

Weatherization Assistance Program Economic Stimulus Expansion Plan

Discussion Paper

1. Background

The Weatherization Assistance Program (WAP) is the largest residential energy conservation program in the nation and operates in all 50 states, the District of Columbia, the U.S. Territories and on several Native American reservations. The WAP funds are used to improve the energy efficiency of low-income dwellings using the most advanced technologies and testing protocols available in the housing industry. The energy reduction resulting from these efforts helps our country reduce its carbon footprint, lower its dependence on foreign oil and decreases the cost of energy for families in need. With lower energy bills, these families can increase their usable income and buy other essentials like food, shelter, clothing, medicine, and health care.

The metrics for the WAP are well proven through a series of national and state program evaluations. Based on the Energy Information Administration's (EIA) Annual Energy Outlook, 2008, the first-year energy savings for households weatherized during the current Program Year are estimated to be between \$400 and \$500. These savings continue for years since the life expectancy of the Weatherization measures average more than 15 years. For every dollar spent, the WAP returns \$2.72 in energy and non-energy benefits over the life of the weatherized home, based on the same EIA long-term energy price outlook and studies conducted by the Oak Ridge National Laboratory.

The Oak Ridge National Laboratory reports entitled State Level Evaluations of the Weatherization Program Conducted From 1990-2001, and subsequent Meta-Evaluations conducted in 2003, 2005 and 2006, found that the WAP significantly improved its energy savings results during those years. In 1996, the Program showed savings of 33.5 percent of gas used for space heating - up from 18.3 percent savings in 1989. This figure remains consistent throughout the subsequent evaluations. The increase in savings was based in large part on the introduction and use of more sophisticated diagnostic tools and audits. Families receiving Weatherization services can reduce their energy use by an average of 22 percent, making the cost for heating and cooling their homes more affordable.

The WAP is already a successful public/private partnership using federal, state, local, utility, and private funds to reach more than 150,000 homes each year. The network is comprised of more than 8,000 persons working directly for the agencies or for private contractors employed by the network. There are an additional 13,000 people involved in the management and the provision of related services like training, materials, equipment manufacturing, and technical assistance to the network. The expansion of the WAP to meet the goals of the Economic Stimulus Bill being proposed for 2009 and beyond would put tens of thousands of people to work and create huge investments into local economies around the country – putting “Main Street” America back to work while helping those less fortunate in our society meet the essentials needs of energy efficiency and energy savings.

It is proposed that the Economic Stimulus Bill contain a provision for the Weatherization of 1,000,000 homes each year for the next 10 to 15 years. The funding for this work would be provided through the Bill for the first two years with funding added to the Congressional Appropriations for the remaining 8 to 13 years. The WAP network expansion, or “ramp-up”, would include the hiring and training of a work force throughout the country to perform the energy improvements; the procurement of the necessary vehicles, tools and equipment to outfit the crews and contractors; and the oversight responsibilities at the federal, state, and local levels to protect the resources and ensure that only the highest quality work is performed and accepted.

The following is a discussion of what is planned to occur as a result of funding through legislation to weatherize 1,000,000 million homes a year. Included are the processes for expanding the network, the barriers that need to be overcome to meet the goal, and the legislative or procedural changes needed to expedite the transformation of the network to produce a nearly seven-fold increase in production.

2. Service Delivery Network

The grantees for WAP funds are the state governments, the District of Columbia, certain Native American tribes and the U.S. territories (referred to as “states”). Each state designates a department within the government to operate the WAP. These departments vary throughout the country - housing, community development, public welfare, energy offices, environment, and commerce. This federal/state grant relationship is not expected to change under the Economic Stimulus Bill. However, the methods for grant application may need to be altered to accelerate the distribution of funds from the Department of Energy’s (DOE) Project Management Center (PMC) offices to the states so that contracts and grants can be executed in a more timely manner (refer to “Recommended Program Changes”).

