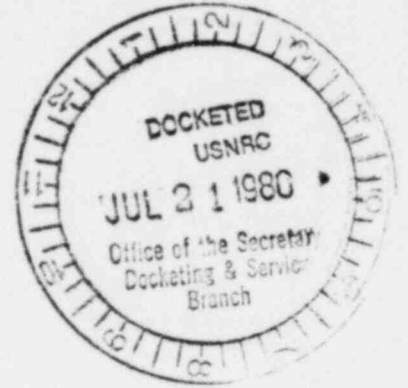


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OF
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BEFORE THE
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MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, MY NAME IS DAVID RAPHAEL AND I AM EXECUTIVE DIRECTOR OF RURAL AMERICA, A MEMBERSHIP ORGANIZATION THAT DOES RESEARCH AND PROVIDES ASSISTANCE TO LOCAL GROUPS IN THE AREAS OF RURAL HOUSING, HEALTH CARE, COMMUNITY FACILITIES AND OTHER RURAL ISSUES. WE OPERATE A NATIONWIDE HOUSING DEVELOPMENT PROGRAM FOR LOW-INCOME RURAL PEOPLE.

I WISH TO THANK YOU FOR INVITING RURAL AMERICA TO PRESENT TESTIMONY ON THE FEDERAL WEATHERIZATION EFFORT IN RURAL AREAS. THE IMPORTANCE OF OVERSIGHT IN THIS AREA CAN'T BE OVERSTATED. WEATHERIZATION IS THE KEY ELEMENT IN ANY STRATEGY OF ENERGY CONSERVATION AND ENERGY CONSERVATION IS OF VITAL IMPORTANCE TO BOTH THE NATION AND THE LOW-INCOME PEOPLE OF RURAL AREAS WHO ARE OUR ORGANIZATION'S PRINCIPAL CONCERN.

I PRESUME THAT THERE IS NO NEED TO TROT OUT AGAIN THE STATISTICS ON THE ENERGY-WASTEFULNESS OF OUR SOCIETY. IT IS A CHARACTERISTIC WHICH ADDS TO THE INFLATIONARY PRESSURES ON EVERYTHING AND THOSE INFLATIONARY PRESSURES -- LIKE MOST SOCIAL PRESSURES -- BEAR MOST HEAVILY ON THOSE IN THE LOWEST INCOME GROUP. THE DIRECT COSTS OF ENERGY ARE CONTINUING TO RISE SO RAPIDLY THAT LARGE-SCALE CRISIS INTERVENTION IS NECESSARY TO ASSURE POOR PEOPLE OF ENOUGH HEAT THIS WINTER. WE RECOGNIZE THE IMPORTANCE OF THAT CRISIS INTERVENTION BUT ALSO STRESS THAT FUEL SUBSIDIES ARE ONLY A STOP-GAP SOLUTION. FUEL SUBSIDIES DO NOT REDUCE THE NEED FOR FUEL; THEY INCREASE IT THROUGH INDIRECT SUBSIDY FOR FUEL PRICES. WEATHERIZATION ON THE OTHER HAND REDUCES THE NEED FOR FUEL CONSUMPTION, AND PROMOTES SELF-SUFFICIENCY OF LOW-INCOME PERSONS ON A DOMESTIC LEVEL AND OUR NATION ON AN INTERNATIONAL LEVEL.

CONSERVATION IS NOT ONLY THE MOST ENVIRONMENTALLY DESIRABLE APPROACH TO THE ENERGY PROBLEM; IT IS ALSO A HIGHLY COST-EFFECTIVE APPROACH. THE TENNESSEE VALLEY AUTHORITY, WHICH APPEARS TO BE THE ONLY ENERGY AGENCY IN THE NATION, PUBLIC OR PRIVATE, WHICH HAS A SERIOUS COMMITMENT TO THE POTENTIAL OF ENERGY CONSERVATION, IS DEMONSTRATING JUST HOW COST-EFFECTIVE IT CAN BE. TVA CHAIRMAN, FREEMAN TOLD THE GOVERNMENT OPERATIONS COMMITTEE LAST MONTH THAT THEIR WEATHERIZATION PROGRAM WILL RESULT IN SUBSTANTIAL REDUCTIONS

IN THE GENERATING CAPACITY THEY NEED -- REDUCTIONS WHICH WILL BE ACHIEVED AT THE EQUIVALENT COST OF ABOUT \$200 PER KILOWATT OF CAPACITY, WHEREAS THE COST OF BUILDING THAT GENERATING CAPACITY WOULD BE SIX TIMES THAT FIGURE, OR \$1,200 A KILOWATT!

