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Department of Administration's Energy Services

Under current law, low-income energy assistance programs are operated by the Department of Administration (DOA) through its Division of Energy, Housing, and Community Resources. This paper describes funding and operations for low-income energy assistance programs administered by the Division, supported from federal funds and the state segregated utility public benefits fund.

Wisconsin Home Energy Assistance Program

The Wisconsin Home Energy Assistance Program (WHEAP) helps low-income households to pay energy and heating bills and to identify and prevent energy crises.

Eligibility. To be eligible for assistance, a household must consist of an individual or group living together as a single economic unit whose household income does not exceed 60% of the statewide median income (SMI). In 2019-20, the guideline is equivalent to \$55,141 annually for a household of four.

In addition, a household must meet the income requirements during the three months prior to the application. In an emergency, crisis assistance may be approved if the income requirements are met for the month preceding the application or the current month. [It should be noted that, in response to the COVID-19 pandemic, eligibility in 2020 was based on the household's previous month of income, rather than the previous three months.] Table 1 provides income eligibility for 2019-20.

Further, households are categorically eligible for WHEAP if all members of the household are recipients of Wisconsin Works (W-2) assistance, FoodShare benefits, or supplemental security

Table 1: Income Guidelines - 60% of Statewide Median Household Income (2019-20)

Family Size	One Month	Three Months	Annual Income
1	\$2,389	\$7,168	\$28,673
2	3,125	9,374	37,496
3	3,860	11,580	46,318
4	4,595	13,785	55,141
5	5,330	15,991	63,964
6	6,066	18,197	72,786
7	6,203	18,610	74,440
8	6,341	19,024	76,095

income (SSI) in each of the three preceding months. Households may apply for assistance through a designated local agency, which must approve or deny the application within 45 days. Using 2019 census data and 60% of statewide median household income, it is estimated that 417,600 state households are eligible for low-income assistance, a decrease of approximately 39% from 2017 figures.

Households that are not eligible for assistance include: (a) those eligible to receive low-income energy assistance from a municipal electric utility or retail electric cooperative that operates its own program; (b) those who live in government-subsidized housing or receive rental assistance, if the cost of energy is included in the rent or otherwise not paid by the applicant in full; or (c) those who reside in a correctional facility, hospital, or other governmental care facility.

Energy Assistance. The energy assistance component of WHEAP provides eligible low-income households with a cash benefit to assist with heating and electricity costs. Heating assistance is funded under the federal Low-Income Home Energy Assistance Program (LIHEAP), while non-heating electric assistance is funded by the state utility public benefits fund, as described in the

subsequent section on funding.

Benefits are generally provided once a year for each heating season (October 1 through May 15) and issued as a direct payment to the utility. [It should be noted that, in response to the COVID-19 pandemic, 2019 Act 185 extended the application period for energy assistance to any time during 2020, rather than between October 1 and May 15.] The actual amount of the benefit depends on the household's size, income level, and actual home energy costs. The amount is determined by a formula, which yields proportionately higher payments for households with the lowest income levels and the highest annual home energy costs.

Table 2 provides caseload data and the average amount of benefits paid to people receiving federally-funded heating assistance since federal fiscal year (FFY) 2011.

Table 2: Heating Assistance Caseload

FFY	Caseload	Average Benefit
2011	226,380	\$454
2012	214,965	348
2013	214,531	336
2014	224,730	302
2015	209,208	266
2016	199,190	341
2017	202,930	350
2018	196,578	374
2019	190,723	367
2020	205,275	349

Table 3 provides caseload data and the average amount of benefits paid for state-funded, non-heating electric assistance since FFY 2011.

Crisis Assistance Program. The Wisconsin Home Energy Assistance Program also provides crisis assistance in the form of cash assistance and services to households that experience, or are at risk of experiencing, a heating emergency (such as denial of future fuel deliveries). The program provides both emergency and proactive services.

