

NASCSP Island Grantee Training
May 13, 2025

ACPU MANAGEMENT & STRATEGIES



# Weatherization Assistance Program ACPU & Management Strategies November 12, 2024

#### Webinar Agenda

- ACPU polling assessment
- WAP Legislation & Rules
- DOE Weatherization Program Notices
- ACPU in the BIL
- WAP State Plan: Mandatory and Optional Budgets
- Calculating the ACPU
- ACPU Management Strategies
- NASCSP Resources
- Open Discussion



# Polling Assessment

Let's see what everyone knows about the WAP and the ACPU!

Poll: What does the ACPU stand for:

- 1. Average Cap on Planned Units
- 2. Allowable Cost on Production Unit
- 3. Average Cost per Dwelling Unit

Poll: What is the adjusted ACPU for PY2025?:

- 1. \$6,500
- 2. \$8,243
- 3. \$8,547
- 4. \$12,000

Poll: DOE can waive the ACPU requirement for Grantees that are over the ACPU limit?

- 1. True
- 2. False

Poll: Who can change the ACPU from \$6,500 to \$12,000?

- 1. The Secretary of Energy
- 2. The Department of Energy, SCEP
- 3. Congress
- 4. It can't be changed, only adjusted

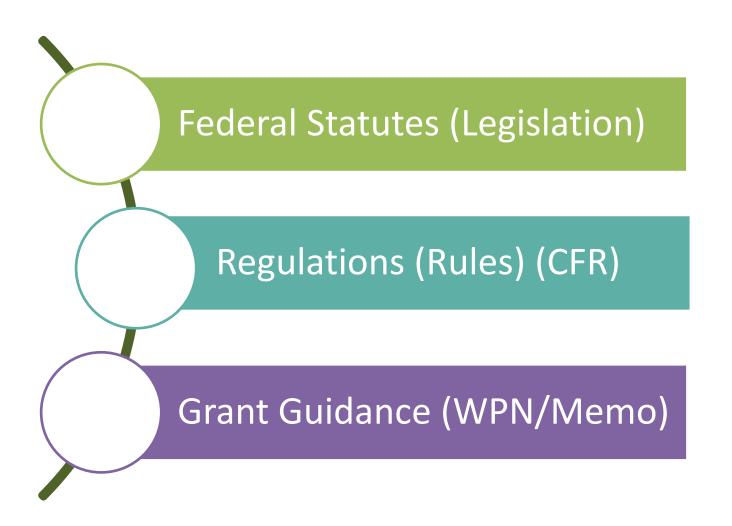
Q: Which of these Budget Categories applies to the ACPU calculations?

- 1. Subgrantee Admin
- 2. Subgrantee T&TA
- 3. Subgrantee WRF
- 4. Subgrantee Program Operations

Poll: What is the highest order of legal authority?

- 1. WAP Authorizing Statute
- 2. WAP Regulations
- 3. Uniform Guidance
- 4. DOE Weatherization Program Notice (WPN)

# WAP Legislation & Rules



# FEDERAL STATUTE

#### WEATHERIZATION ASSISTANCE PROGRAM AUTHORIZING STATUTE

#### 42 USCS § 6861

(b) It is, therefore, the purpose of this part [42 USCS §§ 6861 et seq.] to **develop and implement a weatherization assistance program** to increase the energy efficiency of dwellings owned or occupied by low-income persons, reduce their total residential energy expenditures, and improve their health and safety, especially low-income persons who are particularly vulnerable such as the elderly, the handicapped, and children.

#### 6865. Limitations on financial assistance, 42 USCA § 6865

#### (c) Limitations on expenditures; exceptions; annual adjustments

- (1) Except as provided in paragraphs (3) and (4), the expenditure of financial assistance provided under this part for labor, weatherization materials, and related matters **shall not exceed an average of \$6,500** per dwelling unit weatherized in that State. Labor, weatherization materials, and related matter includes, but is not limited to--
- (A) the appropriate portion of the cost of tools and equipment used to install weatherization materials for a dwelling unit;
- (B) the cost of transporting labor, tools, and materials to a dwelling unit;
- (C) the cost of having onsite supervisory personnel;
- (D) the cost of making incidental repairs to a dwelling unit if such repairs are necessary to make the installation of weatherization materials effective, and
- (E) the cost of making heating and cooling modifications, including replacement

