U.S. Department of Energy

Weatherization Assistance Program for Low-Income Persons

APPLICATION INSTRUCTIONS

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U.S. Department of Energy
Weatherization and Intergovernmental Program Office
1000 Independence Avenue, SW, EE-5W Washington, DC 20585

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Enabling Legislation

Federal Regulations

- Weatherization Assistance Program for Low Income Persons - 10 CFR 440
- Financial Assistance Rule - 2 CFR 200
- DOE Implementing Order - 10 CFR 1005
- Code of Federal Regulations (CFR)
- Federal Assistance Reporting Checklist - DOE F 4600.2 Economic Opportunity Act of 1964; Pub. L. No. 88-452, 42 U.S.C. § 2701 et seq
- Executive Order 12372 - Intergovernmental Review of Federal Programs
- 2 CFR 200 Subpart E – Cost Principles
- 2 CFR 200 Subpart F – Audit Requirements
- 10 CFR Part 1021 Subpart D Appendix A – NEPA Categorical Exclusions
- Federal Register - Multifamily 50% threshold - 65 Fed. Reg. 77210, Dec. 8, 2000, Preamble
- Department of the Interior and Related Agencies Appropriations Bill. 1985 – House Report 98-886
- Federal Register Notice, 45 Fed. Reg. 13028, 13031, Feb. 27, 1980
- Social Security Act, Pub.L. No. 88-452, 42 U.S.C. Ch. 7
- State Energy Efficiency Program Improvement Act of 1990 (SEEPIA) Public Law 101-440

Program Guidance

- Weatherization Program Notices and Appendix A

Application Forms

- Administrative and Legal Requirements Document (ALRD)
- Performance and Accountability for Grants in Energy (PAGE)
  - Standard Form 424 (SF-424) – Instructions
  - Standard Form 424, 424A – Budget Information
  - Standard Form LLL (SF-LLL) Disclosure of Lobbying Activities (if applicable)
  - Quarterly Reporting:
    - Federal Financial Status Report Standard Form 425
    - Performance Report
  - Annual Reporting:
    - Training & Technical Assistance Activities
    - Monitoring Activities
    - Leveraging Updates
    - Historic Preservation Report

Additional Resources

- Weatherization Assistance Program Technical Assistance Center – WAPTAC
- Oak Ridge National Laboratory - Weatherization
  - National Evaluation of the Weatherization Assistance Program
- A Guide for State and Local Government Agencies: Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government
- ASHRAE 62.2 "Ventilation and Acceptable Indoor Air Quality in Residential Low Rise Buildings" Standard, current version

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List of Acronyms

ACPU – Average Cost per Dwelling Unit

ASAP – Automated Standard Application for Payment System

CFR – Code of Federal Regulations

CO – DOE Contracting Officer

DOE – U.S. Department of Energy

FAO – Financial Assistance Office

GAO – General Accounting Office

GMS – DOE Grants Management Specialist

H&S – Health & Safety

HHS – U.S. Department of Health and Human Services

IRM – Incidental Repair Measure

LIHEAP – Low Income Home Energy Assistance Program

NEPA – National Environmental Policy Act

MF – Multifamily

OMB – Office of Management and Budget

PAC – Policy Advisory Council

PAGE – Performance and Accountability for Grants in Energy

PO – DOE Project Officer

POI – Pollution Occurrence Insurance

PVE – Petroleum Violation Escrow

QPR – Quarterly Performance Reports

QCI – Quality Control Inspectors

SEEPIA – State Energy Efficiency Program Improvement Act of 1990

SIR – Savings-to-Investment Ratio

SWS – Standard Work Specifications

T&TA – Training and Technical Assistance

WAP – Weatherization Program – Weatherization Assistance Program for Low-Income Persons

WAPTAC – Weatherization Assistance Program Technical Assistance Center

WPN – Weatherization Program Notice

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I. OVERVIEW

I.1 Introduction

The Application Package is to be used by all States, Territories, and Indian tribes (and local organizations, if applicable) when applying for direct grants under the Weatherization Assistance Program (WAP) for Low-Income Persons, administered by the U.S. Department of Energy's (DOE) Weatherization and Intergovernmental Program. Grantees must comply with applicable law including regulations contained in 10 CFR 440, 2 CFR 200, and other procedures applicable to these regulations as DOE may, from time to time, prescribe for the administration of financial assistance. Any potential discrepancies between information contained in this document and DOE regulations shall be resolved in favor of DOE regulations.

In the development, submission, and review of grant applications, the provisions of Executive Order 12372 (Intergovernmental Review of Federal Programs) and the DOE Implementing Order (10 CFR 1005) remain unchanged. As Grantees begin to formulate their State Plan (Plan), DOE strongly urges Grantees to hold two meetings to increase public involvement and obtain timely suggestions in developing their Application: one at the beginning of the planning process, as well as the required public hearing on the completed Plan. DOE encourages states to hold regular meetings with subgrantees and stakeholders, and with their Policy Advisory Council.

Applications **must be** submitted through the **Performance and Accountability for Grants in Energy (PAGE)** on-line system to be considered for an award.

If you have questions regarding the Application Package in PAGE, please refer to the Help Menu or contact the PAGE hotline at PAGE-Hotline@ee.doe.gov or 1-866-492-4546.

The Application includes both mandatory and optional sections (see Table 1: Application Package Documentation for a complete list on page 6). Mandatory sections must be completed in their entirety. Complete data and information will expedite review and award. The Grantee must notify the Project Officer upon submission of the Application Package in PAGE. If sufficient progress to negotiate the final State Plan Application is not being made, DOE reserves the right to put a hold on the funds the Recipient can draw down under the Automated Standard Application for Payments (ASAP) System. DOE does not guarantee or assume any obligation to reimburse costs incurred in the performance of the agreement if the award is not approved.

> ***Applicants are required to attach all supporting documents (in PDF format) to the SF-424 Application in PAGE using the naming conventions seen in Table 1****, including documentation specified in the Annual and Master Files.*

SF-LLL Disclosure of Lobbying Activities
If funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, Member of Congress, officer or employee of Congress, or employee of a Member of Congress in connection with the grant/cooperative agreement, the Grantee must complete and submit "Standard Form - LLL, "Disclosure Form to Report Lobbying".

> ***Applicants should not include tables or spreadsheets within the Annual and Master Files or in the comments section of the SF-424A Budget. All documents submitted must be in .pdf format.***

Table 1: Application Package Documentation		
Name of Document	**Format**	**Suggested File Name**
Mandatory Forms		
SF-424 Application for Federal Assistance	PAGE	N/A
SF 424A - Budget Information for Non-Construction Programs	PAGE	N/A
Budget Justification	PAGE	N/A
Annual File	PAGE	N/A
Master File	PAGE	N/A
Required Attachments to the Application Package in PAGE (SF-424)		
Carryover Explanation (if applicable)	PDF	Carryover Explanation
Health and Safety Plan (if not already included in the Master File)	PDF	Health and Safety Plan
T&TA Plan (if not already included in the Master File)	PDF	T&TA Plan
Quality Control Inspection (QCI)/ Technical Monitoring Form	PDF	QCI_TMF
Public Hearing Transcript(s)/Notes	PDF	Public Hearing Transcript Notes
Public Hearing Notice(s) Demonstrating Minimum 10 Days' Notice	PDF	Public Hearing Notice(s)
PAC Activity Documentation	PDF	PAC Activity Documentation
Indirect Rate Agreement (if applicable)	PDF	Indirect Rate Agreement
Explanation of Indirect Costs (if applicable)	PDF	Indirect Cost Explanation
Cost Allocation Plan (if applicable)	PDF	Cost Allocation Plan
2 CFR 200 Subpart F, Single Audit	PDF (or provide a link in the narrative comment section of the budget)	Single Audit
SF-LLL Disclosure of Lobbying Activities (if applicable)	PDF	SF-LLL
Other Optional Attachments, as applicable		
WAP Organizational Charts(s)	PDF	WAP Org Charts
Corrective Action/Removal Procedures	PDF	Corrective Action Removal Procedures
Administrative/Fiscal Monitoring Instrument	PDF	Administrative_Fiscal Monitoring Instrument

DOE reserves the right to request additional or clarifying information.

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II. APPLICATION FOR FEDERAL ASSISTANCE - STANDARD FORM 424

A completed Standard Form 424 (SF-424), with signature, is required from each agency applying for Federal funding under DOE's WAP. Please note that SF-424 is required when applying for new or continuation funding allocations (Federal and non-Federal) or when modifying the performance period start/end dates of the grant. The SF-424 is not required for budget modifications that do not change the overall budget. When starting to complete the SF-424 form in PAGE for 2018, please select **"Continuation"** under Field 2 - Type of Application (Figure 1).

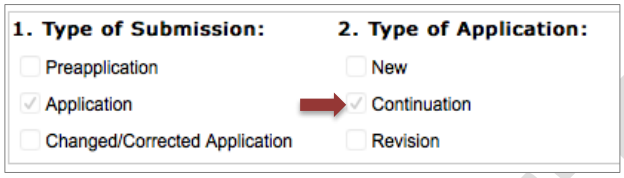

Figure 1: Standard Form (SF-424) Type of Application

Only new funding allocations for the current year, and other current funding sources (if applicable), should be identified in Field 18 – Estimated Funding. **Do not include any carryover funds in Field 18 or elsewhere within the SF-424 Application. Carryover funds may not be transferred from other awards, including the previous year's WAP award.** Complete instructions for the SF 424 are available at: http://www.grants.gov/web/grants/form-instructions/sf-424-instructions.html.

The list of certifications and assurances for Field 21 can be found at: ~~http://energy.gov/management/downloads/certifications-and-assurances-use-sf-424~~ - https://energy.gov/sites/prod/files/CERTSASSURANCESSF424.pdf.

DOE requires Grantees to check the "**I AGREE" box in Field 21 in PAGE (Figure 2) to comply with the certifications and assurances. Grantees are ***not required*** to submit hard copies of documents.

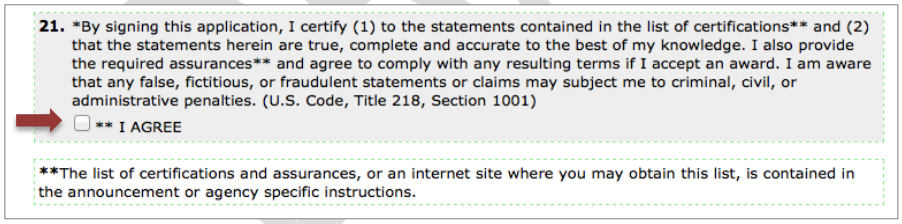

Figure 2: Standard Form (SF-424) Agreement on Certifications and Assurances

INSTRUCTIONS TO ATTACH FILES:

All supporting documentation should be added as attachments to the SF-424. To attach a document, go to the attachments section at the bottom of the SF-424 and click on the **Browse** button (Figure 3). Find the file you want to upload and click the **Open** button. Click the **Upload** button to attach the file to the application. When you have completed the upload process, click **Save**.

