

Appendix A: Budget Narrative and Budget Table

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Budget Detail -- (See attached Budget Spreadsheets for Measures 1, 2 & 3)

Budget Narrative:

AHFC's strategy for the Measures contained in this proposal is to utilize funding available with this grant to expand the Alaska Weatherization Assistance Program (WAP) and forthcoming Department of Energy (DOE) Home Energy Rebate (HER) program. These program expansions will bring additional benefits of energy cost reductions, greenhouse gas emission reductions, and indoor air quality improvements to more low- and moderate-income (LMI) Alaskans while minimizing administration and program implementation costs. The budget narrative describes how AHFC will implement these measures with minimal additional costs. AHFC's personnel, travel, supplies, and other support costs total approximately 3 percent of the total proposed amount. The remaining 97 percent will go directly to support weatherization activities, subsidize home energy ratings for LMI Alaskans, and increase home energy rebates for LMI Alaskans.

Alaska Housing Finance Corporation – Total Award over 5 years.

BUDGET BY YEAR							
COST-TYPE	CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Direct Costs	TOTAL PERSONNEL	\$292,448	\$301,221	\$310,258	\$319,566	\$329,153	\$1,552,645
	TOTAL FRINGE BENEFITS	\$240,392	\$247,604	\$255,032	\$262,683	\$270,563	\$1,276,274
	TOTAL TRAVEL	\$59,220	\$59,220	\$59,220	\$59,220	\$59,220	\$296,100
	TOTAL EQUIPMENT	\$0	\$0	\$0	\$0	\$0	\$0
	TOTAL SUPPLIES	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$67,500
	TOTAL CONTRACTUAL	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$375,000
	TOTAL OTHER	\$11,900,000	\$15,600,000	\$21,000,000	\$23,700,000	\$23,700,000	\$95,900,000
	TOTAL DIRECT	\$12,580,560	\$16,296,545	\$21,713,010	\$24,429,968	\$24,447,436	\$99,467,519
	TOTAL INDIRECT	\$0	\$0	\$0	\$0	\$0	0
TOTAL FUNDING		\$12,580,560	\$16,296,545	\$21,713,010	\$24,429,968	\$24,447,436	\$99,467,519

Budget Categories

Personnel – Total Personnel Budget over 5 years \$1,552,645.00

Measure 1: Weatherization Assistance Program

This measure will fall under the purview of AHFC's existing Weatherization Program Manager, Mimi Burbage. Ms. Burbage has been involved in weatherization since AHFC's program began in 1992. She is a well-respected leader in the industry and is very knowledgeable of all program requirements and energy efficiency best practices. Her salary is currently paid through a combination of federal and state funding sources. It is anticipated this grant will fund .25 of her yearly salary during the five-year program length.

AHFC proposes to hire one Full Time Employee (FTE) to support the increased workload required with the additional funding. As this funding will be layered into an existing program, which has a demonstrated and proven track record of success at funding levels above requested CPRG funding, AHFC anticipates that one additional full-time employee supporting existing staff will be sufficient. Additional staff time has been added for a department Support Services Manager and Support Services Technician at .25 FTE and .5 FTE, respectively, to assist with additional administrative responsibilities.

Measure 2 & 3: Subsidize Home Energy Ratings for Low to Moderate Income Alaskans & Increase Home Energy Rebate Amounts for Low to Moderate Income Alaskans.

AHFC is currently preparing the State of Alaska's proposed DOE HER program application and building staff capacity to administer it. The proposed measure under this application will be primarily administered by AHFC staff already in place administering the HER program. Funding has been included for the Energy Program Manager to oversee CPRG program implementation and an Energy Specialist to support program monitoring and other administrative requirements. Since the CPRG funding will be layered into the existing DOE HER program, it is anticipated that personnel costs will be minimal.

Fringe Benefits – Total Fringe Budget over 5 years \$1,276,274

Measure 1,2 & 3 Weatherization Assistance Program & Subsidize Home Energy Audits for Low to Moderate Income Alaskans & Increase Home Energy Rebate Amounts for Low to Moderate Income Alaskans.

Alaska Housing Finance Corporation (AHFC) does not have an approved Federal Indirect Rate and/or Fringe Rate agreement.

