

National Conference on the Prevention of Primary and Secondary Disabilities.

June 6, 1991, 8:30 a.m. to 5 p.m.

June 7, 1991, 8:30 a.m. to 5 p.m.

June 8, 1991, 8:30 a.m. to 12:00 noon.

LOCATION: Atlanta Airport Hilton Hotel, Atlanta, Georgia.

FOR FURTHER INFORMATION CONTACT:

National Council on Disability, 800 Independence Avenue, SW, Suite 814, Washington, D.C. 20591, (202) 267-3846, TDD: (202) 267-3232.

The National Council on Disability is an independent federal agency comprised of 15 members appointed by the President of the United States and confirmed by the Senate. Established by the 95th Congress in title IV of the Rehabilitation Act of 1973 (as amended by Public Law No. 95-602 in 1978), the National Council was initially an advisory board within the Department of Education. In 1984, however, the National Council was transformed into

an independent agency by the Rehabilitation Act Amendments of 1984 (Public Law 98-221).

The National Council is charged with reviewing all laws, programs, and policies of the Federal Government affecting individuals with disabilities and making such recommendations as it deems necessary to the President, the Congress, the Secretary of the Department of Education, the Commissioner of the Rehabilitation Services Administration, and the Director of the National Institute on Disability and Rehabilitation Research (NIDRR). In addition, the National Council is mandated to provide guidance to the President's Committee on Employment of People With Disabilities.

The quarterly meeting of the National Council shall be open to the Public. The proposed agenda includes:

Report from Chairperson and Executive Committee
Update on NIDRR

Update on the implementation of the Americans with Disabilities Act
Update on research policy studies: education; technology; and, health insurance

Discussion of the Reauthorization of the Rehabilitation Act of 1973
Committee Meetings/Committee Reports

Unfinished Business

New Business

Announcements

Adjournment

National Conference on the Prevention of Primary and Secondary Disabilities

Records shall be kept of all National Council proceedings and shall be available after the meeting for public inspection at the National Council on Disability.

Signed at Washington, DC on May 10, 1991.

Ethel D. Briggs,

Executive Director.

[FR Doc. 91-11570 Filed 5-10-91; 8:45 am]

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Corrections

Federal Register

Vol. 56, No. 93

Tuesday, May 14, 1991

This section of the FEDERAL REGISTER contains editorial corrections of previously published Presidential, Rule, Proposed Rule, and Notice documents. These corrections are prepared by the Office of the Federal Register. Agency prepared corrections are issued as signed documents and appear in the appropriate document categories elsewhere in the issue.

FEDERAL RESERVE SYSTEM

12 CFR Part 226

[Reg. Z; TIL-1]

Truth in Lending; Update to Official Staff Commentary

Correction

In rule document 91-7888 beginning on page 13751 in the issue of Thursday, April 4, 1991, make the following corrections:

§ Supplement I to part 226 [Corrected]

1. On page 13754, in the third column, in Supplement I to part 226 in comment 4(a)-6, in the sixth line from the bottom of the page, insert "j)" after "transactions".

2. On page 13755:

a. In the first column, in Supplement I to part 226, in comment 5a(b)(2), under 2. *Enhancements.*, in the fourth line, insert "j)" after "services".

b. In the third column, in Supplement I to part 226, in amendment k., in the second line, "first" should read "third".

c. In the same column, in Supplement I to part 226, in comment 9(c)(1)-6, under 6. *Changes* ***, in the fifth line, insert "a" after "of"; and in the first line of the last paragraph, "required" should read "requirement".

3. On page 13756:

a. In the first column, in Supplement I to part 226, in comment 9(c)(1)-8, the

parenthetical phrase beginning in the first line and ending in the third line should read "(See the commentary to § 226.5b (d)(5)(iii), (d)(12)(x), and (d)(12)(xi) for a discussion of representative examples.)".

b. In the same column, in Supplement I to part 226, in comment 12(a)(2)-2, under 2. *Substitution* ***, in the seventh line, "addition" was misspelled.

c. In the second column, in Supplement I to part 226, in comment 17(c)(1)-11, in the first line "transaction." should read "transactions." d. In the third column, in Supplement I to part 226, in comment 19(b)-5, in the fourth line, "5. Example ****" should read "5. Examples ****".

4. On page 13757, in the first column, in Supplement I to part 226, in comment 20(c)-3, in the third line, "parties" should read "parties".

5. On the same page, in the same column, in Supplement I to part 226, in comment 28(a)-15, in the second paragraph, in the last line, "then" should read "than".

BILLING CODE 1505-01-D

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 90-AEA-17]

Proposed Alteration of VOR Federal Airway V-43; Pennsylvania

Correction

In proposed rule document 91-4336 beginning on page 7625 in the issue of Monday, February 25, 1991, make the following correction:

On page 7626, in the second column, under V-43 [Amended], in the fourth line "167" should read "267".

BILLING CODE 1505-01-D

DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

49 CFR Part 571

[Docket No. 91-16; Notice 1]

RIN 2127-AD97

Federal Motor Vehicle Safety Standards: Tire Selection and Rims; Vehicles Other Than Passenger Cars

Correction

In proposed rule document 91-8852 beginning on page 15315 in the issue of Tuesday, April 16, 1991 make the following corrections:

1. On page 15316, in the 1st column, in the 15th line from the bottom of the page, after "vehicle" insert "j)".

§ 571.120 [Corrected]

2. On page 15317, in the third column, in § 571.120, in amendatory instruction 4., in the first line, "§ 5.1.2" should read "S5.1.2".

3. On page 15317, in the third column, in § 571.120, S5.1.2., in the sixth line "(GAMR)" should read "(GAWR)".

4. On page 15318, in the first column, in the fourth line from the bottom "1000" should read "11000".

BILLING CODE 1505-01-D

Register

**Tuesday
May 14, 1991**

Part II

Department of Health and Human Services

Community Services Office

**Request for Applications Under the
Office of Community Services' Fiscal
Year 1991 Demonstration Partnership
Program (DPP); Notice**

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of Community Services

[Program Announcement No. OCS 91-2]

Request for Applications Under the Office of Community Services' Fiscal Year 1991 Demonstration Partnership Program (DPP)

AGENCY: Office of Community Services, Administration for Children and Families, Department of Health and Human Services.

ACTION: Announcement of availability of funds and request for applications under the Office of Community Services' Demonstration Partnership Program (DPP).

SUMMARY: The Office of Community Services (OCS) announces that applications will be accepted for grants pursuant to the Secretary's authority under section 408 of the Human Services Reauthorization Act of 1986, as amended. This announcement contains forms and instructions for submitting an application. Grants made under this program announcement are subject to the availability of funds for support of these activities.

DATES: The closing date for submission of applications is July 15, 1991.

FOR FURTHER INFORMATION CONTACT: Office of Community Services, Attn: Demonstration Partnership Program, 370 L'Enfant Promenade SW., Fifth Floor, Washington, DC 20447, Telephone (202) 401-2333.

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Part A—Preamble

1. Legislative Authority

Section 408 of the Human Services Reauthorization Act of 1986 as amended (Pub. L. 99-425), authorizes the Demonstration Partnership Program. The purpose of the Program is to stimulate the development of new approaches, to provide for greater self-sufficiency of the poor, to test and evaluate such new approaches, to disseminate project results and evaluation findings so that such approaches can be replicated, and to strengthen the integration, coordination, and redirection of activities to promote the maximum self-sufficiency among the poor.

The Secretary is authorized under section 408(a) of Public Law 99-425, as amended, to make grants from funds appropriated under this Program to eligible entities for the development and implementation of new and innovative approaches to deal with particularly critical needs or problems of the poor which are common to a number of communities.

In addition, the Secretary is authorized under section 408(c) of Public Law 99-425, as amended to make grants to eligible entities for the purpose of demonstrating new and innovative approaches to addressing the problems of, and providing opportunities for leadership development, community involvement, and educational success to, disadvantaged persons between the ages of 14 and 25 from populations experiencing conditions such as a high

poverty rate, high unemployment, high dropout rate, low labor force participation, low enrollment in college of participation in other post high school training classes, high incidence of involvement in violence, and a high rate of incarceration. This authority is referred to as the "High Risk Youth Initiative" throughout this document.

The authorizing legislation states that no more than two grants may be made to an eligible entity to carry out a particular program and the continuation grant may not exceed 80 percent of the amount of the grant previously received to carry out the program. The legislation also requires (1) That not less than 10 percent and not more than 25 percent of the funds appropriated for each fiscal year to carry out the Demonstration Partnership Program be available for grants to replicate programs in additional geographical areas, and (2) that each application must contain an assurance that the applicant will obtain an independent, methodologically sound evaluation of the effectiveness of the activities carried out with such grant and will submit such evaluation to the Secretary.

2. Definitions of Terms

For purposes of this program announcement, the following definitions apply:

Budget Period: The term "budget period" refers to the interval of time into which a multi-year period of assistance (project period) is divided for budgetary and funding purposes.

Case Management: For purposes of this announcement, case management includes but is not limited to: Assessment of the client's needs, development of a comprehensive service plan, and delivery of the most efficient and effective mixes of services.

Eligible Entity: Any organization which (1) Was officially designated as a community action agency or a community action program under the provisions of section 210 of the Economic Opportunity Act of 1964 for fiscal year 1981 and did not lose its designation; or (2) was a limited purpose agency designated under title II of the Economic Opportunity Act of 1964 for fiscal year 1981 which served the general purposes of a community action agency under title II of such Act and did not lose its designation; or (3) received financial assistance under section 222(a)(4) of the Economic Opportunity Act of 1964 in fiscal year 1981; or (4) received a grant in fiscal year 1984 under the waiver provision of Public Law 98-139; or (5) was created under section 673(1)(C) of the Community

Services Block Grant Act to serve a geographic area not previously served; or (6) came into existence during fiscal year 1982 as a direct successor in interest to a community action agency or community action program and meets all the requirements under section 675(c)(3) of the Community Services Block Grant Act; or (7) is an organization that serves migrant and seasonal farmworkers and that received Community Services Block Grant funds in Fiscal Year 1989. Most "eligible entities" are current recipients of Community Services Block Grant funds. The majority of "eligible entities" are community action agencies. In those cases where "eligible entity" status is unclear, a final determination on eligibility will be made by OCS.

Family: For purposes of this announcement, family includes the definition of nuclear family, as well as the inclusion of household members and/or the extended family.

Hypothesis: An assumption made in order to test its validity. It should assert a relationship between an intervention and an outcome on a target population. For example, there will be a significant increase in the proportion of (target population) making progress toward self-sufficiency (outcome) who receive and/or participate in (intervention) as compared to those who do not. The outcome must be measurable.

Innovative project: One that departs from or significantly modifies past program practices and tests a new approach(es).

Intervention: Any planned activity within a project that is intended to produce changes in the target population and/or the environment and can be formally evaluated.

Outcomes evaluation: Information that is gathered on the measurable results of a program that measure its impact on clients in order to improve it or lead to its replication. It may include definitions and measurements of interventions and goals, assessment, assignment and data collection techniques for the treatment and control groups, the experimental design, and statistical significance. It should answer the question, "Did this program work?"

Partnership(s): A partnership is an arrangement between an eligible entity and another organization or organizations that provides for substantive collaborative policy and service provision role for each of the partners in the conduct of the project.

Process evaluation: Information that is gathered on the internal dynamics, development and implementation of a program to help improve it or lead to its replication. It may include timeliness,

descriptions of treatment and control groups, client selection, descriptions of interventions, and partnerships and funding arrangements. It should answer the question, "Why did this program work/not work?"

Project Period: The term "project period" refers to the total time a project is approved for support, including any extensions.

Self-sufficiency: A condition where an individual or family does not need and is not eligible for public assistance.

Part B—Application Prerequisites

1. Eligible applicants

Eligible applicants are those "eligible entities" defined in part A, section 2., Definitions of Terms, of this announcement and whose eligibility status and capability have been certified by the State Director of the Community Services Block Grant program. Eligible entities submitting applications for continuation grants must have received a Demonstration Partnership Program grant in a prior fiscal year and which grant expired or will expire prior to October 1, 1991.

2. Availability of Funds and Grant Amounts

(1) Under the replication set-aside, grant requests will be considered for an amount up to \$350,000 in OCS funds. It is anticipated that up to 15% of the total funds available will be funded under this set-aside.

(2) Under the continuation set-aside, grant requests will be considered for an amount not to exceed 80% of the amount of the DPP grant previously received. It is anticipated that up to 15% of the total funds available will be granted under this set-aside.

(3) Under the High-Risk Youth Initiative, grant requests will be considered for an amount up to \$350,000 in OCS funds. It is anticipated that up to 25% of the total funds available will be granted under this set-aside.

(4) For general demonstrations, grant requests will be considered for an amount up to \$350,000 in OCS funds. It is anticipated that at least 45% of the total funds available will be granted under this category.

The Office of Community Services expects to award up to \$4,050,000 in the fourth quarter of Fiscal Year 1991 for all projects under this Program.

3. Prohibition on the Use of Funds

The use of funds for the purchase, construction or improvement of real property is prohibited. This prohibition includes expenditures for weatherization and home repairs.

4. Project Periods and Budget Periods

Project periods for continuation grants will be for a minimum of 18 months and a maximum of 30 months. Each project period will include a basic service period plus a six (6) month follow-up period. Project periods and budget periods for all other grants will be for a minimum period of 30 months (24 months of service and 6 months evaluation follow-up). To insure funding stability throughout the project period, proposed projects must have sufficient non-OCS funds committed so that, combined with FY 91 OCS grant funds, grantees will have sufficient resources to complete their proposed projects.

5. Matching Funds

(a) **High-Risk Youth Initiative—OCS** will fund up to 80% of the total cost of each project. Thus, if an applicant is requesting \$200,000 in OCS funds, at least \$40,000 in additional funds must be committed to the project from private or public sector sources.

(b) **All Other Programs—OCS** will fund up to 50% of the total cost of each project. Therefore, if an applicant is requesting \$200,000 in OCS funds, at least \$200,000 in additional funds must be committed to the project from private or public sector sources.

Public sector resources that can be counted toward the minimum match include funds from State and local governments, and funds from various block grants allocated to the States by the Federal Government if the authorizing legislation for these block grants permits such use.

Note: The CSBG Act does not permit such use.

Funds identified by the applicant as those which will be counted toward the minimum match requirement may be in the form of grantee-incurred costs, cash, or third-party in-kind contributions fairly converted into their dollar equivalent. Such funds must be definitely committed or contingent only on receipt of an OCS grant, must be applied to specific project activities within the OCS-approved project and used only for project purposes for the duration of the OCS grant. The firm commitment of the specific amounts of matching funds and/or the dollar value of third-party in-kind contributions must be documented in the project application. Documentation of matching funds must be in the form of letters of commitment or letters of intent from the donor, contingent only upon receipt of OCS grant funds.

If the match is to be used as a revolving loan fund, the funds must be

specifically set-aside for eligible low-income recipients of the project.

Funds obligated prior to the approved OCS starting date for a grant cannot be considered as matching funds.

6. Program Beneficiaries

Projects proposed for funding under this announcement must result in direct benefits for low-income persons whose incomes are up to 125% of the DHHS poverty income guidelines as defined in the most recent Annual Revision of Poverty Income Guidelines published by DHHS.

Attachment A to this announcement is an excerpt from the guidelines currently in effect. Annual revisions of these guidelines are normally published in February or early March of each year. Grantees will be required to apply the most recent guidelines throughout the project period. These revised guidelines also may be obtained at public libraries, Congressional offices, or by writing the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

No other government agency or privately defined poverty guidelines are applicable for the determination of low-income eligibility for this OCS program.

7. Partnership Agreement

An applicant is required to obtain a signed letter of commitment or intent from the prospective partner(s). See part C, item 1.g.

8. Sub-Contracting or Delegating Projects

An applicant will not be funded where the proposal is for a grantee to act as a straw-party, that is, to act as a mere conduit of funds to a third party without performing a substantive role itself. This prohibition does not bar subcontracting or subgranting for specific services or activities needed to conduct the project.

9. Third-Party Evaluation

The third-party evaluation required for each project under this program, must be conducted by an independent entity, i.e. an entity organizationally distinct from, and not under the control of, the applicant.

10. Maintenance of Effort

The activities funded under this program announcement must be in addition to, and not in substitution for, activities previously carried on without Federal assistance and the applicant must certify compliance with this requirement. Also, funds or other resources currently devoted to activities designed to meet the needs of the poor within a community, area, or State must

not be reduced in order to provide the required matching contributions.

When legislation for a particular block grant permits the use of its funds as match, the applicant must show that it has received a real increase in its block grant allotment and must certify that other anti-poverty programs will not be scaled back in order to provide the match required for this project. The applicant must also provide a current listing of all sources of funds and projects conducted in the applicant's current operating year.

Part C—Purposes of the Demonstration Partnership Program

The Secretary has identified several priorities to guide selection of HHS policies and programs through program directions. Program directions that are relevant to the Demonstration Partnership Program include the following:

- (1) Improve the integration, coordination and continuity of the various HHS funded services potentially available to families currently living in poverty.
- (2) Improve access of youth living in low-income families to needed support services, including employment training, other transition to work services, and adolescent pregnancy related services. (In meeting this program direction the Secretary has indicated his interest in focusing on youth with moderate and severe disabilities, minority youth, and other at-risk youth.)
- (3) Improve access of young children and their families living in poverty to a wide array of developmental, support services, and income assistance.

The purposes of this program are: (1) To stimulate eligible entities to develop new approaches to provide for greater self-sufficiency of the poor; (2) to test and evaluate the new approaches; (3) to disseminate project results and evaluation findings so that the new approaches can be replicated; and (4) to strengthen integration, coordination, and redirection of activities to promote maximum self-sufficiency among the poor.

1. Project Elements

Projects must:

- (a) Involve new and innovative approaches and/or significant new combinations of resources, both of which should be included in the partnership agreements;
- (b) Involve activities which can be incorporated into, or be closely coordinated with, eligible entities' ongoing programs;
- (c) Be structured in a way that will, within the limits of the type of

assistance or activities contemplated, most fully and effectively promote the purposes of the Community Services Block Grant Act as amended;

(d) Include a procedure that integrates services through a case management approach which, at a minimum, includes: assessment of the client's needs, development of a comprehensive service plan, and delivery of the most efficient and effective mixes of services. However, case management should not be the key assumption to be tested in the hypothesis;

(e) Include an independent, methodologically sound evaluation of the effectiveness of the activities carried out with the grant;

(f) Target specific groups;

(g) Include partnerships between the applicant and one or more organizations resulting in improved methods of assisting low-income families and individuals to achieve self-sufficiency;

(h) Have the potential for producing a measurable and major impact on the causes of poverty, be applicable to other localities with similar problems, and have the potential for widespread replication by eligible entities; and

(i) Be conducted on a scale broad enough to permit a valid evaluation.

2. General Demonstration Projects

All proposals submitted under this category must focus on developing new ways of promoting individual and family self-sufficiency within the context of the community. OCS is interested in demonstrations that test the sophisticated targeting of services to special groups that will also improve the environment in which they live. For the purposes of this announcement, a community is defined as a group having common interests and participating in a common socio/economic life.

At a minimum, every individual should achieve a self-sufficiency goal appropriate to the age group. For adult populations (18+) that goal should include a job which will allow individuals to provide for basic needs with the potential of becoming self-sufficient within a reasonable period of time or enrollment in an educational program which will lead to such a job.

The applicant should include, when appropriate to the project, a definition of self-sufficiency that is broad enough to include social, psychological and community measures, e.g. personal responsibility and self-esteem.

The applicant will be expected to propose solutions that depart from or modify conventional approaches used by eligible entities and that also show promise of increasing self-sufficiency.

Innovative departures may be identified by examining the projects funded under the Demonstration Partnership Program in Fiscal Years 1987-1989 found in Attachment K. Proposed projects must differ significantly from previously funded projects in such areas as target population, the timing and delivery mechanism(s) of the interventions, the multiple benefits/outcomes to the individual/family and community and the self-sustaining nature of the outcomes.

The proposed solutions may be multi-dimensional. They may address both the individual and family progress toward greater socio-economic and psychological self-sufficiency; they may involve two or more generations as both providers and beneficiaries of services; and/or they may address issues of community and institutional change, etc.

Applications which propose early intervention or prevention strategies are encouraged when those strategies further the achievement of self-sufficiency.

OCS welcomes project proposals which utilize a systems approach to address community needs and planned outcomes. Grant applications that propose new social, economic and emotional support systems, that show promise of leading to a stronger alliance with and more active integration of the target population into the community, that show promise of generating long-term community commitment for serving the target population, and/or demonstrate major outcomes which have strong potential for self-sustainability after the grant expires will be viewed favorably. Long-term community commitment may be demonstrated through the forging of multiple partnerships with both public and private institutions and organizations which result in mutual benefits to the low-income targeted population and the larger community.

Applicants should identify and address any systemic barriers which may exist to efforts by community organizations attempting to help individuals and families become self-sufficient when appropriate to the project. Frequently such efforts are hindered by legislative, administrative, and regulatory requirements at the Federal, State, and local levels. The conduct of the demonstration, however, should not be dependent upon receiving waivers of such existing rules or regulations.

3. Set-Asides

a. Replication Set-Aside

The Demonstration Partnership Program is required to make available not less than 10% and not more than 25% of its annual appropriation to fund projects in other geographical areas that replicate projects previously funded under the Demonstration Partnership Program. The purpose of this set-aside is to replicate a program that has demonstrated a significant potential for dealing with particularly critical problems of the poor that exist in a number of communities.

For FY 1991 OCS will accomplish this by funding eligible entities to replicate any one of the Demonstration Partnership Programs funded in FY 1987 or FY 1988 except for those projects which exclusively test the efficacy of case management as a means of achieving self-sufficiency. Where possible, applicants should include concepts of self-sustainability and community impact measures. Applications for replication grants must involve areas outside of the original area of testing. Replicable projects can be identified by examining Summaries of FY 1987-FY 1989 projects found in Appendix K.

Any OCS funds proposed to be used specifically for the revolving loan fund must be matched, 1 for 1, with cash from a non-OCS source.

b. Continuation Grants

Eligible entities who have previously received funds under the Demonstration Partnership Program and whose grants expire prior to October 1, 1991 may apply for a Continuation grant.

If there has been a gap in the provision of services to the treatment group since the expiration of the DPP grant, the applicant must provide information on both the positive and the negative impacts on that population caused by the gap in services, as well as its effects on the validity of evaluation data and on the research design.

OCS is interested in continuing projects for which there is evidence that (1) the particular approach being tested is likely to yield important results if the project is operational for a longer period of time, and (2) the additional documentation made possible by the continuation grant will result in a more valid and useful study.

The authorizing legislation states, "not more than two grants may be made to an eligible entity to carry out a particular program." The legislation also indicates that any grant made subsequent to the initial grant may not exceed 80 percent of the amount of the

grant previously received. Therefore, in keeping with the legislative requirements, only one continuation grant will be made to any eligible entity for a particular project and funding will not exceed 80% of the original grant amount.

Applications for continuation grants must contain the following components of the initial project: The same hypotheses and interventions, characteristics of the target population, partnerships and third-party evaluator. However, additional components may be added if they will not distort the final evaluation outcomes.

c. High-Risk Youth Initiative

Grants will be made to eligible entities for the purpose of demonstrating new and innovative approaches directed to disadvantaged persons between the ages of 14 and 25. In addition to promoting self-sufficiency, all proposals submitted under this category must provide opportunities for leadership development, community involvement, and educational success to "high risk" youth. This population is defined as youth who experience such conditions as high poverty rate, high unemployment, high dropout rate, low labor force participation, low enrollment in college or participation in other post high school training classes, high incidence of involvement in violence and a high rate of incarceration.

Services provided may include but are not limited to, assessment and development of employability plans, remedial education, motivational activities, life skills instruction, community service, mentoring, access to information on available financial aid, campus visits, career education, cultural enrichment and employment training, placement and follow-up.

One of the models OCS is interested in developing under this category is that of an Apprenticeship Program in which the applicant will enter into partnerships with both a school district and/or secondary schools and local businesses/employers to aid students in becoming self-sufficient after graduation. These partnerships, at a minimum, must allow for the development of structured curriculum leading to specific job skills and employment through the provision of part-time jobs which include training and mentoring components and which culminate in full-time employment after graduation. The applicant in its partnership agreements must include the following elements to assure total commitment from both the school

district/secondary schools and the participating businesses/employers:

Participating businesses/employers will—

- Help to design programs of work experience and courses to prepare the youth for employment in the field;
- Enter into an agreement with each of the students who will participate in the program;
- Develop a structured relationship between an experienced worker in the business and each student wherein the worker serves both as a mentor and a trainer to the student/apprentice and formally evaluates the student's performance;
- Provide part-time jobs during the school year and summer jobs which offer the opportunity to learn the skills necessary to perform in the field; and
- Offer a full-time, pre-defined position to each of the students upon his/her graduation.

—Participating school districts/secondary schools will

- Sponsor presentations by employers about the work world, on-site visits to business facilities, and activities related to job sampling;
- Develop a structured curriculum track which begins in high school and culminates in full-time employment after graduation;
- Communicate the student's performance in courses to the employer, where feasible, to help establish the link between school and work;
- Incorporate the evaluation of each student's work performance into his/her school record; and
- make the necessary provisions to allow the grantee to provide the necessary social services and opportunities for community service to each student in the treatment group.

