



OPALCO Low Income Assessment & Report

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PREPARED FOR Orcas Power and Light Cooperative (OPALCO)

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Report Overview

EXECUTIVE SUMMARY

To many people, the San Juan Islands are thought of as a vacation destination, but permanent residents face many economic challenges, resulting in a significant low income population. In order to better serve the needs of low income households in their service territory, Orcas Power and Light Company (OPALCO) hired CLEAResult to conduct a low income needs assessment. The primary goal of this assessment was to estimate the total number of low income households in San Juan County so that OPALCO and other stakeholders could design and budget for programs that can start to provide the needed assistance.

While there are many ways to define low income, this analysis uses 150 percent of the federal poverty guideline as the threshold for determining low income eligibility. Using available market and Census data, CLEAResult estimated that approximately 19 percent of the full-time population lives below 150 percent of federal poverty guidelines, representing almost 1,500 occupied households and 3,000 people.

With this information in hand, OPALCO began a stakeholder engagement process in order to comprehensively address the needs of low income residents. Over a series of three stakeholder meetings, OPALCO brought together a number of local community groups. These meeting initiated discussions across a wide variety of topics from health care to utility bills and provided stakeholders the opportunity to better understand the vital role that each of them can play to help improve the standard of living in the local community. These meetings also provided the opportunity for CLEAResult staff to receive input on the low income needs assessment and gather additional information from the local community to improve the analysis. Throughout this process OPALCO has made a significant investment in this initiative and in the community.

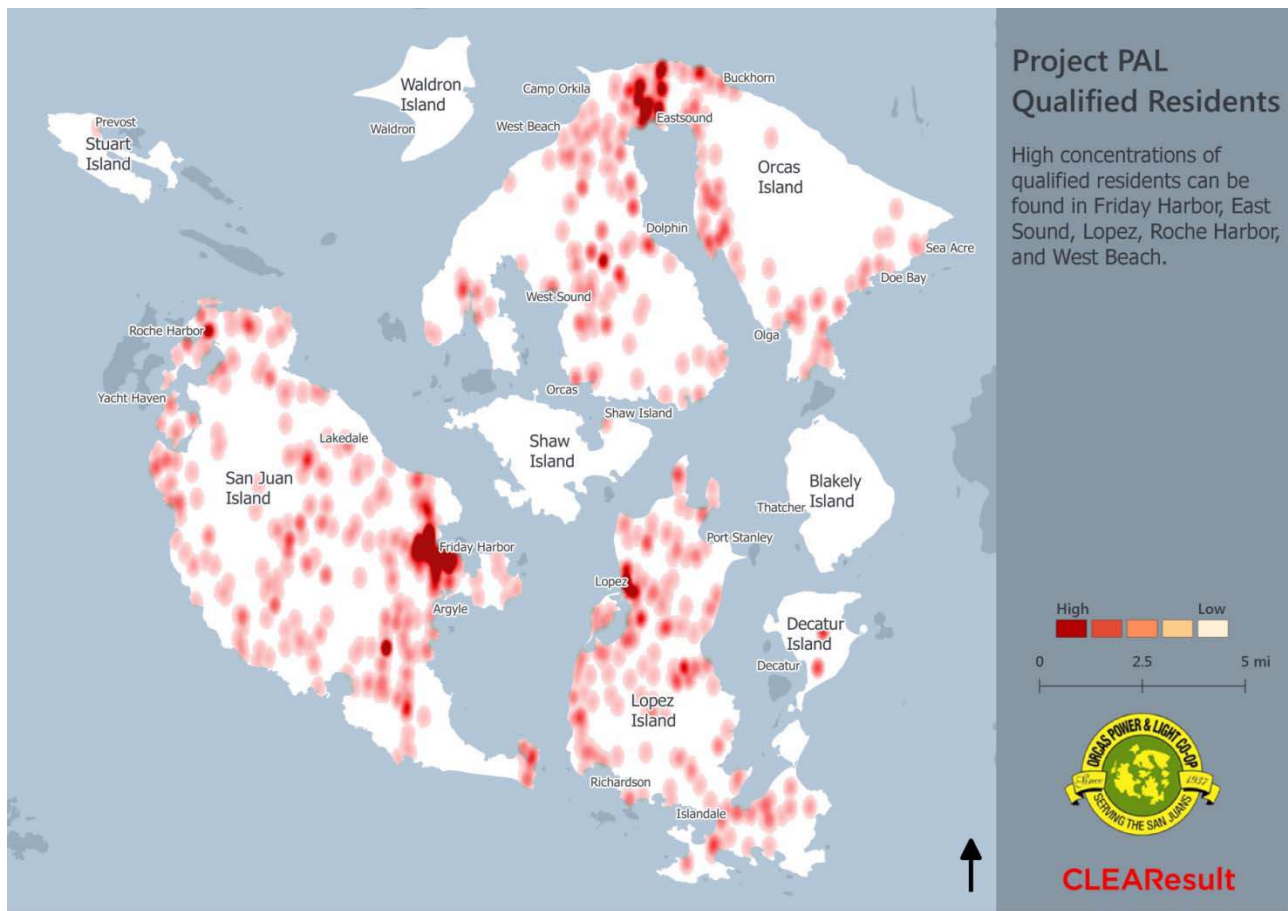
San Juan County Market Profile and Demographics