Each state has established a local service delivery network comprised of organization that can provide WAP in specific geographic areas. There are 900 local agencies throughout the nation – 700 community action agencies and 200 units of local government or other non-profits. This network covers every political jurisdiction in the country.

Before the severe funding cuts in 1995, the WAP network had over 1,350 local agencies. The funding cuts forced many agencies from the Program and their service territories were collapsed into contiguous agency operations. There are hundreds of community action agencies and units of local government who left the network in the mid 1990’s that could also rejoin to operate local Weatherization programs and help increase production capacity. There could be other community non-profit organizations interested in providing services as well (refer to “Recommended Program Changes”).

“Indirect” jobs are those created because of expenditures related to WAP services in a community or industry sector. In the case of WAP, this means the jobs created and supported through the purchase of goods and services from suppliers of insulation, blower doors, infrared scanning equipment, vehicles, efficient appliances and heating systems, as well as conventional building materials and tools. Other indirect jobs involve the hiring of management and support staff at the federal, state and local levels. The staff oversees the operation of the WAP; manages

and accounts for the resources used to weatherize homes; reports about the activities; conducts the oversight monitoring; and trains the program's "green collar" workforce to use the new technologies to perform field service, energy auditing, and quality control.

3. Production and Labor Force Projections

In the 2008 Program Year (April 1, 2008 to March 31, 2009), the WAP will employ more than 8,000 people working directly for local agencies or private contractors employed by the network and another 13,000 people involved in the management and the provision of related services to the Program, like training, materials, equipment manufacturing, and technical assistance. These WAP professionals will weatherize more than 150,000 homes this year using a combination of direct-hire crews who work for the local agencies and private contractors hired to weatherize homes. In-house crews perform approximately 50 percent of the annual production and private contractors perform the remaining 50 percent. For the purpose of discussion, the term "crew" will refer to any crew performing Weatherization services.

The proposed Economic Stimulus Bill would require a nearly seven-fold increase in the number of homes weatherized each year – from 150,000 to 1,000,000. This represents a significant increase in crew labor, energy auditing, quality control inspections, vehicle and equipment purchases, training services, and other support for the network. A more complete description of typical Weatherization positions and their responsibilities is available in a document entitled *Core Competencies for the Weatherization Assistance Program* developed by the Weatherization Trainers Consortium. The following is a description of each discipline within the WAP network and what is involved in increasing capacity to meet program expansion:

Intake and Eligibility

The first issue facing the network will be identifying the eligible families and conducting income and ownership verification for nearly 1.5 million families each year. The recent expansion of the Low Income Home Energy Assistance Program from 5.7 million to 7.7 million households served should make it easier to identify eligible households.

The network will need to work with many more families than before in order to meet the production goal since applications are denied for various reasons or families fail to meet the eligibility requirements. While the process has been streamlined in most states, there is still significant labor required to determine proper eligibility. It is estimated that approximately 1,000 staff (records clerks and intake workers) perform this work now. **That work force would likely increase to over 4,000 staff to perform the required eligibility testing with the new production goals.**

The hiring and training of these staff would be the responsibility of the local agencies or local governments that already employ similar staff who perform these functions. The training would occur "on-the-job". These staff could be fully functional in four to six weeks after being employed.

Energy Auditing/Inspection

Successful field operations are contingent on the performance of competent, accurate and useful energy audits on candidate homes. WAP uses a sophisticated auditing technique that requires diagnostic equipment and trained observation protocols to determine the most cost effective services to be provided in each home. The auditor must also identify areas where the family's health and safety must be protected and determine the best methods for abating those conditions. A trained energy auditor can perform about 2 audits per day. However, time is required for write-ups and follow-up to determine accuracy, develop job work orders, etc. This means an auditor can usually perform about 10 audits per week with other duties assigned. Considering holidays, vacation, sick leave, training, and other time requirements, an auditor's workload standard is about 350 audits per year.

