

Report 14-8
June 2014

Energy Assistance and Weatherization Assistance Programs

Department of Administration

STATE OF WISCONSIN



Legislative Audit Bureau ■

Energy Assistance and Weatherization Assistance Programs

Department of Administration

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Response

From the Department of Administration



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Joe Chrisman
State Auditor

June 26, 2014

Senator Robert Cowles and
Representative Samantha Kerkman, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Cowles and Representative Kerkman:

As requested by the Joint Legislative Audit Committee, we have completed an audit of the Wisconsin Home Energy Assistance Program, which provides financial assistance to offset energy costs, and the Wisconsin Weatherization Assistance Program, which provides services to reduce energy consumption. These programs, which serve low-income individuals and families, are administered by the Department of Administration (DOA).

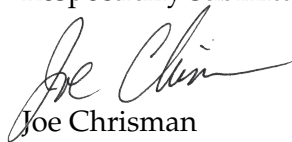
The programs are funded by federal grants and by the State's Utility Public Benefits Fund. Expenditures for the programs, including administrative costs, totaled \$217.1 million in fiscal year (FY) 2012-13. From FY 2008-09 through FY 2012-13, the number of households receiving energy assistance increased from 179,662 to 222,470 and the number of dwelling units weatherized decreased from 8,446 to 7,471.

DOA contracts for local administration of the programs. To oversee these local agencies, DOA provides for inspections of weatherized dwelling units. We reviewed a sample of inspection results for 251 dwelling units and found that at least one area of noncompliance had been identified with the work performed for 210, or 83.7 percent, of the dwelling units weatherized. Many of the areas of noncompliance involved things such as failure to insulate pipes and water heater tanks. The inspections conducted for the weatherization program are important in ensuring that work is actually performed, that the work performed is adequate, and that deficiencies are addressed when the work is not adequate.

A single application process is used for the programs, and all applications are made to local energy assistance agencies. We found DOA does not require local agencies to retain documents supporting applicants' eligibility for program services, although each of the six other midwestern states we contacted do so. We include recommendations for DOA to implement policies that will improve program integrity and oversight.

We appreciate the courtesy and cooperation extended to us by DOA. DOA's response follows the appendices.

Respectfully submitted,


Joe Chrisman
State Auditor

JC/PS/ss

Report Highlights ■

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

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

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

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

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

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

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

Revenues and Expenditures

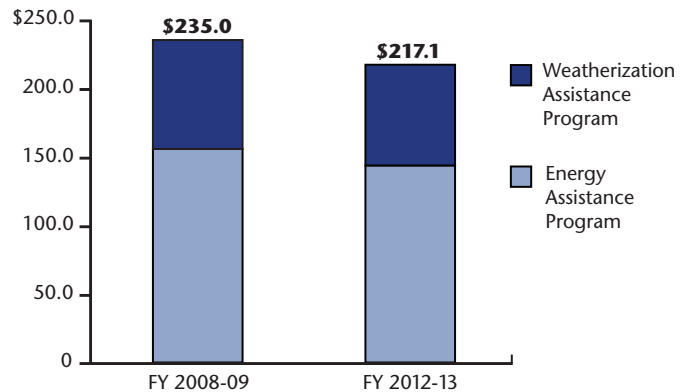
Total federal revenues obligated for the energy assistance and weatherization assistance programs decreased from \$143.4 million in fiscal year (FY) 2008-09 to \$111.2 million in FY 2012-13, or by 22.5 percent.

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

As shown in Figure 1, expenditures for the energy assistance and weatherization assistance programs decreased from \$235.0 million in FY 2008-09 to \$217.1 million in FY 2012-13, primarily because of declining federal revenue. In FY 2012-13, energy assistance benefits, which are generally paid directly to energy vendors to offset heating and electricity costs, totaled \$111.7 million.

Figure 1

Energy Assistance and Weatherization Assistance Expenditures (in millions)



Program Eligibility and Participation

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

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

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

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

Federal law encourages states to prioritize the provision of energy assistance benefits and requires states to prioritize the provision of weatherization assistance benefits to households with the lowest incomes, households with the highest energy costs or needs, and households containing vulnerable individuals, which include children under the age of six, seniors 60 years of age and older, and persons with disabilities. During FY 2012-13, we found that vulnerable individuals represented 39.7 percent of all household members that received energy assistance and 37.8 percent of all household members that received weatherization assistance.

Service Delivery

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

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

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

Due to disruptions in the propane supply during the 2013-14 heating season, the Governor declared a state of emergency in January 2014. As a result, DOA provided \$500,000 in additional federal funds to help address rising fuel costs. In addition, 2013 Wisconsin Act 175 created an emergency heating assistance loan guarantee administered by the Wisconsin Housing and Economic Development Authority.

Oversight and Program Integrity

DOA provides oversight of the energy assistance and weatherization assistance programs directly and through a contractor. DOA and its contractor conduct inspections of weatherized dwelling units. Of the 1,387 dwelling units inspected from July 1, 2011, through June 30, 2013, we reviewed 251 inspection reports. We found that DOA or its contractor identified at least one area of program noncompliance for 83.7 percent of the dwelling units. The most common area of noncompliance was weatherization work that was incomplete or unsatisfactory, which accounted for 80.6 percent of the deficiencies identified. Many of these issues involved things such as failure to insulate pipes and water heater tanks. In addition, we found 37 instances in which weatherization agencies billed DOA for work they did not perform or materials they did not provide. The inspections conducted for the weatherization program are important in ensuring that work is actually performed, that the work performed is adequate, and that deficiencies are addressed when the work is not adequate.

Although statutes require DOA to provide for an annual independent audit of its low-income energy assistance and weatherization assistance programs funded by the Utility Public Benefits Fund, it has not done so. Statutes also direct DOA to consult

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

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

In addition, because DOA does not require local energy assistance agencies to retain original source documentation, it is unable to independently verify the accuracy of information used in making eligibility determinations. Six other midwestern states we contacted require some documentation to be maintained for a minimum of three years.

Recommendations

We include recommendations for DOA to:

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

■ ■ ■ ■

Introduction ■

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

The energy assistance program provides financial aid to low-income households to offset energy costs. Payments are generally made directly to the energy supplier during the heating season, which is defined as October 1 through May 15. The program also provides crisis and furnace assistance for households without heat or at risk of a furnace failure.

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

The weatherization assistance program provides services that are intended to reduce energy consumption. These services may include modifying, repairing, or replacing heating systems or water heaters. Other services may include adding insulation, repairing or replacing doors or windows, replacing lighting and appliances with more efficient devices, and installing programmable thermostats.

Program Administration

Requirements for administering the energy assistance and weatherization assistance programs are defined by statutes and federal grant requirements. As specified in statutes, DOA's responsibilities include:

- receiving and disbursing federal and state funds appropriated for the programs;
- annually determining the total amount of fees to be collected from electric utilities;

- establishing eligibility and application requirements for the programs;
- establishing and administering a benefit schedule that identifies the amount of energy assistance benefits an eligible household may receive;
- providing for an annual independent audit; and
- submitting an annual report to the Legislature on the expenses and effectiveness of the programs.

Table 1 shows the staffing levels for the energy assistance and weatherization assistance programs in June 2009 and June 2013. Over this period, both the number of authorized and filled positions increased.

Table 1
Full-Time Equivalent Positions
 June 30

	June 2009	June 2013	Change
Authorized	35.8	36.3	0.5
Filled	29.8	33.8	4.0
Vacant	6.0	2.5	(3.5)

DOA contracts with counties and tribes for local administration of the energy assistance program.

DOA contracts with counties and tribes for local administration of the energy assistance program. The counties, tribes, and nonprofit organizations administering energy assistance programs are known as local energy assistance agencies. As of June 2013, 46 counties and 7 tribes administered local energy assistance programs directly, and the remaining 26 counties contracted with 8 nonprofit organizations for program administration. Appendix 1 shows the local energy assistance agency for each county and tribe.

Local energy assistance agencies:

- conduct outreach to ensure households within their service areas are aware of the available energy assistance and weatherization assistance services;

- accept applications and enter them into a statewide database; and
- assist households in addressing situations in which they have no heat, have received a disconnection notice from their heating vendor, or have little fuel remaining and do not have funds to purchase more.

DOA contracts with nonprofit organizations and local housing and community development authorities for weatherization services.

To provide weatherization services, DOA contracts with nonprofit organizations and local housing and community development authorities. These entities are known as weatherization assistance agencies. As of June 2013, DOA contracted with 20 weatherization assistance agencies. Appendix 2 shows the weatherization assistance agencies by county. In general, weatherization assistance agencies:

- contact eligible households to determine whether they are interested in receiving weatherization services;
- determine whether the dwelling in which an eligible household resides is eligible to receive services;
- obtain proof of home ownership, or receive approvals from the owner of the dwelling if it is rental property;
- identify and install appropriate weatherization measures, either directly or through contracts with private vendors; and
- work with local energy assistance agencies to provide emergency repair and replacement services for furnaces during the heating season.

■ ■ ■ ■

Revenues and Expenditures ■

The energy assistance and weatherization assistance programs are funded with both federal and state sources. The amount of federal funding provided for these programs has declined, while the amount of funding provided through the State's Utility Public Benefits Fund has increased. Approximately one-half of all expenditures made through these programs are for energy assistance benefits to offset the energy costs of low-income households.

Program Revenues

The amount of obligated federal funding decreased from \$143.4 million in FY 2008-09 to \$111.2 million in FY 2012-13.

Two federal grants have historically funded the energy assistance and weatherization assistance programs: the Low-Income Home Energy Assistance Program grant and the Weatherization Assistance for Low-Income Persons grant. Funds from both federal grants are allocated to states using formulas that consider climate, energy costs, and the size of the low-income population to be served. In addition, the formula used for the weatherization assistance grant considers the number of dwelling units to be weatherized and the specific type of weatherization work to be conducted. As shown in Table 2, total federal funding obligated for these programs decreased from \$143.4 million in FY 2008-09 to \$111.2 million in FY 2012-13.

Table 2

**Federal Funding Obligated for the Energy Assistance and
Weatherization Assistance Programs**

Source	FY 2008-09	FY 2012-13	Percentage Change
Low-Income Home Energy Assistance Program Grant	\$134,536,000	\$105,133,000	(21.9)%
Weatherization Assistance for Low-Income Persons Grant	8,876,000	6,051,000	(31.8)
Total	\$143,412,000	\$111,184,000	(22.5)

State funding for the energy assistance and weatherization assistance programs is provided by the Utility Public Benefits Fund, which was created by 1999 Wisconsin Act 9, the 1999-2001 Biennial Budget Act. 2005 Wisconsin Act 141, which took effect in July 2007, redirected certain fees that supported the Focus on Energy program from the Utility Public Benefits Fund to a private, non-state account. Consequently, the Utility Public Benefits Fund is primarily used to fund the energy assistance and weatherization assistance programs.

