# STRENGTHENING THE UTILITY DISCOUNT PROGRAM

## Interdepartmental Team

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## Message from Mayor Ed Murray

As mayor, I am committed to ensuring that Seattle remains an inclusive and accommodating city, including making sure that Seattle is affordable for all its working families. That is why I have asked for a citywide effort to double enrollment in the city's Utility Discount Program over the next four years.

Seattle's record growth and development creates great opportunities, but also creates great challenges as Seattle becomes increasingly expensive. In order to ensure that Seattle remains affordable, I have asked for action on many fronts—from raising the minimum wage to increasing transportation and affordable housing options to ensuring that every child can access pre-kindergarten. Since January, we have made significant gains, but more work remains to be done.

Seattle's Utility Discount Program (UDP) offers an additional way to mitigate rising costs by offering qualifying customers a 60 percent discount for electrical service and a 50 percent discount for water, wastewater, and garbage removal—one of the strongest low-income utility assistance plans in the country.

In January, I issued a challenge to city departments: double enrollment in the Utility Discount Program (from 14,000 customers to 28,000) by the end of 2018. I made it clear that I wanted city staff to think creatively. To paraphrase the great Franklin Delano Roosevelt, this is an effort that demands bold persistent experimentation.

In response, a team that included staff from my Office of Policy and Innovation and Budget Office, Seattle City Light, Seattle Public Utilities, the Human Services Department, and the Office of Immigrant and Refugee Affairs spent the past six months researching and analyzing every aspect of the city's utility assistance programs.

The resulting recommendations represent a plan for the city to double enrollment in the UDP by creating a utility assistance program that is well-known, easy to navigate, and simple to enroll in.

I have already directed city departments to begin implementing this report's recommendations, and we are starting to see positive results. In January, roughly 14,000 customers were enrolled in the UDP. At the end of June, more than 15,700 customers were enrolled, a 12 percent increase.

For some recommendations, legislation will be needed, and I look forward to working with the City Council to ensure that low-income utility customers have access to this important benefit program.

A lot of hard work separates us from the goal of 28,000 enrollees, but I am confident that these recommendations will get us there. And as changes are implemented, we will continually evaluate our approach and work across departments and with outside stakeholders to refine our efforts.

Together, we will make sure that Seattle remains affordable for the working families that make our city so exceptional. Our diversity is our strength, and we must strive to guarantee that Seattle remains a city of inclusion.

Sincerely,

Mayor Edward B. Murray

## Executive summary

The City of Seattle has a long tradition of working to ensure that Seattle is affordable for its vibrant and diverse population. With increased economic growth and development in Seattle, it is becoming increasingly expensive for economically disadvantaged people to live here. Mayor Ed Murray recognizes that while a livable wage is an important part of overall affordability, it is also important to address the rising cost of living.

One way to lessen cost of living increases is to ensure that utility bills are affordable for lower income customers. In a city where the cost of living is among the highest in the nation, affordable utilities can make the difference between residents being able to live in Seattle or having to move elsewhere. Seattle's Utility Discount Program offers eligible customers a 60 percent discount for electrical service and a 50 percent discount for water, wastewater, and garbage removal.

Despite this considerable benefit, the number of customers enrolled in the program remains well below the estimated number of customers who qualify.

*Of the estimated 72,000 households in Seattle eligible for enrollment, 14,000 were enrolled as of January 1, 2014.*

### Goal of the initiative

On January 29, 2014, the mayor announced a goal of increasing enrollment in the city's Utility Discount Program (UDP) to 28,000 customers by the end of 2018.

The Mayor's Office of Policy and Innovation (OPI) was tasked with convening an interdepartmental team (IDT) consisting of representatives from the Human Services Department (HSD), Seattle City Light (SCL), Seattle Public Utilities (SPU), and City Budget Office (CBO), to develop an action plan for strengthening rate assistance programs and increasing UDP enrollment.

The recommendations contained in this report are intended to meet both the mayor's enrollment goal and create a utility assistance program that prioritizes efficiency and customer service. Although expanding the program's reach is critical, the IDT acknowledges the need for reforms and innovations to improve the overall customer experience.

The IDT identified three areas of focus for reform and improvement:
1. Recruitment/enrollment, including enhanced marketing and new customer development;
2. Process improvements; and
3. Customer retention.

The report's short-term and long-term recommendations, as well as recent UDP improvements, are sorted accordingly.

### UDP accomplishments to date

So far this year, several critical program changes have already been implemented:

**RECRUITMENT/ENROLLMENT**
- Enhanced the direct-mail marketing campaign (including a 25 percent increase in mailings from 2013).
- Allowed customers participating in SPU's Emergency Assistance Program to be auto-enrolled in the UDP.
- Changed policies so that affordable-housing providers can enroll new and current tenants in the UDP.
- Used a Race and Social Justice Initiative filter to evaluate all policies, procedures, and marketing/outreach plans to more effectively reach the target population.

**PROCESS IMPROVEMENT**
- Managed customer interactions better with the new HSD database (UAP3), which improved internal processing of customer enrollment and termination information.
- Established a work team comprised of HSD, SCL, and SPU representatives to coordinate outreach and marketing activities.

**CUSTOMER RETENTION**
- Allowed customers to keep UDP enrollment when they move.

To date, UDP improvements are having a positive impact. The chart below shows that, compared to the same period last year (January to May), new UDP enrollments are up 74 percent:

**New applications processed (Jan–May)**

| | 2013 | 2014 |
|---|---|---|
| New applications | 1557 | 2706 |
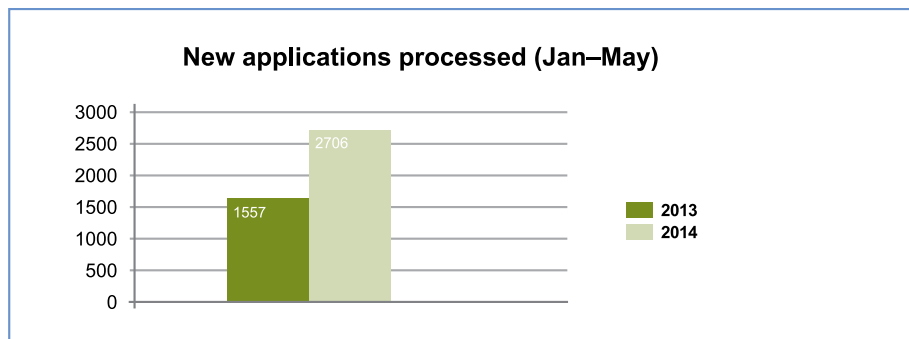
## Short-term recommendations (three months – one year)
**RECRUITMENT/ENROLLMENT**
- Require one month of income documentation instead of three months.
- Integrate UDP with financial coaching through the Seattle Financial Empowerment Center (FEC). In addition, the FEC will work with community-based organizations who serve foreign-born populations for outreach to eligible UDP customers.
- Make UDP information available via the Call Center's Interactive Voice Response (IVR) system and actively engage service representatives to promote UDP participation.
- Expand the "Pass It On" employee marketing campaign.

