



JASON WIMBLEY
ACTING DIRECTOR

State of California-Health and Human Services Agency
DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT
2389 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833
Telephone: (916) 576-7109 | Fax: (916) 263-1406
www.csd.ca.gov



GAVIN NEWSOM
GOVERNOR

DRAFT

April XX, 2024

Akm Rahman, Branch Chief
Division of Energy Assistance
Office of Community Services
Administration for Children and Families
U.S. Department of Health and Human Services
330 C Street SW Switzer Building, 5th Floor
Washington, DC 20201

Dear Mr. Rahman:

In accordance with California Government Code Section 16367.5, the California Department of Community Services and Development (CSD) is requesting a waiver to use 25 percent of Low Income Home Energy Assistance Program (LIHEAP) funds for residential weatherization. The following information is provided in compliance with the Code of Federal Regulations, Title 45, Part 96.83, regarding requests to increase the maximum amount that may be used for weatherization and other energy-related home repair:

- (c)(1) The State of California requests to use 25 percent of its Fiscal Year (FY) 2024 LIHEAP allotment for weatherization.
- (c)(2) The State of California meets two of the three criteria necessary for a standard waiver request, as described below:
 - (c)(2)(i) In FY 2024, the combined total (aggregate) number of households in the state that will receive LIHEAP heating, cooling, and crisis assistance benefits that are provided from federal LIHEAP allotments from regular and supplemental appropriations will not be fewer than the combined total (aggregate) number that received such benefits in the preceding FY 2023.
 - (c)(2)(ii) In FY 2024, the combined total amount, in dollars, of LIHEAP heating, cooling, and crisis assistance benefits received by the state's service population that are provided from federal LIHEAP allotments from regular and supplemental appropriations ***will be less than the combined total amount received in the preceding FY 2023.***

- (c)(2)(iii) All LIHEAP weatherization activities to be carried out by the state in FY 2024 will produce measurable savings in energy expenditures. CSD uses weatherization installation and materials standards listed in Appendix A of the U.S. Department of Energy (DOE) weatherization regulations, 10 CFR Part 440, installation of materials meeting the specific standards incorporated by reference in Appendix A, and weatherization activities specifically allowed by official DOE correspondence and memoranda. The state is citing the above standards as the criteria under which its LIHEAP-funded weatherization activities have been shown to produce measurable savings. The DOE, Office of Energy Efficiency and Renewable Energy, reports that for individual families who weatherize their home, the gain is immediate with annual average savings of \$372 or more on their energy bills per year depending on fuel prices.
- (c)(3) With regard to criterion in paragraph (c)(2)(i), the state’s best estimate of the appropriate household totals for the FY for which the waiver is requested (2024) and for the preceding FY 2023 are as follows:

Households

Fiscal Year	Heating and Cooling	Crisis	Total
2023*	119,161	126,197	245,358
2024**	116,757	141,308	258,065

* Data Source: LIHEAP Household Report – Federal Fiscal Year 2023 (submitted 12/14/23)

**Data Source: Actual data obtained from the state’s automated system and estimated data based on current trends and future forecast.

- (c)(4) With regard to criterion in paragraph (c)(2)(ii), the state’s best estimate of the appropriate benefit totals, in dollars, for the FY for which the waiver is requested (2024) and for the preceding FY 2023 are as follows:

Benefits

Fiscal Year	Heating and Cooling	Crisis	Total
2023*	\$56,702,212	\$193,483,759	\$250,185,971
2024**	\$52,838,565	\$188,528,923	\$241,367,488

*Data Source: Actual expenditure data obtained from the state’s automated system.

**Data Source: Actual expenditure data obtained from the state’s automated system and estimated expenditures based on current trends and future forecast.