DEMOGRAPHICS OF SAN JUAN COUNTY

San Juan County is unique among counties in Washington in having an older population than the state average (52 years vs. 38 years), along with having the highest per capita income of any county in Washington, but a lower median income than the state average. It is also distinct in having a very high rate of seasonal occupancy due to the high number of second homes and vacation rentals that make up 35 percent of the overall housing stock. Overall family size is small—average household size is just about 2.05 people per home compared to 2.49 for Washington State, a difference of over 20 percent—and families with children only make up 16 percent of the overall occupied households.

Because of this, the territory of OPALCO needs to be approached differently than similar utilities in the state of Washington that tend to be either wealthier urban or suburban, or poorer rural areas. The county has a mix of both wealthier residents, along with a population of residents subsiding on more marginal incomes. The lower income population, while concentrated in the population centers of Friday Harbor, Eastsound, and Lopez is also distributed through rural areas of Lopez, San Juan, and Orcas islands.

The map below details the concentrations of households qualifying for the Project PAL program based on income levels—making up to 200 percent of federal poverty level guidelines.



Low Income Needs Assessment

SUMMARY OF DATA SOURCES AND ANALYSIS (EXPERIAN AND CENSUS)

CLEARResult used Experian consumer demographic data along with recent US Census data to conduct the analysis related to overall low income population and size and demographics in San Juan County. Experian data is a purchased data set based on financial and household data from major credit card companies and is used to track overall consumer information. For this project Experian data covered approximately 80 percent of all households in the service territory. Household level data was filtered down to only include accurate entries and to eliminate possible seasonally occupied second homes and vacation rentals. Experian data was used in part because it allowed more in depth analysis in terms of household size and income and the actual household unit level compared to census data, which is limited to census-block group level data as the lowest geographic level.

Demographic data was also taken from the American Community Survey related to income levels and household size, along with overall population data from the 2010 and 2013 Census for San Juan County. Census data also provided data points that were not captured in Experian, such as household family composition of those with children and housing stock data.

We found that for the most part Experian-based and Census-based analyses were fairly consistent in terms of overall results, providing similar levels of estimated populations falling into the different poverty level guidelines. Where data didn't align completely could be due to some limitations of the Experian data such as the lack of information in that data set regarding children per home.