**PROCESS IMPROVEMENT**
- Create a single point of entry for customers and a UDP brand.
- Align eligibility thresholds of utility assistance programs.
- Increase staffing to meet the demands of increased enrollment.
- Transfer administration of Project Share, an assistance program funded by customer donations, from HSD to SCL.

**CUSTOMER RETENTION**
- Extend recertification timeline from 18 months to two years for non-seniors.

## Long-term recommendations
**RECRUITMENT/ENROLLMENT**
- Create an online application process.
- Auto-enroll subsidized housing units that do not receive federal utility assistance.

**PROCESS IMPROVEMENT**
- Include UDP benefit on monthly billing statement.
- Streamline UDP eligibility determination by using enrollment in other benefit programs.
- Make UDP discount rate uniform (SCL moves from 60 percent to 50 percent).

## Oversight and next steps
While some recommendations can be implemented immediately, most will require additional analysis and development. Two factors that were crucial to this report's success are also crucial to successful implementation: collaboration across departmental and organizational boundaries, and oversight from the mayor and city council. In order to build in collaboration and oversight, the IDT proposes the following implementation framework:

- An IDT Steering Committee will meet monthly to evaluate UDP progress. Once the recommendations herein have been approved by the mayor, the IDT will design implementation strategies and convene work groups to further develop the proposals. This work will include:
  - Identifying and assigning staff to further study recommendations and develop implementation plans. This includes refining or developing cost estimates for implementation and ongoing operation.
  - Creating or revising business processes. These will be documented and affected staff will be trained.
  - Establishing internal controls as recommendations are developed in more detail and risks are identified.
  - Developing metrics that will be tracked and reported.
- The IDT will provide the mayor with a monthly update of key UDP enrollment data.
- The IDT will submit an annual UDP report to the mayor and city council. This report will be a comprehensive update on the city's rate assistance program, including the efficacy of new reforms and modifications.
- The IDT will establish semi-annual consultations with outside stakeholders, including members of immigrant and refugee populations.
- SCL and SPU have a Memorandum of Agreement (MOA) with HSD to administer the UDP program. This MOA is negotiated annually. The 2015-16 MOA, to be negotiated in the fall, will include enhanced service levels and metrics, establish ongoing roles and responsibilities, and account for new costs.

## Utility rate assistance overview

The City of Seattle is committed to providing essential services for low-income residents in an affordable and accessible manner.

The Utility Discount Program is just one of several assistance programs the utilities provide for customers in need. In addition to the UDP, which involves ongoing enrollment, both utilities provide emergency one or two-time assistance in order to prevent shut-offs. SPU provides emergency relief to customers through its Emergency Assistance Program (EAP). SCL's comparable program is called the Emergency Low-Income Assistance (ELIA). SCL also offers Project Share, which is funded through donations from customers and employees. In 2013, the four city programs provided benefits (in the form of a rate discount and/or annual credit to avoid utility shut-off or disconnect) totaling more than $14 million.

The table below shows the city's low-income utility-assistance eligibility guidelines, as well as general service and pledge information.

**Table 1: City rate assistance programs (2013), Source: HSD, SCL, SPU**

|  | Seattle City Light Emergency Low-income Assistance (ELIA) | Project Share (PS) | Utility Discount Program (UDP) | Seattle Public Utilities Emergency Assistance Program (EAP) |
|---|---|---|---|---|
| Income Guidelines | 125% of Federal Poverty Level | 70% of State Median Income | 70% of State Median Income | 70% of State Median Income |
| Service | Electric | Electric | Electric & Utilities | Water, Sewer & Garbage |
| Pledge Amount | Up to $ 200 | Up to $ 500 | 50–60% on SCL & SPU Bills | Up to $ 350 |
| Enrollment/ pledges (2013) | 1052 | 1,139 | 14,000 | 982 |
| Benefits (2013) | $ 149,303 | $ 272,684 | $14.2 million ($6.9 mil. – SPU / $7.3 mil. – SCL) | $ 239,750 |

## Utility Discount Program

The Utility Discount Program (UDP) offers a 60 percent discount for electrical service, and a 50 percent discount for combined utility services, one of the most generous plans for either type of service available in the country. To be eligible for the program, a customer must have a household income less than 70 percent of the State Median Income (income guidelines are updated annually); be a SCL and/or SPU customer; and not reside in housing operated by the Seattle Housing Authority, King County Housing Authority, or federal government that includes a utility allowance.

### UDP administration and cost

Seattle City Light and Seattle Public Utilities have staff in their departments who support both the UDP and the utility emergency assistance programs. In addition, both departments have a Memorandum of Agreement with the Human Services Department to administer the UDP program. The utilities split HSD administrative costs, and because SCL's customer base is larger, costs are split 56 percent (SCL), 44 percent (SPU). Total administrative costs of the utility discount program in 2014 are estimated to be $2.2 million. HSD also currently administers Project Share for SCL.

The table below summarizes the administration costs by department and by program for 2014 and 2018 as well as showing the difference. The total administrative costs for all utility assistance programs (UDP and emergency assistance) are $2.9 million. This covers the costs of a total of 29.6 staff in all three departments. The average cost per client is $87.85 in 2014 and drops to $63.54 in 2018 due to the proposed efficiencies. The average benefit per client for all assistance programs increases from $522.26 in 2014 to about $675.51 in 2018. This $153 increase is attributable to inflation and planned rate increases over this time period as proposed in the utilities' six-year strategic plans.

**Table 2: Total utility assistance program costs**

| | 2014 (projected) | | | | 2018 | | | | Difference | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FTE | Admin costs | Benefits | # Clients | FTE | Admin costs | Benefits | # Clients | FTE | Admin costs | Benefits | # Clients |
| **Total SCL UDP program** | 9.06 | $1,548,500 | $8,800,000 | 16,800 | 5.06 | $1,607,900 | $17,200,000 | 28,000 | -4.00 | $59,400 | $8,400,000 | 11,200 |
| **Total SPU UDP program** | 3.00 | $685,500 | $7,860,000 | 13,100 | 3.00 | $1,013,700 | $17,510,000 | 20,200 | 0 | $328,200 | $9,650,000 | 7,100 |
| **Total combined UDP program** | 12.06 | $2,234,000 | $16,660,000 | | 8.06 | $2,621,600 | $34,710,000 | | -4.00 | $387,600 | $18,050,000 | |
| **Total SPU emergency assistance program** | 1.00 | $135,000 | $250,000 | 1,000 | 1.00 | $85,100 | $290,000 | 1,200 | 0 | ($49,900) | $40,000 | 200 |
| **Total Project Share program** | 0.30 | $291,200 | $256,300 | 900 | 1.25 | $121,000 | $256,317 | 902 | 1.00 | ($170,200) | $17 | 2 |
| **Total ELIA program** | 2.75 | $274,000 | $277,000 | 1,600 | 2.75 | $301,300 | $300,000 | 2,334 | 1.00 | $27,300 | $23,000 | 734 |
| **Total combined assistance program** | 4.00 | $700,200 | $783,300 | 3,500 | 5.00 | $507,400 | $846,317 | 4,436 | 1.00 | ($192,800) | $63,017 | 936 |
| **HSD admin costs (non utility)** | 0 | $0 | | 0 | 1.50 | $215,401 | | - | 1.50 | $215,401 | $0 | 0 |
| **Total MOA costs** | 13.50 | $1,345,890 | | 0 | 18.50 | $1,844,988 | | - | 5.00 | $499,098 | $0 | 0 |
| **Total HSD administration costs** | 13.50 | $1,345,890 | | 0 | 20.00 | $2,060,390 | | - | 6.50 | $714,500 | $0 | 0 |
| **Total admin costs - HSD, SCL, SPU** | 29.60 | $2,934,205 | $17,443,317 | 33,400[1] | 33.10 | $3,344,387 | $35,556,317 | 52,636 | 3.50 | $410,182 | $18,113,000 | 19,236 |
| **Cost per client** | | $87.85 | | | | $63.54 | | | 0 | ($24.31) | $0 | 0 |
| **Average benefit** | | | $522.26 | | | | $675.51 | | 0 | $0 | $153.26 | 0 |

