

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. Bill Number: HB855

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Hernandez

3. Committee: General Laws

4. Title: State Department of Social Services; Home Energy Assistance Program.

5. Summary: Requires the State Department of Social Services to allow applications for the Home Energy Assistance Program to be submitted during all months of the year.

6. Budget Amendment Necessary: Yes.

7. Fiscal Impact Estimates:

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2024	-	-	-
2025	\$1,696,781	1	General fund
2026	\$660,599	1	General fund
2027	\$660,599	1	General fund
2028	\$660,599	1	General fund
2029	\$660,599	1	General fund
2030	\$660,599	1	General fund

*There is a local match for this legislation of \$105,499 in FY 2025 and \$99,809 in FY 2026 and each year thereafter.

8. Fiscal Implications: The Low-Income Heating and Energy Assistance Program (LIHEAP) provides assistance to low-income households meet their immediate home energy needs. In Virginia, the program is called the Energy Assistance Program (EAP) and consists of four components: (1) Fuel Assistance, (2) Crisis Assistance, (3) Cooling Assistance and (4) Weatherization. The EAP is state supervised and locally administered.

The current EAP regulation, 22VAC40-680, provides the framework for a statewide EAP. This regulation includes the application periods, eligibility criteria, benefits, and administrative costs for three of the four components. Currently, the application periods are as follows: (1) Fuel - the application period shall begin not earlier than September 1 and shall end not later than March 31 each year; (2) Crisis - the application period shall begin not earlier than September 1 and shall end not later than March 31 each year unless funds are depleted earlier; and (3) Cooling - the application period shall begin on June 15 and end no

later than August 15 unless funds are depleted earlier. (4) Weatherization is provided by the Department of Housing and Community Development and already accepts applications and provides weatherization year-round.

Benefits:

This legislation requires the Department of Social Services (DSS) to allow applications for the Home Energy Assistance Program to be submitted during all months of the year. Currently, there are 215,465 participants in LIHEAP. By lengthening the application period, more households may be able to apply for assistance. DSS estimates an additional 6,464 (215,465 x 3 percent) households will participate in LIHEAP as a result of the expanded application window. Currently, the average benefits per case is \$505.13. The program is federally funded by the federal LIHEAP grant, which has a fixed state allocation. If this legislation is passed, DSS will need to reduce the average benefit amount to recipients to operate within current annual federal appropriation or manage a waitlist for those applying after all grant funds have been depleted for the grant year. For purposes of this fiscal impact statement, it is assumed that a waitlist is not the desirable outcome, and benefits amounts will be adjusted to provide funding to all eligible applicants.

Local Effort:

Additional local staff will be required to handle the increased workload. For all new participants, local employment staff will perform intake, case management, internal monitoring, respond to customer inquiries, provide outreach and work directly with EAP vendors regarding billing for services provided to customers. With the addition of 6,464 new cases, the total number of hours required for these additional participants is estimated at 12,928 annually. An additional 6.22 (12,928 total hours/2080 hours) local workers and 0.89 (6.22/7) local managers are needed across all local departments. The estimated cost for these positions, including salaries, benefits, and on-boarding costs, is \$680,636 in fiscal year (FY) 2025 and \$643,927 in FY 2026 and each year thereafter.

Because there are no additional LIHEAP administrative funds available, local costs are split 84.5 percent general fund and 15.5 percent local match. Therefore, FY 2025 costs are \$575,137 general fund dollars and \$105,499 local match. The costs beginning in FY 2026 are \$544,118 general fund dollars and \$99,809 local match.

Home Office Staff:

Additionally, DSS believes it will need one program consultant in the central office to (i) monitor increased cases; (ii) provide guidance to new local workers and (iii) respond to increased calls from LIHEAP applicants or recipients with questions and/or complaints. The annual estimated cost for salary, benefits and nonpersonal services, including a one-time on-boarding charge, is \$121,644 general fund in FY 2025 and \$116,481 general fund in FY 2026 and thereafter. There are no available LIHEAP administrative funds for this purpose.

Information Technology:

There is a one-time cost of \$1.0 million general fund to update the eligibility system to allow for EAP applications to be accepted and approved outside of the currently established

application period. This estimate is based on recent system changes of this estimated size and difficulty. There are no available LIHEAP administrative funds for this purpose.

The total cost of this legislation is \$1,802,280 (\$1,696,781 general fund and \$105,499 local match) in FY 2025 and \$760,408 (\$660,599 general fund and \$99,809 local match) starting in FY 2026.

9. Specific Agency or Political Subdivisions Affected: Department of Social Services, local departments of social services, Department of Housing and Community Development

10. Technical Amendment Necessary: No.

11. Other Comments: None.