***The Utility Public Benefits
Fund is administered
by DOA.***

To support these programs, DOA, which administers the Utility Public Benefits funding, collects two types of fees from investor-owned utilities and their customers: transfer fees and state low-income assistance fees. Transfer fees are set at a rate that generates revenue equivalent to the utilities' 1998 expenditures for programs similar to the energy assistance and weatherization assistance programs established by 1999 Wisconsin Act 9. Transfer fees are not separately identified on customers' utility bills.

State low-income assistance fees are set by DOA annually and are identified on the bills sent to investor-owned electric utility customers. DOA sets the fees based on an estimate of the need for energy assistance and weatherization assistance by eligible households beyond what can be funded through federal revenue and other sources. 2005 Wisconsin Act 141 placed limits on the monthly amount of state low-income assistance fees that are to be paid by customers of investor-owned utilities to the lesser of \$750 or 3.0 percent of the total of every other charge for which the customer is billed that month.

Although fees collected from customers of all investor-owned utilities are deposited into the Fund, customers of municipal-owned electric utilities and retail electric cooperatives are charged fees to be deposited into the Fund only when these utilities and cooperatives choose to participate. During FY 2012-13, 55 of 82 municipal-owned

electric utilities and 15 of 24 retail electric cooperatives chose to participate, which allows their customers to receive assistance through the Utility Public Benefits Fund. 2005 Wisconsin Act 141 requires that any fees paid by customers of municipal-owned electric utilities and retail electric cooperatives average \$8.00 per meter per year, but may not exceed the lesser of \$375 per month or 1.5 percent of the total of every other charge on a customer's monthly bill.

Funding for the programs from the Utility Public Benefits Fund increased from \$91.5 million in FY 2008-09 to \$102.8 million in FY 2012-13.

As shown in Table 3, funding for these programs provided by the Utility Public Benefits Fund increased from \$91.5 million in FY 2008-09 to \$102.8 million in FY 2012-13. A total of \$10.0 million of the \$11.3 million increase was generated by state low-income assistance fees. The largest percentage increase was from non-investor-owned utility fees, which DOA and industry representatives indicate resulted from increases in the number of non-investor-owned utilities participating and from increases in electricity costs.

Table 3

Funding for Energy Assistance and Weatherization Assistance Provided by the Utility Public Benefits Fund

	FY 2008-09	FY 2012-13	Percentage Change
Investor-Owned Utility Fees:			
State Low-Income Assistance Fees	\$68,654,000	\$ 78,663,900	14.6%
Transfer Fees	21,329,000	21,329,000	0.0
Non-Investor-Owned Utility Fees ¹	1,488,100	2,815,300	89.2
Other ²	27,400	18,800	(31.4)
Total	\$91,498,500	\$102,827,000	12.4

¹ Non-investor-owned utilities, which are municipal-owned electric utilities and retail electric cooperatives, deposit fees into the Fund only if they choose to participate in the programs.

² Primarily includes interest income from Fund revenue invested for DOA by the State of Wisconsin Investment Board and refunds of prior-year expenditures.

Some program funds were spent by the Department of Children and Families.

Revenue available to fund energy assistance and weatherization assistance was reduced by s. 20.437(2)(s), Wis. Stats., which authorized the Department of Children and Families to expend \$9.2 million in FY 2008-09 and \$9.1 million in each fiscal year from FY 2009-10 through FY 2012-13 from the Utility Public Benefits Fund to support programs funded by Temporary Assistance for Needy Families, such as the Wisconsin Works (W-2) program.

Program Expenditures

In FY 2012-13, two-thirds of all expenditures were for the energy assistance program.

As shown in Table 4, combined expenditures for the energy assistance and weatherization assistance programs decreased from \$235.0 million in FY 2008-09 to \$217.1 million in FY 2012-13, primarily because the amount of federal revenue received for these programs declined by \$32.2 million. Of the \$217.1 million spent on these programs in FY 2012-13, two-thirds was spent on the energy assistance program, including \$111.7 million on energy assistance benefits.

Table 4

Expenditures for the Energy Assistance Program and the Weatherization Assistance Program

	FY 2008-09	FY 2012-13	Percentage Change
Energy Assistance Program			
Energy Assistance Benefits	\$124,295,200	\$111,723,600	(10.1)%
Crisis Assistance	19,835,600	16,688,500	(15.9)
State and Local Administration ¹	6,074,500	5,937,000	(2.3)
Emergency Furnace Repair and Replacement	4,088,900	6,561,400	60.5
Outreach	1,288,000	1,454,000	12.9
Residential Energy Assistance Challenge ²	0	1,284,900	–
Subtotal	155,582,200	143,649,400	(7.7)
Weatherization Assistance Program			
Operation Support ³	75,737,200	69,782,300	(7.9)
State Administration ⁴	3,228,000	3,234,100	0.2
Training and Technical Assistance	458,600	427,900	(6.7)
Subtotal	79,423,800	73,444,300	(7.5)
Total	\$235,006,000	\$217,093,700	(7.6)

¹ Includes state and local energy assistance agency administrative expenditures for items such as salaries, fringe benefits, professional services, rent and lease costs, travel, supplies, printing, and insurance.

² Provides funds to low-income households to purchase energy-efficient appliances.

³ Includes costs incurred by local weatherization assistance agencies to weatherize dwellings, such as materials, labor, and administration.

⁴ Includes administrative expenditures incurred by DOA for salaries, fringe benefits, professional services, rent and lease costs, travel, supplies, printing, and insurance.

In FY 2012-13, 77.8 percent of expenditures for the energy assistance program were spent on energy assistance benefits.

The majority of energy assistance program expenditures were for energy assistance benefits, which are typically paid directly to energy utilities or fuel providers to offset heating and electricity costs for low-income households. In FY 2012-13, 77.8 percent of expenditures for the energy assistance program were spent on energy assistance benefits. Crisis assistance payments, which represent the program's second-largest expenditure, are also made directly to energy utilities or fuel providers.

State administrative costs include salaries and fringe benefits for staff, professional services, rent and lease costs, travel, supplies, printing, and insurance. Administrative costs incurred by local energy assistance agencies largely include salaries and fringe benefits for staff responsible for planning, determining eligibility, and issuing energy assistance benefits. Expenditures for emergency furnace repair and replacement include both equipment and personnel costs. Outreach activities conducted by local energy assistance agencies promote awareness of the energy assistance program among eligible households.

Included in energy assistance program expenditures is the cost of a contract between DOA and Energy Services, Inc., to administer the Keep Wisconsin Warm/Cool Fund, which is a public-private partnership that provides additional assistance to qualifying households. In the annual contract for federal fiscal year (FFY) 2012-13, matching funds of \$1.0 million were awarded from the Low-Income Home Energy Assistance Program grant in order to leverage private donations totaling \$750,000. These funds are used primarily to provide crisis assistance. The contract limited outreach expenditures to \$50,000 and the administrative expenditures of Energy Services, Inc., to 5.0 percent of total expenditures from the Keep Wisconsin Warm/Cool Fund.

The majority of weatherization assistance program expenditures were for operation support, which includes costs incurred by the local weatherization assistance agencies for:

- labor;
- weatherization materials;
- transportation of weatherization materials, tools, equipment, work crews, supervisory personnel, and energy auditors;
- supplies and services, including computers, telephones, copying, and insurance; and

- the treatment of health and safety hazards, such as mold and mildew, ventilation concerns, and deteriorated stairways or foundations that are addressed in providing weatherization services.

State administrative costs include items such as salaries, fringe benefits, rent and lease costs, travel, supplies, professional services, insurance, and maintenance. Training and technical assistance includes the costs of training programs and training materials, travel and registration for training, state-directed grantee meetings, and training contractors.

Expenditure Limits

Federal law limits expenditures for administration to no more than 10 percent of the federal funding received.

State and federal law impose certain requirements on the expenditure of federal funds. Federal law limits expenditures for administration to no more than 10 percent of the federal funding received by states through both the Low-Income Home Energy Assistance Program grant and the Weatherization Assistance for Low-Income Persons grant. In addition, s. 16.27(3)(c) and (d), Wis. Stats., limits:

- state administrative expenditures funded by the Low-Income Home Energy Assistance Program grant to \$1.1 million in each federal fiscal year; and
- local administrative expenditures for county departments, other local government entities, and private nonprofit organizations to \$2.9 million in each federal fiscal year.

We found that DOA complied with the federal 10 percent limit on administrative expenditures from FFY 2008-09 through FFY 2011-12.

In addition, federal law allows states to transfer up to 15 percent of Low-Income Home Energy Assistance Program grant funds allotted in a federal fiscal year to support the weatherization assistance program, and s. 16.27(3)(e), Wis. Stats., requires that 15 percent of Wisconsin's Low-Income Home Energy Assistance Program grant funds be transferred annually for this purpose. We confirmed that DOA transferred 15 percent of these funds in both FFY 2011-12 and FFY 2012-13.

2013 Wisconsin Act 20, the 2013-15 Biennial Budget Act, modified the requirement in s. 16.957(2)(a), Wis. Stats., regarding the allocation of these funds. Under the provisions of Act 20, DOA is

required to allocate funds for weatherization assistance and other energy conservation services in each fiscal year equal to 50 percent of the sum of:

- the amount spent by investor-owned utilities in 1998 on utility-operated programs similar to Wisconsin's energy assistance and weatherization assistance programs;
- revenues received by DOA for Wisconsin's energy assistance and weatherization assistance program from investor-owned utilities to meet the low-income need not met by other funding sources; and
- revenues received by DOA from municipal-owned electric utilities and retail electric cooperatives that choose to participate in Wisconsin's energy assistance and weatherization assistance programs.

■ ■ ■ ■

Program Eligibility and Participation ■

Eligibility for energy assistance and weatherization assistance services is based on both financial and non-financial eligibility criteria. Financial eligibility for both programs was expanded in 2009 to individuals with higher incomes, which resulted in increased participation. Federal law encourages states to prioritize the provision of energy assistance benefits and requires states to prioritize the provision of weatherization assistance benefits to households with the lowest incomes and the highest energy costs or needs, including households with young children, elderly individuals, or disabled individuals.

Eligibility Determination

A single application process is used for both the energy assistance and weatherization assistance programs.