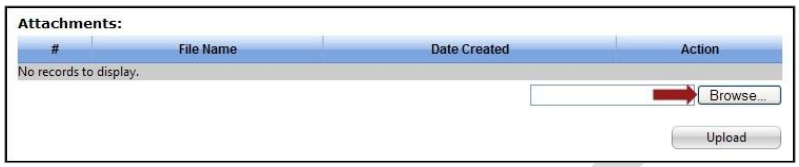

Figure 3: Standard Form (SF-424) Attachments

III. BUDGET

Two budget forms, the Standard Form 424A (SF-424A) and the Budget Justification, work with one another to provide DOE a clear understanding of how the Grantee is proposing the use of funds following the DOE rules and regulations. Figure 4 depicts the relationship between the sections of the SF-424A and how that information flows into the Budget Justification.

SF-424A Sections:

Section A: *Budget Summary*	*List all funding sources (new, carryover, and other funding sources by line item).*	
Section B: *Budget Categories*	*Breakdown of Section A by required categories, providing a column for each budgeted component.*	***Separate Budget Justification*** *Further detail breaking down the Budget Categories of 424A Section B to outline how the categorical funds are broken down by object class (e.g., Personnel, Travel, etc.)*

Figure 4: Relationship between SF-424 and Budget Justification

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DOE encourages Grantees to fully utilize the DOE funding in the program year it is awarded to maximize the opportunity of achieving the Weatherization mission.

New funds: Any funds being added to the award in an annual budget period are new funds, whether DOE or non-DOE.

Carryover: Any funds in the award that are not expended by the end of the budget period are carryover funds. Grantees shall reasonably project unexpended balances by Budget Category (matching the total sum carryover from all previous years) and provide reasoning for why the funds are unlikely to be used by the end of the program year. Grantees planning to carryover unused funds from any Budget Category (e.g., training and technical assistance funds) from one program year to another must return these monies to the program operations budget category and use them to weatherize additional homes unless the Grantee can justify to the DOE Project Officer the necessity to carryover these funds into the new program year and that they retain the original budget categorization.

Funds from prior grants are not permitted to be to be carried over into a new award. Those funds must be expended according to the rules of the original grant program.

Following the first year of a grant award, Grantees with carryover (non-expended funds) shall provide one document with the following information as an attachment to the SF-424 Application in PAGE:

- Break out of cost categories for total carryover for all prior years and current active year (should equal total carryover amount in the proposed budget for the new program year).
- Break out of cost categories for total carryover amount in the proposed budget for the new program year.
- Reason for the carryover amount and justification for the re-allocated carryover amount.

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Table 2: Carryover Example		
Grantee Name, Grant Number, Program Year		
BUDGET COLUMN HEADING	**TOTAL PRIOR YEAR & CURRENT ACTIVE YEAR CARRYOVER (Identify the Cost Categories you are moving the funds from)**	**PROPOSED BUDGET CARRYOVER (Identify the Cost Categories that you are moving the funds to in the proposed budget for the new program year)**
Grantee Administration	$20,000	$20,000
Subgrantee Administration	$9,500	$7,500
Grantee T&TA	$14,000	$0
Subgrantee T&TA	$11,000	$0
Program Operations	$35,000	$63,000
Health & Safety	$10,000	$9,500
Financial Audits	$500	$0
Liability Insurance	$0	$0
Totals	$100,000	$100,000
Reason for carryover amount: The $20,000 state database upgrade budgeted under Grantee Administration was delayed for several months, and will be completed in the next program year. Subgrantee Administration results from a local agency manager leaving. All training and technical assistance (T&TA) goals were met with fewer resources than budgeted. Production at two local agencies was affected by job changes, thus leaving $35,000 unspent in Program Operations and $10,000 in Health & Safety. **Justification for carryover amount:** Moved $20,000 in Grantee Administration to complete database upgrade as previously proposed. $7,500 returned to Subgrantee Administration to complete the remaining work. $25,000 in T&TA and $500 from Financial Audits carryover moved to Program Operations to complete more homes. Based on the Grantee expenditure limit identified in WPN 17-7, the proposed Health & Safety amount was adjusted to reflect the proposed remaining Program Operations funding.		

III.1 SF-424A Budget Preparation

The SF-424A Budget identifies (1) the total amount of new funding allocations, (2) other funding sources for the current budget period, and (3) any carryover from previous years, when applicable. Dollar amounts on the SF-424A should be **in whole dollars** only.

The proposed budget costs are estimated values and **invoicing must be calculated from actual costs incurred for each of the cost categories.** Federal payments to a Grantee's "contingency reserve" are unallowable. Other contingency costs may be allowable with certain restrictions; see 2 CFR 200.433 "Contingency Provisions". The Grantee may request funds under any of the Object Class Categories as long as the item and amount are necessary to perform the proposed work and meet all the criteria necessary to fit the definition of allowable costs under the applicable federal cost principles.

IMPORTANT: Items identified as direct costs to the project may not be duplicative of costs included in the indirect pool that are the basis of any indirect rate applied for this project.

SF-424A - Section A: Budget Summary

In PAGE, add each funding source that will be utilized during the current program year to the SF-424A. Funding Sources can be classified as Federal, Applicant, Local, Other, Program Income, State, Petroleum Violation Escrow (PVE), or 3rd Party Contributions. New funding should be identified under "New/Revised Budget." Each funding source should be listed as a separate line item, including any leveraged funds that will follow DOE rules and requirements.

- Grantee should include, as a separate line item, any leveraged funds to be used in combination with DOE funds, and will follow all DOE rules, regulations and guidelines. Most commonly, Grantees add non-DOE resources into the award budget to access additional administrative funds and complete additional homes following the DOE process and procedures.
- **Leveraged funds that run parallel or outside the DOE award (not included in the DOE budget) have greater flexibility.**
- Leveraged funds can come from several sources:
    - Weatherization Funding appropriated by the State.
    - Low Income Home Energy Assistance Program (LIHEAP)
    - Leveraged Resources from utilities, universal service funds, etc.
    - Petroleum Violation Escrow (PVE) Funds
    - Program Income

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Table 3: There are advantages and challenges associated with including leveraged funds within WAP State Plan in both the SF-424 Application and SF-424A Budget. Grantees should keep the following considerations in mind when determining whether or not to include leveraged funds in the WAP State Plan.

Table 3: Leveraged Funds

	Advantages	Challenges
Leveraged Funds ***Included*** in Budget	By including leveraged funds amount in the budget, those funds are calculated into administration percentages and T&TA allocations, giving the Grantee and Subgrantees additional funds to administer the leveraged resources and train staff. (If the leveraged funds include an administrative component, there is likely no need for this approach.)	Must follow all DOE rules, regulations and guidelines and any measures installed using these leveraged funds must be justified by the audit/priority list, follow DOE approved procedures, and must be included in the average cost calculation. As such, the Grantee cannot use the leveraged funds for any measures or activities not justified by the audit or included in Appendix A.
Leveraged Funds ***Not Included*** in Budget	The funds leveraged do not have to follow all DOE rules. Instead, these funds can be used in parallel to the DOE Program and funds can be allocated for other activities not necessarily justified by the audit or included in Appendix A (e.g., house repairs beyond the allowable incidental repairs, replacing stand-alone freezers, health and safety activities that if not accomplished might result in a deferral, etc.). A percentage of the WAP grant can be used to attract leveraged funds even though the leveraged funds are not included in the DOE Program budget.	No additional DOE funds above the allowable administrative fund percentage can be used to administer leveraged funds or be allocated for T&TA if the leveraged funds are not included in the DOE budget. Any additional administrative funds must be part of the leveraged funding budget.

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III.2 Budget Categories – Section B

SF-424A - Section B: Budget Categories

The budget columns are organized by mandatory and optional categories. The mandatory categories are: Grantee Administration, Subgrantee Administration, Grantee Training and Technical Assistance (T&TA), Subgrantee T&TA, and Program Operations.

The optional budget categories are Vehicles and Equipment, Liability Insurance, Leveraging, Health & Safety, Financial Audit, Energy Crisis and Special Projects I-V. The 'Total' of Section A must equal the total of all columns in Section B.

Object class budget categories include Personnel, Fringe Benefits, Travel, Equipment, Supplies, Contractual, Other, and Indirect costs. Construction is not applicable to WAP.

For Object class budget categories that relate solely to Subgrantee expenditures, the total estimated cost should be reflected in the Contractual category.

A detailed justification and explanation for Grantee administration must be included, in accordance with 10 CFR 440.12(b)(3). All amounts categorized as 'Other' must be supported with a detailed listing of items and costs.

The following supplemental instructions provide definitions and examples of the required budget categories. The column and page notations in parentheses following each budget category refer to Section B of Standard Form 424A.

Grantees should take note that, in developing the budget, they are required to stay within the various budget category thresholds each year. While it may happen from time to time that a specific cost category may "over run" in a particular year, these over runs should be the exception, not the rule. Grantees should not approach the budget with the expectation that they will catch up in the cost categories, particularly those with regulatory or programmatic limits, at the end of the project period.

Administrative Categories

- 10 CFR 440.18(e) requires that the combined amount for both Grantee Administration and Subgrantee Administration be no more than 10 percent of the total new funds to be awarded. However, the State Energy Efficiency Program Improvement Act of 1990 (SEEPIA) Public Law 101-440, October 18, 1990, allowed an exception that supersedes the 10 CFR 440.18(e) rule, allowing up to an additional 5% of a Subgrantee's award be used for administration if the Subgrantee allocation is less than $350,000.
- Grantee must take care to only calculate NEW funds in determining the administrative allowance as any carryover funds have already had administrative costs allocated. Unexpended Funds in administrative category accounts may be carried over from the previous budget period within the award, provided there is sufficient support and justification for their continued use. Grantees can also choose to include any administrative carryover funding and/or provide a portion of their Grantee administrative funds to the local providers.
    - The Weatherization Assistance Program legislation and regulations do not define the Administrative cost categories. Any expenditure, allowed by the Office of Management and Budget (OMB) cost principles, or by a Grantee or Subgrantee may be charged as

Administrative cost. However, certain costs in this Program that are excluded from other categories can only be administrative.

Grantee Administration and Subgrantee Administration are considered to be unique to each organization. The organization must define its administrative costs consistent with the generally-accepted accounting practices and procedures within the organization.

- Indirect costs can be included in Grantee Administration and will be considered an allowable cost provided there is a federally approved indirect rate(s) or cost allocation plan. The indirect cost rate used may be approved by a federal department or agency other than DOE. See 2 CFR 200.414 Indirect (F&A) costs for more information. The rate/amount allowable does not invalidate the program budget category limits.

DOE has identified instances where certain administrative functions should be charged to the Program Operations category because of the nature of the expense (e.g., client intake, recordkeeping, salary/fringe for Program Managers and coordinators, telephone costs, etc.). DOE encourages Grantees to allow their Subgrantees to use this flexibility where it is appropriate. The Grantee must establish uniform guidance to identify which funds may or may not be charged as Administrative costs and/or Program Operations costs.

Grantee Administration

- The total charged to Administration can be no more than 5 percent of total new funds awarded. Cost allocation between this category and Grantee T&TA must be in accordance with 2 CFR 200 and 10 CFR 440.23 "Oversight, training, and technical assistance."

Subgrantee Administration

- Subgrantee administration must be at least 5 percent of the total new funds awarded.
- Grantees may allow Subgrantees **who receive less than $350,000 of new DOE appropriated funds**, to use **up to an additional 5 percent** of their subgrants for administration. This additional funding can be approved only to implement the administrative requirements of the Program.
  - Grantees shall develop criteria to be used to determine when eligible Subgrantees may use **up to an additional 5 percent** of their subgrants for administrative purposes.

