

April 1, 2013

From: Donna Wright, IHCD Deputy Director of Energy Programs

To: Nick St. Angelo, Director of Division of Energy Assistance

CC: Matthew Orlovick, Program Analyst, and Lauren Christopher, Branch Chief

Re: 2013 Good Cause Waiver Request for Indiana

Background

According to Section 2605, Subsection (k), Number (2)(B), a state may request a good cause waiver to increase the percent of funds spent on low cost residential weatherization and other energy related costs. According to waiver requirements, a state must serve the number of clients and provide the same aggregated amount in benefits, as given in the previous year. At the start of the 2012 LIHEAP program year, Presidential and Congressional budgets proposed a substantial decrease in LIHEAP funding. Budget cuts were estimated between 30 and 50 percent and would have decreased Indiana's funding from \$107 million in FFY2011 to an estimate \$50-\$80 million in FFY2012. Indiana eventually received \$79,999,845 and served 137,713 in heating and summer assistance.

At the start of the 2013 LIHEAP program year, Congress approved a continuing resolution at level funding from the previous year in September 2012 (or \$79,999,845). Of that allocation, Indiana received 90 percent, or \$70,099,073, which left 10 percent unobligated at the start of the season. Indiana opted to increase the maximum benefit amount from \$305 to \$385. The payment increase ensured that the state would decrease the potential for a large carryover at the end of the heating season and provide a greater impact on the clients' bills. On February 28, 2013, sequestration cut all non-defense domestic programs by five (5) percent, leaving Indiana with \$3.9 million to be obligated, if the continuing resolution is renewed or omnibus bill is passed before the start of the summer cool program (June 3, 2013). With all of the current funding available, Indiana estimates that its 2013 program will receive \$74,099,016.

Program Eligibility Requirements

The program eligibility requirements have not changed in Program years 2012 and 2013. Those requirements include: 1) Clients' income cannot exceed 150 percent of the federal poverty level; 2) utilities must be listed in a household member's name; and 3) all residents age one (1) over are required to provide a valid social security number.



Program Outreach

To ensure that Indiana reached all of the clients from the previous year, most of the agencies' outreach efforts have remained fairly constant over the past two years. The community action agencies have partnered with local units of government, township trustee offices, senior and multi-family facilities, and other social service programs to extend the network of available resources in every county.

One of the most important outreach strategies is mailing applications to at-risk households. Each at-risk household with a completed application from the previous year receives an application for the new program. The client can complete the application and return to the local agency with the required supporting documentation. Given the delay in funding receipt, some agencies held the mail applications until funding was received from HHS.

Agencies also seek low-cost or no cost avenues to promote the LIHEAP program. They have coordinated with local media outlets that information about the program is available to the public.

Current Service Delivery

Indiana projects to serve 99.6 percent of the total population from the previous year. Based on research from the service providers, our number of clients served decreased due to some of the following reasons.

- Unseasonably warm weather days created high no-show rates for scheduled appointments-thereby slightly decreasing the number of clients served in 2013.
- Clients are unable to meet our program requirements such as: 1) utilities to be a household member's name; and, 2) residents age one (1) and over must have a social security number.
- Cost of living increases to unearned income sources caused some clients to exceed the program guidelines for income eligibility.

Carryover Review

All 24 LIHEAP service providers were required to submit an estimated carryover report to the state office on 2/28/13. This report estimated funds that would not be spent during the heating season. Agencies estimated that they would not spend \$13 million. With the additional funds that have been held at Health and Human Services as a part of sequestration, Indiana estimates a potential carryover of \$16 million.

Funding Plan Proposal

Indiana proposes to run a summer cooling assistance program not to exceed \$10.7 million. Each client served with winter assistance will receive a credit up to \$75 toward the electric bill. Agencies will also receive funds for administrative support and an allocation toward the

purchase of air conditioners. Final determination about the Summer Cooling Assistance Program will be made on May 31, after the winter program has closed and reconciled. An additional \$3.25 million will be transferred to weatherization assistance.

Comparison of Clients Served

Based funding plan proposal, Indiana estimates that it will serve 137,176 households and expend \$71,642,753.75 in benefits.

| Year | Program Calendar Year Info | Total Grant Amt | EAP and Weatherization Benefits Provided | Number of clients Served (Heating & Summer) |
|-------------|--|------------------------|---|--|
| 2013 | Heating: November 1 to May 15 Summer: June 3 to August 30 | \$74,099,016 | \$71,642,753.75 | 137,176 (estimate) |
| 2012 | Heating: November 1 to May 17 Summer: June 1 to August 31 | \$79,999,845 | \$72,484,224 | 137,713 |

Weatherization Assistance

The program requests to transfer an additional \$3.25 million to the weatherization program. Indiana and the IHCD strongly support low-cost residential weatherization as a way to help low income Hoosiers conserve energy. All weatherization activities are included in the most recent state plan submitted on September 1, 2012. All LIHEAP weatherization activities carried out in this fiscal year for which the waiver is requested have been shown to produce measurable savings in energy expenditures. This is done through annual reviews of energy savings achieved through weatherization by running pre and post utility consumption analysis on homes weatherized in prior years. The latest analysis shows that on average, an Indiana home receiving weatherization is saving roughly 19% on their natural gas bills, and an additional 7% on their electric bills. With the savings identified, multiple public and private resources have been leveraged, allowing IHCD to offer a portfolio of programs designed to assist residents with energy efficiency.

Waiver Public Comment Period

On March 11, 2013, IHCD presented a funding proposal to the local community action agencies and utility companies that administer the program. The proposal included a summer cooling assistance program not to exceed \$10.7 million and a weatherization transfer of an additional \$3.25 million. The public comment period was open from Tuesday, March 12 at 8am/EST to Friday, March 15 at 5 pm/EST. Agencies were required to respond electronically to the CSBG and EAP Program Manager during that period.

Waiver Request

The Indiana Housing and Community Development Authority (IHCD), charged with administering the program on the state’s behalf, evaluated options for providing a summer cool

program with a large portion of the unspent LIHEAP funding, but is requesting a waiver to reprogram a portion of the funds into low-income weatherization. Indiana and IHCD strongly support low-cost residential weatherization as a way to help low income Hoosiers conserve energy. This carryover amount will allow the state to run a summer cooling assistance program for all clients receiving heating assistance as well as allow more Hoosiers to receive weatherization assistance.

Indiana respectfully requests a waiver for good cause to increase the percent of LIHEAP funds spent on weatherization related activities from fifteen (15%) to twenty-five percent (25%), effective immediately.

Respectfully Submitted,

Donna Billiard Wright
Deputy Director of Energy Programs
Indiana Housing and Community Development Authority