

DEPARTMENT OF ENERGY

CFDA 81.042 WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS

I. PROGRAM OBJECTIVES

The objective of the Weatherization Assistance for Low-Income Persons (WAP) program is to increase the energy efficiency of dwellings owned or occupied by low-income persons, reduce their total expenditures on energy, and improve their health and safety. WAP has a special interest in addressing these needs for low-income persons who are particularly vulnerable, such as the elderly, disabled persons, and families with children, as well as those with high energy usage and high energy burdens.

II. PROGRAM PROCEDURES

Program Administration

States may submit an application and plan to the Department of Energy (DOE). The submission describes the proposed weatherization projects and contains a budget, a production schedule of dwelling units to be weatherized with grant funds, a monitoring plan, a training and technical assistance plan, rental procedures, and a health and safety plan. Upon approval, States receive funds from DOE and may enter into sub-agreements with local administering agencies having approved plans. If a State does not submit an application or if the State plan is rejected, a local applicant may submit a plan to carry out weatherization projects. Section 411(c) of the Energy Independence and Security Act of 2007 added Puerto Rico and the U.S. Territories to the definition of "State." As a result, beginning in Fiscal Year 2009, DOE will make WAP awards to American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands. References to "State" in this program supplement include these entities.

In addition to Federal appropriated funds, other sources of funding under this program may include oil overcharge funds.

Source of Governing Requirements

WAP is authorized under Title IV, Part A, of the Energy Conservation and Production Act (Act), as amended (42 USC 6861 through 6872), **including amendments made by the American Recovery and Reinvestment Act of 2009 (Pub. L. No 111-5). ARRA also provided additional funding for WAP, which was made available to recipients in grant agreements separate from their regular annual allocations.** Implementing regulations are published at 10 CFR part 440.

Availability of Other Program Information

Program notices are available on the Internet at <http://www.waptac.org>.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should first look to Part 2, Matrix of Compliance Requirements, to identify which of the 14 types of compliance requirements described in Part 3 are applicable and then look to Parts 3 and 4 for the details of the requirements.

A. Activities Allowed or Unallowed

1. *Allowable activities include only:*
 - a. The cost of purchase and delivery of weatherization materials (10 CFR section 440.18(d)(1)). Funds may only be expended on weatherization materials listed in Appendix A of 10 CFR part 440 or as approved by DOE.
 - b. Labor costs in accordance with 10 CFR section 440.19.
 - c. Transportation of weatherization materials, tools, and equipment, and work crews to a storage site and/or to the site of weatherization work (10 CFR section 440.18(d)(3)).
 - d. Maintenance, operation, and insurance of vehicles used to transport weatherization materials (10 CFR section 440.18(d)(4)).
 - e. Maintenance of tools and equipment (10 CFR section 440.18(d)(5)).
 - f. Purchase or annual lease of tools, equipment and/or vehicles, except that any purchase of vehicles shall be referred to DOE in every instance (10 CFR section 440.18(d)(6)).
 - g. Employment of on-site supervisory personnel (10 CFR section 440.18(d)(7)).
 - h. Storage of weatherization materials, tools, and equipment (10 CFR section 440.18(d)(8)).
 - i. The costs of incidental repairs to make the installation of weatherization materials effective (10 CFR section 440.18(d)(9)).
 - j. The cost of liability insurance for weatherization projects for personal injury and property damage (10 CFR section 440.18(d)(10)).
 - k. The cost of carrying out low cost/no cost weatherization assistance (10 CFR section 440.20).
 - l. The cost of WAP financial audits in accordance with 10 CFR section 440.23.

- m. Administrative costs (10 CFR section 440.18(d)(13)).
- n. The costs of eliminating health hazards, necessary to ensure the safe installation of weatherization materials (10 CFR section 440.18(d)(15)).
- o. Leveraging activities, as specified in leveraging section of the State Plan and grant agreement (10 CFR section 440.18(d)(14)). Leveraging entails a State obtaining additional program-targeted non-Federal or in-kind contributions as a result of WAP-funded activities. Leveraging should be limited to contributions that can be clearly attributed to a State's weatherization activities, and that are used to augment those activities. As of Program Year (PY) 2007, the maximum percentage of Weatherization funds that can be diverted for leveraging activities is 15 percent of the grantee's total allocation.
- p. Expenditures for labor, weatherization materials, and related matters for a renewable energy system, as defined in 10 CFR section 440.3, shall not exceed an average of \$3,000 per dwelling unit or adjusted amount (as provided in III.B below) (42 USC 6865(c)(4); 10 CFR section 440.18(b)).