The total effect of the additional 5% of administration costs may result in the State exceeding the 10% administrative cost category for the award.

Tribes do not have the same limitation as States and Territories and are eligible for both the Grantee and Subgrantee portion of Administrative funds.

Grantee T&TA and Subgrantee T&TA

- The maximum amount available for Grantee and Subgrantee T&TA is included with the annual allocation program notice from DOE.
- Allowable expenditures include:
  - Costs incurred in the training and technical assistance for any Grantee or Subgrantee (including monitoring and QCI training).
  - Providing information concerning conservation practices to occupants of eligible

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dwelling units (client education).
  - Evaluation of Program outcomes.
  - Participation, travel, logistics of training activities and events.

- Grantee purchases of vehicles or equipment, which are directly related to specific training and technical assistance activities, such as monitoring, etc.
  - T&TA funds shall not be used to purchase vehicles or equipment for Subgrantees to perform Weatherization services. The cost of these vehicles or equipment to support the Program must be charged to the vehicle/equipment or program operations categories.

Program Operations

Per 10 CFR 440.18, costs incurred for Program Operations are generally defined as the direct costs necessary to effect the weatherization of an eligible dwelling unit but not included in the material costs. While some of these categories could be charged as allowable administrative or T&TA costs – depending on the nature of the expense – they are almost always part of the average cost per dwelling unit (ACPU) calculation. Where there are costs that could be charged to other Budget Categories, it is the determination of the Grantee which category should be used. DOE expects that the Grantee will require consistency among its Subgrantees when identifying a cost category other than Program Operations for these specific charges. Many of these costs cannot be directly related to a specific dwelling unit – for example, vehicle and equipment maintenance or purchases of tools and equipment. These costs are amortized over the number of dwelling units completed during the contract period. For example, the cost of a blower door ($4,500) could be amortized over the 150 homes completed during a contract period, resulting in a $30 increase in the ACPU for the homes completed in that time frame.

Program Operations costs may include but are not limited to the following:

- Materials listed in Appendix A or DOE-approved energy audit protocol.
- Materials purchased for incidental repairs as defined in 10 CFR 440.
- Materials purchased for health and safety improvements.

  NOTE: While health and safety costs are allowable under the Program Operations category, DOE recommends Grantees include a separate Health and Safety category in the budget.

- Transportation of weatherization materials, tools, equipment, and work crews to a storage site and to the site of weatherization work.
- Maintenance, operation, and insurance of vehicles used to transport weatherization materials.
- Maintenance of tools and equipment.
- Purchase or annual lease of tools, equipment, and vehicles.

  NOTE: All vehicle purchases must receive prior DOE approval; any equipment $5,000 or more must also receive prior DOE approval. Neither Grantees nor Subgrantees may pre-pay leases that exceed the end of the grant period.

- The required fees related to building permits from local governments are allowable under this category.
- Employment of personnel directly related to the operation of the Program.
  - This category is defined for general consistency purposes such as weatherization coordinators' salary and fringe benefits spent in actual supervision of labor, client intake, recordkeeping, etc.
  - Storage of weatherization materials, tools, equipment, and weatherization vehicles.

- Space rental. As with vehicles and equipment, neither Grantees nor Subgrantees may pre-pay leases that exceed the end of the grant period.
- Utility costs at storage only, (e.g., heat, lights, and water).
- Retrofitting storage facility

  NOTE: Weatherization is a non-construction program therefore no construction of buildings or acquisition of real estate can be charged to this grant. Improvements to a property that are **not in direct relation** to carrying out Weatherization-specific tasks **are not allowable** under this grant (e.g., paving a parking lot of the storage area is not considered allowable; however retrofitting a storage facility with appropriate shelving to accommodate supplies is allowable). Grantees should consult with their respective Project Officer and/or DOE Grants Management Specialist to clarify any areas of Grantee question or concern.

- Labor category expenditures are limited to those defined in 10 CFR 440.19.
  - Payments to employ labor or engage contractors including:
    - Payments to subcontractors;
    - Salaries and fringe benefits of crew members; and
    - Salaries and fringe benefits of crew leaders.
  - This category also includes auditors/assessors, quality control inspectors, field supervisors who are not installing materials, and warehouse personnel, such as inventory clerks, who are engaged in handling materials.
  - Because T&TA funds are limited, Grantees and Subgrantees may charge the cost of training to the T&TA category and the employee's time for participation in the event under the labor category. Costs associated with training contractors that work within the Weatherization Program may also be charged to T&TA.
- Other Optional Categories
  - Special Project(s) *(Column in PAGE but Grantees can designate a specific purpose.)*
    - Energy Crisis
    - Disaster Relief
    - Energy Audits
  - Low Cost/No Cost – The cost of low-cost/no-cost materials is not to be included in the average per unit cost (labor to install the low-cost/no-cost materials is not an allowable cost). Details of any proposed low-cost/no-cost program component must be outlined in the plan following guidelines in 10 CFR 440.20.

Health and Safety – *Optional Category (Recommended)*

- Indicate the amount of Federal funds to be used to mitigate energy-related health and safety hazards, which are necessary to the installation of weatherization materials in accordance with 10 CFR 440.16(h) and 440.18(d)(15). The health and safety cost category should include materials and labor, but not training related to the implementation of health and safety measures. Please refer to WPN 17-7 for allowable costs associated with health and safety.
- Grantees must set health and safety expenditure limits for their Subgrantees, providing justification by explaining the basis for setting these limits and providing related historical experience. It is possible these limits may vary depending upon conditions found in different geographical areas. Limits must be expressed as a percentage of the ACPU. For example, if the ACPU is $5,000, 10 percent would equal an average of $500 per dwelling unit for health and

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safety. These funds are to be expended by Subgrantees in direct weatherization activities.

- Up to 15% of Program Operations can be used for mitigating health and safety concerns directly related to the weatherization of a building. DOE considers this percentage reasonable and Project Officers can approve this percentage if sufficiently explained in the Health and Safety Plan.
  - Should a Grantee request to have more than 15% of Program Operations used for health and safety purposes, DOE will conduct a secondary level of review and may request additional information to justify the higher percentage.

- The regulations do not mandate a separate Health and Safety budget cost category, but if the Grantee chooses to do so, expenditures are excluded from the ACPU calculation. This separate category also allows these costs to be isolated from energy efficiency costs in program evaluations. If Grantees choose not to have a separate health and safety budget category, health and safety costs must be included in the calculation of the average cost per unit and cost-justified through the energy audit. DOE recommends that Grantees establish a separate health and safety budget cost category.
- Reference to current Health and Safety Guidance is located in Section 5 of the Annual Grant Guidance.

Vehicles and Equipment $5,000 or more – *Optional Category*

- In 2001, DOE created the optional Vehicles and Equipment budget category so Grantees had a mechanism to allow Subgrantee amortization of vehicle and equipment costs over multiple years. This can be particularly useful to small Subgrantees that do not have alternative funding sources and are unable to balance their production and average cost per unit requirements when absorbing the vehicle or equipment costs over a single year. *Alternatively, vehicles and equipment may be expensed as a component of the Program Operations budget category.*
- If the Vehicle and Equipment category is proposed in the budget, the Grantee must manage and report when costs were expensed as well as how costs are amortized in the Quarterly Performance Reports (QPR).
- If vehicles and equipment will not be purchased by the end of the program year, DOE encourages Grantees to have provisions in the Subgrantee awards to allow the use of the funding to complete additional homes and minimize unexpended balances.

Liability Insurance – *Optional Category (Recommended)*

- All Grantees and Subgrantees must be covered by liability insurance. Liability insurance refers to the general contractor, or other policies that provide protection in case of personal injury or property damage resulting from the weatherization services. Liability insurance can be charged to the liability line item in the budget, which was created to ensure that such costs would not have to be charged to the administrative cost category (see *preamble to the Federal Register Notice, 45Fed. Reg. 13028, 13031, Feb. 27, 1980*). DOE recommends Grantees use this option.
- If the Grantee provides no allowance for the cost as a separate Budget Category in the Grantee State Plan, the cost of liability insurance is part of the ACPU. If the Grantee has a set-aside for Liability Insurance in their State Plan, the Subgrantees can purchase policies and not include the expense as part of their ACPU. This provision was established to cover general agency liability insurance and does not include any vehicle related insurance.
- Liability insurance policies generally do not provide for many health and safety measures, especially lead in the form of lead-based paint and other hazardous conditions that might be caused or exacerbated by weatherization activities. Grantees and/or Subgrantees may purchase Pollution Occurrence Insurance (POI) as a part of, or an addendum to, general liability insurance

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and the costs may be included in the liability insurance line item. If Grantees or Subgrantees do not obtain POI coverage and damage occurs or there is disturbance to any other environmental pollutants, the cost of remediation, clean up, relocation, medical expenses, or any other resulting costs may not be charged to DOE Weatherization and must be covered by another funding source.

Leveraging – *Optional Category*

- DOE Program regulations permit Grantees to take a percentage of their grant to undertake leveraging activities which may provide additional funding or other resources to supplement Weatherization or be used to run a parallel Program (regardless of who initiates the action). Leveraging activities include paying for agency staff or hiring consultant staff to explore and develop partnerships with utility companies and other entities that will generate non-Federal resources for Weatherization. Allowable activities include:
    - Holding leveraging meetings, preparing technical materials/briefs, or facilitating voluntary match funds from a non-Federal source.
- The leveraging column can consist of one or more leveraging activity.
    - Up to 15% of the annual Federal formula allocation (including PVE funds used under the Weatherization Program) can be used for attracting leverage resources. DOE considers this percentage reasonable for leveraging activities that are in accordance with 10 CFR 440.14(c)(6)(xiv). Project Officers can approve this percentage and related purpose with appropriate explanation of activities to be conducted.
        - Should a Grantee request to have more than 15% of their grant used for leveraging purposes, DOE will conduct a secondary level of review and will request additional information on the anticipated return on investment to justify the higher percentage.

If the Grantee chooses to add leveraged funds to the budget, identify the following information for each participating third party or Subgrantee: (1) the name of the organization; (2) the proposed dollar amount to be provided; (3) the amount as a percentage of the total project cost; and (4) the proposed leverage item (cash, services, or property).

Financial Audit – *Optional Category (Recommended)*

Program financial audits are required by 10 CFR 440.23(d) and are allowable as either an Administrative expense or as a separate Budget Category in the State Plan. In the past, the cost of these audits was charged to the already over-burdened administrative cost category and sometimes resulted in less than adequate financial audits. Grantees are encouraged to provide relief through the creation of a Financial Audit Budget Category, thus allowing these charges to be covered when Subgrantees meet the threshold contained in 2 CFR 200 Subpart F – Audit Requirements. If weatherization is one of several programs within an agency being audited, only the fair-share proportion of the overall financial audit costs should be charged to the DOE award.

NOTE: 2 CFR 200 Subpart F (State and local governments and non-profits) and 2 CFR 910 Subpart F (for-profit entities), should be consulted for thresholds, etc. and additional questions should be directed to the Contracting Officer.

When a Grantee proposes using non-DOE resources not included in the budget to meet a DOE WAP

requirement (e.g., personnel costs for a required function, travel to a national DOE meeting) then a brief note by the Grantee acknowledging commitment to the DOE requirement needs to be included in the corresponding Object Class Category of the Budget Justification. If comments cannot be entered in the Budget Justification, then entering the information in Section B of the SF-424A Budget is acceptable.

