

# CRS Report for Congress

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## The Department of Energy's Weatherization Assistance Program

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### Summary

The U.S. Department of Energy's (DOE) Weatherization Assistance Program (WAP) is one of the largest energy conservation programs in the nation. The DOE program is implemented in all 50 states, the District of Columbia and Native American Tribes. It weatherizes an average of 70,000 dwellings per year. The program strives to increase the energy efficiency of dwellings occupied by low-income persons in order to reduce their energy consumption and lower their fuel bills. It targets vulnerable groups including the elderly, people with disabilities, and families with children.

The Weatherization Assistance Program is a formula grant program in which funding flows from the federal government to state governments and then to local weatherization agencies. The program is authorized under Title IV of the Energy Conservation and Production Act (P.L. 94-385, as amended) but has been operating without an appropriations authorization since 1990. Through the general appropriations process, Congress has continued to provide annual grants to support weatherization activities.

For FY2002, \$230 million was appropriated for the Weatherization Assistance Program. This was \$43 million below the Bush Administration's FY2002 request of \$273 million, and short of the President's goal to increase DOE's WAP spending by \$1.4 billion over the next 10 years. On February 4, 2002, the Administration issued its budget request for FY2003. The request included \$277 million for weatherization grants. This amount represents a 20% increase above last years appropriation. This report provides background on WAP and will be updated to reflect changes in legislation or funding.

**Federal Standards and Grantee Responsibilities.** Administrative rules, eligibility standards, the types of aid, and benefit levels are primarily decided at the state level. Federal law limits eligibility to low-income households with incomes at or below 125% of the poverty level. Eligibility is automatically given to applicants receiving Temporary Assistance to Needy Families (TANF) or Supplemental Security Income

(SSI). Also, if a state elects, WAP eligibility can include a household that meets eligibility criteria for the Low-Income Home Energy Assistance Program (LIHEAP).<sup>1</sup> Under the federal income eligibility limit for LIHEAP, household income cannot exceed 150% of the federal poverty income guidelines or 60% of the state median income, whichever is higher.

**Participation and Benefits.** Since its inception in 1976, the WAP program has weatherized more than 5 million homes. A high priority is given to households with an elderly or handicapped member. In FY2000, 49% of the weatherized households were occupied by a person with disabilities or an elderly resident. An estimated 77,992 homes were weatherized in FY2000 and 85,830 in FY2001. In 1993, DOE issued a report entitled *National Impacts of the Weatherization Assistance Program in Single Family and Small Multifamily Dwellings*. The report represents 5 years of research showing that DOE's weatherization assistance program saves money, reduces energy use, and makes weatherized homes safer places to live.

**Federal Allocation Formula.** Although the law is not specific, federal regulations specify that each state's share of funds is to be based on its climate, relative number of low-income households and share of residential energy consumption; that is, heating and cooling days and total residential energy use for heating and cooling. Funds made available to the states are in turn allocated to local governments and nonprofit agencies for purchasing and installing energy conserving materials, such as insulation, and for making energy-related repairs.

There is no requirement for matching federal funds with grantee funds, despite a mandate by the FY2000 Consolidated Appropriations Act (H.R. 3194/P.L. 106-113) which required states to begin matching 25% of the federal funding for WAP starting in FY2001. On November 9, 2000, President Clinton signed into law H.R. 2884/P.L. 106-649 (the Energy Act of 2000) which repealed the 25% match requirement which was to begin in FY2001. Congressional supporters of this requirement believed that states paying a cost-share portion for WAP would be more aggressive in making sure that the program was well-managed. Opponents of the requirement raised concerns that some states might not have been able to meet the requirement. The Clinton Administration believed that repealing the 25% cost-share requirement would make it easier for states to provide timely energy weatherization services, and remove the financial burden of states trying to meet the requirement.

During consideration of the FY2002 Interior and Related Agencies appropriations negotiations, Congress once again revisited the cost share issue. In House floor action, language that would have required a 25% state cost-share for weatherization grants was ruled out of order. The proposed language would have exempted direct grants to Indian Tribes and allowed waivers by the Secretary of Energy for up to 50% of the cost-sharing requirement for an individual state under certain circumstances. No statutory language on cost-sharing for weatherization grants was included in the final negotiations, but the

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<sup>1</sup> Weatherization assistance for low-income households may also be provided under LIHEAP, which is administered by the Department of Health and Human Services (HHS). For further information on LIHEAP, see CRS Report 94-211, *The Low-Income Home Energy Assistance Program (LIHEAP)*, by Emilie Stoltzfus.

conferees (H.Rept. 107-234) strongly urged the Department to actively pursue such cost-sharing from state and local governments and other entities. Detailed cost-sharing information was expected to be included for each state in the budget submission for FY2003 and in future submissions. However, that information was not part of the Administration's FY2003 budget packet released in February.

Most of the grantees are state-designated community action agencies, which administer multiple types of social service grants for low-income persons. No more than 10% of grant funds allocated to states may be used for administration. WAP regulations allow a maximum average expenditure of \$2,500 per household for FY2002, with future increases of 3% per year to adjust for inflation. In FY2002, DOE awarded WAP grants to states ranging from \$189,600 to \$20 million.

**Funding.** The DOE's weatherization program has been operating without an appropriations authorization since 1990. Through the general appropriations process, Congress has continued to provide annual grants to support weatherization activities: \$133 million in FY1999; \$135 million in FY2000; \$153 million in FY2001; and \$230 million in FY2002. President Bush has proposed to increase funding for weatherization assistance by \$1.4 billion over 10 years. WAP Program advocates say its effectiveness lies in the flexibility of core DOE weatherization funding, which enables states and local agencies to leverage additional funding from low-income housing programs, from utilities, and, in the case of rental unit weatherization, from property owners.

**Types of weatherization services.** The WAP initially emphasized emergency and temporary measures, including caulking and weather stripping of windows and doors, and low-cost measures such as covering windows with plastic sheets. Since 1980, however, the emphasis has shifted to more permanent and more cost-effective measures, such as installing storm windows and doors and insulating attics. WAP regulations also allow funding for efficiency improvements to existing space heating and water heating systems, and replacement of defective furnaces and boilers. The regulations also permit the use of cooling efficiency measures such as air conditioner replacements, ventilation equipment, and screening and shading devices.