

## Weatherization—A Test Case

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*“We’re creating jobs immediately by ... weatherizing 2 million American’s homes, as was called for in the package. So that right there creates economic stimulus.... In the case of homeowners, they will see more money in their pockets, and we’re reducing our dependence on foreign oil in the Middle East.*

*Why wouldn’t we want to make that kind of investment?”*

President Barack Obama, Press Conference, February 9, 2009

*“... if you look at the over \$500 billion worth of spending ... —and \$6 billion to community action programs to do weatherization programs. It’s just more of the same kind of wasteful spending that we have seen in the past. I was really—I was shocked.”*

House Minority Leader John Boehner, PBS NewsHour, January 15, 2009

### Summary

The Department of Energy’s Weatherization program, a 30-year-old program that improves the energy efficiency of the homes of low-income families, is receiving more than a 20-fold increase in funding in the economic stimulus plan. Can this money be spent effectively or is this throwing money at a feel-good program?

The initial answer depends on an accelerated delivery of the expanded program—training the energy retrofit technicians, marketing the program to an enlarged number of recipients, and streamlining its federal–state–local administration. In parallel, the program must expand the participation of its current public and private partners, particularly in southern states. The long-term success depends on constructing links with a broader movement for building energy efficiency, on playing a key role in revitalizing local communities, and on dramatizing the connection between building energy efficiency and climate change. In the end, success will depend on how success is defined—how we balance the urgent need to infuse spending and create jobs with our sustainable future energy, societal, and environmental goals.

President Barack Obama and House Minority Leader John Boehner singled out Weatherization in their opposing views of the economic stimulus plan that the president signed into law on February 17. Though the broad nature of the stimulus plan is daunting, a focused look at Weatherization can help reveal the challenges and opportunities bundled together in this record spending legislation.

## Overview

The U.S. Department of Energy's Weatherization program is an obscure, 30-year-old program that installs energy-saving measures in the homes of modest-income families, reaching about 100,000 households in recent years and leveraging funds for an additional 40,000 energy retrofits. Weatherization received \$227 million in DOE funds last year. Like other selected programs it is receiving financial steroids in the stimulus plan; in this case, providing \$5 billion in new funding.

Will it be possible to ramp up funding for Weatherization and use the funds effectively, or will this just be throwing taxpayer money at a problem, with much of it being wasted?

The answer will depend on the ability to successfully complete three tasks:

- 1. Accelerate the administration of the program**, including bringing together a federal, state, local, and private sector implementation structure with transparent monitoring and verification of the results.
- 2. Secure the support and participation of stakeholders** with an interest in the success of the program, not only because their support is essential, particularly in the southern states, but also to build confidence in the direction of the stimulus package.
- 3. Translate the federal stimulus investment into a self-sustaining, ongoing activity** that relies on other funding sources and is recognized as vital in meeting long-term national goals.

## Weatherization Assistance Program

Weatherization is a logical program for addressing the mix of U.S. objectives sought in the stimulus legislation. Initiated in the wake of the 1973–1974 OPEC oil embargo, the Department of Energy (DOE) program:

- Helps homeowners. For the families helped, the results are immediate—averaging a 31 percent reduction in heating bills and an overall annual reduction of \$358 in energy bills, depending on fuel prices. The savings help homeowners pay their mortgages, avoiding foreclosure, and help renters pay their rents, avoiding eviction.

- Reaches those who need it the most. The targeted households spend 14 percent of their income for energy, compared with 3.5 percent by other American households.
- Multiplies the benefits. The money saved by moderate-income families will be spent quickly in their neighborhoods. By contrast, economists estimate that 80 percent of their energy expenditures go elsewhere.
- Creates jobs. Weatherization is delivered through a federal, state<sup>1</sup>, and local network, including more than 900 local Weatherization agencies, providing jobs to crews of building retrofit technicians and others providing supporting services.
- Attracts co-funding. Weatherization encourages partnerships and investments by others. In a recent study, every dollar DOE invested in these projects attracted \$3.39 in additional federal, state, and private sector funding.

These timely features have generated rapid, successive increases in funding for Weatherization as part of the economic stimulus actions. After President Bush proposed zeroing out DOE's Weatherization program, Congress advanced chunk after chunk of funding for the program. Understanding the potential of this largesse requires a closer look at the three tasks mentioned above:

## **Task 1: Accelerate the Delivery of Weatherization**

To benefit the economy as quickly as possible—thus fulfilling the goal of the stimulus plan—the delivery process must be accelerated. The most important actions are to: 1) Expand the human resources and training at the local Weatherization centers; 2) Market aggressively the availability of Weatherization to potential recipients; and 3) Streamline the development and approval of Weatherization state plans. As with other programs, while these steps appear straightforward, the details get devilish.

### **Expand the human resources and training at the local Weatherization centers**

The greatest challenge to the rapid expansion of Weatherization is supplying the human resources necessary for its success. The 900 local agencies deliver the program with a workforce of trained energy auditors, installers, and inspectors. Over three decades, Weatherization has developed and refined a high performance record, enabling it to survive and leverage the DOE funding. For the story of Weatherization under six Presidents, see Box A.

First, an energy auditor visits the residence, uses a blower door to measure building tightness, identifies any health and safety problems, prioritizes the energy-saving measures, and interviews the client on the home's use, problems, and comfort. The auditor's report is passed to the installers.

Second, installers make an appointment and visit the residence. They review the job plans with the owner or tenant, confirm the information in the audit, complete the energy saving and health/safety measures, confirm the results, and pass the record on to an inspector.

Third, an inspector visits the dwelling, verifies the work of the installers, re-tests appliances, and sees that any problems are corrected. The inspector also interviews the clients, asks if they are satisfied, explains the improvements, and educates them about the energy saving steps they can take. The stimulus act will expand this training requirement.

Weatherization sets a limit on the average amount that can be spent per home. For 2009, this figure is \$3,055. The economic stimulus act raises this to \$6,500, increasing the scope of the energy audit and the measure that can be included in the retrofit package.

With new housing construction in free fall, there's no shortage of unemployed labor in the construction industry. However, someone trained to build houses is not necessarily trained to make them energy efficient. It's not a simple matter of going house to house and replacing old windows with energy-efficient windows. The training of energy auditors, installers, and inspectors is not a huge or time-consuming task, but it is absolutely critical to preserve the quality and cost-effectiveness of the Weatherization program.

The training will be needed at state and local levels, in urban and rural urban areas across the country. Ten existing Weatherization training centers can provide a core expertise on which to build. Technical schools and community colleges are also an important resource. Building this technical capability is the highest immediate priority. Recognizing the immediate need to train a larger workforce, the stimulus plan raises the share of the appropriation that can be used for training to technical assistance from 10 percent to up to 20 percent. Considering the size of the stimulus funding, this percentage increase may not be needed.

### **Market Weatherization aggressively to its potential recipients**

The numbers tell the story. DOE estimated that 28 million households met the past income requirement, which was 150 percent or less of the poverty guidelines set by the Department of Health and Human Services. The stimulus act increases the number qualified to 200 percent of the poverty guidelines, significantly raising the number of qualified households. (For the income limits see Box B.)

Not all the households that meet the income requirement live in housing that meet other Weatherization requirements. Low-income housing often is unqualified because it needs major renovations beyond the scope of the energy-saving measures. Many low-income households rent from landlords who do not agree to the program requirement that rents remain at their current levels after the Weatherization improvements.

Still, the number of potential participants is huge when compared with the 6.2 million homes that have been Weatherized in the last 30 years. Since the qualified households greatly exceed the available funds, states and local centers have made little effort to publicize the program. Even so, many waiting lists run for three years or longer.

States and local agencies will need to launch a major outreach effort to attract all those who will be eligible for the expanded program. This will be especially important to reach those who now qualify up to the 200 percent of the poverty level. An effective outreach needs to include other stakeholders, including those who can be reached through neighborhood organizations, churches, and local businesses. Besides being a practical necessity, the outreach will send the message that the stimulus package is expanding assistance to those who need it most.