III.3 Budget Justification

DOE Project Officers commonly focus on the information in the Budget Categories (columns) of Section B of the Budget SF-424A in relation to the scope of work proposed in the Annual and Master File. The Financial Assistance Office (FAO) staff at DOE responsible for reviewing and approving the budget commonly focuses on whether the Grantee has included sufficient detail and support for the information for the Object Class categories (rows) in Section B of the budget. Clicking on the Section B row labels in PAGE (Personnel, Fringe Benefits, Travel, etc.) accesses the budget justification detail.

An updated budget justification is required with each new budget proposed. Please note that the total amount of funding for each Object Class category (e.g., Personnel) in the budget justification screens needs to equal the total for that corresponding object class category in Section B of the SF-424A budget and the budget categories shall have whole dollar values in each cell. To address feedback received from Grantees, DOE enhanced the PAGE system to provide an "Auto Calculate" option that will adjust the multipliers for each entry to achieve whole dollar values for Personnel, Fringe and Indirect Costs categories.

Grantees must provide their best and current estimate of each budget category at the time of submittal.

Personnel

Grantees shall review and adjust staffing, description of responsibilities, salaries, hours or percentage proposed over the next budget period to assure sufficient and appropriate stewardship of the DOE funds. The listed costs are solely for employees of the Grantee.

Applicants must identify positions to be supported and any key personnel should be identified by title. All other personnel should be identified either by title or a group category. State the amount of time (e.g., hours or % of time) to be expended, the composite base pay rate, total direct personnel compensation and identify the rate basis (e.g., actual salary, labor distribution report, technical estimate, state civil service rates, etc.). Identify the number of employees (on a Full Time Equivalent) that will be employed in each position or group category. Explain when staff time does not add up to 100% and indicate when other funding will pay for time spent on DOE work.

Fringe

A federally-approved fringe benefit rate agreement, or a proposed rate supported and agreed upon by DOE for estimating purposes is required if reimbursement for fringe benefits is requested. If a fringe benefit rate has been negotiated with, or approved by, a federal government agency, a copy of the latest rate agreement must be included with this application. If there is not a current, federally-approved rate agreement negotiated and available, provide a copy of the rate proposal and an explanation why there is not an existing federally-approved rate agreement with the application. If DOE determines it will be the Grantee's cognizant Agency for a fringe rate agreement, the rate agreement will be finalized during award negotiations. Calculate the fringe rate and enter the total amount in Section B, line 6.b. ("Fringe Benefits") of form SF-424A.

Commented [KV1]: Clarified language

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IMPORTANT: If a Grantee is proposing a fringe rate, it must provide a complete explanation and the full calculations used to derive the total fringe costs. If the total fringe costs are a cumulative amount of more than one calculation or rate application, the explanation and calculations should identify all rates used, along with the base they were applied to (and how the base was derived), and a total for each (along with grand total). The rates and how they are applied should not be averaged to get one fringe rate.

Travel

DOE expects Grantees to budget adequate funds to allow key staff to participate in national and regional conferences, as well as participation on related planning committees, task forces, and other scheduled and related meetings. These meetings are considered high priorities, but DOE is aware that many Grantees have travel restrictions due to budgetary constraints or government policies that may prevent attendance at these important events. Funds for Grantee and Subgrantee travel are provided as part of the Weatherization grant award, and proper usage of these funds will be closely monitored by DOE to ensure compliance within the travel budgets included in the Grantees' Annual Plans. Additional travel may also be budgeted for in-state meetings, administrative, financial and technical monitoring of Subgrantees, etc. Please provide the number of travelers, estimated cost per traveler, duration of trip, and total cost per trip.

Proposed travel needs to clearly identify proposed activities and reflect sufficient resources. DOE recognizes that many events and activities may require more than one person from each state to cover the amount of new information being disseminated (e.g., a conference may have multiple tracks) and/or have sufficient expertise (e.g., a single staff person may not have the skills to adequately monitor technical functions and the administrative/financial elements).

Grantees should cite appropriate law, regulation or policy governing Grantee travel and, if an appropriate Grantee web link indicates per diems and process, indicate that in the narrative description.

Equipment

This category only covers equipment purchases at the Grantee level, not Subgrantee/vendor level. Vehicles and equipment means tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. A Grantee may use its own definition of vehicles and equipment provided that such definition would at least include all equipment defined above.

All proposed equipment should be identified, providing a basis of cost such as vendor quotes, catalog prices, prior invoices, etc., and briefly justifying its need. Also indicate whether the equipment is proposed to be used on other projects or is 100% dedicated to the DOE project.

Materials and Supplies

Supplies are generally defined as an item with an acquisition cost of less than $5,000 and in many, but not all situations, supplies have a useful life expectancy of less than one year. Supplies are generally consumed during the project performance. Further definitions can be found in 2 CFR 200.94.

Proposed supplies should be identified. Cost of the supplies should be supported by vendor quotes, catalog prices, prior invoices, etc. Justification for the supplies to meet objectives of the grant should also be provided. Note that supply costs identified as direct costs in the budget may not be duplicative

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of supply costs included in the indirect rate applied for this project.

Grantees who propose the same copier and same server each year create a perception that these items are placeholders as opposed to what the program truly needs and expects to acquire in the upcoming budget period. Therefore, if a Grantee has a rotating IT replacement type policy, provide supporting documentation as an attachment to the SF-424 Application and/or provide a web link to support the basis.

- *For Grantees with Subgrantees:* These are materials and supplies purchased for use *by* the Grantee *at* the Grantee level, and Grantees should make certain to update annually, based on program needs.
- *For direct service provider Grantees (tribes and some territories)*: This category will be different based on how the provider procures materials. Grantees that are direct service providers should consult with their DOE Project Officer to determine appropriate cost category.

Contractual

The Grantee must provide and justify all costs related to Subgrantees and vendors (including contractors, and consultants).

- **Subgrantees:** This is a single line item that refers to and is consistent with the Subgrantee Allocation table in Section IV.1 of the Annual File.
- **Vendors (includes contractors and consultants):** The Grantee must identify each training center, training contractor, other program delivery contracted services such as database development and management along with the proposed budget amount. Justification of vendor costs (in any amount) should include the purpose for the products or services and support for the estimated costs that is considered sufficient for DOE evaluation.

  If a vendor has not been selected, the vendor should be listed as To Be Determined (TBD). Please indicate if it is a single-year contract/purchase order, a continuation, an option year of a multiple year procurement effort or otherwise.

Other Direct Costs

Other direct costs include cost items required for the project which **do not** fit clearly into other categories and are **not** included in the indirect pool for which the indirect rate is being applied to this project. This category commonly covers rent, utilities, phones, postage, association memberships, subscriptions, etc. that are weatherization-specific direct charges to the award and that would not be appropriately categorized in other object class categories above. Include a justification for the cost such as vendor quotes, prior purchases of similar or like items, published price list, etc.

Grantees must include two specific statements as a part of the justification for all Other Direct Cost items:

- All costs included in Other Direct Costs are properly excluded from indirect costs to ensure there are not duplicate charges.
- All costs proposed are only being used in support of the WAP program.

Indirect Costs

Indirect costs are costs incurred for a common purpose, benefiting more than one program, and not readily allocable among individual programs based on their proportionate shares of benefits derived. An

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indirect rate agreement approved by another federal entity, or rate proposal supported and agreed to by DOE for estimating purposes, is required if reimbursement of indirect benefits is requested. If there is a federally approved indirect rate agreement, a copy must be provided with this application. If there is no current federally-approved indirect rate agreement or if the federally-approved indirect rate agreement has been changed or updated, a rate proposal and an explanation why there is not a federally-approved rate agreement must be included with the application. If DOE determines it will be the Grantee's cognizant Agency for an Indirect rate agreement, the rate agreement will be finalized during award negotiations. Calculate, in whole dollars, the indirect rate dollars using the approved rate and enter the total in the Section B., line 6.j. (Indirect Charges) of form SF-424A.

Commented [KV2]: Clarified language

> **IMPORTANT: Provide a complete explanation and the full calculations used to derive the total indirect costs. If the total indirect costs are a cumulative amount of more than one calculation or rate application, the explanation and calculations should identify all rates used, along with the base they were applied to (and how the base was derived), and a total for each (along with grand total). The rates and how they are applied should not be averaged to get one indirect cost percentage.**

III.4 Carryover Explanation

Other than the first year of a new award, the Grantee shall include an explanation of any estimated carryover amount by the budget categories (broken down by Grantee Administration, Grantee T&TA, Subgrantee Administration, Program Operations, Health and Safety, etc.) in which the funds are currently budgeted. The carryover explanation shall be provided in a separate spreadsheet or other document attached to the SF-424 Application in PAGE. See Table 2: Carryover Example for reference.

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IV. ANNUAL FILE

IV.1 Subgrantees

> Some Grantee State Plans repeatedly indicate an ACPU that closely correlates to the maximum $6500 (adjusted) DOE limitation. This reflects a minimum DOE production requirement for the year, which is then often divided up and local agency minimum production is estimated. Because the budget is also the basis for reviewing other aspects (such as proposed Health & Safety costs and number of completions requiring monitoring.) DOE would like to improve the quality of Grantees' production estimates. DOE has cause to question the planning acumen of Grantees (and subsequently, Subgrantees) that consistently exceed 150-200% of their production goal. Provide explanation if ACPU estimate is significantly different from the actual ACPU reported for the last Program Year. Project your total annual level of production to identify the necessary number of monitoring staff.

The Grantee must identify all Subgrantees that will carry out the Program. Up-to-date information required includes: name, address, DUNS number, contact person, type of organization (e.g., local action agency, non-profit, tribal organization, or unit of local government), tentative allocation, number of dwelling units (minimum one unit) expected to be weatherized during the program year, the sources of labor, and the congressional district(s) and counties served.

IV.2 Selection of Subgrantees

42 USC § 6864(b)(4) establishes the criteria for the selection of Subgrantees, requiring as follows:

> *(4) selected on the basis of public comment received during a public hearing conducted pursuant to section 415(b)(1) [42 USC § 6865(b)(1)], and other appropriate findings, community action agencies or other public or nonprofit entities to undertake the weatherization activities authorized by this title: Provided, Such selection shall be based on the agency's experience and performance in weatherization or housing renovation activities, experience in assisting low-income persons in the area to be served, and the capacity to undertake a timely and effective weatherization program: Provided further, That in making such selection preference shall be given to any community action agency or other public or nonprofit entity which has, or is currently administering, an effective program under this title or under title II of the Economic Opportunity Act of 1964.*

The program regulations, specifically 10 CFR 440.15, mirrors the statutory provision:

> **(a)** The Grantee shall ensure that:
>
> > **(1)** Each Subgrantee is a CAA or other public or nonprofit entity;
> > **(2)** Each Subgrantee is selected on the basis of public comment received during a public hearing conducted pursuant to § 440.14(a) and other appropriate findings regarding:
> >
> > > **(i)** The Subgrantee's experience and performance in weatherization or housing renovation activities;
> > > **(ii)** The Subgrantee's experience in assisting low-income persons in the area to be served; and

(iii) The Subgrantee's capacity to undertake a timely and effective weatherization program.

