

Testimony from

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Chair of the Board of Directors for the
National Association for State Community Services Programs
to the
United States Senate, Committee on Appropriations,
Subcommittee on Energy and Water Development**

As Chair of the Board of Directors for the National Association for State Community Services Programs (NASCSPP), I am pleased to submit testimony in support of the Department of Energy's (DOE) Weatherization Assistance Program (WAP) and in support of DOE State Energy Programs (SEP). We are deeply concerned by the Administration's proposed elimination of the Weatherization Assistance Program and are seeking a FY2009 appropriations level of **\$300 million for the WAP** and **\$75 million for SEP**. NASCSPP believes these funding levels are essential in continuing and improving these outstanding state grant programs for our citizens.

NASCSPP is the member organization representing the states on issues related to the WAP and the Community Services Block Grant. Our organization would like to thank this Committee for its continued support of the WAP and SEP through the years. The \$227.3 million in WAP funds provided by the Committee in 2008 was used to leverage over \$500 million in total from utility, state, and LIHEAP funds. The federal and leveraged funds resulted in:

- An additional 150,000 homes occupied by low-income families receiving energy efficiency services, thereby reducing the energy use and associated energy bills;
- Greenhouse gases and environmental pollutants being significantly reduced due to the decrease in energy use by these newly weatherized homes; and
- Nearly 20,000 full time, highly skilled, jobs being supported within the service delivery network and in related manufacturing and supplier businesses; and
- A significant reduction in foreign oil imports by as much as 18 million barrels per year and this number continues rise.

The WAP is the largest residential energy conservation program in the nation and serves a vital function in helping low-income families reduce their energy use. Developed as a pilot project in 1975, the WAP was institutionalized in 1979 within DOE and is operated in all 50 states, the District of Columbia, and on several Native American reservations. The WAP funds are used to improve the energy efficiency of low-income dwellings using the most advanced technologies and testing protocols available in the housing industry. The energy use reduction resulting from these efforts helps our country reduce its carbon footprint, lower its dependency on foreign oil and decreases the cost of energy for families in need. With lower energy bills, these families can increase their usable income and buy other essentials like food, shelter, clothing, medicine, and health care.

The WAP provides an energy audit for each home to identify the most cost-effective measures, which typically includes adding insulation, reducing air infiltration, servicing the heating and cooling systems, and providing health and safety diagnostic services. According to the Energy Information Administration's (EIA) Annual Energy Outlook, 2008, the first-year energy savings for households weatherized during this year are estimated to be more than \$413. The services provided by Weatherization will continue to return savings for many years after installation. The estimated average energy benefit in 2006 dollars over the life of the measures is \$5,274. For every dollar spent, the WAP returns \$2.72 in energy and non-energy benefits over the life of the weatherized home, based on these same EIA long-term energy prices outlook and studies conducted by the Oak Ridge National Laboratory. Since the program's inception, **more than 5.8 million homes have been weatherized** using federal, state, utility and other monies.

These are troubling times facing our nation – war, budget deficits, homeland security needs, and a looming economic recession. These economic events create added financial burdens for all Americans, but especially for those who live at or below the poverty line. Low-income families have always spent a disproportionate share of their income for energy needs than their middle-income counterparts. For example, a typical middle class family pays about 4 percent of their annual income for energy costs (heat, lights, air conditioning, appliances and hot water). Low-income families pay nearly the same dollar amount each year for energy but this amount represents a significantly higher percentage of their total household income (16 to 20 percent). In times of energy shortages and escalating energy costs, the energy burden for these families can reach 25 to 40 percent or more of their available income.

When energy costs rise, like they have during the current heating season, even a nominal increase can have a dramatic negative impact on low-income families. The expected increase in this year's energy costs may amount to an additional \$600 or more for most families. For middle-income families, this increase will amount to less than one half of one percent of the total household income. For many low-income families; however, this increase will result in a 4 to 5 percent reduction in their expendable income and will cause families to go without other important essentials like food, medicine, or clothing to meet this higher financial demand.

These families need long-term solutions to help them reduce their energy use both now and in the future – resulting in lower energy bills. That is the primary mission of the Weatherization Assistance Program – *“To reduce heating and cooling costs for low-income families, particularly for the elderly, people with disabilities, and children, by improving the energy efficiency of their homes while ensuring their health and safety.”*

The Oak Ridge National Laboratory reports entitled State Level Evaluations of the Weatherization Program Conducted From 1990-2001 and subsequent Meta-Evaluations conducted in 2003, 2005 and 2006 found that the WAP significantly improved its energy savings results during those years. In 1996, the Program showed savings of 33.5 percent of gas used for space heating - up from 18.3 percent savings in 1989. The increase in savings was based in large part on the introduction and use of more sophisticated diagnostic tools and audits. Families receiving Weatherization services can reduce their heating energy use by an average of 22 percent, making the cost for heating their homes more affordable. The Evaluation report also

concluded that the WAP possessed a favorable cost-benefit ratio. Simply stated, the federal funds provided to support the Program have a 140% return on investment.

