

**INTEGRATION OF LIHEAP
WITH ENERGY ASSISTANCE PROGRAMS
CREATED THROUGH ELECTRIC AND/OR NATURAL GAS
RESTRUCTURING**

A One-Day Symposium Sponsored By:

LIHEAP Advisory Committee on Managing for Results
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Administration for Children and Families
Office of Community Services, Division of Energy Assistance



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The U.S. Department of Health and Human Services' Administration for Children and Families (ACF) established the LIHEAP Advisory Committee on Managing for Results in October 1997 as a joint partnership between the states, local agencies, other program stakeholders and ACF. The Advisory Committee's task is to collaborate with ACF on developing recommendations on cost-effective performance goals and measures for LIHEAP that will meet the requirements of the Government Performance and Results Act (GPRA) of 1993. In addition, the Advisory Committee's task is to enhance management practices through the approach known as "Managing for Results." ACF has awarded NEADA small purchase orders to support the work of the Advisory Committee.

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Table of Contents

Executive Summary	i
Introduction	1
Issue #1: What is meant by "integration?"	4
Issue #2: Which network should be used in the design, intake, outreach and delivery of low-income energy assistance programs?	7
Issue #3: Do all customers get the same benefits through one program or can/should programs mix and match benefits?	11
Issue #4: How can programs be integrated when/if they have different priorities?	12
Conclusion	14
Appendix 1: Symposium participants	15
Appendix 2: Discussion tables	16
Appendix 3: Technical consultants	20

EXECUTIVE SUMMARY

Nearly 20 states that have adopted electric and/or natural gas restructuring legislation (or regulatory decisions) have also adopted new mechanisms to support low-income energy assistance programs. These new state initiatives present opportunities for both cooperation and conflict with the U. S. Department of Health and Human Services' Low-Income Home Energy Assistance Program (LIHEAP) and the U.S. Department of Energy's Weatherization Assistance Program (WAP).

As a result of these new programs, the LIHEAP Advisory Committee on Managing for Results convened a symposium to consider how to maximize the opportunities for cooperation and minimize the potential for conflict between LIHEAP and the new state low-income energy assistance programs. That symposium, and this resulting paper, is designed to help respond to federal statute, as articulated in the federal Government Performance and Results Act (GPRA), that coordination among federal programs with related responsibilities is essential to efficiently and effectively meet national concerns. Uncoordinated program efforts can waste scarce funds, confuse and frustrate program customers, and limit the overall effectiveness of the federal effort.

The intent of this paper is to begin to provide a road map for what LIHEAP offices can do to promote program integration where appropriate. The discussion, amongst other things, identifies the following action steps that LIHEAP programs can take:

1. Identify existing program linkages and assess whether these current linkages provide opportunities for program integration with a new energy assistance program created by electric and/or natural gas restructuring legislation.
2. Identify and articulate the natural synergies that are inherent in LIHEAP, low income energy assistance programs created through electric/natural gas restructuring statutes, and U.S. Department of Energy weatherization assistance.
3. Identify potential program conflicts that are possible in the absence of program linkages and specify the conflict resolution mechanisms that arise from program linkages.
4. Identify the potential increase in the delivery of direct dollars of benefits resulting from program linkages. The LIHEAP office should articulate the specific sources of dollars access to which would open up as a result of program linkages.
5. Identify the program components where linkage might occur. Program linkages can occur in any of the following program areas: funding; oversight; administration; outreach; or program delivery. LIHEAP offices should further identify what aspects of program operation might benefit from linkage even in the absence of complete integration.
6. Identify the existing administrative capacities of alternative program structures. The administrative capacity should consider the program processes involving intake, outreach, and delivery of program benefits.

7. Identify all risks to the LIHEAP program that would not exist in the absence of program linkages.
8. Identify all barriers that would impede program linkages. As a general rule, the more difficult the barrier, the higher the administrative cost to overcome the barrier.
9. Document the desired outcomes of existing and proposed programs. "Outcomes" measure program results (e.g., reduced service disconnections, reduced heat-or-eat decisions). They are to be distinguished from (1) activities, which measure the things that programs "do" (dollars delivered, households served); and (2) outputs, which measure the things that programs produce (reductions in home energy burden, reductions in energy consumption).
10. Assess the compatibility of program goals of programs for which program linkages are a possibility. Various programs present the issue of reconciling potentially conflicting program goals. If the desired outcomes of integrated programs are at variance, the LIHEAP office should specify a conflict resolution process. In addition, complete program integration is not necessary if program goals are not completely compatible. In those circumstances, programs can operate with *some* level of linkage to achieve mutually sought-after objectives.

Once the above steps are completed, a LIHEAP office has developed the framework for a plan showing whether, why, to what extent, and how existing LIHEAP and DOE weatherization programs can be linked with a new energy assistance program created by electric and/or natural gas restructuring legislation.

Integration of LIHEAP with Energy Assistance Programs Created through Electric and/or Natural Gas Restructuring

Nearly 20 states that have adopted electric and/or natural gas restructuring legislation (or regulatory decisions) have also adopted new mechanisms to support low-income energy assistance programs. These programs include rate assistance, discount programs, and weatherization assistance.¹¹ These new state initiatives present opportunities for both cooperation and conflict with the U. S. Department of Health and Human Services' Low-Income Home Energy Assistance Program (LIHEAP)¹² and the U.S. Department of Energy's Weatherization Assistance Program (WAP). They also present a unique opportunity to measure the performance of LIHEAP with regard to its ability to integrate with other low-income energy assistance programs.