A single application process is used for both the energy assistance and weatherization assistance programs, and all applications are made to local energy assistance agencies, which determine eligibility largely based on income. Income limits vary with household size, and applicants must generally provide income information for each household member for the previous three months. However, self-employed household members must provide documentation supporting twelve months of income. For households with no reportable income, the head of household must sign a document in the presence of a notary public attesting to a lack of income for the household. Certain income, such as foster care payments and income generated by minors, is not counted when determining eligibility.

In addition, certain households are categorically eligible for energy assistance and weatherization assistance regardless of income. A household is categorically eligible when, for the preceding three months, every household member was receiving:

- a cash grant through the Wisconsin Works (W-2) program;
- benefits through the FoodShare program; or
- Supplemental Security Income (SSI), including the Caretaker Supplement (CTS).

Financial eligibility for both programs is currently limited to 60 percent of the state median income.

Under federal law, financial eligibility for energy assistance and weatherization assistance can be based on either the federal poverty level or state median income. In Wisconsin, financial eligibility has been based on both measures at different points in time. Through September 2009, financial eligibility for both programs in Wisconsin was limited to households at or below 150 percent of the federal poverty level. With the implementation of the federal American Recovery and Reinvestment Act in March 2009, the income eligibility limit for weatherization assistance increased from 150 percent to 200 percent of the federal poverty level, but the income limit for energy assistance benefits did not change. To address the inconsistency, 2009 Wisconsin Act 11 changed financial eligibility limits for both programs to 60 percent of the state median income, which is permitted under federal law. These changes were implemented by DOA in October 2009.

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

The effect of 2009 Wisconsin Act 11 was to expand financial eligibility for energy assistance and weatherization assistance because, as shown in Table 5, 60 percent of the state median income is greater than both 150 percent and 200 percent of the federal poverty level for households with less than six members. However, federal law requires that in instances in which 200 percent of the federal poverty level exceeds 60 percent of the state median income for a household, 200 percent of the federal poverty level be used in determining eligibility for weatherization assistance.

Table 5

**Maximum Eligible Annual Household Income
for Energy Assistance and Weatherization Assistance**
October 2012 through September 2013

Number of Household Members	60 Percent of the State Median Income ¹	150 Percent of the Federal Poverty Level ²	200 Percent of the Federal Poverty Level ³
1	\$24,283	\$16,755	\$ 22,340
2	31,754	22,695	30,260
3	39,226	28,635	38,180
4	46,697	34,575	46,100
5	54,169	40,515	54,020
6	61,641	46,455	61,940 ⁴
7	63,041	52,395	69,860 ⁴
8	64,442	58,335	77,780 ⁴

¹ For households with more than eight members the maximum eligible income is increased by \$1,401 for each additional member.

² For households with more than eight members the maximum eligible income is increased by \$5,940 for each additional member.

³ For households with more than eight members the maximum eligible income is increased by \$7,920 for each additional member.

⁴ Households at this income level were eligible for weatherization assistance but not energy assistance.

Non-financial eligibility criteria, such as state residency, are also reviewed.

Local energy assistance agency employees are also generally required to review documentation to establish non-financial eligibility based on criteria that include verifying:

- state residency;
- citizenship or immigration status;
- responsibility for providing heating or electricity for the residence; and
- possession of a valid social security number for each household member.

In addition, new applicants are to be positively identified by presenting photo identification, such as a driver's license, a student identification card, or an employer identification card. Local energy assistance employees are also to note which documents they viewed

to establish non-financial eligibility. The applicant must confirm the information reported for each household member and consent to allow additional verification of the reported information, if needed.

Households determined eligible for energy assistance are also typically eligible for weatherization assistance.

Once an application is completed, the local energy assistance employee determines eligibility using a computer program that compares the application information to both financial and non-financial eligibility criteria. Applications for both programs are made to local energy assistance agencies. However, households determined eligible for the energy assistance program are automatically eligible for the weatherization assistance program if the dwelling in which they live also meets program requirements. DOA uses the applicant information submitted by the energy assistance agencies to create and distribute a prioritized list of eligible households to each local weatherization assistance agency. Local weatherization assistance agencies then contact households on the lists to assess their interest in weatherization assistance services. The local weatherization assistance agencies we visited reported contacting groups of eligible households either by telephone or through the mail.

DOA requires multifamily dwellings to be weatherized in their entirety to promote energy efficiency.

DOA requires multifamily dwellings to be weatherized in their entirety to promote energy efficiency. DOA policies allow for all households within multifamily dwellings to be weatherized if at least 50 percent of the households meet eligibility criteria and the services are entirely paid through the Utility Public Benefits Fund. If federal funds are used, federal law requires that at least 50 percent of the households meet eligibility criteria for 2- and 4-unit multifamily dwellings, and at least 66 percent of the households meet eligibility criteria in all other types of multifamily dwellings. DOA applies the term “free riders” to households that receive weatherization assistance services in multifamily dwellings whose eligibility is unknown because they did not apply for benefits.

Although the households on the lists submitted by DOA have been determined to be eligible to receive weatherization assistance services, local weatherization assistance agencies must collect some additional information from each household interested in receiving weatherization assistance services to ensure the dwelling in which they reside meets program requirements. Local weatherization assistance agencies note that many households do not respond to their contacts offering weatherization assistance services, and some eligible landlords refuse to accept the services. The reasons for this are not routinely documented.

Since July 2012, a computerized assessment has been required for each dwelling prior to the installation of weatherization measures.

Before a dwelling may be weatherized, local weatherization assistance agency staff or contractors take measurements of the dwelling and identify the heating source, airflow, and other characteristics of the dwelling. This information is used to conduct a computerized assessment that determines which weatherization measures, such as insulation, air sealing, or a furnace replacement, would best reduce energy consumption and be the most cost-effective to install. Since July 2012, a computerized assessment has been required for each dwelling prior to the installation of weatherization measures. Prior to this change, computerized assessments were required primarily for mobile homes, multifamily dwellings with five or more units, and certain dwellings for which high-cost weatherization options were proposed.

DOA has also identified situations in which the local weatherization assistance agencies are to defer service delivery. These include situations in which:

- the household or landlord refuses to accept one or more non-optional weatherization measures;
- addressing a necessary home repair or health and safety issue would increase costs above an established threshold; and
- the dwelling unit or household presents a serious safety concern for the crew that will be installing the weatherization measures.

Specific reasons for deferral include issues such as evidence of insect or rodent infestation, the presence of hazardous materials, threats of violence toward weatherization crew members, and electrical, plumbing, or structural hazards that cannot be addressed as a part of the weatherization assistance services. Weatherization assistance agencies inform households of any reasons for deferral and may provide weatherization assistance services at a later date if the issues are addressed by the household or landlord.

In 2012, DOA began to track and monitor the reasons dwelling units were deferred from receiving weatherization assistance services. Available data from May 2012 through July 2012 showed 1,037 dwelling units did not meet program requirements. The most commonly cited reasons were the presence of asbestos, structural or electrical deficiencies, and excessive clutter. As of March 2013, DOA reports indicate that 84 of the 1,037 dwelling units subsequently addressed the issues and received weatherization assistance services.

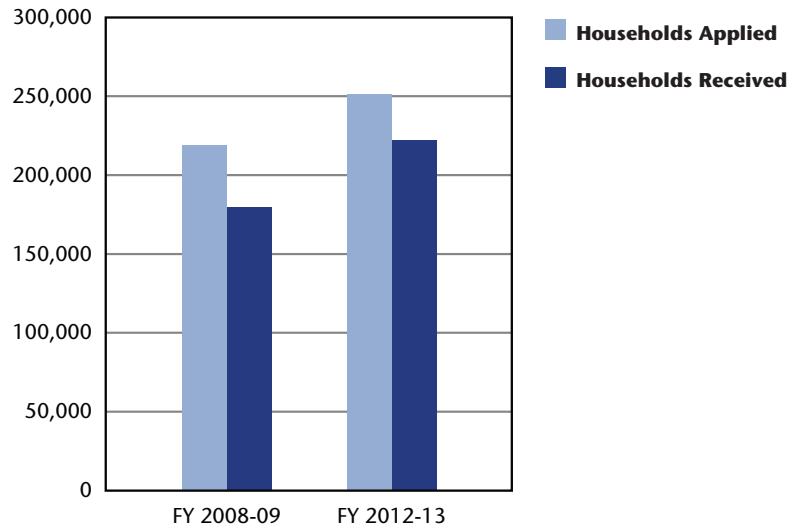
Energy Assistance Benefits

The number of households receiving energy assistance benefits increased from 179,662 in FY 2008-09 to 222,470 in FY 2012-13.

As shown in Figure 2, the number of households that both applied for and received energy assistance benefits increased from FY 2008-09 to FY 2012-13. For example, the number of households applying for energy assistance benefits increased from 218,697 in FY 2008-09 to 251,501 in FY 2012-13. Similarly, the number of households receiving energy assistance benefits increased from 179,662 to 222,470 during this same period.

Figure 2

Number of Households that Applied for and Received Energy Assistance Benefits



The increases are due, in part, to expanded financial eligibility that began in October 2009. For example, we estimate that 32,199 of the 222,470 households receiving energy assistance benefits in FY 2012-13 qualified for this assistance based on expanded financial eligibility criteria established by 2009 Wisconsin Act 11. As shown in Table 6, the number of households with incomes greater than 150 percent of the federal poverty level increased from 3,486 in FY 2008-09 to 43,514 in FY 2012-13, and the percentage of all households receiving assistance with incomes above 150 percent of the federal poverty level increased from 1.9 percent to 19.6 percent, largely because financial eligibility was expanded.

Table 6

Households Receiving Energy Assistance, Based on Income Level

Household Income as a Percentage of the Federal Poverty Level	FY 2008-09		FY 2012-13	
	Number	Percentage of Total	Number	Percentage of Total
Up to 50 Percent	29,334	16.3%	30,854	13.9%
51 Percent to 100 Percent	74,749	41.6	77,124	34.7
101 Percent to 150 Percent	72,093	40.1	70,978	31.9
More than 150 Percent	3,486	1.9	43,514	19.6
Total	179,662	100.0%	222,470	100.0%

Not all applicants who apply for energy assistance benefits receive them. For example, in FY 2012-13, 11.5 percent of applicants were determined to be ineligible for energy assistance benefits. Some of the most commonly cited reasons for rejection of applications were that applicants:

- had income that exceeded the eligibility limits;
- did not supply all information necessary to complete their applications; and
- submitted applications outside of the dates of program operation.