- (c)(5) With regard to criterion in paragraph (c)(2)(iii), a description of the weatherization activities to be carried out by the state in FY 2024 (with all LIHEAP funds proposed to be used for weatherization, not just with the amount over 15 percent), and an explanation of the specific criteria under which the grantee has determined whether these activities have been shown to produce measurable savings in energy expenditures, are provided in subsection (c)(2)(iii) in this letter. In accordance with the referenced DOE guidelines, the following LIHEAP weatherization activities will be performed by CSD contractors during FY 2024.

1. Mandatory measures include:

- a. Dwelling assessment
- b. REM/design energy audit
- c. Combustion appliance safety testing
- d. Blower door testing
- e. Duct leakage testing
- f. Environmental testing
- g. HERS Rating
- h. Permits
- i. Post weatherization inspections
- j. Carbon monoxide alarm
- k. Smoke alarm
- l. Cooking appliance repair/replacement
- m. Cooling appliance repair/replacement
- n. Combustion ventilation air venting
- o. Environmental Hazard Work
- p. Heating appliance repair/replacement
- q. Water heater repair/replacement
- r. Attic venting
- s. Ceiling insulation
- t. Duct insulation
- u. Duct repair, sealing, and replacement
- v. Exterior door and sliding glass door repair/replacement
- w. Filter replacement
- x. Hot water flow restrictors
- y. HVAC Blower Upgrades
- z. Infiltration reduction
- aa. Kitchen exhaust installation, repair/replacement
- bb. Kneewall insulation

- cc. Lighting
- dd. Limited home repair
- ee. Low flow toilet
- ff. Mechanical ventilation
- gg. Microwave oven
- hh. Refrigerator replacement
- ii. Thermostats
- jj. Vacancy sensor switch
- kk. Water heater insulation
- ll. Water heater pipe insulation
- mm. Whole house fans
- nn. Window repair/replacement

2. Optional measures include:

- a. Ceiling fans
 - b. Clothes Washer Replacement
 - c. Clothes Dryer Replacement
 - d. Dishwasher Replacement
 - e. Door replacement
 - f. Electric water heater timer
 - g. Exterior pipe wrap
 - h. Floor foundation venting
 - i. Floor insulation
 - j. Heating source replacement
 - k. Power strips
 - l. Shade screens
 - m. Storm windows
 - n. Tinted window film
 - o. Wall insulation, stucco and wood
 - p. Water heater installation
- (c)(6) A description of how and when the proposed waiver request was made available for timely and meaningful public review and comment, copies and/or summaries of any comments received on the request (including transcripts and/or summaries of any comments made), a statement of the method for reviewing public comments, and a statement of the changes, if any, that were made in response to these comments, are included.

A public notice was posted on April XX, 2024 to accept comments on the state's request to increase the LIHEAP weatherization component from 15 to 25 percent. The attached notice was published on CSD's social media pages on April XX, 2024. Both the Draft Weatherization Waiver Request and the Public Notice were posted on the CSD website for a period of ten days, April XX, 2024 through April XX, 2024. CSD will review any comments received on the request, and copies and/or summaries of comments as well as any changes made to the waiver request will be provided to the Office of Community Services (OCS).

- (e)(1)(i) For each criterion under paragraph (c)(2) that the state does not meet, an explanation of the specific reasons demonstrating good cause why the state does not meet the criterion and yet proposes to use additional funds for weatherization, citing measurable, quantified data, and stating the source(s) of the data used:

Under paragraph (c)(2) of Section 96.83, the state does not meet criterion (c)(2)(ii) for the following reasons:

In FY 2023 California received federal LIHEAP allotments from supplemental appropriations under the Continuing Resolution and the Continuing Appropriations Act. These additional funds allowed CSD to provide the state's service population with a higher combined total (aggregate) amount, in dollars, of LIHEAP heating, cooling, and crisis assistance benefits. In the absence of supplemental appropriations, the state's best estimate is that in FY 2024 the combined total (aggregate) amount, in dollars, of LIHEAP heating, cooling, and crisis assistance benefits received by the state's service population will be less than the combined total (aggregate) amount received in FY 2023.