Symposium

As a result of these new programs, the LIHEAP Advisory Committee on Managing for Results¹³ convened a symposium on September 14, 1999¹⁴ to consider how to maximize the opportunities for cooperation and minimize the potential for conflict between LIHEAP and the new state low-income energy assistance programs. The goal of the symposium was to consider the benefits and challenges arising from an increased integration of existing LIHEAP structures and processes with the new low-income energy assistance programs. Where integration was found to be appropriate, the symposium was charged with considering how to increase the effectiveness of such integration.

Assurance Four of the federal LIHEAP statute requires LIHEAP grantees each year to integrate LIHEAP with other state and federal programs where appropriate. The statute provides that the chief executive officer of each state shall certify that the state agrees to "coordinate its activities. . .with similar related programs administered by the Federal Government and such State, particularly low-income energy-related programs . . ." (LIHEAP Statute, Section 2605(4)).

. . .the extent of integration between LIHEAP and new low-income energy assistance programs is an appropriate subject of performance measurement under the federal Government Performance and Results Act (GPRA).

¹¹ These programs may be called wires charge programs, public benefit programs, system benefit charge programs, universal service programs. For purposes of this paper, these terms are all considered to refer to the same generic types of programs.

¹² The Office of Community Services (OCS) within the Department of Health and Human Services' Administration for Children and Families (ACF) administers LIHEAP at the federal level.

¹³ OCS established the LIHEAP Advisory Committee on Managing for Results in October 1997 as a joint partnership between the states, local agencies, OCS, and other program stakeholders. OCS awarded the National Energy Assistance Directors' Association funding to support the work of the Advisory Committee.

¹⁴ The symposium participants are listed in Appendix 1.

Consistent with this mandate, the LIHEAP Advisory Committee on Managing for Results determined that the extent of integration was an appropriate subject of performance measurement under the federal Government Performance and Results Act (GPRA) of 1993.¹⁵⁾ Having agencies coordinate efforts with related strategic or performance goals is a specific purpose behind GPRA.¹⁶⁾ GPRA encourages the identification of, and coordination among, "cross-cutting programs." The U.S. General Accounting Office has said that "the focus of an agency's performance plan should be on the agency's performance goals and how it intends to achieve them. However, these performance goals should reflect the crosscutting nature of programs when applicable."¹⁷⁾ GAO has stated:

. . . although federal programs have been designed for different purposes or targeted for different population groups, coordination among federal programs with related responsibilities is essential to efficiently and effectively meet national concerns. Uncoordinated program efforts can waste scarce funds, confuse and frustrate program customers, and limit the overall effectiveness of the federal effort. A focus on results, as envisioned by the Results Act, implies that federal programs contributing to the same or similar results should be closely coordinated to ensure that goals are consistent and that, where appropriate, program efforts are mutually reinforcing. This suggests that federal agencies should look beyond their organizational boundaries and coordinate with other agencies to ensure that their efforts are aligned.¹⁸⁾

GAO has noted further that:

We have suggested that agencies' efforts under the Results Act provide a potentially effective vehicle for ensuring that crosscutting program goals are consistent; strategies are mutually reinforcing; and, as appropriate, progress is assessed through the use of common performance measures.¹⁹⁾

Purpose of Paper

The purpose of this paper is to summarize the major issues identified at the symposium. The symposium first identified a list of issues that are implicated by the potential to integrate LIHEAP with new energy assistance programs created through electric and/or natural gas restructuring

¹⁵⁾ For a good general discussion of GPRA, see, *Executive Guide: Effectively Implementing the Government Performance and Results Act*, Comptroller General of the United States, U.S. General Accounting Office, GAO/GGD-96-118 (June 1996).

¹⁶⁾ U.S. General Accounting Office (1998). *The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans*, at 30, Superintendent of Documents: Washington D.C.

¹⁷⁾ *An Evaluator's Guide*, *supra*, at 30.

¹⁸⁾ U.S. General Accounting Office (1997). *Managing for Results: The Statutory Framework for Improving Federal Management and Effectiveness*, at 4 - 5, Superintendent of Documents: Washington D.C.

¹⁹⁾ U.S. General Accounting Office (1998). *Managing for Results: An Agenda to Improve the Usefulness of Agencies' Annual Performance Plans*, at 12 - 13, Superintendent of Documents: Washington D.C.

legislation. Because of time limitations, the group narrowed the list of issues to be discussed in the one day session to four. This paper has taken the day-long discussion and summarized it in three steps:

- formulating a "statement of the issue";
- deducing certain "propositions"; and
- supporting those propositions with empirical observations.

This paper presents a compendium of views, observations and opinions. It is not intended to represent a consensus opinion of the assembled group. It does not represent the position or viewpoint of any particular institution or agency. Persons who attended the symposium were asked *not* to limit their discussion to their institution's position and were assured that no statement or opinion would be attributed to their respective institution.

While the symposium was convened for a one-day session, it is expected that future sessions will be scheduled. In this sense, the discussions which occurred should be viewed as a work-in-progress, to be updated, refined and completed as additional experiences warrant. As experience expands the lessons learned respecting the integration of LIHEAP with new energy assistance programs funded through electric and/or natural gas restructuring legislation, the Advisory Panel intends to prepare a workbook with specific recommendations and actions to help guide state decisionmakers.

