$1,743);
 - electricity -0.73% (\$953 to \$946).

Projections Winter 2010

- LIHEAP is currently operating under a continuing resolution; however, even if LIHEAP is appropriated at \$5.1 billion again this year, Virginia will receive \$18 million less in block grant funds.
- This is the result of the federal funding formula that allocates funds based on several factors, including annual heating days.
- As of last week, there has been a 24% increase in applications for Fuel Assistance and a 30% increase in eligible households compared to the same time last year.