EXPLANATION OF FEDERAL POVERTY LEVEL RANGES FOR SAN JUAN COUNTY

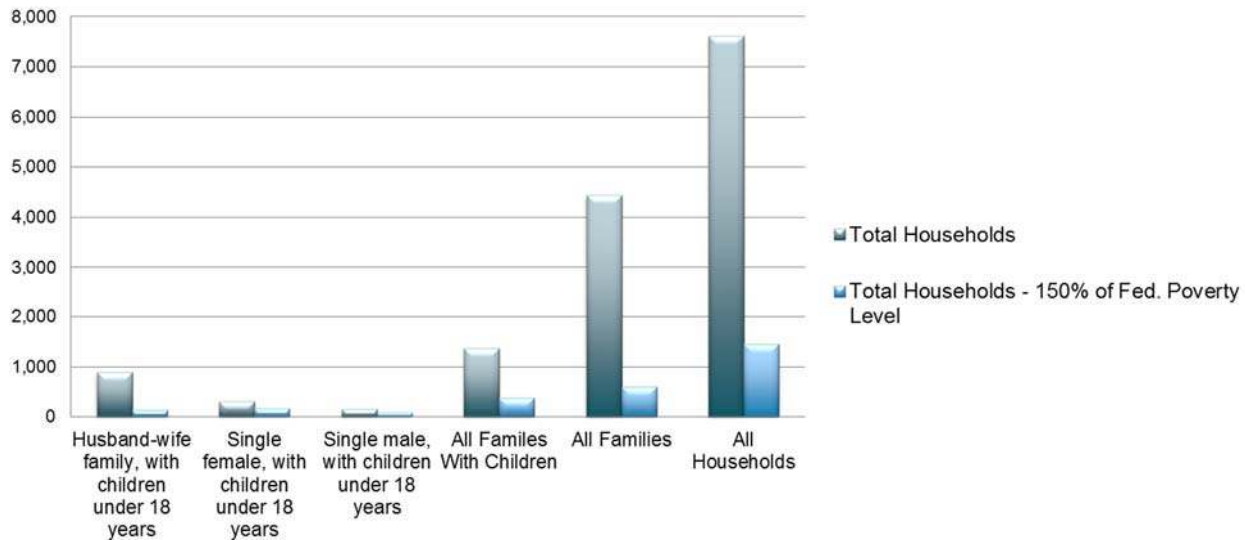
Federal poverty level guidelines are updated yearly by the Department of Health and Human Services. The guidelines are simplifications of the poverty level thresholds updated by the Census Bureau for determining financial eligibility for certain federal programs. The analysis examined overall population qualifying by household size for income levels at 100 percent, 125 percent, and 150 percent of federal poverty level guidelines. The table below shows qualifying income ranges based on the percent of federal poverty level ranges for one and two person households.

Annual income for a single adult meeting 150 percent of federal poverty level guidelines is \$17,505 which equates to an hourly total of \$8.42. For reference, minimum wage in Washington State is \$9.42 per hour, so single adult households with incomes in this range are usually not full-time workers, often being retired seniors living on Social Security, part-time or seasonal workers, unemployed, or on disability or other assistance programs. Annual income for a two adult household meeting 150 percent of federal poverty level guidelines is \$23,598 which equates to an hourly total of \$11.35.

Percent of Federal Poverty Level Guidelines By Household Size and Income Level	Estimated Total Occupied Households	Estimated Total Population	Maximum Income for 1 Person Household	Maximum Income for 2 Person Household	Maximum Income for 3 Person Household
100%	851	1,711	\$11,670	\$15,732	\$19,788
125%	1,152	2,315	\$14,588	\$19,665	\$24,735
150%	1,446	3,010	\$17,505	\$23,598	\$29,682
200%	2,128	4,278	\$23,340	\$31,464	\$39,576

