

## ECO Guidance Regarding Definition of Low-Income Household December 2023

2023 Minnesota Regular Session Law Chapter 60—House File 2310<sup>1</sup> was signed by Governor Tim Waltz on May 24, 2023, and became effective on May 25<sup>th</sup>. The law included a change to the definition of low-income household to be used in Energy Conservation and Optimization (ECO) programs.

With this change, "Low-income household"<sup>2</sup> means a household whose household income:

- (1) is 80 percent or less of the area median household income for the geographic area in which the low-income household is located, as calculated by the United States Department of Housing and Urban Development; or
- (2) meets the income eligibility standards, as determined by the commissioner, required for a household to receive financial assistance from a federal, state, municipal, or utility program administered or approved by the department.

### A. *OPTION 1: AREA MEDIAN INCOME*

The United States Department of Housing and Urban Development (HUD) estimates Median Family Income (MFI) annually for each metropolitan area and non-metropolitan county based on data from the American Community Survey, table B19113 - MEDIAN FAMILY INCOME IN THE PAST 12 MONTHS. HUD then calculates Income Limits as a function of an area's MFI. According to HUD:

The term Area Median Income (AMI) is the term used more generally in the affordable housing industry. If the term Area Median Income (AMI) is used in an unqualified manner, this reference is synonymous with HUD's MFI. However, if the term AMI is qualified in some way - generally percentages of AMI, or AMI adjusted for family size, then this is a reference to HUD's income limits, which are calculated as percentages of median incomes and include adjustments for families of different sizes.<sup>3</sup>

One can access the most recent HUD income limits for an individual county or metropolitan statistical area (MSA), including the low income limits based on 80% of AMI, via the tool to "Access Individual Income Limits Areas" on the [Income Limits webpage](#)<sup>4</sup> of HUD's Office of Policy Development and Research website. Analysts using this method should keep in mind that the appropriate income limits for more urban areas are accessed by searching the list of MSAs rather than the list of counties.

To see a list of 80% AMI for all counties and MSAs in Minnesota and determine ECO low-income household thresholds, one can download a spreadsheet of program income limits that HUD's Office of

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<sup>1</sup> Available at: <https://www.revisor.mn.gov/laws/2023/0/60/laws.12.19.0#laws.12.19.0>.

<sup>2</sup> The citation in MN Statutes is MN Statutes 216B.2402 Subdivision 16.

<sup>3</sup> At the time of drafting this guidance, this was available at:  
[https://www.huduser.gov/portal/datasets/il.html#faq\\_2023](https://www.huduser.gov/portal/datasets/il.html#faq_2023).

<sup>4</sup> At the time of drafting this guidance, this was available at:  
[https://www.huduser.gov/portal/datasets/il.html#2023\\_data](https://www.huduser.gov/portal/datasets/il.html#2023_data).

Policy Development and Research provides on its [Datasets webpage](#)<sup>5</sup> (e.g., HOMES Income Limits). One can then filter the spreadsheet by state and remove the columns other than those pertaining to 80% AMI scaled by household size. For the 2023 HOMES program income limits file, these columns are labeled as follows:

Column Heading	Meaning
Lim80_23p1	80% AMI, 2023, 1 person household
Lim80_23p2	80% AMI, 2023, 2-person household
Lim80_23p3	80% AMI, 2023, 3-person household
Lim80_23p4	80% AMI, 2023, 4-person household
Lim80_23p5	80% AMI, 2023, 5-person household
Lim80_23p6	80% AMI, 2023, 6-person household
Lim80_23p7	80% AMI, 2023, 7-person household
Lim80_23p8 <sup>6</sup>	80% AMI, 2023, 8-person household

HUD typically releases updated income limits on April 1<sup>st</sup>.

***B. OPTION 2: FEDERAL, STATE, MUNICIPAL, OR UTILITY PROGRAM ADMINISTERED OR APPROVED BY THE DEPARTMENT***

This option allows utilities to use categorical eligibility programs as a proxy for ECO low-income eligibility. Rather than conducting an income verification process or asking customers to self-certify their income, utilities may determine income-qualified households by verifying that the household participates in an approved categorical program. Customers may need to show a card, letter, statement, or other documentation to prove that they participate in the categorical program. A consideration when using categorical eligibility is that some programs have multiple pathways for eligibility some of which may not be income based.<sup>7</sup> The Department will maintain a list of categorical programs approved by the Deputy Commissioner that can be used to determine income eligibility for low-income ECO programs. Utilities are not required to make use of all the programs on the list and may use discretion to set different requirements for different programs. For example, a utility may want to strictly use the Weatherization Assistance Program (WAP) income limits for a program delivered in conjunction with WAP service providers but make use of a wider variety of categorical programs to determine eligibility for a different low-income program that it offers. Similarly, a utility may want to offer one program targeted at customers with the most need for assistance that uses certain categorical programs to

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<sup>5</sup> At the time of drafting this guidance, this was available at: [https://www.huduser.gov/portal/pdrdatas\\_landing.html](https://www.huduser.gov/portal/pdrdatas_landing.html).