Under this model there must be a minimum of 80 students in the treatment group and 80 students in the comparison group.

Possible comparison groups would include students who have access to and are participating in part-time jobs and/or summer JTPA experiences to see if the additional components listed above improve the likelihood of the disadvantaged high school student achieving self-sufficiency.

Part D—Review Criteria

Applications which pass the initial screening and pre-rating review (see part E, section 5) will be assessed and scored by reviewers. Each reviewer will give a numerical score for each application reviewed. These numerical scores will be supported by explanatory

statements on a formal rating form describing major strengths and weaknesses under each applicable criterion published in the announcement.

The in-depth evaluation and review process will use the following criteria coupled with the specific requirements as described in part C.

Applicants should write their project narrative to the review criteria using the same sequential order.

Note: The following review criteria reiterate collection of information requirements contained in part E of this announcement. These requirements are approved under OMB Control 0970-0062.

Criteria for Review and Evaluation of Applications Submitted Under General Projects and Replication Projects and High Risk Youth Initiative (General)

Criterion I: Organizational History and Management Capability (Maximum: 10 points)

(i) Organizational History (0-3 Points)

- The applicant has experience in developing and operating innovative projects that utilize a variety of resources;
- The applicant has recent experience in collaborative planning, programming and operations; and
- The applicant has experience in designing and/or managing staff-conducted or third-party evaluations.

In addressing the above criterion, the applicant should include the following: Each applicant must document its past efforts and current capability to address both the poverty problem and the research problem specified in the application. The applicant should demonstrate that it has (1) experience in developing and operating innovative projects that utilize a variety of resources in a cooperative and problem solving arrangement with other agencies; (2) experience specifically related to the problem(s) and activities proposed in the application; and, (3) experience in designing and/or managing staff-conducted or third-party evaluations.

(ii) Management Capability (0-7) points)

- The applicant's proposed project director, as well as the proposed primary person responsible for conducting the third-party evaluation, are well qualified and their professional experiences are relevant to the successful implementation of this project;
- The position description(s) are relevant to the effective implementation of the project; and
- The applicant describes and logically shows that sufficient time of senior

staff, including the organization's director, has been budgeted to assure timely implementation and cost effective management of the project.

In addressing the above criterion, the applicant should include the following:

The applicant must fully describe the experience and skills of the proposed project director showing that the individual is not only well qualified but that his/her professional capabilities are relevant to the successful implementation of the project. It must show clearly that sufficient time of the Executive Director and other senior staff will be budgeted to assure timely implementation and oversight of the project. Applications must also fully describe the experience and skills of the primary person responsible for conducting the third-party evaluation. If the project director and/or the person responsible for conducting the evaluation have not yet been identified, include a position description for each of these persons.

Criterion II: Analysis of Need (Maximum: 10 points)

(i) The poverty problem (0-5 points)

- The application clearly describes the poverty problem and the problem is deemed to be significant.

In addressing the above criterion, the applicant should include the following: The applicant should identify the factors that contribute to the perpetuation of the poverty problem, document the extent to which the problem exists in the local community, discuss known examples of this problem in other localities and regions, and analyze the impact of the problem nationwide. The application should also include a description of the target area and population to be served as well as a discussion of the nature and extent of the poverty problem.

(ii) The research problem (0-5 points)

- The applicant provides a summary of the results of past research related to the problem and any documented efforts utilizing the innovative strategy (or intervention) specified in the application; and
- The applicant has explained how the proposed approach constitutes an innovative departure or significant modification of past DPP projects.

In addressing the above criterion, the applicant should include the following: Applicant should provide a summary of the results of its research conducted in order to identify previous and current attempts to address the poverty problem and describe the limitations of these attempts. The applicant should explain

how the proposed approach constitutes an innovative departure or significant modification of past DPP projects and how it adds to the body of knowledge.

Criterion III: Project Design (Maximum: 45 points)

(i) The Hypothesis(es) (0-10 points)

- The hypothesis(es) is significant, relevant, and can be tested to determine its validity.

In addressing the above criterion, the applicant should include the following: A testable hypothesis that permits measurement of the extent to which the target population has achieved greater self-sufficiency as a result of its involvement in the project.

(ii) The Work Program (0-15 points)

- The application clearly describes the implementation and conduct of the major activities which relate to the stated hypothesis;
- The application includes specific plans for conducting measurable activities on a quarterly time frame and identifies projected lengths for each proposed intervention;
- The application includes a measurable definition of self-sufficiency, including a measurement of earned income, when applicable;
- The project interventions will allow participants to progress toward self-sufficiency as defined by the applicant;
- The applicant identifies an adequate sample size in both the participant and comparison groups for reliable evaluation findings and for achieving significant impact in the community; and,
- The applicant clearly demonstrates that the interventions are innovative and appropriate to the hypothesis and to the target population.

(iii) Significant and Beneficial Impact (0-12 points)

- The proposed project will have the potential for producing a measurable and potentially major impact upon the causes of poverty and will result in a substantial increase in the self-sufficiency of the poor;
- The anticipated results are specified and the expected benefits for the target group(s) are delineated.

In addressing the above criteria, the applicant should include the following: (1) A thorough description of the intervention(s) that will be carried out to test the hypothesis including measurable objectives, intended project outcomes, and intended impact on the problem(s) that is being addressed;

(2) a description of both the target group and the comparison group

including major characteristics and the size of each group. In describing the major characteristics of the target group, the applicant should include, at a minimum: age, sex, ethnic group, socioeconomic status, number of years completed education, period of public assistance dependency, employment status and other categories which identify the target population as "at risk". In determining an adequate sample size for both the participant and the comparison groups, the applicant should have initially identified a large enough group that will allow for attrition and still result in service and comparison groups of 40-45 participants each when the project terminates;

(3) the rationale for the approach being proposed to overcome this problem, an explanation showing how the approach proposed by the applicant is a departure from or a significant modification of previous and current approaches, and why the applicant believes that testing this approach will lead to positive outcomes;

(4) methods of outreach;

(5) quarterly target dates for the entire project period;

(6) if appropriate, a plan for identifying impediments to achieving self-sufficiency that are caused by legislative, administrative, and regulatory requirements at the Federal, State, and local levels; and,

(7) a measurable definition of "self-sufficiency".

(iv) Services Integration (0-8 points)

- The application includes information that shows the ways in which it will incorporate the project into its organizational structure and shows how the implementation, if successful, will be self-sustaining and enhance integration, coordination and access of services for the target population of the community.

In addressing the above criteria, the applicant should include the following:

(1) Information that shows how it will assure that resources necessary to continue the project will be mobilized, how it will incorporate the project into its existing organizational structure and how the new activities will result in changes, if any to current projects; and (2) an explanation of why one or both of the following apply: (a) This demonstration, if successful, will show how to use existing anti-poverty resources more efficiently, and/or (b) services or activities conducted under this demonstration, if successful, will be self-sustaining and will enhance integration of the target population into the community.

Criterion IV: Third-Party Evaluation (Maximum: 15 points)

The Evaluation Plan

- Includes a specific working definition of "self sufficiency" (consistent with the broad definition contained in part A) for this project that permits the measurement of incremental movement of individuals and families from dependency toward self-sufficiency. (0-4 points)
- Provides for a process evaluation covering the following elements: Partnerships, staffing, all pertinent policies and procedures, client outreach, services and process for service provision, applicant and community linkages, other community resources, changes from the original plan, critical elements of program implementation and an implementation summary; (0-4 points)
- Provides for the completion of an outcome evaluation which specifies the hypotheses, and describes the design, sample size, subject selection, interventions, outcomes, measurement instruments, time and number of measurements, data collection procedures, and statistical procedures. The outcome evaluation report will yield findings, an interpretation of findings, and identify major issues for replication; (0-4 points) and
- Provides for an adequate sample size in both the participant and comparison groups and a rationale for their selection. (0-3 points)

In addressing the above criterion, applicant should include the following: A plan for a methodologically sound third-party (i.e. independent) evaluation of the demonstration project which must include: (1) Provision for a process evaluation that will include procedures to be used to (a) compare information about participants and non-participants (the comparison group) and (b) isolate and systematically assess competing explanations for the observed outcomes. When the use of a comparison group is not practical, the applicant must propose an alternative method to validate the hypothesis. The process evaluation should include the following elements: partnerships, staffing, all pertinent policies and procedures, client outreach, services and service provision, applicant and community linkages, other community resources, community integration, changes from original plan, elements of program implementation and an implementation summary. The results should be incorporated into a policies and procedures manual;

(2) provision for an outcome evaluation that will clearly identify the hypothesis to be tested, the changes (outcome objectives) to be produced, the activities (interventions) that will produce the changes, and the methods (measurement instruments, performance measures and data collection procedures) for measuring the performance as well as the time and number of measurements and statistical procedures. Outcomes should include measurements of self-sustainability and community benefits;

(3) an acceptable working definition, consistent with the broad definition contained in Part A, of "self-sufficiency" for this project that permits the measurement of incremental movement of individuals and families from dependency toward self-sufficiency;

(4) an adequate sample size in both the participant and comparison groups as well as a rationale for subject selection; and

(5) include realistic plan for disseminating the project findings, once they have been approved by OCS, to other eligible entities and to States upon request.

Criterion V: Partnerships (Maximum: 15 points)

- The partners have the necessary skills and resources to fulfill the objectives of the agreement;
- The partnership arrangements are fully described and clearly relate to the objectives of the proposed project; and
- All partners are involved in the planning and implementation of the project.

In addressing the above criteria, the applicant should include the following: The applicant should submit for each of the partners supporting documentation on the skills and/or resources committed to this project and a description of the partners' involvement in the project.

Criterion VI: Budget Impact and Match (Maximum: 5 points)

- (i) The project, if successful, will result in either or both of the following:
- Continued provision of services, after completion of the demonstration project, without additional OCS or other Federal funds; and/or
 - More efficient use of existing anti-poverty resources.

(ii) The match resources are necessary and logical for the proposed project.

In addressing the above criterion, the applicant should include the following: The applicant should describe how the project will continue after completion of

the demonstration, what funds will be available for its continuation and how the match will be used in the project.

Criteria for Review and Assessment of Applications Submitted under High-Risk Youth Initiative (Apprenticeship Program) Criterion I: Organizational History and Management Capability (Maximum: 10 points)

(i) Organizational History (0-3 Points)

- The applicant has experience in developing and operating innovative projects that utilize a variety of resources;
- The applicant has recent experience in collaborative planning, programming and operations; and
- The applicant has experience in designing and/or managing staff-conducted or third-party evaluations.

In addressing the above criterion, the applicant should include the following: Each applicant must document its past efforts and current capability to address both the poverty problem and the research problem specified in the application. The applicant should demonstrate that it has (1) experience in developing and operating innovative projects that utilize a variety of resources in a cooperative and problem solving arrangement with other agencies, (2) experience specifically related to the problem(s) and activities proposed in the application, and, (3) the applicant has experience in designing and/or managing staff-conducted or third-party evaluations.

(ii) Management Capability (0-7 points)

- The applicant's proposed project director, as well as the proposed primary person responsible for conducting the third-party evaluation, are well qualified and their professional experiences are relevant to the successful implementation of this project;
- The position description(s) is relevant to the effective implementation of the project; and
- The applicant describes and logically shows that sufficient time of senior staff, including the organization's director, has been budgeted to assure timely implementation and cost effective management of the project.

In addressing the above criterion, the applicant should include the following: The applicant must fully describe the experience and skills of the proposed project director showing that the individual is not only well qualified but that his/her professional capabilities are relevant to the successful implementation of the project. It must show clearly that sufficient time of the

Executive Director and other senior staff will be budgeted to assure timely implementation and oversight of the project. Applications must also fully describe the experience and skills of the primary person responsible for conducting the third-party evaluation. If the project director and/or the person responsible for conducting the evaluation have not yet been identified, include a position description for each of these persons.

Criterion II: Analysis of Need (Maximum: 10 points)

(i) The Poverty Problem (0-5 points)

- The application clearly describes the poverty problem in the target area and the problem is deemed to be significant.

In addressing the above criterion, the applicant should include the following: The applicant should identify the factors that contribute to the perpetuation of the poverty problem, and document both the extent to which the problem exists in the local community and the extent to which the target population suffers negative impact.

(ii) The Research Rationale (0-5 points)

- The applicant provides a strong argument for testing the proposed *Apprenticeship Program* in its community. Additionally, the applicant highlights any enhancements proposed to the model and explains how the proposed additions/enhancements are innovative and will contribute to the evaluation findings.

In addressing the above criterion, the applicant should include the following: Applicant should explain why the proposed approach should be tested in the selected community and school district(s), defend any innovative departures or significant modifications of the model and state how it adds to the body of knowledge.

Criterion III: Project Design (Maximum: 40 points)

(i) The Hypothesis(es) (0-5 points)

- The hypothesis(es) is significant, relevant, and can be tested to determine its validity.

In addressing the above criterion, the applicant should include the following: A testable hypothesis that permits measurement of the extent to which the target population has achieved greater self-sufficiency as a result of its involvement in the project.

(ii) The Work Program (0-15 points)

- The application clearly describes the implementation and conduct of the major activities which relate to the stated hypothesis;
- The application includes specific plans for conducting measureable activities on a quarterly time frame and identifies projected lengths for each proposed intervention;
- The application includes a measurable definition of self-sufficiency, including a measurement of earned income, when applicable;
- The project interventions will allow participants to progress toward self-sufficiency as defined by the applicant;
- The applicant identifies a minimum of 80 students in both the participant and comparison groups for reliable evaluation findings and for achieving significant impact in the community; and
- The applicant clearly demonstrates that the interventions are innovative and appropriate to the hypothesis and to the target population.

(iii) Significant and Beneficial Impact (0-20 points)

- The proposed project will have the potential for producing a measurable and potentially major impact upon the causes of poverty and will result in a substantial increase in the self-sufficiency of the poor;
- The anticipated results are specified and the expected benefits for the target group(s) are delineated; and
- The applicant includes information that shows the ways in which it will incorporate the project into its organizational structure and shows how the implementation, if successful, will be self-sustaining and enhance integration of the target population into the community.

In addressing the above criteria, the applicant should include the following:

(1) A thorough description of the intervention(s) that will be carried out to test the hypothesis including measurable objectives, intended project outcomes, and intended impact on the problem(s) that is being addressed;

(2) a description of both the target group and the comparison group including the major characteristics and the target group, the applicant should include, at a minimum: age, sex, ethnic group, socio-economic status, number of years completed education, period of public assistance dependency, employment status and other categories which identify the target population as "at risk". In determining an adequate sample size for both the participant and

comparison groups, the applicant should have initially identified a large enough group that will allow for attrition and still result in service and comparison groups of at least 80 participants each when the project terminates;

(3) the rationale for the approach being proposed to overcome this problem, an explanation showing how the approach proposed by the applicant is a departure from or a significant modification of previous and current approaches, and why the applicant believes that testing this approach will lead to positive outcomes;

(4) methods of outreach;

(5) quarterly target dates for the entire project period;

(6) if appropriate, a plan for identifying impediments to achieving self-sufficiency that are caused by legislative, administrative, and regulatory requirements at the Federal, State, and local levels; and

(7) a measurable definition of "self-sufficiency".

*Criterion IV: Third-Party Evaluation (Maximum: 10 points)**The Evaluation Plan*

- Includes an acceptable working definition of "self-sufficiency" (consistent with the broad definition contained in Part A) for this project that permits the measurement of incremental movement of individuals and families from dependency toward self-sufficiency; (0-2 points)
- Provides for a process evaluation covering the following elements: Partnerships, staffing, all pertinent policies and procedures, client outreach, services and process for service provision, applicant and community linkages, other community resources, changes from original plan, critical elements of program implementation and an implementation summary; (0-3 points)
- Provides for the completion of an outcome evaluation which specifies the hypotheses, and describes the design, sample size, subject selection, interventions, outcomes, measurement instruments, time and number of measurements, data collection procedures, and statistical procedures. The outcomes evaluation report will yield findings, an interpretation of findings, and identify major issues for replication. (0-3 points)
- Provides for an adequate sample size in both the participant and comparison groups and a rationale for their selection. (0-2 points)

In addressing the above criterion, applicant should include the following:

A plan for a methodologically sound third-party (i.e. independent) evaluation of the demonstration project which must include:

(1) Provision for a process evaluation that will include procedures to be used to (a) compare information about participants and non-participants (the comparison group) and (b) isolate and systematically assess competing explanations for the observed outcomes. When the use of a comparison group is not practical, the applicant must propose an alternative method to validate the hypothesis. The process evaluation should include the following elements: partnerships, staffing, all pertinent policies and procedures, client outreach, services and service provision, applicant and community linkages, other community resources, community integration, changes from original plan, elements of program implementation and an implementation summary. The results should be incorporated into a policies and procedures manual;

(2) provision for an outcome evaluation that will clearly identify the hypothesis to be tested, the changes (outcome objectives) to be produced, the activities (interventions) that will produce the changes, and the methods (measurement instruments, performance measures and data collection procedures) for measuring the performance as well as the time and number of measurements and statistical procedures. Outcomes should include measurements of self-sustainability and community benefits;

(3) an acceptable working definition, consistent with the broad definition contained in Part A, of "self-sufficiency" for this project that permits the measurement of incremental movement of individuals and families from dependency toward self-sufficiency;

(4) an adequate sample size in both the participant and comparison groups as well as a rationale for subject selection; and

(5) a realistic plan for disseminating the project findings, once they have been approved by OCS, to other eligible entities and to States upon request.

Criterion V: Partnerships (Maximum: 20 points)

- The partnership arrangements for the participating businesses/employers include the following critical elements identified in the model, i.e. the participating businesses/employers agree to:
- Help to design programs of work experience and courses to prepare the youth for employment in the field;

- Enter into an agreement with each of the students who will participate in the program;
- Develop a structured relationship between an experienced worker in the business and each student wherein the worker serves both as a mentor and a trainer to the student/ apprentice and formally evaluates the student's performance;
- Provide part-time jobs during the school year and summer jobs which offer the opportunity to learn the skills necessary to perform in the field; and
- Offer a full-time, pre-defined position to each of the students upon his/her graduation. The participating school districts/secondary schools agree to:
- Sponsor presentations by employers about the work world, on-site visits to business facilities, and activities related to job sampling;
- Develop a structured curriculum track which begins in high school and culminates in full-time employment after graduation;
- Communicate the student's performance in courses to the employer, where feasible, to help establish the link between school and work;
- Incorporate the evaluation of each student's work performance into his/her school record; and
- Make the necessary provisions to allow the grantee to provide the necessary social services and opportunities for community service to each student in the treatment group.

In addressing the above criteria, the applicant should include the following: The applicant should submit for each of the partners supporting documentation on the skills and/or resources committed to this project and a description of the partners involvement in the project.

Criterion VI: Budget Impact and Match
(Maximum: 5 points)

- (i) The project, if successful, will result in either or both of the following:
- Continued provision of services, after completion of the demonstration project, without additional OCS or other Federal funds; and/or
 - More efficient use of existing anti-poverty resources.
- (ii) The match resources are necessary and logical for the proposed project.
- In addressing the above criterion, the applicant should include the following:* The applicant should describe how the project will continue after completion of the demonstration, what funds will be available for its continuation and how the match will be used in the project.

Criterion VII: Mobilization of Additional Public-Private Contributions
(Maximum: 0-5 points)

The applicant documents additional leveraging of public and/or private sources, cash and/or in-kind contributions valued at an amount equal to 80% of the OCS funds requested. These funds, if possible, should be contributed by the primary partnerships.

In addressing the above criterion, the applicant should include the following: The applicant should document the value of such contributions. Contributions of at least 80% of the OCS funds requested will receive the maximum number of points for this criterion. Lesser contributions will be given consideration based upon the value documented.

Criteria for Review and Assessment of Applications Submitted for Continuation Grants Only

Criterion I: Project Design: (Maximum: 20 points)

Project Design: 20 points

- The applicant has presented all the elements of the original design, including the hypothesis and interventions, a timeline of interventions, description of target population and comparison group, partnerships, and third party evaluation plan. In describing the target group(s), applicant has included the number of participants and beneficiaries together with their major characteristics that are relevant to the hypothesis, as well as a similarly definitive description of the comparison group;
- The applicant has demonstrated that to date a significant number of project clients have been successful in moving toward self-sufficiency; and
- The changes made to the original project, if any, have the effect of enhancing the original project design and do not distort it.

In addressing the above criterion, the applicant should include the following: A description of both the target group and the comparison group including the major characteristics and the size of each group; a restatement of the original hypothesis and interventions, partnerships and third-party evaluation including a rationale for any changes, additions or deletions; the number of clients who have moved toward self-sufficiency, and information supporting such program outcomes such as income-producing employment secured, wages earned, educational attainments, stabilization of living conditions, etc.

Criterion II: Preliminary Evaluation
(Maximum: 20 points)

The application, through its preliminary evaluation, demonstrates that:

- The mix of interventions for the clients have had an impact in their movement toward self-sufficiency. This has been documented in both qualitative and quantitative terms;
- Intake assessment, assignment procedures to treatment and control groups, and data collection procedures are adequate; and
- The written policies and procedures which resulted from the initial funding highlight the critical elements of program implementation.

In addressing the above criterion, the applicant should include the following: Qualitative and quantitative information showing how the interventions have produced evaluation results that are statistically significant and replicable; the adequacy of sample sizes of both treatment and comparison groups, measurement instruments and data collection procedures, and a copy of the current policies and procedures which highlights the critical elements of program implementation to date.

Criterion III: Research Significance:
(Maximum: 20 points)

- The applicant has demonstrated that a longer service period is needed to assure evaluation results have statistical significance;
- The applicant has documented that the continuation of its project will result in substantial progress toward self-sufficiency of a greater number of clients;
- The applicant has demonstrated that a continuation of the grant will result in a more valid and useful study and will add to the body of knowledge; and
- If those instances where there has been a gap in the provision of services to the treatment group since the expiration of the DPP grant, the applicant has provided information that indicates that the validity of the evaluation data will not be negatively affected nor will the research design.

In addressing the above criterion, the applicant should include the following: Evidence that the particular approach being tested is likely to yield important results if the project is operational for a longer period of time; the additional documentation made possible by the continuation grant will result in a more valid and useful study including what the anticipated contributions to policy, practice, theory and/or research will be. The applicant additionally should

describe how the continuation of the current project will result in substantial progress toward self-sufficiency of the current clients or an expanded group.

Criterion IV: Continuation of Third-party Evaluation (Maximum: 15 points)

- The applicant identifies any changes in the definition of self-sufficiency, design, interventions and/or sample size of the comparison/control groups and indicates what changes will be made in the evaluation design as a result of additional funding.

In addressing the above criterion, the applicant should include the following: Revised evaluation design which incorporates any changes in definition, design and/or sample sizes.

Criterion V: Institutional and Community (Maximum: 15 points)

- The applicant has adequately documented positive changes that its organization, that of its partners, and/or other relevant institutions have made on their on-going programs as a result of the project funded under the initial grant;
- The applicant shows that there has been a continuing involvement among the partners; and
- The applicant identifies how it plans to integrate the target population into the community.

In addressing the above criterion, the applicant should include the following: Evidence that the project has had a beneficial impact on the institutions involved, i.e. the applicant, partners, other relevant organizations. Identify the initial/original partner(s) involvement in the project and include any increase/decrease of that involvement. Describe how the target population will be integrated into the community.

Criterion VI: Budget Appropriateness (Maximum: 10 points)

- Funds requested are commensurate with the level of effort necessary to accomplish the goals and objectives of the project.

In addressing the above criteria, the applicant should include the following: Detailed budget description that explains budget categories and relates them to the objectives of the project.

Part E—Instructions for Completing Applications

(Approved by the Office of Management and Budget under Control Number 0970-0062.)

The standard forms attached to this announcement shall be used when submitting applications for all funds under this announcement.

It is suggested that you reproduce the SF-424, SF-424A, and SF-424B, and type your application on the copies. If an item on the SF-424 cannot be answered or does not appear to be related or relevant to the assistance requested, write "NA" for "Not Applicable."

Prepare your application in accordance with the standard instructions given in Attachments B and C corresponding to the forms, as well as the OCS specific instructions set forth below:

1. SF-424—"Application for Federal Assistance"

Items:

1. For the purposes of this announcement, all projects are considered "Applications"; there are no "Pre-Applications." Also for the purposes of this announcement, there are no Construction projects.

5 and 6. The legal name of the applicant must match that listed as corresponding to the Employer Identification Number. Where the applicant is a previous Department of Health and Human Services grantee, enter the Central Registry System Employee Identification Number (CRS/EIN) and the Payment Identifying Number, if one has been assigned, in the Block entitled "Federal Identifier" located at the top right-hand corner of the form.

7. If the applicant is a non-profit corporation, enter "N" in the box and specify "non-profit corporation" in the space marked "Other."

9. Enter "DHHS-ACF-OCS, Office of Community Services".

10. The Catalog of Federal Domestic Assistance number for OCS programs covered under this announcement is 93.035. The title is "Community Services Block Grant Discretionary Awards—Demonstration Partnership Program."

