

## **Green Jobs Green New York (GJGNY)**

### **Advisory Council Meeting Minutes**

September 13, 2012

1:00pm – 4:00pm

NYSERDA Board Room

Albany NY

Members of the Green Jobs-Green New York (GJGNY) Advisory Council met via video-conference at NYSERDA's Albany, New York City, and Buffalo offices on September 13, 2012. Telephone access was made available to members who could not make it to a video conference site. Also present at the meeting were NYSERDA staff members and additional staff members from Advisory Council member organizations. The Meeting was videotaped and posted at [www.nyserda.ny.gov](http://www.nyserda.ny.gov).

#### **Attendees –**

##### **Albany Office:**

Anne Reynolds, NYS Department of Environment Conservation; Keith Corneau, Empire State Development; Conrad Metcalf (Dick Kornbluth), Building Performance Contractors Association; Paul Shashoff (Ed Murphy), Workforce Development Institute; Mario Musolino, NYS Department of Labor; Tony Joseph, NYS Department of Labor; Mike Edmonds, Conservation Services Group

NYS Energy Research and Development Authority: Frank Murray, Adele Ferranti, Jeff Pitkin, Kevin Carey, Jennifer Shauger, Jonathan Steiner, Mishel Filisha, David Munro, Dayle Zatlin, Jennifer Meissner, Carley Murray, Sue Andrews, Rebecca Sterling, Hal Brodie, Peter Savio, Jon Ahearn, Joey DeRosa, Kathryn Fantauzzi, Marilyn Dare, Karen Hamilton

##### **NYC Office:**

Jay Ackely, Community Environmental Center; Sharon Griffith, NYSERDA; Michael Colgrove, NYSERDA; Anthony Ng, Center for Working Families

##### **Buffalo Office:**

Kelly Tyler, NYSERDA; Lee Butler, NYSERDA; Eric Walker, PUSH Buffalo

##### **Telephone:**

Frederico Garcia, ICF Consulting; Rick Cherry, Community Environmental Center; Dan Buyer, NYS Homes and Community Renewal; David Hepinstall, Association for Energy Affordability; Barbara Guinn, Office of Temporary and Disability Services; Les Bluestone, Blue Sea Development Company; Kevin Rooney, Oil Heat Institute of Long Island; James Barry, SEIU 32BJ; Rohit Vaidya, NMR Group

##### **Materials distributed prior to the meeting:**

- 1) Meeting Agenda (PDF)
- 2) Fostering Career Pathways through GJGNY, prepared by Adele Ferranti and Rebecca Sterling (PPT)

3) Job Creation/Retention: Discussion of Approaches and Analytical Challenges, prepared by Jennifer Meissner (PPT)

4) Green Jobs Green New York Residential (1- to 4-Family) Process Evaluation and MCA Findings, prepared by Rohit Vaidya of NMR Group Inc. (PPT)

**(The following meeting notes capture comments, questions and discussions held at the meeting in response to the presentations given by NYSERDA staff. A copy of the presentation and any handouts provided can be found at [www.nyserda.ny.gov](http://www.nyserda.ny.gov).)**

### **I. Welcome and Introductions (Frank Murray)**

Frank Murray announced the commencement of the 18th meeting of the Green Jobs Green New York Advisory Council Meeting by welcoming new and returning member and thanking everyone for their attendance and making the program a success. He then issued a reminder that the session is being video and audio recorded. Introductions were made first around the Boardroom table, then via video, phone, and others in the room.

Today's agenda will provide a report on budget adjustments and an update on on-bill recover financing and will include an in depth briefing on program evaluation studies and a discussion of tracking and evaluating jobs. We will skip sector-specific updates this time, but members should feel free to ask any related questions.

### **II. Budget Adjustment (Karen Hamilton)**

We allocated interest earnings to outreach and marketing to provide additional support in July. The revised budget appeared in draft annual report.

*Question:* Can we include "expended to date" figures on this report in each of the provided categories?

*Response:* Yes, we can provide that information.

### **III. On-Bill Recovery Financing Update (Jeff Pitkin)**

Jeff Pitkin's discussion of on-bill recovery financing focused on changes in the financing program. He provided a summary of revolving loan funding and loans issued to date, focusing on the residential sector.

