

Establishing a Low-Income Assistance Program for the Rural/Metro Fire Department

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BACKGROUND AND INTRODUCTION

Low-income citizens face greater obstacles in attaining and paying for public services, including energy, telephone, and water. The lack of resources to pay for services may also make it difficult for low-income residents to obtain adequate fire protection, particularly those in areas without a tax-based fire district. Rural/Metro Fire Department, a private organization in Josephine County, Oregon is interested in establishing a hardship program in recognition of the needs of low-income residents in its service area. This report is intended to outline the opportunities and challenges to implementing a hardship program that provides fire protection to residents who would otherwise be unable to afford and attain Rural/Metro's services.

Rural/Metro is a private fire department in Josephine County that provides structural fire protection services in the areas around Grants Pass that are not in a tax-based fire district. Josephine County has long been at risk to wildfire. The 2002 Biscuit Fire, which occurred largely within Josephine County, burned close to 500,000 acres and resulted in over \$150 million in suppression costs, as well as long-term economic impacts. Lessons learned from the Biscuit Fire led to the development and adoption of the Josephine County Integrated Fire Plan in November 2004. This plan covers a broad range of efforts, striving to offer greater attention to emergency management issues and accounting for those with special needs during such events. Recent events, such as Hurricane Katrina in 2005, reinforced how neglecting to account for people with economic hardships can have catastrophic results in emergency situations.

Josephine County is home to a large number of people with special needs, including, but not limited to, the elderly, physically and mentally disabled, and those with low-income. Josephine County's Special Needs Committee estimates that 10% of the county's population is classified as special need, the majority of whom are 65 years and older. According to the 2000 Census, over 2,400 families live below the poverty level.

There are many households in Rural/Metro's service area in poverty that cannot necessarily afford the cost of fire protection. Rural/Metro is interested in starting a program to provide opportunities for these people to receive fire services. This document specifically examines existing assistance programs, their eligibility criteria, and creates a foundation for Rural/Metro to develop and implement a hardship program.

People and households in poverty

There are 17,357 households in Rural/Metro's service area and 36,711 people (46% of Josephine County's population.)¹ Table 1 illustrates the population and # of households in Josephine County and in the Rural/Metro service area.

¹ Josephine County GIS, September 2006.

Table 1. Population and Households

	Josephine County ²	Rural/Metro ³	% in Rural/Metro
Population	79,751	36,711	46%
Occupied Housing Units	31,000	17,357	56%
Owner-occupied housing units	21,721 (70.1%)		
Renter-occupied housing units	9,279 (29.1%)		

Tables 2 and 3 below illustrate the percent of population at or below the federal poverty level and the number and percent of households in poverty in the Rural/Metro service area. The population numbers are based on census data and

Table 2. % of Population in poverty in the Rural/Metro service

Federal Poverty Level	Population	% of Population
At or below the federal poverty level	4,550	12%
Above the federal poverty level	32163	88%

Source: 2000 Census data

Table 3. % of Population and Households in poverty in the Rural/Metro service

Housing and Urban Development Income Limits	Households	% of Households
Moderate low-income (less than 80% Median Family Income)	5,523	32%
Very low-income (less than 50% MFI)	3,062	18%
Very, very low-income (less than 30% MFI)	1,391	8%

Source: 2000 Housing and Urban Development Income Limits Data

Methodology

Resource Innovations conducted research to propose guidelines for a Rural/Metro hardship program. Due to the lack of hardship programs within public or private fire districts, research efforts focused primarily on utility assistance programs. This review allowed staff to explore different types of hardship programs, including enrollment criteria, benefits, and project partners.

This document includes different funding sources and fee structures that could assist in making a hardship program viable, a section on building relationships with social service agencies to engage low-income citizens, as well as preliminary guidelines for how Rural/Metro could implement a program to serve customers who cannot currently afford adequate fire protection.

² 2000 US Census

³ Data from Josephine County GIS

POVERTY GUIDELINES

There are a number of government programs that provide assistance to low-income households that attain certain public services (e.g., energy, water, and food assistance). In order to qualify for public assistance, households must show that they meet a certain set of standards for income. Three common sets of standards for determining low-income eligibility are the Low-Income Home Energy Assistance Program (LIHEAP), federal poverty level (FPL) guidelines, and Department of Housing and Urban Development income limits.