11. In addition to a brief descriptive title of the project, indicate for which priority area funds are being requested. The following letter designations must be used: General projects: "DP", Replication Set-Aside: "DR", Continuation Set-Aside: "DC", High Risk Youth Initiative (General): "DY", High Risk Youth Initiative Set-Aside: "DA", (Apprenticeship Program).

15a. For purposes of this Announcement, this amount should reflect the amount requested for the entire project period.

15b-e. These items should reflect both cash and in-kind contributions for the total project period.

2. SF-424A—"Budget Information—Non-Construction Programs"

See Instructions accompanying this page as well as the instructions set forth below:

In completing these sections, the "Federal Funds" budget entries will relate to the requested OCS Demonstration Partnership Program funds only, and "Non-Federal" will include mobilized funds from all other sources—applicant, state, and other. Federal funds other than those requested from the Demonstration Partnership Program should be included in "Non-Federal" entries.

Sections A and D of SF-424A must contain entries for both Federal (OCS) and non-Federal (mobilized) funds.

Section A—Budget Summary

Lines 1-4

Col. (a): Line 1 Enter "OCS

Demonstration Partnership Program";

Col. (b): Line 1 Enter "93.035".

Col. (c) and (d): Not Applicable

Column (e)—(g)

For each line 1-4, enter in columns (e), (f) and (g) the appropriate amounts needed to support the project for the entire project period.

Line 5 Enter the figures from Line 1 for all columns completed, (e), (f), and (g).

Section B—Budget Categories

This section should contain entries for OCS funds only. For all projects, the first budget period of 12 months will be entered in Column #1, the second budget period of 12 months in Column #2 and the remaining months in Column #3. Leave Column #4 blank.

Allowability of costs are governed by applicable cost principles set forth in 45 CFR parts 74 and 92.

A separate budget justification should be included to explain fully and justify major items, as indicated below.

Column 5: Enter the total requirements for Federal funds by the Object Class Categories of this section.

Personnel—Line 6a: Enter the total costs of salaries and wages.

Justification

Identify the principal investigator or project director, if known. Specify by title or name the percentage of time allocated the project, the individual annual salaries, and the cost to the project (both Federal and non-Federal) of the organization's staff who will be working on the project.

Fringe Benefits—Line 6b: Enter the total costs of fringe benefits unless treated as part of an approved indirect cost rate which is entered on line 6j.

Justification

Enter the total costs of fringe benefits, unless treated as part of an approved indirect cost rate.

Travel—Line 6c: Enter total costs of out-of-town travel by employees of the project. Do not enter costs for consultant's travel or local transportation.

Justification

Include the name(s) of traveler(s), total number of trips, destinations, length of stay, transportation costs and subsistence allowances. Travel costs to attend two national workshops in Washington, DC by the project director should be included. (See Line 6h and Line 21 for additional instructions).

Equipment—Line 6d: Enter the total costs of all non-expendable personal property to be acquired by the project. "Non-expendable personal property" means tangible personal property having a useful life of more than two years and an acquisition cost per unit of \$500 for non-profit organizations and a useful life of one year and an acquisition cost per unit of \$5,000 or more for public organizations.

Justification

Only equipment required to conduct the project may be purchased with Federal funds. The applicant organization or its subgrantees must not have such equipment, or a reasonable facsimile, available for use in the project. The justification also must contain plans for future use or disposal of the equipment after the project ends.

Supplies—Line 6e: Enter the total costs of all tangible personal property (surplus) other than that included on line 6d.

Justification

Specify general categories of supplies and their costs.

Contractual—Line 6f: Enter the total costs of all contracts, including the cost of the third-party evaluation contract. Travel costs for the chief evaluator to attend two national workshops in Washington, DC should be included. OCS' experience with this program has shown that a quality evaluation contract can be purchased for 8%–10% of the OCS budget.

Justification

Attach a list of contractors, indicating the names of the organizations, the purposes of the contracts, the estimated dollar amounts, and selection process of the awards as part of the budget justification. Also provide back-up documentation identifying the name of

contractor, purpose of contract, and major cost elements.

Note: Whenever the applicant/grantee intends to delegate part of the program to another agency, the applicant/grantee must submit sections A and B of this Form SF-424A, completed for each delegate agency by agency title, along with the required supporting information referenced in the applicable instructions. The total costs of all such agencies will be part of the amount shown on Line 6f. Provide draft Request for Proposal in accordance with 45 CFR part 74, Appendix H. Applicants who anticipate evaluation procurements that will exceed \$10,000 and will be awarded without competition should include a sole source justification in the proposal. For successful applicants the grant award letter accompanying the Notice of Grant Award will comprise approval of this action.

Construction—Line 6g: Construction costs are not permitted under the Demonstration Partnership Program.

Other—Line 6h: Enter the total of all other costs. Such costs, where applicable, may include, but are not limited to, insurance, food, medical and dental costs (noncontractual), fees and travel paid directly to individual consultants, local transportation (all travel which does not require per diem is considered local travel), space and equipment rentals, printing and publication, computer use training costs including tuition and stipends, training service costs including wage payments to individuals and supportive service payments, and staff development costs.

Indirect Charges—Line 6j: Enter the total amount of indirect costs. This line should be used only when the applicant currently has an indirect cost rate approved by the Department of Health and Human Services or other Federal agencies. With the exception of local governments, applicants should enclose a copy of the current rate agreement if it was negotiated with a Federal agency other than the Department of Health and Human Services.

If the applicant organization is in the process of initially developing or renegotiating a rate, it should immediately upon notification that an award will be made, develop a tentative indirect cost rate proposal based on its most recently completed fiscal year in accordance with the principles set forth in the pertinent DHHS Guide for Establishing Indirect Cost Rates, and submit it to the appropriate DHHS Regional Office.

It should be noted that when an indirect cost rate is requested, those costs included in the indirect cost pool

should not be also charged as direct costs to the grant.

The total amount shown in section B, column (5), line 6k, should be the same as the amount shown in section A, line 5, column (e).

Program Income—Line 7: Enter the estimated amount of income, if any, expected to be generated from this project. Separately show expected program income generated from OCS support and income generated from other mobilized funds. Do not add or subtract this amount from the budget total. Show the nature and source of income in the program narrative statement.

Justification

Describe the nature, source and anticipated use of program income in the Program Narrative Statement.

Column 5: Carry totals from Column 1 to Column 5 for all line items.

Section C—Non-Federal Resources

This section is to record the amounts of "non-Federal" resources that will be used to support the project. "Non-Federal" resources mean other than OCS funds for which the applicant is applying. Provide a brief explanation, on a separate sheet, showing the type of contribution, broken out by Object Class Category, (See section B.6) and whether it is cash or third-party in-kind. The firm commitment of these required funds must be documented and submitted with the application in order to be given credit in the Partnerships' criterion.

Except in unusual situations, this documentation must be in the forms of letters of commitment or letters of intent from the organization(s)/individuals from which funds will be received.

Line 8:

Column (a): Enter the project title.

Column (b): Enter the amount of cash or donations to be made by the applicant.

Column (c): Enter the State contribution.

Column (d): Enter the amount of cash and third-party in-kind contributions to be made from all other sources.

Column (e): Enter the total of columns (b), (c), and (d).

Lines 9, 10, and 11 should be left blank.

Line 12:

Carry the total of each column of Line 8, (b) through (e). The amount in Column (e) should be equal to the amount of Section A, Line 5, column (f).

Justification

Describe third-party, in-kind contributions, if included.

Section D—Forecasted Cash Needs

Line 13—Enter the amount of Federal (OCS) cash needed for this grant, by quarter, during the first 12 month budget period.

Line 14—Enter the amount of cash from all other sources needed by quarter during the first year.

Line 15—Enter the total of Lines 13 and 14.

Section E—Budget Estimates of Federal Funds Needed for Balance of Project

No entries are required for OCS grants.

Section F—Other Budget Information

Line 21—Include a narrative justification for each object class category required under section B for the total project period. This narrative justification should be on a separate page and should immediately follow the SF-424A in the application package.

Line 22—Enter the type of HHS or other Federal agency's approved indirect cost rate (provisional, predetermined, final or fixed) that will be in effect during the funding period, the estimated amount of the base to which the rate is applied and the total indirect expense. Also, enter the date the rate was approved, where applicable. Attach a copy of the rate agreement if it was negotiated with a Federal agency other than the Department of Health and Human Services.

Line 23—Provide any other explanations and continuation sheets required or deemed necessary to justify or explain the budget information.

3. SF-424B "Assurances-Non-Construction"

All applicants must fill out, sign, date and return the "Assurances" (see Attachment D) with the application.

Part F—Application Procedures**1. Availability of Forms**

Attachments B, C, and D contain all of the standard forms necessary for the application for awards under this OCS program. These attachments and parts D and E of this announcement contain all the instructions required for submittal of applications.

Additional copies of the Federal Register containing this announcement are available at most local libraries and Congressional District Offices for reproduction. If copies are not available at these sources, they may be obtained by writing or telephoning the office listed under the section entitled "FOR FURTHER INFORMATION CONTACT:" at the beginning of this announcement.

2. Application Submission

Applications must be submitted to FSA by the closing date. Refer to "DATE" at the beginning of this document for the specific date.

Applications may be mailed to: Administration for Children and Families, Division of Grants Management, 6th Floor OFM/DGM, 370 L'Enfant Promenade, SW., Washington, DC 20447.

Hand-delivered applications are accepted during normal working hours of 8 a.m. to 4:30 p.m., Monday through Friday, except legal holidays, on or prior to the established closing date at: Administration for Children and Families, Division of Grants Management, Sixth Floor, 901 D Street, SW., Washington, DC 20447.

An application will be considered to be received on time if sent on or before the closing date as evidenced by a legible U.S. Postal Service postmark or a legibly dated receipt from a commercial carrier. Private metered postmarks will not be considered acceptable as proof of timely mailing. Applications submitted by any means other than through the U.S. Postal Service or commercial carrier shall be considered as acceptable only if physically received at the above address before close of business on or before the deadline date.

Note: In some instances packages presented for mailing after a pre-determined time are postmarked with the next day's date. In other cases, postmarks are not routinely placed on packages. Applicants are cautioned to verify that there is a date on the package, and that it is the correct date of mailing, before accepting a receipt.

Applications which have a postmark later than the closing date, or which are hand-delivered after the closing date, will be returned to the sender without consideration in the competition.

Applications once submitted are considered final and no additional materials will be accepted.

One signed original application and four copies should be submitted.

3. Intergovernmental Review

This program is covered under Executive Order 12372, "Intergovernmental Review of Federal Programs" and 45 CFR part 100, "Intergovernmental Review of Department of Health and Human Services Programs and Activities." Under the Order, States may design their own processes for reviewing and commenting on proposed Federal assistance under covered programs.

All States and Territories except Alaska, Idaho, Kansas, Louisiana, Minnesota, Nebraska, Virginia,

American Samoa and Palau have elected to participate in the Executive Order process and have established Single Points of Contact (SPOCs). Applicants from these nine jurisdictions need take no action regarding Executive Order 12372. Applicants for projects to be administered by federally recognized Indian Tribes are also exempt from the requirements of Executive Order 12372. Applicants must submit any required material to the SPOCs as soon as possible to alert them of the prospective applications and receive any necessary instructions so that the OCS can obtain and review SPOC comments as part of the award process. It is imperative that the applicant submit all required materials, if any, to the SPOC and indicate the date of this submittal (or the date of contact if no submittal is required) on the Standard Form 424, item 16a.

Under 45 CFR 100.8(a)(2), a SPOC has 60 days from the application deadline date to comment on proposed new or competing continuation awards. These comments are reviewed as part of the award process. Failure to notify the SPOC can result in a delay in grant award.

SPOCs are encouraged to eliminate the submission of routine endorsements as official recommendations. Additionally, SPOCs are requested to clearly differentiate between mere advisory comments and those official State process recommendations which they intend to trigger the "accommodate or explain" rule under 45 CFR 100.10. It is helpful in tracking SPOC comments if the SPOC will clearly indicate the applicant organization as it appears on the application SF-424.

When comments are submitted directly to ACF, they should be addressed to: Department of Health and Human Services, Administration for Children and Families, Division of Grants Management, 6th Floor, 370 L'Enfant Promenade SW., Washington, DC 20447. A list of the Single Points of Contact for each State and Territory is included as Appendix G of this announcement.

4. Application Consideration

Applications which meet the screening requirements in section 5 below will be reviewed competitively. Such applications will be referred to reviewers for a numerical score and explanatory comments based solely on responsiveness to the purposes outlined in part C, and evaluation criteria published in this announcement.

Applications will be reviewed by persons outside of the OCS unit which

will be directly responsible for management of the grant. The results of these reviews will assist the Director and OCS program staff in considering competing applications. Reviewers' scores will weigh heavily in funding decisions but will not be the only factors considered. Applications will be considered in rank order of the averaged scores. However, highly ranked applications are not guaranteed funding since other factors are taken into consideration, including: The timely and proper completion of projects funded with OCS funds granted in the past 5 years; comments of reviewers and government officials; staff evaluation and input; geographic distribution; previous program performance of applicants; compliance with grant terms under previous DHHS grants; audit reports; investigative reports; and applicant's progress in resolving any final audit disallowances on OCS or other Federal agency grants.

OCS reserves the right to discuss applications with other Federal or non-Federal funding sources to determine the applicant's performance record.

5. Criteria for Screening Applications

a. Initial Screening

All applicants will receive an acknowledgement with an assigned identification number. This number, along with any other identifying codes, must be referenced in all subsequent communications concerning the application. If an acknowledgement is not received within three weeks after the deadline date, please notify ACF by telephone at (202) 401-9230. All applications that meet the published deadline for submission will be screened to determine completeness and conformity to the requirements of this announcement. Only those applications meeting the following requirements will be reviewed and evaluated competitively. Others will be returned to the applicants with a notation that they were unacceptable.

(1) The application must contain a Standard Form 424 "Application for Federal Assistance" (SF-424), a budget (SF-424A) and signed "Assurances" (SF-424B) completed according to instructions published in part E and Attachments B, C and D of this program announcement.

(2) A project narrative must also accompany the standard forms.

(3) The SF-424 and the SF-424B must be signed by an official of the organization applying for the grant who has authority to obligate the organization legally.

b. Pre-Rating Review

Applications which pass the initial screening will be forwarded to reviewers and/or OCS staff prior to the programmatic review to verify that the applications comply with this program announcement in the following areas:

(1) *Eligibility:* Applicant is an "eligible entity" as defined in Part A, Section 2. In order to establish eligibility, the application must contain a letter signed by the State Director of the Community Services Block Grant program certifying that the applicant is an "eligible entity" as defined by this program announcement and that it has the capacity to operate the proposed project.

Applicants must also be aware that the applicant's legal name as required on the SF-424 (item 5) must match that listed as corresponding to the Employer Identification Number (item 6).

(2) *Target Populations:* The application clearly serves low-income participants and beneficiaries as defined in Part B-6.

(3) *Matching Funds:* The required match has been firmly committed in the form of letters of commitment by the donors or letters of intent and are included in the application.

(4) *Grant Amount:* The amount of funds requested does not exceed \$350,000 in OCS funds for general, replication or high-risk youth initiative projects. The amount requested for continuation projects does not exceed 80 percent of the initial grant.

(5) *Project Evaluation:* A third-party project evaluation plan is included.

(6) *Replication Project:* The proposed project will be operated in a geographic area outside of the original area of testing.

(7) *Partnership Agreements:* A letter of commitment or intent from the prospective partner(s) is included.

(8) *Continuation Project:* All elements of the original design, including the hypothesis and interventions, characteristics of the target population, partnership(s), and third-party evaluation are included.

An application may be disqualified from the competition and returned if it does not conform to one or more of the above requirements.

Part G—Contents of Application and Receipt Process

(Approved by the Office of Management and Budget under Control Number 0970-0062.)

1. Contents of Application

Each application submission should include a signed original and four additional copies of the application.

Each application should include the following in the order presented:

a. Table of Contents;
b. A completed Standard Form 424 which has been signed by an official of the organization applying for the grant who has authority to obligate the organization legally. The applicant must be aware that in signing and submitting the application for this award, it is certifying that it will comply with the Federal requirements concerning the drug-free workplace and debarment regulations set forth in attachments E and F.

c. "Budget Information-Non-Construction Programs" (SF-424A);

d. A narrative budget justification for each object class category required under section B, SF-424A.

e. Filled out, signed and dated "Assurances—Non-Construction Programs" (SF-424B, attachment D).

f. Restrictions on Lobbying—Certification for Contracts, Grants, Loans, and Cooperative Agreements: fill out, sign and date form found at attachment H.

g. Disclosure of Lobbying Activities, SF-LLL: Fill out, sign and date form found at attachment H, if appropriate.

h. An Executive Summary—not to exceed 300 words.

i. A project narrative that will include all of the following components according to the project type. Specific information/data required under each component is described in part D, Review Criteria.

Applicable to continuation projects only:

- (i) Project Design.
- (ii) Preliminary Evaluation (No narrative required for preliminary evaluation. Attach as appendices.)
- (iii) Research Significance.
- (iv) Continuation of Third-Party Evaluation.
- (v) Institutional and Community Impact.

(vi) Budget Appropriateness.
Applicable to general, replication and high-risk youth initiative projects only:

- (i) Organizational History and Management Capability.
- (ii) Analysis of Need.
- (iii) Project Design.
- (iv) Third-Party Evaluation.
- (v) Partnerships.
- (vi) Budget Impact and Match.
- (vii) Mobilization of Additional Public-Private Contributions (High Risk Youth Initiative Apprenticeship Program only).

j. Maintenance of Effort Certification.
k. Appendices, including letter signed by State CSBG Director; letters signed by the partners; statement regarding the

date of incorporation; IRS letter on non-profit status, where applicable; Single Point of Contact comments, if applicable and available; resumes; Certification Regarding Lobbying; letters of match commitment or letters of intent; a current listing of all sources of funds and projects operated in the applicant's current operating year; and, for continuation projects only, the preliminary evaluation of the original project.

The total number of pages for the entire application package, excluding appendices, should not exceed 50 pages. Pages should be numbered sequentially throughout, excluding appendices, beginning with the SF-424 as Page #1.

Applications must be uniform in composition since OCS may find it necessary to duplicate them for review purposes. Therefore, applications must be submitted on white 8½ x 11 inch paper only. They must not include colored, oversized or folded materials. Do not include organizational brochures or other promotional materials, slides, films, clips, etc. in the proposal. They will be discarded if included. The applications should be two-holed punched at the top center and fastened separately with a compressor slide paper fastener, such as an ACCO clip, or a binder clip. The submission of bound applications, or applications enclosed in binders is specifically discouraged.

2. Acknowledgement of Receipt

All applicants will receive an acknowledgement postcard with an assigned identification number. Applicants are requested to supply a self-addressed mailing label with their application which can be attached to this acknowledgement post-card. This number and the program priority area letter code must be referred to in all subsequent communication with OCS concerning the application. If an acknowledgement is not received within three weeks after the deadline date, please notify ACF by telephone at (202) 401-9320.

Part H—Post-Award Information and Reporting Requirements

Following approval of the applications selected for funding, notice of project approval and authority to draw down project funds will be made in writing. The official award document is the Notice of Grant Award which provides the amount of Federal funds approved for use in the project, the project and

budget periods for which support is provided, the terms and conditions of the award, the total project period for which support is contemplated, and the total financial participation from the award recipient.

In addition to the General Conditions and Special Conditions (where the latter are warranted) which will be applicable to grants, grantees will be subject to the provisions of 45 CFR parts 74 and 92.

Project directors and chief evaluators will be required to attend a national DPP evaluation workshop in Washington, DC which will be scheduled shortly after the effective date of the grant. They also will be required to attend, as presenters, a workshop on utilization and dissemination to be held at the end of the project period.

Grantees will be required to submit quarterly progress and financial reports (SF 269) throughout the project period, as well as a final progress and financial report within 90 days of the termination of the project. An interim evaluation report, along with the written policies and procedures resulting from the process evaluation, will be due 30 days after the first twelve months of the project period and a final evaluation report will be due 90 days after the expiration of the grant. These reports will be submitted in accordance with instructions to be provided by OCS, and will be the basis for the dissemination effort to be conducted by the Office of Community Services.

Grantees are subject to the audit requirements in 45 CFR parts 74 (non-governmental), 92 (governmental) and OMB Circular A-133.

Section 1352 of Public Law 101-121, signed into law on October 23, 1989, imposes new prohibitions and requirements for disclosure and certification related to lobbying on recipients on Federal contracts, grants, cooperative agreements, and loans. It provides exemptions for Indian tribes and tribal organizations. Current and prospective recipients (and their subtier contractors and/or grantees) are prohibited from using Federal funds, other than profits from a Federal contract, for lobbying Congress or any Federal agency in connection with the award of a contract, grant, cooperative agreement or loan. In addition, for each award action in excess of \$100,000 (or \$150,000 for loans) the law requires recipients and their subtier contractors and/or subgrantees (1) To certify that

they have neither used nor will use any appropriated funds for payment to lobbyists; (2) to disclose the name, address, payment details, and purpose of any agreements with lobbyists whom recipients or their subtier contractors or subgrantees will pay with profits or nonappropriated funds on or after December 22, 1989 and (3) to file quarterly up-dates about the use of lobbyists if material changes occur in their use. The law establishes civil penalties for noncompliance. See attachment H for certification and disclosure forms to be submitted with the applications for this program.

Attachment I indicates the regulations which apply to all applicants/grantees under the Demonstration Partnership Program.

Eunice S. Thomas,

Director, Office of Community Services.

ATTACHMENT A—1991 POVERTY INCOME GUIDELINES FOR ALL STATES (EXCEPT ALASKA AND HAWAII) AND THE DISTRICT OF COLUMBIA

Size of family unit	Poverty guideline
1.....	\$6,620
2.....	8,880
3.....	11,140
4.....	13,400
5.....	15,660
6.....	17,920
7.....	20,180
8.....	22,440

For family units with more than 8 members, add \$2,260 for each additional member.
Poverty Income Guidelines for Alaska

1.....	\$8,290
2.....	11,110
3.....	13,930
4.....	16,750
5.....	19,570
6.....	22,390
7.....	25,210
8.....	28,030

For family units with more than 8 members, add \$2,820 for each additional member.
Poverty Income Guidelines for Hawaii

1.....	\$7,610
2.....	10,210
3.....	12,810
4.....	15,410
5.....	18,010
6.....	20,610
7.....	23,210
8.....	25,810

For family units with more than 8 members, add \$2,600 for each additional member.

BILLING CODE 4150-04-M

Attachment B—SF 424, Application for Federal Assistance and Instructions for the SF-424

OMB Approval No. 0348-0043

APPLICATION FOR
FEDERAL ASSISTANCE

1. TYPE OF SUBMISSION: Application ☐ Construction ☐ Non-Construction Preapplication ☐ Construction ☐ Non-Construction		2. DATE SUBMITTED	Applicant Identifier																												
3. DATE RECEIVED BY STATE		State Application Identifier																													
4. DATE RECEIVED BY FEDERAL AGENCY		Federal Identifier																													
5. APPLICANT INFORMATION																															
Legal Name:		Organizational Unit:																													
Address (give city, county, state, and zip code):		Name and telephone number of the person to be contacted on matters involving this application (give area code):																													
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 		7. TYPE OF APPLICANT: (enter appropriate letter in box) ☐ A. State B. County C. Municipal D. Township E. Interstate F. Intermunicipal G. Special District H. Independent School Dist. I. State Controlled Institution of Higher Learning J. Private University K. Indian Tribe L. Individual M. Profit Organization N. Other (Specify): _____																													
8. TYPE OF APPLICATION: ☐ New ☐ Continuation ☐ Revision If Revision, enter appropriate letter(s) in box(es): ☐ ☐ A. Increase Award B. Decrease Award C. Increase Duration D. Decrease Duration Other (specify): _____		9. NAME OF FEDERAL AGENCY:																													
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 		11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:																													
12. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.):																															
13. PROPOSED PROJECT: Start Date: Ending Date:		14. CONGRESSIONAL DISTRICTS OF: a. Applicant b. Project																													
15. ESTIMATED FUNDING: <table border="1" style="width: 100%; border-collapse: collapse; font-size: x-small;"> <tr> <td style="width: 20%;">a. Federal</td> <td style="width: 10%;">\$</td> <td style="width: 10%;"></td> <td style="width: 10%;">.00</td> </tr> <tr> <td>b. Applicant</td> <td>\$</td> <td></td> <td>.00</td> </tr> <tr> <td>c. State</td> <td>\$</td> <td></td> <td>.00</td> </tr> <tr> <td>d. Local</td> <td>\$</td> <td></td> <td>.00</td> </tr> <tr> <td>e. Other</td> <td>\$</td> <td></td> <td>.00</td> </tr> <tr> <td>f. Program Income</td> <td>\$</td> <td></td> <td>.00</td> </tr> <tr> <td>g. TOTAL</td> <td>\$</td> <td></td> <td>.00</td> </tr> </table>		a. Federal	\$		.00	b. Applicant	\$		.00	c. State	\$		.00	d. Local	\$		.00	e. Other	\$		.00	f. Program Income	\$		.00	g. TOTAL	\$		.00	16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS? a. YES THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE _____ b. NO ☐ PROGRAM IS NOT COVERED BY E.O. 12372 ☐ OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW	
a. Federal	\$		.00																												
b. Applicant	\$		.00																												
c. State	\$		.00																												
d. Local	\$		.00																												
e. Other	\$		.00																												
f. Program Income	\$		.00																												
g. TOTAL	\$		.00																												
17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT? ☐ Yes If "Yes," attach an explanation. ☐ No																															
18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED																															
a. Typed Name of Authorized Representative		b. Title	c. Telephone number																												
d. Signature of Authorized Representative		e. Date Signed																													

Previous Editions Not Usable

Standard Form 424 (REV 4-88)
Prescribed by OMB Circular A-102

Authorized for Local Reproduction

INSTRUCTIONS FOR THE SF 424

This is a standard form used by applicants as a required facesheet for preapplications and applications submitted for Federal assistance. It will be used by Federal agencies to obtain applicant certification that States which have established a review and comment procedure in response to Executive Order 12372 and have selected the program to be included in their process, have been given an opportunity to review the applicant's submission.