Currently there are about 1,000 full or part time trained auditors in the WAP network (program managers, auditors, quality control staff). **The projected increases in production will require a comparable increase in auditing staff to 3,000 auditors.** Some who are promoted from within the existing program can be trained within three months to be proficient. New hires can take as long as 8 months to work independently in the field.

The WAP requires that auditors who evaluate homes possess specialized skills based on an understanding of building science, state-of the-art tools that diagnose building energy loss sources, inefficient indoor air movement and safety hazards, as well as the comprehension of investment/work order "audit" or decision tools. In order to meet the "core competency" requirements for the job, an energy auditor must have **six to eight months of formal training**, including supervised fieldwork and classroom time before being able to work independently. The training for these specialized staff could occur at the state office or training center, at the local agency offices, at vocational schools, and in the field with peer trainers. It is likely that most local agencies will promote staff from within to fill these positions or hire estimators from the construction field who can be trained as WAP energy auditors in less than the eight months normally allotted. With dramatic layoffs in the building trades, personnel may now be easier to find. However, as the housing industry recovers, competition for qualified staff will be fierce. This will be the single hardest position to fill in the network and attention to training must be paid by the state and local WAP offices.

Quality Control Inspections

The WAP uses the most sophisticated equipment to install the most cost effective measures available. Auditors, crews, and contractors use an array of equipment to determine current conditions of the home, perform the work in a professional manner, and test to ensure that only the highest quality work is accepted. Every home must receive a quality control inspection before the unit can be considered complete. The quality control staff are trained to conduct a series of post WAP tests to ensure that targets were met during the work phase. Each quality control staff can perform an average of 3 inspections per day, or 525 per year based on productive time available each week. Currently the network has approximately 900 full or part time trained inspectors in

the field (program managers, energy auditors, and specific quality control staff). **In order to inspect 1,000,000 homes, the network would need to employ 2,000 full time quality control personnel.**

The most logical source for this labor would be existing crew supervisors or members who already understand and can perform the series of post inspection tests needed to ensure the home meets the quality standards of the Program. **Training in the procedural functions would occur in a matter of a few weeks if the staff are already familiar with WAP protocols.** If staff are hired from outside the network, **the training could take a two to four months** while the person becomes familiar with the standards and expectations of the Program. Training could be provided on-the-job by peers, through training centers or other trainers supported by the state office, or by consultants brought on-site to instruct in both classroom and field operations. The use of trained staff the Building Performance Institute and state Home Performance through Energy Star projects may also be available to support the quality control inspection process.

Production Staff

The technologies used by crews in the field include: blower door-directed air infiltration reduction; furnace efficiency testing including draft and smoke tests; furnace repair and replacement; health and safety protocols to abate dangerous conditions in the home; lead-safe work practices to eliminate contamination in older homes; air quality tests for environmental pollutants; dense pack sidewall insulation; attic and floor insulation; water heater energy use reduction; and many more tests and installation protocols.

The crew size, location of the work force, complexity of the tasks to be performed, and funding available determine the amount of labor required to meet established production goals. Typically, a two or three person crew, adequately trained in advanced Weatherization technologies, can complete the average home in approximately 2.5 business days – accounting for travel, scope of each project, health and safety requirements, and building condition. This workload standard is used to calculate the labor force needed by a local agency to complete its annual production goals.

To complete the 150,000 homes during the 2008 Program Year, the network will employ approximately 2,150 full and part time crews with a labor force of more than 5,700 staff. **For the network to complete 1,000,000 homes a year - allowing for training, vacation, sick leave and weather conditions – the entire labor force would consist of 14,285 direct hire or private contractor crews with a staff complement of nearly 38,570 people.**

These jobs will start between \$12 and \$15 per hour, plus benefits and health care in nearly all cases. The salaries will fluctuate depending on the location of the crew. Salaries paid in Chicago are generally higher than those paid in West Virginia. It is recommended that, where possible, those working for the WAP are paid a “living wage”.