### **Streamline the processing of Weatherization state plans**

In normal times, streamlining is a simple, good government process. After the Weatherization appropriation is approved each year, DOE issues a Program Notice to guide the states in preparing their Weatherization plans; states prepare plans, hold hearings on them, make changes as necessary; and submit their plans to DOE, who reviews and approves the plans and sends the states their Weatherization allocations.

But this is not a normal year. Congress has yet to approve a regular Weatherization appropriation for FY 2009. However, the September 30 supplemental appropriation provided \$250 million for Weatherization. The resulting DOE Program Notice gave states two options. In the absence of a regular FY 2009 appropriation, they could prepare amendments to last year's plans but would then need to submit another state plan for the regular appropriation. Or they could wait for the regular appropriation and include both amounts in their state plans. And now, the huge stimulus tranche eclipses past appropriations.

Although it is an administrative headache, updating state plans should not be complicated. After 30 years, these plans are 95 percent or more "boilerplate" repetitions of the prior year's plans with changes to reflect new legislative or policy requirements. The major obstacles now are a dwindling DOE Weatherization staff as well as shrinking staffs in many financially stressed state offices.

This needs to be addressed immediately and effectively. The problem is not a shortage of funds; the Weatherization law allows the spending of up to 10 percent of the appropriation for the state and local centers' administrative expenses. With the huge funding increase, that's more than enough. DOE needs to scramble to take the lead. This will send the message that this Weatherization opportunity is urgent and real.

While new workers are hired and trained, the expanded program is marketed to thousands of qualified households, and DOE and the states clear the administrative speed bumps, the success of the stimulus will also depend on a parallel effort to attract support from the larger community that will benefit from an expanded Weatherization program, as described below.

## **Task 2: Secure the Support and Participation of Public and Private Stakeholders**

The benefits of an expanded Weatherization program will extend to DOE's funding partners and the companies that provide the insulation, energy-efficient furnaces and air conditioners, improved windows, blower doors, energy auditing and inspection tools, and other supporting products and services. The expansion plan will also need to give special attention to southern states that through a historic quirk will get a generous share of the expanded funds.

### **Capture the support of Weatherization allies**

DOE's funding partners—attracted by the quality of the program described above—now surpass DOE in the money invested in Weatherization. The major funding partners are the U.S. Department of Health and Human Services (DHHS) through its Low Income Home Energy Assistance Program (LIHEAP) and what's called "Other"—a growing number of utility companies, state programs, property owner contributors, and rehabilitation grants.

DOE funding represented only 30.8 percent of the total of \$662.5 million available for Weatherization in the 2007 program year, according to a survey of the state programs by the National Association for State Community Service Programs (NASCS).<sup>2</sup> LIHEAP provided 38.6 percent of the funding; the "Other" funds, 30.2 percent.

LIHEAP is a block grant program that passes funds to states to be help pay the energy bills of low-income households—bills that may reach 30 percent or more of their income. States may choose to use up to 15 percent of their block grants to fund Weatherization, which makes sense since the retrofits lower the future payments to these recipients. Historically, states have spent about 10 percent of their LIHEAP funds on Weatherization, with the percentage varying widely among the states.

The September 30 supplemental appropriation bill that funded Weatherization also provided the highest level of funding for LIHEAP in the program's history. The FY 2009 LIHEAP funding is \$5.1 billion, almost double last year's funding of \$2.6 billion. The increase was approved at a time when energy costs were soaring—particularly the cost of home heating oil in the northeast. If 10 percent of this near doubling of LIHEAP funds is spent on Weatherization, this will infuse still additional funding into the retrofit program.

Utility companies are the primary source of the “Other” funds. These funds have increased steadily in recent years, reaching \$200.2 million in 2007—a fifteen-year highpoint. The increases have been achieved by state and local Weatherization agencies, energy and environmental groups, and experts who have participated in electric and gas rate cases and restructuring legislation. The hearings often have led to the creation of system benefit programs that include Weatherization-related assistance to low-income households. In some states, the implementation of landlord participation retrofits has opened a promising strategy with great potential in many urban areas.

The ability to leverage these funds comes from the insight of those who designed the program 30 years ago. By recognizing the need to fund the research, technical assistance, training, and administrative support for the new program, they created a nationwide federal–state–and–local Weatherization network. This support has funded new energy audit improvements and the introduction of advanced technologies. The DOE funding continues to be the primary source of funding for the supporting infrastructure, not only the training and technical assistance and administrative costs mentioned above, but also health and safety protocols and quality controls. With DOE covering these costs, LIHEAP and the “Others” were assured a big bang for their bucks.

The existence of this partnership will help make the stimulus expansion more doable. The \$5 billion in the stimulus package will be building on a program of more than \$650 million, not just the \$227 million of DOE funding. To sustain this collaboration, DOE will need to work closely with its partners not only to meet the near-term challenge, but also for a future expanded, sustainable program.

### **Build alliances with private-sector partners**

Members of the private sector are also stakeholders in an expanded Weatherization program. While 8,000 persons are employed by the local Weatherization agencies, the number grows to an estimated 21,000 when you include the companies and services that provide the products and services to the program.

These “green” industries are stakeholders in an expanded Weatherization program. A public education campaign on these energy and environmental benefits will achieve multiple benefits. The expanded program will broaden the public awareness of the benefits of energy efficiency for all homeowners, further increasing the sale of energy-saving products nationally. The expansion of “green” companies creates additional jobs. Additional energy savings will lead to still additional consumer spending.

### **Recognize the special opportunities in southern states**

While the stimulus plan will benefit all regions, the South could be a big winner. A sixteen-year effort to bring an improved regional balance to the allocation of Weatherization funds will be realized, belatedly, in 2009.

The initial focus of Weatherization was on reducing heating costs for low-income families, dramatized in the Northeast where many homeowners rely on heating oil and faced skyrocketing prices following the OPEC embargo. Over time, there was growing evidence of the health and safety impact of extended heat waves, particularly in the South, where many of the elderly could not afford the cost of air conditioning.

The warm-climate states argued throughout the 1980s and into the 1990s that they were shortchanged by the state allocation formula. Acting on a recommendation from state representatives, DOE revised the allocation in 1995. At the time, funding for Weatherization was rising and was expected to continue to increase. To avoid a loss by any state, the new formula was applied to any funding over \$233.1 million—the funding anticipated that year.

But for the next thirteen years, the trigger amount was never reached—not until the supplemental appropriation of \$250 million in September.

The new allocation is based on three factors generally favoring warm-climate states:

1. The heating and cooling degree days for each state, dealing proportionately with the energy needed to ensure human comfort.
2. The number of low-income households in each state, expressed as a percentage of the total for the country.
3. The estimated financial burden that energy use places on low-income households in each state.

The implications are far reaching in the South. Largely because of the old funding formula, Weatherization activities in most southern states have been modest compared with their northern counterparts. The leveraged funds are much lower in the South. The new infusion of Weatherization funds will be both a challenge and an opportunity. Staffing up undoubtedly will be more demanding. Energy audits and retrofit options will need to give more attention to cost-effective, energy-saving technologies in warm states; and likewise, some health and safety issues will need more attention, such as avoiding mold and mildew while tightening drafty housing. The recent inclusion of renewable energy measures and the higher allowable investments per household may be particularly applicable in the South.

The increased benefits for southern states might also help foster a bipartisan appreciation for this piece of the stimulus package. Many of the favored states are politically “red.”

DOE can sustain its broad support for Weatherization by partnering with its co-funders, by working with private sector stakeholders, and by giving special attention to the needs of the South. These are not only essential steps immediately, but also critical elements in a sustainability strategy designed to

meet energy, environmental and social goals long after the burst of the stimulus funding is a memory.

### **Task 3: Translate the Federal Stimulus Into a Self-sustaining Activity**

A bold expansion of Weatherization is not a new idea, suddenly triggered by the economic crisis. The huge gap between those qualified to receive housing energy upgrades and the available Federal funds has attracted attention for more than a decade. Congressional authorizations have far exceeded appropriations. In 2000, former President George W. Bush ran on a campaign of expanded Weatherization funding.

