

Best Practice – Health and Safety Expenditures

Date: Revised January 4, 2017

Subject: Health and Safety (H&S) Expenditures

Problem or Question: How much are we authorized to expend on H&S at a particular home in the WAP program? If the cost of the unit is at the maximum WAP allowable amount, are H&S expenditures above the cap allowable and are these costs included in the Cost per Unit (CPU) cap?

Discussion: The Texas Administrative Code (TAC) outlines a 20% maximum allowance of total WAP funds to be expended on H&S. Subrecipients WAP contracts and instructional WAP guidance align with the TAC. A Subrecipient should not allow aggregate H&S expenditures to exceed a maximum of 20% of the Materials/Labor/ Program Support overall expenditures.

The 20% limit for H&S expenditures is agency-wide and does not necessarily apply to individual homes. H&S items such as replacement of unvented primary space heaters, CO alarms, and smoke alarms **are not part of the CPU** and are not a SIR factor in the energy audit. H&S expenditures are in addition to the CPU cap. However, authorized repairs that support weatherization, such as minor roof repairs, siding, minor wiring, **are part of the CPU** cap and need to be properly justified in either the Priority List or the energy audit, depending on the fund source.

Examples of authorized H&S expenditures, if all other measures are in order, are:

- **Example #1:** A unit with \$6500 in energy conservation measures (ECM), including miscellaneous repairs, with an additional \$1300 in H&S costs (20%).
- **Example #2:** H&S expenditures are tracked in aggregate (and not by unit). A unit with considerable H&S issues, could conceivably have \$5000 in weatherization costs and \$2460 in H&S costs (e.g. in the event of a CO producing furnace that must be replaced). The Subrecipient may expend more than 20% on this particular job for justifiable H&S costs. Tracking H&S expenses to ECMs/repair costs must be maintained by the Subrecipient to determine if such high H&S units are within the contracted budget. Subrecipients should not exceed 20% of total expended funds.
- **Example#3:** It is also conceivable for a single unit to have authorized H&S costs that exceed the ECM costs. A furnace that threatens the H&S of a household may account for \$3500 in H&S costs, while the unit may only require \$500 in ECMs. It should be pointed out that in this example, while authorized, this *is not* consistent with the spirit of the WAP program. The goal of the WAP program is to save the client money through properly installed energy efficiency measures. H&S issues must be divulged to the client and referrals must be made to address the issue. Such cases should be closely scrutinized by Subrecipient leadership and it is recommended that the TDHCA staff be informed as well.

Recommendation Summary: Subrecipients should not exceed 20% of total expended funds on H&S expenditures, in accordance with the TAC. It is the Subrecipient's responsibility to ensure that by the end of the contract term, the H&S ratio is not above 20%; any amount in excess could be subject to disallowed costs.

[Texas Administrative Code §6.415 Health and Safety and Unit Deferral](#)

(a) Health and Safety expenditures with DOE WAP may not exceed 20% of total expenditures for Materials, Labor, Program Support, and Health and Safety at the end of the contract term. Health and Safety expenditures with LIHEAP WAP may not exceed 30% of total expenditures for Materials, Labor, Program Support, and Health and Safety at the end of the Contract term.

(b) Subrecipients shall provide Weatherization services with the primary goal of energy efficiency. The Department considers establishing a healthy and safe home environment to be important to ensuring that energy savings result from Weatherization work.

(c) Subrecipients must test for high carbon monoxide ("CO") levels and bring CO levels to acceptable levels before Weatherization work can start. The Department has defined maximum acceptable CO readings as follows:

- (1) if flame impingement exists in cook stove burners, must do clean and tune;
- (2) 200 parts per million for vented combustion appliance;
- (3) 200 parts per million for cook stove ovens;
- (4) Primary Unvented Space Heater must be removed;
- (5) if ambient CO level is 35 ppm, must shut off appliance, open a window and notify customer; and
- (6) if ambient CO level is 70 ppm, open a window, notify customer and request customer exit the unit, must cease work, turn off gas and notify gas provider.

(d) A Dwelling Unit shall not be weatherized when there is a potentially harmful situation that may adversely affect the occupants or the Subrecipient's Weatherization crew and staff, or when a Dwelling Unit is found to have structural concerns that render the Dwelling Unit unable to benefit from Weatherization. The Subrecipient must declare their intent to defer Weatherization on an eligible unit on the assessment form. The assessment form should include the customer's name and address, dates of the assessment, and the date on which the customer was informed of the issue in writing. The written notice to the customer must include a clear description of the problem, conditions under which Weatherization could continue, the responsibility of all parties involved, and any rights or options the customer has. A copy of the notice must be given to the customer, and a signed copy placed in the customer application file. Only after the issue has been corrected to the satisfaction of the Subrecipient shall Weatherization work begin.

(e) If structural concerns or health and safety issues identified (which would be exacerbated by any Weatherization work performed) on an individual unit cannot be abated within program rules or within the allowable WAP limits, the Dwelling Unit exceeds the scope of this program.