

TO: Senate Natural Resources and Energy Committee
FROM: Sarah Phillips, Director, DCF Office of Economic Opportunity
RE: Administrative Considerations for Expansion of Weatherization
DATE: March 18, 2019

This memo is in response to the House Committee on Energy and Technology's request that OEO provide an explanation of whether the Home Weatherization Assistance Program could double its current production, and what parameters or factors would need to be considered (e.g., timeframe, training, etc.) to effectively double the size of the program.

The Low Income Home Weatherization Assistance Program (HWAP) leverages federal Department of Energy (DOE) funds with per gallon and gross receipts taxes on heating fuel sold in Vermont to provide zero cost weatherization work for Vermonters who make up to 80 percent of the Area Median Income (AMI).

The state-administered HWAP program addresses 800-900 homes per year through the regional community-based providers and has weatherized 12,365 housing units in the past fifteen years. In 2018, HWAP weatherized 821 homes (512 1 unit dwellings, 309 2+ unit dwellings). The average energy savings was approximately 29.2%¹ per home. The projected number of households to be weatherized during the current 2019 Program Year is 860 households.

Double Low-Income Weatherization

The Governor's recommended SFY2020 budget includes approximately \$9.8m for Weatherization grants (base), with an additional \$500,000 in one-time general funds towards Weatherization Grants.

US Department of Energy - Weatherization ²	\$1,159,814
Home Weatherization Assistance Fund (Fuel Tax)	\$5,794,880
Low Income Heating Assistance Program (Federal) ("swap")	\$2,845,764
Subtotal ~900 homes	\$9,800,458
General Fund (one-time) – ~45 homes	\$500,000
TOTAL	\$10,300,458

For the purpose of this memo, we are assuming that to "double" the program, there would be an additional \$9 million in funding.

¹ This savings is estimated savings based on modeling of the homes Weatherized during PY18.

² If DOE funding is level, there may be an additional \$205,613

A one-time doubling of funds would present substantial challenges. Additional equipment would need to be purchased and new staff would need to be trained to ramp up services, and the payback for that effort isn't there in a short surge to the program. In other words, to double funding for the program for one year yields a lower overall return on investment. We would advise that any doubling of the weatherization program be sustained for a period of five years.

One of the more substantial challenges in ramping up the existing program is the necessity to recruit and train the workforce. The Weatherization Program is currently delivered through five community-based providers who hire and train staff to deliver weatherization services (i.e., "crew-based"). The Program currently supports 97 FTE at these five agencies. It is possible that Program expansion could be delivered through subcontracts with private Home Performance with Energy Star Contractors. Whether the program is delivered as crew-based, subcontractors or a combination of both, the need to recruit and train a qualified workforce remains critical. An already qualified and unemployed workforce is not readily available to simply hire an additional 90, or likely even 50, workers statewide to begin in July 2019. The Weatherization Program provides the substantial on-the-job and classroom training necessary to deliver quality work; and quality underpins the ability to meet the energy efficiency goals of weatherization. For this reason, we would advise that a ramp up of the Home Weatherization Assistance Program to double current levels would occur over a three-year period.

The information in this memo assumes no major changes to program policy. There are policy considerations that would impact the timeframe, scale and impact of any program expansion – e.g., eligibility, % of multi-family vs. single family units, job cost average, etc. This memo should also not be construed as a recommendation and does not identify a revenue source for program expansion.

	Base	Year 1	Year 2	Year 3	Year 4	Year 5
Appropriation (\$ in Millions): DOE, LIHEAP & HWAP Fund (fuel tax)	\$10.92	\$10.92	\$10.92	\$10.92	\$10.92	\$10.92
Additional Investment		\$3	\$6	\$9	\$9	\$9
Total Funding:	\$10.92	\$13.92	\$16.92	\$19.92	\$19.92	\$19.92
Less: Emergency Furnace Repair & Replacement	-0.75	-0.75	-0.8	-0.8	-0.8	-0.8
Less: OEO Admin (Monitoring, Technical Assistance, etc)	-0.37	-0.37	-0.5	-0.6	-0.6	-0.6
Available for Weatherization Program	\$9.80	\$12.80	\$15.62	\$18.52	\$18.52	\$18.52
Units Weatherized	900	1185	1450	1725	1725	1725
Total FTE positions required	97	127	155	183	183	183

Please do not hesitate to be in touch for additional assistance or clarification.

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