



Nathan Deal  
Governor

## GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

Kevin Clark  
Executive Director

### GEORGIA WEATHERIZATION PROGRAM NOTICE GA12-02 EFFECTIVE DATE: April 1, 2012

#### **SUBJECT:** THE USE OF LEVERAGE AND PROGRAM INCOME FUNDS

**PURPOSE:** To issue guidance to the Georgia Weatherization Assistance Program (WAP) Network on the proper use of leveraged funds, program income funds and Landlord Contribution

**BACKGROUND:** GEFA encourages the federally allowable practice of leveraging resources by the sub-grantees to generate additional weatherization program income. Leveraged resources must produce a documented return of more than one dollar for every dollar spent. The leveraged resources should expand energy efficiency services and/or increase the number of DOE-eligible dwelling units weatherized. Landlord contributions are not leveraged resources. Sub-grantees are required to report all leveraged resources appropriately.

#### **DEFINITIONS:**

##### Leveraging and Leveraged Funds:

DOE program regulations permit Grantees(GEFA) to take a percentage of their grant (including PVE funds used under the Weatherization Program, and training and technical assistance funds) to undertake leveraging activities which may supplement the program or be used to run a parallel program (regardless of who initiates the action). (See, 10 CFR 440.14(c)(6)(xiv) and 440.18(d)(14)) Leveraging activities include paying for agency staff or hiring consultant staff to explore and develop partnerships with utility companies and other entities that will generate non-Federal resources for Weatherization. Other allowable activities include: holding leveraging meetings; preparing technical materials/briefs; or facilitating voluntary match funds from a non-Federal source. The leveraged resources should expand energy efficiency services and/or increase the number of DOE-eligible dwelling units weatherized.

##### Program Income:

DOE defines program income as any funds earned by Grantees and/or sub-grantees from non-Federal sources during the course of performing DOE Weatherization work. Program income includes income from fees for services performed, the use or rental of real or personal property acquired under federally-funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and from payments of principal and interest on loans made with WAP funds. Interest earned on advances of DOE funds is not program income. The income generated must be used to complete additional dwelling units in accordance with DOE rules.

##### Landlord Contribution Funds:

Landlord contributions are not considered leveraged resources because they are generally not voluntary and often come with special stipulations or requirements.

**GUIDANCE:**

Program income is subject to the specific guidance provided in the DOE Financial Assistance Rule, 10 CFR 600, Subpart B Section 600.124, and Subpart C, Section 600.225, as appropriate. It should be treated as an addition to program funds and is subject to the same rules as appropriated funds. Property owner (i.e. landlord) contributions and leveraged resources (i.e., utility or Grantee funds) are NOT considered to be "program income" for the purposes of the Weatherization Assistance Program. All work conducted with program income and leveraged resources must be consistent with an approved energy audit and utilize cost-effective measures. The following steps should be followed;

- A. Sub-grantees must track program income and expend it first to avoid reporting at year's end. Therefore all program income earned by the sub-grantee must be tracked in the Hancock Reporting System.
- B. Before program income can be expended, a program income plan must be submitted and approved by GEFA (*see attached form*). The plan must be prepared at the beginning of the grant budget period and may be modified during the budget period.
- C. Program income must be accounted for separately; and expended before any other program funds are spent. Sub-grantees must have in place a system for tracking all program income.
- D. Participating sub-grantees must submit to GEFA a copy of the accounting ledger report that shows a budget for program income has been set up on the books.
- E. GEFA will set-up a budget for the approved program income funds in the Hancock system
- F. Program income is subject to the same DOE rules as appropriated funds. This includes but is not limited to the adjusted average cost per unit; audit requirements; reporting requirements.
- G. Up to ten percent of the program income funds received may be used for eligible WAP administration costs.
- H. Up to ten percent may be used for training and technical assistance
- I. A minimum of 80 percent of the funds received must be used for weatherization services in compliance with DOE regulations.
- J. All monthly program income expenditures should be included on the Hancock invoice submittal.
- K. DOE will maintain a reversionary right to all tools and equipment purchased with program income.
- L. All program income received during any given budget period must be identified in the Unaudited Financial Statements.
- M. Interest income earned on program income funds may be retained by the sub-grantee, and shall be used at the discretion of the sub-grantee's board to further the corporate purposes of the sub-grantee organization.
- N. Sub-grantees must report program income if left unexpended in final contract closeout reports to account for general program income earned from the following:
  - 1) Activities supported by a contract award.
  - 2) Income resulting from grants.
- O. Any unexpended program income shall be considered grant carryover at the end of the program year.
- P. Unless restricted by contract, sub-grantees may retain program income received from services provided, and usage or rental fees.
- Q. Sub-grantees may use program income as follows:
  - 1) To pay all or part of the agency share of allowable project costs during the same budget period that the funds were accrued.

