

## **Digest of the Home Energy Assistance Program (HEAT) Report #91-04)**

In response to a request made by Senator Wilford Black and Representatives Craig Moody and Beverly White, we conducted a review of the federally funded Home Energy Assistance (HEAT) program administered by the Department of Human Services (DHS). First, we found that a proposed reduction in program service to 8,000 households during fiscal year 1991 did not take place. Second, we found that although landlords used to receive a small amount of HEAT benefits through crisis or emergency repairs to low-income tenants' rental units, a new policy prevents the use of HEAT crisis funds for capital improvements to rental properties. Third, we reviewed program administration and found that administrative expenses are comparable to those of other states, but better tracking and reporting of expenses should occur. While reviewing program administration, we found that HEAT staff should be notified of other programs' quality control review results if recipients also receive HEAT assistance; also, some benefits pay for non-heat bills such as water, sewer, and garbage when municipal utilities bill for multiple services in combined billings.

In addition, a number of HEAT policy issues need to be reviewed. At present, HEAT program policy focuses on providing direct cash assistance to as many households as possible. First, DHS should investigate the possibility of changing the current benefit distribution formula or matrix, giving consideration to actual energy cost methods or the so-called outlier buy-down method in determining benefit awards. Second, as set up, the HEAT program disperses cash benefits in a combination of regular HEAT assistance and crisis assistance. The department should consider the question of combining cash benefits with weatherization funding to gain reductions in energy use and capital improvements for HEAT recipients. Third, a policy decision made at the program level lets clients split their awards between utilities, resulting in 25 to 100 percent of a HEAT award going to a non-heat source utility. A policy option would disallow split awards, sending the entire award to the primary heat source utility. Once policies have been reviewed, DHS should report to the Legislature as required in 1989 legislative intent language.