# 10 CFR 440.18 Allowable Expenditures

#### § 440.18 Allowable expenditures.

- (a) Except as adjusted, the expenditure of financial assistance provided under this part for labor, weatherization materials, and related matters included in paragraphs (c)(1) through (9) of this section shall not exceed an average of \$6,500 per dwelling unit weatherized in the State, except as adjusted in paragraph (c) of this section.
- **(b)** The expenditure of financial assistance provided under this part for labor, <u>weatherization materials</u>, and related matters for a renewable energy system, shall not exceed an average of \$3,000 per dwelling unit.
- (c) The \$6,500 average will be adjusted annually by <u>DOE</u> beginning in calendar year 2010 and the \$3,000 average for renewable energy systems will be adjusted annually by <u>DOE</u> beginning in calendar year 2007, by increasing the limitations by an amount equal to:

5/8/2025 NASCSP 14

# Allowable Expenditures 10 CFR 440

- Purchase, delivery, storage, and installation of Weatherization materials
- \*Vehicles, maintenance, operations, insurance of vehicles
- On-site supervisory personnel

- Incidental repair measures
- Health and safety measures
- Liability Insurance
- Financial Audits
- Allowable
   Administrative expenses

<sup>\*</sup> Prior DOE Approval required on **ALL vehicle purchases** and any equipment purchases over \$5,000

## WPN 25-1 REVISED – Annual Guidance

- 3.1.1 ADJUSTED AVERAGE COST PER DWELLING UNIT (ACPU) ACPU expenditure of financial assistance provided under WAP for labor, weatherization materials, and related matters cannot exceed \$6,500, as adjusted (see, 10 CFR 440.18(a) and (c)). The adjusted annual average for PY 2025 is determined by using the percentage increase in the Consumer Price Index (CPI) (all items, United States city average) for Calendar Year 2023 or 3%, whichever Weatherization Program Notice 25-1 9 is less.
- The percentage increase in the CPI for the previous 12-month period (January 2023 December 2023) was 4.1%. Therefore, the adjusted average expenditure limit for PY 2025 is \$8,547.1 This average includes units completed in a multifamily building of 5 units or greater.

## DOE Weatherization Program Notice (WPNs)

WPN BIL-1 and BIL-2

- WPN BIL-1, as well as the three attachments, provides programmatic information to weatherization managers to develop a WAP Grantee Plan to apply for Bipartisan Infrastructure Law (BIL) funds. These funds are appropriated by Infrastructure Investment and Jobs Act, Public Law 117-58.
- **DOE may adjust** the Average Cost per Unit **(ACPU)** that all Grantees MUST comply with for that program year (PY).
  - States should confirm the ACPU for the current PY in Subgrantee award letters and contracts.

# ACPU Defined in DOE WPN BIL-1

#### 3.1 BIL APPROPRIATED WEATHERIZATION FUNDING

- Grantees should create BIL plans using WPN BIL 22-2, BIL Grantee Allocations.
- 3.1.1 ADJUSTED AVERAGE COST PER DWELLING UNIT (ACPU) ACPU expenditure of financial assistance provided under WAP for labor, weatherization materials, and related matters cannot exceed \$6,500, as adjusted (see, 10 CFR §440.18(a) and (c)). The adjusted average for BIL grants is determined by using the percentage increase in the Consumer Price Index (CPI) (all items, United States city average) for FY 2021 or 3 percent, whichever is less. The percentage increase in the CPI for the previous 12-month period (September 2020 September 2021) was 5.4%. Therefore, the adjusted average expenditure limit for at the time of the BIL grants is \$8,009. This average includes units computed in a multifamily building of 5 units or greater.

#### WPN BIL-5: Average Cost Per Dwelling Unit and Allowable Use of Funds



BIL funded grants will follow a **5-year average ACPU limit** for Program Years (PY) 2022-2026.



Allowable to weatherize homes with *BIL funds* braided in conjunction with WRF, SERC, and/or E&I funds.