Oregon LIHEAP

The state of Oregon's LIHEAP program finds the state's median income and then calculates 60% of the median to determine the threshold for energy assistance. The number is then adjusted according to family size (see Table 1).

Table 4: Oregon LIHEAP Standards

Family Size	Annual Income (60% of State Median Income)	Monthly Income (60% of State Median Income)
1	\$19,210	\$1,600.83
2	25,121	2,093.42
3	31,031	2,585.92
4	36,942	3,078.50
5	42,853	3,571.08
6	48,763	4,063.58
7	49,872	4,156.00
8	50,980	4,248.33
Each additional member over 6	Add 1,108.26	Add 92.36

From: Oregon Housing and Community Services.

http://www.ohcs.oregon.gov/OHCS/SOS_LowIncomeEnergyAssistance.shtml

Federal Poverty Level

The federal poverty level guidelines are the same for all 48 contiguous states and Washington D.C. (see Table 2). Each year the Department of Health and Human Services issues guidelines based on the previous year's price changes, as calculated by the Assistant Secretary for Planning and Evaluation. These guidelines are used to determine eligibility for programs such as Head Start, reduced/free school lunches, reduced day-care fees, and food stamps.

Table 5: Federal Poverty Level Guidelines

Family Size	Annual Income	Monthly Income
1	\$9,800	\$816
2	13,200	1,100
3	16,600	1,383
4	20,000	1,667
5	23,400	1,950
6	26,800	2,233
7	30,200	2,516
8	33,600	2,800
Each additional member over 8	Add 3,400	Add 283

From: Department of Health and Human Services

<http://www.dhhs.state.nh.us/NR/rdonlyres/er2mzvaixfbsufvb5yldhooqdz3mpsp7gcr5rlgbr2ltagiquc5al374tbczp7nkouxqrnlbtbfvgt6zwwqltezoj6ff/FPG+2006+Annual-Monthly.pdf>

Department of Housing and Urban Development

The Department of Housing and Urban Development (HUD) sets income limits that determine the eligibility of applicants for HUD's assisted housing programs, such as the Public Housing program. HUD calculates median family income (MFI) estimates, based on U.S. Census Bureau family income data. Bureau of Labor Statistics data for earnings, employment, and market rents are also included within the adjustment. Data for income limits is provided at the county level, as well state, census tract, and by metropolitan area. Income limits are further adjusted for family size and for areas with unusually high or low family income, or housing-cost-to-income relationships.

For the fiscal year 2006, Josephine County's median family income was \$44,700. HUD divides income limits into three categories (see Table 3). The three categories are defined by family income that does not exceed a specific percentage of the MFI for the area (low-income families at 80% MFI; very low-income families at 50% MFI; and very, very low-income families at 30% MFI.)

Table 6: HUD Income Limits for Josephine County

Family Size	Very, Very Low-Income	Very Low-Income	Low-Income
1	\$10,150	\$16,900	\$27,050
2	11,600	19,300	30,900
3	13,050	21,750	34,800
4	14,500	24,150	38,650
5	15,650	26,100	41,750
6	16,800	28,000	44,850
7	18,000	29,950	47,950
8	19,150	31,900	51,000

From: Housing and Urban Development Department;

http://www.huduser.org/Datasets/IL/IL06/or_fy2006.pdf

EXISTING HARDSHIP PROGRAMS

The hardship programs evaluated in this section include information about the type of assistance, eligibility criteria, and funding sources. Some fire departments providing smoke detectors to low-income customers were identified, but no public or private fire departments offering reduced rates to low-income citizens were found. A significant number of low-income assistance programs exist through energy and water utility companies. These initiatives provide payment assistance and reduced fees to people with low-income and/or disabilities.

Fire Department Assistance Programs

Several fire departments across the country provide assistance to low-income and other populations considered to be at risk from fire danger (see Table 4). Lincoln, Nebraska and Menlo Park, California each obtained federal grant funds for programs to distribute smoke detectors to local residents, particularly those with low-income. The fire department in El Cerrito, California teamed up with Target, Home Depot, and Radio Shack to provide free smoke detectors to low-income, disabled, and elderly citizens.

