

JUL 10 1981

ADMINISTRATIVE
HEARINGS

Exhibit No. 5

File No. _____

STATE OF MINNESOTA

OFFICE OF HEARING EXAMINERS

Statement of Need and Reasonableness

In the Matter of Proposed Rules Relating to the Operation of the State of Minnesota's Weatherization Program for Low Income People.

Minn. Stat. § 268.37 authorizes the State of Minnesota to operate a weatherization program for low income persons. It also directs the Commissioner of the Department of Economic Security to promulgate rules to facilitate the delivery of the above mentioned program. A public hearing will be conducted in accordance to Minn. Stat. §§ 15.0411 - 15.0417 and 15.052 (1980) and 9 MCAR §§ 2.101 - 2.113.

The agency will not be utilizing any non-staff expert witnesses to present testimony on its behalf.

The rules as authorized by Minn. Stat. § 268.37 are necessary to provide and set limits for grantees in the delivery of the weatherization program.

The following is a sectional breakdown of need and reasonableness of rules under 8MCAR § 4.0012.

8MCAR § 4.0012 A

Purpose - to establish the objectives of the program under the enabling Legislation.

8MCAR § 4.0012 B

Administration of Costs - this section indicates which Federal management circulars are to followed for the management of the local grants by grantees. Federal management circulars are utilized because the State of Minnesota has not developed any comparable documents.

8MCAR § 4.0012 C

Definitions - the definitions contained in this rule pertain only to this program. Contained in the definitions section is Exhibit 8MCAR § 4.0012 C.32-1 Allowable Weatherization Materials. This definition indicates what materials are allowable for grantees to install in dwellings to be weatherized. This definition also includes the specific test standard that the material must meet along with the approval date and the reference to the Residential Conservation Services (RCS) Act CFR 456.101 et. al. Section References.

8MCAR § 4.0012 D

Allocation of funds - provides the formula for allocating the funds appropriated under this law to geographic areas for the delivery of the weatherization program. The staff felt this formula provided the most equitable distribution of funds.

8MCAR § 4.0012 E

Reservation Allocations - provide for the separate allocation of funds under this law to provide weatherization aid to all Indian Reservations in Minnesota.

8MCAR § 4.0012 F

Contract period - this section defines the length of the contract periods for grants issued under this law by the State of Minnesota. This enables the grantees to maintain a high level of production.

8MCAR § 4.0012 G

Eligible applicants - this section provides the basis for the commissioner or the assistant commissioner to select grantees to deliver the weatherization program.

8MCAR § 4.0012 H

Local Applications - this section provides the criteria for the information a grantee must submit to the state before a grant is awarded. The state staff feels it is better to have the grantees establish their priorities and goals within the framework of the given criteria thereby allowing for variances in local conditions.

Under 8MCAR § 4.0012 H. 5. the state establishes a material maximum that the agency feels will enable grantees to do an effective job of weatherizing homes. All grantees will have the same material maximum.

8MCAR § 4.0012 I

Allowable Expenditures - the agency staff feels that all of the items in this section are necessary for the effective delivery of the weatherization program. This section allows for the separation of funds into 3 main areas: administration, program support and materials. 8MCAR § 4.0012 I.a.(4) provides for more state control over equipment and vehicle purchases. This is necessary since all purchases under this rule are property of the state. 8MCAR § 4.0012 I.a.(7) - agency staff feels that this is a just amount of money to spend on making repairs to a dwelling before weatherization activities commence. 8MCAR § 4.0012 I.d. sets criteria for weatherizing rental dwellings. The agency staff feels that this is necessary to protect the client and to provide proper weatherization for the entire dwelling. 8MCAR § 4.0012 I.z. - agency staff feels that the items covered in this section are not allowable expenditure. This helps insure that grantees will spend funds only on dwellings not previously weatherized by funds under this act or other programs funded by the state of Minnesota or the Department of Energy and administered by this department. 8MCAR § 4.0012 I.3. - the state feels it is necessary to provide an expenditure waiver cost for exceptional dwellings or other related activities.

8MCAR § 4.0012 J

Oversight Responsibility - sets criteria that the state feels is necessary to monitor and maintain effective control over the program

8MCAR § 4.0012 K

Record Keeping - the agency staff feels it is necessary to require the grantees to maintain such records so that all costs can be tracked to weatherized dwellings. Financial record keeping must meet standards imposed by certified auditors.

8MCAR § 4.0012 L

Monthly reports - the agency staff feels it is necessary to require monthly reports from grantees in order to maintain a semblance of fiscal control and to provide accountability in production performance.

8MCAR § 4.0012 M

Eligible Dwellings - grantees will not do any dwellings where the total household income exceeds 125% of poverty level. This section is in accord with the law and eliminates some categorical eligibility found in previously funded weatherization programs.

8MCAR § 4.0012 N

Granting Process - the state reserves the right to attach special conditions to grantee agreements. This would be done if the grantee's plan fails to meet the specifications required by the state.

8MCAR § 4.0012 O

Fiscal Responsibility - this section is needed to insure that grantees have developed and have in place a reliable and responsible fiscal department.

8MCAR § 4.0012 P

Severability - this section indicates to all affected persons that if any part of the rule is declared null and void the rest of the rule is not effected.

8MCAR § 4.0112 Q

Variations - this section is necessary to set out procedures for granting variations in the rule. This is done primarily because of anticipated technical changes that would be reflected in the material list contained in this rule Exhibit

8MCAR § 4.0012 C.32.-1