<sup>6</sup> Income limits for households larger than 8 are available under the individual county and MSA source by clicking on “Click for More Detail” and using the tool provided at the bottom of the page for calculating “Low-Income Limit Calculation For Families With More Than 8 People”.

<sup>7</sup>For example, while the majority of students enrolled in Head Start are income eligible, Head Start programs are allowed to serve a certain percentage of families that fall over the income guidelines. Each Head Start program is required to serve at least 10% of its funded enrollment that are children with a diagnosed disability. This may be a reason why an “over income” child is served by a program. Information is available at <https://mnheadstart.org/Eligibility>.

determine eligibility and offer another program targeted at moderate income customers that uses a different set of categorical programs or a different method to determine program eligibility. The Department will review this aspect of utility program design at the time a utility proposes the program under the existing ECO regulatory review framework (i.e., Triennial plan review, program modification filings, courtesy notifications).

Utilities should include in their program descriptions for low-income programs, information describing program eligibility requirements and information about any programs the utility intends to use to determine categorical eligibility. As utilities propose additional programs for categorical eligibility that are not on the list maintained by the Department, the Department will review that program and update the list of programs so that it is accessible to all utilities and interested parties.

### *C. INTERESTED PARTIES*

Interested parties are welcome to suggest additional programs for inclusion on the Department's list by contacting Department staff at [CIP.Contact@state.mn.us](mailto:CIP.Contact@state.mn.us).

### *D. TELECOM LIST*

As part of the Department's regulatory role in the telecom industry, the Department maintains a [list](#) of programs<sup>8</sup> that can be used to verify eligibility for the Lifeline and Telephone Assistance Program (TAP) discount programs. Utilities may use programs on that list that use income bases pathways to determine categorical eligibility for ECO low-income programs.

### *E. NOTE ABOUT TIMELINES FOR UPDATES*

The use of HUD's AMI data and an expansive list of categorical eligibility programs introduces some complexity related to alignment of the ECO regulatory timelines and program year, versus timelines and program years for other programs. Department Staff realize that utilities need some lead time to update program materials and to coordinate with program vendors. Department Staff expect utilities to track HUD updates which typically occur on April 1<sup>st</sup> and incorporate them into their operations as soon as feasible. Staff do not expect utilities to track changes in program eligibility guidelines used for categorical eligibility programs. However, utilities need to establish a process to verify that customer documentation used for this method is currently valid.

Utilities can use the courtesy notification process described in their Triennial Plan Decisions to notify Department Staff of:

- use of updated HUD AMI data.
- changes regarding use of categorical eligibility programs.

Staff expect that in most cases a courtesy notification will be sufficient. However, upon reviewing a courtesy notification, Staff may determine that program design is more substantial and requires a program modification.

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<sup>8</sup> Available at <https://mn.gov/commerce/consumer/telecom/phone-discounts/>. Additional information about how to demonstrate participation in categorical programs is available at <https://www.affordableconnectivity.gov/how-to-apply/show-you-qualify/>.

**LIST OF FEDERAL, STATE, MUNICIPAL, OR UTILITY PROGRAM ADMINISTERED OR APPROVED BY THE DEPARTMENT THAT MAY BE USED TO SHOW ELIGIBILITY FOR LOW-INCOME ECO PROGRAMS**

December 2023

- Weatherization Assistance Program (WAP)
- Low Income Home Energy Assistance Program (LIHEAP)
- Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps
- Medicaid/Medical Assistance
- MinnesotaCare
- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
- Supplemental Security Income (SSI) - 1 and 2 person households
- Minnesota Family Investment Program (MFIP)
- Federal Public Housing Assistance (FPHA) (including Housing Choice Voucher (HCV) Program (Section 8 Vouchers), Project-Based Rental Assistance (PBRA)/202/811, Public Housing, and Affordable Housing Programs for American Indians, Alaska Natives or Native Hawaiians)
- Lifeline (discounted phone and internet service)
- Telephone Assistance Plan (TAP)
- Veterans Pension and Survivors Benefit
- Head Start - only those meeting its income qualifying standard
- Received a Federal Pell Grant in the current award year - Documents must be from the student's school (college or university, community college, or career school) or the Department of Education and show the student has received a Pell Grant for the current award year.

Additional qualifying programs for persons living on a reservation:

- Bureau of Indian Affairs General Assistance
- Tribally administered Temporary Assistance for Needy Families (TANF) - only those meeting its income qualifying standard
- Tribally administered Head Start - only those meeting its income qualifying standard
- Food Distribution program on Indian Reservation (FDPIR)