The tables included in Appendix 2 are intended to summarize in tabular form the discussions at the symposium. The format of these tables was produced and circulated before the symposium as one tool to help focus and guide the discussion. Some parts of the table were explicitly filled in during the symposium. Other parts of the tables have been filled based in upon an after-the-fact review of the day-long discussion. Each table is limited to one topic discussed at the symposium. The tables then present specific observations that were raised during the day long discussions.

As experience expands the lessons learned respecting the integration of LIHEAP with new energy assistance programs funded through electric and natural gas restructuring legislation, the Advisory Panel intends to prepare a workbook with specific recommendations and actions to help guide state decisionmakers.

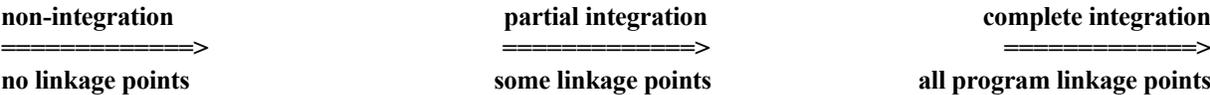
The statements in this paper are accurate as of the date of the symposium. However, several programs cited below are still in the planning stages and have not yet been implemented. The states of New Hampshire, Illinois, Maryland, and Ohio have yet to place their programs into actual operation. As a result, changes may occur between the program operation as currently intended and the program operation as actually implemented.

Issue #1: What is meant by "integration"?

Statement of the Issue: Since "integration" is one of those phrases that frequently gets bandied about without ever being defined, different persons can talk about program integration while meaning significantly different things. As a result, conversations risk yielding the false appearance of an agreement on program designs or principles because different meanings were unknowingly being ascribed to the same terms. Because "integration" can take on considerably different meanings in any discussion of how programs operate together, program planners, administrators and evaluators can prevent potential misunderstandings by carefully articulating precisely what is incorporated into any requirement that programs be "integrated."

Program "integration" is a conclusion, not a statement of fact. The first step in determining the level of integration involves identifying points of program overlap. This is a yes/no question (overlaps either do or do not exist). The second step involves assessing whether the overlap involves a program linkage.¹⁰ A policymaker can measure the number and extent of program linkages and, based upon those measurements, conclude whether programs are "integrated" or not. The greater the number of linkages, the greater the extent of program integration.

"Integration" involves a continuum of linkages. At one end of the continuum is a complete lack of any program linkage in any facet of the program (i.e., no program integration). At the other end of the continuum, the programs have complete linkage in every aspect (i.e., complete program integration). All types of permutations and shades of grey can exist in the middle. For example, program coordination falls on this continuum of linkages. So, too, does the continuum encompass the circumstance where two or more programs are jointly delivered by the same community-based organization, even if the programs have no other formal or informal relationship. The continuum ranges from complete integration to non-integration. Partial integration falls in the middle.



The three points identified on the continuum above do not represent the entire range of potential integration. The middle point (partial integration) can have multiple levels depending on the actual number of points of program linkage.

¹⁰ Not all overlaps represent a linkage. Overlaps can simply be duplication.

Proposition #1

Rather than attempting to generically define the phrase "program integration," it is best to identify the specific points of program linkage. Based on a review of those specific overlaps, a continuum of integration can range from non-integration (no points of linkage occur) to a complete integration (no points exist where linkage is absent).

Observation #1: To determine program integration, it is necessary to identify those points where program linkages can occur with the existing energy assistance program. Program linkages can occur in any of the following program areas:

- Funding:** Funding examines the direct dollars of benefit applied to customer accounts. A LIHEAP cash or crisis benefit is a direct dollar of benefit. A dollar of rate discount is a direct dollar of benefit.
- Oversight:** "Oversight" has four different components: (1) oversight of day-to-day program operation; (2) periodic program monitoring on such things as participation levels, expenditures, and turn-over; (3) program impact and process evaluation; and (4) fiscal auditing.
- Administration:** Program administration involves program design and implementation.
- Outreach:** Program outreach involves the provision of program information to potential participants and the solicitation of program participation.
- Delivery:** Program delivery involves the actual interface between the low-income customer and the program. Program delivery can involve program intake, energy efficiency audits, conservation education, budget counseling, and the like.

Linkages can occur in one or more of the above program areas. Linkages in one area do not necessarily imply that there are linkages in other program areas (let alone in all areas).

Observation #2: There is a need to recognize that program integration is not a yes/no proposition. Along a continuum, there will be shades of grey. Programs can range from non-integration (meaning that no points of linkage exist) to complete integration (meaning that every part of the existing LIHEAP program is linked to every part of the new energy assistance program), as seen in the examples below:

- Funding:** Various degrees of linkage exist between existing LIHEAP program funding and funding established by new low-income energy assistance programs.

The Illinois, New Hampshire and Pennsylvania models illustrative a range of potential linkages.