Far more relevant, candidate Barack Obama, on August 4, 2008, in Lansing, Michigan, presented his “New Energy for America” plan, which includes a national commitment to weatherize at least one million homes each year for the next decade. (see Box C)

Sustainability will require attention from the outset of the stimulus ramp up. Success will depend on tapping the broader energy efficiency and renewable energy opportunities in the building sector, embracing Weatherization’s role in the communities it serves, and capitalizing on its unique niche in the growing Climate Change movement.

**Construct links with other energy saving and renewable energy advances**  
Weatherization delivers a specific set of energy-saving measures in a specific portion of the housing market. The target is large enough to require the entire Weatherization stimulus package funding in the foreseeable future.

At the same time, Weatherization has critical connections with broader activities in the building sector. This works both ways. The audit-install-inspection discipline in Weatherization can ensure good results for households with higher incomes. Some of these measures—insulation, replacement windows, water heaters, and certain high efficiency heating and cooling equipment—may qualify for the home improvement tax credits which have been reinstated for 2009.

Some Weatherization centers offer both subsidized and cost-based retrofit services. The economies of scale should lower the price of cost-based retrofits. Many audits find houses that are in such poor condition they do not qualify for Weatherization. They are candidates for renovation, creating jobs and improving local neighborhoods.

While Weatherization services extend to multi-family and rental housing, these subsectors of housing have received only a small portion of the limited funds available in the past. Multi-family housing poses a special retrofit problem. Retrofitting one condo or apartment is rarely cost-effective. The large savings come from improvements in the heating, cooling and water

heating systems of apartment buildings. Many buildings have a mix of qualified and not qualified owners or renters, making it difficult to qualify for Weatherization. Apartment building owners often refuse to agree to keep rent at the previous level after the Weatherization improvements. Finding ways to work through these problems will expand energy savings and healthier homes to a significant number of low- and moderate-income families.

Despite the current downturn in oil prices, the mid- and long-term projections are for steadily rising housing energy costs. With a major increase in funding, Weatherization can play a more important role in this larger national movement toward an energy- and cost-efficient building infrastructure. Historically, many of the technicians trained by DOE who begin their work in the Weatherization centers move on to other jobs in the building energy efficiency field.

### **Serve the larger community: WeatherizationPlus**

The national network that delivers Weatherization has long envisioned playing a larger role beyond housing retrofits. In 1998, the network formed a Millennium Committee, which set forth this vision the following year in *WeatherizationPlus: Opportunities for the 21<sup>st</sup> Century*.

The Committee supported this vision with a series of white papers covering advanced technologies, partnerships for advanced housing, Climate Change, solar roofs, community sustainability, and electric industry restructuring. The movement simmered for several years but is now springing back to life, particularly in urban neighborhoods. The stimulus funding, broader housing retrofit activity, jobs creation, reduced energy costs, and new spending can contribute to the larger movement toward sustainable neighborhoods.

### **Weatherization's unique niche in Climate Change<sup>3</sup>**

The scientific community is in general agreement that the fastest, cheapest, most certain way to reduce greenhouse gas (GHG) emissions is through increased energy efficiency in the building sector. The Intergovernmental Panel on Climate Change, which is leading global Climate Change efforts, found the building sector has the greatest potential to reduce GHG emissions rapidly, reliably, and economically.<sup>4</sup> The McKinsey Report confirmed this finding, identifying building retrofit measures as the cheapest measures for reducing carbon emissions, many rapidly paying for themselves.<sup>5</sup>

The problem is how to achieve these building sector savings.

The answer is important, but it's not easy.

Leaders in the United States and abroad speak of climate action plans and cap-and-trade plans almost synonymously. But they are not the same thing. Cap-and-trade systems usually include only major GHG emitters, such as power plants and industrial plants, where GHG emissions are large enough to justify the cost of monitoring and verifying (M&V) the emissions.

Cap and trade schemes rarely attempt to include buildings, where the emissions are so dispersed, even among large buildings, that the cost of M&V for individual buildings is deemed impractical.

One approach is to find ways to include the building sector, or parts of it, in cap-and-trade schemes.

Weatherization offers a possibility because it aggregates the energy savings from many buildings. The post-Weatherization inspections and additional spot checks and evaluations of the program provide a verification of the program's energy savings. Local centers and the states make quarterly and annual reports on the number of households Weatherized and their energy savings.

The Weatherization energy savings could be converted into reductions in GHG emissions. The emission reductions from electricity savings will vary among utility service areas, depending upon the fuel and renewable mix of the areas' electricity generation plants, but this can be calculated by existing modeling programs. As carbon is monetized, this could provide an additional funding source for Weatherization.

A variation of this approach is to allow utilities to obtain carbon credits from the energy-saving programs they deliver their customers. Some cap-and-trade plans are exploring this option. It can get complicated. A building's operations may change, affecting its energy requirements. Electricity utilities tend to focus only on saving electricity, not savings of natural gas or fuel oil. Utilities' earnings usually are based on their capital investments in new plants and transmission and distribution networks, which are slowed by energy efficiency, creating conflicting incentives. Utilities' historic corporate culture hasn't embraced reduced sales. Despite these qualifications, this approach merits continued exploration. As noted above, utilities are the largest source of the "Other" funding for Weatherization and the addition of carbon credits could expand this resource.

Approaches outside cap-and-trade schemes should also be considered.

The European Union has the leading international program for reducing GHG emissions.

The EU cap-and-trade plan, the Emissions Trading Scheme (ETS), includes only the largest utility and manufacturing plants. In parallel, the EU program of policies and measures is designed to use mandatory standards and financial incentives to achieve similar savings for those outside the ETS—notably the building sector. However, the EU countries have had a mixed performance on policies and measures, contributing to doubts that the EU will meet its Climate Change goals. In the United States, the reliance on similar policies and measures at the state level would likely result in an even more widely mixed performance.

The U.S. Climate Change policies and programs are now taking shape and their provisions for the building sector are yet to be decided. One important input to these decisions is Weatherization's past and potential future contributions to GHG emission reductions and the related energy, social, and financial impacts. This record dramatizes the importance of giving the building sector—the fastest, cheapest, and more reliable sector for reducing GHG emissions—a leading role in the emerging U.S. Climate Change policies.

## Conclusion

The question raised by the quotations from President Obama and House Minority Leader Boehner was: Will the more than 20-fold increase in funding for Weatherization work to stimulate the U.S. economy? The path above describes the best way to get value from the funds by applying implementation efficiency, building on public and private partnerships, and transitioning into a sustainable public program.

But it does not answer the question.

In large part, this is due to a lack of consensus now—or likely in the future—on how to define “what works.” Some potential criteria:

How quickly will the money be spent?

How many jobs will be created?

How much leverage will be attracted by the federal dollars?

How much new spending will be generated?

What will be left after the stimulus funds are spent?

Will we look back in the future on gross examples of wasted dollars?

All these yardsticks have merit. The challenge to Weatherization's federal-state-and local network and its current and future public and private partners will be to balance this mix of motives to serve both the immediate and long-term public good.

The specific challenges above apply only to the Weatherization program. Other pieces of the stimulus plan will face their own unique problems. Many will be similar: focused implementation, the recruitment of partners, and a sustainability strategy.

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A U.S. program that improves the energy efficiency of housing can serve as a useful model in several other countries. This is particularly true in countries that provide large energy price subsidies. In such countries, a move to market rate prices is extremely difficult because many households, particularly those with low and moderate incomes, would not be able to pay their energy bills. A

combination of Weatherization housing improvements and LIHEAP subsidies for those hardest hit by rising prices would ease these harsh impacts and make market-based energy prices more acceptable, particularly with staggered implementation over time. Such a targeted program would be significantly less expensive than a government subsidy for all energy purchases. The market-based prices would also provide an incentive for energy efficiency and GHG emission reductions. This will be the subject of future Carnegie Endowment research.

## Notes

1 In addition to states, DOE works directly with the District of Columbia and Native American Tribal governments.

2 “Weatherization Assistance Program; PY [Program Year] 2007 Funding Survey,” NASCSP.