A home weatherized with BIL funds <u>SHALL</u> <u>NOT</u> be braided with WAP formula or CSPP funds.



When DOE funds are braided, *measures must be paid, in full,* with a single DOE funding type and are not to be co-funded.

#### WPN BIL 7 – BIL Average Cost Per Unit over 7 years

#### Average Cost Per Unit (ACPU):

For expenditure limits and renewable energy measures, BIL funded grants will now follow a 7-year average of annual ACPU limits from Program Years (PY) 2022-2028. DOE will track expenditures, production, and the ACPU throughout the life of the grant, but the ACPU for the award will be evaluated based on the final average ACPU. How averages will be calculated is outlined below.

Program Year	Total Allowable ACPU	Renewables ACPU (Renewables			
		ACPU is part of the Total			
		Allowable ACPU)			
2022	\$8009	\$3929			
2023	\$8250	\$4047			
2024	\$8497	\$4169			
2025	\$8547	\$4302			
2026	TBD	TBD			
2027	TBD	TBD			
2028	TBD	TBD			
BIL Grant Average	= Average of PY 2022 through PY	= Average of PY 2022 through PY			
	2028	2028			

# **DOE BIL ACPU Calculator**

WAP Grantee BIL ACPU Calculator												
	Instructions:											
Cell	s in	Beige are es	tabl	ished histor	ic n	umbers and i	may	not be chan	ged	l.		
						e Green cell						
		All Yellow c	ells	are auto-cal	cula	ted based or	n use	er inputs				
Cells G8:G10 w	ill c	hange color	base	ed on final re	esul	ts. Red mear	ns ov	er allowabl	e A	CPU budget		
WAP Program Year		2022		2023		2024	2	025 (Est.)	2	2026 (Est.)	BIL	5-year ACPU (Est.)
Maximum Allowable ACPU	\$	8,009	\$	8,250	\$	8,497	\$	8,667	\$	8,840	\$	8,453
Max Renewables ACPU	\$	3,929	\$	4,047	\$	4,169	\$	4,252	\$	4,337	\$	4,147
Enter Grantee BIL ACPU	\$	24,000	\$	12,000	\$	8,200	\$	8,250	\$	8,300		
Enter Grantee BIL Units Completed		50		100		500		2000		4000		6650
imated Grantee Budget Expenditure	\$	1,200,000	\$	1,200,000	\$	4,100,000	\$	16,500,000	\$	33,200,000	\$	56,200,000
Grantee Estimated BIL ACPU							ed BIL ACPU	\$	8,451.13			
Difference from Maximum Estimated BIL ACPU							\$	(1.52)				
Total Budget Difference							\$	(10,081.00)				
2025 CPI or 3% 2026 CPI or 3%												
whichever is whichever is												
less (est.) less (est.)												
Enter estimated annual ACPU adjustment 2.00% 2.00%												

# Group Discussion

- Are folks using the calculator?
- What are you using as a CPI?1, 2 or 3 percent?
- How are you adjusting the language in your Subgrantee contracts for the average cost per unit over the five years?

# WAP State Plan and Budget Categories

- Understanding Mandatory and Optional Budgets
- Expanded Optional Budget
   Categories in DOE WPN 24-7
- Option to revise on 3<sup>rd</sup> tranche (remaining 50%)

#### **Section B: Mandatory Budget Categories**

The State

Plan

- Grantee Administration
- Subgrantee Administration
- Grantee T&TA
- Subgrantee T&TA
- Weatherization Readiness Funds
- Program Operations
  - This is where the ACPU is derived!

ADMIN, T&TA and WRF **DO NOT** impact the ACPU

# PROGRAM OPERATIONS

Per 10 CFR 440.18

Costs incurred for **Program Operations** are generally defined as the direct costs necessary to affect the weatherization of an eligible dwelling unit.

Many of these costs cannot be directly related to a specific dwelling unit – for example, vehicle and equipment maintenance or purchases of tools and equipment. **These costs are amortized over the number of dwelling units completed during the contract period.** For example, the cost of a blower door (\$4,500) could be amortized over the 150 homes completed during a contract period, resulting in a \$30 increase in the ACPU for the homes completed in that time frame.