[1]This is a duplicated count of number of clients across all utility assistance programs. A duplicate count allows for the calculation of the average benefit across all utilities per client recognizing the differential average benefit per client per utility and the difference in average benefits between on-going discounts to the bills and one-time emergency assistance.

The program's annual benefit to enrollee and cost to rate-payer, based on 2014 projections, are:
- Average SCL benefit per UDP program participant is $523; average annual cost to ratepayer is $21.
- Average SPU benefit per UDP program participant is $600; average annual cost to ratepayer is $23.40.
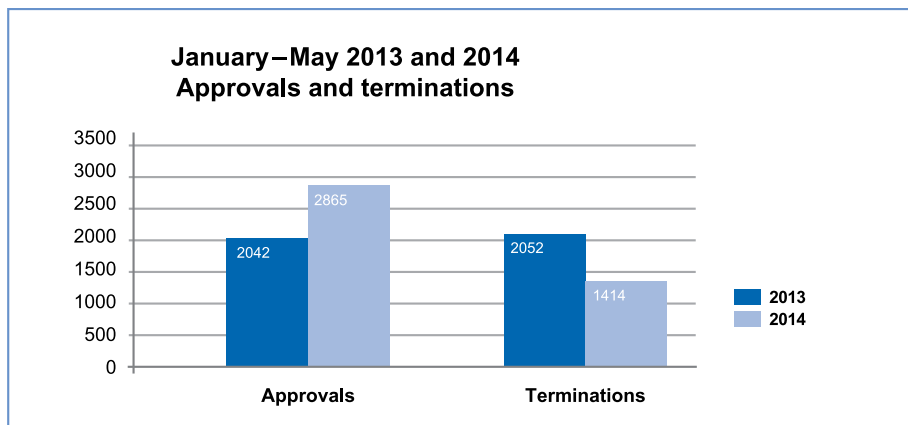
## UDP enrollment

As of May 2014, there were 15,424 customers enrolled in the UDP. As demonstrated in the chart, enrollment is up from 14,000 customers at the end of 2013.

**HSD data on currently active enrollments in the UDP**
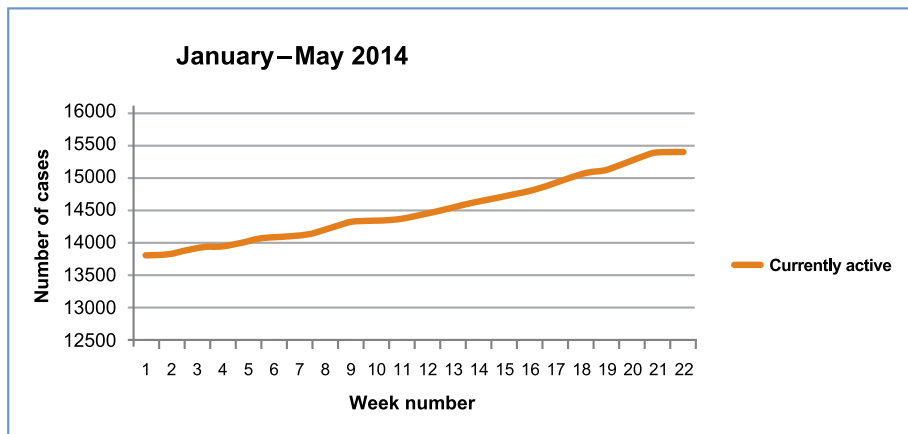


**HSD data shows new approvals have risen by 40 percent and terminations have dropped by 31 percent during the same time period for 2013-2014**



## Past efforts to increase enrollment

Over the years, there have been a number of efforts to reduce utility bills through both conservation (i.e. reduced usage) and enrollment in the UDP. In 2012, SCL initiated an enhanced marketing effort to increase UDP enrollment. This was done, in part, to offset the impacts of proposed rate increases over the life of the utility's strategic plan. SCL established a team to provide program marketing and outreach, assist customers through the enrollment process, and provide walk-through energy audits.

Before this effort, there were initiatives to improve the program and make it more accessible to customers. For example, in 2010, most city assistance programs moved to a uniform eligibility guideline (program participants' income could not exceed 70 percent of the State Median Income level). In addition, the rate discount which was standardized at 50 percent for the utilities, later increased to 60 percent for City Light because of a large rate increase during the recession.

Further streamlining occurred as a result of an outside consultant's review of the HSD process. The department moved from a case management format to a call center format, allowing improved customer access and better use of resources.

In 2013, to increase retention, the terms of enrollment for seniors were increased from 18 months to three years. This change was based on the assumption that the financial status of seniors would not change as frequently as that of non-seniors.

HSD has also increased the number of ethnically diverse, multi-lingual staff to aid in enrolling clients.

Despite these efforts, challenges to significantly growing the program persist.