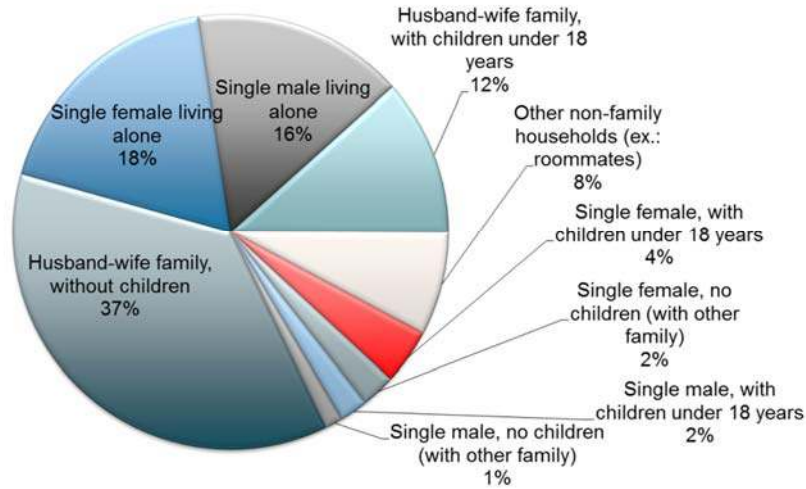
LOW-INCOME POPULATION AND SIZE OF PROBLEM

Our analysis estimated close to 1,500 occupied households or 3,000 people in San Juan County would fall into the 150 percent of federal poverty level guidelines. This estimate was based on our analysis of Experian and Census household-level data detailing household income levels by household size. The population falling into this threshold is mostly single adult households based on both analyses—up to 70 percent of the occupied households in this range. The threshold of 150 percent of federal poverty level guidelines was used to provide a balance between existing programs such as Project PAL at 200 percent of FPL and the Low Income Home Energy Assistance Program (LIHEAP) at 125 percent of FPL in Washington State.



Source: Analysis Based on 2010 US Census

DEMOGRAPHIC TRENDS

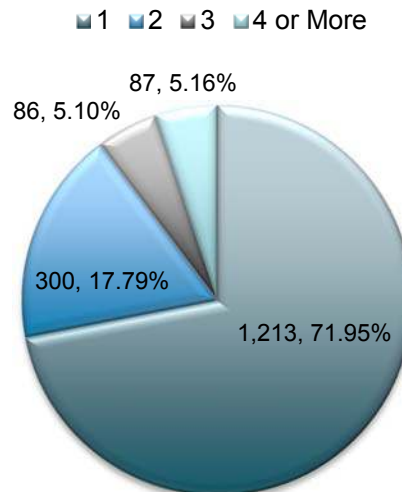


Source: 2010 Census Data

The chart above details the overall home composition of all occupied households in the San Juan Islands. Households are predominantly without children under the age of 18, with husband-wife families without children, single adult households, and other family households without children making up 82 percent of the overall households in the county. About 18 percent of all county households have children under the age of 18.

While the percent of single adult households in the county is about 40 percent of all occupied households—they make up over 70 percent of all households with incomes under 150 percent of federal poverty level guidelines. The chart below from household level analysis from the Experian data-set shows estimated households in this range by number of adults. Experian data does not capture number of children in the home as a usable data-point.

Estimated Occupied Households By Number of Adults Making 150% of Federal Poverty Level Guidelines



Source: Experian Consumer Demographics Data

The following table is from Experian data and details estimated household size and income ranges based on household consumer data. This data was used during the project to gain a more in depth look at individual household estimates of possible participation in any program using federal poverty guidelines as a baseline for qualification.

