

The American Recovery & Reinvestment Act:

Understanding the Energy Efficiency and Conservation Block Grants Program



part of
A Green Recovery For All: A Green For All Series



A note from Green For All's CEO

This is an exciting moment in America. Even a year ago, only a few people were calling for a clean energy economy that could fight poverty and pollution at the same time.



But today, that vision is guiding some of the most ambitious and exciting federal policies and investments we've seen in generations. All of America can see the promise and potential of a green economy. Now, we must turn that promise into reality for everyday Americans. We need to turn these ideas and dreams into quality jobs, cleaner and healthier neighborhoods, and reduced energy needs and expenses for American homes and businesses. And we must ensure that our most vulnerable communities get to share in these benefits.

The American Reinvestment and Recovery Act (ARRA) is a chance to start doing that. ARRA invests \$41 billion in clean-energy and energy-efficiency projects. These funds will help "green" America's cities, creating jobs and wealth in the process. But ARRA does not guarantee that low-income communities and communities of color will get to share in those jobs and that wealth.

That is why Green For All is producing this "Green Recovery For All" series of pamphlets: to give practitioners, workers, policymakers, businesses, advocates and everyday Americans the tools to bring the benefits of the green recovery to their communities. These pamphlets will help you understand key

components of ARRA, including what funds are available, how the funds may be used, and how cities, states and other entities can maximize the benefit to the community. They will outline policy models that would maximize the benefits to communities, workers and business. And they will point out opportunities to influence ARRA implementation at the local level.

As helpful as I hope these pamphlets are, they merely provide some tools. The rest is up to us — and I know we are up to the challenge. Together, we can build a green economy strong enough to lift people out of poverty.

Let's get started.

- Phaedra Ellis-Lamkins
Chief Executive Officer
Green For All

ABOUT THIS GUIDE

Purpose of This Guide

Green For All has prepared this document to help policy advocates, policy makers, employers, and residents understand the Energy Efficiency and Conservation Block Grant (EECBG) Program. We hope it provides a basic understanding of this program and helpful guidance on how readers can produce the best results possible in their local areas.

Authors of This Guide

Green For All is a national organization dedicated to improving the lives of all Americans through a clean energy economy. Green For All works in collaboration with the business, government, labor, and grassroots communities to create and implement programs that increase quality jobs and opportunities in green industry – all while holding the most vulnerable people at the center of its agenda.

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PROGRAM BASICS

The Energy Efficiency and Conservation Block Grant Program¹ (EECBG) is a federal program that provides grants to local governments, states, territories, and Indian tribes to fund programs and projects that reduce energy use and fossil fuel emissions and improve energy efficiency. The program represents a Presidential priority to deploy the cheapest, cleanest, and fastest energy sources. Congress authorized EECBG in Title V, Subtitle E of the Energy Independence and Security Act (EISA), which President George W. Bush signed into law on December 19, 2007. EECBG is modeled after the Community Development Block Grant Program administered by the Department of Housing and Urban Development (HUD).

Though it authorized EECBG in 2007, Congress did not appropriate funds for the program until this year. The American Recovery and Reinvestment Act of 2009 funded the EECBG Program for the first time.

¹ For details on the EECBG Program, see 42 U.S.C. §17151 et seq.; and Title V, Subtitle E of the Energy Independence and Security Act of 2007.

What is the American Recovery and Reinvestment Act?

President Barack Obama signed the American Recovery and Reinvestment Act (ARRA) on February 17, 2009. ARRA is a big, bold, and historic investment intended to kick-start the United States economy and lay the foundation for long-term economic growth and stability. If invested wisely, it can also serve as a down payment on an inclusive green economy strong enough to lift people out of poverty.

All told, the Act includes \$48 billion in investments in job training and education, nearly \$100 billion in funding for transportation and infrastructure, \$20 billion

in tax incentives for renewable energy, and more than \$41 billion for energy-related programs.

Of that money, \$3.2 billion goes into the Energy Efficiency and Conservation Block Grant Program.

What is EECBG's purpose?

EECBG's goal is to help eligible entities do three things:

1. reduce fossil-fuel emissions created as a result of activities within the jurisdictions of eligible entities, and reduce them in a manner that:
 - a. is environmentally sustainable; and

- b. to the maximum extent practicable, maximizes benefits for local and regional communities;
2. reduce the total energy use of the eligible entities; and
3. improve energy efficiency in:
 - a. the transportation sector;
 - b. the building sector; and
 - c. other appropriate sectors.
2. retaining technical consultant services to assist in the development of the strategy;
3. conducting residential and commercial building energy audits;
4. establishing financial incentive programs for energy-efficiency improvements (e.g., energy-saving performance contracting, on-bill financing, and revolving loan funds);
5. providing grants to nonprofit organizations and government agencies to perform energy-efficiency retrofits;

Under ARRA, the program also aims to spur economic growth and create or retain jobs.

Who is eligible to receive direct formula grants?

Three different kinds of entities are eligible to receive formula funds from the Energy Efficiency and Conservation Block Grant Program:

- local governments: cities, counties, and their equivalents;
- states and territories; and
- Indian tribes.

How can grantees use EECBG direct formula funds?