**Total enrollment**

### Total active enrollments 2003–2014 (May)
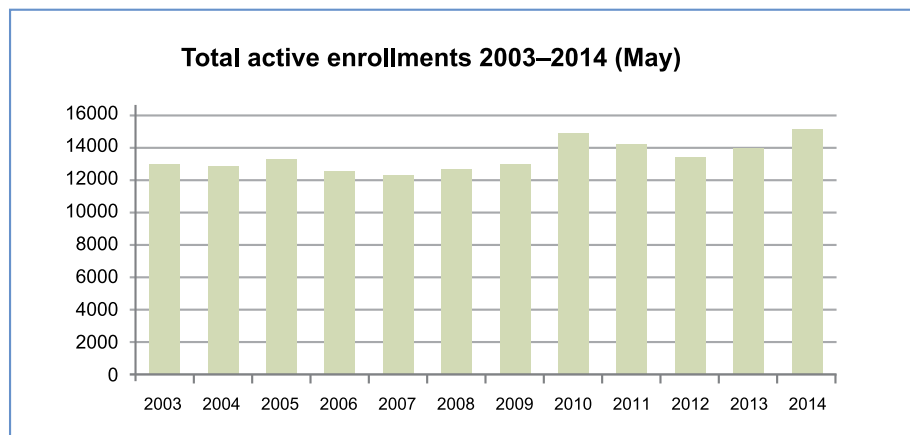
### IDT research findings

The IDT was committed to making this a data-driven endeavor, with customer feedback being critical. The following methods were used to gather data for use in developing appropriate solutions to under-enrollment in the UDP.
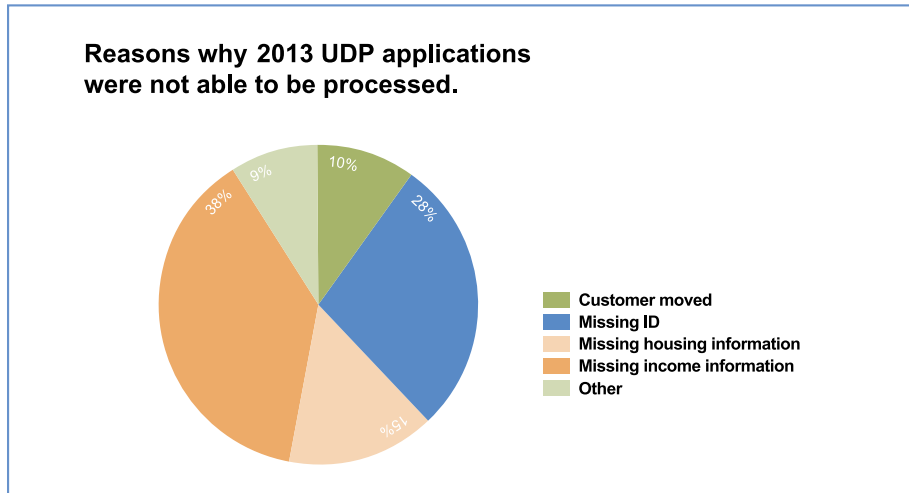
**FOCUS GROUPS**

Focus groups were conducted with Spanish-, Amharic-, and Cambodian-speaking community members to gauge their knowledge of the program and investigate barriers to participation. Key findings include:

- The application process is too long and complicated;
- Customers have difficulty gathering required paperwork. The income documentation requirement—three months of employment income for all household members over 18 years-of-age—is particularly onerous; and
- Language barriers are substantial.

**AUDIT OF 2013 CUSTOMERS WITH INCOMPLETE APPLICATIONS**

HSD analyzed 295 incomplete applications from 2013 to identify requirements or procedural hurdles that kept customers from completing their applications. The majority of applications were deficient because a household member was unable to provide either income verification documentation (38 percent), or government issued identification (28 percent).

**Audit of incomplete applications**

**Reasons why 2013 UDP applications were not able to be processed.**

- 10% Customer moved
- 28% Missing ID
- 15% Missing housing information
- 38% Missing income information
- 9% Other

**TELEPHONE SURVEY OF UDP CUSTOMERS WHO DID NOT RECERTIFY IN 2013**

In order to identify impediments to customer retention, SCL commissioned a phone survey of UDP customers who did not recertify in 2013. The survey, conducted in multiple languages, had 171 participants. Of special interest were the customers who dropped off only to re-enroll later (57 percent). Key findings include:

- Customers were generally happy with the UDP;
- The most common reasons for failing to recertify were lack of awareness (36 percent) or lack of required documentation (10 percent);
- Of customers who later re-enrolled, 27 percent did not realize their enrollment had lapsed; and
- Most customers who later re-enrolled remained out of the program for multiple billing cycles.

**UDP BARRIERS REPORT**

The Office of Immigrant and Refugee Affairs (OIRA) completed an assessment of the Utility Discount Program and barriers that might impact foreign-born residents. OIRA met with representatives from six different community-based organizations that assist foreign-born populations with utility assistance to discuss language barriers, service barriers, complaints, and literacy of clients. The OIRA report recommendations included:

- Simpler documentation;
- Consistent use of ethnic media; and
- Adequate signage in city facilities.

## How the Utility Discount Program has been strengthened

The mayor's initiative provided a forum for all three departments to assess barriers to achievement of the IDT goals and provide recommendations that are both needed and timely. Several critical program changes have already been implemented.
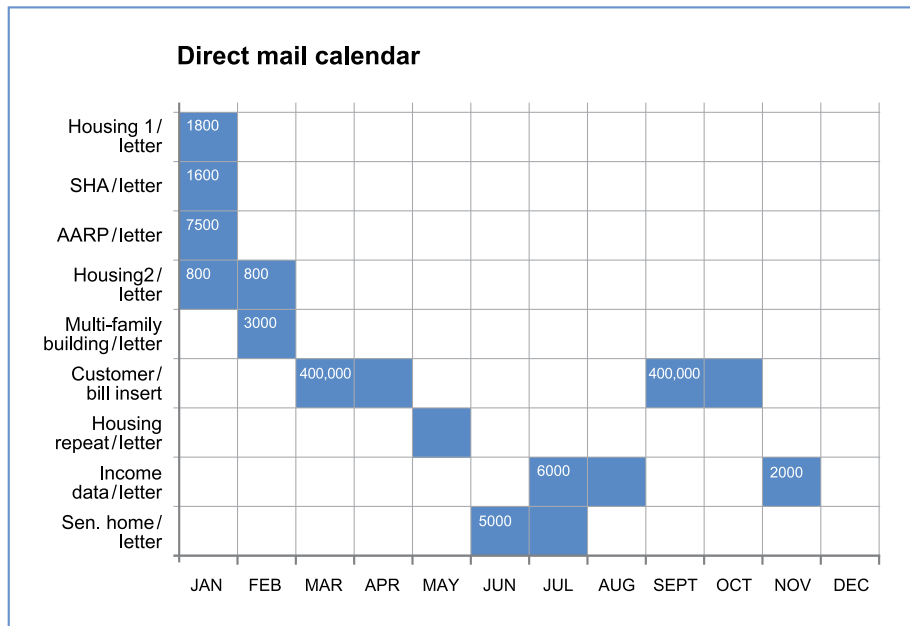
### Recruitment and enrollment
**2014 UDP MARKETING PLAN**

To increase enrollment, a marketing plan was created and is currently being executed through targeted direct-mail marketing and outreach.
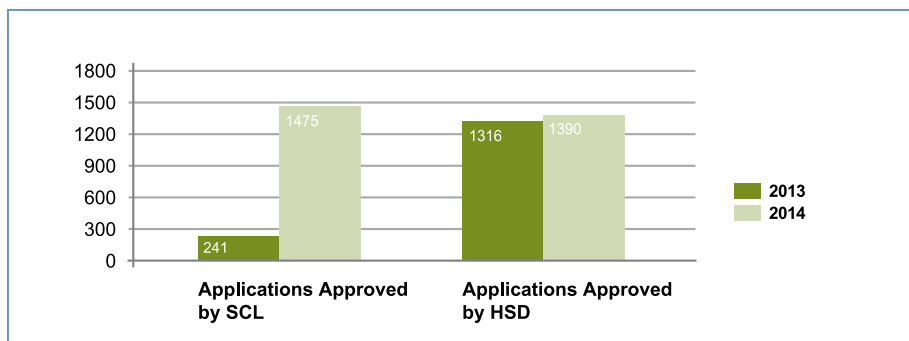
As part of these efforts, SCL is mailing approximately 1,000 letters a week to affordable housing buildings, seniors, and customers identified through demographic data as low income. By year's end, the campaign hopes to contact 25,000 customers (a 25 percent increase over 2013), with 2,500 enrolling in the UDP.