Income Range	Household Size								All Households
	1	2	3	4	5	6	7	8	
\$1,000 to \$14,999	9.74%	1.41%	0.11%	0.02%	0.02%	0.02%	0.00%	0.00%	11.31%
\$15,000 to \$24,999	6.18%	2.54%	0.62%	0.30%	0.16%	0.02%	0.04%	0.02%	9.87%
\$25,000 to \$34,999	5.53%	1.37%	0.41%	0.16%	0.09%	0.09%	0.02%	0.02%	7.68%
\$35,000 to \$49,999	8.25%	3.86%	1.46%	0.42%	0.26%	0.09%	0.05%	0.00%	14.39%
\$50,000 to \$74,999	7.89%	10.15%	4.28%	2.20%	1.11%	0.65%	0.32%	0.19%	26.80%
\$75,000 to \$99,999	1.89%	3.74%	2.57%	1.87%	0.85%	0.53%	0.21%	0.09%	11.73%
\$100,000 to \$124,999	1.92%	1.73%	0.88%	0.51%	0.32%	0.11%	0.07%	0.00%	5.53%
\$125,000 to \$149,999	1.48%	1.09%	0.46%	0.18%	0.05%	0.02%	0.05%	0.00%	3.33%
\$150,000 to \$174,999	1.74%	0.58%	0.14%	0.05%	0.09%	0.04%	0.02%	0.00%	2.66%
\$175,000 to \$199,999	0.28%	0.19%	0.12%	0.07%	0.02%	0.04%	0.04%	0.00%	0.76%
\$200,000 to \$249,999	1.30%	0.42%	0.18%	0.05%	0.00%	0.00%	0.02%	0.00%	1.97%
\$250,000 +	2.34%	1.15%	0.28%	0.12%	0.04%	0.04%	0.00%	0.00%	3.96%
All Households	48.56%	28.22%	11.50%	5.95%	3.00%	1.62%	0.83%	0.32%	100.00%

Source: Experian Consumer Demographics Data

The table below details the overall home composition of all households in the San Juan Islands falling into the 150 percent of federal poverty level guidelines based on 2010 Census Data. As shown and referenced earlier, non-family households (mostly single-adult households) combined with single parent households with children constitute over 70 percent of this range. While families with children are only 18 percent of households in the county, households with children make up 26 percent of households under 150 percent of the poverty level. Single female households with children, while making up a small percentage of total households in the county (2 percent) make up 12 percent of households under 150 percent of the poverty guidelines, with 56 percent of all single female parent households falling under that threshold.

Household Type	Number of Occupied Households	% of Households for Type below 150% of Federal Poverty Level Guidelines	% of All Households (San Juan County)	% of Households Making 150% of Federal Poverty Level Guidelines
Husband-wife family, with children under 18 years	144	16%	2%	10%
Single female, with children under 18 years	175	56%	2%	12%
Single male, with children under 18 years	54	34%	1%	4%
All Families With Children	373	27%	5%	26%
All Families	635	14%	8%	44%
Non-family households	811	26%	11%	56%
All Households	1,446	19%	19%	100%

Source: Analysis based on 2010 Census Data

LOW INCOME BUDGET VS LIVING WAGE

We used a living wage budget calculator (<http://livingwage.mit.edu/>) for estimated average expenses for categories ranging from medical to child care. Additionally we used median rent figures from the 2013 Census, additional medical expenses for senior citizens, and added other unique expenditures for San Juan County including monthly ferry trip costs. Monthly utility costs were based on OPALCO estimates for electricity and other local utility pricing estimates for non-electric utility costs. Electric utility costs were based on the average cost from participants in the LIHEAP program and weighted by EIA data concerning average electric bills by household size.

A living wage budget reflects overall average expenses needed to live in San Juan County rather than the average poverty level budget. Most households at poverty level or 125 percent to 150 percent of poverty level are surviving through subsidies for basic expenses including housing and health care and not through personal income. The MIT living wage calculation is market based approach that examines the cost of expenditures related to basic necessities before subsidies or public assistance based on the Bureau of Labor Statistics' Consumer Expenditure Survey.

The advantage of using a living wage instead of a poverty level income budget is that poverty level usually does not take into account living costs beyond a basic food budget and doesn't include costs of childcare, healthcare costs or market rate housing costs. For example, a poverty level monthly income of \$972 for a single adult household would spend most of their net income on unsubsidized market rate housing.