- o The Illinois model involves multiple linkages. This model involves the state LIHEAP/WAP office receiving low-income fuel assistance funding generated by the electric restructuring statute and distributing those new funds through the existing LIHEAP and weatherization networks. The new energy assistance dollars are used as a supplemental source of funding for existing programs. They allow the existing programs to reach more participants and to provide greater assistance to existing participants.
 - o The New Hampshire model involves almost no linkage between the existing LIHEAP funding and the new energy assistance funds provided through the state's electric restructuring statute. In this model, the amount of benefit a customer receives from the state's Electric Assistance Program is completely independent of the amount of benefit a customer receives from LIHEAP.
 - o The Pennsylvania model involves a middle ground. In this model, the Pennsylvania Public Utility Commission encourages utilities to complete LIHEAP applications for LIHEAP-eligible customers enrolling in the state's Customer Assistance Programs (CAPs). The LIHEAP benefits are used to offset the difference between the standard residential bill and the discounted low-income bill. The amount of bill discount not offset by the LIHEAP benefit is charged to ratepayers as a cost of the CAP program.
- **Oversight:** Oversight of the new low-income energy assistance programs created by electric and natural gas restructuring statutes can rest with the state LIHEAP office, rest with state regulators, or be shared between various agencies. The New Hampshire and Maryland models are illustrative.
- o New Hampshire has a "split" model for oversight. Under this model, while the state LIHEAP office operates the program, periodic monitoring and evaluation reports are required to be submitted to various state agencies (including the state public utility commission). The state utility commission performs all fiscal auditing.
 - o Maryland is similar though not identical. Under this model, the state utility commission "establishes" the universal service program, while the state LIHEAP office designs and operates it.
- **Administration/Delivery:** Administration of new low-income energy assistance programs can rest with the existing LIHEAP agency or rest with state regulators. In addition, program administration can also experience some types of linkages whether or not those linkages are formalized in any fashion. Pennsylvania, New Hampshire and Maryland are illustrative.

- o Pennsylvania's LIHEAP agency has little involvement with the low-income energy assistance programs created pursuant to that state's electric and natural gas restructuring statutes. LIHEAP operates completely independent of the state's universal service programs. However, the same non-profit agencies that deliver WAP tend to deliver the utility universal service programs as well. This linkage in line personnel creates considerable program coordination, even though no formal program "integration" exists.
- o Similarly, the same networks that are used to deliver LIHEAP in New Hampshire and Maryland will also be used to deliver the new low-income energy assistance benefits funded by the states' respective electric restructuring statutes.

Issue #2: Which network should be used in the design, intake, outreach and delivery of low-income energy assistance programs?

Statement of the Issue: Programs delivering low-income energy assistance can take one of three forms: (1) a stand-alone, utility-based, program that is designed and operated on a utility-by-utility basis; (2) a statewide program that is administered by a state's utility regulatory commission; and (3) a statewide program that is administered by the state LIHEAP agency. The type of program that exists frequently dictates which network is used in the process of intake, outreach and delivery of program benefits.

Proposition #2

In general, LIHEAP offices have experience administering programs such as energy assistance programs. In contrast, Public Service Commissions have experience with regulation, not program administration. For many states, the office that administers LIHEAP will be the appropriate organization to administer energy assistance programs created by restructuring legislation. However, the model which is appropriate for any individual state will depend on the goals of the program and the capacity of various social service organizations in that state.

Observation #1: In establishing a low-income energy assistance program through electric and/or natural gas restructuring legislation, there is a need to determine the extent to which, if at all, the new program should link with the existing LIHEAP program. Different states can illustrate the different degrees of linkage which might exist:

- The Ohio model, under which LIHEAP/weatherization administration (both state and local) is mandated, deserves consideration by other states. Joint administration of LIHEAP and the energy assistance program provides an ability to plan how to best serve the population as a whole. In addition, LIHEAP administration provides a greater potential for involvement and "buy-in" from related social service agencies, such as those delivering Weatherization assistance (WAP), Temporary Aid to Needy Families (TANF) (formerly AFDC) and housing programs through the U.S. Department of Housing and Urban Development (HUD). LIHEAP agencies generally can bring to the table a broader range of experience with utilities, the demographics of the poor, energy characteristics of poor, and how to define "need" (than do utility companies or state utility regulators). Finally, since most utilities do not have information on the incomes of their customers, LIHEAP offices have been found to have an ability to reach more low-income households than utilities.^{viiv}

Observation #2: There is a need to determine the programs linkages which *currently* exist and determine whether those current linkages provide opportunities for program integration with a new energy assistance program created by electric and/or natural gas restructuring legislation.

- Ohio and Illinois both have joint delivery of LIHEAP and weatherization in the pre-restructuring world. This joint delivery eases a transition to the joint delivery of energy efficiency and rate affordability assistance provided through the low-income energy assistance generated by the new electric restructuring statutes.

Observation #3: There is a need to determine the impact which a program linkage might have on the delivery of financial assistance to the low-income population. The joint delivery of program benefits can result in an increase in benefits being delivered to low-income households.

- Joint program delivery in Illinois and Ohio has found that households have access to more sources of funds to address specific needs. Specific needs can often be served through specialized programs. Matching those needs with the appropriate specialized program can free up general energy assistance dollars to be spread further. In addition, the duplication of effort (e.g., income verification) is minimized resulting in a more efficient and cost-effective program delivery.

^{viiv} In contrast, some utility-based low-income energy assistance programs have eligibility criteria that extend beyond the eligibility criteria used for LIHEAP. Massachusetts and Pennsylvania both allow consumers whose income would be too high to qualify for LIHEAP to participate in their respective low-income energy assistance programs.

Moreover, the way in which a state LIHEAP program conducts outreach, as well as the agencies through which it delivers benefits, have an important impact on who applies for and receives LIHEAP benefits. One concern with using the LIHEAP office as an integration agent is that, in some states, the LIHEAP office may not currently reach the "whole" population of households who should receive benefits under the new low-income energy assistance programs funded through natural gas and/or electric restructuring programs. In the event of integration, LIHEAP offices will be challenged to ensure that they serve the broadest population and do not leave out important population segments.