Table 3: Non-Heating Electric Caseload

FFY	Caseload	Average Benefit
2011	220,017	\$142
2012	212,816	174
2013	213,161	186
2014	224,757	180
2015	209,638	168
2016	201,032	191
2017	205,616	204
2018	198,842	196
2019	194,166	235
2020	208,799	222

Program intake workers are employed by a variety of entities, including county social service agencies, to provide these services to eligible households. Under current law, DOA is allowed to establish the amounts of federal and state funding that may be used for crisis assistance.

Emergency crisis services may include providing heating fuel, a warm place to stay for a few days, or other actions that will assist the household experiencing a heating emergency. In-kind benefits, such as blankets and space heaters, may also be provided. Emergency crisis assistance is available only if there is an immediate threat to the health or safety of an eligible household due to the actual or imminent loss of home heating (or cooling in summer months only in cases of extreme heat, with a declaration of a heat emergency, and approval from the Division). The amount of crisis assistance that a household receives is based on the minimum assistance required to remove the immediate threat. Some form of crisis assistance must be provided within 48 hours of application or within 18 hours if the situation is life-threatening.

Another component of crisis assistance intervention is the proactive provision of on-going services for eligible households designed to minimize the risk of heating emergencies during the winter months. These activities include providing eligible households with training on how to reduce fuel costs and counseling on establishing budgets and money management. In addition, WHEAP may

assist households in setting up a co-payment plan or match payment agreement that would result in payments being made to fuel suppliers.

Table 4 provides caseload data and the average amount of benefits paid to people receiving crisis assistance since FFY 2011.

Table 4: Crisis Assistance Caseload

FFY	Caseload	Average Benefit
2011	43,997	\$336
2012	41,304	321
2013	38,239	313
2014	32,218	441
2015	48,292	297
2016	38,463	317
2017	43,934	347
2018	41,457	318
2019	25,370	297
2020	37,840	337

Weatherization Assistance Program

The Weatherization Assistance Program helps reduce high-energy costs in homes occupied by low-income families. In addition, program funding is utilized for emergency furnace repair and replacement services, which are provided to households experiencing a heating crisis.

Weatherization Services. Services provided include attic, sidewall, and floor insulation; non-emergency repair or replacement of furnaces; water heater insulation; and water heater, refrigerator, and window replacements. Services are offered to families or individuals with household incomes of no more than 60% of the statewide median household income. Both homeowners and renters who meet WHEAP eligibility criteria may receive weatherization services at no cost. However, a 15% contribution by property owners is required in rental property with two or more units

where the property owners pay heating costs and the owners are not themselves eligible for WHEAP. Local program operators give priority to homes occupied by elderly and the disabled and houses with high-energy consumption.

The Division administers the program through contracts with community agencies and local governments. These agencies seek out eligible households, determine the types of work on each dwelling that will provide the greatest energy savings for the cost, and hire and supervise employees to install weatherization materials.

Table 5 lists the number of dwelling units weatherized and shows the average costs of such services since state fiscal year (SFY) 2010-11.

Table 5: Low-Income Weatherization Program

Fiscal Year	Units Weatherized	Avg. Cost Per Unit
2010-11	16,546	\$6,768
2011-12	13,886	6,514
2012-13	7,742	8,685
2013-14	6,296	8,984
2014-15	5,747	8,141
2015-16	6,354	7,529
2016-17	5,365	8,478
2017-18	6,782	7,457
2018-19	6,045	7,306
2019-20	5,147	8,329

Furnace Repair and Replacement Program.

The Division provides funding for emergency furnace repair or replacement services through weatherization program agencies. Eligibility for emergency furnace repair and replacement is determined by WHEAP agencies, which make referrals for furnace repair and replacement to weatherization program agencies. Services are provided to households experiencing a heating crisis and consist of having a heating contractor inspect the household's furnace to determine if repair or replacement of the heating unit is a reasonable solution to the emergency. The

weatherization agency is responsible for determining the most reasonable course of action.