A grantee may use EECBG direct formula funds to carry out activities aimed at meeting the goals of the EECBG program, including:

1. developing and implementing an Energy Efficiency and Conservation Strategy;
 - design and operation of the programs;
 - identification of the most effective methods for achieving maximum participation and efficiency rates;
 - public education;
 - measurement and verification protocols; and
 - identification of energy-efficient technologies;
2. developing and implementing energy-efficiency and -conservation programs for buildings and facilities within the jurisdiction of the grantee, including:
 - use of flex time by employers;
 - satellite work centers;
 - development and promotion of zoning guidelines or
7. developing and implementing programs to conserve energy used in transportation, including:
 - use of flex time by employers;
 - satellite work centers;
 - development and promotion of zoning guidelines or

- requirements that promote energy-efficient development;
 - development of non-highway transportation infrastructure, such as bike lanes and pathways, and pedestrian walkways;
 - synchronization of traffic signals; and
 - other measures that increase energy efficiency and decrease energy consumption;
8. developing and implementing building codes and inspection services to promote energy efficiency in buildings;
 9. applying and implementing energy-distribution technologies that significantly increase energy efficiency, including distributed resources and district heating and cooling systems;
 10. activities to increase participation and efficiency rates for material conservation programs, including source reduction, recycling, and recycled-content procurement programs that lead to increases in energy efficiency;
 11. purchasing and implementing technologies to reduce, capture, and use methane and other greenhouse gases generated by landfills or similar sources;
 12. replacing traffic signals and street lighting with energy-efficient lighting technologies, including light emitting diodes and any other technology of equal or greater energy efficiency;
 13. developing, implementing, and installing renewable-energy

technologies on government buildings, including solar energy, wind energy, fuel cells and biomass; and

14. other appropriate activities as determined by the U.S. Department of Energy in consultation with the departments of Transportation, Housing and Urban Development, and Environmental Protection.

For more detail on activity areas, see Funding Opportunity Announcement at http://www.eecbg.energy.gov/downloads/DE_FOA_0000013_Amendment_000003.pdf.

What limitations does the program place on the use of EECBG direct formula funds?

Eligible cities, counties, and tribes may use:

- Up to 10% or \$75,000 (whichever is greater) for administrative expenses
- Up to 20% or \$250,000 for establishment of revolving loan funds (with jurisdictions permitted to pool their funds into a single fund)
- Up to 20% or \$250,000 for provision of subgrants to nongovernmental organizations to assist in implementation

States may use up to 10% of formula funding for administrative expenses.

What information and documents must applicants provide to DOE?

Applications must contain the following documents (see Funding Opportunity Announcement, pp. 14-22):

- Application for Federal Assistance
- Project/Performance Site Location(s)
- Project Activity File
- Budget Information for Non-Construction Programs
- Budget Justification File
- Subaward Budget Files (if applicable)
- Financial Management Assessment
- Energy Efficiency and Conservation Strategy (see below)
- Assurances
- Disclosure of Lobbying Activities (if applicable)
- NEPA Information

Energy Efficiency and Conservation Strategy

States and Territories

Each state and territory must submit a proposed Energy Efficiency and Conservation Strategy with its application that:

- establishes a process for providing subgrants to local governments not eligible to receive direct funding; and

- includes a plan to use EECBG funds to help the state achieve the goals of the EECBG program.

Local Governments and Indian Tribes

Each local government and Indian tribe must submit a proposed Energy Efficiency and Conservation Strategy, either with its application or within 120 days of the effective date of the award. This strategy should be as detailed as possible to explain the activities to be conducted using the EECBG funds. It should:

- include a description of the applicant's goals for increased energy efficiency and conservation, and a plan to use the grant to help the applicant achieve those goals;
- take into account any plans for the use of EECBG funds by adjacent grantees; and
- ensure that the applicant coordinates and shares information with the state regarding grant activities to maximize benefits.

Does EECBG have a competitive grant component?

On September 14, 2009, U.S. Secretary of Energy Steven Chu announced a \$450 million competitive portion of the EECBG program. The new "Retrofit Ramp-Up" program will target innovative, community-scale, energy-efficiency building retrofit projects that make significant, long-term impacts on energy use and demonstrate a variety of sustainable business models that can be replicated across the country.

DOE will distribute most of this money — \$390 million — in large grants to entities

(states, territories, counties, cities, and Indian tribes) eligible to receive direct formula funding allocations from the EECBG program. DOE plans to provide 4 to 8 of these awards, with grants ranging from \$50 million to \$150 million.

DOE will distribute the rest of the competitive grant funds — \$64 million — in smaller awards to local governments and State-recognized Indian tribes that are not eligible to receive direct formula funding allocations from the EECBG program, and to consortia of these entities. DOE plans to provide 15 to 60 of these grants, with awards ranging from \$1 million to \$5 million.

DOE is accepting feedback on the proposed topic areas and evaluation criteria for these competitive awards. Public comments are due September 28, 2009 at 5pm EDT. DOE expects to release the funding opportunity announcement in early October. For the announcement and link to the Request for Information, see http://apps1.eere.energy.gov/news/progress_alerts.cfm/pa_id=237.

Core Program Principles

- Prioritize energy efficiency and conservation.
- Maximize benefits over the longest possible terms; look for ways to link energy efficiency efforts to long-term priorities (especially community economic development, community stabilization, and poverty reduction).
- Invest funds in programs and projects that create and/or retain jobs and stimulate the economy while meeting long-term energy goals.

- Target programs and projects that will provide substantial, sustainable, and measurable energy savings, job creation, and economic stimulus efforts.
- Prioritize programs and projects that leverage federal funds with other public and private resources, including coordinated efforts involving other Federal programs targeting community development funded through the Recovery Act, such as the Community Development Block Grant program, HOME Investment Partnerships program, and job training programs.
- Develop programs and strategies that will continue beyond the funding period (i.e., seed programs that can live beyond federal funding).
- Enact policies that transform markets, increase investments, and support program goals.
- Develop comprehensive plans that benchmark current performance and set aggressive goals.
- Ensure oversight, transparency, and accountability for all program activities.

