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**Department of Administration's  
Energy Services**



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# Department of Administration's Energy Services

Under current law, low-income energy assistance programs are operated by the Department of Administration (DOA) through its Division of Energy, Housing, and Community Resources. This paper describes funding and operations for low-income energy assistance programs administered by the Division, supported from federal funds and the state segregated utility public benefits fund.

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## Wisconsin Home Energy Assistance Program

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The Wisconsin Home Energy Assistance Program (WHEAP) helps low-income households pay for energy and heating bills and identify and prevent energy crises.

**Eligibility.** To be eligible for assistance, a household must consist of an individual or group living together as a single economic unit whose household income does not exceed 60% of the statewide median income. In 2021-22, the guideline is equivalent to \$59,813 annually for a household of four.

In addition, a household must meet the income requirements during the month prior to submitting the application. If a designated local agency determines that a household's prior month income exceeds the WHEAP eligibility limit and the household's financial circumstances have recently changed, the agency may use the present month income to establish eligibility. Table 1 provides income eligibility for 2021-22.

Further, households are categorically eligible for WHEAP if all members of the household are recipients of Wisconsin Works (W-2) assistance, FoodShare benefits, or supplemental security income (SSI) in the month prior to the date of

**Table 1: Income Guidelines – 60% of Statewide Median Household Income (2021-22)**

Family Size	One Month	Three Months	Annual Income
1	\$2,592	\$7,776	\$31,103
2	3,389	10,168	40,673
3	4,187	12,561	50,243
4	4,984	14,953	59,813
5	5,782	17,346	69,383
6	6,579	19,738	78,953
7	6,729	20,187	80,748
8	6,879	20,636	82,542

application. Households may apply for assistance through a designated local agency, which must approve or deny the application within 45 days. Using 2021 census data and 60% of statewide median household income, it is estimated that 592,900 state households are eligible for low-income assistance, an increase of approximately 42% from 2019 figures.

Households that are not eligible for assistance include: (a) those eligible to receive low-income energy assistance from a municipal electric utility or retail electric cooperative that operates its own program; (b) those who live in government-subsidized housing or receive rental assistance, if the cost of energy is included in the rent or otherwise not paid by the applicant in full; or (c) those who reside in a correctional facility, hospital, or other governmental care facility.

**Energy Assistance.** The energy assistance component of WHEAP provides eligible low-income households with a cash benefit to assist with heating and electricity costs. Heating assistance is funded under the federal Low-Income Home Energy Assistance Program (LIHEAP), while non-heating electric assistance is funded by the state utility public benefits fund, as described in the subsequent section on funding.

Benefits are generally provided once a year for each heating season (October 1 through May 15) and issued as a direct payment to the utility. [It should be noted that, in response to the COVID-19 pandemic, 2019 Act 185 extended the application period for energy assistance to any time during 2020, rather than between October 1 and May 15.] The actual amount of the benefit depends on the household's size, income level, and actual home energy costs. The amount is determined by a formula, which yields proportionately higher payments for households with the lowest income levels and the highest annual home energy costs.

Table 2 provides caseload data and the average amount of benefits paid to people receiving federally-funded heating assistance since federal fiscal year (FFY) 2013. Note that funding for the program is addressed in a subsequent section of this paper.

**Table 2: Heating Assistance Caseload**

FFY	Caseload	Average Benefit
2013	214,531	\$336
2014	224,730	302
2015	209,208	266
2016	199,190	341
2017	202,930	350
2018	196,578	374
2019	190,723	367
2020	205,275	349
2021*	196,394	1,216
2022**	194,714	818

\*Includes federal CARES CRF and ARPA funding.

\*\*Includes federal ARPA funding.

Table 3 provides caseload data and the average amount of benefits paid for state-funded, non-heating electric assistance since FFY 2013. Note that funding for the program is addressed in a subsequent section of this paper.

**Crisis Assistance Program.** The Wisconsin Home Energy Assistance Program also provides

**Table 3: Non-Heating Electric Caseload**

FFY	Caseload	Average Benefit
2013	213,161	\$186
2014	224,757	180
2015	209,638	168
2016	201,032	191
2017	205,616	204
2018	198,842	196
2019	194,166	235
2020	208,799	222
2021*	200,043	408
2022	197,483	195

\*Includes federal CARES CRF funding.

crisis assistance in the form of cash benefits and services to households that experience, or are at risk of experiencing, a heating emergency (such as denial of future fuel deliveries) or an energy emergency (such as the loss of essential home energy). The program provides both emergency and prevention services. Emergency payments are only available during the heating season, but prevention payments are available year-round. Program intake workers are employed by a variety of entities, including county social service agencies, to provide these services to eligible households. Under current law, DOA is allowed to establish the amounts of federal and state funding that may be used for crisis assistance.