There has been an uptick in application approval rate. Currently, 66% of applications are being approved. In terms of application history, August 2012 had the highest number of applications submitted to date. Approximately 60% of applicants to the program are electing to adopt the on-bill recovery loan product.

Debt ratio and unsatisfactory credit scores are the most likely reasons for loan application denial. There have been \$4.2 million in loans in the residential sector approved since the last Advisory Council meeting. Tier 2 loans comprise about 9% of the overall loans. This is up from 8.3% three months ago. Of all loans administered, 99.5% are current. Past due accounts are being monitored and pursued.

*Question:* Why is the average loan in the on-bill recovery category about \$1000 higher?

*Response:* Due to nature of the financed project. It may reflect consumers who are willing to do additional work because of the ability to finance through the bill and because of the transferability option of on-bill. This is telling us that on-bill is working and is resulting in more comprehensive energy efficiency work occurring. It's

a relatively small number of loans so far, so I'm not sure if we can draw conclusive evidence at this early stage. We will continue to monitor that.

Looking at on-bill recovery loans by utility, we're reminded that current legislation includes a cap on loans provided. We are well below our initial cap.

*Comment:* Numbers reflect lack of infrastructure and also type of building stock. There are a lot of multi-unit buildings. We noticed a drop-off of participation in the Finger Lakes region as compared to what they used to be. We have several contractors in the area who have opted to go forward with work outside the program, following richer utility incentives in that area. We also face challenges with changes and requirements of our program that mandate the contractor monitor cost effectiveness. We are working on making this process less painful for the contractors.

Revisions to financing standards effective in July and August were reviewed.

*Question:* Are contractors saying people need to borrow more?

*Response:* Not comprehensively. Some contractors may be including window replacements, which come with high cost, so in a case like this it can be a challenge to finance the project within the requirements. More than anything, the frustration that has been expressed is the inability of certain energy efficiency measures to meet cost-effectiveness standards. The charge on the bill cannot be more than what the consumer is expected to save. Much of this is determined by legislation, and we must work within the boundaries of that legislation.

*Question:* Are there any strategies for neutralizing/normalizing unintended consequence of inflation/escalation factor computations, which creates inequity in the field?

*Response:* We are happy to engage in a more detailed conversation about this. We do not consider on-bill and unsecured financing as competing with each other. For us it's about expanding the opportunity for consumers to get work done. These are complementary products.

*Response:* Contractor feedback says sometimes consumers who are presented with financing options get excited about on-bill, but then the contractor finds they don't qualify. The consumer gets frustrated even though they have another option, so we are concerned about the perceived discrepancies between the two products as well, and we are interested in creating parity among the products.

*Question:* In terms of the graphs you are providing in your slide presentation, is it possible to represent loan denial trends with a multi-colored line graph in addition to the table to show us a little bit more of a timeline of how these denials have fluctuated or stabilized over time? Have you tracked denials for failure to meet program cost effectiveness test under the On-Bill loan product, and then track whether the consumer's project is approved or denied under the cost effectiveness test for the Unsecured loan product?

*Response:* Yes. We can add some kind of trend information on denial statistics within the program to show changes over time. We have not yet been tracking how many consumers who apply for on-bill and are denied, then opted for an unsecured loan. We can look forward and try to start tracking that data.

*Question:* Can we compare debt-to-income denial rate for NYC as compared to the State as a whole?

*Response:* Yes. We have that information. Downstate has a different relationship with financing, and we can expand reported information regarding that.

Changes that we are proposing to make regarding the unsecured loan cost effectiveness requirements include either:

1) Prequalified measures (qualify for 10% incentives) comprise at least 85% of loan amount; or 2) If prequalified measures comprise less than 85% of loan, estimated energy savings of anticipated life of all energy efficiency improvements must be at least 80% of loan principal and interest to be repaid under the loan.

A benefit of these proposed changes is that this will eliminate the requirement for contractors to prepare cost effectiveness pro-forma for the majority of projects that include pre-qualified measures. Additionally, this will provide more certainty to contractors for the ability of project measures to meet financing cost effectiveness standards.