- | Item: | Entry: | Item: | Entry: |
|-------|--|-------|--|
| 1. | Self-explanatory. | 12. | List only the largest political entities affected (e.g., State, counties, cities). |
| 2. | Date application submitted to Federal agency (or State if applicable) & applicant's control number (if applicable). | 13. | Self-explanatory. |
| 3. | State use only (if applicable). | 14. | List the applicant's Congressional District and any District(s) affected by the program or project. |
| 4. | If this application is to continue or revise an existing award, enter present Federal identifier number. If for a new project, leave blank. | 15. | Amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions should be included on appropriate lines as applicable. If the action will result in a dollar change to an existing award, indicate <u>only</u> the amount of the change. For decreases, enclose the amounts in parentheses. If both basic and supplemental amounts are included, show breakdown on an attached sheet. For multiple program funding, use totals and show breakdown using same categories as item 15. |
| 5. | Legal name of applicant, name of primary organizational unit which will undertake the assistance activity, complete address of the applicant, and name and telephone number of the person to contact on matters related to this application. | 16. | Applicants should contact the State Single Point of Contact (SPOC) for Federal Executive Order 12372 to determine whether the application is subject to the State intergovernmental review process. |
| 6. | Enter Employer Identification Number (EIN) as assigned by the Internal Revenue Service. | 17. | This question applies to the applicant organization, not the person who signs as the authorized representative. Categories of debt include delinquent audit disallowances, loans and taxes. |
| 7. | Enter the appropriate letter in the space provided. | 18. | To be signed by the authorized representative of the applicant. A copy of the governing body's authorization for you to sign this application as official representative must be on file in the applicant's office. (Certain Federal agencies may require that this authorization be submitted as part of the application.) |
| 8. | Check appropriate box and enter appropriate letter(s) in the space(s) provided:
— "New" means a new assistance award.
— "Continuation" means an extension for an additional funding/budget period for a project with a projected completion date.
— "Revision" means any change in the Federal Government's financial obligation or contingent liability from an existing obligation. | | |
| 9. | Name of Federal agency from which assistance is being requested with this application. | | |
| 10. | Use the Catalog of Federal Domestic Assistance number and title of the program under which assistance is requested. | | |
| 11. | Enter a brief descriptive title of the project. If more than one program is involved, you should append an explanation on a separate sheet. If appropriate (e.g., construction or real property projects), attach a map showing project location. For preapplications, use a separate sheet to provide a summary description of this project. | | |

Attachment C—SF 424A, Budget Information—Non-Construction Programs and Instructions for the SF-424A

OMB Approval No. 0348-0044

BUDGET INFORMATION — Non-Construction Programs

SECTION A — BUDGET SUMMARY						
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1.		\$	\$	\$	\$	\$
2.						
3.						
4.						
5. TOTALS		\$	\$	\$	\$	\$

SECTION B — BUDGET CATEGORIES					
Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
a. Personnel	\$	\$	\$	\$	\$
b. Fringe Benefits					
c. Travel					
d. Equipment					
e. Supplies					
f. Contractual					
g. Construction					
h. Other					
i. Total Direct Charges (sum of 6a - 6h)					
j. Indirect Charges					
k. TOTALS (sum of 6i and 6j)	\$	\$	\$	\$	\$
7. Program Income	\$	\$	\$	\$	\$

Authorized for Local Reproduction

Standard Form 424A (4-88)
Prescribed by OMB Circular A-102

SECTION C - NON-FEDERAL RESOURCES					
(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS	
8.	\$	\$	\$	\$	
9.					
10.					
11.					
12. TOTALS (sum of lines 8 and 11)	\$	\$	\$	\$	

SECTION D - FORECASTED CASH NEEDS					
	Total for 1st Year	FUTURE FUNDING PERIODS (Years)			
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$	\$	\$	\$	\$
14. NonFederal					
15. TOTAL (sum of lines 13 and 14)	\$	\$	\$	\$	\$

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT				
(a) Grant Program	FUTURE FUNDING PERIODS (Years)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16.	\$	\$	\$	\$
17.				
18.				
19.				
20. TOTALS (sum of lines 16 - 19)	\$	\$	\$	\$

SECTION F - OTHER BUDGET INFORMATION (Attach additional Sheets if Necessary)	
21. Direct Charges:	22. Indirect Charges:
23. Remarks	

INSTRUCTIONS FOR THE SF-424A

General Instructions

This form is designed so that application can be made for funds from one or more grant programs. In preparing the budget, adhere to any existing Federal grantor agency guidelines which prescribe how and whether budgeted amounts should be separately shown for different functions or activities within the program. For some programs, grantor agencies may require budgets to be separately shown by function or activity. For other programs, grantor agencies may require a breakdown by function or activity. Sections A, B, C, and D should include budget estimates for the whole project except when applying for assistance which requires Federal authorization in annual or other funding period increments. In the latter case, Sections A, B, C, and D should provide the budget for the first budget period (usually a year) and Section E should present the need for Federal assistance in the subsequent budget periods. All applications should contain a breakdown by the object class categories shown in Lines a-k of Section B.

Section A. Budget Summary
Lines 1-4, Columns (a) and (b)

For applications pertaining to a *single* Federal grant program (Federal Domestic Assistance Catalog number) and *not requiring* a functional or activity breakdown, enter on Line 1 under Column (a) the catalog program title and the catalog number in Column (b).

For applications pertaining to a *single* program *requiring* budget amounts by multiple functions or activities, enter the name of each activity or function on each line in Column (a), and enter the catalog number in Column (b). For applications pertaining to multiple programs where none of the programs require a breakdown by function or activity, enter the catalog program title on each line in Column (a) and the respective catalog number on each line in Column (b).

For applications pertaining to *multiple* programs where one or more programs *require* a breakdown by function or activity, prepare a separate sheet for each program requiring the breakdown. Additional sheets should be used when one form does not provide adequate space for all breakdown of data required. However, when more than one sheet is used, the first page should provide the summary totals by programs.

Lines 1-4, Columns (c) through (g.)

For *new applications*, leave Columns (c) and (d) blank. For each line entry in Columns (a) and (b), enter in Columns (e), (f), and (g) the appropriate amounts of funds needed to support the project for the first funding period (usually a year).

Lines 1-4, Columns (c) through (g.) (continued)

For *continuing grant program applications*, submit these forms before the end of each funding period as required by the grantor agency. Enter in Columns (c) and (d) the estimated amounts of funds which will remain unobligated at the end of the grant funding period only if the Federal grantor agency instructions provide for this. Otherwise, leave these columns blank. Enter in columns (e) and (f) the amounts of funds needed for the upcoming period. The amount(s) in Column (g) should be the sum of amounts in Columns (e) and (f).

For *supplemental grants and changes* to existing grants, do not use Columns (c) and (d). Enter in Column (e) the amount of the increase or decrease of Federal funds and enter in Column (f) the amount of the increase or decrease of non-Federal funds. In Column (g) enter the new total budgeted amount (Federal and non-Federal) which includes the total previous authorized budgeted amounts plus or minus, as appropriate, the amounts shown in Columns (e) and (f). The amount(s) in Column (g) should not equal the sum of amounts in Columns (e) and (f).

Line 5 — Show the totals for all columns used.

Section B Budget Categories

In the column headings (1) through (4), enter the titles of the same programs, functions, and activities shown on Lines 1-4, Column (a), Section A. When additional sheets are prepared for Section A, provide similar column headings on each sheet. For each program, function or activity, fill in the total requirements for funds (both Federal and non-Federal) by object class categories.

Lines 6a-i — Show the totals of Lines 6a to 6h in each column.

Line 6j — Show the amount of indirect cost.

Line 6k — Enter the total of amounts on Lines 6i and 6j. For all applications for new grants and continuation grants the total amount in column (5), Line 6k, should be the same as the total amount shown in Section A, Column (g), Line 5. For supplemental grants and changes to grants, the total amount of the increase or decrease as shown in Columns (1)-(4), Line 6k should be the same as the sum of the amounts in Section A, Columns (e) and (f) on Line 5.

INSTRUCTIONS FOR THE SF-424A (continued)

Line 7 - Enter the estimated amount of income, if any, expected to be generated from this project. Do not add or subtract this amount from the total project amount. Show under the program narrative statement the nature and source of income. The estimated amount of program income may be considered by the federal grantor agency in determining the total amount of the grant.

Section C. Non-Federal-Resources

Lines 8-11 - Enter amounts of non-Federal resources that will be used on the grant. If in-kind contributions are included, provide a brief explanation on a separate sheet.

Column (a) - Enter the program titles identical to Column (a), Section A. A breakdown by function or activity is not necessary.

Column (b) - Enter the contribution to be made by the applicant.

Column (c) - Enter the amount of the State's cash and in-kind contribution if the applicant is not a State or State agency. Applicants which are a State or State agencies should leave this column blank.

Column (d) - Enter the amount of cash and in-kind contributions to be made from all other sources.

Column (e) - Enter totals of Columns (b), (c), and (d).

Line 12 - Enter the total for each of Columns (b)-(e). The amount in Column (e) should be equal to the amount on Line 5, Column (f), Section A.

Section D. Forecasted Cash Needs

Line 13 - Enter the amount of cash needed by quarter from the grantor agency during the first year.

Line 14 - Enter the amount of cash from all other sources needed by quarter during the first year.

Line 15 - Enter the totals of amounts on Lines 13 and 14.

Section E. Budget Estimates of Federal Funds Needed for Balance of the Project

Lines 16 - 19 - Enter in Column (a) the same grant program titles shown in Column (a), Section A. A breakdown by function or activity is not necessary. For new applications and continuation grant applications, enter in the proper columns amounts of Federal funds which will be needed to complete the program or project over the succeeding funding periods (usually in years). This section need not be completed for revisions (amendments, changes, or supplements) to funds for the current year of existing grants.

If more than four lines are needed to list the program titles, submit additional schedules as necessary.

Line 20 - Enter the total for each of the Columns (b)-(e). When additional schedules are prepared for this Section, annotate accordingly and show the overall totals on this line.

Section F. Other Budget Information

Line 21 - Use this space to explain amounts for individual direct object-class cost categories that may appear to be out of the ordinary or to explain the details as required by the Federal grantor agency.

Line 22 - Enter the type of indirect rate (provisional, predetermined, final or fixed) that will be in effect during the funding period, the estimated amount of the base to which the rate is applied, and the total indirect expense.

Line 23 - Provide any other explanations or comments deemed necessary.

Attachment D—SF 424B, Assurances—Non-Construction Programs

OMB Approval No. 0348-0040

ASSURANCES — NON-CONSTRUCTION PROGRAMS

Note: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant I certify that the applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States, and if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§ 4728-4763) relating to prescribed standards for merit systems for programs funded under one of the nineteen statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§ 1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§ 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply with the provisions of the Hatch Act (5 U.S.C. §§ 1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§ 276a to 276a-7), the Copeland Act (40 U.S.C. § 276c and 18 U.S.C. §§ 874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-333), regarding labor standards for federally assisted construction subagreements.

10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§ 1451 et seq.); (f) conformity of Federal actions to State (Clear Air) Implementation Plans under Section 176(c) of the Clear Air Act of 1955, as amended (42 U.S.C. § 7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended, (P.L. 93-523); and (h) protection of endangered species under the Endangered Species Act of 1973, as amended, (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§ 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. 469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. 2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4801 et seq.) which prohibits the use of lead based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act of 1984.
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	TITLE	
APPLICANT ORGANIZATION		DATE SUBMITTED

Attachment E—U.S. Department of Health and Human Services Certificate Regarding Drug-Free Workplace Requirements Grantees Other Than Individuals

**U.S. Department of Health and Human Services
Certification Regarding Drug-Free Workplace Requirements
Grantees Other Than Individuals**

By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out below.

This certification is required by regulations implementing the Drug-Free Workplace Act of 1988, 45 CFR Part 76, Subpart F. The regulations, published in the May 25, 1990 Federal Register, require certification by grantees that they will maintain a drug-free workplace. The certification set out below is a material representation of fact upon which reliance will be placed when the Department of Health and Human Services (HHS) determines to award the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HHS, in addition to any other remedies available to the Federal Government, may taken action authorized under the Drug-Free Workplace Act. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or governmentwide suspension or debarment.

Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.

Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios.)

If the workplace identified to HHS changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see above).

Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

"Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 USC 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15).

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

"Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

The grantee certifies that it will or will continue to provide a drug-free workplace by:

(a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

(b) Establishing an ongoing drug-free awareness program to inform employees about:

(1) The dangers of drug abuse in the workplace; (2) The grantee's policy of maintaining a drug-free workplace; (3) Any available drug counseling, rehabilitation, and employee assistance programs; and, (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

(c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);

(d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will:

(1) Abide by the terms of the statement; and, (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

(e) Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

(Continued on reverse side of this sheet)

HHS--Certification Regarding Drug-Free Workplace Requirements--continued from reverse page

(f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted:

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or, (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant (use attachments, if needed):

Place of Performance (Street address, City, County, State, ZIP Code) _____

Check ☐ if there are workplaces on file that are not identified here.

Sections 76.630(c) and (d)(2) and 76.635(a)(1) and (b) provide that a Federal agency may designate a central receipt point for STATE-WIDE AND STATE AGENCY-WIDE certifications, and for notification of criminal drug convictions. For the Department of Health and Human Services, the central receipt point is: Division of Grants Management and Oversight, Office of Management and Acquisition, Department of Health and Human Services, Room 517-D, 200 Independence Avenue, S.W., Washington, D.C. 20201.

Signature _____ Date _____
Title _____
Organization _____

DGMO Form#2 Revised May 1990

Attachment F—Certification Regarding Debarment, Suspension, and Other Responsibility Matters—Primary Covered Transactions

By signing and submitting this proposal, the applicant, defined as the primary participant in accordance with 45 CFR part 76, certifies to the best of its knowledge and belief that its principals involved:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;

(b) Have not within a 3-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a 3-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

The inability of a person to provide the certification required above will not necessarily result in denial of participation for this covered transaction. If necessary, the prospective participant shall submit an explanation of why it cannot provide the certification. The certification or explanation will be considered in connection with the Department of Health and Human Services' (HHS) determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction. The prospective primary participant agrees that by submitting this proposal, it will include the clause entitled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion—Lower Tier Covered Transactions", provided below, without modification in all lower tier covered transactions and in all solicitations for lower tier covered actions.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusions—Lower Tier Covered Transactions (To Be Supplied to Lower Tier Participants)

By signing and submitting this lower tier proposal, the prospective lower tier participant, as defined in 45 CFR part 76, certifies to the best of its knowledge and belief that it and its principles:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(b) Where the prospective lower tier participant is unable to certify to any of the above, such prospective participant shall attach an explanation to this proposal.

The prospective lower tier participant further agrees by submitting this proposal that it will include this clause entitled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusions—Lower Tier Covered Transactions" without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

Attachment G—State Single Points of Contact

Alabama

Mrs. Moncell Thornell, State Single Point of Contact, Alabama Department of Economic & Community Affairs, 3465 Norman Bridge Road, Post Office Box 250347, Montgomery, Alabama 36125-0347, Telephone (205) 284-8905.

Arizona

Ms. Janice Dunn, Arizona State Clearinghouse, 3800 N. Central Avenue, Fourteenth Floor, Phoenix, Arizona 85012, Telephone (602) 280-1315.

Arkansas

Mr. Joseph Gillespie, Manager, State Clearinghouse, Office of Intergovernmental Service, Department of Finance and Administration, P.O. Box 3278, Little Rock, Arkansas 72203, Telephone (501) 371-1074.

California

Glenn Stober, Grants Coordinator, Office of Planning and Research, 1400 Tenth Street, Sacramento, California 95814, Telephone (916) 323-7480.

Colorado

State Single Point of Contact, State Clearinghouse, Division of Local Government, 1313 Sherman Street, room 520, Denver, Colorado 80203, Telephone (303) 866-2156.

Connecticut

Under Secretary, Attn: Intergovernmental Review coordinator, Comprehensive Planning Division, Office of Policy and

Management, 80 Washington Street, Hartford, Connecticut 06106-4459, Telephone (203) 566-3410.

Delaware

Francine Booth, State Single Point of Contact, Executive Department, Thomas Collins Building, Dover, Delaware 19903, Telephone (302) 736-3326.

District of Columbia

Lovetta Davis, State Single Point of Contact, Executive Office of the Mayor, Office of Intergovernmental Relations, room 416, District Building, 1350 Pennsylvania Avenue, NW., Washington, DC 20004, Telephone (202) 727-9111.

Florida

Karen McFarland, Director, Florida State Clearinghouse, Executive Office of the Governor, Office of Planning and Budgeting, The Capitol, Tallahassee, Florida 32399-0001, Telephone (904) 488-8114.

Georgia

Charles H. Badger, Administrator, Georgia State Clearinghouse, 270 Washington Street, SW., Atlanta, Georgia 30334, Telephone (404) 656-3855.

Hawaii

Mr. Harold S. Masumoto, Acting Director, Office of State Planning, Department of Planning and Economic Development, Office of the Governor, State Capitol, Honolulu, Hawaii 96813, Telephone (808) 548-3016 or 548-3085.

Illinois

Tom Berkshire, State Single Point of Contact, Office of the Governor, State of Illinois, Springfield, Illinois 62706, Telephone (217) 782-8639.

Indiana

Frank Sullivan, Budget Director, State Budget Agency, 212 State House, Indianapolis, Indiana 46204, Telephone (317) 232-5610.

Iowa

Steven R. McCann, Division for Community Progress, Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50399, Telephone (515) 281-3725.

Kentucky

Robert Leonard, State Single Point of Contact, Kentucky State Clearinghouse, 2nd Floor Capital Plaza Tower, Frankfort, Kentucky 40601, Telephone (502) 564-2332.

Maine

State Single Point of Contact, Attn: Joyce Benson, State Planning Office, State House Station #38, Augusta, Maine 04333, Telephone (207) 289-3261.

Maryland

Mary Abrams, Chief, Maryland State Clearinghouse, Department of State Planning, 301 West Preston Street, Baltimore, Maryland 21201-2365, Telephone (301) 225-4490.

Massachusetts

State Single Point of Contact, Attn: Beverly Boyle, Executive Office of Communities & Development, 100 Cambridge Street, room 1803, Boston, Massachusetts 02202, Telephone (617) 727-7001.

Michigan

Milton O. Waters, Director of Operations, Michigan Neighborhood Builders Alliance, Michigan Department of Commerce, Telephone (517) 373-7111.

Please direct correspondence to: Manager, Federal Project Review, Michigan Department of Commerce, Michigan Neighborhood Builders Alliance, P.O. Box 30242, Lansing, Michigan 48909, Telephone (517) 373-6223.

Mississippi

Cathy Mallette, Clearinghouse Officer, Department of Finance and Administration, Office of Policy Development, 421 West Pascagoula Street, Jackson, Mississippi 39203, Telephone (601) 960-4280.

Missouri

Lois Pohl, Federal Assistance Clearinghouse, Office of Administration, Division of General Services, P.O. Box 809, room 430, Truman Building, Jefferson City, Missouri 65102, Telephone (314) 751-4834.

Montana

Deborah Stanton, State Single Point of Contact, Intergovernmental Review Clearinghouse, c/o Office of Budget and Program Planning, Capitol Station, room 202—State Capitol, Helena, Montana 59620, Telephone (406) 444-5522.

Nevada

Department of Administration, State Clearinghouse, Capitol Complex, Carson City, NV 89710, Attn: John B. Walker, Clearinghouse Coordinator.

New Hampshire

Jeffrey H. Taylor, Director, New Hampshire Office of State Planning, Attn: Intergovernmental Review Process/James E. Bieber, 2½ Beacon Street, Concord, New Hampshire 03301, Telephone (603) 271-2155.

New Jersey

Barry Skokowski, Director, Division of Local Government Services, Department of Community Affairs, CN 803, Trenton, New Jersey 08625-0803, Telephone (609) 292-6613.

Please direct correspondence and questions to: Nelson S. Silver, State Review Process, Division of Local Government Services, CN 803, Trenton, New Jersey 08625-0803, Telephone (609) 292-9025.

New Mexico

Dorothy E. (Duffy) Rodriguez, Deputy Director, State Budget Division, Department of Finance & Administration, room 190, Bataan Memorial Building, Santa Fe, New Mexico 87503, Telephone (505) 827-3640.

New York

New York State Clearinghouse, Division of the Budget, State Capitol, Albany, New York 12224, Telephone (518) 474-1605.

North Carolina

Mrs. Chrys Baggett, Director, Intergovernmental Relations, N.C. Department of Administration, 116 W. Jones Street, Raleigh, North Carolina 27611, Telephone (919) 733-0499.

North Dakota

William Robinson, State Single Point of Contact, Office of Intergovernmental Affairs, Office of Management and Budget, 14th Floor, State Capitol, Bismarck, North Dakota 58505, Telephone (701) 224-2094.

Ohio

Larry Weaver, State Single Point of Contact, State/Federal Fund Coordinator, State Clearinghouse, Office of Budget and Management, 30 East Broad Street, 34th Floor, Columbus, Ohio 43266-0411, Telephone (614) 466-0698.

Oklahoma

Don Strain, State Single Point of Contact, Oklahoma Department of Commerce, Office of Federal Assistance Management, 6601 Broadway Extension, Oklahoma City, Oklahoma 73116, Telephone (405) 843-9770.

Oregon

Attn: Dolores Streeter, State Single Point of Contact, Intergovernmental Relations Division, State Clearinghouse, 155 Cottage Street, NE., Salem, Oregon 97310, Telephone (503) 373-1998.

Pennsylvania

Sandra Kline, Project Coordinator, Pennsylvania Intergovernment Council, P.O. Box 11880, Harrisburg, Pennsylvania 17108, Telephone (717) 783-3700.

Rhode Island

Daniel W. Varin, Associate Director, Statewide Planning Program, Department of Administration, Division of Planning, 265 Melrose Street, Providence, Rhode Island 02907, Telephone (401) 277-2656.

Please direct correspondence and question to: Review Coordinator, Office of Strategic Planning.

South Carolina

Danny L. Cromer, State Single Point of Contact, Grant Services, Office of the Governor, 1205 Pendleton Street, room 477, Columbia, South Carolina 29201, Telephone (803) 734-0493.

South Dakota

Susan Comer, State Clearinghouse Coordinator, Office of the Governor, 500 East Capitol, Pierre, South Dakota 57501, Telephone (605) 773-3212.

Tennessee

Charles Brown, State Single Point of Contact, State Planning Office, 500 Charlotte Avenue, 309 John Sevier Building, Nashville, Tennessee 37219, Telephone (615) 741-1676.

Texas

Tom Adams, Governor's Office of Budget and Planning, P.O. Box 12428, Austin, Texas 78711, Telephone (512) 463-1778.

Utah

Utah State Clearinghouse, Attn: Carolyn Wright, Office of Planning and Budget, State of Utah, 116 State Capitol Building, Salt Lake City, Utah 84114, Telephone (801) 538-1547.

Vermont

Bernard D. Johnson, Assistant Director, Office of Policy Research & Coordination, Pavilion Office Building, 109 State Street, Montpelier, Vermont 05602, Telephone (802) 828-3326.

Washington

Marilyn Dawson, Washington Intergovernmental Review Process, Department of Community Development, 9th and Columbia Building, Mail Stop GH-51, Olympia, Washington 98504-4151, Telephone (206) 753-4978.

West Virginia

Fred Cutlip, Director, Community Development Division, Governor's Office of Community and Industrial Development, Building #8, room 553, Charleston, West Virginia 25305, Telephone (304) 348-4010.

Wisconsin

James R. Klauser, Secretary, Wisconsin Department of Administration, 101 South Webster Street, GEF 2, P.O. Box 7864, Madison, Wisconsin 53707-7864, Telephone (608) 266-1741.

Please direct correspondence and questions to: William C. Carey, Section Chief, Federal-State Relations Office, Wisconsin Department of Administration, (608)-266-0267.

Wyoming

Ann Redman, State Single Point of Contact, Wyoming State Clearinghouse, State Planning Coordinator's Office, Capitol Building, Cheyenne, Wyoming 82002, Telephone (307) 777-7574.

*Territories**Guam*

Michael J. Reidy, Director, Bureau of Budget and Management Research, Office of the Governor, P.O. Box 2950, Agana, Guam 96910, Telephone (671) 472-2285.

