

U.S. Department of Energy
WEATHERIZATION ASSISTANCE PROGRAM (WAP)
STATE PLAN/MASTER FILE WORKSHEET

(Grant Number: EE0009909, State: MI, Program Year: 2022)

This worksheet should be completed as specified in Section III of the Weatherization Assistance Program Application Package.

V.1 Eligibility

V.1.1 Approach to Determining Client Eligibility

Provide a description of the definition of income used to determine eligibility

The Michigan Department of Health and Human Services, Bureau of Community Action and Economic Opportunity (MDHHS-BCAEO) uses a combined U.S. Department of Energy (DOE) and U.S. Health and Human Services Low-Income Home Energy Assistance Program (LIHEAP) Weatherization Assistance Program (WAP) application. The combined WAP application eligibility expires 12 months from eligibility determination date if work on dwelling unit (energy audit) has not been initiated.)

Low-income household definition: A low-income household is a family unit meeting the qualifications below to be eligible for weatherization services.

Income definition description: A dwelling unit is eligible for weatherization under DOE funding if it is occupied by a low-income household:

1. **Traditional Eligibility:** Whose income is at or below 200% of the most recent Federal Poverty Income Guidelines and is eligible under LIHEAP funding for assistance when income is at or below 200% of Federal Poverty Income Guidelines as allowed by 10 CFR 440.22.
2. **Categorical Eligibility:** 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. 88452, 42 U.S.C. § 2701 et seq. or applicable State or local law.
3. **Categorical Eligibility:** Who is determined eligible for assistance under the Low-Income Home Energy Assistance Act of 1981, provided that such basis 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.
4. **Categorical Eligibility:** Whose residents have met the income requirements of HUD means-tested programs through mechanisms including, but not limited to, applicant documentation, interagency lists of recipients, shared system databases, etc. Method of verification of eligibility must be included in the client file.

A household meeting the criteria of traditional or categorical eligibility as determined by the statewide database software system called FACSPRO and documented by the subgrantees and will be subject to review, including a weatherization tool developed by Michigan to determine income eligibility using a combination application and to administer and manage the Weatherization Assistance Program. The FACSPRO system tracks and reports eligibility in both DOE and LIHEAP programs or in just one program. Categorical eligibility for weatherization may occur when an individual is found eligible under another federal program (example: eligible LIHEAP recipients are eligible for DOE WAP) using a similar eligibility determination criterion.

Policy Link:

<https://cms.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder1/Folder101/600-Series---Combined-PY21-Final-and-PY22-Draft.pdf?rev=d79bf3634e99470bab4e8e990f11b6cb&hash=588B23CDDF7A3D0AA0615575B961FB00>

Policy Manual:

Community Service Policy Manual 601 Income Eligibility Guidelines

Describe what household eligibility basis will be used in the Program

Michigan uses the most recent federal poverty guidelines as updated by MDHHS and supported in WPN 22-3.

Household eligibility documentation is available through the FACSPRO system, BCAEO website, and Subgrantees. All weatherization requirements and changes are updated in FACSPRO to ensure weatherization assistance program compliance by all Subgrantees. The FACSPRO system prevents weatherization approvals from being created until the household is determined to be eligible. The FACSPRO Eligibility Determination Date is used to determine when a client becomes eligible for weatherization. This safeguard ensures that all households receiving weatherization services are eligible. No dwelling unit may be weatherized without documentation that the dwelling unit is an eligible unit. A standard weatherization application or FACSPRO intake/customer report is used by Subgrantees. This application requires that all household income be calculated, per DOE requirements. It also requires that income and home ownership is verified by Subgrantee staff. Income eligibility is determined by Subgrantees using the statewide FACSPRO database system. Subgrantees are required to maintain a signed weatherization program application or FACSPRO client report. All other documentation of client eligibility is uploaded to FACSPRO. If weatherization services do not begin (an energy audit has not been initiated) within 12 months of the eligibility date, the household's eligibility must be redetermined. Both LIHEAP and

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DOE funding are available for households that are determined income eligible by the parameters listed in the “definition of income used to determine eligibility” of this state plan.

Michigan treats renters and owner-occupied dwellings equally. The Michigan Community Services Policy Manual (CSPM) requires Subgrantees to have procedures in place to ensure eligible households are served according to their priority, whether or not the eligible household rents or owns the dwelling. The Subgrantees procedures are reviewed by BCAEO’s monitors. Michigan’s tenant eviction policy is specified in the Landlord Agreement. Within that document, the landlord agrees not to evict the tenant(s) during the period of agreement, except for documented cause, and also agrees not to raise the rent as a result of increased value due to weatherization work completed.

Subgrantees work on a case-by-case basis with rental property owners to ensure and document that any WAP payment for a rental building or dwelling will be directed to eligible low-income occupants receiving weatherization services. Any forms for written permission from the owner/landlord prior to the start of any weatherization activities and other requirements, including the dwelling energy audit, must be included in the work file. Renters have the right to appeal any rent increases they believe do not meet the requirements stated above. Any appeal must be stated in writing and must follow an appeal process as outlined in the CSPM.

Policy Link: <https://cms.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder1/Folder101/600-Series---Combined-PY21-Final-and-PY22-Draft.pdf?rev=d79bf3634e99470bab4e8e990f11b6cb&hash=588B23CDDF7A3D0AA0615575B961FB00>

Policy Manual:

Community Service Policy Manual 606 Program Requirements
Community Service Policy Manual 610.1 Landlord Agreement Sample
Community Service Policy Manual 610.2 Landlord Contributions
Community Service Policy Manual 611 Client Priority Selection Criteria

Describe the process for ensuring qualified aliens are eligible for weatherization benefits

Michigan will follow the policies outlined in “Summary of Immigrant Eligibility Restrictions under Current Law as of 2/25/2009” in the HHS guidelines when determining eligibility of qualified and nonqualified aliens.

V.1.2 Approach to Determining Building Eligibility

Procedures to determine that units weatherized have eligibility documentation

Procedures to determine units to weatherize:

Pursuant to 10 CFR Part 440.1: The weatherization program is to increase the energy efficiency of dwellings owned or occupied by low-income persons.

10 CFR 440.3 defines a dwelling unit as a house, including stationary mobile home, an apartment, a group of rooms, or a single room occupied as a separate living quarter.

10 CFR Part 440.16(a): No dwelling unit may be weatherized without documentation that the unit is an eligible unit as provided in CRF 440.22.

Subgrantees are required to retain records that allow them to determine which dwellings have been previously weatherized, including the date weatherization activities were completed. Dwelling units weatherized (including dwelling units partially weatherized) may not receive further financial assistance for weatherization under this part until the date that is 15 years after the date such previous weatherization was completed. The statewide FACSPRO system provides documentation of units that have been weatherized. Subgrantees are required to complete, prior to any weatherization activity, a State Historic Preservation (SHPO) review for units 50 years of age or older at the time the work takes place, units that are historic properties, or units that are in a designated historic area. Michigan’s SHPO Programmatic Agreement (PA) was extended until December 2025.

MDHHS-BCAEO will adhere to the stipulations of the PA, which can be found at: https://www.energy.gov/sites/default/files/2021/02/f82/MI-amendment-to-extend-to-2025_0.pdf

MDHHS-BCAEO’s review of Subgrantee household files includes verification of SHPO review and pre-weatherization status.

Eligible Dwelling Units

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Structures eligible for weatherization include single family, manufactured housing (mobile homes), and both large (five + units) and small multifamily housing (two to four units). All structures must be stationary and have a specific mailing (street) address. Campers and nonstationary trailers are not eligible. All dwellings to be weatherized must be owner or renter occupied, and occupied by a household:

1. Whose income is at or below 200 percent of the poverty level established by the U.S. Department of Health and Human Services, or which contains a member who has received any one of the following at any time during the 12-month period preceding the application date for weatherization assistance: Cash assistance payments under Title IV (FIP) or XVI of the Social Security Act, (SSI).
2. Occupying a qualified rental dwelling unit in accordance with CSPM Item 608.
3. Occupying a shelter, group home or transitional facility in accordance with CSPM Item 608.1.

The only instance where a dwelling may be eligible and not be is the case of a vacant unit in a multifamily building only where; not less than 50 percent of the dwelling units in the building are eligible dwelling units for duplexes and four unit buildings; or not less than 66 percent of the dwelling units in the building are eligible dwelling units for five unit or more buildings.

If energy savings cannot be realized due to the condition of a home, these conditions shall be documented in the electronic file and the home shall not be weatherized. Such conditions shall be brought to the attention of the client with referrals to other help sources available.

Eligibility Documentation (owner and renters):

The following documents must be uploaded to FACSPRO using the document link on the customer intake screen:

- Signed FACSPRO Customer Report or Standard Application Form, DHS4283, including the Social Security numbers of all household members
- Signed FACSPRO weatherization disclaimer
- Income eligibility documentation (pay stubs, award letters, etc.)
- Written notification to client
- Priority criteria selection
- Home ownership documentation (including rental units)
- Landlord Agreement (if applicable)
- Documentation of landlord contributions (if applicable)
- Utility usage documentation
- MDHHSBCAEO approval of self-declaration of zero income for the entire household (if applicable)

Policy Link: <https://cms.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder1/Folder101/600-Series---Combined-PY21-Final-and-PY22-Draft.pdf?rev=d79bf3634e99470bab4e8e990f11b6cb&hash=588B23CDDF7A3D0AA0615575B961FB00>

Policy Manual:

Community Service Policy Manual 605 Reweatherization of Dwelling
Community Service Policy Manual 606 Program Requirements
Community Service Policy Manual 608 Multifamily Building Eligibility
Community Service Policy Manual 608.1 Shelters, Group Homes and Transitional Facilities
Community Service Policy Manual 612 Applicant File Documentation
Community Service Policy Manual 619 State Historical Preservation Office (SHPO) Review

Describe Reweatherization compliance

Energy Act of 2020 Section 1011 (h): Michigan has adopted the “rolling” reweatherization option in the Energy Act of 2020 and detailed within WAP Memorandum 075. Dwelling units not yet reaching 15 years from the original completion date may not be reweatherized using DOE funds. The priority is to serve dwelling units that have not been weatherized. All dwelling units completed must have an energy audit performed to cost justify any additional measures being installed as a reweatherization job. Subgrantees review all completed weatherization jobs to verify eligibility as a reweatherization job.

Subgrantees are required to retain records of all weatherized dwellings, including the date weatherization activities were completed and a description of DOE and other funds used for weatherization in a particular dwelling. No dwellings weatherized within the 15 year “rolling” completion date using DOE funds will receive additional weatherization using DOE funds. Dwellings weatherized after the 15 year “rolling” completion date may be reweatherized if the household in the dwelling is currently eligible and a current energy audit documents that additional cost-effective work can be performed. Exception to the reweatherization policy is allowed under Michigan’s Disaster Plan as described in section V.9.

Subgrantees imported data in 2011 on previously weatherized homes into the FACSPRO system as far back as 1995. This record of previously weatherized

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dwelling units by address is maintained on FACSPro by Subgrantees or kept by the agency in their own database. The address is checked prior to scheduling a household for service to see whether that house has been previously weatherized. If the house has been previously weatherized beyond the 15 year "rolling" completion date with DOE funds, then it is eligible for reweatherization. This policy is clarified in CSPM 605. If the house is eligible for reweatherization, the Subgrantee decides whether to reweatherize the house based on a number of factors including the energy usage of the house as well as the number of other households currently on the waiting list. The priority is to serve dwelling units that have not been weatherized. Each dwelling to be weatherized is required to receive a new energy audit that considers any previous energy conservation improvements to the dwelling.

Michigan will follow the requirements of CFR 440 10 CFR Part 440.18 stating that a dwelling unit that has been previously weatherized under the Weatherization Assistance Program may receive additional weatherization services if such dwelling unit has been damaged by fire, flood, or act of God and repair of the damage to weatherization materials is not paid for by insurance. If the Disaster Plan is enacted, MDHHS-BCAEO will seek approval from the DOE Project Officer for permission to proceed with a determination of homes available for reweatherization. While DOE will continue to require these homes to be reported separately, Grantees may count these homes as completions for the purposes of compliance with the per home expenditure limit in §440.18. Each dwelling unit must receive a new energy audit which considers any previous energy conservation improvements to the dwelling. In compliance with WPN 12-7, should Michigan's WAP need to utilize the Disaster Planning and Relief plan, homes which have been weatherized before the 15 year "rolling" date can be weatherized due to natural disasters. Details of the MI Disaster Plan is in CSPM 624.

Policy Link:

<https://cms.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder1/Folder101/600-Series---Combined-PY21-Final-and-PY22-Draft.pdf?rev=d79bf3634e99470bab4e8e990f11b6cb&hash=588B23CDDF7A3D0AA0615575B961FB00>

Policy Manual:

Community Service Policy Manual 605 ReWeatherization of Dwelling Units
Community Service Policy Manual 624 Disaster Planning and Relief

Describe what structures are eligible for weatherization

Structures eligible for weatherization include single family, manufactured housing (mobile homes), 2-4 unit housing, and both small (5-24 units) and large multifamily housing (25+ units). Michigan has approved audits for single family (2016) and manufactured homes (2016).

For energy audit purposes, per 10 CFR 440.22, multifamily housing is defined as any building which contains five or more single-family dwelling units as defined in 10 CFR 440.3, with the following exception: Row houses and townhomes may be treated as single-family dwellings if they have independent mechanical systems and are attached only by vertical walls that contain a continuous pressure boundary (i.e. fire rated assembly) that is not penetrated from the foundation to the highest point of conditioned space. Multifamily units have historically been, and in PY21 will be, lower than 20% of Michigan's annual production. In accordance with WPN 19-4, Michigan will submit any multifamily project details to our DOE Project Officer for review prior to any multifamily project commencing. All structures must be occupied prior to weatherization, stationary, and have a specific mailing (street) address.

Campers and nonstationary trailers are not eligible. Nontraditional dwelling types such as shelters and mixed-use buildings, while allowed, must be approved by MDHHS-BCAEO prior to weatherization to ensure that the dwelling meets program regulations. If deemed necessary, MDHHS-BCAEO will seek approval from the DOE Project Officer for the weatherization of a nontraditional dwelling.

