



Illinois Department of Commerce & Economic Opportunity

Pat Quinn, Governor • David Vaught, Acting Director

April 2012

To:

The Honorable Michael J. Madigan
Speaker of the House
300 State House
Springfield, IL 62706

The Honorable John J. Cullerton
Senate President
327 State House
Springfield, IL 62706

The Honorable Tom Cross
House Minority Leader
316 State House
Springfield, IL 62706

The Honorable Christine Radogno
Senate Minority Leader
309A State House
Springfield, IL 62706

Timothy Mapes
Clerk of the House of Representatives
402 State House
Springfield, IL 62706

Ms. Jillayne Rock
Secretary of the Senate
401 State House
Springfield, IL 62706

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Executive Director
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Illinois State Library Distribution Center
300 South 2nd Street
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Pursuant to the Executive Reorganization Implementation Act (15 ILCS 15), please allow this to serve as the required third annual report issued to address the transfer and consolidation of the Low Income Home Energy Assistance Program (LIHEAP) and the Illinois Home Weatherization Assistance Program (IHWAP) to the Department of Commerce and Economic Opportunity (DCEO), resulting from Executive Order Number 2009-2.

Funding

The consolidation resulted in following funding levels resulted:



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Weatherization	FY11 Appropriations to DCEO	FY11 DCEO Expenditures	FY12 Appropriations	FY13 Introduced Appropriations
Energy Administration Fund (0737), Department of Energy (DOE)	\$27,982,100.00	\$10,249,698.00	\$29,000,000.00	\$29,000,000.00
Energy Administration Fund (0737), Department of Energy (DOE) – ARRA	\$250,000,000.00	\$123,362,168.00	\$135,000,000.00	\$25,000,000.00
Totals	\$277,982,100.00	\$133,611,866.00	\$164,000,000.00	\$54,000,000.00

Low Income Home Energy Assistance Program	FY11 Appropriations to DCEO	FY11 DCEO Expenditures	FY 12 Appropriations	FY13 Introduced Appropriations
Low Income Home Energy Assistance Block Grant Fund (0870) – Health & Human Services (HHS)	\$309,431,300.00	\$187,466,516.00	\$330,000,000.00	\$330,000,000.00
Supplemental Low Income Home Energy Assistance Fund (0550)	\$110,685,900.00	\$75,697,301.00	\$120,000,000.00	\$150,000,000.00
Totals	\$420,117,200.00	\$263,163,817.00	\$450,000,000.00	\$480,000,000.00

Effects

On March 24, 2009, the LIHEAP and IHWAP programs were transferred and consolidated into DCEO from the Department of Healthcare and Family Services (HFS).

Low Income Home Energy Assistance Program (LIHEAP)

Executive Order Number 2009-2, designates DCEO to administer the LIHEAP program in conjunction with thirty-five Local Administering Agencies (LAAs) located throughout the state. In addition, DCEO is responsible for all programmatic and fiscal oversight, including all LIHEAP policy development, grant management and monitoring, in accordance with the Illinois Energy Assistance Act and regulations of the U.S. Department of Health and Human Services (HHS). A broadly representative Policy Advisory Council provides advice and programmatic guidance for both the LIHEAP and Weatherization Assistance Programs. This council serves as a sounding board for policy development and has been instrumental in the design of innovative assistance efforts and creative technologies for these programs.

www.ildceo.net

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The LIHEAP is designed to help eligible low-income households pay for winter energy services. For many Illinois households, energy costs place a severe and continuing stress on the family's budget. In some instances, the household is forced to make painful decisions regarding which bills to pay and which necessities to survive without. The DCEO Office of Energy Assistance (OEA), together with the LAAs, continues to ensure a seamless delivery of services under the LIHEAP.

Further, a Percentage of Income Payment Plan (PIPP) was created by The 96th General Assembly with the passage of SB 1918 on May 31, 2009 created and Governor Patrick Quinn signed into law on July 10, 2009 the Percentage of Income Payment Plan (PIPP). The PIPP is a bill payment assistance program available to low-income residential customers of utilities *servicing more than 100,000 retail customers as of January 1, 2009.*

By legislation, the PIPP was designed to:

1. Bring participants' gas and electric bills into range of affordability;
2. Provide incentives for participants to make timely payments;
3. Encourage participants to reduce usage and participate in conservation and energy efficiency measures that reduce the customers' bills and payment requirements; and
4. Identify participants whose homes are most in need of weatherization.

The PIPP was fully implemented on September 1, 2011, after a successful pilot for the customers of Ameren, Commonwealth Edison, Nicor and Peoples/North Shore Gas companies. The program requires eligible client income to be less than or equal to 150% of the federal poverty level. The PIPP provides its participants with an affordable, stable, and predictable monthly utility bill, as well as rewards for positive bill payment behavior. Customers are only required to pay 6% of their income toward their utility bills, while the PIPP will cover the balance up to the annual maximum benefit limits of \$1,800 (\$150/ monthly) and an arrearage forgiveness of up to \$1,000 annually per energy source for clients who make on-time payments.

Nearly 40,000 customers have been served by the PIPP, These customers are essentially assured affordable energy and protected from disconnection as long as they continue to pay the modest customer responsibility portion of their monthly utility bills. For some households with significant arrearages, this program is the only way that they will ever be able to retire a large debt to the utility.