Crew chiefs will be needed to maximize the efficiency and effectiveness of these additional crews. While each crew traditionally has its own crew chief, during ramp-up

crew chiefs could act more as project managers and could oversee three crews and still provide adequate supervision and guidance. Assuming three-person crews, this means that 1-in-10 of the 38,570 additional crews members should be a crew chief, or 3,857 additional crew chiefs. A crew chief obviously needs more training and experience than a crewmember. Some of these positions can be filled by promoting existing crewmembers, but this means new staff will be needed to restore existing crew levels. Other crew chiefs will come from the home construction industry, but will require more training.

It costs approximately \$58,000 to outfit a crew to perform Weatherization services, including the purchase of a vehicle, blower door, insulating machine, generator, testing equipment, power tools, hand tools, time allotted for training, and other accessories. For these staff to become proficient at installing Weatherization measures, a combination of classroom and on-the-job training is usually recommended. **It can take a crew six to eight weeks to become skilled at completing their work in the home.** The hiring, training, and outfitting of crews will be the major responsibility of local WAP managers for the first six months of the ramp-up period and on-going for the second year ramp-up and attrition in the out years.

Program Management

Currently there are 2,580 management and office staff at the state and local levels - 900 local managers, more than 180 state directors and staff, and another 1,500 records clerks, fiscal staff, and other office positions. These positions will increase with added workloads, however their growth will be less than growth related to production. **It is expected that this labor pool will increase from 2,580 to approximately 5,000, mostly in the miscellaneous office positions.**

These staff will receive the majority of their training on-the-job through peer or supervisor instruction. There is little need for any experience in the WAP operation to fill the general office positions, however, and program management positions would require significant experience to be proficient.

Due to state budget shortfalls, the existing technical and administrative monitoring capacity at the state level is severely understaffed. **To adequately staff the technical and administrative monitoring of an increased production of 1,000,000 homes per year, at least 650 people are needed.** The technical monitors require the same training and experience as energy auditors and inspectors and should be knowledgeable of the skill set required of a crew member. Administrative monitors must have a working knowledge of the legislation, regulations, and policy governing the WAP, must be trained in federal, state, and local budget processes; federal financial assistance regulations; applicable state procurement regulations; and state and local approaches to monitoring, training, and technical assistance.

Training Needs

There are ten Weatherization Training Centers located around the country and several more are currently planned. In addition, there is a network of independent Weatherization trainers. A significant increase in training capacity and infrastructure is

needed to train the tens of thousands of additional workers required to weatherize 1,000,000 homes per year. The need to conduct this training within 6 to 12 months means that **several times more trainers will be needed immediately** than may be required to provide on-going training to the ramped-up network two years from now.

In addition to the existing training capacity, **almost 700 new trainers will be needed to train the additional Weatherization workers** required to weatherize 1,000,000 homes per year. About 600 trainers will be needed to train the additional crews, inspectors, and technical monitors within 4 to 6 months. **Almost 100 trainers will be needed to train the additional energy auditors within 6 to 8 months.**

Classroom instruction is needed, but hands-on training is absolutely critical as is on-the-job mentoring and apprenticeship. On-line training can be used to introduce trainees to basic building science principles, house-as-a-system concepts, and the whole-house approach to Weatherization. With the on-line introduction, subsequent classroom instruction and hands-on training will be more effective and can start at a higher level.

Like construction, Weatherization is best learned by doing, so the props and equipment set-ups that a training center can provide are key. **The models gleaned from several existing training centers can accelerate the establishment of the 50-60 new Weatherization training centers** needed to ramp-up the Weatherization training infrastructure. Vocational schools and community colleges can be tapped to provide some of the “bricks and mortar,” but increased funding will still be needed obtain or rent independent facilities and equip them.

4. Ramp-up Time Frames and Budget

It takes approximately two to four months to train a crew to perform Weatherization services with a proficiency that guarantees the savings and return on investment. It takes approximately six to eight months to train an energy auditor for assessment accuracy and two to four months to train a quality control inspector to conduct required oversight. It will be critical to utilize the existing energy professionals from other statewide or national projects to supplement the hiring of staff to perform work in the field.