All dwellings to be weatherized must be owner or renter occupied, and occupied by a household:

- Whose income is at or below 200% of the poverty level established by the U.S. Department of Health and Human Services, or which contains a member who has received any one of the following at any time during the 12-month period preceding the date of application for weatherization assistance: FIP or SSI.
- Occupying a qualified rental dwelling unit in accordance with Community Services Policy Manual (CSPM) Item 608.
- Occupying a shelter, group home, or transitional facility in accordance with CSPM Item 608.1.

State Historic Preservation Office Review (SHPO)

MDHHS-BCAEO and the Michigan State Housing Development Authority (MSHDA), have in place a programmatic agreement to ensure National Historic Act compliance with DOE funded activities, originally signed April 2010. Per 36 CFR 800.14 the agreement was extended along with 43 other state agreements for 10 years. The current agreement expired at the end of 2020. DOE is currently working to renew the programmatic agreement.

Michigan's SHPO Programmatic Agreement was extended until December 2025. https://www.energy.gov/sites/default/files/2021/02/f82/MI-amendment-to-extend-to-2025_0.pdf

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Multifamily Buildings

Michigan will conduct multifamily projects once projects are identified; the agency will work with BCAEO and DOE per the instructions in WPN 19-4 to complete a multifamily project. The availability of potential projects, qualified field staff, smoothness and timing of project oversight between entities will each contribute to determining how many multifamily projects will be completed within the Program Year. BCAEO and Michigan agencies will follow the instructions in WPN 19-4 for states with no approved multifamily energy audit tool and multifamily production will remain under 20% of total completed units.

The Subgrantee may weatherize rental dwelling units in a multifamily building when the property owner has signed a landlord agreement, which: authorizes the weatherization work; accepts conditions protecting the interests of low-income tenants; and, for those units where the tenant does not pay for energy directly, agrees to specifically demonstrate that the benefits of the weatherization accrue primarily to the tenant.

Not less than 66 percent (50 percent for duplexes and four unit, and certain eligible types of multifamily buildings) of the resident households of the building meet the eligibility requirements cited in 10 CFR 440, Part 22(b)(2) and (3) above. Per WPN 16-5, "certain eligible types of multifamily buildings are defined as 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. The 66 percent/50 percent rule applies to multifamily buildings. If the building is located in a complex, each building is to be considered separately when determining the 66 percent/50 percent eligibility. A vacant unit may be weatherized in a multifamily building only where:

Not less than 50 percent of the dwelling units in the building are eligible dwelling units for duplexes and four-unit buildings; or

Not less than 66 percent of the dwelling units in the building are eligible dwelling units for five unit or more buildings.

If the whole building qualifies for WAP, the vacant units should receive WAP services per the energy audit. The unit may also be counted as eligible if it will become income eligible within 180 days under a federal, state, or local government program for rehabilitating the building or making improvements to the building (CFR 440.22(b)(2)(ii)). In the event a vacant unit is counted as eligible but is then occupied by an ineligible family, the project becomes disallowed if the minimum eligibility requirements, set forth in 10 CFR 440.22, for the building as a whole are not met.

Group Homes and Shelters

The eligibility for group homes and shelters are specified in the "Definitions" section of 10 CFR 440 regulations. Shelters for the homeless, battered spouses, etc., may be weatherized. Subgrantees may count each 800 square feet as a unit or each floor of the shelter as a unit. WAP applications from group homes must list all persons living in the home and their incomes (if age 18 and older or an emancipated minor). Applications for shelters are permitted to list only the shelter name. Individual names of persons within the shelter and/or incomes are not required. Prior approval by MDHHS-BCAEO is required to weatherize a shelter or a group home.

Rehabbed Multifamily Buildings

Weatherization funds may be used to weatherize a dwelling being rehabbed such as Habitat for Humanity rehabs or MHSDA rehabs (cannot be used on new construction) if the dwelling fits the following:

1. The households have been determined eligible; and
2. The Subgrantee is meeting or exceeding all the goals for elderly, disabled (or the household falls into one of these categories) ; and
3. The waiting list of eligible applicants is followed based on the priorities established by the Subgrantee. These units cannot be given a priority just because they are a part of a rehab program.

Multifamily Restrictions

If a multifamily building is not determined eligible, no single unit may be weatherized. Example: In a ten-unit building where there are four eligible units and six ineligible units, weatherization cannot be performed in any of the ten units. Any potential multifamily projects will be presented to the DOE Project Officer for approval.

Policy Link:

<https://cms.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder1/Folder101/600-Series---Combined-PY21-Final-and-PY22-Draft.pdf?rev=d79bf3634e99470bab4e8e990f11b6cb&hash=588B23CDDF7A3D0AA0615575B961FB00>

Policy Manual:

Community Service Policy Manual 606 Program Requirements
Community Service Policy Manual 608 Rental Unit and Multifamily Weatherization
Community Service Policy Manual 608.1 Shelters, Group Homes and Transitional Living Facilities

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Describe how Rental Units/Multifamily Buildings will be addressed

Michigan follows all DOE Weatherization Program Notices (WPNs) regarding percentage requirements for multifamily buildings with five or more units.

Single family rental dwellings and multifamily buildings up to four units are addressed using the NEAT software. For single-family units, subgrantees are required to provide proof of ownership in each client file prior to commencing work. This includes manufactured homes. Most subgrantees can access documentation in FACSPRO (Statewide Database), including information on potential foreclosures. Single family units for sale or in foreclosure are not eligible for weatherization.

Rental units are eligible for weatherization and represent a portion of the dwelling units weatherized. Landlord contributions for eligible single-family and manufactured housing rental dwellings shall not be required per 10 CFR 440.22(d) and the Final Rule amending the DOE Weatherization Assistance Program regulations dated March 4, 1993, (58 FR 12514). Subgrantees may encourage landlord financial participation, but eligible single-family and manufactured housing dwellings may not be deferred for service if the landlord does not consent to a financial contribution. Landlord contributions for single family dwellings are not required but are optional and may be accepted.

Subgrantees are required to enter into an agreement with landlords of multifamily properties. For two-years post weatherization (two years after the final inspection date) the owner must agree not to raise the rent as a result of the weatherization performed on the rental unit. In the case of a rent increase, tenants are made aware of their right to appeal the Landlord/Tenant agreement, which must be signed by both parties (owner and tenant) prior to commencing work.

Michigan uses the HUD case by case basis process as requested through the process outlined in WPN 17-4 when appropriate and otherwise uses the 66% percent eligible rule (50% for duplexes and four units) to determine eligibility and the amount allowed to be spent on multifamily buildings.

Except in cases where the landlord also qualifies for weatherization services, Michigan requires financial participation of a landlord for weatherization of a multifamily property unless express case by case waiver for contribution is granted. When weatherizing rental properties containing two to four units, subgrantees may choose to require landlord contributions, except in cases where the landlord also qualifies for weatherization services. Amount of financial participation is determined at the local level. Landlord participation can be used to buy down an SIR of a multifamily weatherization project in compliance with WPN 16-5 and WAP Memo 035.

Rental Units

The Subgrantee has established procedures for dwellings which consist of a rental unit or rental units to ensure that:

- The benefits of WAP work accrue primarily to the low-income tenants.
- The rent will not be raised within 24 months after weatherization work has been completed unless it is clearly shown that any rent increase is not related to the weatherization work in any way.
- The Subgrantee has procedures in place to enforce the time period limits before there can be a rent increase.
- The weatherization work will not increase the value of the rental units to an undue or excessive amount.

The Subgrantee will ensure a landlord agreement is completed for each building containing a rental dwelling unit to be weatherized prior to the weatherization of any rental unit. A Tenant Synopsis must be signed by the tenant receiving weatherization services. Landlord agreements generally include all necessary information to allow the weatherization improvements to proceed in an expeditious and cost-effective manner in accordance with DOE regulations and guidelines as well as State of Michigan and local contract law. In addition to addressing basic guidelines, the landlord agreement typically includes:

1. The approval of signatures of the building owner(s) or legal representatives.
2. A description of the owner's obligations including any financial contributions;
3. A description of the Subgrantee's obligations including the scope of work and;
4. Rental clauses that allow rent increases only for specific causes or set limits on increases such as prorated share of increased property taxes, increased operating expense, or the prorated amortized cost of property improving outside the scope of WAP;
5. Protection against sale of property clause; and
6. A definition of a breach in the agreement and the remedies to be taken if such a breach occurs including liquidated damages.

Any Subgrantee customized document must at a minimum contain the information listed above.

Building Owner Permission

As required in 10.CFR 440.22(b)(1), the subgrantee is required to obtain the written permission of the owner of the building or agent.

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Demographics

Subgrantees must have procedures in place to ensure that priority is given to identify and provide weatherization assistance to elderly persons, persons with disabilities, families with children, high residential energy users, and household with high energy burden. Subgrantees must obtain, verify, and maintain, as required, the proper documentation on demographics for the properties to be weatherized.

Generally, resident demographics must be reported on a unit-by-unit basis. However, in some cases, buildings with HUD approval may collect rent rolls or other such building owner records provided that, on-an-entire-building-or-project-basis, there is sufficient documentation to meet this requirement. This will be determined when the Subgrantee request is made. Subgrantees are urged to initiate a landlord/tenant agreement to capture elements required by the regulations (e.g., benefits accrue to the tenants, tenants are not subjected to rent increases due to property improvements provided by WAP, what occurs if tenants are evicted or the building sold before a specific period of time has passed). This agreement should correspond to the type of subsidy the building receives.

Benefit Accrual to the Tenant

In instances where a tenant does not pay for energy directly, Subgrantees must ensure the weatherization benefits accrue to the low-income tenant. Any request for weatherization of eligible multifamily buildings needs to demonstrate, in sufficient detail to the Subgrantee, that the benefits of weatherization work accrue primarily to the low-income tenants.

To ensure this, Subgrantees have the option of:

- Requiring a landlord agreement for a minimum period of two years, or
- Developing an agency policy describing a combination of several categories of benefits that can be used to demonstrate that the benefits of the weatherization accrue primarily to the tenant. Benefits that could be combined, include, but are not limited to:
 - Longer term preservation of the property as affordable housing;
 - Continuation of protection against rent increases beyond that required under the WAP regulations (10CFR 440.22(b)(3)(ii));
 - Investment of the energy savings in facilities or services that offer measurable direct benefits to tenants;
 - Investment of the energy savings from the weatherization work in specific health and safety improvements with measurable benefits to tenants;
 - Improvements to ventilation and to heat and hot water distribution to improve the comfort of residents; and
 - Establishment of a shared savings program.
 - Generic assertions such as “tenant services will be improved” or “weatherization will improve health and safety” are not sufficient to demonstrate that the accrual of benefits requirement is met.

Subgrantees wishing to use their own policy must submit the draft policy to MDHHS-BCAEO for approval prior to implementation. The table below is an “at a glance” to convey which potential benefits are valid for different utility payment arrangements.

Table 2: Accrual of Benefits

Potential Benefit	Tenant Pays Utilities	Utilities Included in Rent
Lower energy bills when seasonal temperatures are consistent with historic temperatures	Yes	No
“Lower than expected” energy bills in the event of hotter/colder weather than previous years	Yes	No
Longer term preservation of the property as affordable housing	Yes	Yes
Continuation of protection against rent increases beyond that required under the WAP regulations (10 CFR 440.22 (b)(3)(ii))	Yes	Yes
Investment of the energy savings in facilities or services that offer measurable direct benefits to tenants	Maybe; requires description	Yes
Investment of the energy savings from the weatherization work in specific health and safety improvements with measurable benefits to tenants	Maybe; requires description	Yes
Additional improvements, not related to weatherization, to heat and hot water distribution, and ventilation, to improve the comfort of residents	Yes	Yes
Establishment of shared savings program	Maybe; requires description	Yes

Energy Audit Runs

The WAP file for each building should contain at least the following information from the energy audit:

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- The recommended statement of work including the savings to investment ratios (SIRs) of each measure and the total project SIR.
- If any measures were bought down or otherwise leveraged, the documentation must show the pre-leveraged SIRs of each individual measure and the pre-leveraged project SIR.
- Documentation must include the other sources that funded each bought down measure.
- Either a printed file showing all of the building audit inputs and outputs or the immediately accessible electronic file that shows all audit inputs and outputs.
- Final installed costs of each measure and the total project costs. If the project went through the bidding process, then all bid prices of the winning and losing bids must be in the file.
- All specifications defining each measure.

Leverage/Buy Down Agreements

Subgrantees are strongly encouraged to be innovative in attracting other resources into the WAP. The ultimate goal is to increase the number of low-income households that can be served and/or permit additional cost-effective measures to be installed in each dwelling unit.

Many WAP Programs use a combination of federal funds (e.g., WAP funds, Low Income Home Energy Assistance Program (LIHEAP) funds, and Community Development Block Grant Program (CDBG)) and nonfederal funds (e.g., utility investments from systems benefit charges or efficiency programs, state funds from special set asides, other rehabilitation funds, private funds from landlord contributions or foundations, and other private sources) to accomplish the scope of work on a building.

Only measures on a list of measures with a cumulative SIR of 1 or greater may be paid for in any portion with WAP funds.

In addition, landlords may contribute to the weatherization of their buildings. There are two mechanisms for landlord contributions: participation agreements that address broad Grantee requirements and specific measure buydowns. Grantees may establish and require participation agreements. They may allow buy downs in multifamily (including 24 unit) weatherization. Funding sources other than landlord contributions may also be used for buydowns. Buydowns are only allowable in multifamily weatherization, but leveraging funds is allowable in single family weatherization. For further information on buydowns and leveraging, see WAP Memo 035 and CSPM 622.

At Subgrantee discretion, building owners may also buy down measures they typically prioritize as needs – like furnace or boiler replacements or new fenestration – that do save energy but do not achieve an SIR of 1 or greater as a standalone measure. This must be approved by MDHHS-BCAEO. However, in order for the measures to qualify for the buy down, the package of measures, including the full cost (the prebuy down cost) of the measure, which is to be bought down, must have an SIR of 1 or greater.

All associated health and safety costs incurred on a dwelling unit are generally treated outside the SIR when determining cost effectiveness. However, all energy related incidental repair measures associated with weatherizing the dwelling units are a part of the SIR when determining costs. Subgrantees have some flexibility in calculating the SIR for a specific measure when other funds can be used to offset some of the costs, thereby reducing the WAP investment on the remaining investment. It is not MDHHS-BCAEO's intent, however, to participate in projects that do not demonstrate overall cost effectiveness in design and installation.

