

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: August 31, 2012

TO: Supervisor Marina Dimitrijevic, Chairwoman, Milwaukee County Board of Supervisors

FROM: Héctor Colón, Director, Department of Health and Human Services
Prepared by Clare O'Brien, Fiscal & Management Analyst

SUBJECT: **Report from the Director, Department of Health and Human Services, Requesting Authorization to Enter into a 2013 Contract with the State of Wisconsin for the Operation of the Wisconsin Home Energy Assistance Program (WHEAP)**

Issue

Section 16.27 of the Wisconsin Statutes governs the operation of the Wisconsin Home Energy Assistance Program (WHEAP) in the State of Wisconsin and prescribes a role for counties in delivering such assistance. Section 46.215 of the statutes specifically addresses Milwaukee County's role in providing energy assistance to eligible residents. Per those sections of the Wisconsin statutes, the Director of the Department of Health and Human Services (DHHS) is requesting authorization to execute a State-County contract for federal fiscal year 2013 (October 1, 2012 through September 30, 2013) for the operation and funding of low-income energy assistance.

Background

The Wisconsin Department of Administration (DOA) administers WHEAP. WHEAP serves as the umbrella program for the federally-funded Low Income Home Energy Assistance Program or LIHEAP; and the Public Benefits Program funded from fees collected through the electric utilities. LIHEAP focuses mostly on heating assistance while Public Benefits provides assistance for non-heating electric usage.

General eligibility for WHEAP includes households at or less than 60% of state median income (\$46,697 annually for a family of four for the 2012-2013 WHEAP season).

- Regular energy assistance benefits provide a utility supplemental payment for current season heating (LIHEAP) and/or non-heating electric public benefits expenses. Households may receive only one regular heat and/or one regular electric (non-heating) benefit during each heating season (October 1 – May 15). This assistance is paid out of a centrally controlled account by the state and is not maintained by Milwaukee County.

- Crisis assistance provides services to households experiencing actual energy emergencies or those at risk of an emergency. An emergency services component of this area provides benefits and services to households that are experiencing actual or imminent loss of home heating/electricity or are in need of cooling assistance upon the declaration of a heat emergency. Emergency services also include furnace repair and replacement.
- Weatherization services include insulating attics, walls and floors, insulating or replacing water heaters and installing energy efficient lighting among other services. Basic eligibility requirements for weatherization are the same as for energy assistance (WHEAP).
- Outreach services include informing potentially eligible individuals about energy assistance, encouraging them to apply and assisting them with the application process.
- General operations provide funds to the local agencies and their subcontractors to administer the WHEAP program.

As of August 14, 2012, the state made approximately \$30.4 million in payments year-to-date on behalf of 54,844 households under Energy Assistance for FFY2012, and over \$2.6 million year-to-date under Crisis Energy Assistance for 8,098 customers in Milwaukee County. These state payments were made either directly to utility companies or to the customers themselves if energy costs are included in their rent. In addition, \$593,877 was allocated to repair or replace 244 heating units in Milwaukee County.

The State contract being recommended for approval supports the County WHEAP staff and operating costs as well as outside contractual services. The total revenue included in the proposed WHEAP contract is \$2,450,986, a decrease of \$308,231 from the FFY2012 amended contract of \$2,759,217. Typically, the State issues amendments to increase the contract during the federal fiscal year. For FFY2012, a total of \$365,000 in amendments was issued to operate the program and in turn, the agency contracts were amended to reflect the additional funding.

DHHS is submitting another report to the County Board this committee cycle with recommended purchase of service contracts with community vendors in amounts that reflect the reduced Energy revenue.

The State contract also designates funding for LIHEAP Crisis Benefits and Public Benefits (PB) Crisis Benefits. These funds provide direct payments to utility companies or customers and do not get recognized in the county's financial system. For FFY13, the State has allocated \$867,169 in LIHEAP Crisis Benefits and \$515,368 in PB Crisis Benefits to Milwaukee County.

Finally, new for FFY13, the contract will automatically be renewed every October 1 for a total period of three years unless either the State or County provides a notice to cancel at least 60 days before the end of the renewal term. The State made this change in order to streamline the contract process.

Recommendation

It is recommended that the County Board of Supervisors authorize the Director of the Department of Health and Human Services, or his designee, to execute a FFY2013 contract for the period of 10/01/12 to 9/30/13 with the Wisconsin Department of Administration (DOA) covering the operation of WHEAP in the amount of \$2,450,986 in the first year, and any addenda to that contract that may be issued during the year. This contract will include automatic extensions every October 1 for a total period of three years unless either party gives notification of cancellation at least 60 days before the end of the renewal term.

Fiscal Impact

Entering into the WHEAP state contract will have no tax levy impact, since any reduction in revenue is offset with a commensurate reduction in purchase of service contracts with community vendors. A fiscal note form is attached.



Héctor Colón, Director

Department of Health and Human Services

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