Hiring and training adequate staff will take significant time. Even using existing crews to provide on the job training opportunities, the ramp up from 139,000 homes to 1,000,000 homes will take longer than one Program year to complete. It is possible for the network to be operating at near 50 percent capacity by the end of the 2009 Program Year. By that time, the network capacity should reach 500,000 homes, a three-fold increase over 2008 production. By the end of the 2010 Program Year, the network will have built its capacity to reach 1,000,000 homes. This production can be maintained and increased for the next six years – averaging 1,250,000 homes a year. Within eight years, the WAP network will weatherize 9,000,000 homes, or nearly one-third of the eligible low-income candidate homes in America.

The expenditure for each home is determined by the selection of measures allowable, the attention to health and safety measures during the Weatherization process, and the types of

housing stock identified and included in the production portfolio. Currently, the WAP spends an average of \$4,000 per home to complete energy efficiency and health and safety protocols. The figure has been deemed inadequate by many WAP professionals since it does not allow for full Weatherization treatment when base load measures (refrigerators, water heater replacement, and lighting retrofits) and central heating or cooling replacements are added to traditional insulation and air infiltration services. This figure is also inadequate if major roof repairs or other building shell work is required.

In order to accommodate the various service delivery options, it is recommended that the cost per unit average be raised to \$6,000 per home for direct efficiency installations. When added to other Program cost categories (administrative allowance, health and safety, financial auditing, training and technical assistance funding, etc.), the average cost per home would be \$8,000 in 2009. In order for the network to meet its goals for 2009 and beyond, the Economic Stimulus Bill would need to provide \$4.5 billion in 2009, \$9.0 billion in 2010, and \$10.5 billion plus an inflation allowance for years 2011 through 2016. As funding levels vary, so will production goals and ramp-up expectations. Additional funding from state and local sources and public benefit funds can supplement the Economic Stimulus efforts. A number of model programs already exist throughout the country that expands the cost per unit average well above the level being proposed for the expanded Weatherization effort. However, given the current economic crisis, we cannot rely on state and local funds to supplement production. It will be necessary to rely almost exclusively on federal funding to complete the Weatherization services, especially at production levels reaching 500,000 to 1,000,000 homes a year.

5. Recommended Program Changes

In order to implement the expansion strategy outlined in this Discussion Paper, several current Program practices would need to be altered, suspended, or eliminated. Some of these changes are easily accomplished by the network through management adjustments in the way business is presently conducted. Some of these changes will require the U.S. Department of Energy's (DOE) Office of Weatherization and Intergovernmental Program (OWIP) and the Project Management Center (PMC) offices in Morgantown, WV and Golden, CO to alter their business practices and suspend policies currently governing the Program. And some of these changes will require language in the Economic Stimulus Bill to suspend rules to allow state and local governments to proceed in their expansion with haste. Here is the list of changes being recommended to facilitate the ramp-up of the WAP:

Number of Local Agencies

By increasing the WAP funding from its current level of approximately \$665 million to \$4.5 billion in 2009 and \$9.0 billion in 2010, the network membership would be required to expand in number to meet the increased production goals. Even with the expansion of production, there would be no need to increase the service delivery network by a comparable ratio. A doubling of the network, in combination with increased capacity building in the existing agencies, should accommodate the production requirements of an expanded WAP.

Currently, 900 local agencies comprise the local service delivery network. **An increase to 1,400 to 1,600 local agencies should be sufficient.** These added agencies could be community action agencies, units of local government, or other qualified non-profit organizations. The selection of these new agencies would be a function of the state WAP office through current procurement rules or other grant authority used by the state. It will take eight to nine months for these agencies to be added to the network and acquire the staffing and training to begin weatherizing homes. It is not expected for these new agencies to impact first year production but they will be instrumental in helping reach the 1,000,000+ homes in Year 2 and beyond.