Northern Mariana Islands

State Single Point of Contact, Planning and Budget Office, Office of the Governor, Saipan, CM, Northern Mariana Islands 96950.

Puerto Rico

Patria Custodio/Israel Soto Marrero, Chairman/Director, Puerto Rico Planning Board, Minillas Government Center, P.O. Box 41119, San Juan, Puerto Rico 00940-9985, Telephone (809) 727-4444.

Virgin Islands

Jose L. George, Director, Office of
Management and Budget, No. 32 & 33
Kongens Gade, Charlotte Amalie, V.I.
00802, Telephone (809) 774-0750.

**Attachment H—Restriction on Lobbying
and SF-LLL and Instructions**

BILLING CODE 4150-04-M

RESTRICTIONS ON LOBBYING**Certification for Contracts, Grants, Loans,
and Cooperative Agreements**

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for subawards at all tiers (including subcontracts, subgrants and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

Signature

Organization

Date

Approved by OMB
0348-0046

1. Type of Federal Action: ☐ a. contract ☐ b. grant ☐ c. cooperative agreement ☐ d. loan ☐ e. loan guarantee ☐ f. loan insurance		2. Status of Federal Action: ☐ a. bid/offer/application ☐ b. initial award ☐ c. post-award		3. Report Type: ☐ a. initial filing ☐ b. material change For Material Change Only: year _____ quarter _____ date of last report _____	
4. Name and Address of Reporting Entity: ☐ Prime ☐ Subawardee Tier _____, if known: Congressional District, if known: _____			5. If Reporting Entity in No. 4 is Subawardee, Enter Name and Address of Prime: Congressional District, if known: _____		
6. Federal Department/Agency: _____			7. Federal Program Name/Description: CFDA Number, if applicable: _____		
8. Federal Action Number, if known: _____			9. Award Amount, if known: \$ _____		
10. a. Name and Address of Lobbying Entity <i>(if individual, last name, first name, MI):</i> _____			b. Individuals Performing Services <i>(including address if different from No. 10a)</i> <i>(last name, first name, MI):</i> _____		
(attach Continuation Sheet(s) SF-LLL-A, if necessary)					
11. Amount of Payment (check all that apply): \$ _____ ☐ actual ☐ planned			13. Type of Payment (check all that apply): ☐ a. retainer ☐ b. one-time fee ☐ c. commission ☐ d. contingent fee ☐ e. deferred ☐ f. other; specify: _____		
12. Form of Payment (check all that apply): ☐ a. cash ☐ b. in-kind; specify: nature _____ value _____					
14. Brief Description of Services Performed or to be Performed and Date(s) of Service, including officer(s), employee(s), or Member(s) contacted, for Payment Indicated in Item 11: 					
(attach Continuation Sheet(s) SF-LLL-A, if necessary)					
15. Continuation Sheet(s) SF-LLL-A attached: ☐ Yes ☐ No					
16. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.			Signature: _____ Print Name: _____ Title: _____ Telephone No.: _____ Date: _____		
Federal Use Only:			Authorized for Local Reproduction Standard Form - LLL		

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Use the SF-LLL-A Continuation Sheet for additional information if the space on the form is inadequate. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, state and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee", then enter the full name, address, city, state and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, state and zip code of the lobbying entity engaged by the reporting entity identified in item 4 to influence the covered Federal action.
(b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).
11. Enter the amount of compensation paid or reasonably expected to be paid by the reporting entity (item 4) to the lobbying entity (item 10). Indicate whether the payment has been made (actual) or will be made (planned). Check all boxes that apply. If this is a material change report, enter the cumulative amount of payment made or planned to be made.
12. Check the appropriate box(es). Check all boxes that apply. If payment is made through an in-kind contribution, specify the nature and value of the in-kind payment.
13. Check the appropriate box(es). Check all boxes that apply. If other, specify nature.
14. Provide a specific and detailed description of the services that the lobbyist has performed, or will be expected to perform, and the date(s) of any services rendered. Include all preparatory and related activity, not just time spent in actual contact with Federal officials. Identify the Federal official(s) or employee(s) contacted or the officer(s), employee(s), or Member(s) of Congress that were contacted.
15. Check whether or not a SF-LLL-A Continuation Sheet(s) is attached.
16. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, D.C. 20503.

**DISCLOSURE OF LOBBYING ACTIVITIES
CONTINUATION SHEET**

Approved by OMB
0348-0046

Reporting Entity: _____ Page _____ of _____

Attachment I—DHHS Regulations Applying to all Applicants/Grantees Under the Demonstration Partnership Program

The following DHHS regulations apply to all applicants/grantees under the Demonstration Partnership Program:

Title 45 of the *Code of Federal Regulations*:

Part 16—Department of Grant Appeals Process

Part 74—Administration of Grants (non-governmental)

Part 74—Administration of Grants (state and local governments and Indian Tribal affiliates):

Sections 74.62(a) Non-Federal Audits

74.173 Hospitals

74.174(b) Other Nonprofit Organizations

74.304 Final Decisions in Disputes

74.710 Real Property, Equipment and Supplies

74.715 General Program Income

Part 75—Informal Grant Appeal Procedures

Part 76—Debarment and Suspension from Eligibility for Financial Assistance Subpart F—Drug Free Workplace Requirements

Part 80—Non-Discrimination Under Programs Receiving Federal Assistance through the Department of Health and Human Services Effectuation of Title VI of the Civil Rights Act of 1964

Part 81—Practice and Procedures for Hearings Under Part 80 of this Title

Part 83—Non-discrimination on the basis of sex in the admission of individuals to training programs

Part 91—Non-discrimination on the Basis of Age in Health and Human Services Programs or Activities Receiving Federal Financial Assistance

Part 92—Uniform Administrative Requirements for Grants and Cooperative Agreements to States and Local Governments (*Federal Register*, March 11, 1988)

Part 93—New Restrictions on Lobbying

Part 100—Intergovernmental Review of Department of Health and Human Services Programs and Activities

Attachment J—Optional Checklist (For Use of Applicant Only) to Verify Contents of Application

Optional Checklist (for use of applicant only) to verify contents of application

Check

A. Application contains:

1. Table of Contents []

Check

2. Completed and signed SF-424, Application for Federal Assistance..... []
3. Completed SF-424A, Budget Information—Non-Construction Programs..... []
4. Narrative budget justification for each object class category required under Section B, SF-424A..... []
5. Signed SF-424B, Assurances—Non-Construction Programs..... []
6. A signed and dated copy of Certification Regarding Lobbying..... []
7. A completed, signed, and dated Disclosure of Lobbying Activities form, if appropriate..... []
8. An Executive Summary..... []
9. A project narrative with the required components..... []
10. Maintenance of Effort Certification..... []
11. Letter signed by CSBG Director confirming eligibility..... []
12. IRS letter on non-profit status, where applicable..... []
13. Single Point of Contact Comments, if applicable and available..... []
14. Letters of match commitment or letters of intent..... []
15. A current listing of all sources of funds and projects operated in the applicant's current operating year..... []
16. [For continuation projects only] The preliminary evaluation of the original project..... []
17. A self-addressed mailing label which can be affixed to a postcard to acknowledge receipt of application..... []
- B. Application does not exceed a total of 50 pages..... []
- C. Application includes one original and four copies, printed on white 8½ by 11 inch paper, two holed punched at the top center and fastened separately with a compressor slide paper fastener, such as an ACCO clip, or a binder clip. The submission of bound applications, or applications enclosed in binders, is specifically discouraged..... []
- D. Applicant is aware that in signing and submitting the application for funds under the DPP Program, it is certifying that it has read and understood the Federal Guidelines concerning a drug-free workplace and the debarment regulations set forth in attachments E and F respectively..... []

Attachment K—Descriptions of FY 1987-FY 1989 Demonstration Partnership Projects

Small Business Development Program

Grantee

ACCORD Corporation, Belmont, New York.

Overview of Program

Purpose of the Program

The Small Business Development Program (SBDP) provided opportunities for self-employment to public assistance recipients. SBDP helped participants overcome barriers to business success by addressing such issues as: (1) Lack of management systems and tools; (2) lack of basic socioeconomic security; (3) lack of capital resources for investment; and (4) institutional/regulatory constraints on public assistance recipients.

Target Population

The program targeted its services and support to self-employed recipients on public assistance or struggling business owners whose only recourse was public assistance in periods of inadequate income from their business.

Description of the Program

SBDP had two primary components: A work training agreement and a revolving loan fund. The work training agreement obligated the participant to undertake programmed activities, to perform work as prescribed, and, to render all work income to the program. By this transfer, the Community Action Agency functioned as the interim owner/operator of participating business, while the participant preserved eligibility for public assistance benefits and was able to accumulate investment capital. Thus, SBDP was structured so the public assistance benefits of program participants were not offset by revenues generated by business operations. This arrangement protected the participant from the Department of Social Services' (DSS) ceiling on allowable assets, work relief and job training obligations, and DSS's recoupment of benefits for reported earnings. The agreement also established the program's commitment to provide management training and counseling through technical workshops one-to-one counseling, development of management tools, and support services.

The second component, the revolving loan fund, provided capital required for stable operation of the incipient businesses. Managed by a special loan committee, the loan fund gave participants access to small loans (average of \$1,250 per participant) under

more lenient credit and collateral criteria than used by conventional lending institutions. The fund also supported a credit line for each participant that allowed incremental draws up to \$500 per participant. This credit was made available through a strict requisition process and was eventually repaid through accumulated income.

Structured to accept eight participants every 6 months, three 6-month cycles have been conducted allowing a total of 24 participants to enter the program. Selection of participants from the pool of candidates was subject to specific criteria to ensure the greatest potential of success. Businesses operated by participants were typically home-based, service oriented, labor intensive, and sole proprietorships. Involvement of hired employees was usually temporary or part-time help. Businesses with significant employee needs, such as retail sales, were not considered good candidates because of up-front costs of operation.

Partnerships

The primary partnership was with the Allegheny County Department of Social Services. Other participating agencies included: Allegheny County Private Industry Council; Board of Cooperative Educational Services (BOCES); The State Education Department, Bureau of Economic Development Coordination; New York State Department of Labor, and Literacy Volunteers.

Job Start Community Linkage Project *Grantee*

Central Vermont Community Action Council, Inc., Barre, Vermont.

Overview of Program

Purpose of the Program

The purpose of this project was to determine the effectiveness of a statewide effort of community action agencies and the state government to assist low-income people to achieve self-employment and self-sufficiency through the availability of technical assistance and small low-interest loans.

Target Population

The Community Linkage Project was targeted to low-income Vermonters who possessed the skills, ambition and desire for self-improvement which made them potential candidates for starting or operating successful small businesses, and who, with the assistance offered by the program, had the capacity to be contributing and "bankable" members of their local economy.

Description of the Program

The Community Linkage Project was designed to increase the outreach efforts and increase the success rates of existing small businesses initiated under the state-run Vermont Job Start Program. Before the Community Linkage Project, Vermont Job Start had been an effective mechanism for enabling selected lower income Vermonters to develop or sustain small business ventures which allowed them to be self-supporting. However, the program was underutilized, and at the time of the DDP Grant award, over \$200,000 in Job Start Funds had gone unallotted.

Central Vermont Community Action, Inc. headed a consortium of State Community Action Agencies which worked with the State Economic Opportunity Office (SEOO) to provide community-based outreach to Job Start applicants and Job Start loan recipients. The Community Action Agencies met with local businesses and civic groups and provided direct outreach to low-income individuals to increase the public awareness of the program; provided one-on-one technical assistance to Job Start applicants in preparing their applications; and provided on-going technical assistance and training to Job Start loan recipients.

Partnerships

Central Vermont Community Action Council, Inc. entered into a consortium with the following Community Action Agencies: Bennington-Rutland Opportunity Council (BROC); Champlain Valley Office for Economic Opportunity (CVOEO); North East Kingdom Community Action (NEKCA); and Southeastern Vermont Community Action (SEVCA). The consortium of community action agencies acted in partnership with the State Economic Opportunity Office Job Start Program.

Young Families C.A.N. (Comprehensive Assistance Network)

Grantee

City of Phoenix, Human Resources Department, Phoenix, Arizona.

Overview of Program

Purpose of the Program

Movement toward the goal of self-sufficiency requires a combination of public and private resources to meet interrelated problems which maintain poverty and dependence on the public welfare system. Young Families Comprehensive Assistance Network (C.A.N.) was designed to demonstrate that changes in program structure, eligibility criteria and the service

delivery process can help promote the self-sufficiency of teenage parents who might otherwise become long term dependents of the welfare system.

Target Population

The target population of the project was welfare dependent adolescent (teenage) parents. The project provided services to women between the ages of 12 to 19 who had at least one young child.

Description of the Program

Young Families C.A.N. was designed to provide a comprehensive, integrated and flexible system for teenage mothers. Through intensive casework, Young Families C.A.N. coordinated services and assisted in the development and access to other needed services. Additionally, the program allowed identification of systemic barriers and service gaps as well as a mechanism to resolve system deficiencies.

Client needs were reviewed and addressed through four support or service levels. These support levels were: intensive case coordination and counseling; functional-area expertise and resource development; systemic change, coordination and advocacy; and the availability of discretionary cash resources. Through the case plan, issues such as housing, medical care (including eye and dental care), education, parenting, housing, budgeting, drug and/or alcohol use, family relationships, independent living skills, transportation, child care, family planning and others were addressed by referral, support groups, counseling and direct assistance. Clients "contracted" to work on and complete activities in several of these areas.

Through a partnership with the welfare agency, the Young Families C.A.N. project was able to facilitate problem-solving and communication around specific issues that surfaced as system barriers for project clients. Once an issue was identified, the welfare staff were informed of the potential problem and a meeting was scheduled for key welfare and project staff to discuss the situation. Issues related to AFDC benefit reductions due to changes in living situations, transportation subsidies, section 8 housing vouchers and others were reviewed and resolved through this mechanism.

Partnerships

Young Families C.A.N. was operated by the City of Phoenix Human Resources Department. The primary partnership was with the Arizona Department of Economic Security.

Family Self-Sufficiency Demonstration Project

Grantee

Northeast Kansas Community Action Program, Inc. (N.E.K.-C.A.P., INC.), Hiawatha, Kansas.

Overview of the Program

Purpose of the Program

The Family Self-Sufficiency Project provided a comprehensive array of tested services to low-income families so that families participating in the project became self-sufficient.

Target Population

Participating families had a head-of-household who is between ages 16 and 45; family members' combined income was less than 125 percent of the federal poverty level. The target population included: pregnant teens, drug and alcohol-dependent persons, school dropouts, illiterates, victims of abuse, handicapped persons, and persons with severe mental and physical problems.

Description of the Program

This grant incorporated two related but distinct projects: the Family Self-Sufficiency Project, operated by the Northeast Kansas Community Action Agency (NEK-CAP) of Hiawatha, Kansas; and the Partners for Tomorrow project, operated by Yamhill County (Oregon) CAP (YCAP).

The Family Self-Sufficiency Project expanded upon a preexisting project, the Total Family Approach to Self-Sufficiency Program, started by NEK-CAP in 1979. Families sign a contract when they enter this program and are then assigned an outreach worker who helps them identify and overcome problems in achieving self-sufficiency. Family members take steps to acquire the knowledge, skills, and attitudes they need to become self-sufficient; NEK-CAP staff work to mobilize public- and private-sector resources on behalf of their clients. Specific program activities included:

- Expanded the existing self-sufficiency program so that an additional 70 families would become self-sufficient
- Worked with the Kansas State Department of Social and Rehabilitation Services (SRS) to make a Job Club available to SRS clients and project participants
- Placed public assistance recipients in employment through the comprehensive assistance provided by the project
- Involved additional area businesses in the program and obtained

commitments to employ project participants

- Worked with the City of Hiawatha and the Hiawatha Industrial Development Committee to plan day care training facilities, a homeless shelter, a shelter for victims of domestic violence, and a Job Club center.

The client interventions included assessments of family problems and needs; information and referral; provision of immediate assistance to meet basic needs (food, clothing, shelter, medical care); provision of counseling for a full range of personal and interpersonal problems; a job readiness program; and job placement services.

North Dakota State Self Reliance Program

Grantee

Southeastern North Dakota, Community Action Agency (SENDCAA), Fargo, North Dakota.

Overview of the Program

Purpose of the Program

SENDCAA stresses that most social service programs seem to address only the immediate needs of a client; that people are not getting out of poverty, but getting used to poverty. In reaction to this philosophy, the purpose of this project was "to help people help themselves out of poverty".

Target Population

The program targeted its services to individuals who had an annual income under 125 percent of poverty and who received one or more forms of direct assistance (fuel assistance, AFDC, or food stamps).

Description of the Program

The North Dakota Self-Reliance Project involved a program and case management approach enacted through a consortium of community action agencies across the state of North Dakota. The project utilized a case management approach where Self-Reliance Coordinators (SRCs) provided direct service as well as referral options to low-income individuals.

Services provided either directly or through referral included relationship building, resume writing, advocacy, job retention skills, assertiveness training, money management, career information and testing, child care information and education, education information, training in goal setting and interviewing skills, counseling and support, self-reliance information and information about stress management techniques.

Through the provision of such services the project sought to lower the

immersion of low income individuals in entitlement and welfare programs as well as improve their non-economic functioning and self-reliance. Non-economic functioning and self-reliance included such objectives as: broadening clients' useful and productive social support networks and maximizing the use of such networks; increasing stability and lower levels of disorganization in the lives of project participants; and to improve client participants' ability to cope.

Partnerships

SENDCAA entered into partnerships with the other seven community action agencies in the State; the Office of Intergovernmental Assistance; North Dakota Department of Human Services; Bank of North Dakota; and Job Service North Dakota (JTPA program).

I. Project Independence

Grantee

City of Alexandria, Department of Human Services, Division of Economic Opportunity, Alexandria, Virginia.

Overview of Program

Purpose of the Program

Project Independence is targeted towards a subgroup of homeless, low-income or long-term welfare-dependent, single parent families, entering an emergency shelter. To increase self-efficiency, comprehensive community services will be offered through a coordinated case management mechanism. Additionally, the program seeks to involve the absent partners of single parents.

Target Population

The program will serve 25 single parent families over the 2-year funding term. All beneficiaries of the project will be within 125 percent of the Federal poverty guidelines for the appropriate family size. Project participants will be solicited from one of the three shelters that serve Alexandria.

Description of the Program

Within 48 hours of placement in a temporary shelter, an initial assessment of the family situation will be made. The assessment will include: Employment and training, income maintenance, education, family stress, housing needs, and family therapy and treatment. From this assessment, the Project Independence case management team will select the families for the project. The selected families will have a unified service plan developed, and services

related to each of the family needs will be provided.

The project specifically funds rental subsidies and employment training. After the family is in a shelter for 30 days, they will be placed in transitional apartment housing. The project will provide 100 percent subsidy of rental costs during the first 3 months, 80 percent subsidy for the next 6 months, and 50 percent subsidy for the remaining 6 months.

Partnerships

Key partnerships for the project are with the Division of Social Services (will provide social work intake and assessment), Office of Employment and Training and the Landlord/Tenant Division of the Office of Housing (for assistance with participants moving to permanent housing from transitional housing). Additionally, linkages will be maintained with the Salvation Army (owns transitional apartments), Coalition for the Homeless and organizations that sponsor the homeless shelters.

II. Community Partnership Self-Sufficiency Project

Grantee

Central Oregon Community Action Agency Network (COCAAN), Bend, Oregon.

Overview of Program

Purpose of the Program

The project will serve long-term and young welfare recipients with low-literacy and aptitude skills in three small, rural central Oregon counties. Through an intervention approach of individualized case management, basic education, job training, job development, and supportive services, participants will achieve improved self-sufficiency.

Target Population

The program is targeted to serve 80 individuals who have received ADC (AFDC) for at least 6 months, and have scores below 245 on the language and arithmetic sections of the Basic Adult Skills Inventory System (BASIS) assessment test.

Description of the Program

Through the Community Partnership Self-Sufficiency Program, intensive interpersonal case management and job development services will be added to an already established service delivery mechanism. The primary focus of services will be the delivery of case management services, basic education and literacy assessments, adult basic

education, job development and child care and transportation subsidies. Persons meeting the program criteria will be randomly assigned to either the program or to a control group to allow for the evaluation of the program.

The case management services will provide an integrated management information system that facilitates referrals and information sharing across agency lines. The case managers will provide assessment, contracting (individualized plans), coordinating/facilitating, and serve as a focal point for inter-agency accountability. The basic education and literacy assessment includes achievement testing and counseling. The adult basic education component encompasses adult basic education, GED, English as a Second Language, and high school diploma achievement. The Job Development element will include coordination, placement, market oriented training, employer education and aptitude testing.

Self-sufficiency is defined as the measurable progress of each participant to provide for his/her family's economic and social needs through the obtainment of literacy, life skills and/or employment.

Partnerships

Partnerships will be formed with the State of Oregon Employment Division, Redmond and Bend Employment Offices, Central Oregon Community College, Oregon State University County Extension Programs, Central Oregon Intergovernmental Council, Oregon State Alcohol and Drug Training Office, County Mental Health Offices, Crook, Deschutes and Jefferson Child Care Council and the Consumer Credit Counseling of Central Oregon.

III. The Club-Career and Life United in Boston

Grantee

Action for Boston Community Development, Inc., Center for Jobs, Education and Career Training, Boston, MA.

Overview of Program

Purpose of the Program

The Club (Career and Life United in Boston) is designed to provide a full range of education, skills training and employability development programs and services to young, minority males.

Target Population

Club membership will be open to black and Hispanic males, between the ages of 18 to 24. The members will not have completed any post-secondary

schooling and will have an income up to 125 percent of the poverty level. Within this pool of individuals applicants for the Club must have a 6.5 to 10.0 grade reading ability and be free of major alcohol or drug abuse problems.

Program Description

The Club will focus on the economic and social development of its members through personal, interpersonal and social action including self-help, leadership development, social support, family involvement and community service. Individualized Career and Life Plans will be developed for each club member and will include some form and combination of paid work experience, job training and/or education, family involvement and community service. Mentors will be assigned to each member to serve as a role model. As part of the Club benefits, a weekly stipend to cover individual plan-related expenses will be paid.

The project describes the outcomes and objectives from both a life and career perspective. The life planning steps incorporated into the project include: improved financial planning, management and control and active involvement and service in the community at large. The career planning steps included in the project are: career assessment and planning, education, and employability development. Through career and life planning, the project seeks to increase participant earnings; upgrade jobs; improve job performance; increase parental support; increase spouse and family involvement/integration/reunification and achieve individual goals articulated in the plan. The Club will foster this through a group process, focused on a self-help concept.

Partnerships

Partnerships will be formed with the Franklin Institute (technical training and English as a Second Language preparatory programs), Jobs for Youth, Home Builders, City of Boston, and Northeastern University. Other partnerships will be explored as well.

IV. Teen Parent Self-Sufficiency Project

Grantee

Snohomish County Division of Community Services, Everett, WA.

Overview of Program

Purpose of the Program

The goal of the Teen Parent Self-Sufficiency Project (TPP) is to establish a community-based case management partnership to provide an enhanced,

integrated program of services to 50 teen parents and their families (including a committed male partner if there is one) to increase the teen parents' self-sufficiency. TPP counselors will provide brokering, advocacy, mentoring, counseling, group facilitation, and guidance to participants. By involving the male partners in educational and employment-related services, the self-sufficiency of the total family will be increased and the outcomes for both mother and father will be more positive.

Target Population

Participants will be enrolled in the program through aggressive outreach efforts in schools, care clinics, and the regional welfare office. Females will be eligible for the program if they are 16-18 years of age, pregnant or parenting, have not completed high school or the GED, are enrolled in the DSHS Family Independence Program (FIP), and are not under the custodial care of their own parents. Males will be eligible if they are the partners of eligible females, or are the fathers who wish to assume some financial responsibility for the child. It is estimated that the program will begin with 50 female enrollees; additionally, 50 comparison subjects will be selected for evaluation purposes.

Description of the Program

The Teen Parent Self-Sufficiency Project will work alongside the already existing FIP, a 5-year demonstration project that has gained strong support at the state, regional, and local levels. Participants will receive the enhanced services already provided to FIP enrollees, as well as enhanced self-sufficiency services, which constitute the interventions of the TPP program. Participants will receive supportive services in three areas: (1) *Individual*—an action plan developed with the participant, problem identification and problem solving, identification and appropriate use of resources, communication skill building, life skills training, assistance in locating and accessing community services (housing, education/training, child care, transportation, medical care), counseling and referrals, and follow-up/progress monitoring; (2) *Couples*—counseling and referral related to interpersonal communication skills, parenting skills, household management, financial management, extended family relations, health care, and intimacy; (3) *Group*—develop appropriate support groups for teen mothers and their partners.

The project's two case managers will use the established network of health and education services to develop a self-sufficiency plan for each male partner,

and will also provide individual counseling and peer group support. The CAP/FIP Case Manager Partnership will bring the full resources of the community to the teen parent participants.