The proposed fiscal year 2024 fringe benefit rate for full-time employees is 82.20%. The fringe benefit rate is calculated based on actual costs. The following table shows the percentages of fringe applied to Alaska Housing Finance personnel salaries.

Total Fringe Benefits (82.20%)

Leave Cash-In	1.80%
Workers Comp	1.50%
Terminal Leave	1.20%
Federal Insurance Contributions	7.50%
Medical	47.40%
Public Employee Retirement System	22.00%
Employment Security Tax	0.60%
Life Insurance	0.20%

Travel Total Travel Budget over 5 years \$226,100

Measure 1: Weatherization Assistance Program

Exact travel detail is difficult to specify in advance due to the nature of the Weatherization program and Alaska's particular geographic nature. Alaska has more than 200 communities not connected to a major road system so travel to these communities must occur by boat or plane. Airline tickets to fly into these communities on small regional air carriers are often as much as to fly from Anchorage to Seattle. AHFC performs quality control inspections and monitoring on Weatherization providers and the housing units they serviced across the state, but the particulars of the travel and costs involved are widely varied and dependent on resources of the community, weather, and type of transportation available. Funding is included for two staff to attend out of state technical conferences as well as eight program monitoring trips a year. These trips are in addition to the program monitoring compliance trips required by DOE and State of Alaska guidelines. Vehicle mileage reimbursement has been included for site visits and monitoring to road connected communities as well.

Measure 2 & 3 Subsidize Home Energy Audits for Low to Moderate Income Alaskans & Increase Home Energy Rebate Amounts for Low to Moderate Income Alaskans.

Much of the monitoring for the measures proposed in measure 2 & 3 will be through AHFC databases as energy audits and quality control reports are uploaded as part of the HER process; however, funding is allocated for monitoring trips so that AHFC staff can monitor and verify that energy audits are accurate and energy efficiency improvement measures are installed correctly and in accordance with AHFC and DOE guidelines. These trips are additional to trips planned under the DOE HER program.

Equipment – Total Equipment Budget over 5 years \$0.00**Measure 1, 2 & 3 Weatherization Assistance Program & Subsidize Home Energy Audits for Low to Moderate Income Alaskans & Increase Home Energy Rebate Amounts for Low to Moderate Income Alaskans.**

No Additional equipment is budgeted for or required under any of the three Measures proposed by AHFC in this application.

Supplies Total Supplies Budget over 5 years \$67,500.00**Measure 1, 2 & 3 Weatherization Assistance Program & Subsidize Home Energy Audits for Low to Moderate Income Alaskans & Increase Home Energy Rebate Amounts for Low to Moderate Income Alaskans.**

\$4,500 annually per measure is allocated for supplies. This will include incidental office supplies, necessary supplies for travel, and outreach supplies.

Contractual – Total Contractual Budget over 5 years \$375,000.**Measure 1, 2 & 3 Weatherization Assistance Program & Subsidize Home Energy Audits for Low to Moderate Income Alaskans & Increase Home Energy Rebate Amounts for Low to Moderate Income Alaskans.**

AHFC will contract through our procurement system for an independent 3rd party company to provide evaluation of the programs funded by CPRG and monitoring compliance review of the program through the 5-year funding cycle. AHFC will follow 2 CFR 200 and its procurement policy to secure contractors.

Other Total Other Budget over 5 years \$95,900.00**Measure 1: Weatherization Assistance Program**

AHFC will award funding to the weatherization services providers throughout the state through a Notice of Funding Available (NOFA). As the Weatherization Assistance Program is funded through multiple federal and state sources, which all have different program restrictions and reporting requirements, AHFC works with the Weatherization providers to determine funding allocations for different regions of the state, based on need, staffing, labor capability, natural disasters and other factors