THE SAVINGS TO CONSUMERS IS OBVIOUS, SINCE THEY ARE THE ONES WHO MUST PAY IN THE END, WHICHEVER OPTION IS CHOSEN. IN THE CASE OF LOW-INCOME PEOPLE, FOR WHOM PART OF THE BURDEN MUST BE MET BY THE GOVERNMENT, WEATHERIZATION MEANS A MORE COMFORTABLE LIFE AND LESS SUBSIDY REQUIREMENTS. RURAL AREAS HAVE A SPECIAL CONCERN BECAUSE RURAL AREAS CONTAIN A DISPROPORTIONATE SHARE OF OUR LOW-INCOME PEOPLE AND A DISPROPORTIONATE SHARE OF OUR BAD HOUSING. THIS MEANS THAT THE NEED FOR ADEQUATE WEATHERIZATION EFFORTS IN RURAL AREAS IS DOUBLY MAGNIFIED.

DURING THE PAST FOUR YEARS WE HAVE CONTRACTED WITH THE DEPARTMENT OF LABOR TO PROVIDE SUPPORT SERVICES FOR PUBLIC AND PRIVATE NONPROFIT ORGANIZATIONS THAT DELIVER IMPROVED HOUSING PRIMARILY FOR MIGRANT AND SEASONAL FARMWORKERS. THE EXPERIENCE GATHERED FROM THIS HOUSING DEVELOPMENT NETWORK PROVIDES THE BASIS FOR OUR COMMENTS TODAY.

THE ESSENTIAL ELEMENTS OF AN ADEQUATE WEATHERIZATION PROGRAM -- ASIDE FROM A REAL COMMITMENT TO ENERGY CONSERVATION --

INCLUDE A SOURCE OF FINANCING, WHICH MUST INCLUDE LOW-INTEREST LOANS AND OUTRIGHT GRANTS IF IT IS TO SERVE LOW- AND MODERATE-INCOME HOUSEHOLDS; AND A DELIVERY SYSTEM, WHICH INCLUDES OUTREACH ACTIVITIES TO LOCATE AND IDENTIFY WEATHERIZATION NEEDS, PROVISION OF TECHNICAL ASSISTANCE TO HOUSEHOLDS (BOTH IN IDENTIFYING THEIR NEEDS AND IN SECURING ACCESS TO THE APPROPRIATE WEATHERIZATION RESOURCES), AND PROVISION OF THE WORK ITSELF.

THE PRESENT PROGRAMS TEND TO BE DEFICIENT IN AT LEAST ONE AND SOMETIMES BOTH OF THE INGREDIENTS.

ONE PROBLEM COMMON TO BOTH CSA AND DOE PROGRAMS HAS BEEN VERY LIMITED ADMINISTRATIVE FUNDS FOR LOCAL PROJECTS. THIS HAS BEEN A PRIME FACTOR RESULTING IN HUGE AMOUNTS OF UNSPENT FUNDS. DOE HAS A DISMAL TRACK RECORD HERE. THAT DEPARTMENT IS JUST NOW BEGINNING TO TAP THE MODEST FY 1979 APPROPRIATION OF \$189 MILLION.