Desired Program Outcomes

- Increased energy efficiency, reduced energy consumption, and reduced energy costs through efficiency improvements.
- New jobs and increased productivity to spur economic growth and community development.

- Accelerated deployment of market-ready distributed renewable energy technologies.
- Improved air quality and related environmental and health indicators.
- Improved coordination of energy-related policies and programs across jurisdictional levels of governance and with other local and community level programs in order to maximize the impact of this program on long-term local priorities.
- Increased security, resilience, and reliability of energy generation and transmission infrastructure.
- Leveraging the resources of federal, state, and local governments, utilities and utility regulators, private sector and non-profit organizations to maximize the resulting energy, economic, and environmental benefits.
- Widespread use of innovative financial mechanisms that transform markets.

TIMELINE & KEY DATES

Here are some key dates for the Energy Efficiency and Conservation Block Grants Program.

Direct Formula Funding

Application

June 25, 8:00 PM EST

All formula applications (local, tribal, state) due to DOE.

- Each state and territory must submit its proposed Energy Efficiency and Conservation Strategy with its application
- Each local government and Indian tribe must submit its proposed Energy Efficiency and Conservation Strategy either with its application or within 120 days of the effective date of its award.

Approval

Applications

DOE intends to make awards within 60 days of receiving applications, provided there are no outstanding issues.

Strategies

DOE will approve or reject Energy Efficiency and Conservation Strategies within 120 days from receipt of proposed strategies. If DOE rejects a proposed strategy, it will inform the grantee as to why. The grantee may revise and resubmit the proposed strategy as many times as necessary until DOE approves a proposed strategy.

Disbursement

- All funding must be committed within 18 months and expended within 36 months of the effective date of the award.

The effective date of award is typically the date on which the grant award is signed by the Contracting Officer. This date is identified on the Agreement Face Page of the award document. Access to funds through ASAP (Automated Standard Application for Payments) can happen as soon as a grantee's ASAP account is established with the U.S. Treasury.

- States must distribute at least 60% of EECBG funds to local government recipients within 180 days of DOE's approval of the state plan.

- Obligation of funds will vary based on the award amount and acceptance of an approved Energy Efficiency and Conservation Strategy (EECS):
 - For awards up to \$250,000, 100% of the allocation will be obligated at the time of the award. No EECS is required prior to the award but it must be submitted within 120 days.
 - For awards above \$250,000 but less than \$2M, applicants may receive up to \$250,000 for development of their proposed Energy Efficiency and Conservation Strategy and the balance of the allocation upon approval of the EECS.
 - For awards above \$2M, applicants may receive up to \$250,000 for development of their proposed EECS or 50% of the total allocation if DOE approves the EECS; the balance of the allocation will be obligated after one or more progress reviews in which the recipient must demonstrate that it has obligated funds appropriately, complied with reporting requirements, and created jobs.

State Allocations to Smaller Cities and Counties

Each state decides how to allocate funds. Each state's energy office will have information about its subgranting process. DOE lists the contact information for all these offices on its website: http://apps1.eere.energy.gov/state_energy_program/seo_contacts.cfm.

Competitive Grants

September 14, 2009

U.S. Secretary of Energy Steven Chu announced the \$450 million competitive portion of the EECBG program.

September 28, 2009, 5pm EDT

Public comments on the proposed topic areas and evaluation criteria for these competitive awards are due to DOE.

Early October, 2009

DOE expects to release the funding opportunity announcement.

For the announcement and the link to the Request for Information, see http://apps1.eere.energy.gov/news/progress_alerts.cfm/pa_id=237.

PROGRAM FUNDING

How much money is Congress investing in EECBG?

Congress has allocated \$3.2 billion to the Energy Efficiency and Conservation Block Grant Program. The Department of Energy will distribute \$2.8 billion of that by formula. It will distribute the remaining \$450 million through competitive grants.

Formula Grants: \$2.8 billion

DOE will distribute \$2.8 billion in EECBG funds by formula, which it will divide among local entities, states and territories, and Indian tribes.

\$1.9 Billion to Cities and Counties²

- Each state (including Puerto Rico) is guaranteed to have at least its ten most-populated cities and ten most-populated counties eligible for formula funding.
- Map of state and local grant allocations: <http://www.eecbg.energy.gov/grantalloc.html>

² To qualify, cities must have a population of at least 35,000; counties must have a population of at least 200,000.

\$770 million to states, D.C., U.S. territories and protectorates

- Subgrants
 - Each state must subgrant at least 60% of its funding share to cities and counties ineligible for direct formula funding.
 - Each state must develop a subgranting process (e.g., a competitive grant process).
 - Each state may determine whether to distribute funds to cities and counties eligible to receive direct formula funding.
 - Each state must provide subgrants within 180 days of DOE's approval of the state's Energy Efficiency and Conservation Strategy.
- State activities
 - States may use up to 40% of their funding shares on eligible activities.

\$54 million to Indian tribes

Allocation of Formula Grants

EECBG Program funding allocation formulas use data from the 2007 U.S. Census. For more detailed information

on these formulas, see the EECBG Formula Methodology as published in the Federal Register April 15, 2009 (http://www.eecbg.energy.gov/downloads/EECBG_Federal_Register_Notice_04_15_09.pdf)

State Formula

Three factors, considered with equal weight, determine allocations to states:

1. the total population of the state;
2. the population of the state after subtracting the populations of all cities and counties eligible for direct formula grants from the DOE in that state; and
3. the total energy consumption in the state, less consumption in the industrial sector.