Training and Technical Assistance Funding

Currently, the rules governing the WAP limit DOE training and technical assistance (T&TA) resources to 10 percent of the funds provided in Appropriations. Approximately 1.5 percent is retained at the OWIP to fund technical assistance activities in support of the Program. The remaining 8.5 percent is distributed by formula to the states for use in conducting on-going training activities at the local level, monitoring and oversight of agency operations and client education in some states. The funds used by locals can pay for in-house staff training but no T&TA funds can be used to train private contractors – or nearly 50 percent of the workforce.

The Economic Stimulus Bill should include language that allows DOE to set-aside up to 20 percent of the first and second year funds for T&TA activities in support of the Program expansion. This money will be used by states, training centers, local agencies, trainers, consultants and others to perform the classroom, peer, and field training for energy auditors, quality control inspectors and the tens of thousands of new crew laborers. These funds should also be available to assist in the training of contractors hired by local agencies to perform Weatherization services on their behalf. This training is vital to ensure that only the most effective and highest quality services are provided to the families we serve.

In Year 3 and beyond, the 10 percent set-aside for T&TA should be sufficient to support the on-going training efforts at all levels to complete the expansion plan and accommodate attrition – which could reach 5 percent of the workforce per year as the economy strengthens.

Distribution of Funds

Under normal circumstances, the annual Appropriations is provided to DOE upon approval of the Budget. The Program Year begins on April 1 of the current fiscal year and operates through March 30 of the next fiscal year. This six-month delay in starting the Program allows for any unforeseen delays in the federal budget that would cause gaps in funding and massive layoffs of state and local staff and for the state plan and public hearing process used prior to approving the state projects by the PMC.

The Expansion Plan referenced in this discussion paper should be accelerated prior to the April 1 start up. The plan's implementation could begin as soon as funds are made available. There will continue to be delays if states are required to develop state plans in

advance of public hearings and wait while the PMC approves state plans. **The implementation strategy could be accelerated by 60 days or more if the Economic Stimulus Bill required DOE to make the funds available by formula within 30 days of accepting the Appropriations and the state plan/public hearing process was suspended provided states used the funds in accordance with previous WAP operations.** The state plans would still be submitted to the PMC and made available to the public while implementation was underway. These funds should also be specified as **“no year funds available until expended”**. This allows for the easy transfer of funds from one grant period to another within the PMC.

Nearly all states have conditions in their grant or contract instruments that allow for the orderly transfer of funds from agencies that are not meeting production goals to those agencies capable of expanding production even further. Where this condition is not contained in their agreements, language must be added. Where it exists, it must be enforced so that production does not lag because of insufficient growth in select agencies.

Funding formulas are used by all states to distribute funds provided by the federal government to the network. These funding formulas will need to be revised to reflect any increases in the network membership.

Cost Per Unit Average

The average amount of funds that can be spent on a home is part of the federal WAP rules. For 2009, this figure is \$3,055 per home. The average allowed if renewable technologies are applied is \$3,243. These figures are severely inadequate to meet the needs of the housing stock being weatherized. **The Economic Stimulus Bill should reflect a cost per unit average of \$8,000 per home** to remain in place for the first two years, as additional training funds are made available to the network. Further, this average should be adjusted in Year 2 and beyond to allow for inflation and other significant cost increases.

In addition, the renewable allowance should be revised to be an add-on to the standard WAP rather than “in lieu of” as currently interpreted by DOE. There are insufficient funds to address any renewable technology with the average cost so low. Most of the funds are used to cover the cost of traditional WAP services that meet the savings to investment ratio (SIR) tests. There is no money available to speculate on installing renewable technologies like solar hot water systems. By adding the two costs and adjusting for the \$8,000 average, a home that is a candidate to receive a renewable energy supplemental system could have access to an average of \$11,243. This can make WAP the largest installer of renewable technology in existing homes, thus supporting green jobs in the private sector through manufacturing and installation. It should be noted that in most cases this funding level will still be inadequate without additional sources.