ONE OF RURAL AMERICA'S FORMER SUBGRANTEES, THE SAN PATRICIO COMMUNITY ACTION AGENCY IN TEXAS, HAS OBTAINED EIGHT CETA WORKERS TO DELIVER DOE WEATHERIZATION SERVICES. THEY OBTAINED A WAIVER FROM THEIR STATE OFFICE ALLOWING THEM TO INCREASE THE PORTION OF NON-MATERIALS FUNDS FROM 10% TO 44% (THE WAIVER POLICY HAS BEEN

RECENTLY ADOPTED BY DOE THROUGH ADMINISTRATIVE ACTION), EVEN WITH THIS ADDITIONAL FLEXIBILITY, THE PROGRAM COULD ONLY HIRE ONE CONSTRUCTION SUPERVISOR.

THE DOE PROGRAM ALSO INVOLVES TOO MUCH PAPERWORK. FOR EXAMPLE, THE DOE PROGRAM REQUIRES COMPLETION OF A RETROTECH FORM ON EVERY WEATHERIZED UNIT. THIS IS INTENDED TO DETERMINE THE NEED FOR WEATHERIZATION AND THE ENERGY SAVINGS THAT RESULT FROM EACH WEATHERIZATION MEASURE. THE REQUIRED RETROTECH FORM HAS BEEN A SEVERE BURDEN ON LOCAL PROGRAM ADMINISTRATORS. THIS FORM TAKES UP TO EIGHT HOURS TO COMPLETE AND IS REQUIRED REGARDLESS OF THE AMOUNT OF MATERIALS USED.

REA WEATHERIZATION

THE FARMERS HOME ADMINISTRATION/RURAL ELECTRIFICATION ADMINISTRATION PROGRAM, HAS ALSO MISSED THE MARK. ANNOUNCED WITH A FLOURISH IN MARCH 1977, THE PROGRAM ACCORDING TO THE NRECA NEWSLETTER OF MARCH 25, 1977 WAS EXPECTED TO PIONEER THE WEATHERIZATION OF 4-MILLION HOMES. UP TO \$1 BILLION WAS TO BE LOANED TO HOMEOWNERS. IN FISCAL 1977, \$48,000 WAS LOANED. IN FISCAL 1978, \$194,000. IN FISCAL 1979, \$704,000. ALL TOLD 1,072 HOMES HAVE BEEN WINTERIZED.

THE IDEA WAS THAT THE RURAL ELECTRIC CO-OPS (AND LATER ON ALL THE UTILITY COMPANIES) WOULD HELP THEIR USERS DETERMINE WHAT WAS NEEDED TO WEATHERIZE THEIR HOMES, FIND CONTRACTORS TO DO THE WORK, GET LOANS FROM FMHA TO PAY THE CONTRACTORS AND THEN REPAY THE FMHA LOAN BY ADDING A CERTAIN AMOUNT EXTRA EACH MONTH TO THEIR LIGHT BILL. PAPERWORK WAS TO BE KEPT TO THE MINIMUM.

WHAT WENT WRONG? FOR ONE THING THE PROGRAM HAS NOT BEEN PROMOTED. UTILITIES OPERATING IN RURAL AREAS HAVE NOT SEIZED ON THIS OPPORTUNITY TO REDUCE THE DEMAND FOR POWER. IN ADDITION THE PROGRAM HAS A BASIC WEAKNESS. THE LOANS BEAR 10 PERCENT INTEREST. THE POOR CAN'T AFFORD THEM, THE AFFLUENT DON'T NEED THEM AND MOST MIDDLE-INCOME PEOPLE CAN GET THE CREDIT FOR \$1,500 ELSEWHERE.

NOW IF THE RURAL ELECTRIFICATION ADMINISTRATION HAD TAKEN FORCEFUL STEPS TO REQUIRE ACTIVE ENERGY CONSERVATION EFFORTS ON THE PART OF LOCAL COOPS, INCLUDING FULL PARTICIPATION IN THE USDA WEATHERIZATION PROGRAM, THE RESULTS MIGHT HAVE BEEN DIFFERENT. OTHER CORRECTIVE MEASURES MIGHT INCLUDE THE LOWERING OF INTEREST RATES TO BETTER SERVE THE NEEDS OF THE POOR, AND THE FURNISHING OF NEEDED STAFF RESOURCES TO REA AND FARMERS HOME IN ORDER TO AFFIRMATIVELY PROMOTE ENERGY CONSERVATION WORK.

