

Regional State Recovery Roundtable (May 6-7, 2009) Summary Notes and Items for Follow Up

This memo summarizes the main points that emerged from the various sessions on May 7th and also identifies a number of potential areas for follow up and additional conversation. This and all resources referenced within are available at <http://www.stateinnovation.org/Events/Event-Listing/Regional-State-Recovery-Roundtable.aspx>.

Public Benefits Session

This session included a discussion of the federal implementation of ARRA public benefits provisions, ideas for state use of these new funds, and opportunities for coordination of various public benefits streams.

Summary of Main Points

- HHS will be distributing a total of \$167 Billion in ARRA funding, 90% of which will be distributed in the first 2 years. HHS is most concerned with getting money out the door.
- New funding grants for healthcare related infections (see <http://www.hhs.gov/news/press/2009pres/05/20090506a.html>)
- Changes in Unemployment Insurance:
 - ARRA funding for UI requires states to adopt alternative benefit period and 2 of following 4 additional reforms:
 - 1)Reform to include workers who work part-time because of family needs;
 - 2) including provision to be eligible for UI for “compelling family circumstances” (e.g. care for relative);
 - 3)extra benefits for each additional dependent; and
 - 4)extended benefits beyond 6 months for certain circumstances.
 - Of the 25 states that enacted any of above reforms before ARRA, none have needed to raise taxes, and only minimal tax increases are projected in future
- Policy Opportunities in TANF:
 - For the purposes of reimbursement (MOE and match), if the benefit going to families isn’t recurring and is going toward a crisis, it can probably be matched and if growing can probably get 80% reimbursement.
 - Moving towards short term non-recurrent benefits as emergency help to families
 - Better outreach in TANF, EITC and Food Stamps to notify participants in these programs of cross-eligibility.
 - Better outreach on tax benefits—making sure that newly low-income group understands available tax benefits
 - The federal government will not require job tracking numbers for any TANF contingency fund or emergency fund dollars states receive.
- Infrastructure for public benefits coordination, e.g. IT improvements, may be funded from several sources:

- 1) Food Stamp outreach money, which can include pre-application outreach work as part of application for these funds(one to one match)—this money is available now and very much underutilized
- 2) Community Services block grant –opportunity to articulate to local funders how the federal match can be utilized to a much larger extent
- 3) TANF Contingency Funds: money can't be drawn from emergency fund, but from base contingency funds.
- Can increase draw-down of federal funds by partnering with non-profits—can use 3rd parties as qualifying expenditures to draw down federal match

Opportunities for Follow-up

- Interest in further guidance on job tracking and standards associated with HIT funding. HHS believes these may be forthcoming by June.
- Curiosity about the likelihood of an extension of federal funding for UI benefits. Nick Gwynn and Indivar Dutta-Gupta, staffers on the Income Security Subcommittee of House Ways and Means, are good contacts on this issue. Their contact info is included below.
- Additional conversation regarding how to maximize draw down of TANF emergency and contingency funds. Potential for using non-profit third party partners for qualifying expenditures.
- States looking for guidance on job tracking for Food Stamps funding.
- Numerous parties expressed interest in a more detailed discussion of public benefits coordination. Specific programs to be included in this discussion included TANF, Child Care, WIA, Homeless Prevention/Rapid Rehousing, and Food Stamps. Eligibility simplification was one topic specifically mentioned.

Presenters/Facilitators: Paul Dioguardi (US Department of Health and Human Services), Mark Greenberg (Georgetown University/Center for American Progress), Judy Conti (National Employment Law Project), Sharon Parrott (Center for Budget and Policy Priorities), Chauncey Lennon (SeedCo), Emily Sama Martin (Mathematica)

Energy Efficiency and Weatherization

The energy efficiency session covered the status of federal implementation of energy related ARRA provisions, and state use of the new weatherization funding included in the act, with a particular focus on scaling up state energy efficiency efforts and what to do about long term funding after ARRA ends.

Summary of Main Points

- Funding streams
 - ARRA provides \$3.1 Billion to DOE's State Energy Program. Mark Bailey of DoE is the contact for this program.
 - DOE is in the process of developing a \$400 million competitive block grant for EE financing. It will likely go out in about 2 months. It is still a work in progress, but states

that propose financing that leverages the maximum amount of private sector participation will probably be at a competitive advantage.