(3) In selecting a Subgrantee, preference is given to any CAA or other public or nonprofit entity which has, or is currently administering, an effective program under this part or under title II of the Economic Opportunity Act of 1964, with program effectiveness evaluated by consideration of factors including, but not necessarily limited to, the following:

(i) The extent to which the past or current program achieved or is achieving weatherization goals in a timely fashion;

(ii) The quality of work performed by the Subgrantee;

(iii) The number, qualifications, and experience of the staff members of the Subgrantee; and

(iv) The ability of the Subgrantee to secure volunteers, training participants, public service employment workers, and other Federal or State training programs.

Should a Grantee choose to hold a competitive process to determine Subgrantees, and an existing Subgrantee applies, meets the requirements of the statute and regulations, and is providing effective service, it must be included as a Subgrantee in the State Plan. Effectiveness shall be determined based on the above-referenced criteria, and the testimony received at a public hearing.

Should the Grantee determine it will conduct a competitive process in PY19, it must include that plan in its PY18 Application. See § V.8.

Grantees are reminded that Subgrantees and any subcontracting agencies must check the excluded parties listing for their subawards in the System for Awards Management (SAM). Please refer to the ALRD, Registration/Submission Requirements, item 2 for additional information.

IV.3 Production Schedule

This section must include the total number of dwelling units proposed to be weatherized under the program rule with grant funds during the budget period for which assistance is to be awarded and with the tentative allocation to the Grantee. A completed production schedule will satisfy this requirement. The form to be used for specifying the production schedule is included as part of the Annual File in PAGE.

Grantees need to determine an ACPU that correlates with their actual production reporting. The production schedule has space to calculate the average cost per dwelling unit for program operations, per 10 CFR 440.14(c)(6)(viii).

IV.4 Energy Savings

Applicants shall provide an estimate of the amount of energy to be conserved, pursuant to 10 CFR 440.14(c)(4). Grantees must indicate the methodology used to determine the energy savings. No explanation is necessary when using the DOE Algorithm and therefore, nothing should be entered in the narrative box (leave the narrative box blank). The only time information should be in the narrative box is when the Grantee is explaining a method other than the DOE energy saving algorithm.

- DOE Algorithm
- Other (describe as outlined below) **DOE Algorithm:**

For Grantees that have not developed a methodology for computing energy savings, applicants can use the following formula:

Table 4: DOE Algorithm		
DOE Program	Amount	Line
Total DOE State Weatherization Allocation		(a)
Total Cost associated with Administration, T&TA, Financial and Energy Audits or 15% of allocation		(b)
Subtract the amount entered in line (b) from line (a), for a total Federal (DOE) funds available to weatherize homes		(c)
State Average Cost per Unit or National WAP Program Year Average Cost per Unit		(d)
Divide the amount entered on line (c) by the amount entered on line (d), for Total Estimated Homes to be Weatherized		(e)
Multiply (e) by 29.3 MBTU* for Total Annual Estimated Energy Savings resulting from DOE appropriated funds		(f)
All Funding Sources		
Total funds (e.g., DOE WAP, State, Leveraged, LIHEAP, and other non-Federal sources of funds) used by the Grantee to weatherize homes		(g)
Total cost associated with the administration of Weatherization funds or 15% of total funds available to weatherize homes		(h)
Subtract the amount entered in line (h) from line (g), for total funds available to weatherize homes		(i)
State Average Cost per Unit or National WAP Program Year Average Cost per Unit		(j)
Divide the amount entered on line (i) by the amount entered on line (j), for Total Estimated Homes to be		(k)
Multiply (k) by 29.3 MBTU* for Total Annual Estimated Energy Savings resulting from all funding sources		(l)

The most recently published evaluation of the Weatherization Assistance Program, specifically the report "Weatherization Works – Summary of Findings from the Retrospective Evaluation of the U.S. Department of Energy's Weatherization Assistance Program", ORNL/TM-2014/338, estimates annual savings of 29.3 MBtu (million British thermal units) per year for natural gas heated homes. The study includes site-built weatherized homes nationwide (which includes single-family homes and buildings with 1-4 units, but excludes mobile homes and large multifamily). This value is representative of the total energy savings expected from weatherization for an average house: from the fuel used for space heating fuel (natural gas, propane, fuel oil, and electricity), which may include water heating, and the source value of the electricity savings for the house (from space heating, space cooling, water heating, lighting, refrigerators, etc.)

Using Other Weatherization Savings Methodologies:

The estimate and the methodology used to project energy savings shall be clearly explained including the information sources for energy savings per unit. Applicants shall also quantify how much energy was saved in the preceding program year and compare it to the estimate given last year.

DOE continues to encourage Grantees to proceed with statewide Grantee evaluations. Grantees undertaking such an evaluation are requested to coordinate their plans with DOE so the information may be shared to gain maximum results. Technical assistance is available to Grantees through DOE to help with the design and analysis plans for Grantee evaluation studies. DOE published the report, "Estimating the National Effects of the U.S. Department of Energy's Weatherization Assistance Program with State-Level Data: A Meta-Evaluation Using Studies from 1993 to 2005." The individual evaluations conducted by the Grantees were critical to this effort. Also, DOE completed a non-energy benefits study. Both of these documents can be accessed on the ORNL website.

IV.5 DOE-Funded Leveraging Activities

In 1990, SEEPIA encouraged weatherization to consider an optional activity that may be undertaken within the award.

Leveraging Partnership Development and Management: 10 CFR 440.14(c)(6)(xiv) requires that Grantees provide the amount of Federal funds to be budgeted and an explanation of how they will be used to leverage increased amounts of weatherization assistance to low-income clients. Leveraging means the obtaining by a state of additional program-targeted non-Federal cash or in-kind contributions as a result of the Weatherization Program-funded activities. Up to 15% of the annual formula DOE allocation may be proposed for leveraging and the application will still be eligible for the typical DOE review. Applicants requesting a percentage *higher* than 15% will undergo secondary review. Grantees may be required to provide more justification and documentation to satisfy the more in depth review process. When the proposed costs are anything more than incidental and beyond the capacity of the Grantee Administration category to cover within its 5% budget limitation, then a new budget category (column) is created in the budget and those costs need to be tracked separately.

Grantees shall provide an explanation of how these funds will be used to obtain non-Federal resources, how funds leveraged will be used to support the DOE Weatherization Program, the leveraging effect of those funds, and the rationale for the amount of funds being used.

When using DOE funds, those funds must be used to obtain non-Federal resources to increase the number of low-income homes weatherized, and/or increase the scope or type of services provided to low-income homes. Grantees are encouraged to generate at least one non-Federal leveraging dollar for every DOE dollar expended. Grantees shall provide annual reports to DOE describing training, technical assistance, monitoring, and leveraging activities that have occurred in the previous year.

DOE realizes generating new leveraging resources is not always immediately successful. The Grantee, as well as the DOE Project Officer, should review past performance and determine after some reasonable period if the lost opportunity of weatherizing additional homes with the DOE funds outweighs the continued budgeting and spending towards unsuccessful leveraging efforts.

Leveraging Funds Implementation: In some limited cases, a Grantee may want to consider including the actual leveraging funds as part of the DOE grant to access additional Grantee administration resources. Although allowable, most Grantees carefully weigh the additional responsibilities, reporting, constraints and DOE oversight and prefer to operate the leveraged funds as an activity outside the DOE grant budget.

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DOE is aware that reporting may be difficult where multiple sources of funds are used to weatherize a unit or a complicated leveraging agreement has been reached with non-Federal partners. To assist Grantees and Subgrantees in determining what a DOE weatherized unit is, DOE offers the following definition. **A DOE Weatherized unit is: A dwelling on which a DOE-approved energy audit or priority list has been applied and weatherization work has been completed. As funds allow, the DOE measures installed on this unit have a Savings-to-Investment Ratio (SIR) of 1.0 or greater, but also may include any necessary energy-related health and safety measures.** The use of DOE funds on this unit may include, but are not limited to auditing, testing, measure installation, inspection, use of DOE equipment and/or vehicles, or if DOE provides the training and/or administrative funds. Therefore, a dwelling unit that meets both the definition of a DOE weatherized unit and has **DOE funds used directly on it must be counted as a DOE completed unit.**

IV.6 Policy Advisory Council

A Policy Advisory Council (PAC) shall be established in accordance with 10 CFR 440.17. The regulations reflect DOE's intentions to offer Grantees some flexibility in the area of the PAC. In order to change the PAC to a council or commission, the Grantee must show cause to DOE that the current PAC is either non-existent or is not functioning as outlined in 10 CFR 440.17 of the Program regulations. DOE does not intend, nor does it mean to imply, that the Grantee has the discretionary authority to eliminate and replace the PAC without due process or cause.

Any Grantee who desires to substitute a Grantee council or commission for a PAC, must address this issue as a part of the public hearing held regarding the annual State Plan. The DOE Project Officer will make the final determination regarding this request as a part of the review of the application and State Plan.

Also, the requirement remains that any person(s) employed in any Grantee Weatherization Program can be a member of an existing commission or council, but has to abstain in reviewing and approving the activities associated with the DOE Weatherization Assistance Program. This requirement to abstain only pertains to Grantee-level PAC members.

Provide the following details within the chart in PAGE (or in an attachment) when completing the PAC section:

- Name of each person on the PAC
- Complete up-to-date contact information for each PAC member
- Name and the type of organization they represent (interests such as low-income, elderly, persons with disabilities, Native Americans, utilities, etc.)
- Minutes from required PAC meetings related to the development of and comment on the State Plan.

IV.7 Hearings and Transcripts

DOE reminds Grantees that pursuant to 10 CFR 440.14(a) before submitting an application to DOE, a Grantee must provide **a minimum of 10 days' notice** of a hearing to inform prospective Subgrantees of how they may obtain a copy of the proposed State Plan and must conduct one or more public hearings

to receive comments (verbal or written) on the proposed plan.

Historically, the notice has appeared in print publications. Given recent innovations in technology, Grantees may use a Grantee-approved alternative electronic public notification process that is used by other Federally-funded Grantee programs, provided it is also approved by the DOE Project Officer in advance.

As part of the Hearings and Transcripts submission, the Grantee must identify how the notice was provided to the prospective Subgrantees and public (e.g., a list of publications, publisher's affidavit when available, and/or copy of the notice(s) may be attached to the SF-424 Application in PAGE), including proof of evidence of a minimum of 10 days' notice and availability of the draft State Plan. DOE Project Officers will review the notice to ensure Grantee compliance in notifying the public of where/how to obtain copies of the Plan. Most Grantees, States, and Territories have laws governing the conduct of public hearings. If applicable, those laws and requirements must be followed as well.

DOE strongly encourages the notice to include a summary or highlights of the proposed changes from the previous year's Plan. The summary should also include any changes being proposed in geographical services (e.g., how the Grantee may serve the entire state but on a rotating basis), consolidation or rebidding of network providers, credentialing or training requirements, etc. Providing this information in advance will improve communication between the Grantee and Subgrantees and other interested parties and minimize disputes that may arise at the hearing. Whenever possible, DOE would like to be informed in advance of significant proposed program changes or issues of a contentious nature that will be addressed at the hearing. DOE continues to encourage states to have a continual dialogue with subgrantees either through regular meetings or PAC meetings that are open to subgrantees. This will permit states to better develop program improvements that will improve program delivery and outcomes.