3 The author was the coordinating lead author of the Residential, Commercial, and Institutional Buildings Sector chapter of the IPCC’s Special Report on Methodological and Technological Issues in Technology Transfer.

4 “Mitigation of Climate Change,” IPCC Working Group III contribution to the Fourth Assessment Report, UNFCCC, Bonn, May 12, 2007.

5 McKinsey Report 2007, <http://www.mckinseyquarterly.com>.



**To:** Emerald Cities Group  
**From:** Phil Thompson  
**Date:** February 13, 2009  
**Re: Technical Assistance: Key Elements and Recommendations**

The component of the economic stimulus package targeted to residential retrofits has interlocking goals of greening the city, reducing energy costs for families, creating high quality green careers, and building a lasting infrastructure for an innovative economy. Hurdles to these objectives at the national, regional, municipal, and neighborhood scales must be overcome quickly to maximize the impact of stimulus funding. We focus on critical technical assistance needs to overcome barriers in seven areas: 1) planning the retrofits to fit in with a long-term strategy for a green economy and energy efficient infrastructure; 2) establishing necessary public policy to induce cooperation from the private market and utility companies; 3) developing labor standards to insure that green jobs are quality jobs; 4) training a workforce for these new opportunities; 5) assisting community organizations to enhance energy efficiency and maximize job opportunities at a neighborhood scale; 6) financing the weatherization of residential units and neighborhood level energy improvements; and 7) developing collective knowledge to promote cross-learning.

This work is ultimately local. Ecology, building stock, underground piping and water systems, energy systems, and regulations vary across states, across cities, and sometimes within cities. Technical assistance capacity must therefore be widely distributed, locally savvy and accessible. We think that the best way to bring technical assistance to scale rapidly is to adapt existing delivery systems wherever possible. Potential organizations to lead these technical assistance efforts are state colleges, development intermediaries, local governments that have already developed green programs, and state energy offices. Many of these institutions can be (and are) funded through existing federal and state programs.

While retrofitting work is local, the challenge before us is to create a national system for technical assistance that far exceeds the combined

capacities of all of the groups currently participating in the Emerald Cities process. A starting point might be for those organizations with special capacity in one of the seven areas outlined below to: (a) hold sub-group meetings to establish principles that should guide work in the particular area, to map out the relevant capacities of groups in the Emerald Cities group, to identify major capacity gaps and to find other organizations and institutions that can help fill those gaps; (b) to hold broader meetings with new partners aimed at filling gaps; (c) to suggest means of funding collaboration on a national level. In regard to (c), we think that a process of this scale should be government funded, at least initially, or funded over time through the energy services market itself. For an example of the latter, the Massachusetts Technology Collaborative, a multi-stakeholder, quasi-public agency established to green the Mass. economy statewide (providing TA and funding to localities), is funded through a small charge on consumer's utility bills.

### **Hurdles (examples)**

#### **1. Planning/Physical Development**

There is not a consensus among experts as to what constitutes an effective retrofit and whether \$6,000/unit or \$20,000/unit is the right target. Multi-family buildings above 6 stories also call for different approaches and greater expertise than do smaller buildings. Brick buildings pose different challenges than wood-skinned buildings. Neighborhoods with linked underground piping systems have opportunities for community based heat and power generation, offering greater efficiency and economic returns for residents than house-by-house retrofitting, than other neighborhoods. Some neighborhoods have ecological problems, such as the underground river that runs through Southwest Philadelphia (a large, low-income, black, neighborhood) that should probably be addressed before embarking on building retrofits.

#### **2. Public Policy and Regulations**

Local, state, and federal public policy and regulations will provide the rules through which weatherization and energy efficiency programs will develop. There are five thousand utility companies in the US. Many

states have deregulated utilities, but Southern states often have not. Some states provide incentives for cooperation by utility companies that are concerned about energy efficiency improvements reducing their profits (de-coupling utility profits from their service costs). Yet it is unclear whether de-coupling provides maximum value to the public vs. other approaches (re-regulation). Another issue is that some states allow communities to sell energy while many have not addressed the issue. Communities that establish locally owned renewable energy facilities (co-generators, wind farms, water turbines, etc.) must negotiate contracts to resell energy. A big issue in retrofitting will be that contractors retrofitting homes make changes that are often invisible to the homeowner and therefore difficult to evaluate. Without proper regulations, inspections, and public oversight, energy efficiency initiatives have the potential for fraud and self-interest at the expense of the public good, as in the recent sub-prime mortgage crisis. Technical assistance should be provided to policymakers at all scales of government to ensure adequate and constructive policies and regulations. This is in addition to regulations addressing other key issues such as the 'split-incentive' problem and labor standards.

### **3. Labor Standards**

Green jobs are not automatically high quality jobs on a productive career path. Some cities, such as LA, have already established models for citywide, and region-wide, agreements regarding the use of union labor that also puts requirements on unions related to recruitment and training. Tools to ensure better jobs include developing national and regional frameworks for labor agreements, area standards for contracts, and enforcement mechanisms for following contracts.

### **4. Workforce Development**

Energy efficiency improvements require a trained workforce. Moreover, green retrofits provide the opportunity to extend quality jobs to minority and urban populations with high rates of unemployment. These efforts, however, require extensive and challenging workforce development for poorly educated workers. Technical assistance can help labor union

training centers, community groups, and public programs develop pre-apprenticeship training, relevant job training, job placement programs, and recruitment efforts. The WIRED initiative, launched as an experiment through the Dept. of Labor in 2006, seeks to integrate worker preparation through building cooperation between unions, business, K-12, community colleges, community groups and universities. Models such as WIRED and Los Angeles's project labor agreement should be evaluated for replication or modification.

### **5. Community Training**

There may be a structural flaw in state programs now being established to initiate retrofits. The needs of utilities are being addressed through measures such as de-coupling. The needs of investors are being addressed through federal loan guarantees and other government subsidies. Large contractors and developers are being attracted through the prospect of a large amount of residential work (fee for service). Union concerns are being addressed through our own efforts to push for labor standards. However, for retrofitting to work efficiently (thus producing good results for costumers, workers, and contractors) whole neighborhoods need to be retrofitted at the same time. In this way, a contractor can use their heavy equipment, for example, large trucks to spray insulation vs. 40lb hand-carried spray cans that are used by small contractors for individual homes. The former approach is far more efficient and cost effective. Yet, to date, there are no established programs to create incentives for community organizations to organize whole neighborhoods in a process that results in community cooperation on retrofitting. In fact, if community based organizations do this work on their own, the economic winners will be utilities, contractors, and union workers, but community organizations would be left in the cold. This is a bottleneck for the entire initiative at this point. For community groups to be effective advocates and organizers in this process, tools and learning programs need to be rapidly established and made broadly available. If no community organization model is in place, none of the other pieces will move at scale.

## **6. Financing**

A comprehensive overhaul of existing building stock will require financing well beyond what is provided in the stimulus package. These resources can be made available by investors who recognize the long-term savings costs of these upfront investments. Technical assistance providers can help develop funding mechanisms to attract private capital. For example, on-bill financing (attaching retrofit bills to utility bills) is one way to facilitate necessary loans to homeowners for improvements while providing a reliable repayment strategy for lenders. Another way is to work through the local property tax collection system. Such mechanisms must be developed to work fairly for both borrowers and utility companies. Technical assistance can also help local governments, unions, and community organizations best leverage their existing resources.

## **7. Collective Knowledge**

Because energy efficiency improvements are, by necessity, highly localized, innovations in one region may not diffuse throughout the rest of the country. Technical assistance organizations will be critical to gathering lessons on overcoming barriers and developing best practices throughout the country. These organizations can then build group knowledge and share it with other local groups to promote cross learning. This communication will greatly improve the benefits of retrofit efforts nationwide.



# Bringing Home the Green Recovery:

**A User's Guide to the 2009 American  
Recovery and Reinvestment Act**

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## I. The Recovery Act: A Bird's Eye View

This section summarizes what local and state leaders focused on inclusive green job creation should know about the Recovery Act. Appendix A provides more detail on general Recovery Act provisions.