- HUD ARRA funding included \$13 billion for energy efficiency, mortgage support and affordable housing. This includes \$4 billion for energy efficiency improvements for public housing authorities (\$3 billion formula, \$1 billion for competitive grants). There is another \$250 million for improvements in Section 8 buildings.
- ARRA allows states to spend \$6,500 of weatherization funding per unit, while traditional spending allows significantly less. ARRA rules are now the WAP program rules across the board going forward.
- Additional guidance on use of ARRA monies
 - HUD and DOE recently signed a memorandum of understanding to make the income verification process easier (i.e., if you qualify under HUD rules, you qualify automatically for DOE programs and vice versa). This should facilitate the use of weatherization dollars on public housing.
 - Unofficial guidance on HUD competitive energy efficiency grants:
 - ARRA has a bias towards avoiding foreclosures where possible, so HUD grants will likely focus in on making sure that retrofits to foreclosed apartment buildings and homes are green retrofits (details are still being worked out)
 - Since FHA (a part of HUD) is now such a player, there may be some things HUD can do with green mortgages (which include the cost of energy efficiency alterations in the initial mortgage, offer financial incentives for the purchase of already efficient homes, or offer second mortgages for needed energy efficiency improvements; see, e.g., <http://www.mainehousing.org/EnergyStar.aspx>).
 - HUD note: Reporting on beneficiaries not required in same detail as for contractors
- Opportunities
 - In general, energy efficiency improvements in buildings offer the best opportunity to meet greenhouse gas reduction goals; the problem is up front financing. Private industry is beginning to tackle the public building market as states and universities move towards retrofits. The residential market is different; the problem is how to aggregate and then leverage private sector funding. Greater emphasis needed on how best to capture the energy cost savings – doing this right will provide more capital to retrofits than the public sector could provide
 - Federal Housing Authority single and multi-family mortgage tools are becoming more popular in the down market. FHA is reemphasizing energy efficient mortgages and there are opportunities for states on this, e.g. the Maine program mentioned above.
 - Use of SEP money on new buildings: DOE encourages innovation under ARRA but there are limits. Although the SEP funds are the most flexible under ARRA, you cannot apply ARRA SEP funds to simple bricks and mortar. You can however, use it to pay the incremental amounts of improvements to make a building “green” including the costs of engineering for green buildings.
 - Rental housing represents a huge opportunity that has not traditionally been addressed by energy efficiency programs since these buildings are generally very energy inefficient

- Public Housing ARRA Funding: Big but not nearly big enough to meet need; ARRA is putting a lot of pressure on states to work closer with PHAs
- Some experiences from Maryland's weatherization/energy efficiency program:
 - Current Home Performance grants also include small businesses and have no income limits. Community Loans for local governments and businesses.
 - New program to retrofit low-income multi-family dwellings: \$15 Million available; pays incremental costs and/or direct purchases
 - Alternative Performance Contracting: EE financing mechanism for all property owners. Uses local government assets to provide loan collateral; state provides seed money and technical assistance (Berkeley, Palm Desert and Colorado programs are excellent examples). Cities and counties will run the program and the EE liens will "run with the land." The full EE lien can be paid upon sale or passed over to a new buyer. Property owners essentially will be able to get a loan based upon the value of the EE improvements as collateral. The EE lien holder steps right in front of the holder of the mortgage in terms of priority of repayment.
- MD has purchased a program called Hancock (<http://www.hancocksoftware.com/index.html>) for tracking weatherization work, the only program MD has seen on market that meets its requirements.
- MD is requiring all agencies to consider EE goals when paying for any type of building retrofit; E.g., requiring that any buildings getting lead paint removal be weatherized as well, requiring all housing that is being retro-fitted to accommodate seniors to be weatherized
- Conflict in the states between CAPS and state weatherization offices regarding who controls weatherization funding.

Opportunities for Follow-up

- Additional discussion of financing mechanisms for public and private retrofits, including Qualified Energy Conservation Bonds, new DOE competitive grants, funds available for credit enhancement, and different models and required legislation for cost-recovery. Could include some discussion of Maryland financing pilot program
- The Department of Housing and Urban Development is still developing guidelines on their competitive energy efficiency grants; these are available at <http://www.stateinnovation.org/Events/Event-Listing/Regional-State-Recovery-Roundtable/Materials/HUD-Grants-for-Public-Housing.aspx>.
- CSI will track and distribute information on DOE's competitive block grant program for EE financing. It will likely go out in about 2 months.
- States are interested in using weatherization funding on HUD buildings. HUD and DOE have developed a memorandum of understanding that should facilitate this; the MOU is available on the event website (<http://www.stateinnovation.org/Events/Event-Listing/Regional-State-Recovery-Roundtable/Materials/HUD-DOE-Memorandum-of-Understanding.aspx>).
- HUD and DOE are still determining how weatherization dollars can best be applied to HUD housing.