Due to the complicated nature of the weatherization itself and the programmatic necessity of utilizing multiple funding sources with different requirements and guidelines, AHFC is not able to state at this time the amount of funding that will be allocated to particular regions or providers. It will be determined by a multitude of factors and AHFC reserves the right to change funding allocations if demand rises or capacity is increased in one area. AHFC will be using \$27,000 per housing unit as an average cost across this program which included both the Weatherization Assistance Program which serves communities on the road system with an existing allowable cost per unit of \$10,000 and up to \$20,000 under this additional funding and Enhanced Weatherization program, which serves households in Alaska's remote and rural communities and has an existing allowable cost per unit of \$20,000, extended to up to \$30,000 under this additional funding. This funding will be utilized by AHFC through the weatherization providers to both weatherize additional units and also provide deeper, more capital-intensive retrofits on households that need it. As each household served is its own unique project that has particular needs and retrofit requirements, AHFC is utilizing the \$27,000 blended rate to allow flexibility for the weatherization providers to most ably meet the needs of the communities and Alaskan's they serve. AHFC's proposal will allow for 400 additional units the first year, rising to 500 the second, 700 the third and 800 the fourth and fifth year of the program.

Year 1		
\$/Unit	# of Housing Units	Total Funding
\$ 27,000.00	400	\$ 10,800,000.00
Year 2		
\$/Unit	# of Housing Units	Total Funding
\$ 27,000.00	500	\$ 13,500,000.00
Year 3		
\$/Unit	# of Housing Units	Total Funding
\$ 27,000.00	700	\$ 18,900,000.00
Year 4		
\$/Unit	# of Housing Units	Total Funding
\$ 27,000.00	800	\$ 21,600,000.00
Year 5		
\$/Unit	# of Housing Units	Total Funding
\$ 27,000.00	800	\$ 21,600,000.00

Table 1: Number of Units per Year

AHFC will work with the weatherization service providers throughout the state to assess their levels of capability through a Notification of Funding Offered process, through which providers apply for funding for a number of units in certain regions. AHFC closely monitors progress made during the following year to verify weatherization work is being completed meets required Quality standards.

AHFC has included funding for supporting and expanding its existing support programs, including AKWarm (AHFC's in-house Energy Modeling Software), ARIS (Alaska Retrofit Information Systems) and it's Wx Online (Weatherization Online). All three programs are maintained by AHFC and support the Weatherization Assistance Program.

Measure 2: Subsidize Home Energy Audits for Low to Moderate Income Alaskans

AHFC certifies Alaska's Energy Raters. During Alaska's previous State Energy Rebate Program from 2008-2018, subsidies for energy audits could be included in the overall rebate received by homeowners. AHFC is proposing to pay the Energy Raters directly under this program. This alleviates the burden of covering the initial cost for the homeowner and allows AHFC to have a more direct relationship with and incorporate the more stringent requirements of the Energy Raters that participate in the program. A participant in the program will be paired with a certified Energy Rater that has signed an additional agreement with AHFC to follow the guidelines and requirements for the forthcoming program. Upon completion of an initial "As-is" audit using AHFC's AKWarm energy modeling software, the audit is

uploaded into AHFC's ARIS database. AHFC personnel will verify the rating is complete and the list of suggested improvements along with modeled energy savings has been provided to the participant and approve the rater to receive their payment. This way the participant receives their initial home energy audit and list of suggested energy efficiency improvements without the cost burden of paying for their energy rating. AHFC will administer the funding and will determine the appropriate income level for participants to receive the subsidized energy audit. This will be part of the initial program creating prior to rolling it out to Alaskans.

Measure 3: Increase Home Energy Rebate Amounts for Low to Moderate Income Alaskans.

AHFC will utilize the funding to make up to an additional \$4,000 rebate available for LMI Alaskan's entering the forthcoming DOE Home Energy Rebate Programs. The funding cannot be used for the same upgrade or retrofit activity as one covered by DOE rebate money. This will allow a participant to perform more than one retrofit activity (replacing their heating system and improving their insulation and air sealing for example). Under current program guidance a low to moderate income household would need to achieve higher than 34% energy savings to be eligible for a rebate over \$4,000. With Alaska's high cost of labor, material and transportation, low- and moderate-income families will struggle to perform deep enough retrofits on their house to achieve that will be less likely to participate as the program requires too them to cover too much of the cost of the retrofits. DOE requires all work to be completed by a certified contractor, this will also increase the cost. AHFC personnel will monitor and disperse CPRG funds to LMI Alaskan's entering the program that will struggle to perform multiple necessary upgrades and retrofits in order to see significant savings.