- (e)(1)(ii) A statement of the state's LIHEAP heating, cooling, and crisis assistance eligibility standards (eligibility criteria) and benefit levels for fiscal years 2023 and 2024; and if eligibility standards were less restrictive and/or benefit levels were higher in the preceding fiscal year for one or more of these program components, an explanation of the reasons demonstrating good cause why a waiver should be granted in spite of this fact:

The state's LIHEAP heating, cooling, and crisis assistance eligibility standards (eligibility criteria) remained the same in FY 2024 as in FY 2023. The maximum income eligibility threshold of 60% of the State Median Income was updated to the 2023 estimates calculated and published by OCS. This threshold increased in FY 2024 as compared to FY 2023 for all customer household sizes and poverty groups. CSD also added categorical eligibility for TANF and SNAP recipients for all program components in FY 2024. Therefore, the eligibility standards were not less restrictive in the preceding fiscal year.

The state's LIHEAP heating, cooling, and crisis assistance benefit levels are the same or higher in FY 2024 as compared to FY 2023. The minimum heating and cooling

benefit for households assisted with their electricity or natural gas bills increased from \$268 in FY 2023 to \$282 in FY 2024.

- (e)(1)(iii) A statement of the state's opening and closing dates for applications for LIHEAP heating, cooling, and crisis assistance for fiscal years 2023 and 2024, and a description of the state's outreach efforts for heating, cooling, and crisis assistance in fiscal years 2023 and 2024, and, if the state's application period was longer and/or outreach efforts were greater in federal fiscal year 2023 for one or more of these program components, an explanation of the reasons demonstrating good cause why a waiver should be granted in spite of this fact:

The state operates its heating, cooling, and crisis assistance programs on a calendar year basis. The opening and closing dates for these programs have remained consistent since January 1, 1996. For LIHEAP calendar year 2024, the state will continue to operate on the normal calendar year operation (January through December) for the heating/cooling and crisis assistance programs.

Because the heating, cooling, and crisis assistance programs are administered at the local level, the outreach efforts are the responsibility of the LIHEAP Local Service Providers (LSPs). LSPs advise CSD in their annual local plans of their methods for conducting outreach to ensure the low-income population in their communities are made aware of LIHEAP services available, and outreach efforts vary by agency. The outreach efforts consist of posters/flyers, newspaper articles, broadcast media announcements, inserts in energy vendor billings, mass mailings, collaboration with other low-income program offices, partnerships with utility companies, participation in community events, CSD and LSP websites, special events, neighborhood canvassing, and word of mouth.

- (e)(1)(iv) If the state took, or will take, other actions that led, or will lead, to a reduction in the number of applications for LIHEAP heating, cooling, and/or crisis assistance, from FY 2023 to FY 2024, a description of the actions and an explanation demonstrating good cause why a waiver should be granted in spite of these actions.

CSD is not estimating a reduction in the number of applications for LIHEAP heating, cooling, and/or crisis assistance, from FY 2023 to FY 2024. In addition to the preceding information as noted in subsections (c)(1) through (e)(1)(iv), as required by federal regulations, there are other reasons why the state is requesting to use 25 percent of the LIHEAP allotment for weatherization. While the state remains cognizant of the increasing energy needs of California's low-income population, great consideration has been given to the overall benefits achieved in weatherizing a home: safely increasing the efficiency of home energy consumption, thus lowering home energy bills and making homes more comfortable. The long-term benefits of weatherization and related activities, such as educating consumers on energy saving measures, continue to be

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researched and validated by organizations such as the DOE, Office of Energy Efficiency and Renewable Energy, as referenced previously in this letter.

This information should be sufficient to enable the Office of Community Services to grant a waiver to the State of California to increase its weatherization to 25 percent for a program that provides meaningful, long-term benefits to California's low-income households. However, if you have any questions, please contact Lilibeth Campos, Program Manager, at (916) 426-9985 or lilibeth.campos@csd.ca.gov.

Sincerely,

Jason Wimbley

JASON WIMBLEY
Acting Director