Beginning in PY 2017, DOE required that Grantees which utilize one or more Subgrantees to provide an official transcript of the public hearing. Additionally, DOE considers submitting a recording of a public hearing as a best practice, particularly if the hearing is anticipated to propose significant program changes or be contentious.

The Grantee shall attach an official transcript from the hearing and the link to the recording to the SF-424 Application in PAGE. The DOE Project Officer will review the minutes of the public hearing(s) on the annual Grantee Plan to determine that all issues are properly addressed by the Grantee prior to approval of the final Grantee plan. If an official transcript is under development, Grantee should attach notes to the SF-424 application in PAGE to inform DOE of any issues raised and how the Grantee will address these issues. The official transcript should then be forwarded to the DOE Project Officer upon completion.

Grantees should be aware that if significant program changes are made after the initial public hearing(s), an additional hearing may be required. **DOE encourages the inclusion of a redistribution provision in the Plan to enable the Grantee to actively manage the grant and move funds as necessary to fully expend the monies during the budget period.** Vetting this redistribution provision during the initial public hearing may negate the necessity of performing subsequent hearings as long as the prescribed process for the redistribution of funding in the DOE approved plan is followed.

IV.8 Miscellaneous

This section is available for Grantees to use as appropriate for any activities that are not routinely

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administered as part of the Weatherization Assistance Program or there is no other section of the annual file specifically noted to describe the activities.

Recipient Business Officer and Recipient Principal Investigator

In the Annual File, at the beginning of the "Miscellaneous" Section, please identify the name, email address, and phone number for the "Recipient Business Officer" and "Recipient Principal Investigator", as defined below. These personnel are the official Recipient points of contact that will be identified in the Assistance Agreement, which is the authorizing award document issued by the Contracting Officer. If the designated Recipient Business Officer or Recipient Principal Investigator changes during the project period of performance, it is incumbent upon the Grantee to notify the DOE Grants Management Specialist and DOE Project Officer assigned to your award.

"Recipient Business Officer" is the representative authorized to act on behalf of the Grantee to negotiate the award. All DOE official correspondence related to the award will be addressed to the Recipient Business Officer.

"Recipient Principal Investigator" is the technical representative authorized to act on behalf of the Grantee as project manager for the award. The Recipient Principal Investigator is the prime point of contact for the DOE Project Officer during the project period of performance and will receive a copy of all DOE official correspondence related to the award.

V. MASTER FILE

V.1 Eligibility

Every dwelling weatherized must meet both the client eligibility ***and*** the building eligibility requirements.

V.1.1 Approach to Determining Client Eligibility

The definition of "low income" that the state has chosen for use statewide to determine eligibility under 10 CFR 440.22(a) must be stated per §440.14(c)(6)(xii). Applicants should briefly describe their procedures, in accordance with §440.16(a), to ensure that no dwelling unit is weatherized without documentation that the unit is an eligible dwelling unit (providing a copy of the link to a Policy and Procedures Manual may satisfy this requirement).

Income Verification

In determining what eligibility level will be used in its program, the Grantee must verify eligibility for weatherization assistance under this part. Per 10 CFR 440.22 Eligible dwelling units, the dwelling unit is eligible for assistance if it is occupied by a family unit:

- Whose income is at or below 200 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, except that the Secretary may establish a higher level if the Secretary, after consulting with the Secretary of Agriculture and the Secretary of Health and Human Services, determines that such a higher level is necessary to carry out the purposes of this part and is consistent with the eligibility criteria established for the weatherization program under Section 222(a)(12) of the Economic Opportunity Act of 1964; Pub. L. No. 88-452, 42 U.S.C. § 2701 *et seq*;

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- To Grantees, DOE distributes *Poverty Income Guidelines and Definition of Income*. This document includes a revised definition of income for use by Grantees and Subgrantees in their programs. The revisions in this document include defining income, cash receipts, exclusions, proving eligibility, child support, annualizing income, and re-certification.
- Grantees and Subgrantees are reminded that the supporting documentation for applicants applying for weatherization must have their eligibility documentation updated at least annually even if they are on a waiting list.

- Which contains a member who has received cash assistance payments during the preceding twelve month-period under Titles IV and XVI of the Social Security Act, Pub.L. No. 88-452, 42 U.S.C. § 2701 et seq. or applicable State or local law; or
- If a Grantee elects, is eligible for assistance under the Low Income Home Energy Assistance Act of 1981, provided that the income eligibility level is at least 200 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget. If the Grantee uses LIHEAP intake and the income eligibility is less than 200% of poverty, then the Grantee must have some other mechanism in place to accept and process WAP applications for those that either 1) do not qualify for LIHEAP, but are still at or below 200% of poverty, or 2) for those that choose not to apply for LIHEAP, but still want WAP services.

Income limits chosen may not be arbitrarily lowered by Grantee for parts of the Grantee service territory. The specific criteria above must be used; follow it carefully when stating the criteria in the Master File. The Master File must clearly state that application eligibility expires 12 months from certification date if work on dwelling unit (energy audit) has not been initiated.

Qualified Aliens Eligibility for Benefits

Grantees are directed to review guidance provided by Health and Human Services (HHS) under the Low Income Home Energy Assistance Program (LIHEAP).

Grantee must submit any policies or procedures in place to ensure DOE weatherization services shall only be provided to eligible populations.

V.1.2 Approach to Determining Building Eligibility

Procedures to determine that units weatherized have eligibility documentation (Box 1)
Grantee should describe what dwelling structures are eligible for weatherization and then the procedures how each dwelling (and corresponding units) are determined to be eligible based on:

- Owner documentation
- Income documentation for renters
- Multifamily eligibility and rental units descriptions should be covered under the Rental section.

Reweatherization (Box 2)

Grantees and Subgrantees may weatherize homes previously weatherized from September 30, 1994, and earlier, per 10 CFR 6865(c)(2). This provision gives Grantees the flexibility to revisit those homes weatherized prior to 1994 that may not have received the full complement of Weatherization services, including the use of an advanced energy audit or addressing health and safety concerns. This section must include the specific process for tracking homes previously weatherized since September 30, 1994

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to ensure that these units are not re-weatherized with DOE funds.

DOE issued WPN 12-7 to address Disaster Planning and Relief, which provides a framework for re-weatherization of homes to occur on October 1, 1994 or later due to natural disasters. Please refer to WPN 12-7 and follow appropriate procedures if the Grantee wishes to serve homes located in disaster areas.

NOTE: The term "Re-weatherization" applies only to those units which fall into the timeframe indicated above and described under 10 CFR §440.18(e)(2)(iii).

Eligible Structures (Box 3)

Grantees should exercise caution in dealing with non-traditional dwelling units such as shelters, apartments over businesses, etc. to ensure they meet Program regulations on whether the unit is, in fact, eligible. Weatherizing these types of units should be discussed with, and if necessary, approved by, the DOE Project Officer prior to weatherization.

The weatherization of non-stationary campers and trailers that do not have a mailing address associated with the eligible applicants is not allowed. The use of a post office box for a non-stationary campers or trailers does not meet this requirement.

Please use the State Historic Preservation Office (SHPO) Programmatic Agreement (PA) information. Alternatively, States without SHPO agreements should include the agreement that has been created with the State.

Rental Units

Applicants shall include an explanation for how they will ensure that the benefits of weatherization to occupants of rental units are protected in accordance with §440.22(b)(3) in this section. Applicants should satisfy this requirement by developing and submitting rental plans or procedures that address protection of renters' rights as specified in §440.22(b)(3) and §440.22(c)-(e).

Whether single-family or multifamily, the Grantee's procedures for rental unit or rental units shall ensure that:

- Written permission of the building owner or his/her agent before commencing work.
- Benefits of the services accrue primarily to the low-income tenants residing in such units.
- For a reasonable period of time after completion, the household will not be subjected to rent increases (unless those increases are demonstrably related to other matters other than the weatherization work performed).
    - There are adequate procedures whereby the Grantee can receive tenant complaints and owners can appeal, should rental increases occur.
- No undue or excessive enhancement shall occur to the value of the dwelling unit.

Grantees should include in this section how the conditions above are being enforced by their Subgrantee network.

To secure the federal investment and to address issues of eviction from and sale of property, per 10 CFR 440.22(c), Grantees may seek landlord agreement or placement of a lien (or other contractual

restrictions) upon the property being weatherized.
In the case of multifamily buildings, additional elements of the procedure should include:

- Requirement of financial participation, when feasible, from owners of such buildings, and
- Explanation of Grantee plan for weatherization of MF buildings with 50% income eligible units.

Certain buildings containing rental units may comply with the income eligibility requirements when 50 percent of those dwelling units are eligible dwelling units rather than the established 66 percent identified in the regulation. (10 CFR§440.22(b)(2)). The buildings that are subject to the 50 percent threshold are duplexes, four-unit buildings, and certain eligible types of large multifamily buildings. In the final rule published on December 8, 2000, DOE provided guidance on what types of large multifamily buildings may be subject to the 50 percent threshold. (65 Fed. Reg. 77210, Dec. 8, 2000.).

DOE has determined that "certain eligible types of large multifamily buildings" are those buildings for which an investment of DOE funds would result in a significant energy-efficiency improvement because of the upgrades to equipment, energy systems, common space, or the building shell. (Id. at 77215) By providing this flexibility, Subgrantees are better able to select the most cost-effective investments and enhance their partnership efforts in attracting leveraged funds and/or landlord contributions. This flexibility does not apply to any other type of multifamily unit. Questions on whether a building meets the criteria should be directed to the DOE Project Officer.

The definition of "significant energy improvement" is based on specific criteria for the building in question. This must be assessed using existing conditions to determine the threshold to achieve significant energy improvements. Grantees should consult with their DOE Project Officer if there are questions related to this threshold.

NOTE: Grantee and Subgrantee agencies should exercise caution when utilizing flexibility in this area. The key is the investment of DOE funds coupled with leveraged resources, which result in significant energy savings. Absent this investment, lowering the eligibility to 50% may lead to disallowed costs. Subgrantees who are uncertain on a given multifamily project should seek approval by the DOE Project Officer through their Grantee Weatherization Program Manager.

On May 5, 2016, DOE issued WPN 16-5 Multifamily Weatherization and WPN 16-6 Weatherization of Rental Units. Grantees should refer to those program notices for up-to-date guidance.

Deferral/Referral

While clients may meet the eligibility requirements, it is important for Grantees to have clear and concise directions for the Subgrantees when a building should be deferred because the building is not a good candidate for weatherization. Provide a copy of these requirements. Examples may include:

- Condition of the structure (building integrity/inability to practically or effectively weatherize).
- The area is slated to be redeveloped (highway development, economic development, flood area).
- Health and safety reasons for deferring services.
- Specifics on how clients are notified of deferral. DOE strongly encourages Grantees to have a comprehensive deferral/referral plan that covers all potential issues (health and safety,

behavioral, safety, other items). DOE also encourages Grantees to provide guidance time limits in place before requalifying clients for the program becomes necessary.

- Template for tracking deferral/referrals.

V.1.3 Definition of Children

The definition of "children," chosen by the Grantee and consistent with 10 CFR 440.3, that the state has chosen shall be provided as required by 10 CFR 440.14(c)(6)(xiii). The selection of age in the plan becomes the basis used for reporting. Grantees are reminded that there should be consistency with regard to age qualification.