Observation #4: There is a need to determine the most effective way to build on the natural synergies that are inherent in LIHEAP, low income energy assistance programs created through electric/natural gas restructuring statutes, and U.S. Department of Energy weatherization assistance. Ideally, to the extent that the administrative capacity exists to do so, all three programs would be administered through one office.

Observation #5: There is a need to determine whether establishing program linkages creates any *risk* to the LIHEAP program that would not exist in the absence of the linkage. Formal integration of energy assistance programs with LIHEAP may pose some new risks.

- The state agency that administers LIHEAP in many states may frequently be viewed as a state welfare agency, thus contributing to the view that a public benefits charge is simply a "tax" to support "welfare" rather than a specific energy program funded by the energy industry. The LIHEAP office in other states may be in the "community development" or "housing" state agency. In some states, LIHEAP staff is responsible for several other programs, and may already be spread too thin. In some states, LIHEAP is not a priority because of its small program size relative to other larger human services programs.
- In addition, creating statewide funding for a statewide program may pose more of a threat to federal dollars, as LIHEAP opponents in Congress argue that "the state is taking care of the problem." A statewide program may be more susceptible to powerful external forces (such as the utility industry) that can work in multiple forums (legislature, PUC) to achieve their goals. Programs that are funded with ratepayer and LIHEAP funds may draw more negative industry attention than simply programs operating with federal dollars.

Observation #6: There is a need to consider whether there are *some* aspects of program operation that might benefit from linkage even in the absence of complete integration.

- Pennsylvania's stand-alone programs, for example, were initiated over 15 years ago on a utility-by-utility basis through commission mandate (for low-income energy efficiency) and commission policy (for low-income rate assistance). The commission sets broad guidelines and requirements for the low-income programs and each utility designs and administers its programs within those guidelines. There is little coordination between utility rate programs and the LIHEAP program. Nonetheless, some utilities link with state agencies in order to get automatic income verification for utility program enrollment.

Observation #7: There is a need to determine what program conflicts are possible in the absence of program linkages.

- A failure to integrate program administration may lead to program conflicts having no mechanism for resolution. One example is a conflict between LIHEAP "crisis" funding and the "arrearage forgiveness" provisions of universal service programs. An

impasse could develop if the LIHEAP office refuses to pay for arrears subject to arrearage forgiveness and an energy assistance program refuses to provide arrearage forgiveness in the absence of some financial contribution from the LIHEAP crisis program. In the absence of program linkages (i.e., "integration" of program administration), there may be no mechanism to resolve the conflict.

- Program conflicts, however, do not exist simply between utility-based programs and LIHEAP. In a number of states, the LIHEAP and Weatherization programs are under the jurisdiction of separate state agencies. In these circumstances, providing rate affordability assistance and energy efficiency assistance is not within the jurisdiction of a single agency.

Observation #8: There is a need to assess *all* programs that might link with new low-income energy assistance programs created by an electric and/or natural gas restructuring statute. For example, program integration issues present themselves between energy efficiency,^{\12\} rate affordability,^{\13\} and LIHEAP. Differences include:

- Energy efficiency, rate discounts and cash fuel assistance do not seek identical outcomes. Rate discounts and cash fuel assistance provided through LIHEAP address the immediate affordability needs of a consumer. In contrast, energy efficiency measures address long-term energy affordability.
- Energy efficiency investments deliver bill reductions that occur each year even without additional investment. In contrast, rate discounts and cash assistance must be provided anew each year.
- It is easier to ramp up a rate affordability program in response to increased funding than it is to ramp up weatherization programs. Weatherization requires an infrastructure that is more extensive than that required by rate assistance or cash fuel assistance.
- Energy efficiency investments cannot assure a consumer of affordable energy bills. Even the most efficient energy consumption can yield unaffordable bills for consumers whose income is very low. In contrast, rate discounts and cash fuel assistance can be targeted to assuring affordability for even the lowest income consumers.

^{\12\} Energy efficiency consists of efforts to reduce a consumer's home heating energy consumption as well as a consumer's non-heating consumption.

^{\13\} Rate affordability assistance might involve rate discounts, arrearage forgiveness programs, rate designs, and the like.

Issue #3: Do all customers get the same benefits through one program or can/should programs mix and match benefits?

Statement of the Issue: No one-size-fits-all program exists for low-income households because there is no one-sized low-income household. The needs of low-income households are diverse. Integrated programs can be designed so that the package of services as a whole reaches beyond the restrictions of each individual program standing alone. Indeed, one broad approach to program design deems that the rules of one low-income program will not prohibit participants of another low-income program from obtaining benefits unless specifically disallowed by program statute.

Despite the potential benefits of program integration, multiple barriers impede reaching this ideal. One major barrier is the risk of diverting public dollars away from public goals in order to meet private sector goals. In addition, intensive tailored services are often more expensive to deliver, thus posing hard decisions as to who gets what.

Proposition #3

A mix/match approach of program benefits is ideal, with some optimum mix of standardization for households that do not appear to need intensive services, while other households, particularly those with high burdens and high consumption, should have services tailored to their needs.

