Austin Energy manages the Customer Assistance Program (CAP). This program provides utility bill discounts to Austin utility customers. Customers may qualify for the discount through their income or by participating in certain social programs. We reviewed 124 customers who received a discount in the last three years based on a list provided to City Council by a concerned citizen. We found that Austin Energy correctly determined the eligibility of most of these customers. However, Austin Energy did not conduct a secondary check of the incomes of 29 customers, roughly 23% of our sample, when they should have. These customers received a discount, but we cannot say whether their households were eligible for it. Austin Energy removes ineligible customers from the program each month. They removed all but four of these customers during our time frame. These four customers continued to receive a discount.
Background

Austin Energy manages the City of Austin’s Customer Assistance Program (CAP). CAP offers utility bill discounts to residential customers who participate in certain social programs and to customers who have household incomes below 200% of the federal poverty level. These discounts save participants an average of $650 a year. Based on Austin Energy’s data, in fiscal years 2020 and 2021, the City spent approximately $14.5 million and $10.8 million, respectively, on the program. Approximately 33,700 customers participated in the program each year. Customers who participate in a qualifying social program but have more than one property or whose home improvement value is at least $250,000 must undergo a secondary income verification to qualify for a discount.

What We Learned

Austin utility customers may qualify for a CAP discount through their income or by participating in certain social programs. We reviewed 124 customers who received a discount in the last three years based on a list provided to City Council by a concerned citizen. We found that Austin Energy correctly determined the eligibility of most of these customers. However, Austin Energy did not conduct a secondary check of the incomes of 29 customers, roughly 23% of our sample, when they should have. These customers received a discount, but we cannot say whether their households were eligible for it. Austin Energy removes ineligible customers from the program each month. They removed all but four of these customers during our time frame. These four customers continued to receive a discount.
Question 1
What are the current eligibility requirements for participation in CAP’s utility bill discounts?

Austin utility customers may be eligible to receive a utility bill discount if they, or someone in their household, participates in one of the following programs:

- Medicaid
- Supplemental Nutrition Assistance Program (SNAP)
- Children's Health Insurance Program (CHIP)
- Telephone Lifeline Program
- Travis County Comprehensive Energy Assistance Program (CEAP)
- Medical Access Program (MAP)
- Supplemental Security Income (SSI)
- Veterans Affairs Supportive Housing (VASH)

Customers may also qualify for the discount if their household income is less than 200% of the federal poverty level. For example, to qualify for the discount in 2021, a family of four's household income could not exceed $53,000.

If a customer owns more than one property in the area or has a home improvement value (the value of their home not counting the land it is on) that is at least $250,000, they must undergo a secondary income verification, regardless of their participation in one of the programs listed above.

Exhibit 1: CAP participants must meet these requirements

Source: OCA analysis of Austin Energy CAP discount eligibility verification process, November 2021
Potential CAP participants are identified in two different ways. One way is that Austin Energy has a vendor that matches Austin utility customers with participants in qualifying programs like Medicaid. The vendor uses data from Travis Central Appraisal District (TCAD) and Williamson Central Appraisal District (WCAD) to see if they need to do a secondary income check. If the customer's home improvement value is less than $250,000, and the customer only owns one property in Travis and Williamson counties, they can receive the discount. Remaining customers must have their household incomes checked. Customers with household incomes less than 200% of the federal poverty level can receive the discount.

In the second method, a customer may self-identify as eligible by providing income documentation or proof of enrollment in an eligible program. Customers who provide proof of enrollment in an eligible program go through the home improvement value and multiple property screening noted above.

See the Appendix of this report for a flowchart of the verification process.

We reviewed a sample of 124 customers who received a CAP utility bill discount at some point in the past three years. Most customers in our sample qualified through their income or participation in Medicaid. Our sample also included customers who participated in SNAP, CHIP, and MAP programs, as seen in Exhibit 2 below.

Exhibit 2: Most in our CAP sample qualified through income or Medicaid

Source: OCA analysis of Austin Energy CAP discount data conducted in November 2021

We reviewed data from TCAD and WCAD. This data showed that more than 80% of the customers in our sample owned properties with a home improvement value of at least $250,000. Data from Austin Energy showed that about 18% of the customers in our sample owned more than one property in Travis and Williamson counties. All these customers needed an
income verification to qualify for the CAP discount. Customers were asked to provide their secondary income verification within 90 days. However, Austin Energy management stated that they allowed some customers to take more time based on their individual circumstances. Customers continued to receive a discount during this time.

We found that 29 customers in our sample did not provide their income information. On average, these customers received a discount for almost a year. Austin Energy removes ineligible customers from the program throughout the year. Program data showed that 25 of these customers have been removed from the program.

According to Austin Energy staff, their income verification process changed last year. Under the new process, an Austin Energy vendor identifies which customers need to have an income check. The vendor conducts the income check before the customer gets the discount. Despite this change, four customers in our sample who should have had their incomes checked, but did not, continued to receive a discount. Without checking their incomes, we cannot say whether these customers were eligible for the discount.

Of the customers who submitted income documentation, Austin Energy appears to have appropriately determined each customer’s eligibility.
Appendix - CAP Discount Program Eligibility Verification Process for Austin Utility Customers

1. Resident applies for the discount or is matched by Austin Energy's vendor as participating in an eligible program.
2. Eligible based on participation in a qualifying aid program?
   - No
   - Yes
3. Home improvement value less than $250k and only one property?
   - No
     - Household income is reviewed
     - Accepted into CAP
   - Yes
4. Income less than 200% of the federal poverty level?
   - No
     - Rejected from CAP
   - Yes
     - Accepted into CAP
Why We Did This Report

This report responds to a request from Council Members Alison Alter and Kathie Tovo, and Mayor Steve Adler regarding eligibility for the City’s Customer Assistance Program (CAP) for utilities.

Scope

The audit scope included a sample of 124 Austin Water customers who received a CAP utility bill discount at some point in the past three years based on a list provided to City Council by a concerned citizen.

Methodology

To complete this special request, we performed the following steps:

- Interviewed Austin Energy staff and key stakeholders
- Reviewed the process for CAP eligibility
- Analyzed CAP data for our time frame
- Reviewed TCAD and WCAD data for our sample customers

Project Type

Special request projects conducted by the Office of the City Auditor are considered non-audit projects under Government Auditing Standards and are conducted in accordance with the ethics and general standards (Chapters 1-3).
The Office of the City Auditor was created by the Austin City Charter as an independent office reporting to City Council to help establish accountability and improve City services. Special requests are designed to answer specific questions to assist Council in decision-making. We do not draw conclusions or make recommendations in these reports.

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