Emergency crisis services may include providing heating fuel, a warm place to stay for a few days, or other actions that will assist the household experiencing a heating emergency. In-kind benefits, such as blankets and space heaters, may also be provided. Emergency crisis assistance is available only if there is an immediate threat to the health or safety of an eligible household due to the actual or imminent loss of home heating (or cooling in summer months only in cases of extreme heat, with a declaration of a heat emergency, and approval from the Division). The amount of crisis assistance that a household receives is based on the minimum assistance required to remove the

immediate threat; the preapproved range to alleviate a heating crisis situation is between \$30 and \$600, while the range for an energy emergency is between \$30 and \$350. Some form of crisis assistance must be provided within 48 hours of application or within 18 hours if the situation is life-threatening.

The component of crisis assistance that provides non-emergency prevention services assists eligible households in paying for current home energy costs, establishing self-sufficiency practices, decreasing arrearages, maintaining service, and paying connection fees to enable the applicant to obtain utility service to move into housing. Prevention services and benefits also include copayment agreements and/or match payments; budget counseling and money management services; and energy conservation counseling.

Table 4 provides caseload data and the average amount of benefits paid to people receiving crisis assistance since FFY 2013. Note that funding for the program is addressed in a subsequent section of this paper.

**Table 4: Crisis Assistance Caseload**

FFY	Caseload	Average Benefit
2013	38,239	\$313
2014	32,218	441
2015	48,292	297
2016	38,463	317
2017	43,934	347
2018	41,457	318
2019	25,370	297
2020	37,840	337
2021*	140,465	2,046
2022**	43,051	3,186

\*Includes federal CARES and ARPA funding.

\*\*Includes federal CARES, ARPA, and IIJA funding.

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## Weatherization Assistance Program

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The weatherization assistance program helps reduce high energy costs by improving energy efficiency in homes occupied by low-income families. In addition, program funding is utilized for emergency furnace repair and replacement services, which are provided to households experiencing a heating crisis.

**Weatherization Services.** Services provided include attic, sidewall, and floor insulation; non-emergency repair or replacement of furnaces; water heater insulation; and water heater, refrigerator, and window replacements. Household eligibility is established by the WHEAP provider in the county where the applicant resides. Both homeowners and renters who meet WHEAP eligibility criteria may receive weatherization services at no cost. However, a 15% contribution by property owners is required in rental properties with two or more units for which the property owners pay heating costs and the owners are not themselves eligible for WHEAP. Local program operators give priority to homes occupied by elderly or disabled individuals, families with children under six years old, and houses with high energy consumption.

The Division administers the program through contracts with local weatherization agencies to reduce home heating bills, save energy, and make homes warmer in the winter and cooler in the summer. These agencies seek out eligible households, determine the types of work on each dwelling that will provide the greatest energy savings for the cost, and hire and supervise employees to install weatherization materials.

Table 5 lists the number of dwelling units weatherized and shows the average costs of weatherization services since 2012-13.

**Table 5: Low-Income Weatherization Program**

Fiscal Year	Units Weatherized	Avg. Cost Per Unit
2012-13	7,742	\$8,685
2013-14	6,296	8,984
2014-15	5,747	8,141
2015-16	6,354	7,529
2016-17	5,365	8,478
2017-18	6,782	7,457
2018-19	6,045	7,306
2019-20	5,147	8,329
2020-21	4,298	8,033
2021-22	5,180	8,296

**Furnace Repair and Replacement Program.**

The Division provides funding for emergency furnace repair or replacement services through weatherization program agencies. Eligibility for emergency furnace repair and replacement is determined by WHEAP agencies, which make referrals to weatherization program agencies. The furnace program provides assistance to eligible households when their primary heating system no longer provides heat, is inoperable, or becomes unsafe. Local weatherization agencies manage program delivery, while the WHEAP agency verifies applicant eligibility and reserves funds when completing the referral to the weatherization agency. There are three referral types: emergency, non-emergency, and weatherization. Emergency referrals are available during the heating season (October 1 through May 15), and the local WHEAP agency must respond within 18 hours in a life-threatening situation or within 48 hours for an emergency heating system repair or replacement. The heating system repair or replacement must occur within 72 hours of the request. Non-emergency referrals can be made between May 16 and September 30; the emergency response timeline applies only to unsafe heating systems. Otherwise, the local WHEAP agency is required to respond to requests for heating system repair or replacement within five business days of the initial request. Finally, weatherization referrals can be made year-round.