**Programs that can be used to build inclusive green economies and create green jobs are spread across a multitude of agencies and across various levels of government.** The Recovery Act contains billions of dollars that can potentially be used to create green and equitable communities and pathways to good jobs for those who need them the most. The challenge, though, is that the dollars are spread across a multitude of agencies and levels of government. At the federal level, funds are being administered and distributed by various agencies—including Energy, Transportation, Housing and Urban Development, and Labor—that often don't collaborate effectively. State and local agencies poised to receive hundreds of billions of dollars are equally fragmented. See the summary table of programs analyzed and the in-depth matrix of programs in later sections of this User's Guide for more information.

**The majority of recovery dollars flow by established formula to states and localities or to existing federal programs.** Recovery Act funds will be disbursed in five ways, by: 1) formula; 2) competition, via requests for proposals that will be forthcoming in the weeks ahead; 3) demand from eligible individuals and entities; 4) one-time disbursements, usually to individuals; and 5) agency operating and spending plans. It is important to note that the vast majority of the dollars in the Recovery Act flow through existing programs and must be used in ways that are consistent with the purposes and requirements of

those programs. For example, in the transportation arena, most of the money will be given to state Departments of Transportation (DOTs) and regional Metropolitan Planning Organizations (MPOs) to disburse to state and local projects consistent with existing federal transportation law.

**There is some guidance in the legislation to push for inclusion of low-income people and communities of color.** The Recovery Act directs the federal government and grantees to use funds to achieve five overall purposes, including: 1) preserving and creating jobs and promoting economic recovery; 2) providing investments needed to increase economic efficiency by spurring technological advances in science and health; 3) stabilizing state and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases; 4) *helping those most impacted by the recession*; and 5) *investing in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits*. Advocates should reference and reinforce the overriding importance of purposes 4 and 5 in seeking funding for job creation and infrastructure improvement in their communities.

Other than a prevailing wage requirement, the act generally lacks provisions (such as local hiring requirements or formal linkages to workforce training programs) that would maximize potential for full inclusion of lower-income people.<sup>1</sup> More formal connections to

<sup>1</sup>One modest but important exception is section 702 of the Act, which requires the Secretary of Agriculture and the Secretary of Interior "to utilize, where practicable, the Public Lands Corps, Youth Conservation Corps, Student Conservation Association, Job Corps, and

workforce development programs and mandates for local hiring would have made the bill far more equitable. Establishing such linkages will now fall to advocacy at the local and state level, discussed in the recommendations section.

On a more positive note, the Recovery Act will create hundreds of thousands of jobs in construction-related sectors of the economy. Most of these jobs, including highway and transit construction jobs, will be subject to the federal Davis-Bacon law, that requires contractors to pay prevailing wages to workers. In addition, the Recovery Act applies this prevailing wage requirement to all employees performing manual work for contractors or subcontractors on projects assisted with Recovery Act funds, including school construction and energy efficiency projects financed with tax-exempt bonds.

#### **Preference for “quick start” and “shovel-ready.”**

“Slow and steady wins the race” does not apply to obtaining funding under the Recovery Act. In general, the act requires that funds be distributed or awarded rapidly. For example, it contains a general preference for “quick start” infrastructure, including a goal of using at least half of infrastructure funds for activities that can be started within 180 days.

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other related partnerships with federal, state, local, tribal or non-profit groups that serve young adults” in carrying out activities funded in Title VII of the Act.

As a result, funds could end up being heavily weighted towards new highway construction and other large-scale “shovel-ready” projects at the expense of smaller repair or local transit projects. Strong advocacy and pressure at the state and local level is essential to counter this potential problem.

#### **Transparency, accountability, and oversight.**

At the federal level, the act puts in place several provisions for oversight of expenditures. A Recovery Accountability and Transparency Board will be established and will work with an independent advisory panel to prevent fraud, waste, and abuse. The Board will also maintain a website ([www.recovery.gov](http://www.recovery.gov)) to allow easy access to tracking investments. In addition, all federal agencies must immediately establish, on their existing websites, a page dedicated to the Recovery Act that will provide a portal for all agency-specific information.

In an effort to create more accountability at the state and local level, every infrastructure project must receive certification from the state’s governor, local mayor, or local chief executive officer. All projects must be reviewed, vetted, and determined to be appropriate use of taxpayer dollars.

## Summary of Recovery Programs Analyzed

Category	Programs Reviewed
<p><b>Education and Training</b></p> <p><i>Funding streams that can be used to provide low-income people with training for and access to green jobs and careers.</i></p>	<ul style="list-style-type: none"> <li>• Workforce Investment Act (WIA) Adult Program</li> <li>• WIA—Dislocated Workers</li> <li>• WIA—Dislocated Workers National Reserve</li> <li>• WIA—Youth</li> <li>• YouthBuild</li> <li>• Green Jobs: Energy Efficiency and Renewable Energy Worker Training</li> <li>• Job Corps: Construction, Rehabilitation, Acquisition, and Operation</li> <li>• Corporation for National Service: AmeriCorps and AmeriCorps VISTA Expansion</li> </ul>
<p><b>Energy Efficiency and Sustainability</b></p> <p><i>Funding for energy efficiency and sustainability programs, primarily for housing, schools, and public buildings.</i></p>	<ul style="list-style-type: none"> <li>• Weatherization Assistance Program</li> <li>• Energy Efficiency and Conservation Block Grants</li> <li>• State Energy Program</li> <li>• Converting Federal Buildings to High-Performance Green Buildings</li> <li>• Veterans Medical Facilities</li> <li>• Public Housing Capital Fund: Formula and Competitive Grants</li> <li>• Native American Housing Block Grants</li> <li>• Energy Retrofit of Elderly, Disabled and Section 8 Assisted Housing</li> <li>• Community Development Fund: Neighborhood Stabilization Program</li> </ul>
<p><b>Green Energy Infrastructure</b></p> <p><i>Funding for smart grid investment and transit systems.</i></p>	<ul style="list-style-type: none"> <li>• Smart Grid Investment Program</li> <li>• Supplemental Discretionary Grants for a National Surface Transportation System</li> <li>• Transportation Enhancement Activities, including Pedestrian and Bicycling Facilities, Using Highway Investment Funds</li> <li>• On-the-Job Training Supportive Services for Highway Construction Projects</li> <li>• Capital Assistance for High Speed Rail Corridors and Intercity Passenger Rail Service</li> <li>• Amtrak Capital Grants</li> <li>• Transit Capital Assistance</li> <li>• Fixed Guideway Infrastructure Investment</li> <li>• Capital Investment Grants</li> <li>• Department of Defense, Facilities and Construction</li> </ul>

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## Summary of Recovery Programs Analyzed

*continued from previous page*

<p><b>Water, Parks, and Environmental Remediation</b></p> <p><i>Funding to build clean, healthy communities.</i></p>	<ul style="list-style-type: none"> <li>• Watershed and Flood Prevention Operations</li> <li>• Watershed Rehabilitation Program</li> <li>• Clean Water and Safe Drinking Water</li> <li>• Department of Agriculture, Rural Utilities Service, USDA Water and Environmental Programs</li> <li>• Water and Related Resources</li> <li>• Department of Energy, Environmental Management Program: Defense and Non-Defense Environmental Cleanup</li> <li>• Management of Lands and Resources, Construction, and Wildland Fire Management</li> <li>• Department of the Interior, U.S. Fish and Wildlife Services</li> <li>• Department of the Interior, National Park Service</li> <li>• Hazardous Substance Superfund Remediation Program</li> <li>• Leaking Underground Storage Tank Trust Fund</li> <li>• Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements</li> <li>• International Boundary and Water Commission: Water Quantity Program</li> </ul>
<p><b>State Fiscal Stabilization</b></p> <p><i>Funding to be used primarily to restore state education budget shortfalls, but it can also be used for other purposes.</i></p>	<ul style="list-style-type: none"> <li>• State Fiscal Stabilization Fund</li> </ul>



## II. Recommendations for Equitable Implementation

**W**hat are the strategic pressure points, targets, and levers that advocates can use to influence how Recovery Act funds are spent, and for whom? Are they at the local, state, or federal level? What are the best ways to capitalize on their use?