All Subgrantees will use this SIR calculation allowance only when the cost effectiveness for the entire investment in the property can still be substantiated. In other words, a measure can be bought down only when the overall SIR of the package of measures, including the full cost of the measure that would be bought down, is 1.0 or greater.

Example: In order for a measure to qualify for the buydown, the package of measures including the full cost (the pre buydown cost) of the measure, which is to be bought down, must have an SIR = 1.0.

For example, in the first case below, the replacement windows would be eligible for a buydown in WAP; the replacement windows with a full cost measure SIR = 0.8 could be bought down so the after buydown DOE measure cost would have an SIR of at least 1.0 (and of course the post buy down DOE package SIR would increase).

In the second case, the replacement windows would not be eligible for a buy down in WAP because the prebuy down package SIR is below 1.0.

Energy Saving Economics Case 1 Buydown Allowed in WAP			Energy Saving Economics Case 2 Buydown Not Allowed in WAP		
Measure	SIR	Cumulative SIR	Measure	SIR	Cumulative SIR
Infiltration Reduction	1.3	1.3	Infiltration Reduction	1.3	1.3
Lighting Retrofits	7.4	1.7	Lighting Retrofits	7.4	1.7
Ceiling Insulation	2.4	1.9	Ceiling Insulation	2.4	1.9
Replacement			Replacement		

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Windows (prebuy down)	0.8	1.1 (>1.0)	Windows (pre buy down)	0.6	.9 (<1.0)
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Further, it is not DOE's intent to "leapfrog" measures that are already cost effective in order to accommodate a measure that is included in the package of measures as a result of using the provisions of this guidance. All measures that were cost effective after the initial energy audit is conducted would remain a part of the list of measures to be completed on the building. Measures that did not attain the SIR of 1.0 can only be considered for buydown if all the cost-effective measures in the initial audit are also installed.

The following steps are recommended in order to determine what other funding is necessary to leverage for a measure that would otherwise not meet WAP SIR Requirements:

1. It is expected that Subgrantees will use this SIR calculation allowance of the building to determine the package of measures that a combined SIR of 1.0 or greater including measures that are not cost effective without leveraged resources.
2. Determine whether sufficient funds from other resources are available to bring any measures with individual SIRs below 1.0 in that package up to at least an SIR of 1.0.
3. Apply those other funds to that measure and include it in the package of measures.
4. Document the inclusion of the leveraged measure into the weatherization statement of work with the original energy audit and either:
 - a. A summary of all costs associated with the weatherization of the building, including any or all resources to be used, or
 - b. A revised audit in which the leveraged price of the additional measure is used as the measure cost. This documentation will be part of the building's customer file along with the inputs and results of both energy audits.

See CSPM 622 for further information on buydowns in multifamily weatherization.

Per 10 CFR Part 440.22(b)(3), a Subgrantee may weatherize a building containing rental dwelling units where:

1. The benefits of weatherization assistance in connection with such rental units where the tenants pay for their energy through their rent, will accrue primarily to the low-income tenants residing in such units;
2. Rents shall not be raised because of the increased value of dwelling units due solely to weatherization assistance provided under this part; and
3. No undue or excessive enhancement shall occur to the value of the dwelling unit.
4. The property owner has signed a landlord agreement authorizing the weatherization work, accepting conditions protecting the interests of low-income tenants and for those units where the tenant does not pay for energy directly, the property owner agrees to specifically demonstrate that the benefits of the weatherization accrue primarily to the tenant.
5. Not less than 66 percent (50 percent for duplexes and four unit, and certain eligible types of multifamily buildings) of the resident households of the building meet the eligibility requirements cited in 10 CFR Part 22(b)(2) and (3) above. The 66 percent/50 percent rule applies to multifamily buildings. If the building is in a complex, each building is to be considered separately when determining the 66 percent/50 percent eligibility.

A vacant unit may be weatherized in a multifamily building only where; not less than 50 percent of the dwelling units in the building are eligible dwelling units for duplexes and four-unit buildings; or not less than 66 percent of the dwelling units in the building are eligible dwelling units for five unit or more buildings. A vacant unit is considered an ineligible unit in the 66 percent/50 percent calculation, unless the vacant unit(s) is a part of a Federal, State, or local government program for rehabilitation and will be occupied by eligible families within 180 days. A vacant building may be weatherized only if the building is part of a Federal, State, or local government rehabilitation program. The units must be occupied within 180 days with eligible families. A notation will be made in the file regarding the date(s) of occupancy.

For multifamily buildings that do not fall under the two categories above, individual applications, and income eligibility verifications must be obtained for each unit. See CSPM Item 601 for Income Eligibility Guidelines. See CSPM Item 612 for client file requirements.

Rehabbed Multifamily Buildings

Weatherization funds may be used to weatherize a dwelling being rehabbed such as Habitat for Humanity rehabs or MHSDA rehabs (cannot be used on new construction) if the dwelling fits the following:

1. The households have been determined eligible; and
2. The Subgrantee is meeting or exceeding all the goals for elderly, and disabled, (or the household falls into one of these categories); and
3. The waiting list of eligible applicants is followed based on the priorities established by the Subgrantee. These units cannot be given a priority just because they are a part of a rehab program.

Multifamily DOE Funding

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Per DOE WPN 16-5, when addressing multifamily buildings with DOE funds, multiply the total number of income eligible units in the multifamily buildings by the current statewide average cost per unit to determine the amount of DOE funding available for weatherizing the building. All units in the building can be served and all units should be reported to DOE. The maximum amount of DOE funds that can be used will be the lesser of either one of the following:

- The percentage of low-income eligible units multiplied by the total allowable weatherization costs (estimated in the initial audit).
- The number of eligible units multiplied by the maximum average allowable cost per unit.

All units in the building MUST be similarly served and all units separately reported to DOE. All units, whether having income eligible occupants or not, must be weatherized, along with common areas, and tenants (eligible or not, having applied or not) cannot opt out of audit determined energy savings measures.

Multifamily Buildings

In PY20, BCAEO ran multifamily QCI and EA training for Michigan WAP staff to ensure agencies had proper staffing to implement multifamily Weatherization. Also, one of the BCAEO Weatherization Coordinators has become a point person for multifamily projects in the state. During PY20, agencies began piloting multifamily Weatherization projects in conjunction with BCAEO and DOE. The agency and BCAEO work with DOE per the instructions in WPN 19-4 to complete a multifamily project. The availability of potential projects, qualified field staff, smoothness and timing of project oversight between entities will each contribute to determining how many multifamily projects will be completed within the Program Year. BCAEO and Michigan agencies will follow the instructions in WPN 19-4 for states with no approved multifamily energy audit tool and multifamily production will remain under 20% of total completed units.

Multifamily Restrictions

If a multifamily building is not determined eligible, no single unit may be weatherized. Example: In a ten-unit building where there are four eligible units and six ineligible units, weatherization cannot be performed in any of the ten units.

Landlord Agreement and Contributions

Subgrantees are urged to initiate a landlord/tenant agreement to capture elements required by the regulations (e.g., benefits accrue to the tenants, tenants are not subjected to rent increases due to property improvements provided by WAP, what occurs if tenants are evicted or the building sold before a specific period of time has passed). This agreement should correspond to the type of subsidy the building receives.

In the case of multifamily buildings, subgrantees must require financial participation, when feasible, from owners of such buildings. Except in cases where the landlord also qualifies for weatherization services, Michigan requires financial participation of a landlord for weatherization of a multifamily property. Michigan may waive financial contribution requirements for landlords on a case by case basis.

Shelters/Group Homes/Transitional Living

The Subgrantee may weatherize a shelter, group home or similar facility for long- or shortterm residents, provided the owner or organization and residents of the dwelling units meet prescribed building and income eligibility requirements. Subgrantees will document individual resident income verification unless there is such a high rate of turnover among residents that documentation of individual resident eligibility is impractical. In that case, Subgrantees will need to supply the following to BCAEO:

1. Weatherization Assistance Program Application for Shelters, Group Homes and Transitional Facilities, DHS4284
2. A signed statement from the facility operator attesting that the individuals/households residing in the facility are income eligible.
3. A copy of the organization's income guidelines or a copy of the organization's mission statement in lieu of individual resident income verification.
4. Documentation that the facility is a nonprofit organization and a copy of the organization's bylaws.
5. Proof of benefit accrual to the low-income tenant(s).

Job files must include all applicable client file information required in Items 601 and 612, as well as a copy of the written approval by the MDHHS-BCAEO staff for the weatherization of any shelter, group home or transitional facility.

Policy Link:

<https://cms.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder1/Folder101/600-Series---Combined-PY21-Final-and-PY22-Draft.pdf?rev=d79bf3634e99470bab4e8e990f11b6cb&hash=588B23CDDF7A3D0AA0615575B961FB00>

Policy Manual:

Community Service Policy Manual 601 Income Eligibility Guidelines
Community Service Policy Manual 606 Program Requirements
Community Service Policy Manual 608 Rental Unit and Multifamily Weatherization
Community Service Policy Manual 608.1 Shelters, Group Homes and Transitional Living Facilities
Community Service Policy Manual 610.1 Landlord Agreement Sample
Community Service Policy Manual 610.2 Landlord Contributions

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DHS4284 Application for Shelter

Describe the deferral Process

There are conditions or situations when an eligible dwelling unit should not be immediately weatherized. A determination may become evident during the eligibility process, during the audit or after work has begun. The decision to defer work in a dwelling is difficult, but at times necessary. This does not mean that weatherization assistance will never be available, but that work should be postponed until the problems can be resolved and/or alternative resources are found.

Subgrantees are expected to pursue reasonable options on behalf of the dwelling owner, and to use good judgment in dealing with difficult situations. If the unsafe conditions cannot be corrected by the subgrantee due to funding constraints, cost limitations, or because the complexity of the problem is considered beyond the scope of the weatherization; alternate funding should be recommended.

Subgrantees shall not simply defer service without pursuing other options and identifying other resources to address the identified hazard(s). Whenever appropriate, educational information on how to address the hazard shall be shared with the occupant. If corrections are made on a deferred dwelling that addresses the issue that led to the deferral, the Subgrantee may proceed with weatherization. Subgrantees are asked to maintain a list of deferred dwellings for that purpose.

Subgrantees may elect to defer a home from receiving weatherization services where health and safety hazards exist for the staff, contractors or clients, or where conditions that cannot be addressed by WAP prevent the safe and effective implementation of weatherization measures.

Each subgrantee is required to have a written walkaway (deferral) policy which is in the best interest for its service area. Agencies include in their policies the procedures to be followed when making a deferral decision, notification of the customer. Grantees must also include a list of potential reasons for deferral, which may not be all encompassing, as deferral reasons may be conditional or compounded by multiple issues. Some conditions to consider are listed below.

Conditions where Subgrantees must not weatherize include:

- The dwelling was weatherized with a final close out date within the last 15 years.
- The building or dwelling unit is scheduled for demolition/redevelopment.
- The condition of the structure would make weatherization impossible or impractical (e.g. inability to meet SWS)
- Per WPN 19-4, client refusal of any cost justified major measure. Agencies should make every attempt possible to educate clients around cost justified measures they are refusing. See CSPM 606.3 for further information on measure skipping.
- Per WPN 19-4, if the building owner or occupant declines a measure not defined as a major measure prior to work beginning, the auditor must include in the client file a comprehensive justification, including background/source documents that support the decision to skip a specific measure. All other weatherization measures must be installed. If the auditor cannot access background/source documents that justifies the building owner/occupant's decision to decline a measure or the measure is defined as a "major measure", the situation must be fully documented in the client file and the job must be deferred due to client refusal. See CSPM 606.3 for further information on measure skipping.
- Encountering a mandatory reason for deferral as outlined in the Health and Safety plan (CSPM 614).

Conditions where a Subgrantees may defer, include, but are not limited to:

- The extent and condition of lead based paint in the house would potentially create further health and safety hazards.
- The building structure or its mechanical systems, including electrical, plumbing, sagging or rotted roof rafters, wall studs and floor joist deficiencies, are in such a state of disrepair that failure is imminent and the conditions cannot be resolved cost effectively.
- The house has been condemned or electrical, heating, plumbing, or other equipment has been "red tagged" by local or state building officials or utilities and the conditions cannot be resolved with WAP funds.
- Exterior dwelling deterioration.
- Electrical or plumbing hazards or structural failures that cannot be addressed/completed within Incidental Repair or Health and Safety (H&S) cost limitations.
- Standing water, excessive water/moisture damage, remnant of standing water issues, mold, radon, friable asbestos, deteriorated lead based paint surfaces, flaking lead paint, volatile organic compounds, or other hazardous materials that cannot be addressed by the weatherization work.
- Moisture problems are so severe they cannot be resolved under existing health and safety measures and with minor repairs.
- Unvented space heater(s) that may have a harmful effect on the air quality of the home.
- Dwellings where construction has not been completed.
- Major remodeling is in progress, which limits the proper completion of weatherization measures.
- Improperly stored chemicals, combustible materials, or other fire hazards that present a danger to the occupants or the workers.
- Evidence of infestations of rodents, insects, and/or other vermin.
- Unsecured pets that may prevent workers from safely completing their work.

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- The presence of sewage or animal feces in or around the home.
- The home receives HUD funding and at the time of completion, the unit will not meet applicable HUD Lead Based Paint standards.
- Maintenance or housekeeping practices that limit the access of workers to the dwelling or create an unhealthy work environment.
- Dangerous conditions exist due to high carbon monoxide levels in combustion appliances, and cannot be resolved under existing health and safety measures.
- In the judgment of the energy auditor, any condition exists which may endanger the health and/or safety of the work crew or subcontractor, the work should not proceed until the condition is corrected.
- The client is uncooperative, abusive, or threatening to the crew, subcontractors, auditors, inspectors, or others who must work on or visit the house. Threat(s) of violence or abusive behavior to worker(s) or household member(s) during the weatherization process.
- The client/occupants has known health conditions that prohibit the installation of insulation and other weatherization materials.
- The illegal presence or use of any controlled substance in the home during the weatherization process. This includes marijuana.
- The building or dwelling unit is for sale or in foreclosure.
- Ownership cannot be confirmed due to a legal dispute. Clear title must be established before services can be provided.
- The cost to weatherize a home is so significant that it will negatively impact the Subgrantee's ability to meet the statewide average cost per dwelling (e.g. those homes that are more than 2x the state average). MDHHS-BCAEO must be notified in writing prior to deferring a dwelling for this reason.