NEW FARMER HOME PROGRAM UNFUNDED

ANOTHER FARMERS HOME ADMINISTRATION WEATHERIZATION PROGRAM WAS AUTHORIZED BY PUBLIC LAW 95-619 ENACTED NOVEMBER 9, 1978. THIS AMENDMENT TO THE LEGISLATION AUTHORIZING FMHA'S HOUSING PROGRAMS WOULD PERMIT GRANTS OF UP TO \$1,500 (OF WHICH ROUGHLY HALF COULD BE USED FOR MATERIALS) TO LOW-INCOME FAMILIES WHO OWN DWELLING UNITS OR OWNERS WHO HAVE LOW-INCOME TENANTS. PRIORITY FOR THE \$25 MILLION IN AUTHORIZED FUNDING WOULD BE GIVEN TO UNITS OCCUPIED BY ELDERLY AND HANDICAPPED.

REGULATIONS HAVE NEVER BEEN WRITTEN TO IMPLEMENT THIS LAW AND FUNDS HAVE NEVER BEEN APPROPRIATED TO CARRY OUT ITS PROVISIONS. THE LANGUAGE AUTHORIZING FUNDS FOR SECTION 504 C IN THE 1978 ACT WAS LIMITED TO FISCAL 1979. BECAUSE THE ADMINISTRATION HAS SHOWN SO LITTLE INTEREST IN THIS PROGRAM, THE CONGRESS HAS NOT EXTENDED THE FUNDING AUTHORIZATION. WE BELIEVE THESE GRANTS, WHICH, UNLIKE THE OTHER SECTION 504 GRANTS ARE NOT LIMITED TO THE ELDERLY, COULD PROVE VERY USEFUL. WE HOPE THIS COMMITTEE WILL SUPPORT THE CONTINUATION OF THE 504 C FUNDING AUTHORITY AND THE IMPLEMENTATION OF THIS FORM OF ASSISTANCE.

SENATOR NELSON'S EFFORTS NEED SUPPORT

WHILE THE PAST RECORD ON RURAL WEATHERIZATION HAS BEEN SPOTTY AT BEST, WE FIND SOME HOPE FOR THE FUTURE. FOR ONE THING, THERE IS EVIDENCE THAT CONGRESS IS RECOGNIZING THE NEED TO ASSURE THOSE ELEMENTS OF BOTH ADEQUATE FINANCING AND AN APPROPRIATE DELIVERY SYSTEM. WE NOTE THAT THE SENATE LABOR AND HUMAN RESOURCES COMMITTEE IS RECOMMENDING A MAJOR RESTRUCTURING OF THE WEATHERIZATION PROGRAM. THE REFORMS PROPOSED INCLUDE SUCH IMPORTANT ITEMS AS MAKING IT CLEAR THAT PROGRAM COSTS CAN INCLUDE LABOR AS WELL AS MATERIALS (AND THUS PROPOSING TO FREE WEATHERIZATION FROM TOTAL DEPENDENCE ON CETA AND SIMILAR SUBSIDIZED LABOR -- VALUABLE THOUGH THOSE ARE TO THE EFFORT); RECOGNIZING THE KEY ROLE OF LOCAL ADMINISTRATIVE STRUCTURES IN OUTREACH AND RELATED ACTIVITIES AND THE NEED TO UNDERWRITE THOSE COSTS IN A REALISTIC MANNER; AND UTILIZATION OF A BROADENED NETWORK OF THOSE COMMUNITY ORGANIZATIONS THAT ARE MOST IN TOUCH WITH AND RESPONSIVE TO THE NEEDS OF LOWER INCOME PEOPLE.