City/County Formula

Allocations to cities and counties are based on two weighted factors: resident population, and daytime (commuter) population. The formula gives more weight (approximately 70%) to the resident population than to the daytime population.

Tribal Formula

Allocations to tribal governments are based on two weighted factors: tribal population, and the climatic conditions in each tribe's state. The formula quantifies climatic conditions using heating and cooling degree days.³ The formula gives more weight to tribal population (75%) than to tribal climate (25%).

³ For more on these indices, see http://en.wikipedia.org/wiki/Heating_degree_day.

Competitive Grants: \$450 million (to cities, counties, and Indian tribes)

DOE will competitively award \$390 million to formula-eligible entities and \$64 million to ineligible entities.⁴

DOE will give priority to units of local government that either are in states with populations of less than 2 million, or plan to carry out projects resulting in significant energy efficiency improvements or reductions in fossil fuel use (Energy Independence and Security Act Sec. 546).

DOE expects to release the funding opportunity announcement for these competitive grants in early October 2009.

Who is in charge of administering EECBG funds?

Federal

U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy (EERE): <http://www.eere.energy.gov>

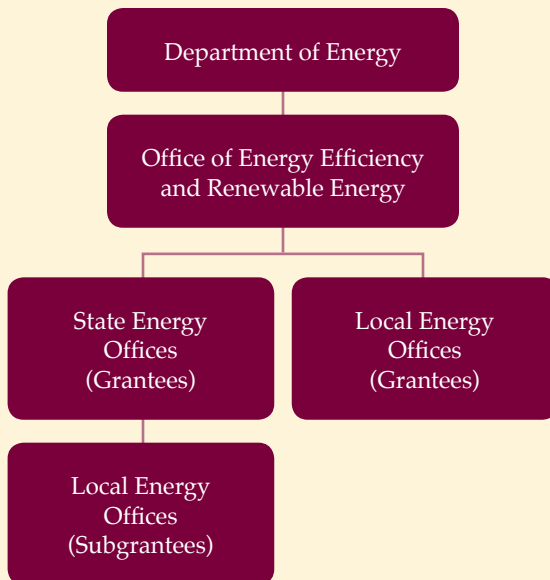
State

State energy offices: http://apps1.eere.energy.gov/state_energy_program/seo_contacts.cfm

⁴ ARRA reserved \$400 million under the EECBG program to be awarded competitively to entities eligible to receive direct federal funding under the program. Section 546 of the Energy Independence and Security Act reserved 2% of program funding (i.e., \$64 million) for competitive awards to units of local government and tribes that are ineligible to receive formula-based funds, and consortia of these entities.

Local

Local agencies/offices: Will vary by city and county. Your local energy, environment, planning, or public works agency may be managing and implementing funds. DOE requires a document called an “assurance” that indicates which department of the city or county is authorized to apply for EECBG funds.



RECIPIENT REQUIREMENTS

Committing and Spending Funds

All funding must be committed within 18 months and expended within 36 months of the award date.

Reports

Regular Reports

Grantees must report regularly to the Department of Energy on five metrics:

- jobs created or retained;
- energy savings per dollar invested;
- renewable energy capacity installed;
- greenhouse gas emissions reduced; and
- funds leveraged.

Annual Reports

Local governments and tribes must each submit an annual report within two years of receiving funds. The report must describe the status of the grantee's efforts to develop and implement an Energy Efficiency and Conservation Strategy. It must also include an assessment of energy-efficiency gains within the jurisdiction.

Each state must submit an annual report that describes the status of its efforts to develop and implement an Energy Efficiency and Conservation Strategy during the preceding calendar year, as well as the energy-efficiency gains achieved through that strategy during the year. The report must also detail the status of the state's subgrant program. Finally, the report must set specific state energy-efficiency and -conservation goals for subsequent calendar years.

Assurances

Each eligible applicant must submit to DOE a written assurance that all laborers and mechanics employed by any contractor or subcontractor of the eligible entity during any construction, alteration, or repair activity funded in whole or in part by the grant shall be paid wages at rates not less than the prevailing wages for similar construction activities in the locality, as determined by DOL. (EISA Sec. 545(a) (1): http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_bills&docid=f:h6enr.txt.pdf)

SOURCE: Funding Opportunity Announcement, http://www.eecbg.energy.gov/downloads/DE_FOA_0000013_Amendment_000003.pdf

RECOMMENDATIONS FOR EECBG IMPLEMENTATION

This section both summarizes the overall principles Green For All recommends for shaping an equitable and green recovery and provides some best practices with regard to how states, localities, and advocates can:

1. insert equity into EECBG implementation plans;
2. demand a transparent and accountable public process to shape how EECBG funds are being spent;
3. use existing policy levers to push for quality jobs, especially for those who most need them;
4. expand and develop regional partnerships that implement sectoral employment strategies;
5. advocate for targeted and coordinated approaches to spending ARRA funds; and
6. design EECBG projects to maximize job-creation.⁵

⁵ Adapted from *Bringing Home the Green Recovery* (Green For All and PolicyLink, 2009), which outlines six recommendations for equitable ARRA implementation. See *Bringing Home the Green Recovery* at 9–13.

1. Insert equity into EECBG implementation plans

EECBG requires grantees to submit “proposed Energy Efficiency and Conservation Strategies” to DOE. Local governments must develop their strategies within 120 days of receiving their initial allocation of EECBG fund. States submitted theirs with their applications. Advocates should push to ensure that these strategies are ambitiously progressive on multiple

fronts, including energy conservation, greenhouse gas reduction, high-quality job creation, and integrated training and support services that connect lower-income people to jobs.