Under Division rules and guidelines, the furnace must be replaced rather than repaired if the system repair costs exceed the established repair limit for the type of system (between \$750 and \$1,000) and the estimated useful life of the heating system is less than five years. Further, if furnace replacement costs are expected to exceed the established replacement limit for the type of system (between \$5,000 and \$8,500), approval by DOA is required to replace the furnace. The number of households receiving services and the average emergency furnace service benefit since FFY 2011 is summarized in Table 6.

Table 6: Emergency Furnace Repair and Replacement Caseload

FFY	Caseload	Average Benefit
2011	3,422	\$1,774
2012	2,724	1,743
2013	3,958	1,761
2014	4,715	1,753
2015	4,152	1,659
2016	4,205	1,725
2017	4,747	1,627
2018	4,879	1,661
2019	5,326	1,728
2020	4,681	1,798

Funding for Low-Income Energy Assistance

Federal Funds. Federal support for low-income energy assistance is generally provided through LIHEAP block grant funds and Department of Energy (DOE) weatherization funds. In some years, the state has also received federal Temporary Assistance for Needy Families (TANF) matching funds for energy assistance.

Energy Assistance and Administration. Each year, by statute, \$2.9 million of LIHEAP funds are

provided to local units of government and to non-profit organizations in Wisconsin to administer energy assistance. Also by statute, \$1.1 million of LIHEAP funds are provided to DOA for program administration. Further, 15% of LIHEAP funds are transferred for weatherization assistance, as discussed below. Any remaining LIHEAP funds are allocated for heating and crisis assistance.

In addition, the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act provided the state a one-time LIHEAP supplement of \$8.1 million in March, 2020. The state has until September, 2021, to spend the one-time supplement. The CARES Act also created a Coronavirus Relief Fund (CRF) to distribute money directly to state, local, tribal, and territorial governments. Wisconsin received approximately \$2.0 billion from the CRF. In October, 2020, the Governor announced the allocation of \$15 million from the CRF for home energy assistance that must be spent by December 30, 2020.

If federal funds received in a federal fiscal year total less than 90% of the amount received in the previous year, a plan of expenditures must be submitted to the Joint Committee on Finance under s. 16.54 of the statutes.

Table 7 shows federal funding expended for energy assistance, including TANF matching funds, by state fiscal year since 2010-11.

Table 7: LIHEAP Federal Expenditures

Fiscal Year	Amount*
2010-11	\$124,640,000
2011-12	93,157,300
2012-13	88,741,100
2013-14	91,930,700
2014-15	73,808,000
2015-16	78,984,300
2016-17	107,321,600
2017-18	91,463,800
2018-19	91,420,100
2019-20	74,459,900

*Amounts are net of transfers to the weatherization program. Beginning in 2013-14, furnace repair and replacement has been funded under the weatherization program.

Weatherization Assistance. The weatherization assistance program is supported by: (a) funds received from DOE; (b) an allocation of 15% of funds under LIHEAP; and (c) funds from the state utility public benefits program. Historically, the program also received support from state oil overcharge restitution funds and the federal American Recovery and Reinvestment Act (ARRA). Table 8 indicates amounts expended for weatherization assistance by funding source since SFY 2010-2011.

State Funds. The Department of Administration receives funds under the segregated utility public benefits fund to support the cost of low-income energy and weatherization assistance programs not covered by federal funds. The fund is supported by revenues from low-income assistance fees collected by utilities as line items on customer bills. Investor-owned electric utilities are required to collect and remit the fees to DOA. As shown in Table 9, a total of \$46.9 million in SFY 2019-20 was expended from the state public benefits program for low-income energy and crisis assistance.