When the auditor/inspector or any other weatherization employee encounters an unsafe or inoperable heating appliance during the heating season, weatherization work should not proceed until the condition is corrected. If the measure is allowable in weatherization and determined to be necessary for this job, weatherization funds may be used to correct the condition. Although Michigan has acknowledged marijuana as a legal substance, federal law does not recognize marijuana as legal. Therefore, federal law will prevail as the program is federally funded.

Subgrantees are required to have a written deferral policy that outlines the procedures to be followed when making a deferral decision and notifying the customer. It should include guidelines for establishing a time period for correction and an identification of resources and options to assist the applicant. When service is deferred, the owner or occupant should be given a reasonable timeframe to correct/eliminate the problem. Examples of reasonable timeframes would be 30 days for housekeeping concerns or 90 days for major remodeling work. In cases where an individual client feels a deferral is unfairly determined, the individual client may appeal a decision to defer. In these circumstances, the Subgrantee must provide the client the agency's defined appeals process to follow.

Walkaway (Deferral) Notification Requirements

Upon the decision to defer weatherization program services, the customer must be notified in writing within five working days. The notice must include the reason for the deferral, and the means by which the applicant can rectify the situation so the weatherization measures can be performed. The requirements for rectifying the deferral must be reasonable and appropriate to the severity of the situation being addressed. Any eligible applicant that complies fully with these requirements shall be reinstated in the Subgrantee's work system so weatherization work can progress as soon as reasonably possible. There is no time extension for the eligibility period due to a deferral. If the dwelling cannot be reported as complete within the eligibility period, the customer must reapply for weatherization assistance. On a deferred unit, photographs documenting the reason for deferral (mold or other problems) are required and shall be part of the client file. If photographs are unobtainable, the reason(s) must be documented in the client file.

Deferral Tracking Requirements

All deferrals that occur after a Weatherization application is created in FACSPRO and the reason for the deferral must be documented in the FACSPRO WxPro Module under the notes section of the deferral queue.

If a deferral is identified before the Weatherization application is created in FACSPRO, and the Grantee does not have the resources to address it, they must track it in the BCAEO Deferral Tracking Tool. Advocates within the State of Michigan and DOE are interested in understanding more about Weatherization deferrals and frequently request data on them. At any time, BCAEO may request submission of the up to date Tracking Tool.

Policy Link: <https://cms.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder1/Folder101/600-Series---Combined-PY21-Final-and-PY22-Draft.pdf?rev=d79bf3634e99470bab4e8e990f11b6cb&hash=588B23CDDF7A3D0AA0615575B961FB00>

Community Service Policy Manual 609 - Deferral Policy

Community Service Policy Manual 606.3 - Technical Weatherization Installation Requirements

V.1.3 Definition of Children

Definition of children (below age): 19

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V.1.4 Approach to Tribal Organizations

☒ Recommend tribal organization(s) be treated as local applicant?

If YES, Recommendation. If NO, Statement that assistance to low-income tribe members and other low-income persons is equal.

In accordance with 10 CFR 440.16(f), low-income members of a Native American tribe will receive benefits equivalent to the assistance provided to the other low-income persons within the state unless the applicant has made the recommendations provided in 10 CFR 440.12(b)(5). All eligible households, including those with Native American tribal members, are served equally without regard to race, color, national origin, gender, or religion.

V.2 Selection of Areas to Be Served

Michigan serves all 83 counties in the state in order to provide equal access to WAP services for all eligible households. Services are based largely on Community Action Agencies (CAAs) historical geographical boundaries and past performance. This enables the CAAs to use their existing outreach structure to inform low-income persons about the program and to take applications.

In 2016, MDHHS-BCAEO conducted statewide procurement for WAP subgrantees with the intention of meeting federal procurement policy by showing fair and competitive bidding procedures. The Invitation to Bid (ITB) was posted on the State of MI Department of Technology, Management, and Budget on the Buy 4 Michigan website <https://www.buy4michigan.com/bso/> and complied with federal and state procurement policy. The next bid is tentatively scheduled for 2026. MDHHS-BCAEO reserves the right to schedule a bid sooner to expand statewide weatherization operational capacity, to provide a statewide weatherization solution for contractor shortages, and/or to meet demands of multifamily weatherization jobs.

MDHHS-BCAEO reserves the right to reallocate funding from one subgrantee to another, should any of the current subgrantees be unable, for whatever reason, to fulfill their obligations to implement the program in their service area. The term implement includes maintaining production level goals and meeting work quality standards (SWS and Michigan Field Guide). Additionally, in an event that an area is unserved, the MDHHS-BCAEO reserves the right to designate a provider for the service area until another Invitation to Bid is posted.

MDHHS-BCAEO completes an annual Risk Assessment. The utilized risk assessment tool at the time of this state plan submission is called the STAR Assessment of subgrantees to evaluate performance and to determine if a subgrantee is administering an effective weatherization program. The STAR Assessment tool evaluates subgrantees based on administrative, technical, and fiscal management. A rating of "high risk" in the weatherization portion of the assessment (scores 1 STAR or 2 STARs) for two consecutive years on the annual STAR Assessment performed by MDHHS-BCAEO, may result in contract termination and a competitive proposal process for the subgrantee's territory after the current contract expires. Should the STAR Assessment rating result in a competitive proposal process for any subgrantee's territory, MDHHS-BCAEO will proceed in accordance with 10 CFR 440.15. MDHHS-BCAEO may, at any time, determine utilization of another risk assessment tool for BCAEO programs. If that does occur, this new tool would be utilized by the Michigan WAP. Its purpose, to assess risk of compliance issues with subgrantees administering the WAP.

V.3 Priorities

As required by federal regulation, Michigan prioritizes households with elderly or disabled family members, and families with children. Michigan Subgrantees also use high residential energy use and/or high energy burden in prioritizing households for WAP service. WAP staff uses the Michigan Energy Appraisal Winter Outlook Report for 2021 /2022 prepared by the Michigan Public Service Commission and issued on November 3, 2021 to determine thresholds for high energy use/on an annual basis.

Subgrantees determine how to best serve the eligible population in their service territory. Subgrantees may choose to use oldest eligibility date for positioning applicants with the same number of priority points. Subgrantees are required to have a written policy of their prioritization system. Subgrantees may not discriminate due to housing type.

Michigan utilizes a priority point system when delivering services to low-income single-family homes to meet 10CFR 440. Mandatory priority categories are as follows:

- Households with elderly
- Households with disabled
- Households with children

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- High Residential Energy User
- High Residential Energy Burden

In 2022, MDHHS-BCAEO did an analysis of its definition of households with a High Energy Burden (HEB). Staff reviewed statistics of average energy burden for the 200% FPL income level, and estimates to define the top 1/3 of potential clients as HEB households. MDHHS-BCAEO determined that changing the definition of HEB from 20% of total income toward energy costs to 15%. This better aligns with current statistics for the state of Michigan.

Due to the particular vulnerability of households with a HEB, MDHHS-BCAEO requires that Subgrantees assign 2 priority points for households meeting this definition.

Subgrantees are required to utilize a priority point system when determining homes to weatherize. Subgrantees must utilize the statewide point system set up in FACSPRO to determine priority points. The priority point system does not differentiate between eligible households that rent or own their dwellings. Each category is 1 point with the exception of HEB, which is 2 points. Clients meeting one or more points will be considered Priority Applicants. Applicants with no priority points will remain at the end of the waiting list and will be served, oldest eligibility date first, after all "Priority Applicants" with one (1) or more points are served. All applications are required to re-verify the household income for the program annually. No applications on the waiting list should be older than one year.

It is permissible to pull a client from the priority list out of order to engage with a leveraging opportunity if the following guidelines are followed:

- Client is part of a group with an equal number of points at or near the top of the list, and;
- Leveraging opportunity is rare, and;
- Subgrantee can defend the selection of the client for leveraging over other clients on the list.

When the Subgrantee's territory covers a large geographical area, it is also permissible to prioritize service based on cost effective scheduling considerations. For example, if a prioritized client lives in a county distant from the main offices, other homes in that area on the waitlist may be served during the same time period if it eliminates costs and travel time to the agency.

Emergencies will take precedence over all other priorities. Emergencies are defined as life-threatening housing conditions. MDHHS-BCAEO will evaluate all emergency waiver requests from subgrantees, results of the review must be kept in the client's file.

Policy Link: <https://cms.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder1/Folder101/600-Series---Combined-PY21-Final-and-PY22-Draft.pdf?rev=d79bf3634e99470bab4e8e990f11b6cb&hash=588B23CDDF7A3D0AA0615575B961FB00>

Policy Manual:

Community Service Policy Manual 611 Client Priority Selection Criteria

V.4 Climatic Conditions

Michigan has large seasonal temperature changes and a significant north south temperature variance. There are 10 climate divisions established by the National Oceanic and Atmospheric Administration. The number of Heating degree Days (for a 10-year time span using the most recent available data) for each climate division in Michigan is used to determine the percentage of heating degree days is factored into the funding allocation formula. The heating degree day average was obtained from the Midwest Regional Climate Center data.

The National Energy Audit Tool (NEAT) program is adjusted by area of the state for the heating degree days. When a NEAT audit is completed in the Upper Peninsula, it may call for more insulation than a NEAT audit completed in the southernmost part of the state.

Heating Degree Days by Climate Division (Source: <https://mrcc.illinois.edu/>) See attachment in SF424 for a breakout of data by climate division in Michigan.

V.5 Type of Weatherization Work to Be Done

V.5.1 Technical Guides and Materials

All weatherization work in Michigan is performed in accordance with DOE approved procedures, including the appropriate DOE approved energy audit (single family, small multifamily (24 units), or mobile home) 10 CFR 440 Appendix A, the Michigan Weatherization Field Guide, and the Standard Work Specifications

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(SWS).

All Subgrantee agreements and vendor contracts, active in Program Year 2015 and beyond, contain language which clearly documents the SWS specifications for work quality. Language matches that of WPN 22-4 Section 2. The signature on the contract serves as proof of receipt.

Also, beginning in PY15 and as required by WPN 22-4, Subgrantees must include similar language in their contracts with contractors who perform work for WAP. Administrative monitors review contracts for compliance. Field monitors, through monitoring inspections, confirm conformance with the Michigan Weatherization Field Guide and the SWS.

Weatherization Guidance Online Access:

- Michigan Weatherization Field Guide

The Michigan SWS aligned Field Guide is available as a web interactive version or a downloadable PDF. Subgrantees can access the field guide on mobile devices in the field and from a hard copy, along with all other policy. The base field guide was purchased from Saturn. MDHHS-BCAEO assembled a group of volunteers from the weatherization network to review and update the base guide. The Michigan Field Guide was approved by DOE in May of 2021. The downloadable PDF version can be found at [Michigan Field Guide PDF](#). The web interactive version can be found at [Michigan Field Guide Web Version](#).

The following program updates, procedures manuals, and standards documents are available on BCAEO website (<http://www.michigan.gov/bcaeo>) and in MDHHS-BCAEO's external SharePoint, and in the FACSPRO system:

- NREL Standard Work Specifications link: <http://sws.nrel.gov>
- US 10CFR600
- US 2CFR200
- US 10 CFR 440
- U.S. Department of Energy Weatherization Program Notices
- U.S. Department of Energy Weatherization Memorandums
- Community Services Policy Manual http://www.michigan.gov/mdhhs/0,5885,733971551_45583_45584,00.html
- State of Michigan Department of Licensing and Regulatory Affairs (LARA) Policy LARA provides oversight for mechanical, construction, and safety laws. This department houses Michigan Occupational Safety and Health Administration (MIOSHA) which provides worker safety oversight and training.

All manuals and policy are provided to the network via the MDHHS-BCAEO website, the statewide database document center, the MDHHS-BCAEO external SharePoint, the MiTEC website and via email. When updates are made, the network is notified, and all policy is updated online and in the database. MDHHS-BCAEO also provides updates in the MDHHS-BCAEO Update newsletter that is sent to the network.

The Subgrantee shall assure that appropriately credentialed or trained staff under its control, including Subgrantee employees and/or subcontractors, shall perform functions under this Agreement. The Subgrantee must provide crews and/or subcontractors with technical requirements for field work including: audits/testing, installation of energy conservation, health and safety and incidental repair measures; and final inspections. The Subgrantee must confirm receipt of those requirements and provide follow up and clarification upon request. A signature on a contract can serve as proof of receipt. The technical requirements must be clearly communicated and the specifications for work to be inspected must be referenced in the subgrantee contracts. Contractors hired by the Subgrantee must have agreements that include the same technical requirements as listed above. The work on the contract must be consistent with the Subgrantee standards and field guides. All energy auditors, retrofit installers, crew leaders, and quality control inspectors must possess the knowledge, skills, and abilities in the National Renewable Energy Laboratory (NREL) Job Task Analysis (JTAs).

Weatherization Work

All work is performed in accordance with DOE approved audit procedures and 10 CFR 440, Appendix A, Standard Work Specifications, and Michigan Rules and Regulatory policy.

Subgrantee will ensure that all weatherization activities not included in the list of categorical exclusion activities in Section 2.8 of WPN 22-1 require an Environmental Questionnaire submission for review.

The weatherization measures most commonly installed in eligible units are air sealing; duct sealing, repair, replacement and insulation; attic and wall insulation; and health and safety measures. Michigan has also added cost effective electric base load measures including refrigerator replacement and LED bulbs.

Domestic water heaters (DWH) are an electric base load measure being replaced as an Energy Conservation Measure or a Health & Safety measure on eligible dwelling units.

LED bulbs

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Michigan has been approved by the DOE project officer to use LED bulbs beginning in PY17.

General Heat Waste Reduction Measures

Grantees may install the identified General Heat Waste reduction measures, known as Optional Weatherization Measures, on one-to-four-unit dwellings. Optional Weatherization Measures are intended to be relatively low-cost items that can be quickly and easily installed.

Grantees shall establish a local policy as to whether the installation of optional weatherization measures will be addressed and clearly define the parameters of when such measures can be installed.

Grantees must identify at the beginning of the program year if they will be utilizing optional measures and how they will determine when those measures are necessary. Total optional measure costs (including labor) must not exceed \$250.