#### **Section B: Optional Budget Categories**

- Vehicles and Equipment (amortization hits ACPU)
- Liability Insurance
- Leveraging
- Health & Safety (100%)
- Financial Audit
- Special Projects I-V
  - Energy Crisis
  - Disaster Crisis
  - Energy Audits

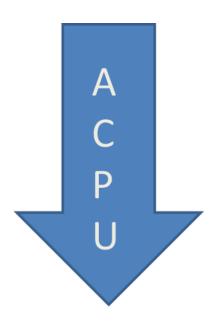
These costs **DEFAULT** to the ACPU if the state chooses not to use the OPTIONAL BUDGET Categories.

The State Plan

# Using Optional Budget Categories

#### Vehicles and Equipment

- Will still impact the ACPU but allows you to amortize the vehicle costs over multiple years, the useful life of the vehicle
- Liability Insurance
- Health and Safety
  - Limits expressed as a % of the ACPU
  - O There is no limit in statute or rules!
  - States can increase the H&S percentage above 15%
- Financial Audits
- Leveraging Plan
  - Up to 15% of grant to develop partnerships
  - Obtain non-Federal resources to increase # of homes weatherized



#### Weatherization Program Notice 24-6: Vehicles and Equipment

Per  $\underline{10 \text{ CFR } 440.18(c)(3)}$ , for the purposes of determining the average cost per dwelling unit **(ACPU),** costs for the purchase of vehicles or other certain types of equipment may be amortized over the useful life of the vehicle or equipment.

Any purchase of vehicles must receive prior approval per 10 CFR 440.18(d)(6).

When a Grantee includes anticipated vehicle/equipment purchases (including anticipated Subgrantee purchases) and their Plan is approved, <u>the prior approval requirement is satisfied</u> <u>without the need for subsequent approvals.</u>

Procurement requests can be expedited when Subgrantees include an option to use the Grantee's pre-negotiated vehicle procurement agreements in their respective policies/procedures.

Procedures for managing vehicles and equipment, whether acquired in whole or in part under a federal award, until disposition takes place, *must meet the minimum requirements per* <u>2 CFR</u> <u>200.313(d).</u>

# Break for Lunch

12:00 - 1:00 - LUNCH Break (on your own)

## NEW Optional Budget Categories in <u>WPN 24-7</u>

To allow the most flexibility to calculate ACPU, DOF has added

- "Intake/Eligibility",
- "Final Inspection" and
- "Energy Audit"

as optional Budget Categories for which costs are excluded from the ACPU. By exercising the option to budget and expense to these categories, Grantees have the flexibility to establish separate budgets that support the weatherization process, and these expenditures would **no longer be included** in the calculation of the ACPU.



#### Department of Energy

Washington, DC 20585

#### WEATHERIZATION PROGRAM NOTICE 24-7 EFFECTIVE DATE: May 10, 2024

EXECUTIVE SUMMARY: This guidance addresses the Average Cost per Dwelling Unit (ACPU) as the sum of the expenditure of financial assistance allowable under 10 CFR 440.18 (a), (b), and (c) for labor, weatherization materials, and related matters in the Department of Energy (DOE) Weatherization Assistance Program (WAP). DOE is providing three new optional Budget Categories, including Intake/Eligibility, Final Inspection, and Energy Audit, for Grantees that can be used to capture costs related to these specific activities which DOE considers to be outside the ACPU limits.

SUBJECT: Optional Budget Flexibilities for the Average Cost Per Unit

APPLICABLE TO: WAP Annual Formula Allocations, WAP Bipartisan Infrastructure Law (BIL) Formula Allocations

INTENDED AUDIENCE: WAP Grantees and Subgrantees

PURPOSE: To issue guidance on new optional Budget Categories that can be used to capture costs related to these specific activities which DOE considers to be outside the amount of expenditures calculated in the "average cost per dwelling unit" pursuant to 42 USC §6865(c)(1) and to emphasize consistency in applying the financial assistance rules set forth in 2 CFR 200 by Grantees and Subgrantees.

SCOPE: The provisions of this Weatherization Program Notice (WPN) apply to Grantees or other entities named in the Notification of Grant Award as the recipient(s) of financial assistance under DOE WAP.