At the state level, advocates should contact their state energy offices for information on their states’ plans.⁶ This

⁶ Find state energy offices here: http://apps1.eere.energy.gov/state_energy_program_seo_contacts.cfm.

includes a state’s plans both for awarding subgrants, which must comprise at least 60% of its EECBG award, and for using the remaining portion (40% at most) on state-level projects.

At the city and county levels, interested advocates should identify which energy, environment, sustainability, planning, or public works department will be managing and implementing funds. The Department of Energy requires a document called an “assurance” that indicates which department of the city or county is authorized to apply for and receive EECBG funds.

2. Demand a transparent and accountable public process to shape how EECBG funds are being spent⁷

The speed with which ARRA monies are flowing to states and localities, coupled

with the broad discretion those entities have, creates a significant danger of deal-cutting and funding of pet projects that will not benefit the communities most in need.

While EECBG does not require specific levels or methods of public participation in the development of grantees’ Energy Efficiency and Conservation Strategies, transparency and accountability are both principles of the EECBG program, as well as enforceable objectives of ARRA. Grantees should base the structure of their public participation processes on a careful consideration of their unique circumstances regarding the near- and long-term benefits of various methods of community involvement in the design and implementation of public policy. Advocates should use this public participation process to shape how their local governments spend EECBG funds and ensure that those hit hardest by the recession gain access to green job training and employment.

Where the local energy office has not yet developed guidelines on the use of EECBG funds (i.e., the Energy Efficiency and Conservation Strategy), advocates should push for public hearings, citizen oversight boards, and other mechanisms at the local level to make decision-making

⁷ The Department of Energy explains the importance of transparency and accountability:

“Funds are awarded and distributed in a prompt, fair, and reasonable manner; the recipients and uses of all funds are transparent to the public, and the public benefit of these funds are reported clearly, accurately, and in a timely manner; funds are used for authorized purposes, and instances of fraud, waste, error, and abuse are mitigated; projects funded under this Act avoid unnecessary delays and cost overruns; and program goals are achieved, including specific program outcomes and improved results on broader economic indicators.”

U.S. Department of Energy. Weatherization Assistance Program Recovery Funding Opportunity Announcement at 23, http://apps1.eere.energy.gov/wip/pdfs/wap_recovery_act_foa.pdf.

For more recommendations on accountability policies for government agencies and companies

that contract with or benefit from ARRA spending, see the recommendations of the Coalition for an Accountable Recovery at <http://www.coalitionforanaccountablerecovery.org>. Also see California Green Stimulus Coalition, “Our Recommendations” at <http://californiagreenstimulus.org/our-recommendations>; and Environmental Justice and the Stimulus, “Recommendations for State and Local Stimulus Spending” at <http://ejstimulus.wordpress.com/recommendations>.

transparent and to create democratic fora where the public can be heard. Finding a champion such as a state legislator, mayor, or city council member to push for this can be very helpful.

Where state and local agencies have already developed their guidelines and implementation plans, advocates should push states and localities to create fora where these entities will publicly report the quarterly and annual outcomes of EECBG programs. States and localities should also post these outcomes on state and local government websites.

DOE requires EECBG grantees to report regularly on five metrics: jobs created or retained, energy savings per dollar invested, renewable energy capacity installed, greenhouse gas emissions reduced, and funds leveraged. Advocates should also push states and local governments to collect and report additional data that are critical to ensuring equity, including:

- the race, ethnicity, socioeconomic status, and gender of those benefiting from EECBG funds (those who received jobs, training, etc.);
- the wages and benefits of the jobs created and supported through EECBG funds;
- the environmental benefits and impacts of EECBG programs; and
- the geographic areas most directly impacted by EECBG programs.

Advocates can make EECBG implementation more equitable by encouraging states to strengthen oversight. State agencies should require an independent third party to verify the quality of services and to maximize

energy savings. They can do this, for example, by requiring third-party verification before paying subgrantees, contractors, and other implementers. In addition to the existing ARRA and EECBG requirements, third-party evaluators may look at how the state's EECBG programs perform in the following areas:

- **HERS rating:** Evaluators may require all energy-efficiency retrofit projects to comply with the Home Energy Rating System (HERS) rating to evaluate performance of services.
- **Wages:** Evaluators may insist that all laborers and mechanics implementing EECBG projects receive wages and benefits in accordance with prevailing wage law.
- **Coordination:** Evaluators may require all weatherization projects to demonstrate how they are leveraging and coordinating with similar programs to ensure EECBG projects are as impactful as possible.

3. Use existing policy levers to push for quality jobs, especially for those who most need them.

Most of the jobs created by EECBG funds will be project-based or will be overseen by state or local planning and oversight bodies. Contractors and subcontractors must pay Davis-Bacon prevailing wage rates to laborers and mechanics for work on ARRA-funded projects, including EECBG projects. States and local governments should use these federal prevailing wage standards as a floor, rather than a ceiling. While the prevailing

wage for weatherization workers reaches \$50 per hour in some places, in others it can be as low as \$6.50 per hour.⁸ States and local governments should work to increase the wages and pay workers, at a minimum, a living wage.

A living wage, by itself, is not enough to ensure a pathway out of poverty. Low-income workers also need steady work; they need careers, not just jobs. Many weatherization programs, for example, create only short-term jobs for workers. These programs should serve as entry points to higher-wage, higher-skill careers in construction and green building. Grantees should work to ensure that workers have a career path beyond the limited life cycle of individual EECBG projects.