V.1.4 Approach to Tribal Organizations

Applicants shall include a statement, in accordance with 10 CFR 440.16(f), that low-income members of an Indian tribe will receive benefits equivalent to the assistance provided to other low-income persons within the state unless the applicant has made the recommendation provided in 10 CFR 440.12(b)(5). In such a case, the applicant shall provide a recommendation that a tribal organization be treated as a local applicant eligible to submit an application pursuant to 10 CFR 440.13(b).

V.2 Selection of Areas to be Served

Applicants shall provide, per 10 CFR 440.14(c)(6)(ii), an explanation of the method used to select each area to be served by a weatherization project.

V.3 Priorities

Grantees shall clearly describe procedures for any priorities given to certain portions of the eligible population in receiving weatherization assistance. Specifically, as required by 10 CFR 440.16(b), Grantees must define the criteria used by it and Subgrantees to prioritize clients for weatherization service. Grantees must develop criteria to ensure that the following applicant priority categories are addressed. Grantees have flexibility to determine how to prioritize these areas:

- High residential energy users, and
- Households with a high-energy burden.
- Elderly persons,
- Persons with disabilities,
- Families with children,

The categories listed are the **only** allowable priorities for the DOE WAP. Grantees are also expected to describe how applicants are drawn from a waiting list if they choose, given that all applicants are required to re-verify for the program annually and thus the applications are no older than one year. The first consideration must be by priority category. Grantees then may choose to use oldest application certification date for positioning applicants within the same allowable priority category. The timing of service to an applicant that is in a priority category may be set so services can be coordinated with another funding source.

Consideration of “high residential energy users” and “households with a high energy burden” (as defined in 10 CFR 440.3) may be in combination with other priority categories of elderly, persons with disabilities, or families with children. The consideration of “high residential energy users” and “households with a high-energy burden” allows Grantees and Subgrantees to be better able to partner

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with utilities and other programs to leverage additional resources into their programs. If a Grantee elects to use either of these categories, these should be submitted in Quarterly Program Reporting (QPR), including how they define high energy burden or high energy user (e.g., utility data, algorithm, etc.).

Housing type is not a recognized priority under the regulations, and use of housing type as a priority may be contrary to the requirement for high residential energy users to be considered as a priority in evaluating service delivery ranking of eligible households. Grantees and Subgrantees may not discriminate due to the type of home where the low-income family lives. All other issues related to eligibility still apply.

V.4 Climatic Conditions

In this section, applicants must describe the climatic conditions within the state, including a map or table showing the heating degree days and cooling degree days (if cooling measures are considered) in each area served by a weatherization project. Climate data in units other than heating and cooling degree days may be provided if desired. Sources of climate data are to be listed. A brief explanation shall be given of how climatic variances within the state affect the weatherization of eligible units (e.g., site-specific client files used in computerized energy audits).

V.5 Type of Weatherization Work to be Done

V.5.1 Technical Guides and Materials

All technical guides (for all single-family, mobile homes, and multifamily buildings, as applicable) and materials must meet the specifications, objectives and desired outcomes outlined in the Standard Work Specifications for Home Energy Upgrades (SWS) (refer to WPN 15-4, Section 1, for additional details). These documents shall include field guides, and may include program updates, procedures manuals, standards documents, etc.

- Grantees will provide an electronic link to, or an electronic copy of, their current, DOE approved field guides and/or standards for single-family, mobile homes, and multifamily buildings, as applicable.
- Grantees must provide DOE with documentation confirming that these materials have been received by all Subgrantee agencies and direct-hire contractors. Grantees are encouraged to provide an electronic link to, or electronic copy of, any other relevant program guidance materials that are provided to Subgrantees by the Grantee.

Provide a statement that all Subgrantee agreements and vendor contracts, will **contain language which clearly documents the SWS specifications for work quality outlined in WPN 15-4, Section 2.** Grantee must include a statement declaring all work is being performed in accordance to the DOE-approved energy audit procedures and 10 CFR 440 Appendix A. All materials that are approved for use that are not included in Appendix A must be listed in this section. **Grantees must provide language to be included in Subgrantee contracts that outlines the expectations for work quality and instructs the Subgrantee to include these expectations in any contracts entered into with contractors and vendors.**

- Grantees must ensure that all Weatherization activities not included in the list of Categorical Exclusion activities in Section 2.6 of WPN 18-1 require an Environmental Questionnaire (EQ)-1 submission for review.

V.5.2 Energy Audit Procedures

In accordance with 10 CFR 440.21(i), all Grantees must resubmit their audit procedures (and priority list(s), if applicable) to DOE for approval every five years. If the Grantee audit procedures (and priority lists(s)) are not in compliance with this requirement, a corrective action plan must be submitted with this grant application. Grantees should be aware of the time-consuming nature of resubmitting audit procedures and DOE approval process. Grantees must allow time for the development/approval process and field training for updated procedures so the revised procedures are implemented prior to the five-year expiration date. At minimum, the Grantee must provide a statement in the State Plan indicating commitment to comply with this requirement. DOE specifically requires energy audit procedures to be separately developed and approved for use on single-family dwelling housing type and manufactured home housing type. Detailed guidance is provided in WPN 16-8, Revised Energy Audit Procedures and Other Audit Related Issues.

Single Family

Grantee must provide a date of last approval for both the energy audit process and priority list(s), if applicable, including H&S protocols. **If re-approval is required within this PY, Grantee should identify in the comment box what steps it is taking to obtain re-approval including milestones and a timeline, and the estimated date of submission.**

Manufactured Housing

Grantee must provide the date of the last approval for both the audit tool and priority list(s), if applicable. **If re-approval is within this PY, Grantee should identify in the comment box what steps it is taking to obtain re-approval including milestones and a timeline, and the estimated date of submission.**

Multifamily

Where multifamily dwelling units represent more than 20% of a Grantee's reported completed units, DOE requires the Grantee to submit multifamily audit procedures. For Grantees that fall below the 20% threshold and do not have a DOE-approved audit and procedures for multifamily buildings, a Grantee must take two actions:

- Describe in the State Plan the approach that will be taken to ensure that the eligible occupants of multifamily dwellings receive appropriate, cost-effective weatherization services.
- At the time a MF project is considered, the Grantee must submit to the DOE Project Officer the necessary material to approve the multifamily project prior to commencing weatherizing the building (e.g., engineering assessment, audit input/output). The DOE Project Officer will review and approve the project(s) on a case-by-case basis in the absence of a multifamily energy audit.

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If a Grantee has a multifamily protocol approved, the Grantee should provide the date of last approval. If the Grantee does not have a multi-protocol approved, please estimate in the comment box what % of the units the Grantee weatherizes are multifamily, describe what approach the Grantee will take to ensure this housing stock is served, and provide a statement to verify the Grantee understanding of process to be followed to have projects approved on a case-by-case basis.

V.5.3 Final Inspection

Grantees shall describe their procedures to ensure that no dwelling unit is reported to DOE as completed until all weatherization measures have been installed and the Subgrantee, or its authorized representative, has performed final Quality Control Inspection (QCI)/Technical Monitoring including any mechanical work performed and certified that the work has been completed in a workmanlike manner and in accordance with the priority determined by the audit procedures required by 10 CFR 440.21.

Grantees must ensure that all Subgrantee final inspections for completions are performed by certified Quality Control Inspectors as outlined in WPN 15-4 and as stated in the DOE approved written Grantee Quality Control Inspection Policy.

- Grantees will provide a copy of relevant policies and procedures that will govern the quality control inspection process in accordance with WPN 15-4, Section 3 and outline disciplinary actions for inadequate inspection practices. This should include a description of how the inspector is related to the work being done on the home (i.e. did they also audit the home or are they an independent third-party?) as well as the percentage of homes that will be included in the Grantee monitoring process.
- Grantees will provide copies of the inspection forms that will be used by Grantee monitors to ensure that work is completed in accordance with the work quality requirements outlined in WPN 15-4, Section 1.

V.6 Weatherization Analysis of Effectiveness

An analysis must be provided by the Grantee, per 10 CFR 440.14(c)(6)(i), of the existence and effectiveness of any weatherization project being carried out by the Subgrantee(s). This analysis may include analyses that are done on an annual basis but may also include special analyses that are conducted based on current events. Describe Grantee plans for analysis of effectiveness activities during this program year and beyond. Examples of any one activity DOE would be interested in include the following:

- How the effectiveness of Subgrantee weatherization is assessed?
- How the comparisons are used in the development of T&TA activities and priorities?
- How the training needs are being assessed.
- How the Grantee is incorporating monitoring feedback?
- What the Grantee is doing to be on a path of continuous improvement?
- How the Grantee is tracking Subgrantee performance reviews?
- If a Subgrantee has failed final inspections, how are things improving?
- If a Subgrantee has management findings or concerns cited as a result of Grantee monitoring or audit proceedings, how are things improving?
- What are the management mechanisms being put in place this year to affect improvement?
- Are there technical and financial systems that have been reviewed?
- What has the Grantee done in the area of market analysis to ensure particular measures are being

costed accurately?

V.7 Health and Safety (H&S)

The final rule, published March 4, 1993, revised the purpose and scope of the Weatherization Assistance Program to improve the health and safety of low-income persons served by the Program, especially those that are particularly vulnerable such as the elderly, persons with disabilities, and children. Health and safety appears in three sections of the regulations 10 CFR 440.16, 440.18 and 440.21. The Health and Safety Plan may be a separate attachment to the SF-424 in PAGE.

DOE highly recommends in developing the Plan, Grantees use the Health and Safety template located on the EERE website, which is updated periodically. It may be difficult to address all required elements in the H&S Plan without following the template. In addition to addressing all elements contained in the table of Weatherization Program Notice 17-7, Grantees should make specific note any items that are being removed (or conditionally removed) from the Health and Safety category and instead, meet the definition of Incidental Repair Measures (IRM) in WPN 12-9 and will be charged as IRMs.

Grantee H&S Plan will also include any other Health and Safety related policies or procedures including:

- Intake procedures (e.g., capturing pre-existing occupant health conditions).
- Deferral policies due to Health and Safety reasons (e.g., client notification, list of measures, appeal process, how Grantee refers client to other sources).
- An expression of the H&S cost limit as a percent of the ACPU.
- Details on training plans for H&S issues including continued training on ASHRAE 62.2-2016.

V.8 Program Management

V.8.1 Overview and Organization

Applicants shall provide a brief description of the Grantee organization that operates the Weatherization Program. The description shall illustrate how weatherization activities are structured within the organization, the organization of the Weatherization office (program managers, monitors, admin, etc.), and show the relationship of the weatherization organization to other units of the state government (e.g., whether or not the agency operating the Weatherization Assistance Program is also responsible for the State Energy Program, LIHEAP, other housing programs, etc.).

If an Applicant intends to conduct a competitive process to select Subgrantees in the following program year, it must describe (1) the activities it intends to undertake during this program year to develop the competitive solicitation, (2) the criteria that will be used to determine whether or not a current Subgrantee is providing effective service; and, (3) a timeline for the competitive selection process. The Applicant shall provide a copy of any Request for Proposal or similar document to DOE for review prior to release.

If applicable, applicants may also reference in this section any manuals that are relevant to the Weatherization Assistance Program operations in this section.