*Question:* A loan can include 15% for non-prequalified measures. Is this because we already had the rule in place allowing health and safety measures (producing no savings) to be included for up to 15% of the total loan?

*Response:* Yes. But the difference is that would allow a project to not just include health and safety measures but other energy efficiency measures like windows. So you could do a modest amount of window replacements as part of an efficiency project and have the assurance that you will meet the standards because at least 85% of the cost of the work has already been deemed to be cost effective.

*Question:* So I'm assuming that this first option, the 85%, is something that the contractors are much more familiar with. Is it more similar to the test that they had to do just for the 10% incentives?

Yes. The contractors are well aware of which efficiency measures qualify and which don't. We have a document that summarizes that. On the consumer side, the consumer hears about this and asks, "What's prequalified and what's not prequalified?" We've created more of a consumer-facing document that doesn't use all our specialized language that says here are measures you can include in a loan that are cost effective and if this is all you're doing or is at least 85% of what you are doing then there is no additional testing that needs to be met. If you want to include these other things on the list that maybe they are still energy efficiency measures but they are not already prequalified, you have to go through some additional screening to make sure the project meets the standards of the program.

*Response:* The average cost of projects getting financed has gone up over the last year. It was just under \$8000. Now it's \$9500. The result of this change to really focus on projects that are eligible for the incentives has been to get more work done because the average cost of a project has gone up.

*Response:* We see this as consumer opportunity to finance as much energy efficiency work as they want to do.

*Response:* Right now we are losing projects (and contractors) due to frustration, so we are trying to make it as easy as possible for both contractors and consumers.

Process improvements include a modified and streamlined application form in addition to training for contractors on what information an applicant must provide on loan application.

The residential loan interest rate will need to be raised. Current aggregate loan activity is nearing the current bonding ceiling. We will need to raise loan interest rates due to loss of federal subsidy. We do not know exactly what the raise will be, but is estimated at approximately 5-6%. Before we do this, we will reach out to local governments who have unused allocated funds to see if they are willing to reallocating their allocations toward our goals.

*Question:* Are banks interested in participating?

*Response:* Yes. The multi-family loan product is supported by some institutions.

*Question:* What banks?

*Response:* Hudson Valley Bank and NYC Economic Efficiency Corporation, among others.

*Question:* Have you reached out to the people in Oregon who have has success with this in the multi-family arena?

*Response:* Not yet, but we can.

*Question:* What is your projection for residential loans to be issued for the next two years?

*Response:* We need more information to help us answer that question.

*Question:* What will the relationship be between the potential interest rate increase and work scopes?

*Response:* We do not know yet, but anecdotal evidence would show that we are below a level that would affect customer interest.

*Response:* It will affect qualifications for the on-bill product.

*Question:* Is NYSERDA working with the Governor's office to reach out to counties?

*Response:* Yes.

#### **IV. Jobs and Workforce Development (Adele Ferranti, Rebecca Sterling, Jennifer Meissner)**

##### **A. On-the-Job Training/Job Placement Initiatives**

Our workforce development efforts have been focusing on training for jobs rather than creating jobs (PON 2033: Apprenticeships and On-the-Job Training). We are working with the Department of Labor to collaborate with people who want to increase new hires. Through PON 2033, 28 companies have hired or promoted employees, averaging \$21,000-\$22,000 per firm. New hires are spread out across the state. Approximately 39% of new hires have a high school diploma and 27% have a college degree. Approximately 56% come from construction trade backgrounds and 13% come from a retail background.

##### **B. Case Studies**

PowerSmith Home Energy Solutions in Copiague NY was able to hire 6 employees. In one example, a new hire started out as a HPwES crew member and then was invited to join the customer service team. Another case allowed a new hire to provide for his family upon returning from incarceration. These are examples of the pathway of opportunity and family-sustaining wages that Green Jobs Green New York provides.

*Comment:* New York State has more private-sector jobs than ever in history, yet at the same time we have more unemployed people than ever.

*Question:* what are the contractors seeing in the field seeing in terms of hiring?