WE ALSO BELIEVE THAT THE PROVISION FOR A SPECIAL WEATHERIZATION FUNDING POT WITH FARMERS HOME ADMINISTRATION IS A VERY HELPFUL SIGN. ADEQUATE FUNDING AND IMPLEMENTATION OF SUCH A FINANCING SOURCE WOULD PROVIDE A LOGICAL COMPLEMENT TO THE IMPROVED

WEATHERIZATION DELIVERY SYSTEM THAT IS BEING PROPOSED BY SENATOR NELSON AND HIS COLLEAGUES. THE FARMERS HOME PROGRAM WOULD GIVE THE NETWORK OF COMMUNITY ORGANIZATIONS ADDITIONAL RESOURCES WITH WHICH TO WORK AND THEREBY INCREASE THAT NETWORK'S EFFICIENCY, AND THE NETWORK IN TURN WOULD PROVIDE AN APPROPRIATE DELIVERY SYSTEM FOR THE FMHA FINANCING.

CONCLUSION

I WOULD CLOSE WITH ONE GENERAL OBSERVATION. THE KEY TO ANY PROGRAM IS REALLY COMMITMENT. THIS IS TRUE OF WEATHERIZATION AS WELL AS OTHER INITIATIVES. ONE CAN'T HELP FEELING THAT DESPITE MUCH IN THE WAY OF HEATED RHETORIC -- ABOUT "MORAL EQUIVALENTS OF WAR" AND "ENERGY INDEPENDENCE" -- OUR SOCIETY HAS NOT EXHIBITED MUCH OF A COMMITMENT TO ENERGY CONSERVATION AND THE FEDERAL GOVERNMENT HAS FAILED TO PROVIDE MUCH IN THE WAY OF REAL LEADERSHIP IN THAT FIELD. AS EVIDENCE THAT SUCH A COMMITMENT REALLY DOES EXIST, THE ADMINISTRATION COULD DO AT LEAST TWO SPECIFIC THINGS: ONE IS TO PROVIDE AGENCIES LIKE THE RURAL ELECTRIFICATION ADMINISTRATION AND FARMERS HOME ADMINISTRATION WITH A SUBSTANTIAL STAFF ASSIGNED TOTALLY TO ENERGY CONSERVATION EFFORTS. AGAIN, THE MODEL OF THE TENNESSEE VALLEY AUTHORITY IS INSTRUCTIVE. WITH A STAFF OF ABOUT 170 TVA EMPLOYEES, PLUS ANOTHER 80 EMPLOYEES OF LOCAL PUBLIC POWER AGENCIES, THAT AGENCY HAS ALREADY SEEN TO THE

WEATHERIZATION OF MORE THAN 80,000 HOMES IN ITS FIVE-STATE AREA AND ESTIMATES THE SAVINGS AT MORE THAN 200 MILLION KILOWATT HOURS TO DATE. OTHER RURAL AGENCIES CONCERNED WITH ENERGY SHOULD FOLLOW THEIR EXAMPLE.

THE OTHER ACTION I WOULD SUGGEST IS SO OBVIOUS THAT ONE HOPES IT IS UNNECESSARY TO MENTION -- BUT FEARS THAT THIS IS NOT THE CASE. AS NOTED IN MY OPENING REMARKS, OUR PRESENT SITUATION REQUIRES BOTH CRISIS INTERVENTION AND WEATHERIZATION. ONE HOPES THAT THE TWO DO NOT OPERATE INDEPENDENTLY OF EACH OTHER. THE BENEFICIARIES OF THE CRISIS INTERVENTION PROGRAM SHOULD CONSTITUTE THE PRIORITY CONSTITUENCY FOR THE WEATHERIZATION PROGRAM AND IF SOME AUTOMATIC PROCEDURE FOR ASSURING THAT KIND OF COORDINATION IS NOT A REALITY, THE TAXPAYERS OF THE COUNTRY WILL CERTAINLY BE OUTRAGED.

MR. CHAIRMAN, WE ARE GRATEFUL TO YOU FOR HOLDING THESE HEARINGS. HOUSING WEATHERIZATION IS ENORMOUSLY IMPORTANT TO THE POOR AS WELL AS OUR ENERGY DEPENDENT SOCIETY. IT MUST BE STRENGTHENED AND PROVIDED WITH THE FUNDS AND LEADERSHIP IT NEEDS.