

California Green Stimulus Coalition

Recommendations for Department of Community Services and Development
on Weatherization Assistance Program as funded by federal economic stimulus

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California Department of Community Services and Development
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To the Department of Community Services and Development:

The California Green Stimulus Coalition respectfully presents these recommendations for the use of Weatherization Assistance Program (WAP) funds allocated to California from the American Recovery and Reinvestment Act (Recovery Act). As you know, representatives from our Coalition have met with leadership from the Department of Community and Services Development (CSD) three times in the last six weeks (April 7, May 4, May 8) to discuss WAP. Several representatives also gave public comment at the Public Hearing conducted on May 1. Our recommendations here are consistent with and a continuation of those points of communication.

Our coalition aims to work constructively with both CSD and the network of local energy providers. The ramp-up required by the federal economic stimulus funds is a clear challenge, and we appreciate the responsibility to “spend it well and spend it fast.”

With that said, we have serious concerns about the State Plan that CSD will be submitting tomorrow May 12 to the federal government. We are concerned that the plan draft shared for the May 1 hearing -- without additional development and amendments -- will not be able to deliver expanded weatherization services, including workforce development, with the scale, quality, and transparency required by this unprecedented opportunity. We hope these recommendations, offered in a spirit of cooperation, add momentum to practices and reforms that will enable the State and the local providers to excel this year and in the years to come.

We believe this historic moment offers a powerful opportunity for creative change. We note that several other states, including Texas, Massachusetts, Indiana, and Missouri, are experimenting with dramatic changes in the use of their weatherization funds. At this moment, our coalition does not advocate such large-scale shifts in California’s programs. However, the people of California – especially those in our low-income communities – are relying on CSD and the local

network for the leadership and creativity to deliver your services more effectively and at a larger scale than ever before.

There are three primary areas where the Green Stimulus Coalition has recommendations: Workforce Development and Labor; Quality, Transparency, and Accountability; and Partnerships and Positive Multipliers.

1. Workforce Development and Labor

Federal economic stimulus funds are intended to save and create jobs and to assist those hardest hit by the economic recession. We believe this fundamentally broadens the purpose of the Weatherization Assistance Program, at least as it relates to Recovery Act funds. This program's success will depend not only on the ability to deliver weatherization services, but also on the ability to provide quality jobs and quality job training, especially to low-income communities.

1. Pay the Prevailing Wage

The Davis-Bacon prevailing wage requirement applies to the Recovery Act funds for the Weatherization Assistance Program. The White House Office of Management and Budget in their April 3, 2009 memo reiterated the importance that agencies “ensure that the standard Davis-Bacon contract clauses found in 29 CFR 5.5(a) are incorporated in any resultant covered contracts that are in excess of \$2,000 for construction, alteration or repair (including painting and decorating).”

This is a powerful opportunity to raise the quality of jobs involved in weatherization by paying higher wages and providing benefits to workers. This will also boost the potential earnings and opportunities of low-income workers trained in weatherization for years to come. We are aware that, as a new requirement for WAP, this presents some challenges for the local network.

We recommend that CSD should take the initiative – rather than waiting for “guidance” from the US Departments of Energy and Labor – and bring together labor unions, contractors, and your local providers to carry out the prevailing wage requirement. As we agreed at our meeting on May 8, our Coalition will work with your agency to convene key stakeholders to work out prevailing wage standards and practices. We believe this convening should occur as soon as possible, and by mid-June at the very latest, to provide enough time for local agencies to ramp up in time for the 40% of funds expected from the Dept of Energy in mid-July.

2. Require a Minimum Local, Targeted Hire Policy

In line with OMB direction, CSD should “seek to maximize the economic benefits of a Recovery Act-funded investment in a particular community by supporting projects that seek to ensure that the people who live in the local community get the job opportunities that accompany the investment.” In

particular, weatherization jobs provide a key point of entry to the growing green sector for lower-skill workers and underrepresented workers, such as women.

We recommend that no less than 30% of contract hours should be performed by people who live in the geographic area served by the local grantee, and that at least 10% of each contractor’s work hours be performed by “Targeted Workers.” Targeted Workers are either a) low-income individuals residing in low-income neighborhoods or b) individuals with barriers to employment, and, where feasible, are apprentices who are less than a quarter through their apprenticeship. We recognize that some providers have gone well-beyond this requirement in previous years, when WAP was smaller and prevailing wage was not required. As WAP scales up, it is essential this commitment to lower-skill, local workers remains intact.

3. Provide Connections to Career Pathways

We recommend that training for workers should provide them with transferable skills and certifications that can enable them to find related employment after the 2-year “stimulus period” is over and can place them on a pathway to a career in the building and construction trades. Training curricula should connect seamlessly with related course sequences at community colleges, both for basic skills education *before* the specialized weatherization training, and for more advanced career training *afterward*.

We recommend that CSD work with the CPUC and other relevant agencies to establish a weatherization curriculum that provides graduates with skills and possibly a certificate of completion recognizable by the industry statewide. In developing this curriculum, CSD should use a “sector initiative” framework to ensure that the curriculum for weatherization fits into a broader framework for career education in the building energy efficiency retrofit field. The sector initiative should convene stakeholders in the building energy efficiency retrofit field, including employers, joint apprenticeship programs, community colleges, to solicit their input on design and to coordinate collaboration among training providers.

2. **Quality, Accountability, and Transparency**

It is clear that CSD’s local provider network is highly varied. Some local providers are high performing, well resourced, and likely to succeed in ramping up for Recovery Act funds. On the other hand, other providers are disconnected, under-resourced, poorly managed, and should be closely monitored for performance and quality.

1. Conduct rigorous third-party evaluation of network performance

Our understanding is that the federal Department of Energy will disburse Recovery Act funds to CSD in three stages.

- i. DOE has already disbursed 10% of funds to CSD for ramp up; CSD has yet to subgrant these funds to the local subgrantees.
- ii. DOE will disburse 40% of funds upon their approval of the CSD State Plan.
- iii. In 2010, based on performance, DOE will disburse the remaining 50% of funds.

CSD thus has three opportunities for assessment and screening of low-performing local providers. We recommend that CSD take full advantage of each of these three “gateway” moments.

We recommend that all projects that are linked to Recovery Act funds should be required to be independently verified (pre- and post-) to ensure high quality standards and services and to maximize expected energy savings. This is a basic mechanism to establish reliability and transparency. Our coalition recommends third-party evaluation across the board for the expenditure of Recovery Act funds, and we have made similar recommendations to the California Energy Commission on their Recovery-Act-funded State Energy Program.

The most effective way to improve the quality of installations is to require verification carried out by a third party rater before payment to subgrantees, contractors, and other implementers.

We recommend that CSD, before awarding any of the first 10% of funds, should carefully review local providers’ ability to administer 2008 LIHEAP funds. Careful and rigorous reviews must also be conducted before awarding any of the 40% funds later this year, and again before awarding the last 50% of funds in 2010.

We recommend also that the following key metrics be added to the current list of requirements and be verified by a third-party:

- All projects must comply with the HERS rating, to evaluate performance of weatherization services.
- All weatherization projects receiving Recovery Act funding should be designed to meet or exceed the relevant 2008 Title 24 Building Energy Efficiency Standards.
- All workers implementing WAP projects should receive wages and benefits in accordance with prevailing wage law.
- All weatherization projects should show how they are leveraging and coordinating with other similar programs (e.g., CPUC Low-Income Energy Efficiency programs, CEC State Energy Plan projects, etc.) to ensure that WAP projects are as comprehensive as possible.

2. Provide Full Transparency and Accountability

CSD has consistently provided public information about Recovery Act funds to-date, particularly on its website. CSD did opt to award Recovery Act funding to its current local energy service providers, without an initial process of evaluating other local alternatives for this expanded scope, such as local governments or other non-profits. It is essential that as the Recovery Act funding process unfolds, CSD continues to demonstrate and demand full transparency and accountability for its local energy service providers, to ensure a high-quality weatherization program for the low-income Californians it serves.

We support CSD's intention to next require more detailed local plans for the network of energy service providers, after initial 10% awards and before the next 40% awards. This is a critical, early-warning juncture to identify, assist and, if necessary, replace any providers who are unable to perform.

We recommend that all plans, reports, and evaluations be reported publicly on CSD's website, as the state and local plans to-date have been.

We recommend that CSD increase the sunshine and participation in the next phase of local plans by:

- Requiring the network of energy providers to demonstrate local collaboration with key stakeholders, such as local government, housing authorities, Workforce Investment Boards, community colleges, joint apprenticeship programs, investor-owned and publicly-owned utilities (including existing utility LIEE/CARE programs), social services, and other relevant parties.
- At the State level, involving independent, third-party stakeholders in review of local plans, including representatives with expertise in low-income services, workforce development, and/or energy efficiency services.

We recommend that, in the unfortunate event a local service provider cannot meet requirements in a timely and adequate manner, especially at the 10% or 50% gateway points, then that provider should not receive additional funds and should return any unspent Recovery Act funds, and another, more qualified local provider should be promptly awarded the funds. While corrective action is to be encouraged where such assistance can quickly and completely resolve performance issues, the Recovery Act's large scope, high standards and fast timeline require quick resolution and, where not possible, prompt recruitment of alternative local providers. The Coalition is prepared to help supporting existing providers as well as recruiting additional providers, if and when needed.

3. Partnerships and Positive Multipliers ¹

1. Coordinate Programs for a "Whole-Home" Approach to Energy Efficiency and Consumer Savings

¹ These proposals are similar to those submitted to the California Energy Commission and therefore lend themselves to agency collaboration

We recommend that all energy efficiency retrofit and weatherization efforts available to low-income people should be coordinated with parallel programs to avoid duplication and missed opportunities to install additional upgrades such as lighting and water reduction initiatives. Any effort to retrofit or renovate an existing building must increase energy and water efficiency through a comprehensive and integrated approach that captures the full energy and water savings potential for each building. Weatherization of residences should include a comprehensive number of measures, including (but not limited to) HVAC duct system leak testing and sealing, heating, appliances, hot water, lighting, and basic education about energy savings practices that cost nothing and save money (e.g. turning off unneeded lights, home office equipment, etc).

2. Create Projects At-Scale in Neighborhoods and with Housing Authorities

We recommend that energy efficiency and renewable energy projects be designed to take advantage of economies of scale by aggregating individual projects where possible, such as retrofitting entire blocks or neighborhoods, rather than proceeding one house at a time. By potentially reducing transaction costs and bundling small jobs into bigger projects, energy efficiency programs can achieve the maximum possible scale while establishing an industry that maximizes long-term, high quality job opportunities with connections to workforce training programs.

In particular, we recommend the CSD following the lead of the recently signed DOE/HUD MOE and collaborate with local housing authorities and low-income housing developers, to efficiently reach more low-income Californians with weatherization services.

3. Leverage Supply Chain Opportunities

We recommend that CSD, and the local network providers, buy weatherization equipment and supplies from vendors and manufacturers in California and the United States, to the maximum extent possible, to further leverage the economic benefit of the Recovery Act funding. We further recommend the purchasing of equipment and supplies that have the smallest possible ecological footprint, in terms of life cycle toxicity, greenhouse gas emissions, and natural resource consumption.

Finally, for your reference, we have attached our coalition recommendations to the California Energy Commission on their use of federal economic stimulus funds for the State Energy Program. The Energy Commission will be focusing their State Energy Program funds on energy efficiency, particularly in the residential market. We see this as highly related to CSD's administration of the Weatherization Assistance Program.

Thank you for your consideration of these recommendations to expand services to low-income people, improve energy efficiency, strengthen job development, and maximize the economic impact. We will also be delivering these recommendations to the following leaders invested in the success of the Weatherization Assistance Program expansion:

- Governor Arnold Schwarzenegger, State of California
- Speaker Karen Bass, California State Assembly
- President Pro Tem Darrell Steinberg, California State Senate
- California Inspector General Laura Chick
- Jerry Hill, California State Assembly, Chair, Assembly Budget Subcommittee on Health and Human Services
- Jeanne Clinton, California Public Utilities Commission
- Karen Douglas, Commissioner, California Energy Commission
- Pat Perez, California Energy Commission
- Secretary Steven Chu, U.S. Department of Energy
- Secretary Hilda Solis, U.S. Department of Labor
- Senator Barbara Boxer, U.S. Senate
- Senator Dianne Feinstein, U.S. Senate
- Speaker Nancy Pelosi, U.S. House of Representatives
- Congresswoman Zoe Lofgren, U.S. House of Representatives
- Van Jones, White House Council on Environmental Quality, Advisor on Green Jobs, Enterprise and Innovation

We welcome your response to these recommendations and look forward to continuing to work with you on many fronts.

Sincerely,

The California Green Stimulus Coalition

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The California Green Stimulus Coalition is an alliance of dozens of California's most influential and respected organizations advocating for the environment, economic justice, organized labor and a strong workforce system. As California decides how to use its federal stimulus dollars, we are advocating for investments that advance California's long term environmental goals; create

high quality jobs and lead to high road economic development; and provide for truly shared prosperity instead of reinforcing or deepening social and economic disparities.