Observation #1: There is a need for program administrators to determine whether they seek efficiency in outcomes or efficiency in delivery. Standardized programs strive for efficiency in delivery while customized programs strive for efficiency in outcomes. Efficiency in delivery refers to the ease of providing the same benefit to each program participant. Efficiency in result refers to the ability to tailor particular benefits to particular needs such that households receive neither "too little" nor "too much." Standardized and customized programs exist on a continuum. On one end of the continuum is a program that provides identical benefits to every program participant. On the other end of the continuum is a program that provides benefits that are individually tailored to each program participant. The extent to which a state customizes program benefits to different circumstances may well depend on the administrative cost of providing that customization.

Observation #2: There is a need to identify and evaluate those circumstances and factors that may impede a customized program delivery. A variety of barriers exist to mixing programs to customize the delivery of program benefits. Mixing programs can raise issues about eligibility. Problems are compounded by conflicting rules and priorities of funding sources. Other problems include the lack

of a uniform definition of income, a lack of consistency in how to account for other subsidies and deductible expenses, and a lack of consistency over what is an affordable percentage of income for a low-income household to pay for energy. The seemingly simple question "when is a person disabled" receives different answers from different programs (or from the same program in different states). Additional barriers include the inability to collect necessary data (e.g., home energy data), the need to distinguish between primary and secondary fuels, and the need to distinguish households which pay for heating in rent. As a general rule, the more difficult the barrier, the higher the administrative cost to overcome the barrier.

Proposition #4

Program benefits should be designed so that the package of services as a whole reaches beyond the restrictions of each individual program standing alone. A weatherization program that will "walk away" from a home that is in too great of a state of disrepair, for example, might operate well in conjunction with a housing rehabilitation program.

Observation #1: There is a need to assess the constraints imposed by various funding sources. For example, potential restrictions frequently are presented on mixing or matching federal and private dollars. In particular, federal administrative funds cannot be used to administer private programs, so other resources must be available.

Observation #2: One program need not treat the *entire* problem addressed by another program in order to be effectively integrated. For example, weatherization programs often must "walk away" from a dilapidated house as being in too poor of a condition to weatherize. That weatherization program could operate in cooperation with a housing rehabilitation program to resolve the problem. However, the weatherization program could, in the alternative, also work in cooperation with an electric energy efficiency program. An electric program could still replace an energy inefficient refrigerator in a home that is too dilapidated to be weatherized.

Issue #4: How can programs be integrated when/if they have different priorities?

Statement of the Issue: Integrating different programs raises the issue of how to reconcile different program goals and priorities. The prototypical difference involves the difference between the goal of a utility program to reduce utility payment problems and the goal of a social service program to address energy unaffordability (whether or not manifested by utility payment troubles).

Three types of conflicts have frequently arisen in considerations of the integration of public benefit energy assistance programs. One of the primary conflicts involves the goal of utility cost-containment (e.g., reduced utility collection efforts) contrasted to the goal of providing financial assistance. Not all conflict, however, involves simply the "public vs. private" goals. In the low-income arena, there is frequently a conflict between providing cash energy assistance (thus promoting the goal of bill affordability) as contrasted to the provision of energy efficiency assistance (thus promoting the goal of energy savings, which may incorporate environmental goals in addition to or instead of affordability). In addition, even when program goals focus on "energy unaffordability," one program could seek to address unaffordability manifested by nonpayment while another addresses unaffordability manifested in other ways (e.g., the payment of utility bills rather than the purchase of medicine or food).

Programs can be integrated when and to the extent that they are compatible. Complete integration is not necessary if they are not completely compatible. In those circumstances, programs can operate with *some* level of linkage to achieve mutually sought-after objectives.

Proposition #5

Programs should maintain a focus on program outcomes rather than on program outputs or activities. Activities measure the things that programs "do" (dollars delivered, households served). Outputs measure the things that programs produce (reductions in home energy burden, reductions in energy consumption). Outcomes measure program results (e.g., reduced service disconnections, reduced heat-or-eat decisions).

Observation #1: A clear articulation of desired program outcomes is an important aspect of program integration. Programs are less likely to have substantial differences in desired outcomes than they are in desired program outputs.

Observation #2: There is a need to identify program outcomes as an initial step in program evaluation. Articulating a program's desired (or expected) outcomes is important to assessing whether the program is reaching the population it is intended to reach. Targeting "payment troubled" customers and "elderly" households can, for example, be at odds given the good payment practices of older persons.

Proposition #6

Programs should document the results that they have generated and the expanded capability to serve that has been generated by program integration. This documentation includes specifically identifying, monitoring and recording the expanded capability and results.



Observation #1: There is a need to assess program operation in light of program outcomes. Articulating a program's desired (or expected) outcomes is important to assessing program performance. If the desired outcomes of integrated programs are at variance, specific attention must be directed to resolution of the conflict.

Proposition #7

Programs should identify common goals and integrate to the extent possible to achieve those common goals. Where one program has a priority or mandate that is inconsistent with the other program(s), a special mechanism may be needed to meet that need.

Observation #1: There is a need to assess the compatibility of programs for which integration is a possibility. Various programs present the issue of reconciling potentially conflicting program goals. Some programs (such as LIHEAP) are directed to heating (and cooling) affordability problems, while others include baseload electric consumption within their program's purview. Some programs are directed toward preventing shutoffs (or other loss of service due to nonpayment), which may conflict with programs that address unaffordability whether or not connected with loss of service. Some programs are directed generally toward "low-income" customers, while others are directed specifically toward a population with a demonstrated inability-to-pay.