Budget estimates include average costs for each household size based on all expenses related to each given category. The transportation category for example includes monthly cost of car or truck(used), gasoline and motor oil, insurance, and other vehicle costs like maintenance—and adjusted for regional differences—with the addition of monthly ferry costs which are unique to San Juan County.

One other factor to take in to consideration was that the median rent for housing costs might not reflect the higher costs that newer renters in the islands would pay or the lower costs older residents with paid-off mortgages would face for housing. With the cost of housing increasing even more over the last several years, the cost currently and in the future will be higher for those looking for a new place to live.

	1 Adult	% of Budget	2 Adults	% of Budget
Housing	\$746	34%	\$957	28%
Transportation	\$388	18%	\$665	19%
Medical	\$140	6%	\$361	10%
Child Care	\$0	0%	\$0	0%
Food	\$301	14%	\$551	16%
Other	\$190	9%	\$331	10%
Entertainment	\$135	6%	\$249	7%
Other Utility	\$200	9%	\$200	6%
Electric Utility	\$90	4%	\$138	4%
Total Monthly Budget (Before Taxes)	\$2,190	100%	\$3,452	100%

All figures are from Living Wage Calculation for San Juan County (<http://livingwage.mit.edu/>) except where noted.

	1 Senior	% of Budget	2 Seniors	% of Budget
Housing	\$746	30%	\$957	24%
Transportation	\$388	16%	\$665	17%
Medical	\$422	17%	\$844	21%
Child Care	\$0	0%	\$0	0%
Food	\$301	12%	\$551	14%
Other	\$190	8%	\$331	8%
Entertainment	\$135	5%	\$249	6%
Other Utility	\$200	8%	\$200	5%
Electric Utility	\$90	4%	\$138	4%
Total Monthly Budget (Before Taxes)	\$2,472	100%	\$3,935	100%

All figures are from Living Wage Calculation for San Juan County (<http://livingwage.mit.edu/>) except where noted.

	1 Adults, 1 Child	% of Budget	2 Adults, 2 Children	% of Budget
Housing	\$957	23%	\$1,263	23%
Transportation	\$665	16%	\$881	16%
Medical	\$480	12%	\$468	8%
Child Care	\$656	16%	\$972	17%
Food	\$443	11%	\$886	16%
Other	\$331	8%	\$438	8%
Entertainment	\$249	6%	\$303	5%
Other Utility	\$200	5%	\$200	4%
Electric Utility	\$138	3%	\$148	3%
Total Monthly Budget (Before Taxes)	\$4,120	100%	\$5,557	100%

All figures are from Living Wage Calculation for San Juan County (<http://livingwage.mit.edu/>) except where noted.

Existing San Juan County Energy Assistance Programs

PROJECT PAL

Project PAL is housed at Orcas Power & Light Cooperative and serves OPALCO members, but is run by an independent, volunteer council. This anonymous council of six member volunteers reviews Project PAL applications and makes award decisions monthly during the heating season, November through April. Half of PAL funds each year are designated for seniors and disabled persons of low income. The remainder is made available to any member who meets the PAL Eligibility and Guidelines 2014 and whose application is approved by the volunteer council. Low income participants are qualified currently with incomes up to 200 percent of federal poverty level guidelines.

Overall the PAL program, serves about 15 to 16 percent of qualified households within that income range annually.

Season	Senior and Disabled Grant Recipients	Other Grant Recipients(Low-income)	Total Grants	% of Occupied Households Participating	% of PAL Qualified Households	Total Cost of Grants
2011-12	126	101	227	2.93%	15.70%	\$33,703
2012-13	129	90	219	2.82%	15.15%	\$32,700
2013-14	119	114	233	3.00%	16.11%	\$36,519
2014-15	116	104	220	2.84%	15.21%	\$39,661

LIHEAP

The Low Income Home Energy Assistance Program is a federal program that assists low income families with energy costs including utility bills, weatherization programs, and assistance during energy crises. LIHEAP can help renters or low income homeowners with their heating and electric bills as well as pay for heating or cooling system repair costs. Households qualifying for LIHEAP can receive up to \$1,000 for paying their primary heat source and bills, though in San Juan County the average assistance amount was \$483 per household.