Milwaukee, Dane, and Racine counties accounted for over one-third of households receiving energy assistance.

We analyzed selected characteristics of households that received energy assistance benefits in FY 2012-13. As shown in Table 7, we found that 63.0 percent of the 222,470 households receiving energy assistance in FY 2012-13 contained either one or two members. Milwaukee, Dane, and Racine counties had the largest number of participating households and, combined, accounted for over one-third of the total. Appendix 3 shows the number of households that received energy assistance in FY 2012-13 by county of residence and tribal membership.

Table 7

**Number of Members in Households that Received Energy Assistance
FY 2012-13**

Number of Household Members	Number of Households ¹	Percentage of Total
1	90,065	40.5%
2	49,990	22.5
3	32,271	14.5
4	24,979	11.2
5	14,134	6.4
6	6,541	2.9
7	2,615	1.2
8	1,054	0.5
9 or More	821	0.4
Total	222,470	100.0%

¹ Some individuals resided in more than one household receiving energy assistance during FY 2012-13.

The type of heating fuel used by a household affects the amount of its energy assistance benefit. Natural gas was the primary heating fuel source for 68.4 percent of the 222,470 households that received energy assistance in FY 2012-13. The remaining households primarily used electricity, propane, fuel oil, or wood.

States are encouraged to prioritize the provision of energy assistance benefits to households with the lowest incomes and the highest energy costs or needs.

Federal law encourages states to prioritize the provision of energy assistance benefits to households with the lowest incomes and the highest energy costs or needs, including households with members designated as part of a “vulnerable population.” Vulnerable populations include children under the age of six, seniors 60 years of age and older, and persons with disabilities. DOA prioritizes service to these vulnerable populations by directing outreach services to them. We found that vulnerable individuals represented 39.7 percent of all household members receiving energy assistance in FY 2012-13. As shown in Table 8, seniors 60 years and older accounted for the largest group of vulnerable individuals and represented 14.7 percent of the total population served.

Table 8

Individuals Receiving Energy Assistance, by Eligibility Group
FY 2012-13

	Number ¹	Percentage of Total
Vulnerable Population		
Children Under Age Six	69,498	13.2%
Seniors 60 Years and Older	77,637	14.7
Disabled, Non-Senior Adults and Children Age Six and Older	62,086	11.8
Subtotal	209,221	39.7
Non-Vulnerable Population		
Children Age Six and Older	132,251	25.1
Able-Bodied Adults	186,027	35.3
Subtotal	318,278	60.3
Total	527,499	100.0%

¹ Represents the unduplicated number of individuals who received energy assistance during the fiscal year.

Energy assistance benefits are used to pay for both home heating costs and energy bills not related to heating, typically electricity. The amount of each household's benefit is determined by several factors, including household income, the number of household members, the amount and type of fuel used, the number of rooms in the dwelling, and the amount of available funding. The primary factors affecting the amount of the non-heat energy assistance benefit are household income and electricity used for purposes other than heating. The U.S. Department of Health and Human Services reported that, on average, low-income households in the Midwest Census Region spent 13.3 percent of their income on energy expenditures in FFY 2008-09 while all other households spent 3.5 percent.

The average energy assistance benefit received by households in Wisconsin decreased from \$686 in FY 2008-09 to \$504 in FY 2012-13. This is because the amount of benefits provided are determined, in part, by the total amount of available funding. Specifically, the amount of federal funds decreased by \$21.5 million from FY 2008-09 through FY 2012-13, while an additional 42,808 households received benefits. The University of Wisconsin-Madison's Institute for Research on Poverty, which is one of the three National Poverty Research Centers sponsored by the U.S. Department of Health and Human Services, reported in May 2014 that energy assistance reduced poverty in Wisconsin by less than 0.3 percentage points in

any year from 2008 through 2012. DOA notes that the purpose of the energy assistance program is not to reduce poverty directly, but to reduce the energy burden of low-income households and to prevent those households from experiencing a crisis situation.

As noted, crisis assistance benefits are available to households that have been determined eligible for energy assistance and who face a crisis situation, such as no-heat during cold-weather months. We found that the 43,118 households provided with crisis assistance in FY 2008-09 received an average benefit of \$359, and the 42,315 households provided with crisis assistance in FY 2012-13 received an average benefit of \$302.

Weatherization Assistance Benefits

The number of dwellings weatherized decreased from 8,446 in FY 2008-09 to 7,471 in FY 2012-13. This is primarily the result of a \$10.7 million decrease in the amount of federal funding provided to Wisconsin from FY 2008-09 to FY 2012-13. As shown in Table 9, households with incomes between 51 percent and 100 percent of the federal poverty level accounted for just over two-thirds of all households receiving weatherization assistance in FY 2008-09. Free-rider households in multifamily dwellings that did not apply for benefits and whose incomes are not known, accounted for 18.3 percent of all dwelling units weatherized in FY 2008-09 and 12.0 percent in FY 2012-13.

Table 9

Households Receiving Weatherization Assistance, Based on Income Level

Household Income as a Percentage of the Federal Poverty Level	FY 2008-09		FY 2012-13	
	Number ¹	Percentage of Total	Number ²	Percentage of Total
Up to 50 Percent	2,131	30.9%	1,474	22.4%
51 Percent to 100 Percent	4,652	67.4	3,387	51.5
101 Percent to 150 Percent	109	1.6	1,693	25.8
More than 150 Percent	11	0.2	20	0.3
Total	6,903	100.0%	6,574	100.0%

¹ Excludes 1,408 free riders in multifamily dwellings that did not apply for benefits and whose incomes are not known, and 135 units in multifamily dwellings that were vacant at the time they were weatherized.

² Excludes 859 free riders in multifamily dwellings that did not apply for benefits and whose incomes are not known, and 38 units in multifamily dwellings that were vacant at the time they were weatherized.

Milwaukee, Dane, and Racine counties accounted for one-third of households receiving weatherization assistance.

We analyzed selected characteristics of households that received weatherization assistance benefits in FY 2012-13. As shown in Table 10, we found that 58.5 percent of the 6,574 households receiving weatherization assistance in FY 2012-13 contained either one or two members. Milwaukee, Dane, and Racine counties had the largest number of households and, combined, accounted for one-third of the total. Appendix 3 shows the number of households that received weatherization assistance in FY 2012-13 by county of residence or tribal membership.

Table 10
**Number of Members in Households that Received Weatherization Assistance
 FY 2012-13**

Number of Household Members	Number of Households	Percentage of Total
1	2,333	35.5%
2	1,511	23.0
3	924	14.1
4	842	12.8
5	521	7.9
6	274	4.2
7	93	1.4
8	47	0.7
9 or More	29	0.4
Total	6,574	100.0%

Federal law requires states to prioritize the provision of weatherization assistance based on certain factors, including the presence of vulnerable individuals within a household, households with high energy use, and households with high energy costs. DOA indicates that it complies with this requirement by prioritizing the provision of weatherization assistance for households with high energy costs that include a member of a vulnerable population.

Over one-third of individuals in households that received weatherization services in FY 2012-13 were members of a vulnerable population.

As shown in Table 11, 37.8 percent of individuals in households that received weatherization assistance in FY 2012-13 were members of a vulnerable population. Seniors 60 years and older were the single largest group of vulnerable individuals and accounted for 15.6 percent of the total. Able-bodied adults accounted for over one-third of individuals receiving weatherization assistance. In

addition, we estimate that these households incurred an average of \$2,140 in annual energy costs prior to receipt of weatherization assistance in FY 2012-13.

Table 11

**Individuals Receiving Weatherization Assistance, by Eligibility Group
FY 2012-13**

	Number ¹	Percentage of Total
Vulnerable Individuals		
Children Under Age Six	2,205	12.9%
Seniors 60 Years and Older	2,660	15.6
Disabled, Non-Senior Adults and Children Age Six and Older	1,585	9.3
Subtotal	6,450	37.8
Non-Vulnerable Individuals		
Children Age Six and Older	4,337	25.4
Able-Bodied Adults	6,270	36.8
Subtotal	10,607	62.2
Total	17,057	100.0%

¹ Represents the unduplicated number of individuals who received weatherization assistance during the fiscal year.



Service Delivery and Outcomes ■

We reviewed the process by which services for the energy assistance and weatherization assistance programs are delivered and assessed the extent to which energy assistance has been provided to dwellings occupied by young children and elderly individuals, who are to be a priority in receiving assistance. We also reviewed available data on the energy savings associated with Wisconsin's weatherization efforts in order to assess its effectiveness.

Services Provided by Energy Assistance Agencies

In providing energy assistance services, counties either serve as the energy assistance agency directly or contract with private agencies for the administration and delivery of services. Local energy assistance agencies:

- conduct outreach activities to promote program participation by eligible households;
- provide crisis assistance services; and
- coordinate the provision of emergency furnace repair and replacement services.

In conducting outreach activities and providing crisis assistance services, local energy assistance agencies prepare annual plans, which DOA reviews and approves before it allocates funds to

support the activities specified in the plans. Emergency furnace repair and replacement services are not included as part of local plans. Funds for these services are instead allocated by DOA based on local agencies' requests.

Outreach

General outreach strategies noted by local energy assistance agencies include distribution of posters and brochures.

We interviewed staff of seven local energy assistance agencies about their outreach activities. Several noted that a reluctance to accept publicly funded benefits and a desire to maintain financial independence may prevent some households from applying for benefits. For other households, agencies indicated that transportation to the local energy assistance agency office may present a barrier. General outreach strategies used by local energy assistance agencies include distributing posters and brochures throughout the community to build awareness of the energy assistance program and developing partnerships with local service agencies and food pantries. Specific outreach strategies noted by the agencies we interviewed included:

- application sessions at senior and community centers conducted by Dane County;
- application interviews scheduled for Hmong-speaking applicants by Eau Claire County to ensure translator services are available;
- evening application sessions conducted by Green County at a local food pantry; and
- home visits conducted by the Lac Courte Oreilles tribe.

To assess the outcomes of outreach activities, the federal government analyzes each state's effectiveness in providing energy assistance to the elderly and young children. The analysis compares the participation of elderly individuals and young children in the energy assistance program with their estimated representation in each state's population. A score of "100" indicates program participation is proportional to the population. Scores below 100 indicate participation is proportionally lower than the estimated population, and scores greater than 100 indicate participation is proportionally greater than the estimated population. The federal analysis of 2008 data was released in February 2012 and estimated participation in Wisconsin by elderly individuals at 76.5 and participation by young children at 143.2. This indicates that the federal analysis found Wisconsin's energy assistance program was more effective in serving young children than elderly individuals.