LEGAL AUTHORITY: Title IV, Energy Conservation and Production Act (ECPA), as amended, authorizes the Department to administer WAP (42 U.S.C. § 6861, et. seq.). All grant awards made under this Program shall comply with applicable law and regulations including, but not limited to, WAP regulations contained in the Code of Federal Regulations (CFR) at 10 CFR 440, DOE Financial Assistance Rules at 2 CFR 200, and the Bipartisan Infrastructure Law (Infrastructure Investment and Jobs Act), Public Law 117-58.

# WAP STATE PLAN

SECTION B - BUDGET CATEGORIES						
6. Object Class Categories		Total				
	(1) PROGRAM OPERATIONS	(2) HEALTH AND SAFETY	(3) VEHICLES AND EQUIPMENT	(4) LIABILITY INSURANCE	(5)	
a. Personnel	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,048,950.00	
b. Fringe Benefits	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 524,475.00	
c. Travel	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 395,000.00	
d. Equipment	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 50,000.00	
e. Supplies	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 15,500.00	
f. Contract	\$ 23,925,110.00	\$ 4,067,269.00	\$ 500,000.00	\$ 35,000.00	\$ 39,734,709.00	
g. Construction	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
h. Other Direct Costs	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
i. Total Direct Charges	\$ 23,925,110.00	\$ 4,067,269.00	\$ 500,000.00	\$ 35,000.00	\$ 41,768,634.00	
j. Indirect Costs	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 561,398.00	
k. Totals	\$ 23,925,110.00	\$ 4,067,269.00	\$ 500,000.00	\$ 35,000.00	\$ 42,330,032.00	
7. Program Income	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	

Best
Practices:
Optional
Budget
Categories

\*\*NASCSP STRONGLY encourages states to effectively using the OPTIONAL Budget categories to maintain the ACPU

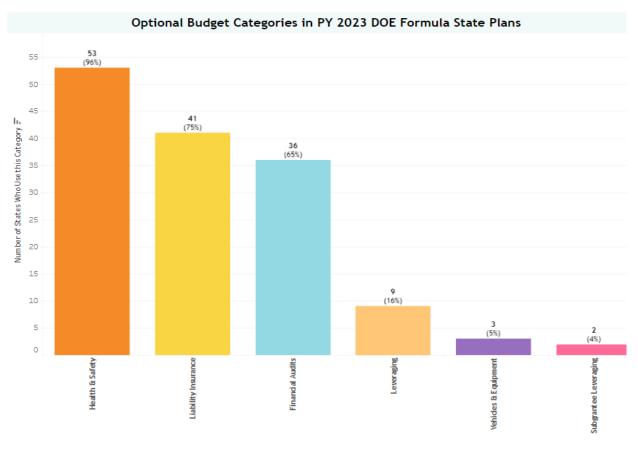
# Optional Budget Categories

#### Grantees can help manage the Average Cost per Unit (ACPU) by utilizing Optional Budget Categories

- Health and Safety
  - Limits expressed as a % of the ACPU
  - Over 15% triggers secondary review
- Liability Insurance
- Financial Audits
- Leveraging Plan
- Vehicles and Equipment
  - Can amortize the vehicle costs over multiple years

#### NASCSP PY 2023 Formula DOE WAP State Plans Analysis Summary

PY 2023 Optional PY 2023 Categorical PY 2023 WRF PY 2023 H&S as Eligibility Status by State PY 2023 H&F PY 2023 H&S as Compared to Program Expenditure Per Unit Ops



<sup>\*</sup>In addition to the budget categories listed above, two (2) states have CSPP-related budget categories and four (4) states have SERC related budget categories.

NASCSP 32

# How to Add Optional Budget Categories

WPN 24-7
Instructions

Figure 5. Application, budget section – edit budget categories.