The determination to repair or replace the heating system is made by the weatherization agency, and response times do not apply. The local WHEAP agency is responsible for ensuring that applicants waiting for emergency and non-emergency services have temporary heat, can be provided temporary heat, or are able to relocate.

The number of households receiving services and the average emergency furnace service benefit since FFY 2013 is summarized in Table 6.

**Table 6: Emergency Furnace Repair and Replacement Caseload**

FFY	Caseload	Average Benefit
2013	3,958	\$1,761
2014	4,715	1,753
2015	4,152	1,659
2016	4,205	1,725
2017	4,747	1,627
2018	4,879	1,661
2019	5,326	1,728
2020	4,681	1,798
2021	4,805	1,838
2022	4,561	2,019

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**Funding for Low-Income Energy and Weatherization Assistance**

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**Federal Funds.** Federal support for low-income energy and weatherization assistance is generally provided through LIHEAP block grant funds and Department of Energy (DOE) weatherization funds. In some years, the state has also received federal Temporary Assistance for Needy Families (TANF) matching funds for energy assistance.

*Energy Assistance and Administration.* Each year, by statute, \$2.9 million of LIHEAP funds are provided to local units of government and non-profit organizations in Wisconsin to administer energy assistance. Also by statute, \$1.1 million of



LIHEAP funds are provided to DOA for program administration. Further, 15% of LIHEAP funds are transferred for weatherization assistance. Any remaining LIHEAP funds are allocated for heating and crisis assistance.

Since 2020, several federal acts have provided funding that has been used to supplement assistance under WHEAP. The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act provided the state a one-time LIHEAP supplement of \$8.1 million in March, 2020. The state utilized the full supplement. The CARES Act also created a Coronavirus Relief Fund (CRF) to distribute money directly to state, local, tribal, and territorial governments. Wisconsin received approximately \$2.0 billion from the CRF. In October, 2020, the Governor announced the allocation of \$15 million from the CRF for home energy assistance. Subsequently, the allocation was increased by another \$10 million. To be an eligible use of funds, CRF expenses must be for costs that were incurred between March 1, 2020, and December 31, 2021. Using CRF funds, the state expended \$25,901,700 for home energy assistance.

The federal American Rescue Plan Act (ARPA) provided a one-time LIHEAP supplement of \$150.6 million in March, 2021. The state has utilized the supplement in full. In addition, ARPA created a State Fiscal Recovery Fund (SFRF) to distribute discretionary funds directly to state governments. Wisconsin received approximately \$2.5 billion from the SFRF. In September, 2022, the Governor announced that an additional \$13.6 million would be available for home energy assistance in 2022-23. As of November 20, 2022, the state expended \$13,566,900 from the SFRF for home energy assistance.

The federal Infrastructure Investment and Jobs Act (IIJA), enacted in November, 2021, provides Wisconsin with a LIHEAP supplement of \$1.8 million for each year over the next five years. The first supplemental award was released on January

25, 2022. The state has spent the full amount of the award.

If federal funds received in a federal fiscal year total less than 90% of the amount received in the previous year, a plan of expenditures must be submitted to the Joint Committee on Finance under s. 16.54 of the statutes.

Table 7 shows federal funding expended for energy assistance, including TANF matching funds, by state fiscal year since 2012-13.

**Table 7: LIHEAP Federal Expenditures**

Fiscal Year	Amount*
2012-13	\$88,741,100
2013-14	91,930,700
2014-15	73,808,000
2015-16	78,984,300
2016-17	107,321,600
2017-18	91,463,800
2018-19	91,420,100
2019-20	74,459,900
2020-21**	158,756,000
2021-22***	190,499,100

\*Amounts are net of transfers to the weatherization program. Beginning in 2013-14, furnace repair and replacement has been funded under the weatherization program.

\*\*Includes federal LIHEAP, CARES, and ARPA funding.

\*\*\*Includes federal LIHEAP, CARES, ARPA, and IIJA funding.

*Weatherization Assistance.* The weatherization assistance program is supported by: (a) funds received from DOE; (b) an allocation of 15% of funds under LIHEAP; and (c) funds from the state utility public benefits program. Historically, the program also received support from state oil over-charge restitution funds and the federal American Recovery and Reinvestment Act (ARRA). Table 8 indicates amounts expended for weatherization assistance by funding source since 2012-2013.