- 2) To pay for costs not included in the total approved budget if GEFA determines that such costs are directly related to the objectives of the Federal statute under which the grant was awarded (weatherization related activities for low-income clients).

- R. GEFA and its funding sources have no right to any portion of general program income earned or accrued after the project ends or the contract is terminated.

Leveraging efforts will not always be successful but Grantees should aim to produce more than one dollar leveraged for each DOE dollar expended. As of PY 2007, the maximum percentage of Weatherization funds that can be diverted for leveraging activities is 15 percent of the Grantee's total allocation. Grantees utilizing this option must provide a detailed leveraging implementation plan in their annual plan, and must indicate in their annual budget, the estimated DOE resources to be used for leveraging activities. The amount of detail in the plan should be commensurate with the amount of funds used for this effort. Reporting of leveraging activities and results must be submitted on the annual Training, Technical Assistance, Monitoring and Leveraging Report.

Landlord Contribution: As a condition of having assistance provided to a multifamily building, a sub-grantee should require financial participation, when feasible, from the owners of such buildings. Such financial participation shall not be reported as program income, nor will it be treated as if it were allocated funds. The funds contributed by the landlord must be expended in accordance with the agreement between the landlord and the weatherization agency.

*Sign for acknowledgement of receipt & understanding*

\_\_\_\_\_ (*Weatherization Agency Name*), certify that we have read and understand the Guidance contained in this notice. Signatures indicate receipt of this guidance and certify our agency will immediately begin adhering to the attached guidance.

\_\_\_\_\_ Executive Director

\_\_\_\_\_ Date

Return to Debbie Smiley by September 1, 2012

**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY  
WEATHERIZATION ASSISTANCE PROGRAM  
PROGRAM INCOME EXPENDITURE PLAN**

Funds for \_\_\_\_\_ Program Year/Grant Period  
Sub-grantee Contract #: \_\_\_\_\_

Sub-grantee Name: \_\_\_\_\_

Activities funded with Program Income (Describe expenses: persons, conference titles, publications, courses, equipment, etc. on sub-grantee letterhead and attach to this form:

- a. Additional Weatherization Work
  - Materials \_\_\_\_\_
  - Labor; Sub-grantee + Sub \_\_\_\_\_ + \_\_\_\_\_ = \_\_\_\_\_
  - Program Support \_\_\_\_\_

**Total Additional Work:** \_\_\_\_\_

b. Training and Technical Assistance Activities (*maximum 10 percent*) \_\_\_\_\_

c. Other Eligible Activities \_\_\_\_\_

d. Administrative Costs (*maximum 10 percent*) \_\_\_\_\_

**Total for all Activities Detailed Above:** \_\_\_\_\_

Production for Additional Work:

**Total Added:** \_\_\_\_\_

<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>
<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>

\_\_\_\_\_  
Sub-grantee Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
GEFA Program Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
GEFA Fiscal Representative

\_\_\_\_\_  
Date

*I certify that we do not currently have program income during this program year.*

\_\_\_\_\_

Sub-grantee Representative

\_\_\_\_\_

Date