Object Class	GRANTEE ADMINISTRATION	SUBGRANTEE ADMINISTRATION	GRANTEE TATA	
Personnel	\$2,568,012.00	\$0.00	\$993,047.00	
Fringe Benefits	\$1,132,083.00	\$0.00	\$475,437.00	
Travel	\$40,760.00	\$0.00	\$28,550.00	
Equipment	\$0.00	\$0.00	\$0.00	
Supplies	\$0.00	\$0.00	\$0.00	
Contract	\$4,082,514.00	\$9,398,177.00	\$3,926,479.00	
Construction	\$0.00	\$0.00	\$0.00	
Other Direct Costs	\$8,445.00	\$0.00	\$46,215.00	
Total Direct Costs	\$7,831,814.00	\$9,398,177.00	\$5,469,728.00	
Indirect Costs	\$1,566,363.00	\$0.00	\$1,093,946.00	
Object Class Total	\$9,398,177.00	\$9,398,177.00	\$6,563,674.00	

# ENERGIZER: Group Discussion

Please pick a partner outside of your Island and please share at least 1-2 strategies for managing ACPU.

- Contractual language?
- Invoicing policies?
- Data Management Systems?
- Operations?
- Leveraging Strategies?
- Other ideas?



# Group Discussion and Exercises



# Discussion: New Optional Budget Categories

- Which of these are you using for PY 2025?
- Which of these are you using for the BIL modification?
- How are you implementing this?
  - Fixed costs?
  - Variable costs?
- What are your challenges to implementation?

## WAP PRODUCTION SCHEDULE

PRODUCTION FORMULA:

SUBGRANTEE PROGRAM OPERATIONS (Program Support + Materials) ÷ THE ACPU.

SUBGRANTEE A = 200,000 in Program Operations

÷ ACPU

Number of Units to be Weatherized

Example:  $200,000 \div \$8,547 = XX$  units to be Weatherized

\*\* Keeping to your contractual production schedule is critical to maintaining the ACPU.

## **GROUP** EXERCISE

CALCULATE THE ACPU

#### SUBGRANTEE INVOICE EXAMPLE: MARCH BILLING

SUBGRANTEE ADMIN = \$2,000

SUBGRANTEE T&TA = \$3,000

SUBGRANTEE WRF = \$2,000

PROGRAM OPS (Materials / Labor) = \$10,000

PROGRAM OPS (Program Support) = \$6,000

Total Invoice = \$23,000

SUBGRANTEE **UNIT PRODUCTION** FOR MARCH = 2 UNITS

Q: What is the ACPU for the March billing?

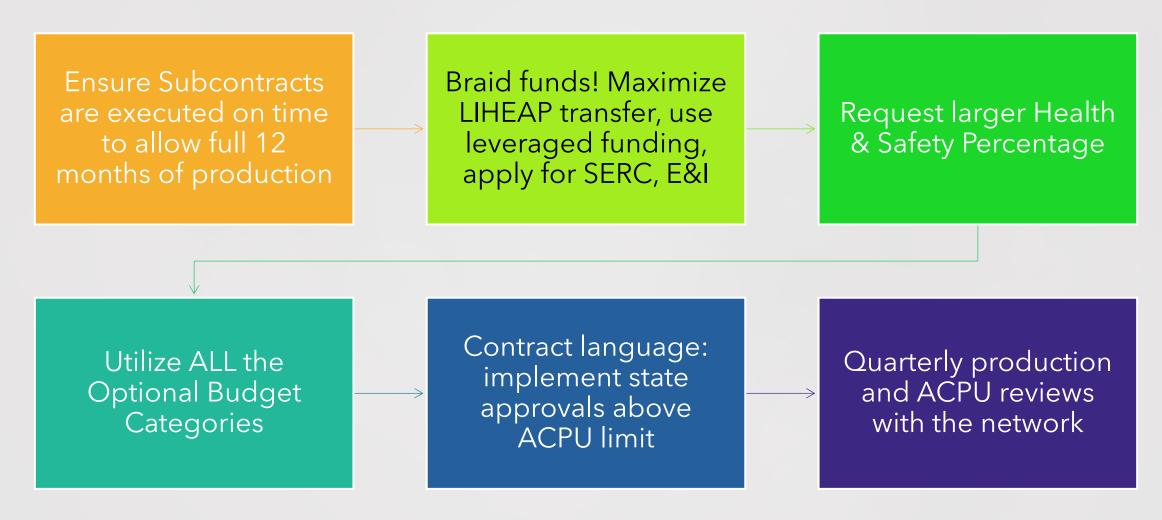
Q: Did the Subgrantee exceed the ACPU in March?