Here are six recommendations for shaping an equitable and green recovery in response to the questions above. Text boxes in this section lift up promising models and resources.

- 1. Push to insert equity into the implementation plans being developed by states and localities.**
- 2. Demand a transparent and accountable public process to shape how resources are spent.**
- 3. Utilize existing policy levers to push for quality jobs, especially for those who need them the most.**
- 4. Expand and develop regional partnerships that implement sectoral employment strategies.**
- 5. Advocate for targeted and coordinated approaches to spending recovery dollars.**
- 6. Work to shape the rules, regulations, and guidance being developed for federal programs.**

### **1. Push to insert equity into the implementation plans being developed by states and localities.**

There are a number of large funding streams that are flowing by formula to states and local governments. In some cases, plans must be submitted to a federal agency for approval. These formal planning requirements are happening on a very short timeline. Advocates should insert themselves into these planning processes to ensure that those hit hardest by the recession gain access to training and employment in green economy sectors.

For example, the \$3.2 billion Energy Efficiency and Block Grant Program—\$2.8 billion of which is being distributed by formula, the remainder through competitive grants—requires local governments to develop and submit to the Department of Energy a “proposed energy and conservation strategy” within one year of receiving their initial allocation of dollars. Advocates can push to ensure that the strategy developed is ambitiously progressive on multiple fronts, including energy conservation, greenhouse gas reduction, high-quality job creation, and integrated training and support services that connect lower-income people to jobs.

## Chicago Climate Action Plan

The Chicago Climate Action Plan (CCAP) outlines five strategies to mitigate greenhouse gas emissions and prepare for climate change in the areas of energy-efficient buildings, clean and renewable energy sources, improved transportation options, reduced waste and industrial pollution, and adaptation. The CCAP makes it a priority to reach the most underprivileged populations in the city, ensuring that ambitious green strategies also provide pathways out of poverty to those in need.

The CCAP includes the goals of retrofitting 40 percent of commercial and industrial building stock (comprising 9,000 commercial and institutional retrofits, and 200 industrial retrofits) and retrofitting 50 percent of residential buildings (comprising 400,000 residential dwelling units, at 65,000 units per year) to achieve a 30 percent reduction in energy use.

If the recovery dollars that Chicago receives are spent in ways consistent with the priority strategies and goals of the CCAP, the Windy City could be a true model of a green and inclusive city.

For more information, see:  
[www.chicagoclimataction.org](http://www.chicagoclimataction.org)

## 2. Demand a transparent and accountable public process to shape how resources are spent.

Because the majority of recovery dollars are flowing quickly to states and localities—with broad discretion—there is significant danger of deal-cutting and pet project funding that will not benefit communities most in need. Advocates should push for public hearings, citizen oversight boards, and other mechanisms at the local and state level to make decision-making transparent and to create forums where democratic voices can be heard. Finding a champion such as a state legislator, mayor, or city council member to push for this can be very helpful.

Where elected leaders do not agree to convene public meetings on implementing the Recovery Act, communities should organize their own, including town halls and other high-visibility events. The media will be closely following the story of how recovery funds get spent, and are likely to be very open to documenting efforts directed at bringing decision-making out of the shadows.

## No More Closed Doors and Smoky Rooms: California Green Stimulus Coalition

In California, the Ella Baker Center and other partners, including PolicyLink and Green For All, have organized the California Green Stimulus Coalition to advocate for Recovery Act funds for high-quality job creation and green and equitable economic development.

The coalition—which includes influential and respected California organizations advocating for the environment, economic justice, organized labor, and a strong workforce system—recognizes that if it's “business as usual,” a small number of insiders and bureaucrats will decide how billions of recovery dollars are spent. The coalition will throw sunshine on this process through public hearings so that state officials uphold the highest standards of accountability and transparency.

For more information, see:  
[www.ellabakercenter.org](http://www.ellabakercenter.org)

## 3. Utilize existing policy levers to push for quality jobs, especially for those who need them the most.

Most of the jobs created by the Recovery Act will be project-based, or will be overseen by state or local planning and oversight bodies. There is a toolbox of finely honed and proven tools, typically wielded by strong community-labor coalitions, for ensuring that residents within the communities where projects are undertaken reap substantial benefits. These tools, which can be applied project-by-project or as policies that pertain to a wide array of projects, link

**The Partnership for Working Families has been at the forefront of efforts to build coalitions that win community benefit agreements.**

**For examples of tools for Recovery Act implementation, see:**  
[www.communitybenefits.org](http://www.communitybenefits.org)

job quality standards to job access requirements in an effort to lift up low-income workers and build the middle class. They include “first-source” hiring agreements that require the targeted hiring of community members; job quality and labor peace standards that guard against low-road employer practices and union busting; resources for pre-apprenticeship and non-traditional employment programs that provide pathways into jobs and careers for African-Americans, women, and other populations that are underrepresented in building trades occupations; and accountability measures to determine that public dollars are used to benefit the public in the broadest sense.

There is also some existing law and guidance that local and state leaders can utilize as advocacy levers:

- President Obama recently issued an Executive Order that repeals a previously-enacted Executive Order banning Project Labor Agreements (PLAs) and encouraging (not mandating) agencies to use PLAs in federal construction projects of \$25 million or more. Advocates should push for PLAs that include commitments to hiring targets, with complementary training resources for engaging youth and adults in disadvantaged communities.
- There is local hiring language in SAFETEA-LU (the most recent authorizing legislation for the nation’s surface transportation policy) that directs the U.S. Department of Transportation to allow communities to create their own agreements around local and minority hiring.
- States are permitted, also under SAFETEA-LU, to use up to half of one percent of their surface transportation and bridge funds, not to exceed ten million dollars per fiscal year, to develop and administer highway construction training.

#### **4. Expand and develop regional partnerships that implement sectoral employment strategies.**

Just as all industry sectors do not provide the same opportunity for living wage, career-track employment, not all will be “stimulated” equally by Recovery Act funds. Local leaders will need to identify the industry sectors that are likely to be at the fulcrum of scaled family-sustaining job creation and what strategies will be necessary to ensure that low-income communities are prepared to compete for the jobs that are created. In order to respond to this opportunity effectively, local leaders should expand and develop regional sectoral employment partnerships. These partnerships focus on a particular industry sector (e.g., energy efficiency) and work to link education and training to employer demand within a region. They rely on partnerships of key stakeholders—multiple firms, unions, education and training providers, such as community colleges, community organizations, and public agencies—to ensure that these linkages are made. And they use a “dual customer” approach that satisfies the needs of both workers and employers.

#### **5. Advocate for targeted and coordinated approaches to spending recovery dollars.**

Recovery dollars to create green jobs flow through a variety of public agencies and programs and cover areas as broad as transit, energy efficiency, water infrastructure, workforce development, parks, homes, and public buildings. Under normal circumstances, state and local governments often fall prey to implementing programs in silos, with minimal coordination and alignment that could maximize effectiveness and avoid duplication. The Recovery Act’s requirements that funds be spent quickly, combined with the amount of money that has to be spent, present a clear danger that the existing tendency toward silos will become exponentially increased as a function of speed and scale.

It will be particularly important to put in place mechanisms that ensure the linkage between programs that create jobs and those that train people for jobs. At the state level, this means that

agencies and offices that may not have a history of working together—think state departments for energy, environmental protection, and labor—will need to change course immediately. A number of governors have anticipated this challenge by creating offices or commissions to coordinate the use of Recovery Act funds. These entities will only be useful if they actively solicit input and expertise from a range of stakeholders—particularly those that understand the specific economic recovery needs of low-income communities. Moreover, state commissions will not be sufficient to ensure strategic alignment of resources at the regional level—where the lion’s share of job creation will occur. For this reason, local leaders will need to push for coordinated implementation mechanisms at the community level as well.