Optional Measures Include:

- Water Heater Tank Insulation
- Water Heater Pipe Insulation
- Low Flow Showerheads

Field guide types and approval dates:

- Single-family: 5/26/2021
- Manufactured Housing: 5/26/2021

Policy Link: <https://cms.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder1/Folder101/600-Series---Combined-PY21-Final-and-PY22-Draft.pdf?rev=d79bf3634e99470bab4e8e990f11b6cb&hash=588B23CDDF7A3D0AA0615575B961FB00>

Policy Manual:

Community Service Policy Manual 618
Community Service Policy Manual 618.1

Field guide types approval dates

Single-Family: 7/2/2018
Manufactured Housing: 7/2/2018
Multi-Family: 7/2/2018

V.5.2 Energy Audit Procedures

Audit Procedures and Dates Most Recently Approved by DOE

Audit Procedure: Single-Family

Audit Name: Other (specify)

Single Family NEAT software on nonstandard homes. Approved by DOE September 8, 2021.

Approval Date:

Audit Procedure: Manufactured Housing

Audit Name: Other (specify)

Mobile Home MHEA software on manufactured homes. Approved by DOE September 8, 2021.

Approval Date:

Audit Procedure: Multi-Family

Audit Name: Other (specify)

N/A - see comments below

Approval Date:

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Comments

Michigan's Energy Audit for single family homes and manufactured homes was approved September 8, 2021. Michigan will continue to comply with the DOE requirements of energy audit approval, when applicable. As required, MDHHS-BCAEO submitted a request to renew the use of the NEAT/MHEA energy audit tools in the field. Approval from DOE is pending.

All dwellings scheduled for weatherization must have a comprehensive energy audit that treats the dwelling as a whole system (See Section V.7). Data from the audit is entered into the Weatherization Assistant (WA) software which then determines which Energy Conservation Measures (ECMs) are cost effective for the dwelling. Weatherization measures for a dwelling are considered cost effective if the Savings to Investment Ratio (SIR) is 1 or greater for each measure and the job. In addition to DOE approved ECMs, Michigan also installs health and safety and incidental repair measures as dictated by the audit on each dwelling.

Single family housing

The energy audit tool, NEAT is being used for 1–4 unit buildings. Weatherization measures for a dwelling are considered cost effective if the Savings to Investment Ratio (SIR) is 1 or greater for each measure and the job. Subgrantees are required to follow the policies and procedures in the Community Services Policy Manual, Michigan Field Guide, Health and Safety Plan, and the newly created Energy Auditor Guide. 1.

Manufactured Housing

The energy audit tool, MHEA is being used for 1–4 unit buildings. Weatherization measures for a dwelling are considered cost effective if the Savings to Investment Ratio (SIR) is 1 or greater for each measure and the job. Subgrantees are required to follow the policies and procedures in the Community Services Policy Manual, Michigan Field Guide, Health and Safety Plan, and the newly created Energy Auditor Guide.

Multifamily

Michigan multifamily dwelling units represent less than 20% of a Subgrantee's building type. If a Subgrantee requests to complete a multifamily dwelling, they will submit documentation to MDHHS-BCAEO for review. Once approved by the MDHHS-BCAEO Director, the Weatherization Specialist will work with the DOE Project Officer to review material for approval prior to commencing weatherization on the building. MDHHS-BCAEO will also verify that the Subgrantee requesting to weatherize a multifamily dwelling has qualified staff with the required training per WPN 22-4 to complete the unit.

For energy audit purposes, per 10 CFR 440.22, a large multifamily building is any building which contains five or more single-family dwelling units as defined in 10 CFR 440.3, with the following exception: Row houses and townhomes may be treated as single-family dwellings if they have independent mechanical systems and are attached only by vertical walls that contain a continuous pressure boundary (i.e. fire rated assembly) that is not penetrated from the foundation to the highest point of conditioned space. Large multifamily units have historically been, and in PY22 will be, lower than 20% of Michigan's annual production. In accordance with WPN 19-4, Michigan will submit any large multifamily project details to our DOE Project Officer for review prior to that project commencing.

Fuel Switching

In previous Program Years, Michigan has completed case by case submissions for fuel switch requests to DOE. Beginning in PY21, MDHHS-BCAEO will begin Grantee Administered Fuel Switching Approval. Fuel switching is allowable when the site-specific energy audit demonstrates the cost effectiveness of the fuel switch over the life of the measure as indicated by the Savings to Investment Ratio (SIR). Fuel switching is also allowed when justified for Health and Safety (H&S) reasons. If a heat pump or other combined heating and cooling system is to replace a heating-only (or cooling-only) system, no savings will be attributed to the previously nonexistent cooling (or heating) system, but that all the costs of running the system throughout the year will be included in the audit.

Current MDHHS-BCAEO

Three MDHHS-BCAEO technical staff have received the multifamily EA & QCI certification. Four other MDHHS-BCAEO and six MiTEC staff also attended and passed the multifamily QCI and Energy Auditor trainings.

V.5.3 Final Inspection

Completed Units

Per 10 CFR 440.16(g), no dwelling unit will be reported to MDHHS-BCAEO as completed until a Quality Control Inspector (QCI) has performed a final inspection and certifies that all work from the energy audit has been completed in compliance with the NREL SWS and the Michigan Weatherization Field

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Guide. No dwelling unit is reported to DOE as complete until all weatherization measures have been installed and the Subgrantee has performed a final inspection(s). This includes inspecting any mechanical work performed and ensuring that 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.

A complete audit and quality control inspection are required for each home weatherized. Audits include WA8 audit reviews as well as required testing. Quality control inspection approval is mandatory for a home to be considered a completion. Beginning July 1, 2014 all Quality Control Inspectors implemented a quality control checklist which they sign and date confirming that all work from the original audit was completed to required standards. The checklist is created by the energy auditor based on the energy audit results and provides the measure, the SWS item linked with the measure, and the CSPM reference policy item for that measure. No dwelling unit may be reported to DOE as completed until all weatherization material is installed and a final quality control inspection is performed. However, due to supply chain disruptions, some agencies have experienced extensive delays in refrigerator delivery to a client. In cases where the refrigerator delivery will delay the scheduling of the Quality Control Inspection, subgrantees may opt to cover the cost of the refrigerator out of an alternative funding source (e.g. LIHEAP), and proceed with the final inspection before the refrigerator is installed. In this case, the subgrantee must confirm receipt and installation of the refrigerator and maintain documentation in the client file.

Policies and specifications are provided to each subgrantee through the CSPM. An example of the quality control checklist has been uploaded and is available in the SF424. The Quality Control checklist is signed by the energy auditor, crew leader, and the quality control inspector through the various stages of weatherization. If the state monitor chooses the job to monitor, they sign the Quality Control checklist as well.

Weatherization Final Inspection Process

The CSPM specifies the activities/tests that must be completed in a final inspection and the process for rework should the need arise. The final inspection will be conducted to confirm that all work was done to the SWS standards. Dwelling units may not be reported as complete until all work passes a final inspection and all required signatures are obtained on the required forms. Each Subgrantee is required to use a certified Quality Control Inspector (QCI) who is in good standing with the Building Performance Institute to conduct all final inspection of all dwelling units.

Process for Adequate QC Inspections

All Subgrantee final inspections are performed by a Building Performance Institute (BPI) Certified Quality Control Inspector as outlined in WPN 22-4. As of March 30, 2022, Michigan has 58 certified Energy Auditors and Quality Control inspectors serving 25 subgrantees covering all 83 counties in Michigan. Subgrantees may employ or contract for these services. Final inspection documentation and certification will be placed in the client's file. MDHHS-BCAEO will monitor and document results in a monitoring report of at least 5% of all completed units and 10% quality assurance file reviews.

Quality Control Inspections will use the criteria outlined in the Work Quality section of WPN 22-4. The QCI will include the following:

- Assessment of the original energy audit
- Complete the Weatherization audit review checklist
- Confirm measures on work order were appropriate
- Confirm measures on work order were in accordance with policies as approved by DOE

All Subgrantees have contract language which they sign and return stating that all work performed requires the QCI. See Section V.5.1 of Master File for contract language.

Michigan utilizes a separate Energy Auditor (EA) and Quality Control inspector (QCI) per WPN 22-4 for each Weatherization job, with waivers issued on a case-by-case basis for exceptions to have the same individual act as the EA and QCI.

If a Subgrantee is not able to find a QCI, MDHHS-BCAEO will help Subgrantees identify QCIs to assist. Subgrantees are also working together to share energy auditors and QCIs for the Program Year 2022 to ensure compliance as needed.

Subgrantees will provide QCI certified inspections according to the following protocol:

Independent QCI: A final inspection on every home will be conducted by a QCI who was not involved in the weatherization work on the home either as the auditor or as a member of the crew.

Quality Control Inspection Checklist and State Monitoring Tools: The QC inspection checklist is placed in the client's file and serves as a recording of all Quality Control Inspections performed on the dwelling unit(s). MDHHS-BCAEO monitors record their observations on monitoring tools for their field notes to ensure work is completed in compliance with the work quality requirements outlined in WPN 22-4.

QCI Shortage: To meet production goals in a timely manner, Subgrantees are responsible for maintaining staff and/or contractual relationships with QCI

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certified inspectors. In the case of a shortage of QCI certified inspectors in the service territory, MDHHS-BCAEO may choose to allow the following, in accordance with WPN 22-4.

Waiver for same individual to perform audits and QCI: Small Subgrantees (defined as Subgrantees with a minimum production level of 30 dwellings per program year), or Subgrantees experiencing a barrier to complete production, may apply for a waiver to the separation of duties for the Energy Auditor and QC Inspector. These waivers will be approved on a case-by-case basis if there is appropriate justification, such as an inability to obtain the qualified staff. In this case, the QCI/Energy Auditor is not involved in any of the actual work on the home. If MDHHS-BCAEO approves the waiver, MDHHS-BCAEO's state monitors will perform quality assurance site reviews on at least 10% of all completed units and 20% quality assurance file reviews for that program year. In addition, MDHHS-BCAEO will conduct more follow-up reviews and require the agency to implement a Corrective Action Plan to resolve the staffing issues within the program year or 6 months from waiver approval. MDHHS-BCAEO may require the Subgrantee to schedule monthly calls with MDHHS-BCAEO to determine the agency's progress to increase staffing capacity. MDHHS-BCAEO may choose to reduce the respective Subgrantee T&TA allocation to cover the expense of increased monitoring.

Disciplinary Actions: If a QCI Inspector is found to be negligent, either through repeat findings or gross negligence in their duties, MDHHS-BCAEO, with or without the support of a Subgrantee, may institute the following:

- Additional training
- Temporary suspension (e.g., six months)
- Permanent suspension and written notification to BPI

Energy Auditor Decertification/QC Inspector Suspension

Level One: Level One violations typically are defined as minor in nature. These types of violations will be reprimanded with a written warning to the certified Energy Auditor/QC Inspector that explains the violation along with the corrective action. Examples of Level One infractions include, but are not limited to, the following:

- Fails or refuses without good cause to exercise reasonable diligence in developing a home inspection report, preparing a report, or communicating a report
- Fails to perform work or improvement to a residence upon which the Energy Auditor/QC Inspector performed a home inspection within the previous 12 months

Level Two: Level Two violations typically are defined as major in nature or repeated violations and/or the lack of corrective action for minor violations. These types of violations will be reprimanded with a written warning to the certified Energy Auditor/QC Inspector that explains the violation along with the corrective action. The Energy Auditor/QC Inspector is required to submit proof of corrective action in writing that the violation has been corrected. The warning and written response will become part of the record in the person's file. The review of the response and corrective action will be conducted to determine if the person will be suspended or temporarily suspended. Examples of Level Two infractions include, but are not limited to, the following:

- Is responsible for citation of repeated findings in consecutive monitoring reports, fails to correct minor violations as identified in level 1/written warnings/reprimands
- Commits an act or acts of malpractice, gross negligence, or incompetence in the performance of home inspections

Level Three: Level Three violations are defined as a serious violation that may result in the termination of the certification. The violation must be well documented and supported with proof the violation occurred by the Energy Auditor/QC Inspector. A written notice of the violation and the appeal date will be given to the certified Energy Auditor/QC Inspector. A formal hearing will be conducted within 30 business days of the receipt of the appeal request. The panel will inform the appeals applicant in writing of its decision.

The MDHHS-BCAEO may revoke, modify, condition, refuse to renew, or temporarily suspend, the certification of an Energy Auditor and temporarily suspend a QC Inspector from conducting final inspections for the MDHHS-BCAEO Weatherization program if the Energy Auditor/QC Inspector does any one or more of the following:

- Commits fraud or deceit with respect to any required license or permit application or an inspection report submitted to the subgrantee or MDHHS BCAEO
- Violates any state or federal law, rule, permit, or order relating to the inspection and/or installation of weatherization measures
- Makes a false or misleading statement in that portion of a written report that deals with professional qualification or in any testimony concerning professional qualifications
- Engages in an act or omission involving dishonesty, fraud, or misrepresentation with the intent to substantially benefit a home Energy auditor/QC Inspector or other person or with the intent to substantially injure another person
- Engages in an act of fraud, misrepresentation, or deceit in the making of a home inspection
- Pays a finder's fee or a referral fee to a person in connection with an inspection of or work to be done on a residence;

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- Accepts a home inspection assignment when the employment itself is contingent upon the home
- Energy Auditor/QC Inspector reporting a predetermined estimate, analysis, or opinion or when the fee to be paid is contingent upon the opinion, the conclusions, analysis, or report reached or upon the consequences resulting from the assignment
- Employs fraud, deceit, or misrepresentation in obtaining or attempting to obtain a license or renewal of a license including builder, mechanical, plumber, electrician, and maintenance and alteration licenses such as mobile home, insulator, window installer, etc.
- Practices as a licensed home Energy auditor/QC Inspector without a current SOM Energy Auditor/QC Inspector certification
- Any other level 3 violation

Formal Hearing:

Panel Review Process

The review process will include the following elements:

- Convening of the panel.
- Panel members will select a panel spokesperson.
- Panel will review any written documents submitted to date.

The panel will include the MDHHS-BCAEO Executive Director, the MiTEC Director, a member from the DOE PAC, and two members from the Weatherization Leadership Committee.

Presentation

MDHHS-BCAEO staff will present a summary regarding reason(s) for the recommended action. This summary may be presented to the panel in writing, in person, or via electronic communication. Panel members will communicate any points of clarification needed with the parties.