The Infrastructure Investment and Jobs Act provides Wisconsin with an additional \$95 million for weatherization assistance, to be spent over the next five years (2022-23 to 2026-27).

**Table 8: Low-Income Weatherization Program – Expenditures by Funding Source**

Fiscal Year	FED (DOE)	FED (LIHEAP)	Utility Public Benefits	Total
2012-13	\$6,035,300	\$16,991,200	\$50,417,800	\$73,444,300
2013-14*	6,560,200	14,301,500	50,355,900	71,217,600
2014-15	6,719,200	24,225,800	50,478,600	81,423,600
2015-16	7,288,800	7,448,800	48,107,400	62,845,000
2016-17	8,106,300	21,090,700	46,998,200	76,195,200
2017-18	8,642,300	7,636,300	47,988,900	64,267,500
2018-19	9,630,900	18,841,200	43,080,100	71,552,200
2019-20	9,743,700	12,108,700	56,285,800	78,138,200
2020-21	10,427,400	12,727,900	44,533,800	67,689,100
2021-22	12,145,300	15,579,100	52,159,900	79,884,300

\*Beginning in 2013-14, furnace repair and replacement is funded under the weatherization program.

**State Funds.** The Department of Administration receives funds under the segregated utility public benefits fund to support the cost of low-income energy and weatherization assistance programs not covered by federal funds. The fund is supported by revenues from low-income assistance fees collected by utilities as line items on customer bills. Investor-owned electric utilities are required to collect and remit the fees to DOA. As shown in Table 9, a total of \$48.7 million in 2021-22 was expended from the state public benefits program for low-income energy and crisis assistance.

Fees that electric utilities charge customers are governed by statute and administrative rules. The Department is required to determine the low-income assistance program funding level for the following fiscal year on or before March 1. First, DOA calculates the low-income assistance need target by totaling all energy bills for households at or below 60% of the statewide median household income and subtracting from the total the product of 2.2% of the estimated average annual income of low-income households multiplied by the estimated number of low-income households.

**Table 9: WHEAP Public Benefit Expenditures**

Fiscal Year	Amount
2012-13	\$55,508,300
2013-14*	47,716,200
2014-15	41,332,800
2015-16	44,724,400
2016-17	53,110,300
2017-18	49,506,300
2018-19	51,370,600
2019-20	46,890,600
2020-21	54,191,300
2021-22	48,707,100

\*Beginning in 2013-14, emergency furnace repair and replacement is funded under the weatherization program.

Once the target is calculated, the Department subtracts revenues received from the following as offsets: (a) low-income energy assistance received from the federal government; and (b) payments by public utilities for low-income energy assistance.

Each year by May 15, DOA must provide public utilities with the calculations of the fee amounts that will need to be collected to meet the target. Utilities must submit a collection plan by June 1 showing how they plan to collect the public benefit fees and identifying reasonable and prudent expenses related to collecting these public benefit revenues.

The collection plan must show that the amounts assessed to customers are equitably allocated among all of the utility's customer classes, in accordance with statutory allocations (70% collected from residential and farm customers and 30% collected from commercial and industrial customers). The Department must review these plans by June 10. If a proposal is rejected, DOA must provide reasons for denial or recommended modifications in writing to the utility. The utility may then either adopt the changes recommended by DOA or protest the Department's conclusions.

Utilities are required to identify the fee on each customer's bill as a "state low-income assistance fee." The public utility must make 12 equal payments to DOA, based on estimated invoice amounts, with each collection due on the 15th day of the month. At least once per year, DOA must reconcile actual versus estimated receipts from each utility and, if needed, adjust the rates assessed. Over-collections are returned through an adjustment to the next invoice, and under-collections are added to the utility's next invoice. A public utility may request an adjustment to its collection plan once each year due to over- or under-collections.

For residential customers of public utilities in 2022-23, the customer fee may not exceed 3% of the bill or \$3.15 monthly, whichever is less. For commercial and industrial customers in 2022-23, customer fees cannot exceed 3% of the bill or a monthly maximum of \$750 per meter, whichever is less. Since these customers may have multiple meters, commercial and industrial customers may request a refund of any fees that exceed \$750 monthly in any public utility operational area. Table 10 shows payments to the public benefits fund by utility in 2021-22.

