

Weatherization Program Notice 96-4

Effective Date - January 26, 1996

SUBJECT: SUBGRANTEE CONSOLIDATING/DOWNSIZING

PURPOSE: To issue guidance to States addressing strategies to consolidate/downsize local weatherization programs as a result of the anticipated substantial funding reductions in the Weatherization Assistance Program.

SCOPE: The provisions of this guidance apply to certain grantees applying for financial assistance under the Department of Energy (DOE) Weatherization Assistance Program (Weatherization).

BACKGROUND: Title IV, Energy Conservation and Production Act, as amended, authorizes the Department of Energy to administer the Low-Income Weatherization Assistance Program. All grant awards made under this program shall comply with applicable law including, regulations contained in 10 CFR Part 440, and other procedures applicable to this regulation as DOE may from time-to-time prescribe for the administration of financial assistance. Since the inception of the program, procedures for selection, replacement, or termination of subgrantees, and in particular community action agencies (CAA's) or other public or non-profits, is covered in the program regulations. As States develop this year's State plan, difficult decisions with respect to consolidation and downsizing issues must be addressed. In making these decisions, States must insure that the proper procedure is followed as outlined in this notice.

As subgrantees, local agencies are an important link in accomplishing the goals established for the program. The legislative history regarding the selection of local agencies indicates that changes in the administration of the program at the local level should not be undertaken without good cause, so that disruptions in effective and efficient service delivery will be limited.

PROCEDURES: The procedures contained in this document are designed to be used in conjunction with Weatherization Program Notice 96-1, Program Year 1996 Weatherization Grant Guidance, in developing or amending the annual grant application. The procedures contained in this document are designed to be used in conjunction with Weatherization Program Notice 96-1, Program Year 1996 Weatherization Grant Guidance, in developing or amending the annual grant application.

POLICY: States which plan to consolidate or eliminate CAA's or other non-profit agencies as a part of downsizing their programs because of the proposed large cuts in weatherization funding are required to comply with the requirements of Sections 440.14 State Plans and 440.15 Subgrantees of the weatherization rule. States which plan to consolidate or eliminate CAA's or other non-profit agencies as a part of downsizing their programs because of the proposed large cuts in weatherization funding are required to comply with the requirements of Sections 440.14 State Plans and 440.15 Subgrantees of the weatherization rule.

DOE has an oversight and review role in assessing whether or not States have followed the applicable regulations in consolidating or eliminating subgrantees and has the responsibility to provide guidance if it appears that appropriate procedures are not being followed. It is imperative that States provide a detailed analysis at their State plan public hearings and give those affected local agencies an opportunity to be heard. Additionally, States are reminded that an additional public hearing may be required should additional funds become available and the distribution of those funds require a radical change from the methodology originally proposed and approved by DOE or require an adverse action on a local agency(s) not discussed at the initial hearing.

We expect some affected agencies may refer to the clause in 440.15(3) which states that preference is given to CAA's or other public or non-profits which has, or is currently administering, an effective weatherization program. States must make every effort to insure this provision is extended to these agencies, however, given the magnitude of the program funding cuts, even highly qualified agencies operating effective programs may be consolidated or eliminated because there are simply not enough funds to support effective and efficient operations.

As indicated in WPN 96-1, DOE encouraged States to be innovative in developing program plans for 1996 in face of a nearly 50 percent cut in funding. To help minimize the impact of these proposed funding cuts, States were encouraged to seek support from State financing agencies, consolidating State central purchasing, evaluating performance versus costs, utilizing local agencies to cover border(s) of neighboring States, and minimizing legal disputes. Likewise, States in consultation with Support Offices may wish to explore strategies to allow certain local agencies to lease DOE tools and equipment to perform for-profit activities which, in turn, will allow these local agencies to remain active while using the profits to weatherize additional low-income homes.

There will certainly be other ideas or approaches that State and local agencies will be discussing during the planning and hearing process. DOE will continue to work with each State during the coming program year to address specific issues as they arise.

Jeanne Van Vlandren, Director
Weatherization Assistance Programs Division
Energy Efficiency and Renewable Energy