**Table 3: 2014 direct-mail marketing**

**Direct mail calendar**

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEPT | OCT | NOV | DEC |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Housing 1/letter | 1800 | | | | | | | | | | | |
| SHA/letter | 1600 | | | | | | | | | | | |
| AARP/letter | 7500 | | | | | | | | | | | |
| Housing2/letter | 800 | 800 | | | | | | | | | | |
| Multi-family building/letter | | 3000 | | | | | | | | | | |
| Customer/bill insert | | | 400,000 | | | | | | 400,000 | | | |
| Housing repeat/letter | | | | | | | | | | | | |
| Income data/letter | | | | | | | 6000 | | | | 2000 | |
| Sen. home/letter | | | | | | 5000 | | | | | | |

Direct-mail materials instruct potential UDP customers to mail their applications to SCL (most other applications are sent directly to HSD). Based on data from the first five months of 2014, it appears that SCL's significant increase in applications received corresponds with enhanced direct mail efforts. (See chart below).

**Approved UDP applications (Jan – May)**

| | Applications Approved by SCL | Applications Approved by HSD |
|---|---|---|
| 2013 | 241 | 1316 |
| 2014 | 1475 | 1390 |

Currently, SCL is managing and paying for all direct-mail marketing efforts. Moving forward, SCL and SPU will negotiate an agreement to equitably share marketing costs and work together to plan the marketing effort as well as its oversight.

**HOUSING PROVIDER VERIFICATION REVIEW/APPLICATION (VRA) EXPANSION**
Beginning in 2013, SCL entered into MOAs with affordable housing providers allowing the providers to certify a tenant's household income. This is because housing providers are already verifying an applicant's income and identification as part of housing certification.

When first launched, VRA was limited to new tenants. The result was that, as of April, only 81 new enrollments had taken place via VRA. One reason for the low utilization is that turnover in affordable housing units is very low, which limited the number of qualifying customers. In addition, property managers were reluctant to train staff on the VRA process when only a small number of tenants would be able to participate.

As a result, SCL expanded the VRA program to include new and current tenants. Housing providers were notified in May that current tenants in applicable affordable housing units will be able to utilize VRA during their housing recertification process, which generally occurs annually or every other year.

An estimated 3,750 customers are tenants of the providers covered by the MOAs. According to SCL, approximately 20 percent of these are currently enrolled in UDP, leaving about 3,000 households that can be targeted for enrollment through VRA. Making VRA accessible to these tenants—and making the process easier for property managers and staff to understand and embrace—should result in a substantial increase in UDP enrollment over the next two years.

**AUTO-ENROLLMENT OF EMERGENCY ASSISTANCE PROGRAM RECIPIENTS**
In 2013, an estimated 40 percent of SPU's Emergency Assistance Program participants were not enrolled in UDP despite aligned income requirements, SPU referrals, and UDP staff follow-up with customers.

In order to streamline the enrollment process, EAP's application was revised to gather additional household information that will allow eligible households receiving EAP to auto-enroll in UDP. Using 2013 data, SPU estimates that this could have resulted in an additional 300 households being enrolled in UDP.

Auto-enrollment of EAP recipients eliminates the need for customers to apply for a separate, but related, assistance program and will hopefully lessen the need for emergency assistance by significantly reducing utility costs. This policy change went into effect on June 9.

**INTERDEPARTMENTAL OUTREACH TEAM/CALENDAR**
It was determined that program-related outreach efforts were duplicated and opportunities missed due to a lack of communication and coordination. As a result, representatives from the Human Services Department, Seattle City Light, and Seattle Public Utilities agreed to work together to coordinate outreach strategies and activities. This effort will result in:
- Improved effectiveness of outreach efforts;
- More efficient utilization of limited personnel and financial resources;
- Higher level of knowledge and trust in area communities;
- More direct contact with customers;
- Improved development and coordination of outreach efforts,  assisted by use of a master calendar; and
- Consistent application of the Race and Social Justice filter to ensure use of best practices.

## Process improvements
**NEW HSD DATABASE**
In early June, HSD launched its new computer database, the Utility Assistance Program 3 (UAP3). UAP3 offers both a better user and client experience. In contrast to UAP2, which was only accessible by HSD, UAP3 was created for use by HSD, SCL, and SPU. All three departments now have access to the same reports and client information.

UAP3 retains more data history, enhances auditability, separates client and business cycle data for future programming, and allows for greater business process efficiencies.
- UAP3 notifies customers via phone and e-mail, as well as through the mail, when it's time to recertify. It also notifies customers when there is missing documentation needed for approval of their application. Notifications are sent automatically, which saves staff resources;
- UAP3 provides a single screen for customer search (used to be two). This enhances the customer experience by shortening the time on the phone to get updated information;
- The database displays case history/activity to the UDP team to improve productivity and customer service. This helps the staff give a quick synopsis of the client file information to internal and external partners when helping customers;

- UAP3 eliminates the need for printing via Word (approximately 250 recertification applications were printed each week using a Word template). Staff can now update specific information (phone number, housing costs, and income) in the UAP3 database and print out the application without having to create a renewal application from scratch for each client; and
- With the UAP3 database, staff from SCL as well as HSD can research clients who are receiving or have applied for rate assistance and send out applications for customers who apply.

## Customer retention
### DISCOUNT MOVES WITH THE CUSTOMER
UDP customers used to be required to reapply for the program when they changed residences. From January to March of this year, 41 percent of UDP terminations were due to a change of residence.

In April, HSD changed its policies to allow UDP enrollment to move with the customer. This will not keep all customers who move enrolled in the program, such as customers who move in with another customer or who leave the utilities' service area, but it will benefit a substantial number. For instance, during April and May, 70 UDP customers changed addresses. As a result of this policy change, 22 (31 percent) remained in the program without having to reapply.

In addition to improving the UDP retention rate, this policy change will also save customers the time and hassle of having to reapply, and it will reduce HSD's paperwork and processing time.

## Short-term recommendations
The recommendations provided will improve three aspects of the Utility Discount Program in order to double program enrollment by 2018: recruitment/enrollment; process improvement; and customer retention.

**Note:** The IDT, through a process facilitated by the Office of Immigrant and Refugee Affairs, created a Race and Social Justice Initiative toolkit specific to the UDP and analyzed the recommendations herein. Toolkit findings were incorporated accordingly.

## Recruitment and enrollment
### REQUIRE ONE MONTH OF INCOME DOCUMENTATION INSTEAD OF THREE MONTHS
HSD's review of incomplete UDP applications revealed that 38 percent were incomplete due to lack of income documentation. Focus groups also revealed that some customers struggle to collect the three months of income documentation currently required. In order to address this, and make the overall application process simpler, the IDT recommends requiring only one month of income documentation.