Crisis Assistance

Crisis assistance expenditures decreased from \$19.8 million in FY 2008-09 to \$16.7 million in FY 2012-13.

Crisis assistance can be either preventative or responsive to energy-related emergencies. Total crisis assistance expenditures decreased from \$19.8 million in FY 2008-09 to \$16.7 million in FY 2012-13. Payments are made directly to energy vendors.

Preventative crisis assistance is intended to help households avoid energy emergencies by identifying and resolving home energy problems in advance. For example:

- Local energy assistance staff may review utility account balances and contact customers that are falling behind on their service payments and may be at risk of disconnection. DOA, in collaboration with the largest investor-owned utilities, developed a web-based tool to provide local energy assistance agencies access to relevant utility customers. A negotiated co-payment agreement among the utility customer, the utility, and the local energy assistance agency may be developed to facilitate payment and avoid a disconnection of service.
- Local energy assistance agency staff may provide budget- or energy-use counseling for households to encourage regular bill payments and economical energy use.
- Staff in one local energy assistance agency reported using crisis assistance funds to help households negotiate discounted liquid propane contracts during the summer months to reduce energy costs.

Emergency crisis assistance is used to address no-heat situations during the heating season.

Emergency crisis assistance is used to address no-heat situations during the heating season, or situations in which a household is at risk of losing heating. Households receiving crisis assistance are required to have made at least partial payment of their energy bills. Although statutes prohibit most energy utilities from disconnecting customers from heating fuel sources during certain cold-weather months, households that rely on heating oil or liquid propane and have depleted their supplies during the heating season could be at greater risk of a no-heat situation.

Energy assistance program policies generally limit total annual crisis assistance to \$1,200 per household. A total of 42,315 households received crisis assistance funds in FY 2012-13. This includes:

- 15,877 households that received crisis assistance funded exclusively by the Low-Income Home Energy Assistance Program grant;
- 18,646 households that received crisis assistance funded exclusively by the Utility Public Benefits Fund; and
- 7,792 households that received crisis assistance funded by both sources.

In FY 2012-13, 13.7 percent of the households received crisis assistance but not regular energy assistance benefits.

In FY 2012-13, 13.7 percent of the households received crisis assistance but not regular energy assistance benefits. DOA identified several reasons a household might receive crisis assistance, but not receive energy assistance. For example, during a review of utility billing records between heating seasons, energy assistance staff may identify a household as at-risk of disconnection of energy services and contact the household to provide assistance. The household may also experience a sudden decrease in income, or a person may move to a new household and be ineligible for energy assistance due to prior receipt of an energy assistance benefit as the head of household.

Energy assistance program policies allow counties and tribes to establish more stringent crisis eligibility requirements and lower the maximum benefit provided in order to better manage their annual crisis assistance budgets. In addition, the local energy assistance agencies' crisis plans we reviewed typically included efforts to allocate crisis funds in a manner that assisted vulnerable groups, such as young children and elderly individuals. The contracts between DOA and the counties and tribes require expenditure or obligation of crisis assistance funds at a prescribed rate: at least 50 percent of funds by April 1; 60 percent by June 1; and 80 percent by August 1. By conserving crisis assistance funds during the heating season, local energy assistance agencies reported that they are better prepared to address increased applications for assistance after April 15 when utility disconnections are allowed for customers who are behind on their utility payments.

Due to the colder than average temperatures during the 2013-14 heating season and the disruptions in the propane supply, the Governor declared a state of emergency in January 2014. In February 2014, DOA provided an additional \$500,000 in federal funds to the Keep Wisconsin Warm/Cool Fund to help address rising fuel costs associated with the propane shortage. As noted, the Keep Wisconsin Warm/Cool Fund provides additional aid to qualifying households. In response to the increased funding, the Keep Wisconsin Warm/Cool Fund temporarily increased the maximum income limit for heating assistance above 60 percent of

the state median income to up to 80 percent of the state median income for those households using propane as their fuel source. It was able to do this by redeploying its existing private funds to pay for assistance for households above 60 percent of the state median income. As noted, state and federal law limit eligibility to households with incomes up to 60 percent of the state median income when state or federal funds are used.

We also note that 2013 Wisconsin Act 175, which was effective in March 2014, created an emergency heating assistance loan guarantee administered by the Wisconsin Housing and Economic Development Authority. Under the program, loans of up to \$2,500 may be issued to households with incomes up to 200 percent of their county median income for the purpose of financing extraordinary heating costs during a state of emergency. The program guarantees between 50 and 80 percent of the loan amount to households qualifying for assistance and provides funding to reduce the interest rate on the loans issued through participating lenders.

Emergency Furnace Repair and Replacement

To be eligible for emergency furnace repair or replacement services, an applicant must own the dwelling unit and have either no heat or an unsafe furnace. Emergency furnace services are to be denied when the household has sufficient financial resources to address the furnace condition or the condition of the dwelling unit makes furnace repair or replacement unsafe.

The maximum allowed expenditure for emergency furnace repair is \$500, unless DOA authorizes a higher amount.

DOA has established eligibility requirements and expenditure limits for these services. For example, the maximum allowed expenditure for emergency furnace repair is \$500, unless DOA authorizes a higher amount. In addition, furnace replacements are allowed generally when total repair costs are estimated to exceed \$500 or repair costs on an electric furnace are estimated to exceed \$250. Furnace replacements exceeding \$7,500 require authorization by DOA.

Expenditures for emergency furnace repair and replacement services during the heating season increased from \$4.1 million in FY 2008-09 to \$6.6 million in FY 2012-13. We reviewed the expenditures for emergency furnace services in FY 2012-13 and found that 1,801 households received furnace replacements at an average cost of \$3,151, and 1,637 households received furnace repairs at an average cost of \$372.

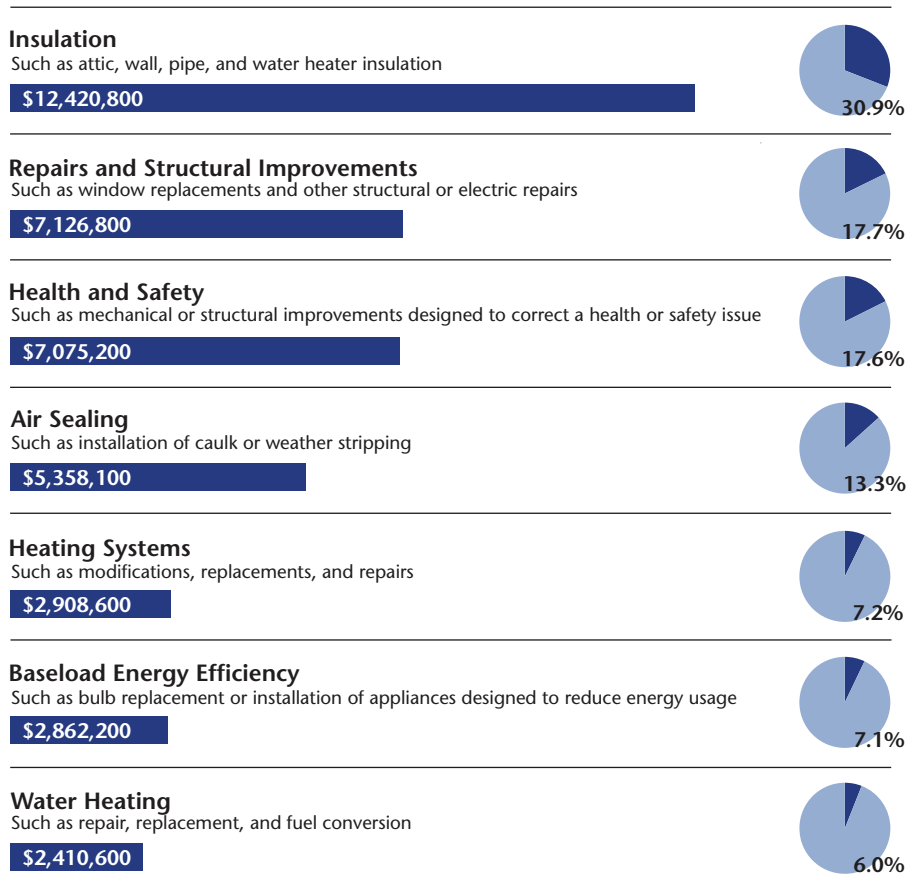
Services Provided by Weatherization Assistance Agencies

Weatherization costs vary due to several factors, such as dwelling condition and the type of heating fuel used.

DOA monitors dwelling unit completion goals established in contracts with the local weatherization assistance agencies, and it also monitors expenditures related to those performance goals. The weatherization measures installed and the per-unit cost of weatherization services vary due to a number of factors, including the condition and type of dwelling, and the heating fuel used. During FY 2012-13, 30.9 percent of weatherization service expenditures were for insulation and 17.7 percent were for repairs and structural improvements, as shown in Figure 3. An additional 17.6 percent of expenditures addressed issues that would threaten the health and safety of the weatherization work crew or the residents of the dwelling unit, such as structural hazards, excessive moisture, mold, and lead paint.

Figure 3

Weatherization Assistance Program Expenditures, by Type¹
FY 2012-13



¹ Includes expenditures of state and federal funds.

Measuring Outcomes of the Weatherization Assistance Program

In 2013, the Energy Center of Wisconsin released a report of its analyses of energy savings for the weatherization assistance program.

DOA has contracted with the Wisconsin Energy Conservation Corporation (WECC) for certain weatherization assistance program administrative and oversight duties. As part of its contract with DOA, WECC subcontracted with the Energy Center of Wisconsin to conduct analyses of energy savings for the weatherization assistance program. The most recent report, which was publicly released in February 2013 but was dated April 2012, covers the five-year period from FY 2006-07 through FY 2010-11. That report analyzed natural gas and electricity consumption data provided by five large utilities for a sample of weatherized dwelling units, including single-family homes, small multifamily dwellings, and mobile homes. Energy consumption in the weatherized dwellings was compared to energy consumption in a group of comparable dwellings that had not been weatherized.

The Energy Center of Wisconsin reported that the average single-family home weatherized in FY 2010-11 reduced its annual energy consumption by 17.0 percent for natural gas and 11.0 percent for electricity. Decreases in energy consumption for mobile homes and 2- and 4-unit multifamily dwellings weatherized in FY 2010-11 were estimated at 18 percent and 23 percent for natural gas and at 14 percent and 18 percent for electricity, respectively. As noted, approximately 68 percent of the Wisconsin households that received energy assistance in FY 2012-13 used natural gas as their primary heating fuel. Average estimated energy savings generated by weatherization in each type of dwelling unit was generally consistent from FY 2006-07 through FY 2010-11. In addition, the Energy Center of Wisconsin found that households with higher pre-weatherization energy usage realized the highest energy savings.