## Braiding Resources | Deep Retrofits Example

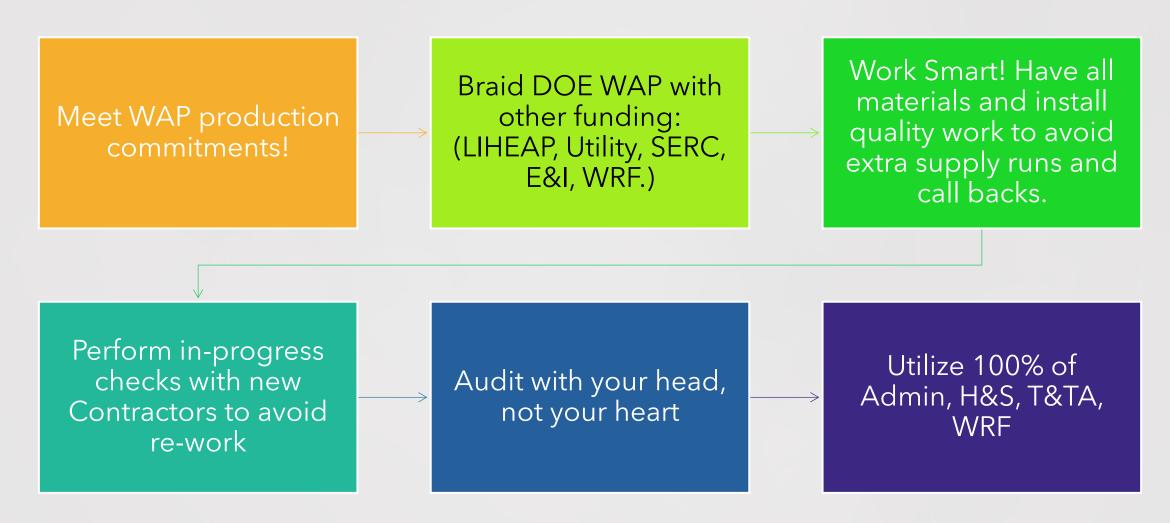


Air Sealing	\$800.00
Attic Insulation	\$2,000.00
Sidewall Insulation	\$2,800.00
Refrigerator Replacement	\$800.00
ASHRAE Ventilation	\$550.00
Energy Audit	\$500.00
Quality Control Inspection	\$500.00
DOE Subtotal	\$7,950.00
Heating System Replacement	\$5,000.00
Roof Repair	\$1,200.00
Door Replacement	\$800.00
Other Baseload (Power Strips, LEDs)	\$500.00
LIHEAP subtotal	\$7,500.00
TOTAL	\$15,400.00

## Grantee ACPU Management Strategies



## Subgrantee ACPU Management Strategies



## Open Discussion



- What strategies do you use to manage the ACPU at the Grantee level?
- Subgrantee level?

## Open Discussion

## What would you do if your agency has:

- An ACPU of \$3,000
- Has met its production plan
- Has remaining funding
- Has 2 months left in the contract period?

## Open Discussion

What should you do if your agency has:

- An ACPU of \$12,000
- Has met its production plan
- Has remaining funding
- Has 2 months left in the contract period?

### NASCSP RESOURCES: MEMBER PORTAL

#### **Procurement and RFP Samples**

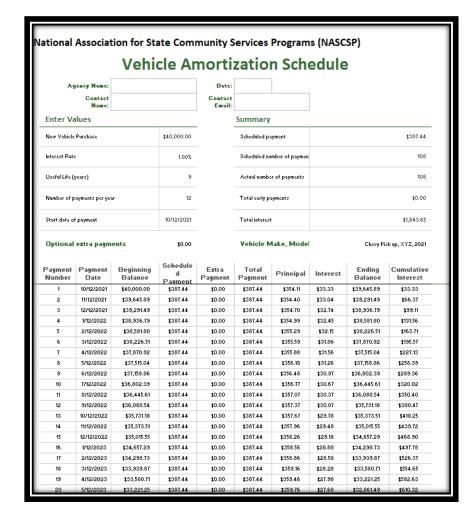


Request for Proposals (RFP) Toolkit for Training and Technical Assistance Services (August 2020)