This policy modification is expected to result in a faster processing time (less documentation to verify) and reduce the number of delayed applications.

This change will be coupled with a strengthening of internal controls, including increased auditing.

### COACHING FOR FINANCIAL STABILITY
The Seattle Financial Empowerment Center (FEC) provides residents with financial counseling, coaching, and other services to help residents attain greater financial stability.  These services may help customers overcome the financial issues that have led them to struggle with utility payments.

Because of the value of longer-term financial planning offered by the FEC, both SCL and SPU will encourage customers to utilize FEC services through a variety of incentives.

Customers accessing SCL's Project Share program are eligible for up to $250 in matching funds (dollar for dollar) from the utility. If they agree to utilize the FEC, they will:
- Be eligible for up to $500 in matching funds; and
- Be given an extended period to provide initial matching fund payment (four weeks instead of two weeks).

SPU customers who use FEC services will be eligible for both a $100 bill voucher and a second use of the utilities' emergency assistance program in a calendar year.

In addition, as part of its financial counseling, FEC staff will encourage clients to enroll in the UPD.

**OUTREACH TO IMMIGRANT AND REFUGEE POPULATIONS**
It is estimated that only 11 percent of foreign-born city residents are participating in the UDP. Focus groups conducted with Spanish-, Khmer- (Cambodian) and Amharic-speaking communities found that language barriers present substantial obstacles to service. The Office of Immigrant and Refugee Affairs barriers report (containing interviews with community service organizations associated with foreign-born groups) had similar findings. Both the focus groups and OIRA report recommended that the city partner with community organizations to provide UDP information and native language assistance.

The IDT recommends that the Seattle Financial Empowerment Center, in partnership with HSD, work with community-based organizations who serve foreign-born populations to contact and enroll potential UDP customers. The community-based organizations will be trained to qualify and enroll applicants for the UDP. As part of the enrollment process, customers will be offered an initial coaching session following the FEC model. A trained FEC coach will follow up with new UDP customers to continue financial coaching.

The FEC will collaborate with HSD and community groups to determine the specific needs of each community and distribute funds for the UDP assistance in an equitable manner. Funding, estimated to be up to $50,000 the first year, will be dispersed via a small and simple grant application, tied to specific outcomes.

Performance indicators include tracking the number of community organization completed applications submitted to HSD, with an evaluation every six months.

The program will be developed in early 2015 and launched in the summer of 2015.The work is expected to double the rate of foreign-born UDP participation to 22 percent by 2018.

**IMPROVE AND EXPAND CALL CENTER SERVICES**
In 2013, the utilities' Call Center received approximately 49,000 calls monthly. Potential UDP participants contacting the utilities about billing or payment issues are often not told about the availability of the UDP. The IDT recommends:
- Add an option to the SPU/SCL Call Center's Interactive Voice Response (IVR ) that allows customers to get UDP information, such as documentation requirements, and income thresholds; and
- Train Call Center service representatives to identify and screen potential UDP candidates for referral to HSD.

These changes will make it easier for customers to access program information and will create more engaged and better informed service representatives. Call Center referrals will be staggered to avoid long hold times while customers wait for an HSD representative.

This new training can be integrated into routing training without additional cost. The modification of IVR is a minimal cost that can be accomplished with internal resources.

The metrics used to judge performance of the changes will be the number of referrals from the Call Center to HSD and the number of calls through the IVR to HSD.

**IMPLEMENT "PASS IT ON," AN EMPLOYEE MARKETING CAMPAIGN**
In 2013, Seattle City Light ran an internal campaign called Pass It On. It encouraged employees to learn and create awareness about the Utility Discount Program. The campaign was successful in getting City Light employees to promote UDP in their communities, churches, and schools. It is recommended that the Pass It On campaign be expanded to two other city departments (HSD and SPU) in 2014. The campaign will ask employees

to get educated about UDP; refer friends and family to the program if needed; and include UDP in community or work-related projects.

Pass It On will have a web page on the city intranet where employees can find UDP information and materials. The campaign will be kicked-off through an email from the mayor's office and an event for department liaisons.

## Process improvement
### MEETING THE DEMANDS OF INCREASED ENROLLMENT
To accommodate the mayor's goal doubling the number of participants on the Utility Discount Program, the Human Services Department will need additional staffing. It is recommended that the department add a total of four full-time program intake representatives, one full-time outreach coordinator, one full-time manager, and one (0.5 FTE) strategic advisor between now and the end of 2018.

Beginning January 2015, the IDT recommends adding four staff (3.5 FTE): two (2 FTE) full-time program intake representatives, one (1 FTE) full-time manager, and one (0.5 FTE) strategic advisor. These positions will be funded by the utilities (added to the over-all administrative budget detailed in the MOA between SLC, SPU, and HSD) and general funds.

In 2016, the IDT recommends hiring one full-time outreach coordinator.

Additional staff will be needed to support development and implementation of the operating changes outlined in this report and to administer the increased number of UDP enrollees. This staffing increase will result in:
   • Decreased wait times for customers (phones, walk-ins, online, etc.);
   • Increased capacity to handle more customer interactions;
   • Increased capacity to handle applications and recertifications;
   • Expedited processes and improved customer experience; and
   • More targeted and coordinated outreach in the community to enroll more clients.

The program manager will lead and enhance UDP's operational and business needs in coordination with the two utilities, with immediate attention to implementing recommendations in this report. The manager position will also supervise the program intake representatives, the strategic advisor, as well as outreach activities.
The strategic advisor will focus on increasing UDP enrollment and the broader goal of an affordability agenda tied to financial empowerment.

### CONSOLIDATE UDP APPLICATION PROCESSING
Currently, UDP applications can be mailed to, and processed by, program intake representatives in both HSD and SCL. This duplication of responsibility means customers have to deal with two phone numbers, two mailings addresses, and two separate departmental administrations. Processing delays have also occurred due to both departments administering applications.

The IDT recommends that the administration of UDP (including the processing of all applications) occur solely at HSD. This action would transfer SCL's UDP application processing work to HSD.

Consolidating the UDP application process within HSD is necessary for the program to establish a single point of entry, making it easier for customers to navigate the program.

A single point of entry will also allow for a unified, seamless UDP brand to be developed. Presently, UDP marketing materials are frequently created without coordination between departments. This has resulted in confusing messaging about the Utility Discount Program. For example, HSD, SCL, and SPU each have different UDP web pages that feature different images and copy.

Unified messaging will improve customer service and program enrollment by providing clear and concise information about program requirements and benefits in recognizable and easily accessible formats.

The IDT recommends that HSD, SPU, SCL, and OIRA convene ongoing UDP Outreach and Marketing team meetings. The team's objective will be to collaboratively develop unified and complementary messaging, outreach and marketing plans, services, and materials.