The Energy Center of Wisconsin also reported that insulation measures provided the greatest natural gas savings for the program, and compact fluorescent light bulbs provided the greatest electricity savings for single-family homes. The report concluded that the cost-effectiveness standard was met for the weatherization assistance program for FY 2009-10, which was the only year the standard was referenced in the report.

■ ■ ■ ■

Oversight and Program Integrity ■

DOA is responsible for providing oversight of the energy assistance and weatherization assistance programs. Federal audits of other states' programs have raised concerns about program integrity, including the extent to which compliance with program eligibility requirements are verified and adequately documented. We identify steps that can be taken to improve program oversight in Wisconsin.

DOA Oversight Activities

DOA provides oversight for the energy assistance and weatherization assistance programs.

DOA conducts oversight activities for the energy assistance and weatherization assistance programs and, as noted, WECC performs additional oversight activities related to the weatherization assistance program. In addition, statutes direct DOA to consult with the Council on Utility Public Benefits in completing certain duties.

Oversight of Local Energy Assistance Agencies

Federal law provides states with a general framework for establishing appropriate program controls for the Low-Income Home Energy Assistance Program grant. In Wisconsin's annual Low-Income Home Energy Assistance Program plan, DOA specifies that it will monitor eligibility and benefit determination for the energy assistance program using desktop reviews and administrative reviews.

Desktop reviews focus on compliance with program requirements related to applicant information.

Desktop reviews are conducted by DOA staff in Madison. The reviews focus on compliance with program requirements related to applicant information. For example, when an applicant is recorded as categorically eligible for energy assistance benefits, DOA staff determine whether the reason for categorical eligibility is noted, as is required by program rules. DOA staff indicated that they contact local energy assistance agencies to address areas of noncompliance when they are identified. However, because DOA does not require energy assistance agencies to retain original source documentation it is unable to independently verify the accuracy of the information entered into the application database.

DOA reported that it conducted 30 desktop reviews in FY 2008-09, 11 in FY 2009-10, and 37 in FY 2010-11. In each of these three years, the reviews commonly included an assessment of the use of “pseudo social security numbers,” which are 9-digit numbers beginning with “999” that local energy assistance agencies may use in specified circumstances until valid social security numbers can be obtained. For example, they may be used for infants less than 60 days old when evidence is provided to demonstrate that a social security number is being sought for the infant. DOA indicated that it conducted 17 reviews of pseudo social security numbers in FY 2008-09, 4 in FY 2009-10, and 29 in FY 2010-11. DOA did not provide us with estimates of its more recent work effort, but noted that it conducted fewer desktop reviews and reviews of pseudo social security numbers in both FY 2011-12 and FY 2012-13 than it did in FY 2010-11, largely because of position vacancies.

Administrative reviews address compliance with overall program operations requirements, such as development of outreach and crisis plans.

Administrative reviews of local energy assistance agencies are conducted on-site by DOA staff to address compliance with overall financial and operations requirements, including a review of the most recently completed financial audit of the agency and the outreach and crisis plans it developed. At the completion of an administrative review, DOA sends the local energy assistance agency a document detailing any issues to be resolved. DOA conducted 28 administrative reviews in FY 2012-13.

Oversight of Local Weatherization Assistance Agencies

DOA annually conducts administrative reviews and dwelling unit inspections for each local weatherization assistance agency.

DOA annually conducts administrative reviews and dwelling unit inspections for each local weatherization assistance agency. Administrative reviews include an assessment of the local weatherization assistance agency’s finances, policies, and procedures, including a review of the most recently completed financial audit of the weatherization agency. DOA also requires agencies to report annually any newly established contractual relationships.

Federal program rules typically require inspections of 5 percent of the dwelling units that were weatherized with U.S. Department of Energy (DOE) grant funds. DOA and its contractor, WECC, conduct dwelling unit inspections for which DOA has already made payment. From July 1, 2011, through June 30, 2013, they inspected 1,387 dwelling units, or 8.0 percent of all dwelling units that had been weatherized during this two-year period. DOA staff indicated that they inspected more dwelling units than required by federal rules in an effort to improve program oversight.

We reviewed 251 reports for dwelling unit inspections conducted during FY 2011-12. This total includes all inspections completed in FY 2011-12 of the work performed by 5 of the 20 weatherization agencies, including La Casa de Esperanza, Inc.; Northeast Wisconsin Community Action Program, Inc.; Project Home, Inc.; Social Development Commission; and Western Dairyland Economic Opportunity Council, Inc. These five agencies serve geographically diverse sections of the state, including both urban and rural areas.

The inspection process serves as a means of correcting minor issues as well as more significant problems. For the 251 inspection reports we reviewed, DOA or WECC identified at least one area of program noncompliance for 210, or 83.7 percent, of the dwelling units it inspected. Of the 251 inspections in our sample, a total of 535 areas of noncompliance were identified, because some units were noncompliant with more than one requirement.

As shown in Table 12, the most common area of noncompliance was weatherization work that was incomplete or unsatisfactory, which accounted for 80.6 percent of the deficiencies identified. Many of these issues involved things such as failure to insulate pipes and water heater tanks; failure to fully seal gaps between drywall and trim; and needing to adjust ventilation fan settings to increase or decrease air flow. In addition, the work or materials billed to DOA were not provided in 37 instances. In these situations, DOA typically requires weatherization agencies to complete the work and provide evidence of its completion or return funds to DOA for the inappropriately billed amounts.

Table 12

Areas of Noncompliance Identified in a Sample of Dwelling Unit Inspection Reports¹
 FY 2011-12

Type of Noncompliance	Number	Percentage of Total
Work performed was incomplete or unsatisfactory	431	80.6%
Work or materials billed to DOA were either inappropriate, unnecessary, or undocumented	59	11.0
Work or materials billed to DOA were not provided	37	6.9
Other	8	1.5
Total	535	100.0%

¹ Based on a sample of 251 inspections conducted in FY 2011-12.

DOA provides weatherization agencies with a list of noncompliant items, and the weatherization agencies are required to submit a written response that addresses each item. Generally, DOA does not conduct follow-up inspections and instead asks the weatherization agencies to submit photographs of the corrected work. Based on the responses provided by the weatherization agencies, the agencies reported that they corrected 273, or 51.0 percent, of the 535 noncompliant items, and they resolved an additional 111, or 20.7 percent, of the items by providing additional documentation to address the concerns DOA had raised.

For the remaining 151 items, in 144 instances no additional work was performed and the outcome of the additional 7 could not be determined because DOA did not provide us with documentation of the weatherization agencies' responses to the deficiencies it noted. The 144 instances in which no additional work was performed include:

- 48 in which weatherization agency staff were unable to reenter the dwelling, typically because the owner or tenant did not respond to their contact attempts, which often included sending certified letters;
- 28 in which the weatherization agency disagreed with the inspectors' findings of noncompliance;

- 23 in which agency employees were instructed on the proper procedures to follow on future projects but did not correct the existing weatherization problems identified in the dwelling;
- 22 in which the weatherization agencies did not respond to the specific deficiencies noted when providing their written responses to DOA;
- 9 in which the resident modified weatherization work that had been completed and refused efforts to make corrections; and
- 14 involving a variety of other reasons, including cases in which DOA policies changed and DOA did not require the agencies to enforce the requirements in place at the time the work was completed.

The inspections conducted for the weatherization program are important in ensuring that the work is actually performed, that the work performed is adequate, and that deficiencies are addressed when the work is not adequate.

Other Oversight Mechanisms

The Low-Income Energy Advisory Committee and the Council on Utility Public Benefits are advisory and consultative bodies intended to provide additional oversight mechanisms for the energy assistance and weatherization assistance programs.

The Low-Income Energy Advisory Committee was created to comply with federal requirements for the establishment of an advisory council for the weatherization assistance program. The Committee is composed of 17 members who are appointed by the Secretary of DOA. During 2012 and 2013, the Committee met three times in each year to fulfill its responsibilities, including:

- reviewing and commenting on the annual Weatherization Plan that DOA submits to the federal government;
- reviewing and offering advice regarding the State's annual federal Low-Income Home Energy Assistance Program grant application; and

- receiving information regarding upcoming policy decisions for the energy assistance and weatherization assistance programs.

The Council on Utility Public Benefits, which was created by 1999 Wisconsin Act 9, has been inactive since at least 2007.

The Council on Utility Public Benefits was created by 1999 Wisconsin Act 9 and is attached to DOA for administrative purposes. The Council's 11 members are to include two appointees of the Governor, six members appointed by legislative leadership, one member appointed by the secretary of the Department of Natural Resources, one member appointed by the DOA Secretary, and one member appointed by the chairperson of the Public Service Commission. We found that the Council does not have any members currently appointed to it and has been inactive since at least 2007. One of the reasons may be because some current DOA staff believed the Council was removed from statutes. Statutes direct DOA to consult with the Council regarding issues such as:

- achieving the statutory spending requirement for the weatherization assistance program and other energy conservation services;
- promulgating rules establishing eligibility requirements;
- determining the method to calculate the household need for energy assistance benefits and weatherization services, which is used to determine the amount of fees to be collected from investor-owned utilities;
- depositing revenue received from investor-owned utilities, municipal-owned electric utilities, and retail electric cooperatives into the Fund;
- providing for an annual independent audit; and
- submitting an annual report to the Legislature on the expenditures and effectiveness of energy assistance and weatherization assistance programs.

DOA indicates that the Council has been inactive because many of its responsibilities, such as promulgating rules establishing eligibility requirements, were one-time tasks and because the Low-Income Energy Advisory Committee serves as an ongoing forum for programmatic input.

Nevertheless, the Legislature may wish to consider whether an active Council could improve oversight of these programs, including DOA's assessment of the need for energy assistance among low-income households, which affects the level of fees paid by customers of investor-owned utilities that are deposited into the Utility Public Benefits Fund.

DOA has not provided for an annual independent audit of its low-income energy assistance and weatherization assistance programs, as required by statutes.

In addition, s. 16.957(2)(d)4, Wis. Stats., requires DOA to provide for an annual independent audit of its low-income energy assistance and weatherization assistance programs funded by the Utility Public Benefits Fund. We found that DOA has not complied with this requirement. Annually auditing these programs could facilitate more effective program oversight.