CONCLUSION

The information and perspectives summarized in this paper are intended to provide a starting point for dialogue on the issue of integrating the existing LIHEAP program with new low-income energy assistance programs created by electric and/or natural gas restructuring statutes. The symposium summarized in this paper merely scratches the surface of the issues involved with integration. As noted above, the end point of further discussions will be a workbook that will guide state decisionmakers in designing an integrated energy assistance system for low income households.

The LIHEAP Advisory Committee on Managing for Results welcomes reactions to this paper. Interested parties are encouraged to provide input to the Advisory Committee on the issues discussed in this paper or on other issues relating to program integration. Interested persons can provide input by contacting any one or more of the Advisory Panel's technical consultants listed in Appendix 3.

APPENDIX 1
SYMPOSIUM PARTICIPANTS

State LIHEAP Officials:

John Burnquist, Iowa Department of Human Rights
Wayne Curtis, Illinois Department of Commerce
Al Hobby, Maryland Energy Assistance Program
Vicky Mroczek, Ohio Office of Community Services
Steve Tryon, Wisconsin Division of Housing
May Wait, California Department of Community Services and Development

Public Utility Commission Staff (by teleconference):

Mike Corso, New York Public Service Commission
Wayne Williams, Pennsylvania Public Utility Commission

Other Participants:

David Carroll, Roper-Starch Worldwide
Roger Colton (Symposium Facilitator), Fisher, Sheehan & Colton
Joel Eisenberg, Oak Ridge National Laboratory
Leon Litow, U.S. Dept. of Health & Human Svcs, Div'n of Energy Assistance
Pat Markey, Markey and Associates
Mark Wolfe (Committee Administrator), NEADA

The organizational affiliations presented above are for identification purposes only. One key ground rule established for the symposium stated that each participant spoke for his or her self, rather than for his or her employer. As such, comments are not attributed to symposium participants.

Topic area: Which network to use							
Integration Issue #1: Should system benefits charge be stand-alone (utility-based) or statewide (PUC-only), or statewide (coordinated with LIHEAP)?							
How does the issue manifest itself:	<table border="0"> <tr> <td>1. Program funding.</td> <td>4. Program oversight</td> </tr> <tr> <td>2. Program administration</td> <td>5. Program outreach</td> </tr> <tr> <td>3. Program delivery</td> <td>6. Program design</td> </tr> </table>	1. Program funding.	4. Program oversight	2. Program administration	5. Program outreach	3. Program delivery	6. Program design
1. Program funding.	4. Program oversight						
2. Program administration	5. Program outreach						
3. Program delivery	6. Program design						
Extent of integration:	Integration can occur through joint delivery of program (e.g., through Pennsylvania's Dollar Energy Fund) even if there is no "formal" integration. Other informal "linkages" may be possible even without "formal" integration.						
Factors affecting extent of integration:							
Forum for decision making:	Beware multiple issue-specific work groups, which frequently (if not always) overtax ability of low-income agencies (and advocates) to adequately staff.						
Potential impact on LIHEAP if issue decided "right" or "wrong":							
Risks of integration:	<p>Funding: If there is statewide funding, with a statewide program, that may be more of a threat to federal dollars, as LIHEAP opponents in Congress say "the state is taking care of the problem."</p> <p>Administration: Setting up a statewide program may require a uniform statewide software package that may not now exist.</p> <p>Delivery:</p> <ol style="list-style-type: none"> 1. Setting up a statewide program raises the issue of whether all current local program delivery agencies should/must be involved, or whether there is a potential for (need for) regionalization. 2. Running a statewide program through the existing statewide network may risk setting up some agencies to fail, if those agencies do not have the capacity to deliver the bigger program. 3. Running a statewide program needs to be sensitive to the problems inherent in having programs expand and contract, since local agencies do not have the ability to easily expand and contract capacity. <p>Oversight: A statewide program may be more susceptible to powerful external forces (such as utility industry) that can work in multiple forums (legislature, PUC) to achieve their goals.</p> <p>Outreach:</p> <ol style="list-style-type: none"> 1. Melding LIHEAP with a statewide low-income energy assistance program created through electric/natural gas restructuring legislation may damage other LIHEAP goals. For example, LIHEAP's focus on targeting disabled, elderly and households with young children may not be shared by the new energy assistance program. 2. Outreach and intake for a new low-income energy assistance program is likely to be year-round, while outreach/intake for LIHEAP is seasonal. <p>Design: Statewide design may be susceptible to objection that it needlessly interjects a third party into delivering benefits, with money collected by the utility, sent to the state, and then redistributed back to utility customers.</p>						
Model to emulate from elsewhere:	Inquire into the benefits from having Dollar Energy Fund (Pennsylvania) deliver multiple programs, including gas and electric, crisis fuel fund and rate affordability. Role of DEF in weatherization? LIHEAP?						
Other comments:							