V.8.2 Administrative Expenditure Limits

Under 10 CFR 440.18(d), not more than 10% of any grant made to a state may be used by the Grantee

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and Subgrantees for administrative purposes -- no more than 5% may be used by the state, and not less than 5% must be made available to Subgrantees. However, a state may provide up to an additional 5%

Background on Administrative Expenditures

The impact of the 10 percent statutory and regulatory limit on administrative costs has long been a difficult issue for Subgrantees, particularly small Subgrantees in the management of their Weatherization programs. It is also a concern of small Grantees that have been added to the Program in recent years, and Grantees that have no Subgrantees and are limited to 5 percent on administrative costs. Beginning with the 1985 Annual Grant Guidance to the Grantees, DOE identified instances where certain administrative functions could be charged to the program operations category and encouraged Grantees to permit their Subgrantees to incorporate these changes. Additionally, the current regulations include a provision to allow Subgrantees with grants of less than $350,000 to be permitted to use up to an additional 5 percent of its subgrant for administrative costs. DOE will continue to rely on the program guidance documents still in effect since their issuance in their early 1980's. The Weatherization authorizing legislation and the Weatherization Program regulations, 10 CFR Part 440, do not specifically define allowable administrative costs. DOE expects consistency in the implementation of program costs, particularly in how the Grantee defines these costs and how they will be charged to either administration or program operations.

Certain opportunities for flexibility were identified for Grantees and Subgrantees through Program Guidance. The four separate memoranda provide the only flexibility on charging administrative costs. Copies of these guidance documents can be found on the WAPTAC website. Included in these memoranda is House Report 98-886, which accompanied the 1985 Appropriations Bill and provided DOE with the original authority to provide relief for Subgrantees on the issue of administrative costs.

Program Guidance in this area is not mandatory for Grantees. However, the fact that the flexibility offered in these memoranda are not consistent with the requirements of a 2 CFR 200 Subpart F-compliant audit does cause concern when an independent financial audit of the Program is conducted. An auditor would note discrepancies in program operations costs that would normally be charged as traditional administrative costs. DOE will attempt to address this issue through future training addressing how Grantees can best assure that the flexibility offered by DOE is understood, applied uniformly, and should not result in an audit finding.

to Subgrantees receiving grants of less than $350,000 of new DOE money. In other words, a state may make available up to 10% to certain, qualified Subgrantees. In these special cases, a total of up to 15% of the grant would be allowable for administrative purposes. Should the state elect this option, applicants must describe the procedures used by the Grantee for approval to provide additional administrative funds to qualified Subgrantees as specified in 10 CFR 440.18(d).

V.8.3 Monitoring Activities

Grantees shall follow WPN 16-4 in filling out the monitoring section. This section must be specific to the current program year monitoring activities.

- Indicate the staff dedicated to the monitoring effort and identify whether they are technical or administrative monitors. Include credentials of monitors (e.g., certifications).
- Grantees must indicate if these staff members are paid for out of the Grantee administration or T&TA budget category (if T&TA, include the percentage of funds directed toward this effort).
- Grantees must ensure that all Subgrantee final inspections, as well as Grantee technical monitoring, are performed by certified Quality Control Inspectors as outlined in WPN 15-4, Section 3 and as stated in the DOE Grantee Quality Control Inspection Policy.
- Grantees must describe and provide their monitoring schedule in detail indicating not only frequency of visits, but also a tentative schedule on when these visits may occur in the current program year.
    - The plan for Grantee administrative/fiscal monitoring must include an annual monitoring of each Subgrantee, describe what the monitoring entails, the potential Subgrantee monitoring schedule, and a resolution strategy if issues are identified.
    - The plan for Grantee technical monitoring of each Subgrantee will indicate the frequency/number of units to be monitored, whether units in progress are monitored, the specifics of the monitoring activity (file review/in unit/etc.), and identify a resolution strategy if issues are identified and units have already been reported as completed.
    - Grantees must provide the procedures followed in addressing Subgrantee corrective actions and the process Grantees follow for the discipline and/or removal of a Subgrantee from the Program.

V.8.4 Training and Technical Assistance (T&TA)

Applicants shall indicate the methods used to provide T&TA to Subgrantees, and the methods employed to ensure quality of work and adequate financial management control at the Subgrantee level. While the overall approach to training, technical assistance, and monitoring may be constant, budgets and activities may change from year to year. For this reason, this section must contain a description of the activities to be undertaken during the program year with funds budgeted for training, technical assistance, and monitoring on SF-424A under either T&TA or Administrative cost categories.

Training and Technical Assistance (T&TA) Activities

T&TA activities are intended to maintain or increase the efficiency, quality and effectiveness of the Weatherization Program at all levels. Such activities must be designed to maximize energy savings, minimize production costs, improve program management and crew/contractor "quality of work," and/or reduce the potential for waste, fraud, abuse and mismanagement. The Subgrantees should be the primary recipients of T&TA activities, although Grantee requirements for monitoring, training support and providing assistance must also be maintained.

T&TA funds may also be used to train contractors at the Subgrantee level participating in the Program. In making the determination to pay for contractors' training, Grantees and Subgrantees should secure a retention agreement in exchange for the training. The retention agreement should require that contractors will work in the Program for a specific amount of time and must align with the cost of the T&TA provided.

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Examples of contractor/agency retention agreements can be found on EERE's website under WPN 10-1 or can be obtained from the DOE Project Officer by request.

Grantees must ensure that all training paid for with WAP T&TA funds meet the requirements of WPN 15-4, Section 4: Training to Implement and Maintain Guidelines and Standards.

- Grantees must provide a training plan that provides an analysis of training needs within the Grantee's program and a description of how the Grantee will ensure that all individuals trained with WAP funds will receive regular, comprehensive training in accordance with WPN 15-4. Please note: this plan can span multiple program years and it is the Grantee's decision as to which categories of workers will be trained and the frequency of that training.

Grantees must describe the proposed training plan and milestones necessary to ensure the training plan is on pace to be accomplished. At a minimum, the plan must also address the following elements:

- How does the Grantee training plan reflect feedback from DOE Project Officer monitoring visits, internal state audits, Grantee field monitoring visits, QA review visits, IG reports, etc.;
- How is the Grantee maintaining workforce credentials; how are credentials tracked and how is training being planned and targeted to ensure maintenance of these credentials;
- What training the Grantee provides for Subgrantee staff, whether attendance is mandatory, and the ramifications for non-compliance;
- A statement that staff may not function unsupervised until training and certification requirements are met;
- How the Grantee plan reflects industry-wide initiatives and future program requirements (e.g., certifications, health and safety implementation, etc.);
- How the Grantees partner with the statewide home performance industry on training issues, if applicable;
- How the Grantee evaluates and compares the effectiveness and the energy savings achieved by its Subgrantees in comparable structures and how these comparisons are used in the development of T&TA activities and priorities;
- An assessment of the Grantee and the anticipated T&TA activities necessary to ensure Grantee effectiveness in administering and implementing the grant;
- What training activities are planned to execute the Grantee Health and Safety Plan
- How the Grantee approaches client education.

V.9 Energy Crisis and Disaster Response Plan

Applicants are encouraged to include energy crisis and disaster plans that have been developed within their State. By including this in the State Plan process, Grantees are able to free up resources and respond more quickly in the event of an energy crisis or disaster.

Grantee should review WPN 12-7 to clearly understand that DOE does not waive regulations and the Grantee must demonstrate within this plan an understanding of the limitations and flexibilities available to the Grantee and Subgrantee network in the use of Weatherization resources. Grantee should also indicate how an energy crisis or natural disaster plan is triggered (e.g., federal declaration).

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VI. FEDERAL RULES AND REGULATIONS

VI.1 DOE Financial Assistance Rules

The Financial Assistance Rules found at 2 CFR 200 establish uniform policies and procedures for the award and administration of DOE grants and subgrants, including grants issued for PY 2018. To assist Grantees, DOE commissioned the development of the "Weatherization Assistance Program Financial Management Tool Kit", last updated in January 2016, as a universal training curriculum for teaching WAP professionals how to comply with the financial regulations governing the WAP. The curriculum provides a detailed explanation of budgetary systems, including a comprehensive overview of financial management systems, protocols, regulations, and procedures for the WAP. The tool kit will assist Grantees in providing effective financial management training to the WAP network. This is a *tool*, so Grantees are reminded that if questions arise, refer to 2 CFR 200.

VI.2 OMB Cost Principles

Allowability of costs shall be determined in accordance with the cost principles applicable to the entity incurring the costs. Thus, allowability of costs incurred by State, local or federally- recognized Indian tribal governments, and non-profits, is determined in accordance with the provisions of 2 CFR 200 Subpart E, "Cost Principles."

Basic Guidelines for Costs

- Costs are allowable if they are necessary and reasonable, not prohibited under state or local laws, conform to laws and regulations, given consistent treatment, comply with generally accepted accounting principles, and are not included as a cost under other Federal programs.
- Allocations of costs must be in proportion to the benefits received, cannot be shifted to overcome deficiencies in other programs, and must be supported by a cost allocation plan.
- Applicable credits shall be used to reduce expenditures applicable to a given grant.
- The total cost of a grant program includes the allowable direct and allowable indirect costs less applicable credits referenced above.

Indirect Costs

All indirect costs must be negotiated with the cognizant Federal agency. The cognizant Federal agency is responsible for negotiating and approving indirect cost rates on behalf of all Federal agencies that award grants and contracts to an organization.

Cost Allocation Plan

Information regarding State/Local-Wide Central Service Cost Allocation Plans are found in 2 CFR 200.416 and 2 CFR 200 Appendix V. Guidelines and illustrations of central service cost allocation plans are also provided in a brochure published by the Department of Health and Human Services entitled "A Guide for State and Local Government Agencies: Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government."

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Allowability of Selected Items of Cost

Below are links to principles to be applied in establishing the allowability of certain items of cost. These principles apply whether a cost is treated as direct or indirect. Failure to mention a particular item of cost is not intended to imply that it is unallowable; rather, determination as to allowability in each case should be based on the treatment or principles provided for similar or related items of cost.

VI.3 Financial Audits

Grantees must comply with the requirements of 2 CFR 200 Subpart F - Audit Requirements.

The 2 CFR 200 Subpart F audit threshold is $750,000 of annual Federal award expenditures. All non-Federal entities that expend $750,000 or more in a year in Federal award funds shall have a single or program- specific audit conducted for that year in accordance with the provisions of 2 CFR 200. The $750,000 Federal funds threshold includes funds from all Federal agencies. For purposes of the single-audit, PVE funds are not treated as Federal or appropriated funds. Subgrantees that spend less than $750,000 are no longer required to have a single audit. The circular prohibits pass- through entities (Grantees) from charging Federal awards the costs of single audits for such Subgrantees. Grantees may not budget for audits of Subgrantees receiving less than $750,000 of Federal funds. Pass through entities (Grantees) are held responsible for Federal awards administered by their Subgrantees and will need to review their overall Subgrantees monitoring process to determine if they need additional monitoring procedures to ensure Subgrantee compliance.

Entities that expend less than $750,000 a year in Federal awards are exempt from Federal audit requirements for that year except as noted in 2 CFR 200 Subpart F, but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and General Accounting Office (GAO). Grantees that expend more than $50 million a year in Federal awards will be assigned a cognizant agency. Grantees that expend $50 million or less will be assigned an oversight agency. Both cognizant and oversight agencies will be reassigned every 5 years (per 2 CFR 200.513 detailed requirements) and will be the Federal agency that provides the predominance of Federal funding in the reassignment year.

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