*Response:* 1) Companies are poised for growth, but we are seeing a lot of layoffs, which are especially painful for a small company; 2) There is an urgency to connect training to employment; 3) Building relationships with contractors upfront has proven to be very important; 4) From a risk management perspective, some companies are playing it safe until they figure out what is going on with the economy.

Moving forward, we are working on better tracking of data about an individual from training through employment.

##### **C. Discussion on Tracking and Counting Jobs**

Discussions about tracking and evaluation jobs have been on the table for some time, and we've recently begun a dialogue with our evaluation contractors to determine the best methods of measurement to assess the impacts of jobs in the GJGNY program. Our main goal is to quantify job creation and retention. Additionally, we are trying to find out how effective the program is at building a skilled workforce, connected skilled workers to jobs, and helping disadvantaged communities and workers.

Approaches to job analysis vary. Among the biggest challenges we face is the ability to discern the specific impacts of the GJGNY efforts. Additionally, timing poses a challenge. Most of these research efforts will take some time to yield valuable data that will tell us how we are producing results. Costs also provide a challenge. We have a fixed evaluation budget.

One of the main approaches we will use to track and count jobs will be "surveys of targeted market segments." We are indicating here market actors involved in doing retrofits, efficiency work in buildings, possibly market actors that are involved in doing financing or outreach or other things that are directly affected by the Green Jobs program. This involves conducting surveys with those market actors to determine how their level of activity and employment changed since the start of the Green Jobs program and how much of that change they attribute to the program activity. Additionally, we can ask about wages and compensation of employees. In doing so, we can try to assess the other important indicators that are related to the Green Jobs program.

We've also considered using program tracking data, looking at trends in production in Home Performance Department of Labor data will be effective as well as training partner data. Case studies will also play a role. There may be a role for macroeconomic modeling; once we know what the direct effects are, we can use that as an input to get at induced or indirect effects.

This warrants a lot more discussion, so a breakout group would be useful, and a separate subgroup meeting will be planned. Send interest to Jen McDonald ([jcm@nyserda.org](mailto:jcm@nyserda.org)) or Karen Hamilton ([keh@nyserda.org](mailto:keh@nyserda.org)). Then, the next Advisory Council meeting will include a discussion of what the subgroup has come up with.

## **V. Evaluation Presentation of Residential Process Evaluation and Market Characterization (Jennifer Meissner, Carley Murray)**

A market characterization and assessment study was implemented to document the experience of early changes to the program in addition to assessing various aspects of program activities, barriers to achieving program goals, and perceptions of the program overall. The evaluation was comprised of in-depth interviews with program staff and implementation contractors; telephone surveys with homeowner participants, homeowner non-participants, and HPwES contractors; and analysis of secondary sources.

Among those aware of HPwES, there was moderate awareness of Green Jobs Green New York. Of non-participants surveyed, 26% of low-moderate income respondents expressed an overall interest in HPwES while 32% of those respondents expresses in interest in a GJGNY audit. Of the low-moderate income respondents, 21% expressed interest in GJGNY low-interest financing.

The two most frequent responses for not being interested in a GJGNY audit were "Do not need it" and "Home already energy efficient". The two most frequent responses for not being interested in GJGNY financing were

“Do not need it” and “Too expensive/Don’t have the money.” Of low-moderate income respondents, 26% thought they did not have the money to pay for installation of the measures.

Saving on energy bills is the primary customer motivation for getting an audit. Receiving an audit was important to the decision to install measures for nearly four-fifths of “audit-completed” participants. As of June 15, 2011, one-third of HPwES “work-completed” participants used GJGNY low-interest financing and 39% of the “work-completed” respondents reported their decision on how to finance the project was influenced or extremely influenced by the advice of the HPwES contractor. About three-fourths of those who received an HPwES incentive and GJGNY financing said that receiving both of them was important to their decision to install measures.

Of audit-approved respondents, 32% cited time and scheduling issues as barriers to participation. Of audit-completed participants, 42% thought reported measures are too expensive or cost too much.