Strong community-labor coalitions have developed a set of finely honed and proven tools for maximizing the benefit of construction projects to the surrounding communities. These tools link job-quality standards to job-access requirements in an effort to lift up low-income workers and build the middle class. Broadly speaking, these tools include:

- Standards that establish job-quality and labor-peace standards that guard against low-road employer practices and union busting—including living wages⁹

8 Stacy Ho and Satya Conway-Rhodes, *A Short Guide to Setting Up a City-Scale Retrofit Program* (2009) at 7. Retrieved from <http://www.greenforall.org/resources/a-short-guide-to-setting-up-a-city-scale-retrofit> on September 21, 2009.

9 Living wages are determined by workers' costs of living. A living wage is the hourly rate that an individual must earn to support his or her family if he or she is the sole provider and is working full-time (2080 hours per year). For the minimum estimate of

(on non-construction projects) or prevailing wages¹⁰ (on construction projects), and Project Labor Agreements (PLAs).

- Standards that require targeted hiring – including policies that require a portion (e.g., 30% of more) of total project work hours be performed by local workers, low-income residents, local apprentices, or residents with barriers to employment.
- Policies that designate resources for pre-apprenticeship and non-traditional employment programs that provide pathways into jobs and careers for African-Americans, women, and other populations underrepresented in building trades occupations. The most successful “pathways out of poverty” training programs provide access to a range of services, including basic education, soft skills, on-the-job training, and wrap-around social support services.

the cost of living for low low-wage families, see Penn State University's Poverty in America Living Wage Calculator at <http://www.livingwage.geog.psu.edu>.

10 The Davis-Bacon Act defines prevailing wage as the hourly wage, usual benefits, and overtime paid in the largest city in each county to the majority of laborers and mechanics performing work in the same trade or occupation. The Act applies to laborers and mechanics working on construction projects. For wage determinations—which include wage rates and fringe benefit rates—for each classification of laborers and mechanics that the U.S. Department of Labor has determined to be prevailing in a given area for a particular type of construction (e.g., building, heavy, highway, or residential), see <http://www.wdol.gov/index.aspx>.

- Standards that establish responsible contractor policies, which typically require contracts to provide OSHA safety training, have three consecutive prior years of no wage or hour violations, pay workers prevailing wage, offer health insurance, employ workers (rather than classify workers as independent contractors), participate in labor-management certified training programs, and ensure labor peace.

President Obama has repealed an old Executive Order banning PLAs. His new Executive Order encourages (but does not mandate) the use of PLAs in federal construction projects of \$25 million or more. Advocates should push for PLAs that include commitments to hiring targets, with complementary training resources for engaging youth and adults in disadvantaged communities.

4. Expand and develop regional partnerships that implement sectoral employment strategies.¹¹

Stakeholders can leverage EECBG funds to create good, green jobs by working with regional partnerships that implement employment strategies on a sectoral basis.

¹¹ See Jason Walsh and Sarah White, *Greener Pathways: Jobs and Workforce Development in the Clean Energy Economy* at 3. Retrieved from <http://www.greenforall.org/resources/greener-pathways-jobs-and-workforce-development-in> on September 21, 2009.

In workforce development terms, a “sector strategy” targets a specific industry and links worker training and education to the demand in a regional labor market. Industry partnerships should be organized by sectors and consist of key relevant public and private stakeholders, including employers, unions, community and technical colleges, community organizations, and workforce development agencies.¹² As noted in *A Short Guide to Setting Up a City-Scale Retrofit Program*, these partnerships can provide an important assessment of the current state of the workforce, including the availability of jobs, current levels of training, and availability of training programs. This information is critical to determining what kind of new training programs, or improvements to existing training programs, are needed.

EECBG-funded programs should build on and work with existing training programs, such as those provided by community and technical colleges, labor-union and labor-management apprenticeship programs, and community-based organizations. Partnerships can be an important way to ensure that EECBG funds are used efficiently to create good jobs for residents.

5. Advocate for targeted and coordinated approaches to spending ARRA funds.

ARRA uses a variety of public agencies and programs to create green jobs. Under

¹² Ibid. at 47. See also Stacy Ho and Satya Conway-Rhodes, *A Short Guide to Setting Up a City-Scale Retrofit Program* (2009) at 7.

normal circumstances, state and local governments often implement programs in silos, with too little of the coordination and alignment that could maximize effectiveness and avoid duplication. The influx of millions of Recovery Act dollars into programs, and the pressure to spend these funds quickly, increases the risk of fragmented work. State agencies that work with other agencies, however, will discover that they can maximize the effectiveness of each of their programs, avoid duplication, and take advantage of these new opportunities.

States and local governments can make the most of EECBG investments by coordinating the funding with other public and private investments, including other ARRA programs. Some local areas have leveraged other funds to provide additional training curricula and services, hire trainers, or provide significant prerequisite home repairs to prepare for weatherization work (including lead and asbestos removal, mold remediation, code violations, and other repairs). Other ARRA and public funds available for energy-efficiency work include: State Energy Program, Weatherization Assistance Program, and Low-Income Home Energy Assistance Program funds.

Partnerships with public, private, and nonprofit partners (e.g., local housing authorities and low-income housing developers) are ideal for increasing demand for energy-efficiency and -conservation services and reaching more low-income residents with these services. Having a one-stop shop frees residents from needing to figure out the various players, understand the programs, or hire contractors on their own. Removing these obstacles makes it more likely that they will demand and use energy-efficiency and -conservation services.