Deliberation and Decision

The panel will review summary presentations, documentation and clarifications provided and render a decision.

- A decision based on simple majority will prevail.
- The panel spokesperson will communicate the panel's decision to the appellant and the MDHHSBCAEO Director in writing.

Decertification Period

Revocation of an Energy Auditor or suspension of QC Inspector's performing audits for the Michigan Weatherization Assistance program shall be for a minimum of 6 months from the date of notice of decertification, suspension, or of the appeals panel notice, whichever is later.

Decertified Energy Auditor or suspended QC Inspectors may request renewal of certification at the end of the decertification period. The decertified Energy Auditor/QC Inspector must have a network Subgrantee agency sponsor this request. The decertified Energy Auditor or suspended QC Inspector must attend IREC accredited Energy Auditor or QC Inspector training and recertification training and testing prior to reinstatement of work.

In the event of a QC Inspector suspension, a letter outlining the suspension will be provided to Michigan Weatherization Policy Advisory Council, Department of Energy, and Michigan Community Action.

Training and Technical Assistance

The Michigan field guide and standards are distributed to Subgrantees and their contractors via the statewide database document center, through a link on the state's website, and through the MDHHS-BCAEO External SharePoint. The Michigan Weatherization Field Guide contains links to the SWS which can be accessed through an internet browser or on a mobile device in the field. Subgrantees are responsible for ensuring that all of their contractors and crews have access to and reviewed the Michigan Weatherization Field Guide and SWS.

Specific Training

Health and Safety Training

Health and Safety Training is required for individuals in the Michigan WAP as listed below. For further details on the training, see section 7.4, Training and Technical Assistance Approach and Activities of this document

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- Individuals required to attend the Health and Safety Class will not be permitted to inspect, supervise, and/or work on the dwellings to be weatherized unless they are accompanied by or in the presence of staff who have attended the required training.
- Energy Auditors and Quality Control Inspectors
Individuals in these roles must receive Health & Safety Training.
- Mechanical, Electrical and Plumbing Contractors
Individuals in these roles are not required to receive Health & Safety Training.
- Shell Contractors and Crews
Individuals in these roles must receive Health & Safety Training.

Lead Safe Work and Lead Renovator Repair Painting Training

All employees and contractors working on pre-1978 homes must receive training to install measures in a lead safe manner in accordance with the SWS and EPA protocols, and installation must be overseen by an EPA Certified Renovator. Crews must follow EPA's Lead, Renovation, Repair and Painting Program (LRRP) when working in pre-1978 housing unless testing confirms the work area to be lead free. Different roles in Weatherization have different requirements for Lead Safe Work (LSW) or LRRP training and certification. All required training/certification must be completed within 180 days of the date they are hired. Requirements are as follows:

- Energy Auditors and Quality Control Inspectors
 - Individuals in these roles must receive either LSW or LRRP training and must follow EPA rules.
- Shell Contractors and Crews
 - Individuals in these roles must receive either LSW or LRRP training and must follow EPA rules.
- Mechanical, Electrical and Plumbing Contractors
 - Individuals in these roles must follow EPA rules, but there are no training requirements for individuals beyond those listed generally in this section.

Details on State Monitoring

Weatherization technical monitoring is conducted at minimum of once a year. State monitors will perform quality assurance site reviews on at least 5% of all completed units and 10% quality assurance file reviews. MDHHS-BCAEO makes every effort to have an accurate estimated production count for each agency in order to meet the 5% requirement for onsite monitoring. In cases where it is revealed through the final production count that an agency has exceeded production to a point where an additional onsite monitoring would have been required to meet 5%, the MDHHS-BCAEO technical monitor will add an additional job to his or her onsite monitoring in the following program year.

Small Subgrantees (defined as Subgrantees with a minimum production level of 30 dwellings per program year), or Subgrantees experiencing a barrier to complete production, may apply for a waiver to the 5% onsite monitoring and 10% file reviews with appropriate justification, such as an inability to obtain the separation of duties demonstrated in the work of the Energy Auditor and QC Inspector. If MDHHS-BCAEO approves the waiver, MDHHS-BCAEO's state monitors will perform quality assurance site reviews on at least 10% of all completed units and 20% quality assurance file reviews for that program year. In addition, MDHHS-BCAEO will conduct more follow-up reviews and require the agency to implement a Corrective Action Plan to resolve the issues within the program year or 6 months from waiver approval. MDHHS-BCAEO may require the Subgrantee to schedule monthly calls with MDHHS-BCAEO to determine the agency's progress to increase staffing capacity.

This monitoring includes review of selected units to determine compliance with file documentation, work standard, and quality standards. Audits and quality control inspections include Indoor Air Quality (IAQ) inspections. IAQ inspection requirements include completion of MDHHS-BCAEO forms 552 and 552A and ASHRAE 62.2 ventilation standard. Blower door testing of all homes is conducted during both the audit and inspection of the home by a MDHHS BCAEO certified weatherization monitor/QCI or crew person/contractor. Subgrantees are required to submit their fuel cost libraries with justification for prices on a minimum of an annual basis, and these libraries are reviewed by technical monitors. State of Michigan technical weatherization monitors have QCI certifications for single family homes, and two monitors have the multifamily QCI certification. They have also attended Comprehensive and Specific training for other Home Energy Professional (HEP) categories. MDHHS-BCAEO will contract QCI work as needed. As of March 30, 2022, MDHHS-BCAEO has three technical monitors on staff.

Policy Link:

<https://cms.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder1/Folder101/600-Series---Combined-PY21-Final-and-PY22-Draft.pdf?rev=d79bf3634e99470bab4e8e990f11b6cb&hash=588B23CDDF7A3D0AA0615575B961FB00>

Policy Manual:

Community Service Policy Manual 603
Community Service Policy Manual 618

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V.6 Weatherization Analysis of Effectiveness

Michigan's 2019 population estimates are 9,986,857 with approximately 13% living in poverty according to the 2019 American Community Survey. According to the release of the United Way's ALICE Report, 43% or 4.3 million working in Michigan households struggle to afford the necessities like housing, childcare, food, technology, health care, and transportation. The [National Low Income Housing Coalition](#) states that across Michigan, there is a shortage of affordable rental homes for people with incomes at or below the Federal Poverty Level. Many households are spending more than half of their income on housing.

Key Facts:

- 312,660 Renter households that are for extremely low-income households
- \$25,750 Maximum income for 4-person extremely low-income households
- -204,728 Shortage of affordable rental homes for extremely low-income households

Low-Income Energy Affordability Data:

The Low-Income Energy Affordability Data ([LEAD](#)) Tool shows the following by Federal Poverty Level:

Federal Poverty Level	Average Energy Burden (% income)	Average Annual Energy Cost (\$)	Housing Counts
150% - 200%	7%	\$2,278	486,933
100% - 150%	10%	\$2,333	336,226
0 – 100%	23%	\$2,377	356,138

MDHHS-BCAEO Effectiveness Analysis

MDHHSBCAEO will utilize all tools listed below to analyze the effectiveness of subgrantee weatherization, productivity, expenditure, and energy savings goals. This information drives the development of Training & Technical Assistance (T&TA) activities, priorities for the network, focus of monitoring of the program and each subgrantee.

Some of the listed items are detailed further below, as they are not outlined in other parts of this plan.

Production and Expenditures

Each Subgrantee must maintain a rate of production and expenditures to ensure that all DOE WAP funds are expended in a timely manner each program year. Production is monitored quarterly and letters are sent to each Subgrantee. The letters outline the agency's success rate of achieving their own production goals and compare each agency's production and expenditures compared to those rates of the entire state. MDHHS-BCAEO has also created production and expenditure dashboards so that Subgrantees can see statewide production results in real time and compare themselves to other local Weatherization operators. After each quarter, MDHHS-BCAEO assess which agencies are the most behind and requires either one or regular responses from the agency as to how they plan to catch up. It should be noted that when necessary, MDHHS-BCAEO may reallocate WAP funding from underperforming Subgrantees and provide those dollars to Subgrantees that are meeting or exceeding performance and have the capacity to spend the funding out by the end of the program year. At the end of the program year, MDHHS-BCAEO issues a program year summary letter to each agency, outlining their success in production and expenditures, as well as their success in staying on track proportionately with capped cost categories, such as Admin and Health & Safety, and staying under the maximum allowable ACPU. Subgrantees may be put on a corrective action at this point in time, if they have not met goals.

Performance Evaluation and Monitoring

MDHHS-BCAEO shall perform grant monitoring through activities such as:

- Conducting onsite monitoring.
- Current level of expenditures for all active weatherization related programs.
- Depth of existing waiting list.
- Financial and program management capacity.

Monitoring feedback is the basis for updating all monitoring tools. MDHHS-BCAEO reviews the following items to assess the weatherization program and requirements.

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- Low or no citations during onsite inspections of weatherized and in progress units
- Ability to achieve and maintain Quality Control Inspector certification
- Successful programmatic & financial monitoring with no or low amounts of citations, specifically around the WAP
- Clean agency audit
- Ability to meet and/or exceed production and expenditure goals
- Positive trend analysis/performance reviews
- Low risk agency and WAP as determined by the BCAEO STAR risk assessment, or other risk assessment tool utilized by BCAEO
- Quick response and thorough corrections to issued corrective action

If carryover funds are available, funds will be distributed to eligible Subgrantees based upon their capacity to take additional funds.

Subgrantees on a 1.) Quality Improvement Plan (QIP), 2.) who fail to utilize 90% of their award based on the Subgrantees original allocation at closeout, 3.) or are identified as a high risk in the STAR Assessment, will not be eligible to receive carryover funding unless approved by MDHHS-BCAEO. If a Subgrantee has the willingness and capacity to pilot a multifamily project in conjunction with MDHHS-BCAEO and DOE, carryover funds may be made available for this project depending on the amount of funds available and the capacity of all entities involved.

Trend Analysis/Performance Reviews

The MDHHS-BCAEO technical monitors are responsible for the development and maintenance of a trend analysis for each Subgrantee. This information includes a collection of all observations, questioned costs, and/or best practices identified during monitoring visits and the staff and/or contractors directly responsible. This information is used to identify training and technical assistance needs, to identify and inform Subgrantees of repeated performance issues with specific staff/contractors, and to identify and inform the network of trends that must be addressed. The MDHHS-BCAEO staff use this information to make policy and procedure changes as appropriate and to assess network training needs throughout the program year. All technical monitoring is entered into a database which allows MDHHS-BCAEO to track findings and training and technical assistance provided to the agency. Monitors prepare for each monitoring review by reviewing prior year's reports and corrective action plans. The reports contain problem areas (corrective action plans) that must be reviewed during the current monitoring evaluation. The monitor will then provide narrative on progress. MDHHS-BCAEO also reviews the database at a statewide level for monitoring findings and citations by category to better understand the technical areas that have the most potential for improvement. This information drives what training is administered and required in the next program year as well as specific areas of focus for the next program year's onsite monitoring engagements.

Technical and Financial Systems

In PY21, technical, financial, and programmatic monitoring tools are being reviewed and updated to ensure MDHHS-BCAEO practices do not contain any implicit bias or lacks equity. Monitoring report formats and language is also being improved to ensure all stakeholders can clearly identify performance deficiencies. In addition, MDHHS-BCAEO has hired a compliance officer to assist subgrantees with monitoring disputes.

Tracking Performance

MDHHS-BCAEO stores all monitoring reviews in an electronic database. Tracked information includes all relevant information pertaining to the monitoring review and is uniquely identified with a record id call MVID (Monitoring Visit Identification Number). Detailed information on findings and recommendations is also collected to use in developing training and technical assistance plans.

Path of Continuous Improvements

MDHHS-BCAEO conducts the STAR Assessment to develop a risk-based monitoring approach and to develop a comprehensive training plan. STAR Assessment reports are sent to the agencies provide them feedback on performance improvements and training options to ensure continuous improvements in the field. Monitoring is conducted and feedback shared in a monitoring report with the agency to assist in improving performance.

When a Subgrantee extensively fails work quality, SWS, and field guide compliance as identified in technical monitoring or fails a financial/programmatic monitoring (large, disallowed costs/improper financial accounting for federal funds), the subgrantee will be placed on a Quality Improvement Plan. Frequency of subgrantee monitoring is increased, and technical assistance or training may be required. Subgrantees Quality Improvement Plans (from final inspections and monitoring findings) are evaluated for performance improvements with additional oversight, regular meetings and feedback reports, full monthly financial report reviews prior to payment, and/or regular review of support documentation received in the MDHHS-BCAEO SharePoint site.

STAR Risk Assessments

MDHHS-BCAEO will conduct risk assessments, STAR Assessment, for each subgrantee prior to the start of a grant agreement and more frequently if needed. The STAR Assessment identifies areas of high risk in key areas that are not limited to but including financial internal controls, financial procedures, single audit findings, technical performance, ability to meet production and expenditure goals, ability to not exceed the average cost per unit, ability to submit reports timely,

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ability to report accurately and timely, ability to properly administer health and safety standards, ability to ensure staff qualifications are current, and ability to ensure quality work and compliance through contractor/crew management. The STAR Assessment is used to develop a risk-based monitoring approach and training/technical assistance plan. During monitoring, any key areas that have a high-risk score are focused on during monitoring.

How are the comparisons used to develop training opportunities and priorities?

Statewide training opportunities and priorities are developed through several assessment tools. The STAR Assessment, which is conducted annually, provides MDHHS-BCAEO and MiTEC (Michigan Training and Education Center) the top key areas of high risk in the network. Training is developed to address these areas. In addition, MiTEC will also provide onsite technical training for a region or for an agency to address training needs. Monitoring results, as outlined in the monitoring report, also provides training needs in the network that MiTEC incorporates into training classes. Priorities for increased training and onsite technical assistance are generated by a high percentage of agencies demonstrating deficiencies.

Action Around Ineffective Subgrantees

If an agency significantly underproduces or underspends, MDHHS-BCAEO may reduce the agency's allocation in the next Program Year. If MDHHS-BCAEO determines that the Subgrantee was identified as high risk in two consecutive years and/or the Subgrantee is not meeting the goals in the agreed-upon plan, the Subgrantee grant may be terminated in accordance with 10 CFR 440.15(e).

In order to ensure that there are not extended periods without service to any area, MDHHS-BCAEO may appoint an interim provider until such time that the public process for identification of a permanent provider can be accomplished or corrections identified by the Subgrantee have been made. 10 CFR 440.15 will be followed in selecting a permanent replacement provider.