## 6. Work to shape the rules, regulations, and guidance being developed for federal programs.

Even as state and local stakeholders need to focus on implementation within their communities, they should not lose sight of the fact that a number of new programs funded by the Recovery Act still require rules, regulations, or guidance to be written by federal administering agencies. It’s likely that initial disbursements of funds will occur before

such rule writing takes place. However, the rule writing process will occur on a very fast track and will shape the ways in which, and on what, critical funds are spent. This provides a critical opening for local implementers and advocates to bring their expertise and priorities to bear on the longer-term development of these programs. For example:

- The grant program at the Department of Labor that will distribute \$500 million for green job training is inspired by the Green Jobs Act, and explicitly references it in terms of target populations and industries. The Department of Labor will most likely issue a solicitation for grant applications very soon, and only then turn to issuing guidance or rules on the grant program itself. When they do, advocates should be prepared to push for language that hews closely to the partnerships and pathways-out-of-poverty emphasis of the Green Jobs Act.
- The Weatherization Assistance Program has a proven track record of weatherizing the homes of low-income households, creating jobs, and reducing energy costs. The Recovery Act provides resources for an unprecedented expansion of the program and thus raises a number of challenges, which advocates should ensure are addressed in the guidance or rules issued by the Department of Energy (DoE). Can enough workers receive quality training

### Coordinating for Maximum Impact: The Role of State Recovery Commissions

**California.** Immediately following the approval of the Recovery Act, Assembly Speaker Karen Bass announced the formation of a new task force to develop a comprehensive approach to spur the state’s economic recovery. The Stimulus, Economic Recovery, and Jobs (SERJ) Task Force—in conjunction with local governments, business leaders, workers, and community groups—will develop a strategy to leverage and maximize the benefits to California from federal stimulus, finding creative ways to speed California’s recovery, and turning the state’s job losses into job gains. Outreach is being planned through public hearings, local economic round tables, and wide distribution through the Internet.

**Wisconsin.** Recognizing that the Recovery Act designates spending in over 130 different state and federal programs, Wisconsin Governor Jim Doyle established an Office of Recovery and Reinvestment to solicit input and provide information about Recovery Act funds allocated to the state. For more information, see: [www.recovery.wisconsin.gov](http://www.recovery.wisconsin.gov)

to do the work (up to \$1 billion of the \$5 billion allocated can be used for training and technical assistance)? Will the expansion of the program be used to connect the short-term training necessary for residential weatherization to a career pathway that leads to higher-level, often union, jobs in the more skill-intensive commercial building retrofit industry? Will the dramatic increase of funds for the program be used to increase the quality and pay of the jobs within the residential weatherization industry

and to induce the participation of contractors who pay family-sustaining wages and benefits? Strong advocacy at the federal level will be needed to maximize the long-term benefits of this program's expansion. And regardless of how DoE answers, at the local level, public officials, community action agencies, building trades unions, and community groups should work collaboratively to address these same questions in implementation.



## III. Advocacy Hooks and Pressure Points

There are program-specific hooks and pressure points that advocates, practitioners, and policymakers can use to ensure that low-income communities are at the center of state and local recovery and reinvestment initiatives. The list that follows is not exhaustive. Rather, it offers examples for local and state leaders to consider as they develop specific organizing and implementation efforts.

### Education and Training

#### Workforce Investment Act – All Programs

- **Advocacy Hook:** Use statewide activities funds to develop sectoral partnerships—as many innovative states have already done—focused on green industries within regional economies.
- **Pressure Point:** Governors and State Workforce Investment Boards

#### Workforce Investment Act – Adult Program

- **Advocacy Hook:** Use workforce funds to provide training and supportive services to those most in need. The Recovery Act specifies that priority be given for both intensive and training services to public assistance recipients and other low-income individuals.
- **Pressure Point:** Governors and Local Workforce Investment Boards (LWIBS)

- **Advocacy Hook:** Focus training on green-collar jobs created by Recovery Act funding. Training under WIA is typically funded by vouchers on an individual-by-individual basis, but the Recovery Act allows LWIBs to contract with training providers to train multiple workers for high-demand occupations, providing the opportunity to target training more effectively.
- **Pressure Point:** Governors and Local Workforce Investment Boards (LWIBS)

#### Green Jobs Training – Competitive Grant Program

- **Advocacy Hook:** Partnerships of industry, labor, educational institutions and community organizations should develop proposals that incorporate pathways out of poverty and into careers in the renewable energy and energy efficiency industries. Although this grant program is not run through the Green Jobs Act, it targets populations (e.g., unemployed individuals, at-risk youth, and ex-offenders) and industries specified in the Green Jobs Act and will no doubt be implemented in a manner consistent with the goals of that legislation, which Secretary of Labor Hilda Solis was a chief sponsor of in the House.
- **Pressure Point:** U.S. Department of Labor

## Energy Efficiency and Sustainability

### Weatherization Assistance Program

- **Advocacy Hook:** Partnerships involving key stakeholders should use the added capacity to improve the quality of jobs created, and to develop more robust career pathways for workers to gain additional skills training and connections to careers in the building trades.
- **Pressure Point:** The state administrative agencies and policy advisory councils

### Energy Efficiency and Conservation Block Grants

- **Advocacy Hook:** First-year funding can be used to develop a “proposed energy and conservation strategy” that each local government must submit to the DoE. Push for inclusion of low-income communities as beneficiaries of funding. “Energy efficiency in the transportation sector” is an eligible use, and advocates should push for funding transit.
- **Pressure Point:** State Departments of Energy, Mayors, City Councils, and County Executives
- **Advocacy Hook:** This program was initially authorized in 2007, but no funds were appropriated. DoE has yet to issue program guidance, allocation formulas, and related policies. Authorizing statute requires DoE to establish a state and local advisory committee to advise it regarding program administration, implementation, and evaluation.
- **Pressure Point:** U.S. Department of Energy

### State Energy Program

- **Advocacy Hook:** To receive funds, the state must submit an application to DoE, including any amendments to the plan needed to reflect changes the state is planning to undertake. Push for equity criteria and inclusion of lower-income people in jobs that are created. “Energy

efficiency in the transportation sector” is an eligible use, and advocates should push for funding transit.

- **Pressure Point:** Governors and State Departments of Energy

### Neighborhood Stabilization Program Grants

- **Advocacy Hook:** HUD encourages grantees to strategically incorporate modern green building and energy efficiency improvements in rehabilitation projects to provide for long-term affordability, increased sustainability, and attractiveness of housing and neighborhoods. At the local and state level, push to incorporate green building and energy efficiency in all rehabilitation and redevelopment projects; and link green rehabilitation and redevelopment projects to workforce development initiatives.
- **Pressure Point:** Local and state Housing and Community Development Departments, State Housing Finance Agencies

## Green Infrastructure

### Supplemental Discretionary Grants for a National Surface Transportation System

- **Advocacy Hook:** The criteria for these grants are yet to be determined. Push the Secretary of Transportation to prioritize projects that support mass transit, impact low-income areas, and create quality jobs. Also work to get formal state level process for public input on project selection and transparency for project funding and reporting.
- **Pressure Point:** U.S. Department of Transportation (as well as state DOTs, MPOs, and transit agencies)

### Highway Investment Funding

- **Advocacy Hook:** While the majority of the Surface Transportation Program (STP) is currently used for highways, approximately \$41 million

(3 percent of 50 percent of STP allocation) can be used for “transportation enhancement” activities. This fund also prioritizes projects in economically distressed communities. Transportation enhancement activities include bike and pedestrian facilities, landscaping, and workforce development. Push to maximize the resources that go to transportation enhancements which are greener investments.

- **Pressure Point:** State Departments of Transportation, Metropolitan Planning Organizations

## Transit Capital Assistance

- **Advocacy Hook:** The Federal Transit Administration (FTA) formula grant, known as 5307 Transit Capital Assistance, recognizes preventive maintenance as an eligible expense. This translates into a source for operating funds, but each Metropolitan Planning Organization has a different restriction on the allowable percentage that can be used. Advocate for maximizing the dollars going into preventative maintenance given the dramatic shortfall for transit operations in many communities.
- **Pressure Point:** Metropolitan Planning Organizations

## State Fiscal Stabilization Fund

- **Advocacy Hook:** Although most of this money will be allocated by formula to states and used to address education budget shortfalls, \$8.8 billion of the Fund will be available as a flexible

block grant that can be used for a variety of purposes (“public safety and other government services”), including modernizing schools to green-building standards and providing assistance to public institutions of higher education which could be used to develop the capacity of education and training programs related to green jobs. Advocates should work to ensure that this money is not misused, i.e., that it is invested in “green jobs, not jails.”