The LIHEAP statute establishes 150 percent of the poverty level as the maximum income level allowed in determining LIHEAP income eligibility, except where 60 percent of state median income is higher. Income eligibility criteria for LIHEAP may not be set lower than 110 percent of the poverty level. In San Juan County eligibility is at 125 percent of federal poverty level guidelines.

Under the law, LIHEAP grantees have the flexibility of serving households having at least one member who also receives assistance under any of the following Federal programs (referred to as categorical eligibility) including Temporary Assistance for Needy Families, Supplemental Security Income, Food Stamps, and Veteran Benefits.

For comparison here is the total population served and cost of energy assistance for LIHEAP qualified by household income levels under 125 percent of federal poverty level guidelines—serving about 15 percent of qualified households during the 2014-15 season:

Season	Total Households	Total Population Served	% of Occupied Households Participating	% of Qualified Households	Average Grant Amount	Total Cost of Grants
2014-15	168	336	2.17%	14.58%	\$483	\$81,144

VETERAN BENEFITS

There are 1,544 veterans in San Juan County (2013 US Census), which is about 10 percent of the population. Of these, 105 have a service-connected disability rating. Per capita Veterans Administration benefits spending is under \$2,500 per veteran, the lowest per county spending average in Washington State. Due to the distance of many veterans from VA services, participation in programs remains low. The Veterans Assistance Fund will provide assistance with utility bills for eligible veterans if considered indigent—already receiving public assistance, receiving an annual income of less than 150 percent of federal poverty level guidelines, or unable to pay for shelter, food, utilities, or transportation because of insufficient funds.

http://www.co.san-juan.wa.us/committees/veterans/docs/VAB_Manual_Update_2013.pdf

New Program Implementation Considerations

KEY CONSIDERATIONS

- Means testing for any potential new program based on income and household size levels and eligibility and crossover with other existing assistance programs.
- Progressive income based program reaching the full spectrum of households in need from extremely low income below poverty level to households making up to 150 percent of federal poverty guidelines

MEANS TESTING

As part of the planning process for new or modified low income energy assistance, we looked at income qualifications and ranges for other low income programs.

The following table details existing assistance programs with available participation data and the average benefits and eligibility requirements for each. Note that the high percentage of households receiving income from Social Security would be reflective of San Juan County residents over the age of 65 (25 percent of the overall population) along with other retired residents over the age of 62, but would also include those receiving payments for SSDI.

Program	# of Participating Occupied Households	Household Participation Rate	Average Benefits Amount	Eligibility
Project PAL	220	2.84%	\$159	200% of FPL or seniors/disability
LIHEAP	168	2.17%	\$483	125% of FPL
Social Security	3,118	40.20%	\$18,213	Varies
Supplemental Security Income	166	2.10%	\$7,054	65 or older and certain medical conditions (blind/disabled)
SNAP Benefits(Food Stamps)	595	7.70%	\$118	130% of gross FPL or 100% of net FPL
Other Cash Public Assistance	166	2.10%	\$4,109	Varies

Source: Project PAL and LIHEAP based on most recent program data and other programs based on 2013 Census estimates

The program also looked in depth at other assistance programs available in San Juan County for eligibility requirements and possible cross-over with a potential new progressive assistance approach (in which eligibility for one assistance program might trigger eligibility for a newer program).