- Better coordination of housing and energy efforts, from better understanding of new HUD programs to better within-state efforts to get at public and low-income housing with efficiency monies.

Presenters/Facilitators: Joel Rogers (Center for State Innovation), Mark Bailey (US Department of Energy), Michael Freedberg (US Department of Housing and Urban Development), Ronald Shaw (US Department of Energy), Bill Kelly (Stewards for Affordable Housing for the Future)

Workforce Development

The workforce development conversation focused on the status of federal implementation of ARRA provisions and states' use of the additional Workforce Investment Act (WIA) dollars that emerged from this legislation. In general, states are being forced to do many things at once: thinking about increasing training opportunities, creating career pathways and engaging the demand side of the labor market all while spending ARRA funds quickly. The second half of the session merged with the energy and weatherization group and discussed workforce development issues related to the new federal investment in energy efficiency.

Summary of Main Points

- **Some General Ideas**
 - States should look to leverage ARRA-related TANF supports to promote job training. NY requires TANF recipients to come into one-stop centers or face delays in benefits
 - Shared work programs: by offering reduced hours and UI, a firm buys time to see what is going to happen in the next two quarters. Thousands of firms have entered the shared work model, and a lot have been able to maintain their jobs. The federal government allows states to develop this program—it ties in with layoff aversion efforts.
 - New York is considering moving service workers into TAA because of the program's longer period of income support, and larger allotment for training.
 - States are behind in layoff aversion strategies. Most systems are too reactive.
 - MA requires that all jobs funded under ARRA be posted on its statewide job listing (JobQuest, see <https://web.detma.org/Jobseeker/CM1.ASP>) as well as at career centers.
- **Job Training:** There is a general effort at the federal and state level to drive the system toward job training
 - The Department of Labor has published guidance encouraging states to increase the proportion of their workforce development resources spent on job training (see <http://www.stateinnovation.org/Events/Event-Listing/Regional-State-Recovery-Roundtable/Materials/DOL-Policy-Guidance-on-WIA-ARRA-Funding.aspx>).
 - MD found that training was underfunded in its state WIA program and has encouraged local WDB's to spend 70 percent of their funds on training, with a focus on sector initiatives, career pathways, and job readiness.

- MD taken the approach implementing equity of access to training funds across the state rather than supporting a regional disparity of access based on relative unemployment levels.
 - One approach, adopted by MA, is to require construction contractors to spend 20 percent of their ARRA dollars on apprenticeship training.
 - MA will also be changing their unemployment insurance (UI) letter so that all are required to go to a career center and get assessments and career action plan when UI benefits begin.
- WIA: Reforming WIA funded programs has been difficult because reauthorization has been put off for two years, and no one knows what the new legislation will look like. Some states have started incremental reform. ARRA-related WIA funding put states back where they were before funding decreases began. This new funding not experienced as a huge increase in WIA allocations.
 - New York has found that the sooner they get workers into the system the sooner the state sees results. They require all TANF recipients to go to a WIA one-stop center. In general, the state is attempting to align WIA funding with TANF funds to help people with multiple barriers develop career pathways.
 - Virginia moved implementation of WIA to the community college system.
- Federal Supports/New funding
 - US Department of Education has offered \$500 million in additional Pell Grants and \$200 million for work study. In addition, there are funds forthcoming for teacher quality initiatives.
 - US Department of Education sent a letter to financial aid administrators to encourage them to take individuals' financial circumstances into account in their award of financial assistance.
 - Forthcoming competitive grant from Dept. of Ed. to get alternative certification, alternative training programs, etc. – this is another way to deal with people who are highly skilled and would like to get into something different. Go to www.grants.gov in the next few days for details.
 - OMB, Department of Labor, Department of Education and the Council of Economic Advisors are currently negotiating how to connect WIA to student aid; this conversation will likely come to fruition in the very near future.
 - US Department of Education is trying to find strategies that leverage that money to address the needs of current students. More specifically, how to address and leverage that for dislocated persons, unemployed people short and long term. They will be announcing some things that the Dept. of Ed. and DoL will be doing together along these lines and will be looking for states to partner with.
 - Adult basic education is a blind spot in ARRA funding. ARRA funding designated for community colleges and other institutions of higher education is broadly designated and can be used for adult basic education, among other things.
 - One approach, adopted by Virginia, was to create a “Middle College” for high school dropouts age 18-24 in which these individuals receive basic education training

- Access National Emergency Grants money: NY/NJ/CT put together combined national emergency application to address the financial service crisis. NEGs historically were designed for big factories but they pushed very hard to change that paradigm. Received \$22 million, split between the three states.