Indirect Charges – Total Indirect Charges over 5 years \$0.00

AHFC does not include indirect charges.

Expenditure of Awarded Funds

Measure 1: Weatherization Assistance Program

AHFC works directly with weatherization providers to determine yearly regional funding and is in constant communication and dialogue regarding capacity, capability and demand and is able to adjust funding levels in response. AHFC monitor's the Weatherization Providers in three distinct ways.

Agency Program Monitoring includes a thorough review of agency policies and practices by the Program Manager once towards the end of the program year. Areas examined include: adherence to WOM and grant attachments; personnel policies; outreach and intake; in house inspection process; rental policies and landlord contributions; walk away and deferral incidents; prioritization of clients; inventory and warehouse control; equipment and vehicles; training and technical assistance activities; certifications of people and the agency. The Program Monitoring will also verify that all requirements of the SWS and technical requirements are passed through to the subcontractors. This is scheduled between December and March to ensure that as many records as possible are available and that we have a number of completed files to review.

Client File Review. At the program monitoring a minimum of five to ten percent of client files will be reviewed to verify that all required documentation is present, including: income verification;

assessment; AKWarm files (including the Improvement Options Report) ; diagnostic testing; client signatures; scope of work; materials and labor costs; final inspection report; notes of anomalies on the job; required Lead certifications; Lead compliance documents, ASHRAE compliance documents and, SHPO documents, etc. As the review is conducted diagnostic numbers are evaluated and reviewed for compliance with technical standards. The goal of client file review is to ensure that all needed documentation is in the file.

Fiscal Monitoring that is conducted by the grant's administrators scheduled once each program year. That includes a review of financial audits; procurement practices; cost allocation; billings; eligible costs; and risk evaluation. This is performed annually by the Audit Department and Grant Management staff from AHFC Research and Rural Development Division (R2D2). This includes a review of financial audits, procurement practices, cost allocations, billings, eligible costs, and risk evaluation. Because this monitoring covers all programs administered by the agencies, it is scheduled to coincide with completions for all programs not just weatherization. For the three DOE subgrantees it is usually between January and March. At this time the fiscal monitoring is being assumed by the Internal Audit Department for all grants and contracts. Kristian Beckner is an Audit Officer at AHFC (CIA, CRMA). He has been working closely with our department for many years to assist our subgrantees in compliance. We are working closely with Kristian to make sure that the different monitoring activities cover all the elements that we need to examine.

Measure 2 & 3: Subsidize Home Energy Ratings for Low to Moderate Income Alaskans & Increase Home Energy Rebate Amounts for Low to Moderate Income Alaskans.

AHFC will be administering the Home Energy Rebate Programs that this funding will be leveraged to support and enhance. AHFC will certify all Energy Raters and Contractors that homeowners are allowed to work with, verify the income and eligibility of all participants in the program and verify all ratings and installations are performed to the required standards of the program and issuing the rebate payments to homeowners. AHFC will be monitoring all aspects of the programs as well as providing outreach, customer engagement, consumer and contractor education on how to navigate the program. AHFC will be directly overseeing the state's Energy Raters and function as the conduit between the homeowner and the raters and contractors they will work with to successfully navigate the program. As a participant enters AHFC's program and their income, housing status and eligibility is verified, AHFC will determine if they are eligible for a subsidized rating based on their income and CEJST status, they will then be notified and put in contact with an approved Energy Rater. After their initial home Energy Rating, AHFC will determine if they are eligible for an additional rebate also depending on their income and CEJST status, they will be notified of this status and connected with AHFC's list of approved contractors to perform their energy efficiency upgrades. AHFC will be able to adjust parameters and outreach if grant funds are not being expended in a timely and efficient manner but AHFC does not anticipate this being the case.

Reasonableness of Costs

These costs are based on historic costs and years of experience of running the programs that this funding seeks to enhance and expand. These costs are consistent with AHFC practices. The proposed expenditures are designed to have the most direct impact for low- and moderate-income Alaskans. As these are existing programs there will be minimum costs to "stand-up" this new funding allowing maximum impact with minimal overhead and administration costs.