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)

- SNAP provides federal nutrition assistance in the form of food stamps or other food benefits for low income individuals and families
- To qualify for SNAP benefits, households must meet an income test of gross income below 130 percent of poverty guidelines and net income below 100 percent of poverty levels. If a household has a senior or someone else on disability payments they only need to meet the net income test.
- About 7.7 percent of San Juan County households participate in the SNAP program (2013 Census data)

NATIONAL SCHOOL LUNCH PROGRAM

- The National School Lunch Program is a federal assisted meal program operating in public and nonprofit private schools and residential child care institutions providing low-cost or free lunches to children from low-income households each school day.
- Eligibility for reduced price meals is limited to households with incomes falling under 185 percent of federal poverty guidelines. To qualify for free meals, students must be from households that make less than 130 percent of federal poverty guidelines. Eligibility rates vary for reduced and free lunches from 23 percent for students on Orcas Island to 42 percent on San Juan Island and 50 percent on Lopez Island.

APPLE HEALTH (MEDICAID)

- The federal Medicaid program in Washington State is called Apple Health. Low income health coverage is available to individuals and families under a number of income-based guidelines. These vary with different programs for adults with dependent children along, pregnant women, or those on supplemental social security income and the medically needy.
- The income limit for adults from age 19 through 65 is at or below of 133 percent of federal poverty guidelines. Apple Health for Kids is free to children with households at or below 210 percent of the federal poverty guidelines and available for monthly premium of children in households with income at or below 312 percent of the federal poverty guidelines. TANF
- Temporary Assistance for Needy Families (TANF) provides temporary cash for families in need. Some families participate in the WorkFirst Program, which helps participants find and keep jobs.
- To be eligible for TANF a family must have resources of \$1,000 or less in checking and savings accounts, stocks, bonds, and mutual funds.

SOCIAL SECURITY DISABILITY (SSDI)

- Social Security Disability (SSDI) provides benefits for anyone disabled and unable to workers who have already paid into the Social Security system through their payroll taxes. SSI is considered more of an entitlement program helping individuals who have limited income and resources, irrespective of their past work history or how much they have paid into the Social Security system.
- SSDI benefits are available to workers under the age of 65 who are disable under the guidelines of the Social Security Administration and requires medical diagnosis as an individual unable to perform work.

PROGRESSIVE ASSISTANCE EXAMPLE

The table below details a potential energy assistance program that provides electric bill assistance based on income (column on left) and electric bill and usage (monthly kWh on top row, average annual electric bill on third row). The program would cap electric bills at 10 percent of household budget with most recipients being very low-income households.

10% cap kWh/ month>	200 kWh	400 kWh	600 kWh	800 kWh	1000 kWh
	Average Annual Electric Bill				
Annual Income	\$671	\$875	\$1,079	\$1,283	\$1,487
\$3,000	\$371	\$575	\$779	\$983	\$1,187
\$7,500	\$0	\$125	\$329	\$533	\$737
\$12,500	\$0	\$0	\$0	\$33	\$237
\$17,500	\$0	\$0	\$0	\$0	\$0
\$22,500	\$0	\$0	\$0	\$0	\$0

The table below details the low income population that would fall into this range based on 2013 US Census Data figures as possible participants in a progressive income-based approach. One thing to take into consideration is the higher percentage of renters at the lower income ranges. Potential programs would be aimed at bill-payers, who could be owners rather than the occupying tenant, but also address the special needs of low income renters.

	Occupied Housing Units	Total Households	Owner-occupied housing units	Renter-occupied housing units
Less than \$5,000	3.00%	233	2.60%	4.00%
\$5,000 to \$9,999	3.50%	271	1.90%	7.40%
\$10,000 to \$14,999	4.80%	372	3.00%	9.40%
\$15,000 to \$19,999	4.60%	357	3.00%	8.70%
\$20,000 to \$24,999	5.50%	426	3.80%	9.70%

Source: 2013 Census Data

OTHER CONSIDERATIONS

- Will the program provide assistance monthly for the entire year or be limited to the heating season?
- Participation rates for existing energy bill assistance programs are under 5 percent of total households but range from 15 to 30 percent of qualified households. Would a progressive program combined have higher participations rates?
- Should the new assistance program take into account energy assistance already obtained?
- Special considerations for renters versus home owners participating in any program and different outreach methods.