Thirty Section 8 housing certificates provided by the local housing authority will be used as incentives for those participants who complete the first phase of their self-sufficiency plan. A client support fund will be established to provide for supplemental day care, transportation, supplemental educational expenses and supplies, and miscellaneous support such as stipends for teen moms who volunteer as role models, advocates, or peer counselors; assistance for car problems, child care seats, and clothing; and assistance for life enrichment needs such as children's books and recreational opportunities.

Self-sufficiency is defined as "A process through which an individual reaches economic independence with decreased reliance on social service/income maintenance programs over time."

Partnerships

Key partnerships for this project include the University of Washington School of Social Work (evaluation); The Washington State Department of Social and Health Services; The Washington State Employment Security Department; and the Housing Authority of the City of Everett. Two full-time case manager positions will be funded by the State Department of Social and Health Services. A percentage of the project director's and project coordinator's time will be funded by Snohomish County.

VI. Family Self-Sufficiency Project

Grantee

Knoxville—Knox County Community Action Committee, Knoxville, Tennessee.

Overview of Program

Purpose of the Program

The family self-sufficiency project will serve participants of job training programs. Forty unemployed young men and women (female heads of household) will be targeted to receive integrated family support services. The support services will assist the participants achieve family self-sufficiency. Additionally, the project will promote family unification.

Target Population

Participants will have family incomes at or below 125 percent of the Federal poverty income guidelines. Only 25% will be AFDC recipients, and 80% will be

in broken homes, separated or estranged families. Participants will be selected from several local programs including JTPA, Head Start, public housing authority and others. Once identified, stabilization services (hunger, eviction, etc.) will be provided when required. A comprehensive family needs assessment will be conducted to include a physical examination, basic skills testing and employability evaluation. Information related to housing, income, family relationships, child care and transportation will also be obtained.

Description of the Program

The project is designed to deal with two factors: the inability of the poor to secure jobs with wages and benefits that allow self-sufficiency and the failure of job training programs to provide the types of supportive services needed for self-sufficiency. To assist the poor in securing jobs and receiving programs that will lead to self-sufficiency, a case managed, integrated service delivery process will be offered to the 40 participants.

A Comprehensive Family Development Plan will be completed for each participant family. As part of the Plan, an individualized employability plan will be developed based on the educational and vocational assessment. The employability plan will have salary and benefits targets for the participant to achieve. Once the actual job placement is known, the plan will be updated to reflect this information. The services provided to the participant families include: case management (coordination of services); basic skills and job training (GED, training, etc.); child care; housing; transportation (secure and maintain own vehicle); health and nutrition (health risk appraisal); personal development and life skills (cultural assimilation) and improving and/or reestablishing family relationships.

Partnerships

The project will form partnerships with the County Department of Human Services (child care and Medicaid), Planned Parenthood, Department of Housing and Urban Affairs, Knoxville's Community Development Corporation, Habitat for Humanity, Knoxville Chamber of Commerce (jobs), Knox County Department of Health, Casey Jones Insurance Company (health insurance), Urban League and the Family Self-Sufficiency Task Force. The Task Force will be formed specifically for this project and will be composed of representatives from partnership agencies and other related members.

VIII. Intervention to Prevent Homelessness

Grantee

Lincoln Action Program, Inc., Lincoln, Nebraska.

Overview of Program

Purpose of the Program

The objective of the project is to stem homelessness through early intervention by a Family Preservation Team, a network of about 25 human service agency representatives who meet weekly to review a family and develop a community plan to address their problems. The effectiveness of the family preservation team will be compared to that of single-agency services and conventional program services.

Target Population

This project will target at-risk families, as determined by emergency food basket requests submitted to the Lincoln Action Program. An estimate of 400 families will request food assistance during the grant period.

Description of the Program

Of the 400 families identified, 200 will be randomly selected for intervention service based on an individualized family plan. These families will be stratified based on a family risk (for homelessness) scale score. Half of the families scoring high on the scale will receive the family preservation team intervention services; the other high risk families will get single-agency program services, including outreach assistance. Families scoring low on the scale will also receive single agency program services. The other 200 families will be used as a control group in which families will receive "conventional program services" (the requested food and be offered minimal referrals without follow up or additional services). The control group families will also be stratified into high and low risk groups to allow for comparisons across treatments and between strata.

Early family intervention will result in a number of outcomes related to increased family self-sufficiency. Projected outcomes for the families targeted for early intervention include a reduction in repeat requests for emergency food, an increase in employment wages of individuals in families requesting emergency food, a decrease in the number of households at-risk of losing their homes, and an improvement in family poverty levels.

Partnerships

Key partnerships have been formed between Lincoln Action Program and The Family Preservation Team, The Lincoln Fellowship of Churches food pantry network, and SRI Research Center, which will perform the evaluation.

IX. Minority Male Opportunity and Responsibility Project

Grantee

Community Relations-Social Development Commission, Milwaukee, WI.

Overview of Program

Purpose of the Program

To enable and encourage young minority males to become self-sufficient and more involved with family and community through participation in a long-term, case managed program of educational and vocational services.

Target Population

Minority males aged 18-25 enrolled in the Milwaukee County General Assistance program. Participants will have reading and math skills between the third- and seventh-grade levels and will not have had employment of greater than 3 months duration. Priority will be given to enrolling participants who have had court-determined paternity of a child or children with only 1 mother.

Description of Program

The program will provide a full range of educational and vocational training skills within the framework of long term case management. The goals of the program are to assist participants in becoming self-sufficient, reducing dependence on public assistance, and increasing social responsibility in terms of family and community.

Staff from the Milwaukee County Department of Social Services will recruit 300 potential participants during initial enrollment and assessment for the General Assistance program. Fifty randomly selected volunteers will serve as the primary comparison group; 75 as a secondary comparison group; and 150 of the remaining recruits will be enrolled in the program.

Each participant will enroll in basic skills training and, with the help of his project case manager, develop an individual development plan (IDP) which will encompass individual career and life goals and the steps for achieving them. Case managers will meet with clients twice a month to monitor progress toward goals.

After attending basic skills training for 3 to 6 months participants will

choose one of three education/employment tracks which will include varying combinations of education, job training and job development, and paid employment. Participants will also be required to complete a parenting skills training course and will be encouraged to take part in community activities. Case managers will refer clients to other community services needed to make progress toward goals outlined in the IDP, including: alcohol and drug abuse treatment services, community involvement opportunities, legal services, health care, mental health services, and transportation assistance.

Partnerships

The program has established partnerships with the Milwaukee County Department of Social Services, Milwaukee Area Technical College (MATC), Project Transition (a program assisting low income people attending MATC), New Concept Self Development (will provide parenting class), the Milwaukee Foundation, and Steller Associates.

X. Job Start Venture Development Project

Grantee

Aroostook County Action Program, Presque Isle, Maine.

Overview of Program

Purpose of the Program

The Job Start Venture Development Project is designed to assist low-income persons in certain distressed Maine counties to start their own small businesses.

It seeks to: (1) Increase the interest level of low-income and disadvantaged persons to seek self-employment and business development as a way to move out of dependency; (2) improve the success rate of converting interested inquirers regarding venture development programs to actual borrowers; (3) improve the credit-worthiness of borrowers for self-employment and small businesses; and (4) move successful participants toward economic self-sufficiency.

Target Population

This project is targeted to individuals in certain distressed Maine counties with incomes no greater than 125% of the Federal poverty level. It is expected to serve a minimum of 200 eligible clients.

Description of the Program

The program will consist of two components. The first, designed for low-income individuals with some business

knowledge and work experience, offers participants a training program in which they can develop their own business plans. Upon finishing the program, graduates will receive priority for Job Start loans to launch their own ventures.

The second component is designed for individuals with little or no knowledge of basic business practices or who have psychosocial problems such as low self-esteem. These participants will enroll in a training program as part of a "business support group," a small group of five or more people at similar stages of business interest or skills designed to help its members develop their own business ideas. As participants mature, the support group will serve as a loan committee and determine who receives loans. The business support program is modeled on several successful programs in other countries, including some carried out by Accion Internacional in the third world.

Partnerships

The Aroostook County Action Program has formed key partnerships with the Finance Authority of Maine, the Washington-Hancock Community Agency, and Community Concepts, Inc.

XI. Linkages: A Self-Sufficiency Development Project

Grantee

Ramsey Action Programs, Inc., St. Paul, Minnesota.

Overview of Program

Purpose of the Program

Linkages will use intensive recruitment, case management, and Designing Changes program (services and skills training) to promote self-sufficiency among recipients of an energy assistance program.

Target Population

Program participants will be clients in the State's Energy Assistance program. Non-elderly, non-disabled households, in Ramey and Washington Counties, who are applying for the third or subsequent time will be screened for inclusion. These individuals must be employable, have no prior involvement in Designing Changes Program, and not eligible for the Minnesota PATHS program.

Description of the Program

Linkages is a partnership between Ramsey Action Programs, Inc., the State of Minnesota, and a research firm. Ramsey Action Programs, a Community Action Agency, is the coordinating partner. This is a 24-month project.

There are three project objectives: (1) To develop and test the operation of an identification and recruitment protocol which will encourage repeat users of Energy Assistance to participate in the Designing Changes Self-Sufficiency project; (2) to study the recruitment process and the results of participation in Designing Changes; and (3) to assist the participating individuals in the achievement of greater self-sufficiency as indicated by gains in employment, education or employment skills, and/or greater skills in satisfaction in meeting the challenges of work and family life.

Applicants to the Energy Assistance program will be screened on criteria for Designing Changes priority groups. Those who meet the criteria will be randomly assigned to receive the Designing Changes recruitment or to receive standard Energy Assistance service without recruitment. Four groups will result: (1) Individuals recruited and who participate in Designing Changes Program (approximately 120 individuals); (2) individuals recruited but who do not participate in Designing Changes Program (approximately 880 individuals); (3) individuals not recruited and who participate in the Designing Changes Program (approximately 35 individuals); and (4) individuals not recruited and who do not participate in Designing Changes Program (approximately 1965 individuals).

Recruitment for Designing Changes will be done by intake workers from that program who will be trained in using recruitment materials and techniques. Applicants will be invited to an orientation session to promote the program, and follow-up personal interviews will be conducted.

Those who enroll in the Designing Changes program will be completely assessed to identify their needs. After assessment, they will be assigned to a case manager who will assist them in examining options and identifying goals. The Designing Changes program is structured in modular style, with particular grouping of activities available to address different need areas. Each module is designed to build skills in a specific area. Upon the identification of personal and family goals, case workers will assist participants to create a personal plan to achieve their goals, using program modules as well as other programs in the community. In addition, participants will work with Designing Changes staff skilled in training, job development, and other relevant fields. Finally, a job development component of the program will work with each participant to locate

or create appropriate employment opportunities.

Partnerships

The program is a partnership between Ramsey Action Programs, the Minnesota Department of Jobs and Training, and Wilder Research Center. Ramsey Action Programs will coordinate Linkages and provide recruitment, intake, case management, and Designing Changes program services. The Minnesota Department of Jobs and Training will provide information and be responsible for the dissemination of the project's results. Wilder Research Center will conduct the evaluation of the project.

XII. Single Parent Economic Independence Demonstration Project (SPEID)

Grantee

Davis County Private Industrial Council, Farmington, Utah.

Overview of Program

Purpose of the Program:

The SPEID project uses public and private resources to assist single parents in making a successful transition from public assistance to employment. A "holistic" approach is used to serve clients struggling to overcome multiple barriers to reach economic independence. The objectives of the project are: (1) To improve economic and non-economic outcomes for single parents; (2) to increase private sector involvement; and (3) to create a comprehensive delivery case management system appropriate for continuance and replication.

Target Population

Single parents who: (1) Have minor children for which the parent has either custody or joint custody; (2) have been out of the labor force for a substantial number of years and who, because of divorce, separation, death or disability of a spouse, must return to the labor market; and (3) who meet the program's definition of being economically disadvantaged.

Description of the Program

The project uses a two-pronged approach to assist participants achieve economic independence. First, a comprehensive delivery/case management system helps single parents during the transition from being a welfare recipient to being a labor force participant. Second, a public/private partnership provides program participants work experience

internships and an introduction to the labor market.

Through the comprehensive delivery/case management system, participants are provided all support services, education, and training components needed to successfully complete private sector work experience and obtain long-term employment. A case manager is assigned to each single parent to follow him/her into the labor market to help overcome employment barriers and examine pre-vocational components that best prepare clients for the workplace. The public/private partnership component provides work experience through internships. Each single parent is assigned to an intern position and a workplace mentor to help the participant become integrated into the workplace and develop job networking skills.

During the first year, the project has been developed in four Service Delivery Areas (SDA) throughout the state. The project is being expanded to five other areas during the second year. The Davis County Department of Human Services acts as the lead agency for the grant and contracts with Private Industry Councils (PIC) in each area to administer the local SPEID Project.

Partnerships

There are a number of partnerships in this project at both the state and local levels.

State level partnerships include: the Department of Community and Economic Development's Office of Community Services and Office of Job Training for Economic Development, the SPEID Consortium, the State Technical Oversight Unit, the State Job Training Coordinating Council.

Partnerships at the local level are: the Davis County Department of Human Services (the lead agency), nine PICs (one for each SDA), and nine Local Technical Support Units.

In addition, there is an evaluation team composed of: the University of Utah-Human Resources Management Program, the Office of Job Training for Economic Development-Management Information System, and the Employment Security Labor Market Information Services.

I. N.E.W.=S. Non-Traditional Employment for Women=Self-Sufficiency

Grantee Information

Grantee

Panhandle Community Services (PCS), Amarillo, TX.

Overview of Program

Purpose of the Program

N.E.W.=S. will provide employment training, in non-traditional jobs for women, along with counseling, support services, and placement assistance to low-income women with dependent children. The training and support services will improve the self-sufficiency of single parent families and reduce welfare dependency.

Target Population

Single women who are: head of household, 18 years of age or older, with dependent child(ren) under age of 17 years, physically able to compete in non-traditional jobs, and have incomes at or below 125 percent of the poverty level. These women will be residents from the 25 counties in the Texas panhandle.

Description of the Program

This project is an extension of a 2-year HUD self-sufficiency pilot project to train single parents with a high school education (or GED) for employment. N.E.W.=S. will differ from the HUD pilot project in a number of ways: (1) It will serve a more difficult segment of the population, those without a high school education; (2) training will be for only one year; (3) clients will be trained in non-traditional occupations; (4) more support services will be provided in areas such as child care, transportation, and health care; (5) the entire family will be worked with; and (6) a unique vocational assessment process will be used.

Training in non-traditional areas will include: Carpentry, plumbing, welding, building maintenance, truck driving, meat processing, and law enforcement. Job training will be accompanied with intensive testing, counseling, utilization and coordination of support services for the total family constellation. These services will be offered to a total of 30 clients.

Self-sufficiency is defined as: where an individual or family by reason of non-traditional employment or other unforeseen circumstances, is not eligible for public assistance.

Partnerships

Amarillo College and Texas State Technical Institute will provide training in non-traditional fields. Frank Phillips College and Clarendon College will also provide training on an "as needed" basis. Retired Senior Executives will be the third party evaluator.

II. Business Incubator Demonstration Project

Grantee Information

Grantee

West Central Missouri Rural Development Corporation, Appleton City, Missouri.

Overview of Program

Purpose of the Program

The purpose of the Business Incubator Demonstration Project is to demonstrate that self-employment, as opposed to employment, is a viable option for obtaining self-sufficiency. (Self-sufficiency is defined operationally as having an income above 125 percent of the poverty guidelines.) Project participants will be given bank loans and technical assistance to start up small businesses.

Target Population

Low-income people, especially displaced farmers and farmworkers; owners of existing struggling businesses whose personal income meets the CSBG guidelines; individuals providing service functions (woodcutting, repair, landscaping, etc.) who intend to package services better or to merge for better opportunity; persons involved in small business startups and entrepreneurial ventures.

Description of the Program

Participants will be recruited, trained if necessary, provided with technical assistance to develop a business plan and apply for a bank loan, and advised/monitored after the loan has been received to ensure that payments are made and the business remains healthy.

Partnerships

Partners include West Central's Outreach, Intake, Assessment, and Referral Division (OIARS); the Retired Senior Volunteer Program (RSVP); the Western Missouri Private Industry Council; the West Central Missouri Rural Development Corporation; and the Appleton City Bank.

III. Partners in Progress

Grantee Information

Grantee

Community Action Agency of South Central Michigan, Battle Creek, MI.

Overview of the Program

Purpose of the Program

Partners in Progress will provide low-income women with supportive case management services and specialized

vocational and entrepreneurial training that will promote self-sufficiency.

Target Population

The project will serve low-income women within a four-county service area. The target population includes teenagers, single parents, displaced homemakers, and women of color. A total of 150 women will be served.

Description of the Project

The CAA's Womyn's Concerns Office (WCO) operated innovative employment and training programs and acts as an employment referral service for women. Partners in Progress will expand WCO support services to low-income women in the four-county area, provide vocational and entrepreneurial skills, and develop a Women's Small Business Incubator and Self-Employment Project.

Specific activities and services to be offered include:

- Supportive services: case management, counseling, group support meetings, and specific women-related services. Family focus activities will include home visitation, educational field trips, and after-school activities to increase parenting skills and promote family enrichment.

- Vocational/entrepreneurial training: Enrollment will occur once per year or on an open-entry/open-exit basis. Training will be provided by Calhoun Area Vocational Center and Kellogg Community College; special curricula will be developed by these institutions and other local area employment-related organizations. Interests, abilities, and special needs of prospective applicants will be assessed by project staff; motivational assessment will be the primary indicator for entrepreneurial training. Tuition assistance programs will be used whenever possible and sponsorship of students solicited from business and professional women's organizations. When no other source is available, the project will pay training costs. Participants pursuing non-traditional careers or those not ready for self-employment ventures will receive job search and placement services following training. Specialized entrepreneurial training will be given in Calhoun County in cooperation with the Calhoun-Barry Small Business Center and the Albion College Women's Center. A 12-week workshop series will be offered to participants, and will include market analysis, management, marketing, financial, and resource development. Each participant will construct a business plan for her venture. Successful completers will be allowed to participate in the incubator project (see below).

- Small business incubator:

Participants completing entrepreneurial training will be given an opportunity to develop small businesses through a low-risk incubator model project. Home-based and independent ventures will be encouraged. Business areas to be explored include a catering service, a downtown errand service, handywoman services, computer services, cottage industries, in-home child care provider training and referral service, and cleaning services. The project will provide office space to member businesses. Each business will access training, technical assistance, marketing and related services through WCO on a fee-for-service basis, thus enabling the project to sustain itself. New businesses will be accepted into the incubator project twice during the project period and spin-off businesses will be encouraged.

Partnerships

The grantee CAA serves as the fiscal agent and the CAA WCO serves as project coordinator. Partners include Calhoun Area Vocational Center which provides training, the Calhoun-Barry Small Business Center, which provides technical assistance in business development, and the Battle Creek Investment Growth Corporation, a loan fund which assists small businesses in the area.

IV. Self-Sufficiency Plus

Grantee Information

Grantee

Bi-County Community Action Council, Inc., Bemidji, Minnesota.

Overview of Program

Purpose of the Program

The project represents a multi-agency effort to meet the needs of the target population, non-elderly low-income households. The premise of the program is that agency networking at the program level and case management services at the client level will increase satisfaction with life and the self-sufficiency of program participants.

Target Population

The target population includes all non-elderly low-income households from Beltrami and Cass Counties (a total population of 3,644 households). It is estimated that the project will serve approximately 206 households and 700 individuals (beneficiaries). Of these, 95% of the households receive some form of public assistance, 46% will be female headed households, 78% will be without employment at the time of enrollment in the program, 75% of the households will

have children, and 15% of the households will be Native American.

Description of the Program

All non-elderly low-income individuals residing in Beltrami and Cass Counties will be sent letters describing the Self-Sufficiency Plus program and requesting consent for participation. For those who express interest in the program and are assigned to the treatment group, an orientation meeting will be held. The orientation sessions will help the participants identify career values and interests. After the orientation meeting, those randomly selected to participate in the program will receive a follow-up counseling session with the project coordinator to assist them in selecting a service provider.

Case management services are provided at the next intervention phase. Counseling, referral and supportive services will be provided by the case manager. The case manager assists the participants in developing realistic, step-by-step action plans oriented towards achieving self-sufficiency goals.

Self-sufficiency will be viewed from three perspectives: educational attainment, involvement in public assistance programs and employment status. Educational attainment will be measured by: number of months enrolled in a formal educational program, number of educational certificates and diplomas received and the number of courses completed. Involvement in public assistance will be measured by: total public assistance payments (includes payments under individual assistance programs received by participants) and the number and type of public assistance programs for which the participants are eligible and/or in which they are enrolled. Employment will be measured by: the number of hours worked per week, number of participants employed full time and part time and the monthly earned income of participants.

The project will establish a monthly forum for participating agencies to discuss ways to improve the program and the provision of services to the target population. The project also proposes to establish a consumer advisory committee to provide recommendations to the agencies on how to improve the program.

Partnerships

Self-Sufficiency Plus will form partnerships with Bemidji State University (education and training), Bemidji Technical Institute (education, training and social services), Adult

Basic Education and General Education Development Programs, Red Lake Tribal Social Services, Bemidji American Indian Employment Council (education, training, employment, and support services), Bi-County Community Action Council (case management), and Rural Minnesota CEP (JTPA sponsor—to provide employment and case management).

V. Capital Opportunities

Grantee Information

Grantee

Human Resource Development Council, Inc., Bozeman, Montana.

Overview of Program

Purpose of the Program

The project will establish a loan fund to offer capital options to low income citizens who want to establish and develop a micro-business (5 or less employees). Entrepreneurial training, technical assistance, and support in combination with access to small low interest loans will enable participants to start or expand their own business and become self-sufficient.

Target Population

Dislocated workers, victims of farm closure, AFDC recipients, displaced homemakers, persons age 18–21, and other economically disadvantaged individuals of Gallatin, Park, Meagher, and Madison Counties in Montana.

Description of the Program

Capital Opportunities (CO) is a partnership between a community incubator, business support services, and a loan for micro-businesses. Headwaters Entrepreneur Resources, Inc. (HERI), is an existing community incubator that provides entrepreneurial training, technical assistance, and support to individuals interested in starting their own business. CO will establish a loan fund for low income persons, form a loan review board, pursue additional loan fund capital, establish a loan fund manager, pursue state waivers regarding AFDC and self-employment, advocate for business insurance, and advocate for commercial loans.

Participants will receive training and support by HERI to develop a business plan and apply for a loan from the loan fund. The loan fund review board will approve loans based on established criteria. Clients who get loans will continue to have access to the services of HERI and other partners. Loanees will be monitored on a regular basis so that a potential weakness in a business

will be identified in time for remedial technical assistance.

Partnerships

The project has two levels of partnerships. The primary partnership is District IX, Human Resource Development Council, Inc. (HRDC), and Headwaters Entrepreneur Resource, Inc. (HERI), the micro-business incubator.

A number of sub-partnerships are listed including the Chamber of Commerce, business associations, Montana State University, educational entities, city commissions, county commissions, local banking community, Montana Department of Commerce, Montana Department of Labor, Montana Department of Social and Rehabilitative Services, and other human service providers. These sub-partnerships will provide the necessary community linkages.

VI. Headstart Opportunities for Parents Through Employment—Project HOPE

Grantee Information

Grantee

Columbus Metropolitan Area Community Action Organization, Columbus, Ohio.

Overview of Program

Purpose of the Program

The Headstart Opportunities for Parents through Employment—Project HOPE is designed to provide intensive employment services aimed at promoting the self-sufficiency of program participants. The use of case managers as a liaison between the employer and the employee will assist in improved workplace functioning and improve job retention. Project HOPE is also designed to identify individuals with entrepreneurial talents and skills and assist them in starting a business. Goals of the program include:

- To provide economic stability and training to ensure the assumption of community and family responsibility for low-income and Head Start families
- The formation and effective coordination of economic and social resource development systems that assume an advocacy position for low-income and unemployed populations
- To provide a data base to effect legislation and policy changes as they relate to public assistance recipients
- To provide more effective and efficient uses of private and public resources in the area of job development.

Target Population

The target population will be a pool of approximately 200 Head Start families. For the purposes of the project (and reflecting the demographics of the Franklin County Head Start population), each family will consist of an adult parent or parents between the ages of 15 to 35 with children related by marriage or adoption. The majority of Head Start parents are black, on public assistance, single heads of households and unemployed.

Description of the Program

Once a family is identified and recruited, a comprehensive assessment will be provided. This assessment will include measures of family functioning and employment status information. The support needs of the family will also be reviewed. After the assessment period is completed, clients will be engaged in a four-week pre-employment and motivational training program designed to ready them for the world of work and life planning. Clients will then be ready for training and/or job placement.

The project will include an entrepreneurial program for clients who would benefit from a small business development program.

Partnerships

An Interagency Council will be formed to function as an intervention as well as a partnership. The members of the Council and their respective services are listed below. The Private Industry Council of Franklin County will provide skill training, basic education, GED preparation and on-the-job training. The Columbus Area Chamber of Commerce will provide linkages with employers. Additional employment assistance will be provided by the Building Trades Council (pre-apprenticeship screening and preparation for training). Day care services will be provided by the Franklin County Human Service Department. The City Department of Human Services will also serve on the Council. Their participation will allow job development with the city. The Small Business Resource Center will provide workshops and assistance in entrepreneurial activities.