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We have established goals for the 2012 LIHEAP that continue to target the most vulnerable groups within Illinois: the state's elderly population 60 years of age and older; the disabled; and households with young children under the age of 5. The goal of the LIHEAP is to serve a representative percentage of the total eligible population of these groups in Illinois. Performance goals for the program year 2012 will continue to be monitored throughout the year, and if adjustments appear necessary to reach our target populations or benefit levels, appropriate measures will be taken.

The Illinois Home Weatherization Assistance Program (IHWAP)

Title IV of the Energy Conservation and Production Act of 1976, as amended, P.L. 94-385, authorizes the Weatherization Assistance Program for low-income persons. This title of the Act states that the purpose of the weatherization program is to assist low-income persons, especially the elderly and persons with disabilities, by weatherizing their homes, thereby reducing fuel costs for low-income families, and reducing national energy consumption.

Federal responsibility for carrying out the weatherization program's purpose lies with the United States Department of Energy (DOE). DOE's weatherization program responsibilities include the allocation of funds to states to operate weatherization services. Each state's allocation is based on its relative need for weatherization services. A state's relative need is determined through an allocation formula that takes into account state statistics on: 1) the number of low-income households, 2) the percentage of total residential energy used for space heating and cooling, and 3) the number of heating and cooling degree days.

The weatherization funds DOE allocates to Illinois are the responsibility of the Governor to administer. Weatherization services have been administered through DCEO or a predecessor agency since 1977. IHWAP provides Illinois' low-income residents with the labor and materials needed to weatherize their homes.

Through the issuance of Executive Order Number 2009-2, Governor Quinn envisioned strengthening Illinois' ability to help low income residents save fuel and money, while increasing the comfort of their homes. Toward this end, DCEO has been working to link educational institutions, training facilitators, contractors and home weatherization programs through various initiatives and strategies. In July of 2009, Illinois received approximately \$242 million in ARRA funding from the U. S. Department of Energy to provide Weatherization assistance to 31,000 families over a three-year period. DCEO has hired approximately 1,100 additional workers and will complete over 43,000 homes by the end of June 2012.

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DCEO Office of Energy Assistance Weatherization and LIHEAP Production

As of March 1, 2012, the Weatherization Program achieved the following production levels:

ARRA Units Complete	ARRA Units in Progress
39,700	853
Non ARRA Units Complete	Non ARRA Units in Progress
11,210	5,411

The following performance goals and results were completed during the 2011 LIHEAP:

Services Delivered To Target Populations

Household Category	Eligible Population		Service Target		2011 Results	
	No.	Percent	No.	Percent	No.	Percent
Eligible Households	863,177	100	302,112	35	536,796	62.1
Containing elderly members	326,436	37.8	114,253	35	185,436	56.8
Containing members with Disability	216,816	25.1	75,886	35	133,200	61.4
Containing a child under age 5	185,514	21.4	64,930	35	116,108	62.5

Energy Assistance and Economic Development

DCEO is the lead state agency responsible for improving Illinois' competitiveness in the global economy. To be competitive, Illinois needs to support the maintenance and building of strong families and communities. Since the LIHEAP and IHWAP were transferred to DCEO, new synergies have developed to strengthen small businesses involved with energy efficiency retrofits while enhancing the energy security and health and safety of low income residents. One new weatherization training center has been built and another is planned to continue to expand the quality and capacity of the businesses that are actively helping to reduce energy waste in residential buildings. Energy security, or affordability, has proven to be a stabilizing factor for families and

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neighborhoods. That added stability can be a determining factor in attracting community investment.

The rejoining of LIHEAP and IHWAP with DCEO's suite of programs has unlocked additional opportunities to translate community development initiatives into business and economic development integrally related to both the economic development and energy assistance policies of the State of Illinois managed by DCEO, this transfer and consolidation offered the opportunity to eliminate redundancy, simplify the organizational structure of the Executive Branch, improve accessibility and accountability, provide more efficient use of specialized expertise and facilities, realize savings in administrative costs and promote more effective sharing of best practices and state of the art technology -- all benefits which have been realized as outlined in Executive Order Number 2009-2.

Legislation

DCEO does not have any recommendations for further legislation related to the reorganization at this time.

Respectfully submitted,

Director

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DCEO Statutory Reporting Control Form

To be completed by office/reporting unit: Office of Energy Assistance

Name of Report as Listed in Statutory Reporting Database Executive Reorganization
Implementation Act 3rd Annual Report (not listed in database)

Statutory Citation 15 ILCS 15/11

Due Date for filing with General Assembly April 30, 2012



I confirm that the Statute cited above requires that this report be submitted to the General Assembly.



I confirm that the contents of this report meet my approval and satisfy statutory intent.

Please check one of the following:



I confirm that this report in the original does not contain sensitive personal data (SSN, etc.) that would render it unsuitable for public viewing.



I confirm that this report has been redacted to remove sensitive personal data (SSN, etc.) that would render it unsuitable for public viewing.

X 

Deputy Director

April 13, 2012

Date

Note: Deputy Director signature cannot be delegated

To be completed by Office of Accountability:



I confirm that this report does not contain sensitive personal data that would render it unsuitable for public viewing. This report may be posted to DCEO's website and submitted to the State Library and General Assembly.

X

Office of Accountability Representative

Date