Fees that electric utilities charge customers are governed by statute and administrative rules. First, DOA calculates the low-income assistance need target by totaling all energy bills for households at or below 60% of the statewide median household income and subtracting from the total the product

Table 9: WHEAP Public Benefit Expenditures

Fiscal Year	Amount*
2010-11	\$41,967,000
2011-12	45,190,200
2012-13	55,508,300
2013-14	47,716,200
2014-15	41,332,800
2015-16	44,724,400
2016-17	53,110,300
2017-18	49,506,300
2018-19	51,370,600
2019-20	46,890,600

*Beginning in 2013-14, emergency furnace repair and replacement is funded under the weatherization program.

of 2.2% of the estimated average annual income of low-income households multiplied by the estimated number of low-income households.

Once the target is calculated, the Department subtracts revenues received from the following offsets: (a) low-income energy assistance received from the federal government; and (b) payments by public utilities for low-income energy assistance.

Each year by May 15, DOA must advise public utilities of the fee amounts that will need to be collected to meet the target. Utilities must submit a collection plan by June 1 showing how they plan to collect the public benefit fees and identifying reasonable and prudent expenses related to

Table 8: Low-Income Weatherization Program – Expenditures by Funding Source

Fiscal Year	FED (DOE)	FED (LIHEAP)	State (Oil Overcharge)	Utility Public Benefits	American Recovery and Reinvestment Act	Total
2010-11	\$6,056,700	\$15,902,500	\$0	\$31,581,300	\$65,592,000	\$119,132,500
2011-12	7,884,000	15,868,000	1,500	50,116,400	14,272,900	88,142,800
2012-13	6,035,300	16,991,200	0	50,417,800	0	73,444,300
2013-14*	6,560,200	14,301,500	0	50,355,900	0	71,217,600
2014-15	6,719,200	24,225,800	0	50,478,600	0	81,423,600
2015-16	7,288,800	7,448,800	0	48,107,400	0	62,845,000
2016-17	8,106,300	21,090,700	0	46,998,200	0	76,195,200
2017-18	8,642,300	7,636,300	0	47,988,900	0	64,267,500
2018-19	9,630,900	18,841,200	0	43,080,100	0	71,552,200
2019-20	9,743,700	12,108,700	0	56,285,800	0	78,138,200

* Beginning in 2013-14, furnace repair and replacement is funded under the weatherization program.

collecting these public benefit revenues.

The collection plan must show that the amounts assessed to customers are equitably allocated among all of the utility's customer classes, in accordance with statutory allocations (70% collected from residential and farm customers and 30% collected from commercial and industrial customers). The Department must review these plans by June 10. If a proposal is rejected, DOA must provide reasons for denial or recommended modifications in writing to the utility. The utility may then either adopt the changes recommended by DOA or protest the Department's conclusions.

Utilities are required to identify the fee on each customer's bill as a "state low-income assistance fee." The public utility must make 12 equal payments to DOA, based on estimated invoice amounts, with each collection due on the 15th day of the month. At least once per year DOA must reconcile actual versus estimated receipts from each utility and, if needed, adjust the rates assessed. Over-collections are returned upon approval of the reconciliation, and under-collections are billed separately to the utility. A public utility may request an adjustment once each year to its collection plan due to over- or under-collections.

For residential customers of public utilities in 2020-21, the customer fee may not exceed 3% of the bill or \$3.15 monthly, whichever is less. For commercial and industrial customers in 2020-21, customer fees cannot exceed 3% or a monthly maximum of \$750 per meter. Since these customers may have multiple meters, commercial and industrial customers may request a refund of any fees that exceed \$750 monthly in any public utility operational area. Table 10 shows payments to the public benefits fund by utility in SFY 2019-20.

The fees collected by the public utilities and remitted to DOA are considered non-lapsing trust funds of DOA rather than income of the utility. Fees are not deemed gross receipts for purposes of calculating utility taxes owed by utilities and

Table 10: Low-Income Energy Assistance Payments by Utility in 2019-20

Utility Name	Total
WE Energies	\$50,564,600
Alliant Energy	19,463,100
Integrus	16,566,900
Xcel Energy	11,289,100
Madison Gas & Electric	5,873,000
Superior Water Light & Power	859,900
Northwestern Wisconsin Electric	801,200
Dahlberg Light & Power	295,900
North Central Power	128,800
Pioneer Power & Light	41,100
Consolidated Water Power	39,600
Westfield Electric	<u>21,100</u>
Total	\$105,944,300

cooperatives. [See the informational paper entitled, "Taxation and Regulation of Public Utilities" for information on utility taxes and regulation.]