VII. Family Self-Sufficiency Project

Grantee Information

Grantee

Mid-Iowa Community Action, Inc., Marshalltown, Iowa.

Overview of Program

Purpose of the Program

The Family Self-Sufficiency Project is designed to assist AFDC recipients achieve self-sufficiency. The interventions focus on self-sufficiency as a set of competencies that can be developed. The measurement of self-sufficiency is related to a reduction in AFDC benefits. Self-sufficiency competency development will be coupled with a case managed approach.

Target Population

The project will serve AFDC recipients residing in Hardin, Marshall, Poweshiek, and Tama counties. Project participants must have a working age (18-60) adult in the family and an income no greater than 125 percent of the poverty guidelines. Applicants who have been off of assistance less than two consecutive months, or are an unemployed parent or disabled adult are not eligible.

Description of the Program

Income maintenance workers, during eligibility intake interviews, will discuss with AFDC applicants ways to increase their self-sufficiency. These workers (trained to provide "nurturing interviews") will describe the Family Development program to eligible AFDC recipients and encourage them to enroll in the program. The Family Development program consists of an in-depth assessment of the family; defining the self-sufficiency competencies including the focus for new skill development; teaching family goal-setting and goal-seeking skills; teaching families how to find and use the resources which meet their self-sufficiency needs; and teaching families how to establish support networks with appropriate community organizations and institutions. The self-sufficiency competencies that will be addressed include: problem-solving, social networking, family relations, self-esteem and parental attitudes.

Based on this assessment, goals and objectives are set to further develop self-sufficiency. Client case reviews by the two responsible agencies (Department of Human Services and Mid-Iowa Community Action) are then held monthly.

Partnerships

The project will link three agencies as participating partners. The Mid-Iowa Community Action will provide the primary intervention—the Family Development services. The local subdistrict office of the Department of Human Services will provide the initial

intervention provided to the clients, the nurturing eligibility interview and orientation to the Family Development program. The National Resource Center for Family Based Services, part of the University of Iowa School of Social Work, will develop and provide training in interview techniques to project staff.

VIII. Operation Community Uplift

Grantee Information

Grantee

Clackamas County, Social Services Division, Oregon City, Oregon.

Overview of Program

Purpose of the Program

This project is designed to raise the level of self-sufficiency of people in public housing.

Target Population

The target population will comprise residents of Clackamas Heights and Oregon City View Manor Housing projects. This population is predominantly very low income, female heads-of-household with a high percentage of children living in poverty.

Description of the Program

Through an array of services designed to increase community participation and empower the community to make educated employment decisions, this project hopes to raise the self-sufficiency level of the residents of two housing projects in suburban Portland. Participants will be encouraged to join self-help groups, workshops, and seminars. They will be provided intensive case management support assistance and employment-related assistance. Participants' progress toward self-sufficiency will be measured both qualitatively—by feeling better about themselves and being actively involved in helping others in the community—and quantitatively, by the elimination of need for food stamps or AFDC.

Partnerships

- Housing Authority.
- Camp Fire.
- Department of Human Services.
- Oregon Department of Human Resources.
- United Way.

IX. Homeless Family Self-Sufficiency Project

Grantee Information

Grantee

Multnomah County Department of Human Services, Portland, Oregon.

Overview of the Program

Purpose of the Program

The purpose of this project is to assist homeless families in acquiring the resources necessary and establishing a social network that will enable them to move toward self-sufficiency.

Target Population

This project is targeted to homeless families at less than 125% of the poverty level.

Description of the Program

Participating families will undergo an initial needs assessment to identify immediate concerns and problems. Families will then be provided a case manager who will provide "easy access to emergency, maintenance, and self-sufficiency services in a way that supports the integrity of the family."

For the purposes of this project, a family that exhibits self-sufficiency is one that is able to function within the minimum norms of the community with regard to maintaining permanent shelter and income, reasonable family functioning, appropriate parenting practices, and demonstrates the ability to maintain an interdependent social support system and use this resource in times of crisis.

On a preliminary basis, personal and family functioning is defined as the capacity of the family and its members to carry out their responsibilities both to themselves and to others. Included here are activities concerned with maintaining good mental, physical, and emotional health, rearing children, and maintaining a household. The grantee proposes the creation of a Family Resource Center to make available personal resources through the provision of medical services, independent living skills training, self-image support groups and other groups that will facilitate the maintenance of mental, physical, and emotional health.

Housing adequacy is defined as a continuum from true homelessness to having stable shelter. Existing church night shelters, 90-day transitional units, and permanent housing will provide environmental resources. Client cash stipends will be made available to pay rent and deposits when necessary to secure transitional and stable housing. Operationally, stability of housing will be defined as a family moving no more than once during the year after leaving ninety day transitional housing.

Economic self-sufficiency is defined by the acquisition of adequate income, preferably through permanent employment. This will be measured with

a series of graduated steps, with the end criteria being at least one adult family member having a full-time job three months after project completion that pays sufficiently to cover the family's expenses. Economic resources will be made available in the form of employment through a local Job Corps Program and local businesses with temporary positions. An employment counselor at the Family Resource Center will later assist participants in locating more permanent positions which match their interests.

Financial assistance will be provided through public assistance programs until adequate employment is obtained. Volunteers will also be available to train families in financial planning. Realistically, public welfare or AFDC support may be the most appropriate source of income for some families, so the scaling will have to reflect this type of support as a reasonable goal.

Social support resources are defined on the basis of a family's social network, including friends, relatives, and community groups. The notion here is that families who are not isolated but rather who have interdependent sources of emotional and informational support will be better able to achieve self-sufficiency. Social networks will be formed with cooperation from church, civic, cultural/ethnic, and existing recreational/leisure groups.

Partnerships

Partnerships have been established with the following agencies:

- Coalition for Homeless Families.
- Community Action Agency of Portland.
- Portland State University, Regional Research Institute (Evaluation).
- State Adult and Family Services.
- Private Industry Council.
- Oregon State Extension Services.
- REACH Community Development Corporation.
- Mercy Corps International.
- Local Businesses.

X. Partnership for Youth Self-Sufficiency

Grantee Information

Grantee

County of San Diego, Department of Social Services, San Diego, California.

Overview of Program

Purpose of the Program

The Partnership for Youth Self-Sufficiency is designed to provide employment preparation, skill training and employment to at-risk high school youth. The project will work with students identified as "at risk" of

dropping out of school, thus improving these students' chances of achieving a high school education and an adequate employment status.

Target Population

The project will serve tenth, eleventh and twelfth graders attending San Diego High School who have been previously identified as educationally at risk. A total of 160 students will be served. Students for the project will come from AFDC households; multiple ethnic groups will be represented including Hispanic, black, Asian, Philipino, Indo-Chinese and white students.

Description of the Program

Four existing programs at San Diego High School will be used to identify a pool of students who would be appropriate for the program. Once students are identified and enrolled in the program, the Department of Social Services' social worker, who is colocated on campus, will work with school personnel to develop employment plans parallel to the students' academic plans. At this stage, academic counseling, high school diploma planning, employment assessment and employment planning all occur. Based on the assessments, the student is then referred to appropriate academic courses (ESL, reading classes, math lab, etc.). Life skills training will also be provided, and each student will take a decision-making class. Students requiring pre-employment training will receive classroom instruction in these skills.

Job skill training will be provided to the students through on-the-job training (OJT). Actual job placement monitoring and followup will also be available to the student once OJT has been successfully achieved. The social workers will provide counseling and problem-solving assistance as needed during the job placements.

Partnerships

The project represents a partnership/joint effort of the San Diego Unified School District, San Diego High School, the Department of Social Services (Community Action Partnership Program, Employment Services Bureau), and San Diego State University.

XI. Homeless Employment Partnership

Grantee Information

Grantee

Metropolitan Development Council, Tacoma, Washington.

Overview of the Program

Purpose of the Program

The Project will provide case managed personal maintenance and employment related services to enable homeless men to become employed. The project will attempt to achieve a permanent change in life style from vagrancy to stable living.

Target Population

Employable homeless men in the Tacoma/Pierce County area.

Description of the Program

Through a consortium of service providers the grantee works with homeless men to become employed. This consortium, Homeless Employment Partnership (HEP), attracts potential program participants through personal maintenance services such as laundry, clothing, and phone lines. Homeless men are invited to a weekly pre-employment information workshop that explains the Comprehensive Competencies Program (CCP), an individualized training program to prepare individuals for employment. Interested persons are assessed for employability; those who meet assessment criteria are randomly assigned to an intervention group (CCP) or a waiting list control group.

The CCP is the primary intervention. It entails up to 160 hours of individualized academic and functional training that extends over 2 months with instruction given for about 4 hours a day. The program uses a computerized system of instruction and can result in the elevation of up to two grade levels. Training is provided in basic academic competencies, employment related skills, life skills aimed at improving self-esteem, health, nutrition, budgeting, consumer skills, and self-sufficiency (on time and task skills). Program participants are also taught how to conduct an effective job search. After training, participants spend a month working closely with a job placement counselor for job searching and placement.

Periodically, fifteen men will enter the CCP. Clients in the waiting control group enter CCP after their term on the waiting list. About 120 men are anticipated to enter the program of the grant period. Outcome data are collected at 30 days after completing CCP and at 6 months.

Followup will include biweekly employer/employee contact and monthly contact until the end of 3 months of employment. Individual/group counseling will be available to the participants for the duration of the project.

Partnerships

HEP is a partnership of five agencies: Metropolitan Development Council, Pierce County Community Action Agency, Martin Luther King Ecumenical Center, Tacoma Urban League, and Hospitality Kitchen.

XII. Bright Center Demonstration Partnership Project

Grantee Information

Grantee

North Coast Opportunities, Inc. (NCO), Ukiah, CA.

Overview of Program

Purpose of the Program

Bright Center Demonstration Partnership Program will provide a 2-year comprehensive job training and self-employment training program designed to help low-income women become self-sufficient.

Target Population

In each of the 2 years, the project will serve 50 low-income women, ranging in age from 18 to 50, and with an average of 2.3 children each. Fifteen percent of project participants will be ethnic minorities. The target group will include AFDC recipients, JTPA-eligible and GAIN-eligible trainees, and other low-income women.

Description of the Program

The project is part of a community-wide effort to stimulate economic development in the county, and includes establishment of a loan guarantee fund to provide financing for business start-ups by low-income women. Combination of resources (occupational, child care, health services, loans, etc.) creates a full-service approach to job placement and job creation, a significant departure from traditional efforts.

Intensive outreach efforts will include advertising via inserts to welfare checks, flyers, and publicizing success stories. NCO's Head Start program and other programs and community organizations will help recruit participants, and the Department of Social Services will present the NCO self-employment training option to AFDC recipients reporting self-employment income, and will promote the Bright Center alternative to all participants in GAIN, the state welfare-reform-training program.

Applicants will be asked to complete self-directed assessment activities prior to enrollment. Those interested in the self-employment option will be given additional screening including credit and debt history analysis and review of

the potential of the applicant's business idea.

Enrollees will meet weekly during the first month of the program to participate in goal setting, values clarification, personal effectiveness, and entrepreneurship. Individual action plans will be developed by the end of the first month, at which point participants will separate into either the Job Training or Self-Employment component.

All participants will engage in Personal and Family Development, including three-hour weekly workshops and support groups. This component is designed to help participants with problems such as addictive, dysfunctional family patterns and balancing parenting and work demands. Workshops will be given by project staff and Mendocino County Department of Public Health. Child care will be available to participants during classes, labs, training, workshops and support groups. Child care will be funded from matching contributions from the JTPA, NCO, and utilization of OCS grant funds as necessary.

Job training will be provided in one 2-semester cycle per year to 20 participants. Each will develop an individual employment plan including basic skills and vocational classes, GED classes, adult literacy tutors, community college classes, and work experience in coordination with volunteer employers. Each participant will spend 15 hours a week in these activities. Clients will participate in 8 weeks of job readiness training for 2 hours per week.

Self-employment training, the most significant departure from the standard Bright Center program, involves a partnership with the Mendocino County Office of Education to provide training to women who wish to start a business. Fifteen women each semester (30 total in Year 1) will receive 180 hours of instruction.

A Loan Guarantee Fund will be established to serve as a source of startup financing for self-employment training graduates. \$10,000 in unrestricted funds has already been allocated by the NCO Board of Directors, and further development of the fund through community and foundation support is expected. Completion of a business plan is a prerequisite to access the fund. The Savings Bank of Mendocino County will provide services of a loan officer to review loan proposals and help develop the fund's operational procedures.

Continuous support will be offered to program completers who have secured a job or started a business. Job Training graduates can attend bimonthly 2-hour

evening support groups, and graduates will stay in touch via frequent mailers, questionnaires, and requests to serve as mentors and role models for current clients. Self-employment training (SET) graduates will be supported through the partnership of NCO and Ukiah Community Center. Using funds provided through a grant from the Irvine Foundation in San Francisco, the partnership proposes to establish a company to offer business planning and technical assistance, other business incubator services, and business financing for low-income female entrepreneurs. SET graduates will also have access to the loan fund and business incubator services. NCO's Business Services Group will provide services on a sliding fee schedule. SET graduates will also be referred to Mendocino Development corporation for additional services.

Partnerships

Partners are North Coast Opportunities, Inc., (NCO) (the CAA grantee), Mendocino County Office of Education—Regional Occupational Programs, and the Ukiah Community Center. Other cooperating agencies are the Mendocino County Youth Project and the Mendocino County Department of Public Health. Two other NCO projects involved are Head Start and Rural Communities Child Care.

XIII. Developing Black Males

Grantee Information

Grantee

Operation Threshold, Inc., Waterloo, Iowa.

Overview of Program

Purpose of the Program

This program is designed to provide third- and fourth-grade black males with environmental (family foundation, role models) and culturally relevant educational support to overcome fourth grade failure syndrome. In the long run, these students will then have a better opportunity of finishing high school and obtaining employment.

Target Population

The program's target population comprises third- and fourth-grade black males from low income, female head-of-household homes.

Description of the Program

This program focuses largely on the notion of self-concept. It aims to improve the child's self-concept by (1) Enrolling his family in a self-sufficiency program, and thus increasing self-

esteem in the whole family, (2) training teachers in more effective methods for interacting with black male students, so that the students do not feel they are viewed as "problems", and (3) providing an adult black male role model to fill the father role and to show the students that they can do positive things with their lives.

While work is being done with the children to build their self-concepts and improve their academic performance, staff will also work with the students' families through Project MOVE, an existing self-sufficiency program. Staff will coordinate, with other agencies, "a variety of resources to help the family meet their basic needs while the parent moves toward employment." The parents will remain involved in the self-sufficiency program as long as their children are involved in the other components of the project.

Partnerships

Waterloo District Schools.

XIV. DuPage County Demonstration Partnership Program

Grantee Information

Grantee

DuPage County Department of Human Resources, Wheaton, Illinois.

Overview of the Program

Purpose of the Program

The DuPage County Self-Sufficiency Program will attempt to improve the self-sufficiency of AFDC recipients through a comprehensive intervention involving education and job training, housing assistance (already being provided by the DuPage Housing Authority), and intensive case management.

Target Population

AFDC recipients who are already receiving housing assistance.

Description of the Program

Not available. Since the original application was submitted, the program design has changed, because the grantee received much less funding than requested. In particular, no new housing assistance will be provided; rather, clients will be those who are already receiving housing assistance at the time of program enrollment. No description of the revised program has been provided.

Partnerships

The original plan was for DuPage County Department of Human Resources (the grantee) to provide job placement and training, and DuPage County Housing Authority to make housing certificates or vouchers available to appropriate participants and to screen and refer housing clients to the job placement and training program. It is not clear now what the Housing Authority is contributing to the partnership, other than referral of clients.

XV. High Risk Youth

Grantee Information

Grantee

Yolo County Community Partnership Agency, Woodland, California.

Overview of Program

Purpose of the Program

The program will increase the number of youth who graduate from high school by providing self-esteem building/motivation training, literacy skills training, individual counseling, and summer work experience.

Target Population

Youth between the ages of 16 and 18 who are at risk of dropping out of school, who meet program criteria, and go to school within the Washington Unified School District, a rural county. These are primarily youth from low income families in an area of high unemployment.

Description of the Program

The project is designed to increase the number of high risk youth who complete high school and enter the labor market with basic educational and employment skills. The focus will be on low income youth who are referred to an alternative school, Yolo High School, by City Police Departments, school attendance review boards, the Yolo County Probation Department, Department of Social Services, and other sources.

Specific needs of the youth will be met by providing a 190-hour self-esteem building/motivational curriculum combined with the traditional academic curriculum; a participant centered approach to learning; ongoing individual personal, academic, and career counseling; and pre-employment skills training. Nine skill areas are covered in the self-esteem/motivational curriculum. These areas include: lifestyle, values, self-esteem, communication, self-responsibility, handling conflict, coping with stress, career exploration, and goal setting.

Partnerships

Partnerships will include the Yolo County Probation Department, Washington Unified School District, and the Department of Social Services.

[FR Doc. 91-11069 Filed 5-13-91; 8:45 a.m.]

BILLING CODE 4150-04-M

Test Report

Tuesday
May 14, 1991

Part III

Department of Energy

Office of Conservation and Renewable
Energy

10 CFR Part 430
Energy Conservation Program for
Consumer Products: Energy Conservation
Standards for Three Types of Consumer
Products; Final Rule

DEPARTMENT OF ENERGY

Office of Conservation and Renewable Energy

10 CFR Part 430

[Docket No. CE-RM-88-101]

Energy Conservation Program for Consumer Products: Final Rule Regarding Energy Conservation Standards for Three Types of Consumer Products

AGENCY: Office of Conservation and Renewable Energy, DOE.

ACTION: Final rule.

SUMMARY: The Energy Policy and Conservation Act (EPCA), as amended by the National Energy Conservation Policy Act (NECPA), the National Appliance Energy Conservation Act (NAECA), and the National Appliance Energy Conservation Amendments of 1988 (NAECA 1988), prescribes energy conservation standards for certain major household appliances, and requires the Department of Energy (DOE or Department) to administer an energy conservation program for these products. Among other things, the NAECA amendments to EPCA require DOE to consider amending the energy conservation standards for dishwashers, clothes washers, and clothes dryers.

DOE has determined that revised energy conservation standards for clothes washers, clothes dryers and dishwashers would result in a significant conservation of energy and would be economically justified. Therefore, the Department is today amending Title 10, part 430 of the Code of Federal Regulations to add new standards for these products. More stringent standards, including the maximum technologically feasible levels, were considered by the Department, but rejected based upon consideration of the economic analyses. These standard levels are to take effect May 14, 1994.

EFFECTIVE DATE: May 14, 1994.

ADDRESSES: A copy of the Technical Support Document may be read at the DOE Freedom of Information Reading Room, U.S. Department of Energy, Forrestal Building, room 1E-190, 1000 Independence Avenue, SW., Washington, DC, 20585, (202) 586-6020, between the hours of 9 a.m. and 4 p.m., Monday through Friday, except Federal holidays. Copies of the Technical Support Document may be obtained from: U.S. Department of Energy, Office of Conservation and Renewable Energy, Forrestal Building, Mail Station CE-43,

1000 Independence Avenue, SW., Washington, DC 20585, (202) 586-9127.

FOR FURTHER INFORMATION CONTACT:

Michael J. McCabe, U.S. Department of Energy, Office of Conservation and Renewable Energy, Forrestal Building, Mail Station CE-43, 1000 Independence Avenue, SW., Washington, DC 20585, (202) 586-9127.

Eugene Margolis, Esq., U.S. Department of Energy, Office of General Counsel, Forrestal Building, Mail Station GC-41, 1000 Independence Avenue, SW., Washington, DC 20585, (202) 586-9507.

U.S. Department of Energy, CE-43.1, Docket No. CE-RM-88-101, Forrestal Building, room 6B-025, 1000 Independence Avenue, SW., Washington, DC 20585, (202) 586-9320.

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I. Introduction

a. Authority

Part B of Title III of the EPCA, Public Law 94-163, as amended by NECPA, Public Law 95-619, by NAECA, Public Law 100-12, and by NAECA 1988, Public Law 100-357,¹ created the Energy Conservation Program for Consumer Products other than Automobiles. The consumer products subject to this program (often referred to hereafter as "covered products") are: Refrigerators, refrigerator-freezers and freezers; dishwashers; clothes dryers; water heaters; central air conditioners and central air conditioning heat pumps; furnaces; direct heating equipment; television sets; kitchen ranges and ovens; clothes washers; room air conditioners; fluorescent lamp ballasts; and pool heaters; as well as any other consumer product classified by the Secretary of Energy. Section 322. To date, the Secretary has not so classified any additional products.

Under the Act, the program consists essentially of three parts: Testing, labeling, and Federal energy conservation standards. DOE, in consultation with the National Institute of Standards and Technology (NIST), is required to amend or establish new test procedures as appropriate for each of the covered products. Section 323. The purpose of the test procedures is to produce test results that measure the energy efficiency, energy use, or

¹Part B of Title III of EPCA, as amended by NECPA, NAECA, and NAECA 1988, is referred to in this notice as the Act. Part B of Title III is codified at 42 U.S.C. 6291 et seq. Part B of Title III of EPCA, as amended by NECPA only, is referred to in this notice as NECPA.

estimated annual operating cost of a covered product during a representative average use cycle or period of use and shall not be unduly burdensome to conduct. Section 323(b)(3). A test procedure is not required if DOE determines by rule that one cannot be developed. Section 323(d)(1). Test procedures appear at 10 CFR part 430, subpart B.

The Federal Trade Commission (FTC) is required by the Act to prescribe rules governing the labeling of covered products for which test procedures have been prescribed by DOE. Section 324(a). These rules are to require that each particular model of a covered product bears a label that indicates its annual operating cost and the range of estimated annual operating costs for other models of that product. Section 324(c)(1). Disclosure of estimated operating cost is not required under section 324 if the FTC determines that such disclosure is not likely to assist consumers in making purchasing decisions, or is not economically feasible. In such a case, FTC must require a different useful measure of energy consumption. Section 324(c). At the present time there are FTC rules requiring labels for the following products: Room air conditioners, furnaces, clothes washers, dishwashers, water heaters, freezers, refrigerators and refrigerator-freezers, central air conditioners and central air conditioning heat pumps, and fluorescent lamp ballasts. 44 FR 66475, November 19, 1979, 52 FR 46888, December 10, 1987, and 54 FR 28031, July 5, 1989.

For each of 12 of the covered products, the Act prescribes an initial Federal energy conservation standard. Section 325(b)-(h). The Act establishes dates of applicability for the standards in 1988, 1990, 1992 or 1993, depending on the product, and specifies that the standards are to be reviewed by the Department within 3 to 10 years, also depending on the product. Section 325(b)-(h). After the specified period, DOE may promulgate new standards for each product; however, the Secretary may not prescribe any amended standard which increases the maximum allowable energy use, or decreases the minimum required energy efficiency of a covered product. Section 325(l)(1). The Department's current review of standards is for dishwashers, clothes washers, and clothes dryers. Section 325(g)(4)(A).

Any new or amended standard is required to be designed so as to achieve the maximum improvement in energy efficiency that is technologically feasible and economically justified. Section 325(l)(2)(A).

Section 325(l)(2)(B)(i) provides that before DOE determines whether a standard is economically justified, it must first solicit comments on a proposed standard. After reviewing comments on the proposal, DOE must then determine that the benefits of the standard exceed its burdens, based, to the greatest extent practicable, on a weighing of the following seven factors:

(1) The economic impact of the standard on the manufacturers and on the consumers of the products subject to such standard;

(2) The savings in operating costs throughout the estimated average life of the covered product in the type (or class) compared to any increase in the price of, or in the initial charges for, or maintenance expenses of the covered products which are likely to result directly from the imposition of the standard;

(3) The total projected amount of energy savings likely to result directly from the imposition of the standard;

(4) Any lessening of the utility or the performance of the covered products likely to result from the imposition of the standard;

(5) The impact of any lessening of competition, determined in writing by the Attorney General, that is likely to result from the imposition of the standard;

(6) The need for national energy conservation; and

(7) Other factors the Secretary considers relevant.

In addition, section 325(1)(2)(B)(iii) establishes a rebuttable presumption of economic justification in instances where the Secretary determines that "the additional cost to the consumer of purchasing a product complying with an energy conservation standard level will be less than three times the value of the energy savings during the first year that the consumer will receive as a result of the standard, as calculated under the applicable test procedure * * *."

Section 327 of the Act addresses the effect of Federal rules concerning testing, labeling, and standards on State laws or regulations concerning such matters. Generally, all such State laws or regulations are superseded by the Act. Section 327(a)-(c). Exemptions to

this general rule include: (1) State standards prescribed or enacted before January 8, 1987, and applicable to appliances produced before January 3, 1988 (section 327(b)(1)); (2) State procurement standards which are more stringent than the applicable Federal standard (section 327(b)(3) and (f)(1)-(4)); (3) State regulations banning constant burning pilot lights in pool heaters (section 327(b)(4)); and (4) State standards for television sets effective on or after January 1, 1992, may remain in effect in the absence of a Federal standard for such product (section 327(b)(6) and 327(c)).

b. Background

The purpose of this rulemaking is to review the energy conservation standards for clothes washers, clothes dryers and dishwashers.