In the event the statewide Request for Weatherization Subgrantees results in some areas not being served, or if a provider of an area rescinds its selection as the local weatherization provider, MDHHS-BCAEO may appoint a provider for those areas until another competitive bidding process is scheduled for the WAP.

MDHHS-BCAEO reserves the right to redistribute funds if a Subgrantee is not able to meet production goals outlined in the Subgrantee approved serviced plan or displays significant work quality deficiencies. Any reallocation will be to ensure proper utilization of WAP funds. Subgrantees eligible for redistributed funds will be determined based on, but not limited to, the following criteria:

- Current level of expenditures for all active weatherization related programs
- Timely and accurate submission of reports and Statement of Expenditures
- Depth of existing wait list (in progress jobs)
- Meeting of self-imposed benchmarks (identified in Subgrantee production plan)
- Financial and program management capacity

Incorporating Utility Usage Data

MDHHS-BCAEO will work with the Michigan Public Service Commission (MPSC), utilities, other data analysis and research contractors, and the FACSPRO system administrator to facilitate a dialogue between the entities to develop the process for collection of accurate utility usage data on the Michigan homes weatherized. These discussions have begun, and through continued work, MDHHS-BCAEO will ensure that data necessary to accurately assess the reduction in utility usage as it relates to weatherization activities, becomes a reality in Michigan. The process of data collection has begun in the statewide database and will continue to grow. Information is entered on a client-by-client basis by the Subgrantees. In PY22, data collected from PY21 will be evaluated from the collection of utility data and the process will be updated and policy updated. Once the appropriate process and policy has been identified, BCAEO will require this process to be followed by all agencies.

BCAEO will then utilize the pre- and post-utility data to identify trends of energy savings by each agency as an added element of analysis of effectiveness.

Management Mechanisms for improvement

Activities in PY21 included, and in PY22 are planned to include:

- Development, implementation, and recognition of the DOE State Plan Development workgroup.
- 2 to 3 in person Regional Weatherization Manager Meetings annually (4 regions)
- Monthly updates in the BCAEO Update
- Monthly Weatherization Manager Webinars (as needed)
- 1 Conference (as needed and approved by the State of Michigan)
- Improved Field Guide and better access to Field Guide
- Training on Field Guide
- Timely Monitoring Reports (feedback within 60 days)

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- Streamlined and updated tools for weatherization in the Statewide Database
- Updated monitoring section of Statewide Database and rebuilt monitoring report to streamline and provide clarity.
- Network volunteers for the following committees (committees meet regularly or on an as needed basis):
- Adding or maintaining contractors to the PAC for a diverse perspective
- MiTEC Training Board
- Weatherization Leadership Committee Strategic Planning
- Technical Weatherization Committee
- Forms and Files Streamlining Committee
- Multifamily Project Coordination
- Statewide Client Education Coordination

Market Analysis

MDHHS-BCAEO participated on the NASCSP committee to conduct a Weatherization Salary and Wage Survey. MDHHS-BCAEO has actively supported the Salary Survey and highly recommended participation by the subgrantees.

Costing of Measures

Subgrantees are required to use accurate pricing. MDHHS-BCAEO requires that subgrantees to conduct a request to proposal to develop a contractor list. All vehicles and equipment cost of \$5,000 or more require prior approval from MDHHS-BCAEO.

Policy Link:

<https://cms.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder1/Folder101/600-Series---Combined-PY21-Final-and-PY22-Draft.pdf?rev=d79bf3634e99470bab4e8e990f11b6cb&hash=588B23CDDF7A3D0AA0615575B961FB00>

Policy Manual:

Community Service Policy Manual 603
Community Service Policy Manual 618.1

V.7 Health and Safety

In PY22, Michigan requests the Health & Safety (H&S) limit be maintained at 20% of Program Operations. To ensure that program services concentrate on energy efficient measures, H&S measures must not total more than 50% of the total job cost. If Health and Safety costs of a job do exceed more than 50% of the total job costs (as determined by the initial audit), the Subgrantee may submit a waiver for approval from the MDHHS-BCAEO technical monitor prior to weatherization. The Subgrantee is responsible for documenting the approval from the technical staff and including it with the file documentation. In instances where the H&S measure that pushes the H&S cost over 50% of total job cost is an ASHRAE fan or system, the Subgrantee may move forward on the project without review and permission from a MDHHSBCAEO technical monitor. Buildings that cannot be weatherized without the H&S measures shall be deferred. H&S measures are not considered as part of the cumulative SIR and do not need an SIR to install.

The Health and Safety Plan is also attached in SF424.

The Health and Safety plan and policy can be found in the CSPM 600 Series.

Health and Safety funds may be used for:

- The elimination of energy related H&S hazards that are necessary before or because of the installation of weatherization measures.
- Items as identified as allowable for H&S spending in the Michigan Health & Safety Plan (CSPM 614) and DOE funds shall not be used to meet code compliance. Health and Safety measures do not require an SIR and are not included in the Average Cost per Unit. Health and Safety measures are billed to their own cost category. Subgrantees ask a series of questions during intake and energy audit related to occupant health conditions to capture any preexisting conditions. Some Subgrantees have implemented a preassessment visit to homes which allow a trained Weatherization staff to look for common issues for health and safety issues or deferral.

Please see the Michigan H&S Plan attached to the SF 424 for all H&S details.

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Policy Link:

<https://cms.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder1/Folder101/600-Series---Combined-PY21-Final-and-PY22-Draft.pdf?rev=d79bf3634e99470bab4e8e990f11b6cb&hash=588B23CDDDF7A3D0AA0615575B961FB00>

Policy Manual:

Community Service Policy Manual 606
Community Service Policy Manual 614

V.8 Program Management

V.8.1 Overview and Organization

The Weatherization Assistance Program is managed by the Michigan Department of Health and Human Services (MDHHS), Bureau of Community Action & Economic Opportunity (BCAEO) which is under the Bureau of Community Services Division. The MDHHS mission is to provide opportunities, services, and programs that promote a healthy, safe, and stable environment for residents to be self-sufficient. The vision of the Department is to develop and encourage measurable health, safety, and self-sufficiency outcomes that reduce and prevent risks, promote equity, foster healthy habits, and transform the health and human services system to improve the lives of Michigan families.

The MDHHS-BCAEO was created by the state legislature to oversee activities of Michigan Community Action Agencies (CAAs) and administer the U.S. Department of Energy Weatherization Assistance Program and the U.S. Department of Health and Human Services Community Services Block Grant. CAA services include programs that address education, emergency services, employment, health, housing, income management, linkages, nutrition, and self-sufficiency. CAAs are the primary subgrantees for the Weatherization Assistance Program in Michigan.

MDHHS-BCAEO is responsible for the administration and oversight of the WAP in accordance with the conditions set forth in the approved DOE State Plan. In addition to WAP, MDHHSBCAEO administers LIHEAP Weatherization funds and the Community Services Block Grant. Responsibilities include statewide programmatic and fiscal planning and development, training and technical assistance (T&TA), monitoring, evaluation, and reporting. MDHHS-BCAEO annually contracts for program delivery activities with approximately twenty-eight local CAAs.

Twenty-five of the twenty-eight CAAs are weatherization subgrantees. MDHHS-BCAEO staff oversee several contracts and provide written policy and procedures for these various program areas. They also provide training to CAA staff on contract related policy, eligibility issues, etc. and technical weatherization staff deliver training and conduct review for state inspector certification. MDHHS-BCAEO staff conduct annual programmatic, technical, and financial monitoring reviews for each subgrantee. The MDHHS-BCAEO Executive Director and MDHHSBCAEO Deputy Director oversee all personnel within the MDHHS-BCAEO and MiTEC. Personnel include grant managers, financial monitors, programmatic monitors, technical weatherization monitors, a CSBG specialist, a weatherization specialist, and administrative support staff. The MDHHS-BCAEO Executive Director also oversees the MPHI affiliates who staff MiTEC, the Michigan Training Center. The MPHI affiliates are a Director, a Deputy Director, Technical Instructors, a Program Assistant and a ROMA Data Integration Coordinator.

The MDHHS-BCAEO Organizational Chart has been attached to SF424.

Michigan's WAP funds are distributed via an allocation formula that was revised to reflect the current conditions and energy conservation needs in Michigan based on the 2010 census. It uses a formula that includes a population factor, a territory size factor, and a heating degree day factor.

A competitive process to select subgrantees in PY21 is being considered to address capacity issues and to address statewide contractors for multifamily work, statewide energy auditors/quality control inspectors, and statewide contractors for single family work. The competitive bid process will be developed using MDHHS's internal procurement of services rules and regulations. A timeline has not been established. An evaluation of PY20 goal accomplishments in production and expenditures will assist in the determination of a competitive process for statewide single-family work. The described solutions are intended to build the network and enhance its ability to meet the goals of the weatherization assistance program. MDHHS-BCAEO will consider bids from multiple weatherization operators forming together to submit a statewide proposal for expansion. Request for proposal documents will be submitted to DOE prior to release.

V.8.2 Administrative Expenditure Limits

Not more than 7.5% of the grant can be used for administrative purposes by the state (MDHHS-BCAEO). Subgrantees receive an allocation of 7.5% of the total DOE WAP allocation for administrative costs. This 7.5% is allocated across all Subgrantees by the allocation formula. Subgrantees who receive less

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than \$350,000 in new PY21 will be eligible to receive up to an additional 5% for administrative purposes. The additional 5% is a 5% calculation on that individual Subgrantee's allocation of funds and is added to the original formula admin to determine the maximum amount of allowable admin. There is no anticipated carryover in PY22. Any unspent funds from previous program years will be returned to DOE.

V.8.3 Monitoring Activities

The overall goals of monitoring are to assure compliance with federal and state rules and policies, as well as examine the efficiency, quality and effectiveness of Subgrantee operations. An additional goal is to identify and correct issues and improve performance that have the potential to cause major program deficiencies. Because work with Subgrantees has a broader focus than compliance, T&TA dollars may fund activities in this area.

General monitoring strategies include the following:

- **Desk monitoring:** Desk monitoring includes ongoing reviews of monthly programmatic and financial data submitted by subgrantees. Programmatic data from each household served is available and reviewed from the statewide database FACSPRO system. Examples of FACSPRO data include estimated and final cost data by measure and by job, mechanical test results, and blower door readings. A sample of the Subgrantee's monthly expenses and invoices are reviewed as well as allocations. Fiscal review includes single audit review, examining expenses for compliance, performing a limited review of internal controls, and financial reconciliation.
- **Subgrantee visits:** Each Subgrantee receives at least one onsite field visit per year, monitoring a minimum of 5% of all weatherized households statewide, unless a waiver for the Energy Auditor and QCI to be the same person on a job (see Final Inspection section, V.4.3, above) is approved by MDHHS-BCAEO, then MDHHS-BCAEO will monitor at least 10% of all weatherized households in a select service area. In addition, each Subgrantee receives a minimum of one administrative (programmatic and financial) monitoring onsite visit per grant cycle (typically once every three years with desk reviews in between onsite visits).
- A risk assessment called STAR (State Technical Assessment Report) is conducted at the start of the program year or prior to the start of a new grant contract (and modified throughout the year as needed), as a risk-based approach to monitoring; to determine priority in monitoring, to setup a monitoring schedule, to prepare the monitoring plan, and to establish custom subgrantee training and technical assistance. For both field and administrative monitoring, additional visits are scheduled, as needed, to address specific Subgrantee issues as they arise. If at any time BCAEO determines it will utilize another risk assessment tool, that tool will be utilized in the same way as the STAR outlined above.
- Inspections of completed dwellings are conducted to determine compliance with federal and state requirements, client satisfaction, and work quality.
- MDHHS-BCAEO also may choose to visit "in progress" jobs. All MDHHS-BCAEO household inspections are completed by a certified Quality Control Inspector prior to being moved to Final Close Out in WxPro.
- MDHHS-BCAEO has developed a field/technical, a programmatic, and financial monitoring tools. The programmatic, financial, and field/technical tools are reviewed annually. These tools are used to ensure that planned monitoring reviews are completed consistently in the field and to appropriately document the results. The tools are available for the Project Officer to review during DOE monitoring visits.
- **Household file reviews:** MDHHS-BCAEO staff reviews data and household files for compliance using subgrantee data, forms, signatures, bids, invoices, and other documentation. The file review sample may include those dwellings that are selected for onsite inspection. In depth household file reviews are conducted by field monitors prior to inspection. Programmatic and financial monitors randomly sample files during onsite visits to demonstrate compliance with DOE, MDHHSBCAEO, and local Subgrantee policy.
- Subgrantees are required to upload files of dwellings to be inspected by MDHHSBCAEO field monitors to the secure FACSPRO system.
- **Programmatic and Financial Monitoring:** These reviews include follow up on issues raised in the pre-monitoring planning, in the STAR Assessment, or other selected risk-based monitoring plan as well as any other administrative and/or financial issues as needed, including but not limited to:
 - Program overview
 - Equipment/Inventory/Materials
 - Client/Household eligibility
 - Distribution of services between renters and owners
 - Distribution between counties within the Subgrantee service territory
 - Reporting compliance
 - Internal controls related to financial management and operations
 - Fiscal Audits
 - Payroll/Personnel
 - Vehicles and equipment
 - Subawards/Subgrantee monitoring
 - Invoicing
 - Records retention
 - Staff qualifications and training
 - Handling of monitoring results and follow up
 - Inventory records

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- Contractor/crew qualifications
- Procurement procedures
- Outreach efforts to incorporate minority and disadvantaged contractors
- **Field Monitoring visits:** All MDHHS-BCAEO field inspections are conducted by a BCAEO Technical Monitor, who is a certified Quality Control Inspector and will ensure compliance with the Standard Work Specifications. These reviews include follow up on issues raised in desk monitoring, prior monitoring reports, as well as any other issues as needed, including but not limited to:
 - Administrative field work (Client file review, Work orders, Audit reporting)
 - Energy audits
 - Training & Technical Assistance activities and needs
 - Weatherization of units
 - Health and safety
 - Final inspections and verification that all inspections are performed by a QCI
 - Handling of monitoring results and follow up
 - Compliance with Lead Safe Work practices
 - Compliance with Standard Work Specifications (SWS)

Monitoring

All monitoring is conducted in accordance with the guidance in WPN (Weatherization Program Notice) 20-4. All monitoring tools have been updated to reflect DOE program requirements. The combined programmatic/financial compliance monitoring and technical monitoring will satisfy the DOE monitoring requirements.