**TRANSFER ADMINISTRATION OF THE "PROJECT SHARE" PROGRAM FROM HSD TO SCL**
The IDT recommends that Project Share and the Emergency Low-income Assistance program be managed together by SCL. Project Share is a charity funded by City Light customers and employees. It was created to help customers facing disconnection or who have an emergency that makes it difficult to pay their electricity bill. Although it is an emergency assistance program, it is administered by HSD. Customers seeking Project Share funds via either the Call Center or SCL are referred to HSD. HSD then works with SCL to qualify customers. Consolidating Project Share work with the ELIA team will streamline this process and improve the customer experience, as SCL will be able to take calls and immediately process requests.

This change will result in reduced application processing times and achieve cost savings from administrative efficiencies. SCL estimates that, based on 2013 administrative expenditures to HSD, this would be a net labor savings of approximately $90,700.

**ALIGN ELIGIBILITY THRESHOLDS OF UTILITY ASSISTANCE PROGRAM**
The city's four utility bill/rate-assistance programs do not have uniform income eligibility requirements. For example, SCL's Emergency Low-income Assistance program (ELIA) has a qualifying household income threshold of 125 percent of the federal poverty level ($29,813 for a household of four). In contrast, UDP, EAP, and Project Share all use a household income threshold of 70 percent of the State Median Income ($58,860 for a household of four). It is confusing for a customer to understand why the same utility is using a different formula.

**Table 4: 2014 federal poverty level vs state median income**

| | | Federal poverty guidelines | | | | Utility Discount Program |
| --- | --- | --- | --- | --- | --- | --- |
| | | 100% | 125% | 150%(ELIA) | 200% | 70% SMI |
| Household size | 1 | $ 11,670 | $ 14,459 | $ 17,505 | $ 23,340 | $ 30, 600 |
| | 2 | $ 15,730 | $ 19,663 | $ 23,595 | $ 31,460 | $ 40,020 |
| | 3 | $ 19,790 | $ 24,739 | $ 29,685 | $ 39,580 | $ 49,440 |
| | 4 | $ 23,850 | $ 29,813 | $ 35,775 | $ 47,700 | $ 58,860 |

In order to streamline the program, it is recommended that ELIA income guidelines be changed to 70 percent of State Median Income to align with UDP, EAP, and Project Share. This will make it easier for customers to navigate and understand our rate assistance framework and will also make it easier for city staff to administer as the programs will have a common eligibility threshold. It will also expand the eligibility pool, as ELIA will adopt a more lenient threshold.

This change requires legislative action.

## Customer Retention
**EXTEND RECERTIFICATION TIMELINE TO TWO YEARS FOR NON-SENIORS**
Current program guidelines require non-senior customers to reapply after 18 months. This timeline can be confusing and difficult for the customer to keep track of. For example, if the customer signed up for the UDP in January 2014, they will need to remember to renew in June 2015. A 2014 SCL survey of UDP customers who failed to recertify in a timely manner, revealed that 27 percent did not realize that their enrollment had lapsed.

In addition, affordable housing providers who utilize an abbreviated application process for UDP (i.e., VRA), recertify on an annual or biennial basis and find it hard to align with the 18-month timeline. Further, a two-year period will likely assist with marketing efforts.

The IDT recommends changing the recertification timeframe to two years. This will allow for better ease in tracking for both the customer and HSD. It will also sync up better with enrollment/recertification timelines of housing providers participating in the VRA program.

We anticipate that this change will increase the UDP retention rate by reducing terminations due to failed recertification.

## Long-term recommendations

**PROVIDE ONLINE APPLICATION FOR UTILITY DISCOUNT PROGRAM**

There is no online application process for UDP. Paper applications are time consuming and can be confusing. In addition, processing paper applications is inefficient and can result in lost forms that contain personal information. Developing an online application provides benefits both internally and for the customer.

A city-developed portal would ensure security of the system to city standards; provide opportunities to interface with both the UAP3 and the utilities' data systems to confirm utility account and any current UDP status at the time of application; and provide flexibility to phase in additional functionality.

SCL and SPU are currently implementing a new customer billing system, including a self-service customer portal. This system is estimated to go live in October 2015. In addition, SCL has implemented an enterprise-content management system that would enable online application functionality. The cost of building the customer portal that includes the online application is already in the new billing system budget. Any additional costs are likely to be negligible and could be absorbed through existing funding.

The online application should:

- Offer a UDP eligibility screening tool;

- Have the capability to save a partially completed application to allow for multiple sessions;

- Collect digital signature at time of completed application;

- Transmit application data from customer portal to UAP3 database (allowing online applications to be tracked);

- Provide customer portal alternative language capability, with Spanish at a minimum; and

- Be mobile compatible (58 percent of Seattle residents have a smart phone).

The IDT anticipates that an online application will increase new enrollments and reduce the processing time between the initial application and enrollment. Additional metrics may include the number of applications completed in languages other than English; completeness of application at receipt when documents can be uploaded and attached; and better retention when participants can recertify electronically.

**AUTO-ENROLL UDP-ELIGIBLE TENANTS IN NON-PROFIT, NON-FEDERALLY SUBSIDIZED HOUSING**

Many subsidized housing units in Seattle have income requirements that meet or exceed UDP eligibility criteria. Conversations with the Seattle Housing Authority and the City of Seattle's Office of Housing suggest that there are approximately 2,700 such units. The IDT recommends developing a means to auto-enroll units in UDP if the premise is UDP eligible, and will remain so for the long-term or in perpetuity.

This approach would improve the customer experience (no application process) and greatly reduce associated administrative work, as biennial recertifications would not be necessary. This change in procedure requires legislative action.

The IDT anticipates that a workgroup will:
- Determine the exact pool of eligible residences;
- Have additional conversations with housing providers;
- Draft an ordinance to auto-enroll customers in the UDP based on premise;
- Develop program guidelines and sign MOAs with affordable housing providers;
- Create a special rate code to enroll such units in the UDP; and
- Ensure that periodic audits make sure that units are in compliance with the program guidelines.

## CHANGE BILL STATEMENT TO REFLECT UDP SAVINGS
Currently, the customer bill reflects the rate at which the customer is being billed. It does not make it clear that a discounted rate is being applied. For the UDP, the bill states either "winter rate assistance" or "summer rate assistance," followed by the current charges. The IDT recommends modifying the bill statement to clearly reflect the UDP benefit.

Making the benefit of UDP clear to a customer will provide an incentive to remain enrolled and increase referrals from customers to friends and neighbors (SCL's survey of UDP customers revealed that word of mouth is customers' primary source of information about the UDP).

In addition, according to focus groups and telephone surveys, many customers do not speak English and do not see the benefit they are receiving reflected on the billing statement in a clear manner. The IDT expects that this change will reduce the number of customers who fail to recertify or let their participation lapse.

Because modifying the billing system is resource intensive, the IDT recommends that this change take place when the new utility billing system is implemented in the fall of 2015.

## STREAMLINE UDP ELIGIBILITY DETERMINATION BY USING ENROLLMENT IN OTHER BENEFIT PROGRAMS
The IDT recommends exploring the autoenrollment of customers who have qualified for other means-tested programs such as Washington's Basic Food Program, Medicare, or Medicaid. Using eligibility determinations from other public benefit programs would streamline the UDP application and enrollment process.