☑ Recommendation

We recommend the Department of Administration comply with statutes by providing for an annual independent audit of its low-income energy assistance and weatherization assistance programs funded by the Utility Public Benefits Fund, or if it believes the potential benefits of complying with this requirement do not justify the added costs, request that the Legislature eliminate the statutory requirement for an audit.

Verification of Program Eligibility

As noted, energy assistance agencies are required to review certain documents to confirm eligibility for benefits. Federal law also allows states to apply practices used in other public assistance programs to verify reported information. For example, in Wisconsin the social security numbers provided by applicants when applying for programs such as FoodShare Wisconsin and W-2 are generally verified with information maintained by the U.S. Social Security Administration and accessed by county agencies. We reviewed efforts undertaken by DOA to establish methods for independent verification of both financial and non-financial information provided by applicants.

Historically, DOA has not generally required the independent verification of income and social security numbers for the energy assistance and weatherization assistance programs. All seven of the local energy assistance agencies with which we spoke noted that their access to income data could reduce fraud, waste, and abuse. For example, Eau Claire County indicated that its staff who have access to other sources of data on applicants' income refer approximately 10 cases per year to fraud investigators.

DOA entered into an agreement with DHS that allows for external, independent verification of social security numbers.

In May 2011, DOA entered into an agreement with the U.S. Social Security Administration to allow for external, independent verification of social security numbers. While performing the work needed to directly access these data, DOA determined that it would be more efficient to access these data via an existing agreement between the Wisconsin Department of Health Services (DHS) and the U.S. Social Security Administration. In July 2012, DOA entered into an agreement with DHS to access the social security data it maintains, and local energy assistance agencies began verifying applicant social security numbers in October 2013.

Six other midwestern states we contacted require that source documentation for energy assistance applications be maintained for a minimum of three years.

DOA has advised local energy assistance agencies that it is not necessary to retain documents used to verify eligibility for either the energy assistance or weatherization assistance programs. However, beginning in 2010, guidelines issued by the U.S. Department of Health and Human Services for the energy assistance program emphasize the importance of implementing strategies to monitor and detect fraud, waste, and abuse by applicants, vendors, and administering agencies. In addition, several federal officials with whom we spoke indicated that supporting documentation should be maintained at least until an audit has been completed. We contacted six other midwestern states—Illinois, Indiana, Iowa, Michigan, Minnesota, and Ohio—and found they all require source documentation supporting eligibility for their energy assistance programs to be maintained for three or more years, including wage and income documents.

Among 14 states reviewed by DOE, Wisconsin was the only one not to retain wage and income source documentation for its weatherization assistance program.

In addition, an audit report issued by DOE's Office of Inspector General in May 2011 notes that review and retention of income documentation is an important control in preventing ineligible applicants from receiving weatherization assistance services. It also noted that Wisconsin was the only state among the 14 it had reviewed that did not retain wage and income source documentation for the weatherization assistance program.

DOA indicates that it has not required local energy assistance agencies, which determine eligibility for both programs, to retain original source documentation supporting eligibility determinations. This is, in part, because of concerns about the risks associated with maintaining confidential information in the offices of private contractors, because the benefits that can be obtained through the weatherization assistance program are one-time expenses, and because the annual benefit amounts provided for energy assistance are smaller, on average, than those provided through other public assistance programs, such as FoodShare Wisconsin.

However, because DOA does not require local energy assistance agencies to retain original source documentation supporting program eligibility, there is no mechanism in place for DOA staff or outside parties to independently verify the accuracy of this information. For example, DOA records contained individuals with identical social security numbers but different birth dates and first and last names. Without original documentation, it is difficult to determine whether the information was recorded correctly or whether the information provided by applicants was inaccurate. In addition, obtaining access to additional sources of data on applicant income could further facilitate independent verification of eligibility.

Recommendation

We recommend the Department of Administration:

- *ensure applicants' reported incomes are verified using additional sources of data;*
- *implement policies that require retention of original source documentation supporting applicants' eligibility for at least three years from the date of application; and*
- *report to the Joint Legislative Audit Committee by November 14, 2014, on the status of its efforts.*

■ ■ ■ ■

Appendix 1

Local Energy Assistance Agencies, by County and Tribe
June 2013

County	Local Energy Assistance Agency
Adams	Central Wisconsin Community Action Council, Inc.
Ashland	Ashland County
Barron	Barron County
Bayfield	Bayfield County
Brown	Brown County
Buffalo	Buffalo County
Burnett	Burnett County
Calumet	Energy Services, Inc.
Chippewa	Chippewa County
Clark	Clark County
Columbia	Energy Services, Inc.
Crawford	Crawford County
Dane	Energy Services, Inc.
Dodge	Energy Services, Inc.
Door	Women's Employment Project, Inc. ¹
Douglas	Douglas County
Dunn	Dunn County
Eau Claire ²	Eau Claire County
Florence	Florence County
Fond du Lac	Energy Services, Inc.
Forest	Northeast Wisconsin Community Action Program, Inc.
Grant	Grant County
Green	Green County
Green Lake	Green Lake County
Iowa	Iowa County
Iron	Iron County
Jackson	Jackson County
Jefferson	Energy Services, Inc.
Juneau	Central Wisconsin Community Action Council, Inc.
Kenosha	United Migrant Opportunity Services, Inc.
Kewaunee	Kewaunee County
La Crosse	La Crosse County
Lafayette	Lafayette County

County	Local Energy Assistance Agency
Langlade	Langlade County
Lincoln	Lincoln County
Manitowoc	Manitowoc County
Marathon	Energy Services, Inc.
Marinette	Marinette County
Marquette	Energy Services, Inc.
Menominee	Menominee County
Milwaukee ³	Social Development Commission and Community Advocates, Inc.
Monroe	Couleecap, Inc.
Oconto	Oconto County
Oneida	Oneida County
Outagamie	Energy Services, Inc.
Ozaukee	Energy Services, Inc.
Pepin	Pepin County
Pierce	Pierce County
Polk	Polk County
Portage	Energy Services, Inc.
Price	Price County
Racine	Energy Services, Inc.
Richland	Richland County
Rock	Energy Services, Inc.
Rusk	Rusk County
St. Croix	St. Croix County
Sauk	Energy Services, Inc.
Sawyer	Sawyer County
Shawano	Shawano County
Sheboygan	Sheboygan County
Taylor	Taylor County
Trempealeau	Trempealeau County
Vernon	Couleecap, Inc.
Vilas	Vilas County
Walworth	Walworth County
Washburn	Washburn County
Washington	Washington County
Waukesha	Energy Services, Inc.
Waupaca	Energy Services, Inc.
Waushara	Central Wisconsin Community Action Council, Inc.
Winnebago	Energy Services, Inc.
Wood	Wood County

Tribes Serving as Local Energy Assistance Agencies⁴

Bad River Band of Lake Superior Chippewa

Lac Courte Oreilles Band of Lake Superior Chippewa

Lac du Flambeau Band of Lake Superior Chippewa

Oneida Nation of Wisconsin

Red Cliff Band of Lake Superior Chippewa

Sokaogon Chippewa Community

Stockbridge-Munsee Band of Mohican Indians

¹ Women's Employment Project, Inc., was renamed We Are Hope, Inc., in August 2013.

² Western Dairyland Economic Opportunity Council, Inc. provides crisis assistance.

³ Milwaukee County residents can apply for energy assistance with either the Social Development Commission or Community Advocates, Inc. These agencies have no designated territory within Milwaukee County for providing energy assistance services.

⁴ Members of Forest County Potawatomi Community; Ho-Chunk Nation; Menominee Nation; and St. Croix Chippewa Community receive services provided by the county in which they reside.

Appendix 2

Weatherization Assistance Agencies, by County June 2013

County	Weatherization Assistance Agency
Adams	Central Wisconsin Community Action Council, Inc.
Ashland	Ashland County Housing Authority
Barron	West Central Wisconsin Community Action Agency, Inc.
Bayfield	Ashland County Housing Authority
Brown	Northeast Wisconsin Community Action Program, Inc.
Buffalo	Western Dairyland Economic Opportunity Council, Inc.
Burnett	Indianhead Community Action Agency, Inc.
Calumet	Outagamie County Housing Authority
Chippewa	West Central Wisconsin Community Action Agency, Inc.
Clark	Indianhead Community Action Agency, Inc.
Columbia	Central Wisconsin Community Action Council, Inc.
Crawford	Couleecap, Inc.
Dane	Project Home, Inc.
Dodge	Hartford Community Development Authority
Door	Women's Employment Project, Inc. ¹
Douglas	Ashland County Housing Authority
Dunn	West Central Wisconsin Community Action Agency, Inc.
Eau Claire	Western Dairyland Economic Opportunity Council, Inc.
Florence	Northeast Wisconsin Community Action Program, Inc.
Fond du Lac	ADVOCAP, Inc.
Forest	Northeast Wisconsin Community Action Program, Inc.
Grant	Southwestern Wisconsin Community Action Program, Inc.
Green	Project Home, Inc.
Green Lake	ADVOCAP, Inc.
Iowa	Southwestern Wisconsin Community Action Program, Inc.
Iron	Ashland County Housing Authority
Jackson	Western Dairyland Economic Opportunity Council, Inc.
Jefferson	La Casa de Esperanza, Inc.
Juneau	Central Wisconsin Community Action Council, Inc.
Kenosha	Racine Kenosha Community Action Agency
Kewaunee	Women's Employment Project, Inc. ¹
La Crosse	Couleecap, Inc.
Lafayette	Southwestern Wisconsin Community Action Program, Inc.
Langlade	North Central Community Action Program
Lincoln	North Central Community Action Program
Manitowoc	Partners for Community Development, Inc.