Alternate Use of Funds

The traditional WAP provides a complete set of services as stated in the Production section above. However, it is possible to accelerate a ramp-up strategy by limiting the services available in the short term to reach a large number of homes quickly. **Local**

agencies could prioritize those homes needing emergency or vital services provided through local private contractors while ramping up with crews and contractors to provide the full array of services within months. This could operate as a companion program or as a component of the full WAP effort. In this way, the WAP could be used to remedy some of the most severe issues faced in the residential housing sector – **leaking roofs, unsafe electric systems, broken fenestration, and inefficient central heating/cooling.**

In order to facilitate the process the states are also requesting waiver authority of specific rules in order to allow quick ramp up and provide advance funding to contractors so as to be able to buy the necessary equipment to meet the program goals. In addition, the Economic Stimulus Bill should allow for waiver authority for states to use of a limited portion of the funds to assist low-income families living in pre-1976 manufactured housing to help replace these with new ENERGY STAR units.

Procurement Allowance

The rules require that all purchases of vehicles, equipment and tools be part of the calculated average cost per unit, to be allowed within a Program Year. This requirement will make purchasing these essential items difficult in the beginning of the year when production is at a minimum, since the cost justification and the recovery of investment will not occur until much later in the Program Year. Many local agencies are without the capital reserves necessary to outlay \$58,000 per crew to be hired in advance of the reimbursement. This is also true for small private contractors attracted to the WAP.

The Economic Stimulus Bill should identify specific funds to be used by local agencies to purchase tools and equipment in advance of reimbursement. The states will be responsible for ensuring that all procurement regulations are followed and that production will offset the investment during the contract period. In the beginning of Year 1, the **local agencies could easily spend \$350 million to \$450 million to purchase vehicles, blower doors, furnace efficiency equipment, infrared cameras, insulating machines, generators, and power tools.** The agencies would spend a comparable amount in the beginning of Year 2. These accounting rules must be altered or suspended so ramp-up can occur and crews can be properly outfitted.

Re-Weatherization

The statute is clear that a home can only be weatherized once. A home may be re-weatherized if it received services before September 30, 1993. Building science has changed dramatically since that time and the WAP provides a more complete and effective array of services now as compared to even 10 years ago. Many of the homes weatherized between 1993 and 2000 - the date of the last rulemaking that included things like base load measures into the WAP - could benefit greatly from the expanded services offered today. **It is recommended that the Economic Stimulus Bill contain an allowance to shift the Re-Weatherization date from September 30, 1993 to September 30, 2000 so that these homes can be properly served.** The local agencies already know the location of these homes needing additional work and accessing them can accelerate production.

DOE Capacity

The closing of the DOE regional offices and the decimation of the population of technically qualified Headquarters staff means the WAP is operated without vital federal support. It is inexplicable that EERE's growth has brought travel restrictions on federal monitors. The federal staff have difficulty attending training outside their base. Their oversight responsibilities have been compromised. The DOE should be required to substantially increase its federal personnel with the appropriate experience and credentials to oversee the management of the Program. **This staff should be doubled or tripled over the next two years to allow for added responsibilities in grants management and monitoring. Headquarters staff should also be increased to perform reporting requirements, policy development, and liaison activities.**

Role of States

The state WAP offices will maintain their role of grants management, monitoring, oversight, reporting, policy development and implementation and strategic planning for the local network. The state associations – the National Association for State Community Services Programs, the National Association of State Energy Officials, and the National Energy Assistance Directors Association – will continue to work in concert with DOE and the National Community Action Foundation to support the WAP network and provide the training and technical support required to successfully implement the ramp up strategy. The state associations will also work with local agencies and units of local governments to facilitate the distribution of “best practices” information to help improve the way services are provided across the state and the nation. **The Economic Stimulus Bill should provide set-aside funding to underwrite the increased activities of these organizations to assist the entire network in meeting its goal of weatherizing 1,000,000+ homes a year.** This action will also assist states in coordinating efforts with the work implemented through the Energy Efficiency Block Grant and the other new initiatives for improving energy efficiency in other than low-income housing.