Surveyed contactors reported that, on average, HPwES accounted for about one-third of their revenues. Of HPwES contractors surveyed, 46% reported an increase in the number of their employees following the introduction of GJGNY components into HPwES (between Nov. 2010 and Oct. 2011). Those HPwES contractors who reported an increase in employment attributed 24% of the increase to the introduction of GJGNY. About 59% of surveyed contractors reported finding it difficult or extremely difficult to find skilled job applicants. GJGNY and HPwES contractors were overall very satisfied with participation.

The evaluation study recommends emphasizing ease and benefits of participation in addition to expanding training and job readiness programs. Also, the study recommends offering additional seminars/webinars to educate the contractors about GJGNY low-interest loans and developing marketing and educational materials that promote the benefits of early replacement of energy consuming equipment.

*Question:* When will the next evaluation take place?

*Response:* In the near future we will be taking evaluation measures on other NYSERDA GJGNY program areas not already addressed. Additionally, given the coordinated nature of GJGNY and EEPS program activities, we are looking to piggyback evaluation efforts for maximum efficiency.

*Comment:* In terms of evaluation efforts, it is important to incorporate evaluating the role of CBOs in these efforts using similar survey methods discussed.

*Response:* We originally had CBO activity incorporated as part of this work plan, and we intended to get at that. Unfortunately, the timing was not conducive to this. When we were out in the field the CBOs were just either getting under contract or starting to ramp up. We’ve been talking about how and when to best assess that.

*Response:* One thing we can do, since formal evaluations take a fair amount of time to conduct, in between formal evaluations we can send out a limited number of surveys through our program implementation contractor to get some feedback on an anecdotal basis, though this would not yield statistically significant results. When the study is final we will distribute it widely for feedback.

*Response:* The study as it stands concludes an 80% satisfaction rate, which is remarkable for a government or private program. What this suggests is that we need to be undertaking more aggressive efforts in terms of marketing the program to make people more aware of its availability.

*Response:* And there may be an opportunity for the contractor network and CBOs to use some of the evaluation findings to market and promote to prospective consumers.

*Question:* Is it possible to use this in a formal way to encourage marketing?

*Response:* Yes. It provides credibility and proves consumer approval.

*Response:* To respond concerning marketing efforts, development of a HPwES marketing campaign is being vetted with the officers for a plan to be launched in the fall. In addition, we have been holding seminars and webinars on a regular basis to discuss changes in funding and inform about the program, as well as utilizing social media. Incorporating CBOs is part of that marketing campaign.

## **VI. Comments on Draft Annual Report (Karen Hamilton)**

Karen Hamilton offered thanks to those who provided comments on the Draft Annual Report. Further comments should be submitted immediately.

Summary of comments:

- Executive summary needs to be expanded to include specific accomplishments.
- We don't mention climate crisis or greenhouse gases.
- Please clarify some terminology in charts.
- Talk about market transformation more throughout.
- Indicate some of the benefits provided through community benefit agreements in detail.
- Put CBO work in better context.
- Talk more about non-energy benefits of the program and see if we can quantify them.
- More information on jobs and job growth.
- Make better use of maps.
- Make charted information more accessible.

We will be adding to the report information on on-bill financing. Point of clarification: The recommendations section is supposed to be about changes to the law in order to run the program more effectively. It is targeted at the Governor's office and Legislature.

*Question:* Would it make sense to have the annual report made public or to make for a broader public comment period?

*Response:* The report will be made public via the NYSERDA website. People are encouraged respond. It will be submitted to the Governor's office and Legislature on October 1, 2012.

*Additional note:* Three aggregation pilots are moving along. The model used in Central NY had some challenges and so has been terminated. As aggregation is a pilot, it is not unexpected that some models might not work. The other pilots are doing well.

*Question:* How can we incorporate feedback from CBOs who have expressed interest in more formal problem solving? How can we systemize that feedback?

*Response:* We will find a way to do so, whether it's incorporating them into the workgroup [mentioned in the report] or by some other means. NYSERDA is committed to that goal.

*Response:* CBOs are always welcome to contact NYSERDA or attend these Advisory Board meetings.

## **VII. Public Input (Frank Murray)**

No public comments.



### **VIII. Closing Remarks and Next Steps (Frank Murray)**

Frank Murray thanked everyone for their participation. The next meeting of the Green Jobs Green New York Advisory Council will be in December 2012.