Topic area: Targeting benefits	
Integration Issue #2: Do all customers get the same benefits through one program or can/should programs mix and match benefits?	
How does the issue manifest itself:	<ol style="list-style-type: none"> 1. Defining customers by differing attributes (e.g., payment-troubled vs. low-income). 2. Outreach for particular customers. 3. Mix of services (e.g., PIP + Wx + budget counselling) from different programs.
Extent of integration:	Programs may come together or diverge with respect to: eligibility criteria; outreach efforts; targeting priorities.
Factors affecting extent of integration:	<ol style="list-style-type: none"> 1. Standardization vs. customization: standardization leads to efficiency in delivery (low-cost). For example, efficiency in consumer education. Customization leads to efficiency in application (prevents over/under application of benefits: provide the needed benefits, but only the needed benefits, leaving rest of the resources to be applied to other needs). 2. The "source of funds" makes a difference. For example, federal restrictions may affirmatively prohibit certain expenditures. 3. Lack of consistency in program definitions. Not only may benefits be defined differently, but what is an "administrative" expenditure for one program may be considered a "program" expenditure for a different program. Important for administrative expenditure cap purposes. 4. Inherent tension between reduced funds and need to target: reduced resources makes you want to target, but provides fewer administrative dollars allowing you to customize. 5. Targeting requires both the administrative will and administrative ability to provide "more" to some and "less" to others. 6. Is "triage" appropriate for some programs. "Triage" means one of two things in this regard: either (1) that someone is beyond the ability of a program to be helped, or, (2) that the expense of helping one household is so great that it would preclude helping ten other households.
Potential impact on LIHEAP if issue decided "right" or "wrong":	If "right" decision made, integration allows broad agreement to be reached on the outcomes desired for the customer, with different programs, services, funds, even eligibility criteria, to be brought into play to reach those outcomes. Allows the package of services as a whole to reach beyond the restrictions of each individual program standing alone. A program "output" relates to the services provided by the program, while the outcome is the change in customer circumstances desired to be achieved by the delivery of services.
Risks of integration:	<ol style="list-style-type: none"> 1. Mixing federal and private sector funding may result in diverting public dollars away from public goals to meet private sector goals. 2. Potential restrictions on mixing/matching federal and private dollars. 3. Creating "one-stop shopping" without providing administrative dollars for multiple program administration.
Model to emulate from elsewhere:	

Topic area: Setting eligibility	
Integration Issue #3: Should eligibility for low-income assistance programs created by restructuring legislation be set at LIHEAP eligibility levels (percent of Poverty) or should other non-income eligibility criteria be used also?	
How does the issue manifest itself:	<ol style="list-style-type: none"> 1. Income vs. program eligibility criteria (e.g., arrears level or some manifestation of "payment troubles"). 2. Increased poverty levels to make sure that program "picks up" seniors and working poor. 3. Definition of "income" (e.g., how are 8 utility allowances accounted for in eligibility determinations). 4. Use of expenses in calculating "ability to pay" (e.g., medical expenses; work place expenses such as transportation and taxes for working poor). 5. Use of an "assets test" in addition to an income test. 6. How to capture the full impacts that household size has on both income and energy consumption/bills.
Extent of integration:	<ol style="list-style-type: none"> 1. "Automatic eligibility" (participating in one program automatically places household into other program also). 2. Use of same eligibility criteria, but not automatic eligibility (showing participation in one program allows participation in other program, but household must still apply). 3. One-stop shopping, but allowing for different eligibility criteria (enroll for both programs at same place, but programs may have different eligibility).
Factors affecting extent of integration:	<ol style="list-style-type: none"> 1. Inherent tension: need to spend available dollars in a timely fashion on one hand, but a recognition on the other hand that increasing participation levels will yield decreasing benefits on a per participant basis. 2. How to consider energy bills to account for the observation that program is not simply a poverty problem remedied by income transfers, but one driven by the energy-related health and safety issues remedied by energy benefits. 3. Distinguish between determining eligibility and targeting outreach and intake priorities.
Potential impact on LIHEAP if issue decided "right" or "wrong":	
Risks of integration:	
Model to emulate from elsewhere:	

Topic area: Program priorities	
Integration Issue #4: How can programs be integrated when/if they have different priorities?	
How does the issue manifest itself:	<ol style="list-style-type: none"> 1. Predominantly economic goals vs. predominantly social goals. 2. Electric baseload vs. heating 3. Primary heating vs. secondary heating. 4. Bulk fuels vs. regulated utilities. 5. Master-metered vs. individually metered. 6. Weatherization/energy efficiency vs. fuel assistance 7. Long-term vs. immediate 8. Electric vs. other-than-electric. 9. "Can't pay" vs. "won't pay" vs. "makes no difference." 10. Rate discounts vs. payment through LIHEAP supplement.
Extent of integration:	
Factors affecting extent of integration:	<ol style="list-style-type: none"> 1. Cost-containment (e.g., utility collections) vs. financial assistance. 2. Bill affordability vs. energy savings (which may environmental goal in it in addition to or instead of affordability). 3. Affordability manifested by nonpayment vs. affordability manifested in other ways.
Forum for decision making:	
Stakeholders to identify/work with:	Resolution of this issue should not turn on whose resources used for intervention (e.g., LIHEAP vs. WAP vs. state NASUCA office).
Role of LIHEAP agency:	
Point to insert oneself in process:	
Potential impact on LIHEAP if issue decided "right" or "wrong":	<ol style="list-style-type: none"> 1. Different "masters" of program design and delivery decisions. 2. Affects program evaluation and assessment of whether the program meet the needs it was intended to meet. 3. Affects program evaluation and assessment of whether the program served the people it was intended to serve. 4. This issue pervades virtually every aspect of the integration of LIHEAP with energy assistance programs created by electric/natural gas restructuring statutes.
What does LIHEAP bring to the table:	
Risks of integration:	
Model to emulate from elsewhere:	
Model to avoid:	Pose as "good guy" vs. "bad guy" (profit vs. social) rather than as simply different priorities by different interest groups.

APPENDIX 3
TECHNICAL CONSULTANTS
LIHEAP ADVISORY PANEL ON MANAGING FOR RESULTS

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