There is a real issue facing states that have budget deficits as a result of the economic downturn. These state WAP offices have hiring freezes mandated by governors and travel restrictions placed on existing staff. This could lead to a shortage of state assistance for the local agency ramp-up efforts. **The Economic Stimulus Bill should direct states to use these funds to fully staff the WAP offices and provide for the use of resources to accomplish the goal of program expansion and oversight of the processes involved.**

Local Administrative Cost Restrictions

The 1990 amendment to the statute allowed a higher percentage of administrative funding for small local agencies, 10 percent instead of 5 percent, so they could purchase the core administrative services required to operate federal programs. Small agencies were considered to be those with grants under \$350,000 in 1990. The increase expected from the expansions will move many of the hundreds of small agencies above this threshold. Consequently, they would have to double their operation but lose administrative dollars.

The Economic Stimulus Bill should reflect an adjustment of the threshold for smaller agencies, increase the amount of grant funds to \$700,000, and allow states to negotiate a declining rate, but not less than 5%, with agencies that grow beyond the \$700,000 threshold.

6. Summary

The expansion of the WAP network to meet the goal of weatherizing 1,000,000+ homes each year must occur on a timeline that allows for an orderly ramp-up of staff and production. It is possible for the network to operate at near 50 percent of the proposed target production by the end of the 2009 Program Year. By that time, the network capacity should reach 500,000 homes, which is a three-fold increase over 2008 production of 150,000 homes. **By the end of the 2010 Program Year, the network will have built its capacity to reach 1,000,000 homes. This production can be maintained and increased for the next six years – averaging 1,250,000 homes for Years 3 through 8.** Within eight years, **the WAP network will weatherize 9,000,000 homes, or more than half of the homes DOE recognizes as good candidates for WAP.**

During the first year of expansion, the WAP network will significantly increase employment at the state and local levels. The direct program staff level will increase from approximately 11,180 – including all related full and part time positions - to **more than 30,000 full time direct Program jobs.** This represents a net increase of 20,500 jobs in Year 1. The increase will continue in Year 2 as the second phase of ramp-up occurs. Another 21,000 jobs will be added to the Program to complete the expansion to 1,000,000 homes a year. In Years 3 through 8, the production goal will be set at 1,250,000 homes a year and employment will increase by another 11,000 jobs and remain constant throughout the production years. These jobs are all well above minimum wage and approach the “living wage” scales calculated for states. Nearly all these jobs have benefits and health care offered as part of the compensation package. This job creation does not take into account the jobs being created in all the support services, equipment and material manufacturers and suppliers, and other related fields. Nor does it account for the tens of thousands of jobs that are supported by the investments made by the local communities. **The total job development for the Weatherization effort could easily surpass 125,000 new employment positions – making a real difference in Main Street America.**

It is strongly recommended that the cost per unit average be raised to \$8,000 per home to include all costs associated with production and management. In order for the network to meet its goals for 2009 and beyond, the Economic Stimulus Bill would need to provide \$4.5 billion in 2009, \$9.0 billion in 2010, and \$10.5 billion - plus an inflation allowance for years 2011 through 2016. As funding levels vary, so will production goals and timetables.

The WAP network has demonstrated a history of expanding its production capacity to meet its funding. The Economic Stimulus Bill is another opportunity for the network to expand to meet a need and help the country recover from a severe economic downturn. The WAP is a multi-faceted program with enormous benefits. It helps low-income families conserve energy and save money. It creates and supports thousands of green collar jobs that are vital to the country’s future. It helps reduce carbon emissions by conserving energy and avoiding production. These trained personnel will likely move on to train other individuals and lead crews in the private

sector. The WAP can serve as a critical element of the country's "green jobs" initiative. It stimulates local economies through employment and purchasing of vehicles, equipment, and local goods and services. And it helps reduce our country's dependence on foreign oil and reinforces the country's economic security. It is not surprising that the WAP's slogan is "Weatherization Works! Obviously it does."