The fees collected by the public utilities and remitted to DOA are considered non-lapsing trust funds of DOA rather than income of the utility. Fees are not deemed gross receipts for purposes of calculating utility taxes owed by utilities and

**Table 10: Low-Income Energy Assistance Payments by Utility in 2021-22**

Utility Name	Total
WE Energies	\$50,992,300
Alliant Energy	17,776,700
Integrus	16,075,800
Xcel Energy	9,838,600
Madison Gas & Electric	4,827,400
Superior Water Light & Power	876,400
Northwestern Wisconsin Electric	432,200
Dahlberg Light & Power	306,300
North Central Power	121,500
Pioneer Power & Light	45,400
Consolidated Water Power	40,200
Westfield Electric	<u>20,100</u>
Total	\$101,352,900

cooperatives. [See the informational paper entitled, "Taxation and Regulation of Public Utilities" for information on utility taxes and regulation.]

**Local Funds.** Municipal utilities and retail electric cooperatives have the option of implementing the low-income energy assistance program on their own or jointly with other utilities. However, any customer receiving benefits through a community program may not also receive benefits from the state (although such customers are eligible for federally-funded heating assistance).

Municipal utilities and retail electric cooperatives must collect fees averaging \$8 annually per meter from customers to fund the community energy assistance program. The utility or cooperative may charge different rates to different classes of customers to obtain this average collection. However, the low-income assistance fee may not exceed 1.5% of the total bill, or \$375 per month, whichever is less. A municipal utility or cooperative has the option of retaining the fees assessed to its customers to support the community program in its service areas.

A municipal utility or cooperative may also elect not to offer a low-income energy assistance program, but instead to participate in the DOA

program. In this case, the utility or cooperative must remit fee revenues to DOA for deposit to the public benefits fund, and customers of the utility cooperative are eligible for state assistance.

The Division indicates that \$2,948,900 was remitted to DOA in 2021-22 by municipal electric utilities or retail electric cooperatives that participate in the DOA-operated program. In 2021-22, 16 of the state's 24 retail electric cooperatives and 69 of the state's 81 municipal electric utilities elected to participate in the DOA-operated program.

**Additional Funds.** In addition to the amounts collected from utility customer fees, there are two additional smaller sources of state revenue for the public benefits fund. First, voluntary contributions by utility customers may be made to the public benefits fund. Second, the State of Wisconsin Investment Board manages the balances in the public benefits fund and investment earnings are credited to the fund.

Utilities are required to offer customers an opportunity to make voluntary contributions to the low-income assistance program. Since the fund's inception, there have been voluntary contributions totaling \$7,000. There were no voluntary contributions in 2020-21 or 2021-22.

The State of Wisconsin Investment Board is authorized to invest available balances in the public benefits fund. Since the fund's inception, investment earnings have totaled \$5.8 million. Net investment pool revenue was \$117,800 in 2020-21 and \$37,600 in 2021-22.

Table 11 summarizes revenues and expenditures from the public benefits fund for low-income energy assistance for 2020-21 and 2021-22. It should be noted that revenues from utilities represent amounts transferred from the Public Service Commission (PSC) to DOA.

**Table 11: State Revenues and Expenditures for Low-Income Assistance in 2020-21 and 2021-22**

	2020-21	2021-22
Beginning Balance	\$16,380,400	\$22,912,000
<b>Revenues</b>		
Utilities	\$110,927,700	\$101,352,900
Municipals and Cooperatives	3,420,500	2,948,900
Investment Pool	117,800	37,600
Refunds and Adjustments	<u>-70,200</u>	<u>200</u>
Total Revenues	\$114,395,800	\$104,339,600
<b>Expenditures</b>		
Energy Assistance Benefits	\$42,609,400	\$38,343,400
Energy Assistance Outreach	3,742,200	4,795,800
Crisis Assistance	6,741,600	4,520,500
Weatherization Benefits	32,724,900	36,325,800
Weatherization State Administration	705,100	870,700
Weatherization Intake and Outreach	2,755,800	5,971,500
Furnace Repair & Replacement	8,347,400	8,991,900
Energy and Crisis Assistance State Administration	1,098,100	1,047,400
Water Conservation*	0	37,000
Wisconsin Works (DCF)	<u>9,139,700</u>	<u>9,139,700</u>
Total Expenses	\$107,864,200	\$110,043,700
Year-End Balance	\$22,912,000	\$17,207,900

\*The water conservation program, implemented in 2021-22, is administered by state weatherization agencies. The program funds repair or replacement of water heaters and leaky fixtures, toilets, and piping.