2. *Unallowable activities*

- a. Funds shall not be used to weatherize a dwelling unit which is designated for acquisition or clearance by a Federal, State or local program within 12 months from the date of the weatherization (10 CFR section 440.18(f)(1)).
- b. Funds may not be used to install or otherwise provide weatherization materials for a dwelling unit weatherized previously with grant funds, unless:
 - (1) The weatherization activities may be considered "low cost/no cost" as described in 10 CFR section 440.20: inexpensive weatherization materials are used; no labor paid with funds provided is used to install weatherization materials referred to here; and a maximum of 10 percent of the amount allocated to a subgrantee, not to exceed \$50 in materials costs per dwelling unit, is expended (10 CFR section 440.18(f)(2)(i));
 - (2) Such a dwelling has been damaged by fire, flood or other act of God and the repair of the damage is not paid for by insurance (10 CFR section 440.18(f)(2)(ii)); or
 - (3) The dwelling unit was weatherized under the Act or other Federal program during the period September 30, 1975 through September 30, 1985 (10 CFR section 440.18(f)(2)(iii)).

B. Allowable Costs/Cost Principles

Expenditures shall not exceed an average dollar amount per dwelling unit weatherized in the State. This number is adjusted annually by DOE and appears in the grant agreement (10 CFR section 440.18(c)(1)).

D. Davis-Bacon Act

The WAP statute contains no Davis-Bacon Act requirements; therefore, WAP awards funded from annual appropriations are exempt from the requirements of the Davis-Bacon Act; **however, ARRA-funded WAP construction activities are subject to Davis-Bacon Act requirements.**

E. Eligibility**1. Eligibility for Individuals**

a. A dwelling unit is eligible for weatherization assistance if it is occupied by a family unit:

- (1) Whose income is at or below 200 percent of the poverty level determined in accordance with the criteria established by the Director of the Office of Management and Budget;
- (2) That contains a member who has received cash assistance payments under Title IV or XVI of the Social Security Act or applicable State or local law at any time during the 12-month period preceding the determination of eligibility for weatherization assistance; or
- (3) If the State elects, is eligible for assistance under the Low-Income Home Energy Assistance Act of 1981, provided that such basis is at least 200 percent of the poverty level (42 USC 6862(7), **as amended by Section 407(a), ARRA, 123 State 146**).

The poverty guidelines are issued each year in the *Federal Register* and HHS maintains a page on the Internet which provides the poverty guidelines (<http://aspe.hhs.gov/poverty/index.shtml>).

b. In addition, the following requirements apply:

- (1) Written permission has been obtained from the owner of the dwelling or his/her agent (10 CFR section 440.22(b)(1)).
- (2) Not less than 66 percent (50 percent for duplexes and four-unit buildings and certain types of eligible large multifamily buildings) of the dwelling units in the building:

- (a) Are eligible dwelling units in the manner defined in III.E.1.a, Eligibility for Individuals, above (10 CFR section 440.22(b)(2)(i)); or
 - (b) Will become eligible within 180 days under a Federal, State, or local program for rehabilitating the building or making similar improvements to the building (10 CFR section 440.22(b)(2)(ii)).
- (3) If the dwelling to be weatherized is rented, a formal agreement between landlord and tenant has been reached addressing issues of eviction from and sale of property receiving weatherization materials (10 CFR section 440.22(c)).

2. Eligibility for Group of Individuals or Area of Service Delivery – Not Applicable

3. Eligibility for Subrecipients

A subrecipient is eligible to provide weatherization services under WAP provided that:

- a. It is a public or non-profit entity, or a Community Action Agency (CAA) (i.e., a private corporation or public agency established under the Economic Opportunity Act of 1964, which is authorized to administer funds received from Federal, State, or local entities to assess, design, operate, finance, and oversee antipoverty programs) (10 CFR section 440.15(a)(1)); and
- b. It has been selected as a participant in the weatherization program on the basis of public comment received during a public hearing (10 CFR section 440.15(a)(2)).

G. Matching, Level of Effort, Earmarking

1. Matching – Not Applicable

2. Level of Effort – Not Applicable

3. Earmarking

- a. Not more than 10 percent of funds may be used in total or in part for administrative costs. A State shall not expend more than 5 percent for such administrative costs, with at least 5 percent going to subrecipients for administration. Subrecipients may spend no more than 10 percent of the grant for administration; however, for subrecipients receiving grants of less than \$350,000, a State may permit that entity to expend up to an

additional 5 percent of its subgrant for administrative purposes (10 CFR section 440.18(e)).

- b. Not more than 20 percent of the funds may be used to provide, directly or indirectly, training and/or technical assistance to any grantee or subgrantee (42 USC 6866, **as amended by Section 407(d), ARRA, 123 Stat 146**; 10 CFR section 440.23(e)).

L. Reporting

1. Financial Reporting

- a. SF-269, *Financial Status Report* – Applicable
- b. SF-270, *Request for Advance or Reimbursement* – Not Applicable
- c. SF-271, *Outlay Report and Request for Reimbursement and Construction Programs* – Not Applicable
- d. SF-272, *Federal Cash Transactions Report* – Applicable
- e. SF-425, *Federal Financial Report* – Applicable

2. Performance Reporting – Not Applicable

3. Special Reporting – Not Applicable

4. Section 1512 ARRA Reporting – Applicable