Following the completion of the 2019 American Consumer Satisfaction Index (ACSI) survey, the U.S. Department of Energy (DOE) collaborated with contractors and WAP partners to undertake a systematic effort to analyze the root causes of Training & Technical Assistance (T&TA) issues and develop solutions to assist Grantees, Subgrantees and Training Centers. This Request for Proposals Toolkit for Training & Technical Assistance Services was part of this effort. This resource is designed to enhance and improve WAP Grantees' and Subgrantees' requests for training, with the examples focused on the currently more common single training request (versus a multi-training contract).

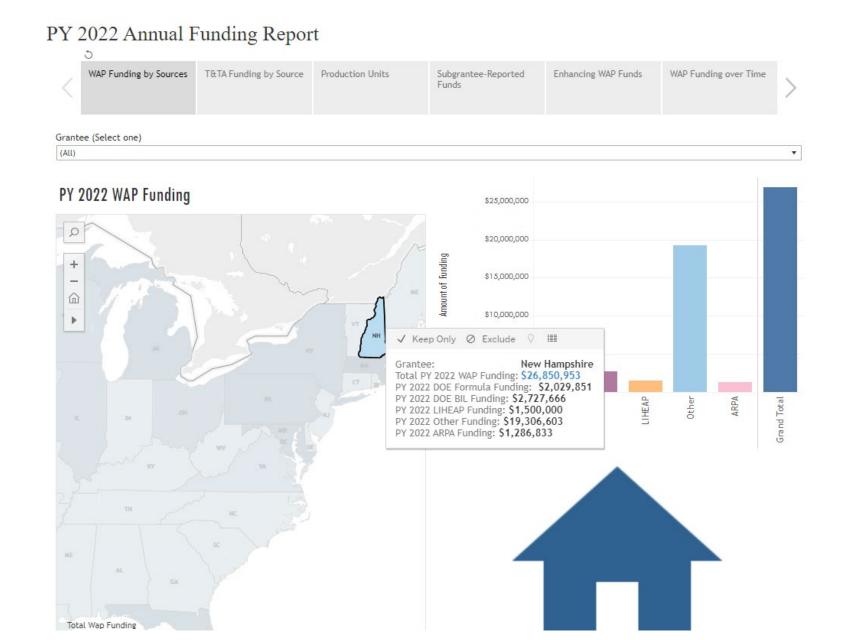
#### **Procurement Resources**

- DOE Presentation on Vehicle and Equipment Procurement and Disposal
- DOE Project Officer Vehicle and Equipment Checklist
- Vehicle Amortization Schedule Template



## PY 2022 NASCSP Annual Funding Report:

Braiding Funds



#### NASCSP RESOURCES:

- Visit NASCSP's website for Regulations
- Listed in the WAPTAC

#### Regulations



## Federal Regulations & Statutes Relevant to WAP

#### **WAP Enabling Legislation**

-This link to the US Code (42 USC Sec. 6861) provides the enabling legislation and current statute for the Weatherization Assistance Program.

#### 10 CFR 440

-10 CFR 440 within the Code of Federal Regulations covers interpretation and insight on programmatic topics relating to WAP, including: Purpose, scope, definitions, allocation formula, minimum requirements, oversight, training, and reports.

#### 2 CFR 200

-2 CFR 200 contains the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. This addresses most financial matters related to WAP.

#### Appendix A - Standards for Weatherization Materials

-Appendix A served as the original list of approved materials for the WAP

#### **LIHEAP Enabling Legislation**

-This link to the LIHEAP clearinghouse provides access to the statutes covering LIHEAP

#### 45 CFR 96.83

-This section of the Code of Federal Regulations covers the procedure for submitting a waiver

# NASCSP BIL Information & Resources





















Open
Discussion
&
Questions





## Thanks for attending!

Andrea Schroer

**WAP Director** 

aschroer@nascsp.org

Kye Garvin

Senior Program Manager, Workforce

kgarvin@nascsp.org