Table 7: Fire Protection Programs

Location	Public/Private	Services/Assistance	Source of Funding
Lincoln, NE	Public	Free smoke detectors, outreach to at-risk populations at community events	Federal grants (Homeland Security)
Menlo Park, CA	Public (special district)	Free smoke detectors, removal of bars over windows	Federal grants
El Cerrito, CA	Public	Free smoke detectors	Private donors (area businesses)

Energy Assistance Programs

Many of the hardship programs identified in our research pertained to energy assistance programs. The Department of Energy reports that Americans spend 3.5% of their income on paying energy bills, but for lower-income households the costs average 14%.⁴ According to a 2003 survey of community-owned utilities conducted by the American Public Power Association, 50% offered funding to help low-income customers pay their bills.⁵ Of these:

- 83% use LIHEAP money from the Department of Energy;
- 57% solicit donations through utility bills or round-up programs;
- 14% provide some sort of utility donation, such as matching customer donations;
- 8% hold fund-raising events.

The following summaries include examples of utility assistance programs throughout the country. Each summary includes the location, eligibility criteria, type of assistance, and source

⁴ <http://home.doe.gov/news/3802.htm>

⁵ From <http://www.appanet.org/files/PDFs/HelpingCustomers1105.pdf>

of funding for the program. Many of these programs use funding from revenue and donations in addition to the money available from LIHEAP. The summaries also include project partners, where applicable.

Bellingham, Washington

Bellingham allocates money from its water, sewer, and stormwater revenues for fee reductions to homeowners and renters. Using the federal poverty level's gross household income level of \$24,370, residents below this threshold are eligible for decreased service fees (see Table 5).

Table 8: Bellingham Utility Assistance Guidelines

Percentage of Income Level	Percentage of Fee Reduction
0 to 50% of FPL	75% reduction of service fees
51 to 75% of FPL	50%
76 to 100% of FPL	25%

To enroll in the program residents must submit copies of tax returns with supporting documentation to the City of Bellingham Finance District.

Eugene Water and Electric Board

The Eugene Water and Electric Board's (EWEB) *Energy Share* program enrolls about 3,000 low-income households year. Customers can apply for up to \$200 of benefits within a 12-month period. Area customers and other community members donated over \$1 million in additional funds since the program's inception in 1986. Eligibility is based on the state of Oregon's LIHEAP standards.

The assistance is directly credited to the customer's EWEB account. Program funds are provided by EWEB, while a contract with the Lane County Human Services Commission and three local nonprofit organizations allows them to work with low-income citizens, verify their incomes, and enroll participants in the program.

EWEB allocates over \$1.5 million each year to its low-income programs, or about 1% of its retail electric revenues.

Pacific Gas and Electric Company (PGE)

This private utility, operating in 45 counties throughout California, sponsors the *Relief for Energy Assistance through Community Help* (REACH) program, which is an energy-assistance program for low-income customers, particularly the elderly, disabled, sick, working poor and the unemployed. PGE, its employees, and customers fund the program through donations. Customers experiencing a sudden hardship and who received a shut-off notice can contact The Salvation Army for assistance. The Salvation Army verifies

income and determines if customers are eligible for financial assistance. It then works with PGE billing department to apply financial assistance. To qualify, an applicant's income must not exceed 200% of the federal poverty guidelines. Utility grants are available once every 12 months, with a maximum award amount of \$300.

City Light (Seattle)

City Light, a public utility, provides electricity to the Seattle area. It has several programs in place to assist low-income customers.

City Light's *Emergency Low Income Assistance* is an in-house program, run by its credit and collections department. Utility revenues provide assistance to customers with payments of up to 50% of delinquent City Light bills in emergency situations, with a maximum payment of \$200 once each year. To be eligible, households must have an income at or below 125% of the federal poverty level. Emergency funds are only available to those who already received federal LIHEAP funds.

Project Share, a collaborative effort between City Light and Seattle Human Services Department, is available to low-income customers who have overdue bills. Public donations fund this program, providing relief to households with incomes at or below 70% of the state median income and who have exhausted all other financial resources.