Local Funds. Municipal utilities and retail electric cooperatives have the option of implementing the low-income energy assistance program on their own or jointly with other utilities. However, any customer receiving benefits through a community program may not also receive benefits from the state (although such customers are eligible for federally-funded heating assistance).

Municipal utilities and retail electric cooperatives must collect fees averaging \$8 annually per meter from customers to fund the community energy assistance program. The utility or cooperative may charge different rates to different classes of customers to obtain this average collection. However, the low-income assistance fee may not exceed 1.5% of the total bill, or \$375 per month, whichever is less. A municipal utility or cooperative has the option of retaining the fees assessed to its customers to support the community program in its service areas.

A municipal utility or cooperative may also elect not to offer a low-income energy assistance program, but instead to participate in the DOA

program. In this case, the utility or cooperative must remit fee revenues to DOA for deposit to the public benefits fund, and customers of the utility cooperative are eligible for state assistance.

The Division indicates \$3,323,300 was remitted to DOA in SFY 2019-20 by municipal electric utilities or retail electric cooperatives that participate in the DOA-operated program. According to DOA, in 2019-20, 16 of the state's 24 retail electric cooperatives and 67 of the state's 81 municipal electric utilities elected to participate in the DOA-operated program.

Additional Funds. In addition to the amounts collected from utility customer fees, there are two additional smaller sources of state revenue for the public benefits fund. First, voluntary contributions by utility customers may be made to the public benefits fund. Second, the State of Wisconsin Investment Board manages the balances in the public benefits fund and investment earnings are credited to the fund.

Utilities are required to offer customers an opportunity to make voluntary contributions to the low-income assistance program. Since the fund's inception, there have been voluntary contributions totaling \$7,000. There were no voluntary contributions in 2018-19 or 2019-20.

The State of Wisconsin Investment Board is authorized to invest available balances in the public benefits fund. Since the fund's inception, investment earnings have totaled \$5.7 million. Net investment pool revenue was \$244,500 in 2018-19

and \$125,400 in 2019-20.

Table 11 summarizes revenues and expenditures from the public benefits fund for low-income energy assistance for 2018-19 and 2019-20. It should be noted that revenues from utilities represent amounts transferred from the Public Service Commission (PSC) to DOA. These amounts may differ from the amounts detailed in Table 10, which represent monies received by the PSC from utility companies.

Table 11: State Revenues and Expenditures for Low-Income Assistance in 2018-19 and 2019-20

	2018-19	2019-20
Beginning Balance	\$11,280,800	\$18,043,300
Revenues		
Utilities	\$106,599,300	\$107,104,100
Municipals and Cooperatives	3,406,200	3,323,300
Investment Pool	244,500	125,400
Refunds and Adjustments	102,900	100,300
Total Revenues	<u>\$110,352,900</u>	<u>\$110,653,100</u>
Expenditures		
Energy Assistance Benefits	\$45,577,600	\$39,837,400
Energy Assistance Outreach	573,900	2,809,800
Crisis Assistance	2,669,100	2,428,600
Weatherization Benefits	36,611,000	44,013,700
Weatherization State Administration	1,367,400	1,306,500
Weatherization Intake and Outreach	2,676,100	2,798,000
Furnace Repair & Replacement Energy and Crisis Assistance	2,425,600	8,167,500
State Administration	970,900	1,111,300
County Administration	1,579,100	703,500
Wisconsin Works (DCF)	9,139,700	9,139,700
Total Expenses	<u>\$103,590,400</u>	<u>\$112,316,000</u>
Year-End Balance	\$18,043,300	\$16,380,400