County	Weatherization Assistance Agency
Marathon	North Central Community Action Program
Marinette	Northeast Wisconsin Community Action Program, Inc.
Marquette	CAP Services, Inc.
Menominee	Northeast Wisconsin Community Action Program, Inc.
Milwaukee ²	La Casa de Esperanza, Inc. and Social Development Commission
Monroe	Couleecap, Inc.
Oconto	Northeast Wisconsin Community Action Program, Inc.
Oneida	Ashland County Housing Authority
Outagamie	Outagamie County Housing Authority
Ozaukee	Partners for Community Development, Inc.
Pepin	West Central Wisconsin Community Action Agency, Inc.
Pierce	West Central Wisconsin Community Action Agency, Inc.
Polk	West Central Wisconsin Community Action Agency, Inc.
Portage	CAP Services, Inc.
Price	Indianhead Community Action Agency, Inc.
Racine	Racine Kenosha Community Action Agency
Richland	Southwestern Wisconsin Community Action Program, Inc.
Rock	Community Action, Inc.
Rusk	Indianhead Community Action Agency, Inc.
St. Croix	West Central Wisconsin Community Action Agency, Inc.
Sauk	Central Wisconsin Community Action Council, Inc.
Sawyer	Indianhead Community Action Agency, Inc.
Shawano	Northeast Wisconsin Community Action Program, Inc.
Sheboygan	Partners for Community Development, Inc.
Taylor	Indianhead Community Action Agency, Inc.
Trempealeau	Western Dairyland Economic Opportunity Council, Inc.
Vernon	Couleecap, Inc.
Vilas	Ashland County Housing Authority
Walworth	Community Action, Inc.
Washburn	Indianhead Community Action Agency, Inc.
Washington	Hartford Community Development Authority
Waukesha	La Casa de Esperanza, Inc.
Waupaca	CAP Services, Inc.
Waushara	CAP Services, Inc.
Winnebago	ADVOCAP, Inc.
Wood	North Central Community Action Program

¹ Women's Employment Project, Inc., was renamed We Are Hope, Inc., in August 2013.

² The provision of services to residents of the City of Milwaukee is divided between La Casa de Esperanza, Inc., and the Social Development Commission. La Casa de Esperanza, Inc., serves municipalities in Milwaukee County outside of the city.

Appendix 3

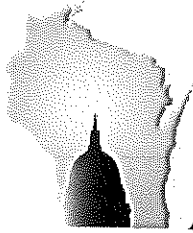
**Number of Households Receiving Energy Assistance
and Weatherization Assistance**

FY 2012-13

	Households Receiving Energy Assistance Benefits			Households Receiving Crisis Assistance	Dwelling Units Weatherized
	Heating Assistance	Non-Heat Electric Assistance	Total Unduplicated Number of Households		
County					
Adams	1,417	1,435	1,439	189	83
Ashland	936	881	973	182	54
Barron	2,312	2,322	2,331	545	58
Bayfield	653	406	662	84	33
Brown	5,056	5,536	5,552	407	270
Buffalo	643	407	643	302	37
Burnett	1,119	1,108	1,121	264	63
Calumet	1,093	1,105	1,126	175	19
Chippewa	2,259	2,238	2,290	352	33
Clark	1,432	1,391	1,435	291	28
Columbia	1,684	1,398	1,698	312	38
Crawford	803	804	813	241	43
Dane	9,784	9,271	10,670	1,320	500
Dodge	2,715	2,725	2,807	445	97
Door	1,147	1,128	1,165	279	45
Douglas	2,422	2,414	2,437	623	79
Dunn	1,730	1,258	1,777	349	30
Eau Claire	3,608	3,710	3,722	728	196
Florence	333	218	333	146	24
Fond du Lac	3,041	3,248	3,261	457	74
Forest	698	702	708	110	64
Grant	1,727	1,709	1,745	364	73
Green	1,461	1,459	1,465	283	102
Green Lake	745	781	785	159	43
Iowa	731	731	734	192	41
Iron	512	480	516	90	14
Jackson	1,011	617	1,014	221	72
Jefferson	2,516	2,138	2,538	371	85
Juneau	1,671	1,704	1,709	287	59

	Households Receiving Energy Assistance Benefits			Households Receiving Crisis Assistance	Dwelling Units Weatherized
	Heating Assistance	Non-Heat Electric Assistance	Total Unduplicated Number of Households		
County <i>(continued)</i>					
Kenosha	6,441	6,882	6,886	1,526	146
Kewaunee	705	711	715	130	21
La Crosse	3,471	3,274	3,490	1,038	128
Lafayette	601	600	606	167	42
Langlade	1,503	1,540	1,547	301	35
Lincoln	1,689	1,716	1,719	307	51
Manitowoc	2,243	2,180	2,268	184	79
Marathon	6,333	6,480	6,560	980	122
Marinette	2,706	2,769	2,778	422	188
Marquette	917	941	942	228	36
Menominee	581	583	584	196	22
Milwaukee	53,474	55,177	55,242	9,346	1,636
Monroe	1,342	1,323	1,351	325	38
Oconto	1,598	1,590	1,609	355	165
Oneida	1,997	2,073	2,079	492	75
Outagamie	5,016	5,195	5,206	863	151
Ozaukee	1,440	1,302	1,460	283	19
Pepin	340	259	346	101	6
Pierce	760	390	761	100	8
Polk	1,829	1,813	1,832	523	123
Portage	2,755	2,754	2,850	437	37
Price	967	989	999	325	31
Racine	9,881	10,355	10,367	4,027	333
Richland	915	912	934	367	32
Rock	7,881	7,898	8,092	646	175
Rusk	1,112	1,117	1,129	283	33
St. Croix	927	778	957	214	32
Sauk	2,907	2,736	2,987	487	81
Sawyer	963	965	980	251	43
Shawano	1,617	1,008	1,623	291	92
Sheboygan	3,651	3,214	3,709	689	151
Taylor	895	646	896	181	18
Trempealeau	1,008	746	1,013	411	55
Vernon	1,220	1,214	1,220	342	78
Vilas	1,130	1,016	1,130	177	83

	Households Receiving Energy Assistance Benefits			Households Receiving Crisis Assistance	Dwelling Units Weatherized
	Heating Assistance	Non-Heat Electric Assistance	Total Unduplicated Number of Households		
County (continued)					
Walworth	2,529	2,687	2,691	883	35
Washburn	1,072	1,108	1,120	224	32
Washington	2,229	1,996	2,330	468	74
Waukesha	6,376	6,527	6,823	1,124	228
Waupaca	2,600	2,583	2,699	512	40
Waushara	1,415	1,428	1,431	210	50
Winnebago	5,871	6,143	6,152	903	154
Wood	2,824	2,849	2,852	711	136
Subtotal	212,990	211,791	220,434	41,798	7,471
Tribe					
Bad River Band of Lake Superior Chippewa	250	36	250	72	-
Lac Courte Oreilles Band of Lake Superior Chippewa	488	481	488	136	-
Lac du Flambeau Band of Lake Superior Chippewa	370	397	397	127	-
Sokaogon Chippewa Community	95	100	101	35	-
Oneida Nation of Wisconsin	464	478	479	78	-
Red Cliff Band of Lake Superior Chippewa	229	212	229	56	-
Stockbridge-Munsee Band of Mohican Indians	92	24	92	13	-
Subtotal	1,988	1,728	2,036	517	-
Total	214,978	213,519	222,470	42,315	7,471



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT WALKER
GOVERNOR

MIKE HUEBSCH
SECRETARY

Office of the Secretary
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June 19, 2014

VIA ELECTRONIC MAIL

Mr. Joe Chrisman, State Auditor
Legislative Audit Bureau
22 East Mifflin Street, Suite 500
Madison, WI 53703

Dear Mr. Chrisman,

Thank you for the opportunity to respond to your evaluation of the Wisconsin Home Energy Assistance Program (WHEAP), and the Weatherization Assistance Program (WAP). The Department of Administration appreciates the efforts of the Legislative Audit Bureau and feels the report positively describes the low-income energy programs. Our comments relate to recommendations outlined in the report and actions taken or planned by the Department of Administration (DOA).

There are two recommendations in the Oversight and Program Integrity section of the report. The first recommendation states:

"We recommend the Department of Administration comply with statutes by providing for an annual independent audit of its low-income energy assistance and weatherization assistance programs funded by the Utility Public Benefits Fund, or if it believes the potential benefits of complying with this requirement do not justify the added costs, request that the Legislature eliminate the statutory requirement for an audit."

DOA staff will work to determine if there are any gaps in the current audit efforts that would be addressed by a separate annual audit of the low-income energy assistance and weatherization programs that are funded by the Utility Public Benefit fund. DOA will also identify the cost of engaging in an independent audit of the low-income energy assistance and weatherization programs funded by the Utility Public Benefit fund.

The energy assistance and weatherization programs are subject to several existing audit requirements. In most years they are audited on an annual basis as required by federal funding agencies. In those cases, the audits are paid for using federal funds. Because the federal and public benefit funds are blended, by design the federal audits address program delivery that is funded by public benefits. DOA will review the federal audit requirements of the energy assistance and weatherization programs to determine if there are efficiencies that may be gained by combining the audit efforts. These programs are also included in the Consolidated Annual Financial Report (CAFR), and are subject to audit requirements under the State Single Audit Act with each program selected for audit in 3 of the prior 4 years.

The heightened scrutiny attributable to funding received under the American Recovery and Reinvestment Act (ARRA) led to the weatherization program undergoing 11 audits since 2009 by the federal Department of Energy, and one audit by the federal Office of the

Inspector General. None of these federal audits produced findings that required any corrective action by the State of Wisconsin.

The second recommendation states:

"We recommend the Department of Administration:

- *ensure applicants' reported incomes are verified using additional sources of data;*
- *implement policies that require retention of original source documentation supporting applicants' eligibility for at least three years from the date of the application; and*
- *report to the Joint Legislative Audit Committee by November 14, 2014, on the status of its efforts.*

DOA agrees with LABs recommendation to verify applicants' reported income by utilizing additional existing sources of data. We would respectfully call your attention to the following accomplishments and actions taken and planned by DOA to respond to this recommendation.

- Social Security Administration data exchange – As noted in your report the DOA entered into an agreement with the Social Security Administration (SSA) to allow for external verification of social security numbers. For efficiency reasons the DOA entered into an agreement with the Department of Health Services (DHS) to access the social security data through an existing data exchange between DHS and the SSA. In October of 2013 the DOA was able to begin verifying applicant social security information via that exchange.
- Utility data exchange – DOA has a robust electronic data exchange system in place with the states class A utility companies. This exchange allows for verification of fuel account numbers and energy usage which, in turn prevents inaccurate cost and account reporting.
- Access to other State of Wisconsin income maintenance system data – DOA has had contact with other departments within the state to request access to systems that already maintain income verification documentation. These systems include but may not be limited to CARES, Unemployment and Child Support. DOA will continue to pursue access to these systems including direct access for energy assistance intake workers and a methodology for electronic data exchange.

DOA will consider alternatives that provide assurance of program eligibility, do not increase administrative costs and burden for local delivery agencies, and do not present a risk to the security of confidential information. To the extent that efficiencies and costs savings can be realized by sharing information with other agencies they will be pursued.

DOA will report the status of its efforts on this item to the Joint Audit Committee by November 14, 2014.

Sincerely,



Michael Huebsch, Secretary
Department of Administration