6. Design EECBG projects to maximize job-creation

Grantees should use EECBG funds on high-quality projects that maximize the creation of quality jobs.

- Design projects to be labor-intensive rather than capital-intensive.
- Invest in projects that create jobs that are accessible both to people on the bench now and people looking to get into green energy sectors.
- Ensure that projects meet high energy-performance standards, i.e., achieve highly efficient post-construction (rather than design) energy performance.
- Design projects to take advantage of economies of scale by bundling individual projects into larger ones at the neighborhood or block level. This allows programs to achieve the greatest possible scale while establishing an industry that maximizes long-term, high-quality job opportunities with connections to workforce training programs.
- Create projects designed to be environmentally, economically, and socially sustainable.
 - Reinvest energy savings in energy-efficiency and renewable-energy programs so as to keep savings in the sector. For example, savings on a city energy bill should be reinvested to further increase savings.
 - Use a portion of the savings that EECBG-funded improvements create to expand and scale-up high-quality pre-apprenticeship, certified apprenticeship, and

other high-quality training programs.

- Build long-term and sustainable infrastructure and capacity on state, regional, and local levels by:
 - prioritizing investments in economically distressed communities to increase access to economic opportunities;
 - ensuring the maintenance and sustainability of existing infrastructures before expanding infrastructures;
 - using domestically made materials that are environmentally sustainable and non-toxic to workers and residents; and
 - funding infrastructure projects that are consistent with equitable development, regional equity, and smart-growth principles.
- Promote energy-market transformation by developing and employing innovative financial mechanisms that establish energy-efficiency and renewable-energy technologies and products.
- Create financially self-sustaining programs that last beyond the Recovery funding period.

CASE STUDIES

In this section, we look at two different implementations of the Energy Efficiency and Conservation Block Grant Program. Both Portland and Seattle are pioneering new ways to finance energy-efficiency retrofits, as well as ways to create quality, accessible jobs performing those retrofits.

Portland Clean Energy Fund

The Portland Clean Energy Fund is a pilot program that will enable Portland homeowners to access low-interest, long-term financing for easy and affordable investments in energy-efficiency and renewable-energy improvements to their homes. Homeowners will be able to pay back the cost of the investments over time through a small charge on their energy bills.

The pilot program is designed as a financially self-sustaining program to weatherize 500 homes. It will serve primarily single-family homes and some owner-occupied small multi-family homes.

This program has a number of exciting features that put it at the cutting edge of local weatherization delivery systems:

- Energy improvements will be offered at no upfront cost to homeowners.
- The program will ensure equitable access for all incomes levels and credit quality.

- Participants will repay their loans through a small charge on their energy bills.
 - Interest rates will be at or below market interest rates.
 - Repayment will involve long amortization periods (i.e., 10–20 years).
 - The deeper the measures, the lower the interest rates will be.
- The pilot is designed to allow utilities to recover costs while avoiding any risk in terms of loan default.
- The pilot is financed through an initial capitalization of \$2.5 million from EECBG.
- The initiative will create quality, career-track jobs with apprentice opportunities for underserved communities. It is expected to create up to 40 jobs.
- Portland is working with Energy Trust of Oregon and Work Systems Inc. to align the region's training investments with scale-up plans.

Audits and installations begin in June, with ramp-up toward 500 homes by Spring 2010. Beyond the pilot, the objective is to create community benefit agreements for jobs created and to expand the program to service commercial buildings.

The pilot program is a joint project of City of Portland and Multnomah County in collaboration with Energy Trust of Oregon and local utilities NW Natural, Pacific Power, Portland General Electric. The program also includes fund management by Shorebank Enterprise Cascadia and workforce development linkages by Work Systems, Inc.

For more information, see City of Portland Bureau of Planning and Sustainability, "Portland Clean Energy Fund: Frequently Asked Questions," available at <http://www.portlandonline.com/bps/index.cfm?a=242544&c=50152%20>; and City of Portland Bureau of Planning and Sustainability, "Portland Clean Energy Fund," <http://www.portlandonline.com/bps/index.cfm?c=50152>.

Seattle Green Building Capital Initiative

The City of Seattle has launched a Residential Energy Performance Audit Pilot Program and Residential Energy Efficiency Loan Program.

The residential home energy audit pilot program will provide 5,000 audits in 18 months at a cost of \$95 per participant. The audits will use an Energy Performance Score framework to determine an "energy MPG" for each residential building.

The residential energy efficiency loan program will establish a revolving loan program to facilitate energy-efficiency upgrades. The loan pool will be funded in part by \$1.2 million from the Energy Efficiency and Conservation Block Grants program. It will provide loans ranging from \$8,000 to \$20,000 primarily to homeowners to invest in upgrading lighting, furnaces, water heaters, windows, and other items. The program will have a tiered payment structure, providing a greater subsidy to the lowest-income borrowers. The city is looking to establish a municipal bill repayment system.

This program is expected to generate about 230 jobs. It will invest in worker training for these positions, ramping up and expanding existing training programs for auditors and other energy-efficiency technicians.

These programs are part of the larger Seattle Green Building Capital Initiative. For more information, see <http://www.seattle.gov/environment/GBtaskforce.htm>.

RESOURCES

National Resources

- Attachments A, B1, B2, B3, C, D and E; and

White House Guidance

- *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*

(April 3, 2009)

<http://www.recovery.gov/sites/default/files/m09-15.pdf>

- *Ensuring Responsible Spending of Recovery Act Funds*

(March 20, 2009)

http://www.whitehouse.gov/the_press_office/Memorandum-for-the-Heads-of-Executive-Departments-and-Agencies-3-20-09

Department of Energy (DOE) Resources and Websites

- EECBG Program Homepage

<http://www.eecbg.energy.gov>

- EECBG Funding Opportunity Announcement and Application

<http://www.greenforall.org/eecbg>

This page includes links to:

- the EECBG Funding Opportunity Announcement;

- the EECBG Application Package and the Application Instructions.

- “EECBG: State and Local Grant Allocations”

<http://www.eecbg.energy.gov/grantalloc.html>

- “EECBG: Tribal Grant Allocations”

<http://www.eecbg.energy.gov/tribealloc.html>

- EECBG Questions and Answers from FedConnect

<http://oxford.seiinc.org:8012/eecbg%20Q&A/recordlist.php>

- DOE Recovery Act Clearinghouse

<https://recoveryclearinghouse.energy.gov/index.htm>

888/363.7289

9 am–7 pm EST, Monday-Friday

- “Energy Efficiency”

<http://www.energy.gov/energyefficiency/index.htm>

A primer on energy efficiency from the Department of Energy

- Office of Energy Efficiency and Renewable Energy (EERE) Information Center

Phone: 877/337.3463

E-mail: eereic@ee.doe.gov

Website: <https://www1.eere.energy.gov/informationcenter>

Information Center for DOE's Office of Energy Efficiency and Renewable Energy (EERE)

- EERE News

<http://www.eere.energy.gov/news/subscribe.cfm>

- Weatherization and Intergovernmental Program

<http://www.eere.energy.gov/wip>

EERE's Weatherization and Intergovernmental Program provides funding and technical assistance to its partners in state and local governments, Indian tribes, and international agencies to facilitate the adoption of renewable energy and energy efficiency technologies.

Environmental Protection Agency (EPA) Resources and Websites

- "Rapid Deployment Energy Efficiency Program Toolkit"

http://www.epa.gov/cleanenergy/energy-resources/ee_toolkit.html

This EPA toolkit provides detailed program design and implementation guides for 10 broadly applicable energy efficiency programs)

- "Clean Energy: Local Best Practices"

<http://www.epa.gov/cleanrgy/energy-programs/state-and-local/local-best-practices.html>

This EPA webpage details some best practices for municipal clean energy programs.

Other Resources

- Alliance to Save Energy

<http://ase.org/content/article/detail/5461#webinar>

- "14x Stimulus: A Plan for State and Local Governments"

http://www.architecture2030.org/14x_stimulus/14x_stimulus.html

Architecture 2030 produced this tool for state and local governments.

- ICLEI-Local Governments for Sustainability

This membership association of local governments has several tools to explain EECBG.

- "Energy Efficiency and Conservation Block Grant Program"

<http://www.icleiusa.org/action-center/financing-staffing/doe-energy-efficiency-and-conservation-block-grants>

- "Energy Efficiency and Conservation Block Grant Program FAQs"

<http://www.icleiusa.org/action-center/financing-staffing/energy-efficiency-and-conservation-block-grant-faqs>

- “Guide to Preparing Your EECBG Application”

- **Part 1:** http://www.icleiusa.org/action-center/financing-staffing/ICLEI%20EECBG%20Application%20Guide%20Part%20I_5.21.09.pdf
- **Part 2:** http://www.icleiusa.org/action-center/financing-staffing/ICLEI%20EECBG%20Application%20Guide%20Part%20II_5.21.09.pdf

- *American Recovery and Reinvestment Act: A Guide to Entry-Level Jobs and Training and Education Opportunities for Making Connections Communities* (2009)

by Sarah Griffen (Making Connections) and Judy Herbstman (Center for the Study of Social Policy)

<http://www.cssp.org/uploadFiles/ARRA%20Entry%20Level%20Jobs%20Training%20and%20Education%20Guide%20-%20Final%204-22-09.pdf>

- *Bringing Recovery Funds Home: An Activist Toolkit for Energy Efficiency and Conservation Block Grants*

<http://apolloalliance.org/wp-content/uploads/2009/04/eecbg-toolkit-sierra-club.pdf>

A helpful toolkit from Sierra Club’s Cool Cities campaign.

State Resources

- *ARRA of 2009: City Funding Book*
<http://www.cacities.org/resource/files/28053.ARRAs%205.21.09.pdf>

A helpful look at ARRA from the League of California Cities

- *Federal Economic Stimulus Updates*
<http://www.cacities.org/federalstimulus>

This page from the League of California Cities provides links to updated information about ARRA.

- *Energy Efficiency and Conservation Block Grants Local Government Sample Grant Application Template*
<http://www.naseo.org/eecbg/index.html>

The National Association of State Energy Officials has designed this sample grant application template for formula-eligible cities and counties as a stand-alone document with how-to instructions.

- State Energy Offices
http://apps1.eere.energy.gov/state_energy_program/seo_contacts.cfm

Local Resources

- *Chicago’s Guide to Completing an Energy Efficiency and Conservation Strategy*
(Feb. 2009)

<http://www.cnt.org/repository/CHICAGOEECGUIDE4POST.pdf>

- *U.S. Conference of Mayors Fact Sheet*

<http://www.usmayors.org/recovery/documents/factsheet-eeecbg.pdf>

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Green For All is a national organization dedicated to improving the lives of all Americans through a clean energy economy. Green For All works in collaboration with the business, government, labor, and grassroots communities to create and implement programs that increase quality jobs and opportunities in green industry – all while holding the most vulnerable people at the center of its agenda.

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