Monitoring reviews are coordinated through agency staff. Tentative monitoring schedules are set early in the program year.

Depending on the type of monitoring (programmatic, technical, financial), the Subgrantee has a specified number of days to complete the corrective action and provide proof of correction to the monitor. The number of days for response varies depending on the type of monitoring. Upon response from the agency, the monitor has so many days to ensure the corrective action has been made and to respond as to whether they accept the actions or not, and if any further/additional assistance or information is needed. If it is found that a subgrantee has significant deficiencies, MDHHS-BCAEO will establish a Quality Improvement Plan (QIP) for the subgrantee and increase monitoring to address said deficiencies until the MDHHS-BCAEO determines the agency has improved. It is expected that with the implementation of the in-progress monitoring, that MDHHS-BCAEO will be able to identify deficiencies earlier, rather than later if they exist. In progress reviews will be planned when MDHHS-BCAEO is fully staffed. MDHHS-BCAEO monitors also utilize Technical Assistance Plans (TAP) and Corrective Action Plans (CAP) as part of monitoring to improve Subgrantee performance. The CSPM 1300 provides a policy for monitoring.

Technical Monitoring

Technical monitoring will be performed to ensure compliance with all DOE WAP, U.S. Health and Human Services (HHS) regulations and guidance, and SOM and MDHHSBCAEO policies. Technical monitoring will include, but is not limited to, a review of the following areas:

- Any outstanding findings, previous year's findings, and required corrective actions
- Program requirements for all funding sources
- Materials standards and specifications
- NEAT/MHEA setup libraries
- NEAT/MHEA MDB files (MDB files will be submitted by the subgrantee on a quarterly basis and reviewed by MDHHS-BCAEO technical monitors)
- Contractor licensing, certifications, and insurance requirements
- Work specifications (e.g., FACSPRO SIR generated IWC Work Order(s) including change orders)
- Quality control procedures
- Approved Audit Inspection, Work Order, Cost Center (IWC) completeness and storage in FACSPRO
- Financial reconciliation for all job cost and invoicing reported on the Cost Center tab
- Compliance with blower door testing requirements
- Combustion appliance testing protocol
- Correct audit selection & completion
- Trend analysis of best practices, observations, questioned costs, or findings
- Optional: An in-progress site visit with the contractor/crew (working)

Technical Monitoring Reviews will be completed onsite for at least 5%, or more if appropriate or approved through a waiver (10%), of the completed units. Technical monitors will also conduct an increased onsite monitoring for Subgrantees with significant deficiencies. BCAEO considers the time in the Program Year that the deficiencies are discovered, the amount of production the agency does, and the specific role of the program where those deficiencies are noticed to determine the number, and which portions, of the jobs to be reviewed in the increased monitoring. File selection and review will be via FACSPRO and based upon 10% of scheduled production. For technical monitoring, a weatherization monitoring report, including observations, findings, and corrective action

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requirements, is completed by the technical staff. After agency technical responses have been received, a Quality Assurance letter is composed that includes all outstanding observations and findings. Any Health and Safety issues that are identified at that time, particularly if they present an imminent danger to occupants, will be addressed immediately by the Subgrantee. This document is reviewed by supervisory staff, approved by the MDHHS-BCAEO Executive Director, and then forwarded to the agency's Executive Director with a copy to the weatherization manager/coordinator.

All MDHHS-BCAEO technical monitors providing monitoring for WAP file and site visits must have a QCI certification. MDHHS-BCAEO Technical staff is required to perform all diagnostic testing along with monitoring all installed measures to ensure they have been correctly installed. The technical staff takes photographs during monitoring and conducts file reviews to ensure Subgrantee compliance. Weatherization technical monitoring will be conducted for each Subgrantee a minimum of once a year for the following: review of materials for compliance with audit specifications, review of quality control system and procedures, inspection of selected houses to determine compliance with file documentation work standards and quality standards, check of jobs in progress, safe work practices, and mandatory training requirements. Contractor licensing, insurance, and training requirements are also reviewed.

Programmatic and Financial Monitoring

The programmatic and financial monitors will compose a monitoring report, including recommendations, findings, and best practices that is also shared with the agency's Executive Director and Subgrantee's Board Chair. This document is reviewed by supervisory staff, approved by the MDHHS-BCAEO Executive Director, and then forwarded to the agency's Executive Director with a copy to the weatherization manager/coordinator.

Weatherization programmatic compliance and financial monitoring will be conducted with the Subgrantee a minimum of once a year. The monitor prepares for the monitoring by reviewing monitoring reports, corrective action requirements, and correspondence. The monitor reviews files for completeness and accuracy of eligibility documentation, programmatic compliance, and financial compliance. Subgrantees are required to have a single audit performed in accordance with OMB Uniform Guidance, as applicable. The Subgrantees are responsible for obtaining their own audit services. MDHHS-BCAEO receives a copy of the audit report and prepares management decisions as needed.

Monitoring Reports (Technical, Programmatic, and Financial)

MDHHS-BCAEO will issue monitoring reports within 30 days after the exit conference from each monitoring review. A written response to corrective action will be required of subgrantee's within 30 days of receipt of the monitoring report unless noted in the monitoring report. MDHHS-BCAEO utilizes a monitoring module, for technical monitoring responses, in the statewide database which expedites feedback and correction. MDHHS-BCAEO also has a custom Grants Management and Monitoring Database that tracks all monitoring activities and follow up until closeout.

Follow Up and Monitoring

Additional onsite visits and/or reviews will be conducted for Subgrantees that are determined to have significant deficiencies.

Training and Technical Assistance

A system has been setup in the Monitoring Access Database to track Subgrantee and MDHHSBCAEO monitoring findings and observations by auditor/inspector, contractor, and/or worker to assist in planning training and technical assistance activities. Additional days may be added to the agency visit if monitoring results identifying a need for additional T&TA for the agency.

To provide adequate oversight, it is the Subgrantee's responsibility to train and provide information to the subcontractors on the WAP policies to ensure that subcontractors perform in accordance with weatherization standards and comply with all rules and regulations. To provide oversight, the Subgrantee is required to have at a minimum:

- Procedures to ensure that agreements are entered into only with competent subcontractors.
- A system for monitoring subcontractors and dwelling units.
- A system to provide technical assistance to subcontractors as needed.
- Documentation of all monitoring and technical assistance provided to include at a minimum, who was trained, on what subject, and on what date.
- Subgrantees are responsible to ensure that their contractors and staff participate in all required trainings.

MDHHS-BCAEO Monitoring Staff and Funding Description

The MDHHS-BCAEO has two technical monitors, one technical quality assurance coordinator, six grant managers/programmatic, monitors, one financial manager, two administrative support, and two financial monitors. Technical staff, programmatic monitors, and financial monitors provide oversight and compliance reviews for the weatherization program. MDHHS-BCAEO monitoring policy requires they offer of an entrance and exit interview with the Executive Director and/or designated staff for each monitoring review.

Technical staff positions are funded 100% with T&TA funding. All travel is 100% DOE funding unless other funding is available such as LIHEAP. If LIHEAP is

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available during the program year, the expenses are shared depending on the activity. This is tracked in the State of Michigan accounting system. Travel for monitoring purposes is shared between all active grants which can include LIHEAP, CSBG, and DOE. To the extent possible, monitoring activities will be done by desk. This is a cost-effective way of monitoring. MDHHS-BCAEO will request an exception to MDHHS travel rules which require a monitor travel more than 100 miles before having permission to spend the night. The exception request will ask for permission of overnights stays for monitors at 50 miles or more from the designated work location. This will allow monitoring to be completed in a 7-8 hour workday rather than in a 5 hour work day with 3 hours dedicated to commuting. This will allow for more efficient monitoring in a timelier manner. The weatherization program specialist position is funded by DOE to administer the program. The MDHHS-BCAEO executive director position salary is funded by 50% of total salary with DOE funds. The MDHHS-BCAEO monitoring schedule is available in SF424.

Attached to the SF424 are the following:

- MDHHSBCAEO Fiscal Monitoring Tool
- MDHHSBCAEO Programmatic Monitoring Tool
- MDHHSBCAEO Technical Monitoring Tool
- MDHHSBCAEO Tentative Technical, Programmatic and Financial Monitoring Plan

Policy Link:

<https://cms.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder1/Folder101/600-Series---Combined-PY21-Final-and-PY22-Draft.pdf?rev=d79bf3634e99470bab4e8e990f11b6cb&hash=588B23CDDF7A3D0AA0615575B961FB00>

Policy Manual:

Community Service Policy Manual 603
Community Service Policy Manual 1300

V.8.4 Training and Technical Assistance Approach and Activities

The PY22 Training and Technical Assistance Plan is in the new DOE Training and Technical Assistance Plan template - see attached to the SF-424.

Training and Technical Assistance activities (T&TA) for both Subgrantee and MDHHS-BCAEO WAP staff are instrumental in the provision of weatherization services to low income households in Michigan. All MDHHS-BCAEO and MiTEC T&TA activities will have one of the following objectives:

- Maintain and increase the efficiency, quality and effectiveness of the WAP at all levels
- Maximize energy savings within Michigan's WAP
- Ensure the Health and Safety of low-income households and WAP workers
- Increase the effectiveness of client education
- Improve the quality of weatherization work performed on dwellings
- Improve program management and administrative procedures within Michigan's WAP

Policy Link: <https://cms.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder1/Folder101/600-Series---Combined-PY21-Final-and-PY22-Draft.pdf?rev=d79bf3634e99470bab4e8e990f11b6cb&hash=588B23CDDF7A3D0AA0615575B961FB00>

- Community Service Policy Manual 611 - Client Priority Selection Criteria
- Community Service Policy Manual 612.4 - Applicant File Documentation Client Energy Education
- Community Service Policy Manual 618 - Technical Weatherization Training
- Community Service Policy Manual 618.1 - Inspector Certification

Percent of overall trainings

Comprehensive Trainings:

Specific Trainings:

Breakdown of T&TA training budget

Percent of budget allocated to Auditor/QCI trainings:

Percent of budget allocated to Crew/Installer trainings:

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Percent of budget allocated to Management/Financial trainings: 6.0
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V.9 Energy Crisis and Disaster Plan

In an event of a declared natural or manmade disaster or a declared emergency at the state or federal level, MDHHS-BCAEO will allow Subgrantees to assist their eligible clients with weatherization funds to the extent that the services are in support of eligible weatherization work.

All Subgrantees of the Weatherization Assistance Program (WAP) must adhere to the following policy if considering requesting weatherization funding toward disaster planning and relief. Disaster relief funds are to be used only in the event of a declared emergency at the state or federal level and shall be used only to provide emergency services to low-income individuals and families in the designated disaster area. WAP has a very limited role in any disaster response plan. DOE funds are very limited to eligible weatherization activities and the purchase and delivery of weatherization materials. To the extent services are in support of eligible weatherization (or permissible reweatherization) work for eligible households, such expenditure is allowable. Allowable expenditures under WAP include:

- The cost of incidental repairs to an eligible dwelling unit if such repairs are necessary to make the installation of weatherization materials effective.
- The cost of eliminating health and safety hazards, elimination of which is necessary before the installation of weatherization materials.
- Weatherization personnel can be paid from DOE funds to perform functions related to protecting the DOE investment. Such activities include securing weatherization materials, tools, equipment, weatherization vehicles, or protection of local agency weatherization files, records and the like during the initial phase of the disaster response.
- Local agencies may use weatherization vehicles and/or equipment to help assist in disaster relief provided the WAP is reimbursed according to the DOE regulations.

The use of DOE funds for relief efforts is limited to the following:

- Per WPN 12-7, the total allowance for relief efforts limited to allowance of \$6,500 per dwelling unit.
- The total allowance for incidental repairs in support of installation of weatherization materials is limited to the current maximum reimbursement for minor envelope repairs per contract and policy language.
- The total allowance for installation of each weatherization measure is limited to the current maximum reimbursement Subgrantee contract. To the extent that the services are in support of eligible weatherization (or permissible reweatherization) work, such expenditure would be allowable. For example, debris removal at a dwelling unit so that the unit can be weatherized would be an allowable cost. Debris removal from a dwelling unit that is not to be weatherized would not be an allowable cost. As such, using DOE funds to pay for weatherization personnel to perform relief work in the community as a result of a disaster is not allowable.

Reprioritization of Weatherization requests

For reprioritization of weatherization requests coming from the disaster area, WAP rules require that priority be given to identifying and providing weatherization assistance to elderly persons, persons with disabilities, families with children, high residential energy users, and households with high energy burdens (10 CFR 440.16(b)). However, it would be permissible to consider households located in the disaster area a priority if the households are eligible and meet one of the priorities established in regulation and are free and clear of any insurance claim or other form of compensation resulting from damage incurred from the disaster.

Reweatherization work

In the event of a declared federal or state disaster, weatherization crews may return to a unit reported as a completion to DOE that has been “damaged by fire, flood, or act of God, to be reweatherized, without regard to the date of weatherization”. 10 CFR 440.18(f)(2)(ii). Local authorities must deem the dwelling unit (s) salvageable as well as habitable and the damage to the materials is not covered by insurance or other form of compensation. Subgrantee Requests for Disaster Relief Funds

If funding is available, MDHHSBCAEO will consider all requests from Subgrantees for disaster relief funds that meet the outlined criteria. The requests must include the following components:

- Overview of disaster
- Date disaster was declared a federal or state disaster
- Additional funding requested, if applicable
- How weatherization funds/weatherization work will be utilized to enhance disaster relief funds in the federal or state defined disaster area.

U.S. Department of Energy
WEATHERIZATION ASSISTANCE PROGRAM (WAP)
STATE PLAN/MASTER FILE WORKSHEET

(Grant Number: EE0009909, State: MI, Program Year: 2022)

Funding for Disaster Planning and Relief

If MDHHSBCAEO approves a Subgrantee disaster relief plan, an agency can dedicate current year allocation and funding to the identified disaster area and serve that area as priority over other areas. In the event the Subgrantee requests additional funding for the disaster relief efforts, MDHHSBCAEO, with the approval of DOE via the state plan, can allocate additional funds to a designated disaster site during a reallocation process throughout the year.