- **Pressure Point:** Governors

## Conclusion

The American Recovery and Reinvestment Act offers more than economic relief to a struggling nation. It is a chance for state and local leaders to pursue innovative strategies that can benefit people and the planet, demonstrate the equity and employment promise of a green economy, and lift up new models that federal policymakers can learn from to inform future legislation. Indeed, President Obama and the 111th Congress will have a number of opportunities to apply lessons learned from the implementation of the Recovery Act. In the year ahead they will need to reauthorize the Surface Transportation Act, the Workforce Investment Act, and will confront the economic and ecological imperative of passing transformative climate and energy legislation. Smart implementation of the Recovery Act can build the foundation of an inclusive green economy and lay the groundwork for the long-term policy changes necessary to create a more equitable, sustainable, and greener America.





## STATE AND LOCAL GOVERNMENTS LEVERAGING ENERGY STAR (UPDATED APRIL 1, 2009)

State and local governments across the country are taking bold steps to protect the environment and lower energy costs by adopting policies that leverage EPA's ENERGY STAR tools to reduce energy use in commercial buildings, through both required policy measures and voluntary campaigns.

This document provides a summary of state and local efforts that refer to ENERGY STAR tools, such as [Target Finder](#) to set whole building energy performance targets in new building design or [Portfolio Manager](#) to track energy use, energy costs, and carbon emissions in existing buildings.

Download an interactive copy at [www.energystar.gov/government](http://www.energystar.gov/government).

### POLICIES LEVERAGING ENERGY STAR TOOLS

State/Municipality	Policy	Summary
Borough of West Chester, PA	<a href="#">Borough Ordinance</a>	This Ordinance requires new commercial construction to be <b>Designed to Earn the ENERGY STAR</b> and benchmarked annually in EPA's <b>Portfolio Manager</b> .
City of Denver, CO	<a href="#">Executive Order 123</a>	Executive Order 123 requires new construction and major renovations of existing and future city-owned and operated buildings to be <b>Designed to Earn the ENERGY STAR</b> and benchmarked in EPA's <b>Portfolio Manager</b> .
District of Columbia	<a href="#">Green Building Act of 2006</a>	The Green Building Act of 2006 requires District-owned commercial buildings to be "Designed to achieve 75 points on the EPA national energy performance rating system as determined by the ENERGY STAR <b>Target Finder</b> tool" and benchmarked annually in EPA's <b>Portfolio Manager</b> .
District of Columbia	<a href="#">Clean and Affordable Energy Act of 2008</a>	The Clean and Affordable Energy Act of 2008 requires that, beginning in 2010, eligible privately-owned commercial buildings be benchmarked using <b>Portfolio Manager</b> on an annual basis. Statements of energy performance will be published on a publicly available online database.
State of CA	<a href="#">AB 1103, 2007</a>	Assembly Bill 1103 requires, as of January 1, 2009, electric and gas utilities to maintain and make available to building owners the energy consumption data of all nonresidential buildings in a format compatible for uploading to EPA's <b>Portfolio Manager</b> . It also requires, as of January 1, 2010, that a nonresidential building owner or operator disclose <b>Portfolio Manager</b> benchmarking data and ratings to a prospective buyer, lessee, or lender as part of a whole-building transaction.
State of MI	<a href="#">EO 2005-4, 2005</a>	Executive Order 2005-4 requires the Department of Management and Budget to establish an energy efficiency savings target for all state buildings managed by the Department or another department or agency within the Executive Branch of state government. It requires that all state buildings occupied by state employees be benchmarked using EPA's <b>Portfolio Manager</b> .
State of OH	<a href="#">EO 2007-02</a>	Executive Order 2007-02 establishes that the State of Ohio will use EPA's <b>Portfolio Manager</b> as the benchmarking tool for state-owned facilities to establish building baselines and measure and track energy use and carbon emissions within the state.

## CAMPAIGNS AND INCENTIVE PROGRAMS LEVERAGING ENERGY STAR TOOLS

State/ Municipality	Policy	Summary
City of Albuquerque, NM	<a href="#">Green Path Program</a>	This program encourages and facilitates the voluntary design and construction of energy-efficient buildings that meet measurable criteria, which includes earning <b>Designed to Earn the ENERGY STAR</b> through EPA's <b>Target Finder</b> .
City of Chicago, IL	<a href="#">Chicago Green Office Challenge</a>	Participants in the Chicago Green Office Challenge will use EPA's <b>Portfolio Manager</b> to track energy and water use and compile results at the end of the contest period.
City of Louisville, KY	<a href="#">Louisville Kilowatt Crackdown</a>	Participants in the Louisville Kilowatt Crackdown will track their building's energy performance using EPA's <b>Portfolio Manager</b> and work to improve performance during the campaign period. The competition is open to owners and managers of all commercial buildings in the city.
City of Portland, OR	<a href="#">BOMA Energy Showdown</a>	Participants in the BOMA Portland Office Energy Showdown will track their building's energy performance using EPA's <b>Portfolio Manager</b> and work to improve performance during the campaign period. The competition is open to owners and managers of commercial offices.
City of San Francisco, CA	<a href="#">Earth Hour 24x7 Energy Challenge</a>	Participants in the San Francisco Earth Hour 24x7 Energy Challenge will track their building's energy performance using EPA's <b>Portfolio Manager</b> and work to improve performance during the campaign period. The competition is open to owners and managers of office buildings, hotels, retail stores, hospitals, medical office buildings, supermarkets, and schools.
City of Seattle and King County, WA	<a href="#">BOMA Kilowatt Crackdown</a>	Participants in the BOMA Seattle/King County Kilowatt Crackdown will track their building's energy performance using EPA's <b>Portfolio Manager</b> and work to improve performance during the campaign period. The competition is open to owners and managers of commercial offices.
State of NM	<a href="#">HB 534: Sustainable Building Tax Credits</a>	To qualify for income tax credits, applicants must demonstrate that the commercial building is 50 percent more efficient than an average building of the same type using EPA's <b>Target Finder</b> .
State of NJ	<a href="#">NJ Pay for Performance Program</a>	Under the Pay for Performance program, commercial building owners are given technical assistance with developing and implementing an Energy Reduction Plan to reduce energy use by 15 percent or more. Participants benchmark energy use in EPA's <b>Portfolio Manager</b> to verify the required 15 percent threshold savings.
State Of NJ	<a href="#">NJ Local Government Energy Audit Program</a>	The Local Government Energy Audit Program provides local governments with cost-subsidized energy audits for municipal- and local government- owned facilities to identify cost-justified energy efficiency measures. Participants benchmark energy use in EPA's <b>Portfolio Manager</b> to target and verify savings.
New England EPA Region 1	<a href="#">EPA Region 1 Community Energy Challenge</a>	This campaign challenges communities across New England to assess energy use, improve energy efficiency, and promote energy efficiency and renewable energy to residents and local companies. Communities that take part in the New England Community Energy Challenge are provided with assistance, including Web-based training on EPA's <b>Portfolio Manager</b> .
State of PA	<a href="#">PA Small Business Energy Efficiency Grants</a>	The PA Small Business Energy Efficiency Grant program makes funds available to for-profit small businesses that are completing eligible energy efficiency improvements. Applicants must benchmark in EPA's <b>Portfolio Manager</b> to provide projected energy savings and energy consumption data before and after the completion of the energy efficiency upgrade.
State of WI	<a href="#">WI Lt. Governor ENERGY STAR School Challenge</a>	This program challenges 100 new WI school districts to join as ENERGY STAR partners and reduce energy use by 10 percent or more across their building portfolios. Participating school districts agree to measure and track energy performance using EPA's <b>Portfolio Manager</b> and set goals and plan improvements based on <b>ENERGY STAR Guidelines for Energy Management</b> .