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BRIEFING

February 2, 2009 3:00 p.m. Room 2253 – Rayburn HOB

STATE ENERGY ACTIVITIES – THE STIMULUS PACKAGE, ENERGY LEGISLATION AND STATE ACTIONS

Steve Payne, Managing Director, State of Washington Department of Community,
Trade and Economic Development

On behalf of the

NATIONAL ASSOCIATION FOR STATE COMMUNITY SERVICES PROGRAMS

Good afternoon everyone. First let me thank you for allowing me to speak to you today about the economic stimulus that will result from investments in the Weatherization Assistance Program. My name is Steve Payne and I serve the State of Washington Department of Community, Trade and Economic Development as the Managing Director of the Housing and Preservation Unit. I am also the West Vice Chair for the Board of Directors of the National Association for State Community Services Programs – the trade association in Washington, DC that represents the states in matters related to Weatherization, the Community Services Block Grant and advocates on behalf of many other related programs. In my role back in Washington State, I have the privilege of witnessing the real impact of the Weatherization Program in low-income homes throughout my state every day. And it is that Program to which I will address my comments today.

Our country still faces the toughest economic times experienced since the Great Depression. Joblessness continues to rise, incomes are fading fast, conflicts remain in the news, and companies large and small are shuttering their doors by the thousands. Those companies that remain in business are cutting jobs and re-inventing themselves to survive. Wall Street has suffered huge losses over the last year – costing millions of Americans billions of dollars in savings and investments. Home foreclosures and mortgage defaults are at their highest levels in decades. Foreign investments are shrinking. And the dollar, while strengthening, is only holding on because other world currencies are falling. The only good news seems to be a startling drop in oil prices, which everyone fears is only temporary.

The Obama Administration and the Leadership in Congress have agreed that desperate measures are required to jump-start the American economy and put “Main Street” back to work. The “American Recovery and Reinvestment Act of 2009” was crafted as part of an ambitious stimulus package to drive our economy towards recovery. It is the intent of our government to spend nearly \$850 billion to put people to work on projects in all sectors of our economy – helping to employ more than 2.5 million Americans while providing tax cuts for the middle class, improving our infrastructure, helping our states wrestle with severe budget deficits, and investing in our energy independence. One of those investments is the Weatherization Assistance Program – currently proposed to receive \$6.2 billion in the House passed version of the Bill and \$2.9 billion in the Senate version still being considered for a floor vote sometime this week or next.

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When such a large increase in appropriations was proposed for the Weatherization Program, policy makers raised two questions - first, can the network expand quickly enough to expend the increased funding in a reasonable time frame? And second, will the Program be able to guarantee the quality and effectiveness it has historically enjoyed for more than 30 years. The answer to both of those questions is yes. The Program is prepared to meet it's "call to duty". In fact, among the many discussions taking place at the federal, state, and local levels there is one common theme - success is our only option. Never have I seen the network more resolute - there is no opportunity to fail.

The WAP is already a successful public/private partnership using nearly \$1 billion in federal, state, local, utility, and private funds to reach more than 150,000 homes each year. The network is comprised of more than 13,000 persons working directly for the state and local agencies or for private contractors employed by the network. There are an additional 8,000 or more people involved in providing related services like training, materials, equipment manufacturing, and technical assistance to the network. The expansion of the WAP to meet the goals of the American Recovery and Reinvestment Act would put an additional 31,000 people to work directly for the Program and thousands more in support of the national effort. The \$6.2 billion earmarked for the WAP will create huge investments in local economies around the country – putting tens of thousand of Americans back to work in green collar jobs while helping those less fortunate in our society meet the essentials needs of energy efficiency and energy savings. The network has already begun its work to identify and train workers. It will take about a year to establish the necessary training facilities and increase the workload capacity to reach the goals of production dictated by the funding levels - but the effort will succeed.

The Bill provides a significant cost per unit cost adjustment – from \$2,500 to \$5,000 - that will allow local agencies to provide a more complete array of services on the homes they weatherize, while covering the fixed costs associated with training and outfitting new crews in the field. NASCSP is in favor of raising that limit even higher so that complete services can be provided on every home weatherized. Quality control inspections are required for every home that receives service. States employ monitors and field inspectors to review local agency operations and confirm both quality and resource accountability. Under an expanded program, both of these features will remain in place, thus continuing the legacy of high quality and effective service delivery.

The WAP is a multi-faceted program with enormous benefits. The Program already has a documented history of expanding its production capacity to meet its funding increases. The Program will help millions of low-income families conserve energy and save money – at least \$400 to \$450 each year for more than a dozen years after the services have been provided. The Program will create and support tens of thousands of green collar jobs that are vital to the country's future. The Program will help reduce this country's carbon emissions by conserving energy and avoiding production. The Program will stimulate local economies through employment and purchasing of vehicles, equipment, and local goods and services. And the Program will help reduce our country's dependence on foreign oil and reinforce our economic security. It is not surprising that the Program's slogan is "Weatherization Works! As you can see, the Program already works in a number of ways – yielding benefits that are far-reaching and last for many years to come.

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President Obama and Congress have chosen wisely by electing to increase the resources of the Weatherization Program. The Program will meet and exceed the objectives of the economic stimulus plan with the time frames provided. NASCSP and the states are asking that Congress support the House passed level of \$6.2 billion in funding for the Weatherization Assistance Program, rather than the lower version contained in the Senate version. We believe that only with funding at this level can the network meet the President's goal of weatherizing one million homes each year.

I would like to thank you for your attention this afternoon. I would also like to thank you and the Members you represent for your continued support of the Weatherization Assistance Program. I hope that we can count on that support as the American Recovery and Reinvestment Act of 2009 moves from the Senate floor to the Joint Conference Committee and we can solidify the higher appropriations amounts for this worthwhile and beneficial Program for our country.