Seattle Human Services Department also helps administer a program offering rate assistance for low-income households, seniors, and adults with disabilities. Customers with economic hardships can apply through the Human Services Department for a discounted year-round rate (Rate 27) on Seattle City Light fees. Low-income households must have income at or below 125% of the federal poverty level. Seniors over 65 years and people receiving disability payments must have household incomes at or below 70% (Rate 26) of the state median income. Residents living in subsidized public housing are generally ineligible for these programs. Financial assistance is made possible through funding from City Light's utility revenues.

See Table 6 for an overview of these assistance programs.

Table 9: Energy Assistance Program Summary

Program	Organization	Public/ Private	Services/Assistance	Eligibility Criteria	Partners
Water, Energy, and Sewer Program	City of Bellingham	Public	Fee assistance based on income	Percentage of federal poverty level	None
Energy Share	Eugene Water and Electric Board (EWEB)	Public	Payment assistance for \$200 of annual benefits	Based on LIHEAP standards for Oregon. Must be at or below 60% of state's median income, adjusted for household size	Lane County Human Service Commission, St. Vincent de Paul Society, Campbell Senior Center, Catholic Community Services
Relief for Energy Assistance through Community Help	Pacific Gas and Electric	Private	Payment assistance for \$300 of annual benefits	Up to 200% of federal poverty level	The Salvation Army
Emergency Low Income Assistance	City Light (Seattle)	Public	Payment assistance of up to 50%; \$200 of annual benefits	Up to 125% of federal poverty level	None
Project Share	City Light (Seattle)	Public	Publicly-funded program for customers with overdue bills	Must be at or below 70% of the state median income	Seattle Human Services
Rate Assistance for Low Income Households	City Light (Seattle)	Public	Discounted year-round fees for water, sewer, and garbage	Up to 125% of federal poverty level	Seattle Human Services

CONSIDERATIONS FOR RURAL/METRO'S HARDSHIP PROGRAM

There are a number of issues that Rural/Metro can consider in designing and implementing a hardship program. Identifying a funding stream, determining eligibility criteria, and choosing a suitable fee structure are all essential components for a hardship program.

Rural/Metro's current fee structure offers an equitable scale in which those living in larger homes with more land are charged higher fees than those living in modest homes. Providing additional financial assistance to those meeting specified income criteria will further help those experiencing economic hardships. To implement an efficient hardship program, a series of steps must be taken to ensure that the program will have clearly specified guidelines and achieve its goal of assisting low-income citizens. Following is a list of steps that Rural/Metro should consider in developing a hardship program.

1. Identify how much money (or the percent of revenue) that Rural/Metro will need to dedicate to a hardship program.
2. Decide on the fee structure that Rural/Metro will use to establish and fund the program.
3. Discuss how the program in Josephine County relates to the Arizona corporate office.
4. Which eligibility criteria will be used?
 - a. HUD
 - b. LIHEAP
 - c. FPL
5. What type of hardship benefits will be offered?
 - a. Percent reduction in fees
 - b. Annual maximum amount of relief
6. Identify project partner(s) and roles and responsibilities.
7. Identify who will verify applications/income levels of residents.
8. Identify how often participants must apply for the hardship program/verify their incomes (e.g., annually, semiannually, etc.).
9. Identify who the administrator will be for the hardship program and any additional costs.

Funding Sources

Rural/Metro must locate a sufficient funding stream to assist low-income and other customers with economic hardships. The most viable option for funding a hardship program involves Rural/Metro setting up a program out of its net revenues. Rural/Metro could also follow the lead of utility organizations by creating a fund for customers, local businesses, community organizations, and employees to make donations to help community members with difficulty paying for fire services.

Eligibility Standards

The following tables provide an overview of potential eligibility thresholds that could be used by Rural/Metro. Many state and federal assistance programs use guidelines from LIHEAP, the federal poverty level, and Housing and Urban Department Income Limits. It is important to note that different assistance programs employ different eligibility criteria for participation and that the income thresholds change with household size. The numbers reflect both annual (Table 7) and monthly (Table 8) income levels.