Questions and Issues for Follow-up

- With the drastic increase in WIA allotments, how will states deal with the funding cliff when ARRA funding levels expire?
- How can states create career pathways around weatherization jobs?
- How can states create a portable credential for skills associated with the green economy?
- How are states dealing with adult basic education since there was no explicit funding for these activities in ARRA?
- Will the Department of Energy and Department of Labor decide upon certification standards for energy efficiency jobs so that training is portable? In lieu of federal standards are any states developing their own?
- States would like a discussion of the relationship between worker training, building trade groups and apprenticeship programs.
- Participants were interested in how training programs can best interact with other state activities such as public health agencies and ARRA related broadband programs.
- Guidelines on the orthcoming competitive grant from Dept. of Ed. to get alternative certification, alternative training programs, etc.

Presenters/Facilitators: Andy Van Kleunen (The Workforce Alliance), Martin Simon (National Governors Association), Juanita Gallion (Center for the Study of Social Policy), David Bergeron (US Department of Education), Cathy Solomon (US Department of Education), Ed Strong (Corporation for a Skilled Workforce)

Green Career Pathways

- General Thoughts
 - Green jobs are not a solution or even a coherent category. You can't code specifically for "green jobs." Most green jobs are not associated with windmills or solar panels, but with energy efficiency retrofits. States should think instead of creating a workforce that accomplishes needed green activities and look at weatherization as a pathway to something greater, not the green jobs answer for the United States of America.
 - Career ladders – training should be connected to real jobs and what is really happening in the labor market. One way to organize that is sectorally and/or by metro areas.
 - The counting of jobs and job creation is going to be a real challenge. Everyone is trying to do this but it would be nice if a tool comes down from feds sooner or later to do the counting. Even with the ramp-up in weatherization funds, the job impact may be less than hoped for: for instance, despite a large increase in workload, Maryland only expects retrofit work to translate into about 500 jobs.

- National efforts to broker a conversation between the building and construction trades – includes laborers, teamsters, plumbers, electricians etc. – and people with connection to lower end weatherization or other activities in the green economy, including Community Action Programs and advocacy groups. One program seeking to begin this effort Emerald Cities (see <http://www.emeraldcities.us/>).
- Curriculum
 - One hurdle is to put together a standard curriculum that can be used across sectors/systems/cultures. MD has worked to create a tiered curriculum – one for crew, one for supervisor, one for the auditor, etc. – different levels of training.
 - Implementing through the community college system.
 - Purchased a curriculum used by NY and supplemented it with some components on lead based paint, etc.
 - A remaining challenge is to match those coming through the training program to the jobs actually created.
- Credentialing
 - A second issue involves the creation of portable credentials—in other words, creating an accreditation/certification system that results in credentials that are accepted in all, or most, states. Currently, there is no one credential that is nationally recognized. One proposal was for “BPI (Building Performance Institute)- plus” (see <http://www.bpi.org/>)
 - One potential complication is creating a credential that applies across building stock, climate zones, etc. and of course, across multiple job categories
 - States request that DoE and DoL agree on an accepted standard for certification, or agree to leave it to the states; currently there is no such agreement.
 - States have to decide whether to develop their own state or local curriculum and set up their own training, etc. versus working with outside training providers. Hiring outside trainers is potentially problematic since any community agency is going to throw out a shingle and say they can train. One approach is to screen carefully to make sure you are working only with licensed entities. Other states—Maryland, e.g.—are only training through their community colleges.
- More discussion of combining screens—e.g., if you have a home with a lead problem and folks are displaced, creating an energy-efficient home that they can go to in the meantime, and when they come back you don’t just deal with lead issue but weatherize as well.
- Demand side vs. supply side questions: in MD, there are at least 140,000 people expected to come forward for energy assistance and the state is only doing 1,000 weatherizations right now. Even if they could do an energy audit for all 140,000, they are not equipped to do weatherizations for those coming forward.
 - One implication: we have to get private money involved.
 - Another— there are other buckets of energy money beyond weatherization that could be used on the demand side of the green jobs stimulus equation.

- Difficult to analyze, since you can't code specifically for green jobs. Can look at construction, trades, research, architects, industries, etc. but it's a moving target – so we don't know for sure what we have and it's a real challenge.

Transportation

Overview: The session focused on the overall shortfall of funding for transportation, opportunities for high road infrastructure development, and the problems caused by the short-term nature of ARRA transportation funds.