One example of a potential partnership is the Washington Basic Food Program (BFP). To be eligible for BFP, a participant's household income must be at or below 200 percent of the federal poverty level, which falls within UDP eligibility guidelines. Based on data from the Department of Social and Health Services (DSHS), and factoring in household size and non-eligible subsidized housing residents, an estimate of potentially UDP eligible households in Seattle using the Basic Food Program is 21,000.

A work group will explore:
- Allowing for automatic enrollment in UDP once it is determined the customer is receiving an approved benefit (no customer-initiated application process);
- Expediting the eligibility process if an applicant is already participating in a designated program; and
- Targeting UDP outreach and advertising at enrollees in other benefit programs with similar eligibility requirements.

Each of these options requires additional investigation (with a focus on ensuring that participants' privacy is protected) and development of an implementation plan if they are to be pursued.

## MAKE UDP DISCOUNT RATES UNIFORM
UDP customers currently receive a different rate reduction from each utility. SPU provides 50 percent rate reduction while SCL's is 60 percent. Because the discounts are different, additional information is needed to explain them, which adds the perception that they are independent programs and complicates UDP marketing.

The IDT recommends that we provide a uniform discount rate of 50 percent for both SCL and SPU. A key focus of the IDT's recommendations is the need to make the UDP simpler, easier to understand, and more accessible to customers. A uniform discount rate will allow for clearer messaging to customers that all City of Seattle utilities are part of UDP.

Because this recommendation will increase the electric bill of some customers, the IDT recommends phasing down from 60 percent to 50 percent.

## Conservation as a means to save energy and money

In addition to subsidies and support available to participants in utility assistance programs, the IDT recognizes that conservation is also a critical pathway to affordability. Both SPU and SCL offer robust programs that encourage and reward conversation.

**LOW-INCOME HOUSING WATER CONSERVATION ASSISTANCE**

SPU provides financial incentives to defray the cost of water efficiency improvements for low-income single family, multifamily, and institutional housing in Seattle. SPU pays for the equipment and installation of efficient plumbing fixtures and appliances (toilets and common-area clothes washers). Additionally, for single family customers, SPU handles all logistics, including installation.

Water efficiency improvements reduce water and sewer costs for low-income homeowners and housing providers. Often these savings exceed the increased efficiency of the fixtures alone because water leaks are discovered and repaired in the process. When customers are able to reduce water consumption and sewer usage by replacing old toilets and clothes washers, their utility costs go down (and so does the corresponding SPU rate assistance subsidy).

**Table 5: SPU conservation program summary data**

| Years | Single Family Housing Units Served | Multifamily & Institutional Housing Units Served | Total Housing Units Served | Total Program Cost |
|---|---|---|---|---|
| 2001–2010 | 3,057 | 17,785 | 20,842 | $ 6,317,000 |
| 2011–2013 | 1657 | 886 | 2543 | $ 1,704,820 |
| Total | 4714 | 18,671 | 23,385 | $ 8,021,820 |

Customers enrolled in the UDP are a key target audience for the program. Historically, those customers are given a program brochure when they inquire about the UDP and sent a follow-up brochure after they are approved for rate assistance. In 2014, those marketing efforts were enhanced to include an easy-to-use postage-paid postcard, as well as follow-up phone calls to all new UDP enrollees.

There is significant potential remaining for this program, primarily in the single family sector (multifamily sector has been more saturated). There are approximately 12,000 single family customers eligible to participate in the programs that are not yet enrolled.  Table 6 shows the approved target participation levels and budget for the program for 2014-2020.

**Table 6: SPU target participation levels and budget (2014-2020)**

| Time Period | Single Family Housing Units | Multifamily & Institutional Housing Units Served | Total Housing Units | CIP Allocation |
|---|---|---|---|---|
| Annual | 500–700 | 100 | 600–800 | $ 555,000 |
| 2014–2020 | 3500–4200 | 700 | 4200–4900 | $ 3,885,000 |

**FREE HOME-ENERGY VISIT**

Seattle City Light offers a free home-energy visit to customers enrolled in the UDP. The walk-through audit evaluates the home's insulation efficiency. The homeowner receives recommendations regarding additional insulation, replacement windows, weather-stripping, caulking, and more. If appropriate, energy-saving compact fluorescent light bulbs and low-flow showerheads will be installed or left with the customer. Other energy-saving ideas are also discussed with the customer, including lowering the thermostat, using the microwave when possible instead of the oven, and reducing the temperature on the water heater. In addition, customers are referred to other resources and programs, such as the Office of Housing's Homewise weatherization program. In 2013, 215 UDP customers took advantage of a free home-energy visit.

Other SCL conservation activities focused on or available to low-income customers:

- Community Power Works (CPW) provides a home audit and other energy efficiency offerings to low-income households in South Seattle neighborhoods;
- The Energy Advisor phone line promotes cross selling of utility programs and services. For example, advisers have referred hundreds of customers to the UDP program over the past few years. They also send out conservation kits to help reduce electric bills in low-income households and improve energy efficiency;
- In 2013, a ductless heat pump campaign targeted 2,500 low-income households through the Office of Housing's Homewise program offering homeowners a free pump;
- Powerful Neighborhoods targeted residential neighborhoods, and 20 percent of those customers were identified as low-income. This effort resulted in the installation of energy efficient light bulbs and shower heads in 20,000 residential units, helping customers save energy and money; and
- The utility provides approximately $2.3 million annually to the Office of Housing to provide weatherization assistance to low-income families.

## Conclusion

The IDT believes that, if implemented and further developed, the recommendations in this report will lead to 28,000 customers being enrolled in the Utility Discount Program by 2018. At that time, the UDP will provide over $35 million per year in benefits to our community members—money that will be reinvested in our local economy.

In addition, low-income utility customers will have a variety of utility assistance programs available—both one time and on-going. These programs will be more customer-oriented than ever before, with improved business processes and administrative ease of function.

Unified branding, a single point-of-entry, and refocused marketing and outreach efforts will raise customer awareness of the program. New customers seeking to enroll will find the process easier and more streamlined, from an online application to lessened documentation requirements. Auto-enrollment will bring new customers into the program, as UDP moves towards more of an opt-out model for targeted populations. Recertification reminders and lengthened recertification timeframes will make it easier for customers to remain enrolled. New policies and restructuring will lead to administrative efficiencies, lessening the need for staff and resource investment to handle the thousands of new enrollments anticipated over the next four years.

This is not to suggest that attaining an enrollment level of 28,000 households will be easy. Doubling enrollment in the UDP will require continued focus and attention from the Mayor's Office, the City Council, and city departments. The IDT, at the mayor's behest, will continue to monitor program changes, implement short-term recommendations, and refine and develop long-term proposals in order to ensure that this goal is met.

Next steps include:

- Briefings with the Seattle City Council;
- Identifying and assigning staff to develop implementation plans;
- Ordinance drafting, as necessary;
- Refining and enhancing internal controls; and
- Legal review (some recommendations will require legal analysis once details of implementation are defined).

A great deal of gratitude is owed to the interdepartmental team and the many staff members who worked to prepare the data, information, and recommendations for Mayor Murray: