

**Testimony of the National Consumer Law Center on Behalf of Our Low-Income Clients
Before the Senate Committee on Appropriations
Subcommittee on Energy and Water Development**

FY 2013 Appropriations for the DOE Low-Income Weatherization Assistance Program
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The National Consumer Law Center (“NCLC”) is a non-profit organization which, over its 35 years of existence, has advocated for policies that assist low-income families and seniors who struggle to pay their energy bills. *NCLC strongly recommends that the Senate approve a funding level for the low-income Weatherization Assistance Program (WAP) of \$250 million for FY 2013.*

Because low-income families often live in older and poorly weatherized homes,¹ they tend to consume more energy than absolutely necessary. Living in poorly weatherized houses leads to higher energy bills and places these families at much greater risk of having their utility services terminated for non-payment.² Families can find themselves without adequate heat in the winter, without lights, or without the ability to prepare food, simply because their energy bills are exorbitantly high.³ At the extreme, house fires can result when families lose access to gas, electricity or delivered heating fuels and instead resort, out of desperation, to unsafe heating sources and the use of candles.⁴

Over the past three years, the Weatherization Assistance Program (“WAP”) has helped 860,000 households to reduce their energy bills,⁵ while also increasing the comfort and health of

¹ According to data from the U.S. Energy Information Administration, 2005 Residential Energy Consumption Survey, 40% of households at or below 100% of the Federal Poverty Level lived in housing units constructed before 1960. Less than 30% of households living above the poverty level lived in housing constructed prior to 1960. Housing constructed before 1960 was not subject to the stricter energy codes that apply to more recently constructed housing. In addition, newer construction is more likely to use newer, more energy efficient heating, cooling, lighting and refrigeration equipment.

² Electric and natural gas service disconnection rates are much higher in low-income households than middle- or high-income households. In California, for example, the low-income disconnection rate in 2010 was 5.5%, compared with 2.9% for non-low-income households. (CA Division of Ratepayer Advocate, “Status of Energy Utility Service Disconnections in California,” March 2011, p. 2.)

³ 2011 National Energy Assistance Survey Summary Report, National Energy Assistance Directors’ Association, Nov. 2011. Available at www.neada.org

⁴ John R. Hall, Jr., *Home Fires Involving Heating Equipment* (Jan. 2010) at ix and 33. Also, 40% of home space heater fires involve devices coded as stoves.

⁵ Testimony of DOE Secretary Steven Chu Before the Committee on Oversight and Government Reform, U.S. House of Representatives, March 20, 2012, p. 3.

those living in those homes.⁶ Weatherization generally decreases energy usage – and energy bills – an average of 25% (with a wide variation above and below that average).⁷ DOE estimates that the average household’s annual heating bill will be reduced by \$437 as a result of receiving weatherization.⁸

Over those same three years, many states across the country have built up the infrastructure to reach far more low-income homes each year than before ARRA appropriated \$5 billion for WAP.⁹ Under ARRA, states received approximately \$1.6 billion per year over a three-year period. Prior to that, annual funding for the program was between \$224 million and \$243 million in all but one year since FY 2002. States not only increased the number of households served several fold, but also had to bring on new contractors and make sure new employees were properly trained.

Choosing Massachusetts as one example, the state received approximately \$5 million annually in the years immediately prior to ARRA. Under ARRA, the state will spend out its entire \$125 million grant from DOE. Spending has increased eight fold on an annual basis. While the initial production goal was to weatherize approximately 17,000 units, the state will actually weatherize 20,000 units. The quality of the weatherization work has been closely monitored by the local non-profits that retain the weatherization contractors and by the state Department of Housing and Urban Development. In addition, auditors from the Massachusetts Office of the Inspector General, from the federal Department of Energy, and from the Massachusetts Recovery and Reinvestment Office have all monitored the program more closely than in any year prior to ARRA, and found no instances of shoddy workmanship or financial

⁶ Various studies have shown that weatherization can result in reductions in a range of health problems, including asthma and bronchitis. *See, e.g.* National Center for Healthy Housing/Enterprise Community Partners, Inc., “Case Study: Creating Green and Healthy Affordable Homes for Families Living at Viking Terrace, Worthington, Minn.” (2010). That study showed significant declines in bronchitis, sinusitis, and asthma (in adults) and respiratory allergies and ear infections (in children) following renovations that employed “green and healthy” principles.

⁷ L. Berry & M. Schweitzer, “Metaevaluation of National Weatherization Assistance Program Based on State Studies, 1993–2002” (Oak Ridge National Lab, RNL/CON-488). Ex. Summ., p. x. The authors found that WAP achieved energy savings in gas-heated households of 21.9% of the average pre-weatherization consumption of natural gas for all end uses and 30.8% of pre-weatherization space heating consumption.

⁸ U.S. Dep’t of Energy, *Weatherization Assistance Program*, <http://www1.eere.energy.gov/wip/wap.html> (last updated Jan. 30, 2012).

⁹ The American Reinvestment and Recovery Act (“ARRA”), Pub. L. 111-5, § 2, Div. A, Title IV, 123 Stat. 138.

fraud or mismanagement.¹⁰ Massachusetts has also helped develop a training pipeline for those interested in working within WAP and, more broadly, in the green energy field.¹¹

While no one expects that Congress will fund WAP in FY 2013 near the ARRA level of approximately \$1.6 billion per year, NCLC calls upon the Senate to recommend a funding level that will ensure that the funding is adequate to maintain a network of agencies that can deliver high-quality weatherization services and achieve substantial energy savings in each home served. We believe that funding below \$227 million, the level in FY 2008, would completely fail to meet that goal. We urge the Senate to appropriate no less than that amount, and strongly recommend an appropriation of \$250 million. Even at a \$250 million level, virtually all states will have to substantially dismantle the infrastructure that they successfully built up over the past three years. State agencies across the country will be serving far fewer households than in any of the past three years, leaving many needy and eligible households literally and figuratively in the cold. The network of contractors and workers who now possess the skills this country needs to help us move towards a cleaner and greener energy future will find itself without work.

Congress must recognize that below the pre-ARRA funding level, funding for WAP can be so low that states will not have the minimum amount necessary to adequately oversee and deliver weatherization services. There is a threshold below which states will not have the resources to provide the financial oversight and training that is needed to run a high-quality program, as well as actually providing the funding local agencies need to carry out the weatherization work. Moreover, as funding levels fall, states will likely reduce not only the number of households served, but also the number or level of energy efficiency measures delivered to each home, leaving the full weatherization work that the house needs incomplete.¹²

¹⁰ According to the Massachusetts Department of Housing and Community Development (“DHCD”), the state grantee of the federal WAP funds, DHCD has met with the state Office of Inspector General (“OIG”) twice for formal interviews and with DOE WAP monitors four times during ARRA. The state OIG has also visited all of the state’s WAP subgrantees. Despite this close monitoring, no instance of fraud has been identified nor have any “significant findings” been made. Rather, the Massachusetts WAP network has been praised by its DOE monitoring team for “operat[ing] as a strong cohesive unit with good internal and external support.” DHCD has also been cited for taking a “measured, prudent approach to preparing for the ARRA Weatherization Program.”

¹¹ The Bureau of Labor Statistics recently issued a report, “Green Goods and Services Summary,” noting that in 2010, “3.1 million jobs in the United States were associated with the production of green goods and services,” comprising “2.4% of total employment in 2010.” Green jobs (including “weatherizing and retrofitting projects that reduce household energy”) now make up 6.8% of construction jobs, according to the BLS report, available at: <http://www.bls.gov/news.release/ggqcew.htm>.

¹² This has been true historically: many homes weatherized pre-ARRA were only partially weatherized due to lack of funding; most states chose to reach more households rather than fully weatherize a smaller number of homes. For this reason, Congress allows homes partially weatherized before 1994 to receive additional weatherization services.

This country is still in the grips of a serious economic downturn that leaves fully one in twelve Americans unemployed.¹³ Moreover, the nominal unemployment rate (8.3%) excludes the more than 1 million workers who the Bureau of Labor Statistics counts as having given up looking because they are convinced the jobs just are not out there,¹⁴ well more than double the number of discouraged workers in 2008. According to a Pew Fiscal Analysis Initiatives report, 4 million workers (more than the entire population of Oregon) were unemployed for one year or longer, as of December 2011.¹⁵ Hard-working families who have been trying their hardest but are still unable to get work need the assistance of the federal government to get their energy bills down to more affordable levels. This is precisely the wrong moment to cut back too far on this much-needed program. Cutting back too deeply on WAP will also lead to substantial layoffs among the weatherization workforce at a moment when this country needs to build the green workforce. In the last quarter of 2011, as reported in January 2012, WAP ranked second among 200 federal ARRA-funded programs in terms of job creation.¹⁶ WAP not only reduces energy bills for low-income households, but creates good jobs and helps build local economies.

In summary, NCLC strongly recommends that the Senate approve a funding level for WAP of \$250 million for FY 2013.

March 30, 2012

42 U.S.C. § 6865(c)(2). Post-ARRA, it is likely that a large percentage of households served by WAP will once again be only partially weatherized.

¹³ Bureau of Labor Statistics, "Unemployment Rate", available at: <http://data.bls.gov/cgi-bin/surveymost> (accessed Mar. 22, 2012).

¹⁴ Bureau of Labor Statistics, "Not in Labor Force," available at: <http://data.bls.gov/cgi-bin/surveymost> (accessed Mar. 22, 2012)

¹⁵ Pew Economic Policy Group Fiscal Analysis Initiative, "Five Long-Term Unemployment Questions," (Feb. 1, 2012), question 1.

¹⁶ Recovery.Gov, "Track the Money," available at: <http://www.recovery.gov/Pages/TextView.aspx?data=jobSummaryProgram&topnumber=200&qtr=2011Q4> (accessed Mar. 22, 2012).