The WAP has always served as a testing ground and provides a fertile field for the deployment of research conducted by national laboratories. For example, the Oak Ridge National Laboratory developed the National Energy Audit (NEAT) for use by local agencies in assessing cost effectiveness of service delivery. Oak Ridge is currently investigating the cost effectiveness of including certain base load measures (water heater replacement, lighting, small motor efficiency, refrigerator replacements) into the Program and continues to test other protocols and material installation techniques to help state and local agencies improve their field operations. The Florida Solar Energy Center and the state of Hawaii are working on the development of cost effective solar hot water heaters. Many of our states have implemented refrigerator replacement programs to decrease energy base-load for low-income families.

One of the major outcomes of WAP field deployment is that the private sector eventually adopts these new technologies. This pattern has been established through several advancements including blower door-directed air infiltration, duct system testing and sealing, furnace efficiency standards, and insulation and ventilation protocols. The acceptance of these standards and protocols by the private sector is enormously important as builders attempt to construct new properties or rehabilitate existing ones using a renewed energy efficiency philosophy.

Of equal importance to the technological and programmatic foundation are the WAP contributions in achieving overall national energy policies and social strategies. Some examples of how the Program helps achieve these goals include:

- Reducing harmful green house gas through reduced CO₂ emissions by avoiding energy production. Each time a house is weatherized, the reduction in energy needs reduces the environmental impact associated with creating that energy reduction of sulfur dioxide, carbon, and other pollutants spilled into the atmosphere from the burning of fossil fuels like oil, coal, kerosene, wood, gas, and propane.
- Increasing jobs in communities throughout the country. For every one million dollars invested in the WAP, more than 40 full time jobs are created and supported in the states. Another 20 jobs are created in companies who provide goods and services to the Program.
- Investing money into communities through job creation, local purchasing of goods and services, and tax revenues. These investments result in many secondary benefits. These residual benefits, known as “economic benefit multipliers,” are applied to local community investment to value the real worth of money used locally. This multiplier is 3.5 to 4 times the actual investment. This means that an investment of \$300 million in the WAP could yield nearly \$1.2 billion in economic benefits to local communities.
- Reducing consumption of imported fuels by reducing residential energy consumption. Our country currently imports nearly 60% of its oil from foreign countries. This figure is higher than the import percentage in the 1970s, when the oil embargo threatened our ability to operate as a nation. The conservation efforts of the WAP network will help reduce our country's dependency on foreign oil, thereby strengthening our country's national security.

Earlier this year, the Administration proposed eliminating the Weatherization Assistance Program in the President's Fiscal Year 2009 Budget. This cut was offered despite the will of Congress that authorized the Program at \$900 million for 2009 up to \$1.4 billion in 2012. The elimination of funding for the Program is a complete reversal of the President's long-standing commitment to the WAP. These proposed cuts show a complete disregard for the continued success of the Program and the significant environmental and economic impact for the families receiving service and the communities where the Program operates.

The Department of Energy also failed to enact the WAP National Evaluation requested by the Office of Management and Budget and approved by Congress. The evaluation is essential to reestablish the metrics of the Program and identify areas where improvements can be made in operation and effectiveness. The states have supported the conducting of the Program review and are disheartened that the evaluation was summarily cancelled. A national evaluation would prove once again the effectiveness of the WAP in meeting the energy efficiency needs of low-income housing and eliminate any possible justification the Department is using to cut or dismantle this highly effective and productive public/private partnership.

NASCSP urges the Subcommittee to restore the Weatherization Assistance Program funding to the level of \$300 million while providing \$75 million for the State Energy Program. Weatherization is a clearly proven investment, which has helped over 5.8 million families live in safer, more comfortable living conditions. If the President's budget is upheld, the Program will cease to exist and nearly 150,000 low-income families will be denied critical energy efficiency services this year. These families will be required to pay an additional \$800 million in energy costs that could have been avoided had their homes been weatherized. This money could have been used for essential needs such as food, clothing, and medicine. At a time when oil and natural gas prices remain high and low-income families are facing huge increases in their energy costs, it is irresponsible for the Administration to place added burdens on these families by choosing not to help them conserve energy. Congress can correct this by providing the necessary funding to continue the national Weatherization effort.

By the evidence provided herein, this Committee can be assured that the funding invested in WAP and SEP will provide essential services to thousands of low-income families, resulting in greater energy savings, more economic investments, increased leveraging of other funds, and less reliance on high-cost, foreign oil – outcomes that will benefit the nation. NASCSP looks forward to working with Committee members in the future as we attempt to create energy self-sufficiency for millions of American families through these invaluable national programs.

Respectfully submitted,

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Chair, NASCSP Board of Directors