Summary of Main Points

- States have three great opportunities coming up to improve transportation system
 - Reauthorization of SAFETEA-LU
 - High speed rail development
 - Leveraging ARRA funding
- ARRA funding issues:
 - The transportation cuts necessitated by the state fiscal crisis far surpass the amount of transportation funding in ARRA. For instance, one state received \$695 million in ARRA funding but had already cut its transportation budget by \$3 billion and will still be cutting 1,000 jobs. Another state is cutting bus routes that serve low-income areas, even as they plan for high-speed rail investments.
 - While transportation strategies should be long term, ARRA funding is short term. Pressure from legislators will likely push for quick spending with limited strategic value, but to the extent possible states should be thinking long-term with this funding, including planning for future operations and maintenance costs of any new capital investments after ARRA funds have been spent out.
 - States should think about how their transportation projects increase access to job opportunities for the unemployed and access to contracts for minority businesses.
 - States should look for intermodal solutions.
 - DC uses intermodal solutions in transit, such as DC's Smart Bike program.
 - Baltimore has a free airport shuttle program.
 - Bus Rapid Transit (Study shows that BRT has one of the best ROI's).
- Rail Issues
 - On developing high-speed rail, there are conflicts between freight rail and passenger rail and there is a potential need for new rail lines. Nevertheless, the administration is pushing for big new projects to be completed by September of 2012 (potentially driven by re-election concerns).
 - Incremental investments in high speed rail are important. States should invest in trains that are fast enough to compete, but don't require closed tracks like Japanese bullet trains. Important to note that \$8B for high speed rail in ARRA will not require a state match but future rounds likely will.

- States are very concerned with specific bottlenecks in northeast corridor.
 - I-95 Corridor projects, like renovating toll-plaza in Newark.
 - Number one issue for MD is fixing tunnels to handle high speed rail.
 - Concerned that if region gets funds to deal with bottlenecks to high-speed rail this would negatively impact Northeastern states during the reauthorization of SAFETEA-LU.
 - Issue of bottlenecks is both long-term and regional but the organization that would be a natural fit to push this, Coalition of Northeastern Governors (CONEG), is led by a Governor for only a 1-yr term, and it is critical that the region has a high-profile person to champion this issue.
- Smart growth best practices discussed include:
 - Take into account housing and transportation affordability index.
 - Ex.: MPO in San Francisco supports development that is aligned with broader state goals.
 - Governor O'Malley signed bill today that encourages local partnerships for transit-oriented development, which also aligns with the Governor's overall Smart Green and Growing campaign.
 - LEED standards that take into account community impact.
 - Clean cities grants.
 - Time of day pricing and other innovative initiatives to raise money.
 - Smart Growth Super Cabinets that have sustainability as the overarching goal and begin to break down agency silos by bringing multiple agencies together.
 - McKinsey report on metro Atlanta looked at Price Demand Management vs. "Exotic" Road Projects to Solve Congestion vs. Land Use Policies. Found that System management and land use policies result in better ROI.

Opportunities for Follow-up

- Develop an initiative along the lines of the Midwest high speed rail initiative on the Atlantic Seaboard. Facilitate partnerships between Governors and both federal (i.e. USDOT and Amtrak) and private stakeholders (i.e. private rail line owners) on high-speed rail.
- Facilitate state to state collaboration on regional bottlenecks for high-speed rail development (focus projects of national significance). Work with federal, regional, state, and private partnerships to highlight problems and push for flexibility in SAFETEA-LU reauthorization. Partner with organizations like CONEG and the I-95 Corridor Coalition.
- Additional discussions on a range of transportation and infrastructure issues (policies that improve economic inclusion and livability, alternative funding streams by breaking down silos, modifying transportation systems in response to aging populations, infrastructure bank, cap and trade, base realignment and closures).

Presenters/Facilitators: Geoff Anderson (Smart Growth America), Kevin Brubaker (Environmental Law & Policy Center), Mark Stout (Mark L. Stout Consulting), Beverley Swaim-Staley (Maryland DOT).

Other Potential Topics for Follow-up from the Afternoon Plenary Discussion

- Streamlining Public Benefits
- Financing Building Retrofits
- Emerald Cities Network
- LED Street Lighting
- Municipal Bonds for EE
- Revisions to DOE Funds
- State partnerships with housing authorities (i.e. WAP, NYSERDA model, other EE programs)
- WIA, TANF and HUD Coordination
- Adult Basic Education
- System Integration around Higher Ed Funding
- Lay-off Aversion and Job Retraining
- Performance Contracting
- Green Jobs
- Midwest model on transit
- Smart Growth Super Cabinet

If you have questions or are interested in additional information on the above topics, please contact the Center for State Innovation, 608.280.2400, fmiller@stateinnovation.org.