As directed by the Act, DOE published an advance notice of proposed rulemaking, with a 60-day comment period that ended July 18, 1988. 53 FR 17712, May 18, 1988. (Hereafter referred to as the advance notice). The advance notice presented the product classes that DOE planned to analyze and provided a detailed discussion of the analytical methodology and analytical models that the Department expected to use in performing the analysis to support this rulemaking. The Department invited comments and data on the accuracy and feasibility of the planned methodology and encouraged interested persons to recommend improvements or alternatives to DOE's approach.

On August 9, 1989, DOE published a notice of proposed rulemaking concerning clothes washers, clothes dryers, and dishwashers. (Hereafter referred to as the proposed rule.) 54 FR 32744, August 9, 1989. For clothes washers, the Department did not propose a specific standard level; rather, DOE solicited comments and information within a range of standard levels. This range of standard levels considered is shown in Table 1-1, below. For clothes dryers, the Department proposed a prescriptive standard that would require clothes dryers to be equipped with an automatic termination device, either a moisture termination or temperature termination device. For dishwashers, the Department proposed a minimum energy efficiency standard. These proposed standards are shown in Table 1-1 below.

TABLE 1-1.—PROPOSED STANDARD LEVELS FOR CLOTHES WASHERS, CLOTHES DRYERS, AND DISHWASHERS

[Clothes washers]	
Product class	Energy factor (cu. ft./kWh/cycle)—January 1, 1993
1. Top Loading, Compact (1.6 ft. ³ capacity or less)	Must have an unheated rinse option to 1.02 cu. ft./kWh/cycle.
2. Top Loading, Standard 1.61 to 2.74 ft. ³ capacity or greater)	Must have an unheated rinse option to 1.32 cu. ft./kWh/cycle.
3. Top Loading, Large (2.75 ft. ³ capacity or greater)	Must have an unheated rinse option to 1.21 cu. ft./kWh/cycle.
4. Top Loading, Semi-Automatic	Must have an unheated rinse option.
5. Front Loading	Must have an unheated rinse option.
6. Suds Saver	Must have an unheated rinse option.

[Clothes dryers]	
Product Class	Requirement—January 1, 1993
1. Electric, Standard	Shall have moisture or temperature termination.
2. Electric, Compact (120V)	Shall have moisture or temperature termination.
3. Electric, Compact (240V)	Shall have moisture or temperature termination.
4. Electric Heat Pump	[Reserved].
5. Gas, Standard	Shall have moisture or temperature termination.
6. Gas, Compact	Shall have moisture or temperature termination.

[Dishwashers]	
Product Class	Energy Factor (loads/kWh)—January 1, 1993
1. Compact Dishwasher (115V)	0.58.
2. Standard Dishwasher (115V)	0.41.
3. Water Heating Dishwasher, Compact (115V)	Must be equipped with option to dry without heat.
4. Water Heating Dishwasher, Standard (115V)	0.44.
5. Water Heating Dishwasher, Compact (220V)	Must be equipped with option to dry without heat.
6. Water Heating Dishwasher, Standard (220V)	Must be equipped with option to dry without heat.

During the 60-day comment period ending October 10, 1989, DOE received 40 written comments, and testimony from 12 participants at the public hearing held in Washington, DC, on September 20, 1989. The issues raised are addressed in Section III of this notice.

On September 28, 1990, DOE published an Advance Notice of Proposed Rulemaking in the *Federal Register* regarding energy conservation standards for nine types of consumer products, including clothes washers. (55 FR 39624). Clothes washers were included in this advance notice because subsequent to the close of the comment period in this rulemaking, DOE became aware of a clothes washer design option currently in use in Europe which was not included in the proposed rule and upon which no comment was received. This design option (horizontal wash tub axis in top-loading washers) appears to have the potential for saving significant amounts of energy. Due to the absence of any comment, the horizontal axis design option was not considered for inclusion in this Final Rule as discussed below.

II. General Discussion

a. Maximum Technologically Feasible Levels

The Act requires that in considering any new or amended standards, the Department must consider those that "shall be designed to achieve the maximum improvement in energy efficiency which the Secretary determines is technologically feasible and economically justified." (Section 325 (1)(2)(A)). Accordingly, for each class of product under consideration in this rulemaking, a maximum technologically feasible (max tech) design option was identified. The max tech level is one that can be carried out by the addition of design options, both commercially feasible and prototypes, to the baseline units. DOE believes that the max tech feasible level must be capable of being assembled, but not necessarily manufactured, by the effective date of the amended standards.

The max tech levels were derived by adding energy-conserving engineering design options to the respective classes in order of decreasing consumer paybacks. For example, the max tech level for clothes dryers includes heat pumps, an expensive design that pays back the slowest of all designs. A complete discussion of each max tech

level, and the design options included in each, is found in the *Engineering Analysis*. See Technical Support Document, chapter 3.

Table 2-1 presents the Department's max tech levels for clothes washer, clothes dryer, and dishwasher classes:

TABLE 2-1.—MAXIMUM TECHNOLOGICALLY FEASIBLE LEVELS

Products & product classes	Unit energy consumption
Clothes Washers:	
Top Loading, Compact ¹	189 kWh/yr.
Top Loading, Standard Capacity ²	339 kWh/yr.
Clothes Dryers:	
Compact, Electric, 120V ³	140 kWh/yr.
Compact, Electric, 240V ³	151 kWh/yr.
Standard, Electric ⁴	338 kWh/yr.
Standard Gas ⁴	3.5/MBtu/yr.
Dishwashers:	
Compact, 115V	510 kWh/yr.
Standard, 115V	688 kWh/yr.

kWh/yr. = kilowatt hours per year
MBtu/yr. = thousand British thermal units per year.

¹ Capacity equals 1.45 ft.³

² Capacity equals 2.4 ft.³

³ Capacity equals 3.45 ft.³

⁴ Capacity equals 5.9 ft.³

The Department believes that these are the max tech levels from an engineering analysis standpoint. Each of the levels was evaluated in accordance

with the economic justification factors specified in the Act to determine economic justification.

The Department evaluated each max tech level to determine if it would be economically justified at the time the standards would become effective. DOE rejected energy conservation standards that had unacceptable impacts on consumers or manufacturers, e.g., unusually long payback periods and substantially adverse impacts on manufacturers' returns on equity (ROE), or that could result in a lessening of the utility of the product.

b. Energy Savings

1. *Determination of Savings.* The Department forecasted energy consumption through the use of the Lawrence Berkeley Laboratory Residential Energy Model (LBL-REM), which forecasted energy consumption over the period of analysis for candidate standards and the base case.² The Department quantified the energy savings that would be attributable to a standard as the difference in energy consumption between the candidate standard's case and the base case.

The LBL-REM is an improvement of the Oak Ridge National Laboratory Residential Energy End Use Model (ORNL Model), which was used by DOE in previous standards rulemakings. The LBL-REM is explained in the TSD. Appendix B to that document addresses the LBL-REM in detail. The LBL-REM contains algorithms to project average efficiencies, usage behavior, and market shares for each product.

The market share calculations for the dishwasher, clothes washer, and clothes dryer analyses contain the following steps: Potential purchasers may purchase any competing technology within an end-use, or none. For dishwashers, the decision to purchase or not is modeled, and the fraction of the total that chooses each class, e.g., standard 115V, is specified exogenously. Long-term market share elasticities have been assumed with respect to equipment price, operating expense, and income. The effects of standards are expected to be lower operating expense and increased equipment price. The percentage changes in these quantities are used, together with the elasticities, to determine changes in sales volumes resulting from standards. Higher equipment prices will decrease sales volumes, while lower operating expenses will increase them. The net result depends on the standard level

selected, and associated equipment prices and operating expenses.

The LBL-REM is used to project residential energy use over the relevant time periods for these three products with and without amended standards. By comparing the energy consumption projection at alternative standard levels with NAECA's 1988 standards, the Department estimated the amount of energy projected to be saved during the period 1993-2015.³ The energy saved is expressed in Quads, i.e., quadrillions of Btu's. With respect to electricity the savings are quads of source or primary energy, which is the energy necessary to generate and transmit electricity. The Act defines "energy use" as the quantity of energy directly consumed by a consumer product at point of use. This is generally called "site" energy, as opposed to "source" energy. There are major differences between these types of energy. In 1987, the amount of electrical energy consumed at the site was less than one-third of the amount of source energy that was required to generate and transmit the site electrical energy.⁴ Therefore, it is important to identify whether the electricity involved is site or source energy.

The LBL-REM projections are dependent on many assumptions. Among the most important are responsiveness of household appliance purchases to changes in energy prices and consumer income, future energy prices, future levels of housing construction, and options that exist for improving the energy efficiency of appliances. As is the case with any complicated computer model simulation, the validity of the outputs is critically dependent on the inputs.

2. *Significance of Savings.* Under section 325(l)(3)(B) of the Act, the Department is prohibited from adopting a standard for a product if that standard would not result in "significant" energy savings. While the term "significant" has never been defined in the Act, the U.S. Court of Appeals, in *NRDC v. Herrington*, 768 F.2d 1355 (DC Cir. 1985), concluded that Congressional intent in using the word "significant" was to

³ LBL-REM was programmed to analyze a single standard level or alternate standard levels over the entire period. That is, the fact that a standard might be revised during subsequent rulemakings was not considered by the model. The Department believes that it is not possible to predict what result such reviews may have, and therefore it would be speculative to model any particular result. Therefore, for purposes of this rulemaking, each standard level that was analyzed was projected to have been in place from the time of implementation to the year 2015.

⁴ Energy Information Administration, *Electric Power Annual 1987*, Tables 25 and 82, DOE/EIA-0348(87), 1987.

mean "non-trivial." *Id.* at 1373. Thus, for the rulemaking, DOE believes that each standard level considered results in significant energy savings.

c. Rebuttable Presumption

NAECA established new criteria for determining whether a standard level is economically justified. Section 325(l)(2)(B)(iii) states:

"If the Secretary finds that the additional cost to the consumer of purchasing a product complying with an energy conservation standard level will be less than three times the value of the energy savings during the first year that the consumer will receive as a result of the standard, as calculated under the applicable test procedure, there shall be a rebuttable presumption that such standard level is economically justified. A determination by the Secretary that such criterion is not met shall not be taken into consideration in the Secretary's determination of whether a standard is economically justified."

If the increase in initial price of an appliance due to a conservation standard would repay itself to the consumer of energy savings in less than three years, then it is presumed that such standard is economically justified.⁵ This presumption of economic justification can be rebutted upon a proper showing.

d. Economic Justification

As noted earlier, section 325(l)(2)(B)(i) of the Act provides seven factors to be evaluated in determining whether a conservation standard is economically justified.

1. *Economic Impact on Manufacturers and Consumers.* The engineering analysis identified improvements in efficiency along with the associated costs to manufacturers for each class of product. For each design option, these costs constitute the increased per unit cost to manufacturers to achieve the indicated energy efficiency levels. Manufacturer, wholesaler, and retailer markups will result in a consumer purchase price higher than the manufacturer cost.

To assess the likely impacts of standards on manufacturers, and to determine the effects of standards on different-sized firms, the Department used a computer model that simulated hypothetical firms in the three industries under consideration. This model, the

⁵ For this calculation, the Department calculated cost-of-operation based on the DOE test procedures. Therefore, the consumer is assumed to be an "average" consumer as defined by the DOE test procedures. Consumers that use the products less than the test procedure assumes will experience a longer payback while those that use them more than the test procedure assumes will have a shorter payback.

² The base case for these three products represents NAECA's 1988 standards, which are design standards only.

Lawrence Berkeley Laboratory Manufacturer Impact Model (LBL-MIM), is explained in the TSD. See Technical support Document, appendix C. LBL-MIM provides a broad array of outputs, including shipments, price, revenue, net income, and ROE. An "Output Table" lists values for all these outputs in the base case and in each of the standards cases under consideration. It also gives a range for each of these estimates. A "Sensitivity Chart" shows how ROE would be affected by a change in any one of the model's nine control variables.

For consumers, measures of economic impact are the changes in purchase price and annual energy expense. The purchase price and annual energy expense, i.e., life-cycle cost (LCC), of each standard level are presented in chapter 6 of the TSD. Under section 325 of the Act, LCC analysis is a separate factor to be considered in determining economic justification.

2. Life-cycle Costs. One measure of the effect of proposed standards on consumers is the change in operating expense as compared to the change in purchase price, both resulting from standards. This is quantified by the difference in LCC between the base and standards cases for the appliance classes analyzed. The LCC is the sum of the purchase price and the operating expense, including maintenance expenditures, discounted over the lifetime of the appliance.

The LCC was calculated for the range of efficiencies in the Engineering Analysis for each class in the year standards are imposed using consumer discount rates of 2, 7, and 15 percent. The purchase price is based on the factory costs in the Engineering Analysis and includes a factory markup plus a distributor and retailer markup. Energy price forecasts are inputs that are taken from the 1989 *Annual Energy Outlook* of the Energy Information Administration (DOE/EIA-0383(89)). Appliance usage inputs are taken from the relevant test procedures and recent Procter and Gamble data. (Procter and Gamble (P&G) No. 27, at 2-3.⁶)

The differences in LCC between the base case and various levels of standards for dishwashers, clothes washers, and clothes dryers are presented in chapter 6 of the TSD. These LCC's are calculated at a 7 percent discount rate; a higher rate, e.g., 15 percent, gives a smaller difference,

while a lower rate, e.g., 2 percent, produces a greater difference. This results because the consumer benefits, i.e., reduced operating expenses, accrue over the life of the appliance, and are discounted back to some base year. Therefore, the lower the discount rate, the greater the resulting consumer benefits after discounting. In addition, as can be seen in the various LCC curves, the use of a higher discount rate results in a flatter curve.

When the LCC numbers are plotted graphically (on the Y axis) against unit energy consumption (on the X axis), the data generally produce a curve that is concave from above in shape. This means that at first the LCC curve will decline as efficiency improvements are made, will reach a minimum (which may or may not be discrete), and then rise. This indicates that the first efficiency improvements will produce energy savings, the value of which will more than pay for the design change. As additional efficiency improvements are made, it becomes increasingly costly to save more energy, and, eventually, the value of the energy savings will not cover the expenditures for the design improvements.

The minimum of the LCC curve was of particular interest in the analysis. The minimum of the curve represents that level of efficiency improvements that maximizes the difference between the value of energy saved and the additional consumer expenditures for the relevant efficiency improvements. Therefore, design options that corresponded to the minimum point were considered as standard levels for each class.

The Department conducted a net present value (NPV) analysis to assess the differential economic impacts on consumers that would occur from the adoption of amended standards for these three products compared to a base case with no change in the NAECA-imposed 1988 standards. See Technical Support Document, chapter 5. The LBL-REM calculates the total expenditure for each product (discounted total value of energy consumption from 1993 through the last year of use for those products purchased through the year 2015), plus the total discounted expenses for equipment purchased from 1993 through 2015, with more stringent standards and with NAECA 1988 standards. The NPV analysis is similar to the LCC analysis, in that the greatest NPV should occur at the standard level that corresponds to the LCC minimum for the product.⁷ The

NPV for each product at the different standard levels is identified in section IV of this notice.

3. Energy Savings. While the significant conservation of energy is a separate statutory requirement for imposing an energy conservation standard, the Act requires DOE, in determining the economic justification of a standard, to consider the total projected savings that are expected to result directly from revised standards. DOE used the LBL-REM results, discussed earlier, in its consideration of total projected savings. The savings for the three products are provided in section IV of this notice.

4. Lessening of Utility or Performance of Products. This factor cannot be quantified. In establishing classes of products and design options, the Department tried to eliminate any degradation of utility or performance in the three products under consideration in this rulemaking. That is, to the extent that comments, or DOE's own research, indicated that a product included a utility or performance-related feature that affected energy efficiency, a separate class with a different efficiency standard was created for that product. In this way, the Department attempted to minimize the impact of this factor as a result of the standards that were analyzed.

5. Impact of Lessening of Competition. The determination of this factor is to be made by the Attorney General. This determination is presented for each product in section IV of today's notice. In addition, a copy of the Attorney General's letter containing the findings is published below.

Dear Mr. Davis: By letter dated October 24, 1989, the Department of Energy ("DOE") transmitted to the Attorney General a notice of proposed rulemaking (54 FR 32744) addressing energy standards for three classes of household appliances. Section 325 of the Energy Policy and Conservation Act, as amended in 1987 (42 U.S.C. 6295), requires the Attorney General to determine the impact, if any, of any lessening of competition likely to result from the proposed standards. Competitive impact is one of seven criteria to be considered by DOE in evaluating proposed standards. This letter contains the competitive impact determination of the Department of Justice ("Department").

Summary

The evidence available to the Department does not indicate that any significant lessening of competition is likely to result from the imposition of the proposed standards for dishwashers and clothes dryers

⁶ Comments on the proposed rule have been assigned docket numbers and have been numbered consecutively. Statements that were presented at the September 20, 1989, public hearing are identified as Testimony.

⁷ The NPV of a standard, per appliance, is calculated for all affected appliances that are purchased in the projection period, while the LCC is calculated only for the lifetime of an appliance that

is purchased in the first year of the relevant standard. Therefore, NPV and LCC estimates, per appliance, may not correlate exactly.

contained in DOE's Notice of Proposed Rulemaking. For dishwashers, it is the Department's judgment based on the available evidence, that no significant adverse competitive impact is likely; but, under certain limited conditions described below, an unquantifiable adverse competitive impact would be possible. For clothes dryers, the evidence affirmatively suggests that no adverse competitive impact is likely. The evidence available to the Department indicates that a significant lessening of competition may result from the imposition of the proposed standards for clothes washers under certain conditions.

The Notice of Proposed Rulemaking discusses some standard levels higher than the levels proposed but states that DOE concluded that these higher standards are not economically justified. Accordingly, the Department's competitive impact determination considers only the standards actually proposed and does not cover higher standards discussed but not proposed in the Notice of Proposed Rulemaking.

Discussion

In appraising the competitive effect of the proposed standards in the context of this statute, the Department has examined the relevant markets within which the standards will operate. The Department has then considered whether adoption of the standards would be likely to contribute to increased concentration levels and other relevant market conditions that would facilitate either oligopolistic pricing or actual price fixing. The Department has also considered whether, independent of or in conjunction with any increase in concentration, the standards would be likely to facilitate oligopolistic pricing or price fixing by increasing product homogeneity.

In this instance, the Department has utilized the HHI computations, commonly employed in market analysis and described in the Department's Merger Guidelines ("Guidelines"), as an initial "screen." At levels of concentration below 1,000, the number of competitors ordinarily is sufficient to make competitive pricing likely and to defeat oligopolistic pricing. Even if the standards resulted in increased costs and reduced the number of competitors, or increased product homogeneity in some measure, the Department generally would expect that markets with that level of concentration would continue to enjoy a substantial measure of competition.

The analysis of dishwashers, clothes washers, and clothes dryers is not completed by applying this screen because the risk of an adverse competitive impact is not diminished by the existing market structure as reflected in the HHI figures. Based on data contained in the technical support document, dishwashers, clothes washers, and clothes dryers have HHI figures of about 3,000, 3,100, and 3,300, respectively. These figures reflect high levels of concentration (according to the Guidelines, markets with HHI levels above 1,800 are highly concentrated). It is thus prudent to examine more closely the possibility that the standards could increase concentration within a market, increase product homogeneity, or both.

The possibility that concentration might increase depends primarily on whether compliance with the standards both (1) increases costs significantly and (2) results in such increased costs being felt more severely by some firms than others. Although increased costs may reduce demand, that alone would not necessarily affect market structure. However, concentration could increase if the cost increases are both significant and affect smaller firms more severely than large ones; costs that vary with output (e.g., adding an automatic termination device) should not disadvantage smaller firms while fixed costs or costs independent of output (e.g., redesign of a dishwasher) might disadvantage a smaller firm with a lesser number of units across which to spread the same fixed costs.

Nevertheless, before such asymmetrical cost increases could affect competition adversely, the increases would have to be sufficiently severe and asymmetrical that they would force from the market one or more of the smaller significant competitors or substantially decrease their market share. In addition, levels of concentration would have to rise substantially because of this effect. Unlike a merger, where the acquiring firm is likely to become substantially larger and the other firms would remain the same size, the common result of a firm exiting the market would be that each of the remaining significant competitors is likely to increase its market share to a limited extent. Finally, other market conditions (e.g., entry barriers) would have to be conducive to oligopolistic pricing or price fixing.

The available evidence in this instance does not demonstrate that such a lessening of competition would be likely to occur if DOE adopts the proposed standards for dishwashers. This evaluation is based on information concerning the identity and size of the principal competitors and other market conditions. However, for this class of products, the evidence does not wholly foreclose the possibility of an anticompetitive impact. For example, some evidence indicates that increases in fixed costs may occur and affect some smaller competitors much more severely than some larger ones. If the smaller firms thereby lose market share to their larger rivals, then the HHI for dishwashers could increase significantly (according to the Guidelines, a 50 point increase in the HHI in a highly concentrated market is significant). Other evidence, however, indicates that the market share of the largest competitor also may be significantly decreased, thus decreasing market concentration. If DOE concludes that its standards for dishwashers will alter significantly the structure of the market by substantially decreasing the relative size of the smallest significant competitors without a sufficiently large, compensating decrease in the largest firm's size, then a further review of the competitive impact would be warranted.

For clothes dryers, the evidence affirmatively suggests that no adverse competitive impact is likely. The evidence indicates that adding automatic termination devices will achieve the desired result and that the fixed costs associated with the

addition will be minimal and will not disproportionately affect smaller competitors.

For clothes washers, the available evidence indicates that a significant lessening of competition may occur under certain conditions. The Notice of Proposed Rulemaking indicates that proposed standard levels 1 and 2 can be met by eliminating the warm rinse option and adding thermostatic mixing valves. The available evidence indicates that some manufacturers may not be able to comply with the proposed standards by making just these design changes and may need to undertake more substantial redesign or retooling that would impose substantial fixed costs. If all competitors can meet the proposed standards by making the suggested design changes, then a significant lessening of competition is not likely. If, however, as the available evidence indicates, some competitors, such as Speed Queen, will have to engage in more substantial redesign or retooling to meet the proposed standards, then substantial increases in fixed costs will occur. These increased fixed costs are likely to affect smaller competitors much more severely than larger ones. If DOE concludes that its standards for clothes washers will drive the smallest significant competitor, Speed Queen, out of the market or significantly decrease its market share, then a further review of the competitive impact would be warranted.

The available evidence does not indicate a substantial threat that the standards for dishwashers, clothes washers, and clothes dryers would threaten competition by increasing product homogeneity. The dishwasher and clothes washer standards are performance rather than design standards, so that they can be met by different combinations of features. The clothes dryer standard is a prescriptive standard requiring all dryers to have an automatic termination device. The standard, however, allows manufacturers to choose between a moisture or temperature termination device. In addition, the energy-using characteristics of dishwashers and clothes washers, as well as the automatic termination device required for clothes dryers, represent only one aspect of these products, and existing variation in many other features would be expected to continue.

In making its determination, the Department has relied on the facts set forth in DOE's technical support document, as well as other information that could be collected by the Department in the time allowed and without the benefit of compulsory process.

Sincerely,

James F. Rill,

Assistant Attorney General.

6. Need of the Nation to Conserve Energy. The results of the environmental effects from each standard level for each product will be reported under this factor in the product specific discussion (section IV) of this notice.

7. Other Factors. This provision allows the Secretary of Energy, in determining whether a standard is economically justified, to consider any

other factors that the Secretary deems to be relevant. One such factor is the estimated water savings from more efficient dishwashers and clothes washers.

III. Discussion of Comments

The Department received 40 written comments in response to the August 1989, proposed rule, and received testimony from 12 persons at the September 20, 1989, public hearing. These comments addressed all aspects of the analysis. In this section, the Department will present discussions of the general analytical issues raised by the comments, followed by discussions of the product-specific issues.

c. General Analytical Comments

Markup

The Natural Resources Defense Council (NRDC), the Ohio Office of Consumers' Counsel (Ohio) and General Electric Appliances (GEA) commented on manufacturer markups used in the analysis. (NRDC, No. 5 at 20 and No. 16 at 51; Ohio, No. 22 at 8; and GEA, No. 21 at 26).

NRDC commented that the record does not support the markup assumption between factory and retail of approximately 1.5. (NRDC, No. 16 at 51).

The markups used in the analysis have been derived from manufacturer data over the history of this program, including the earlier 1980 rulemaking. Moreover, NRDC is mistaken regarding the markup used in the analysis. The total markup from manufacturer cost to retail price used is approximately 2.00, with the actual amount positively related to the unit's efficiency. The markup from manufacturer cost to manufacturer selling price, and from manufacturer selling price to retail price were considered separately. The markup to manufacturing selling price is approximately 1.37, while that to retail price is approximately 1.46. A complete discussion of the markup is found in the TSD. See Technical Support Document, appendix C. DOE has reviewed NRDC's comment and finds no basis for changing the markup.

In the analysis for the proposed rule, marginal variable costs to manufacturers were assumed to be passed on with a markup. The NRDC took exception to this, claiming that marginal variable costs cannot be marked up, only passed on. (NRDC, No. 16 at 51).

In response, the Department notes that the NRDC's contention is valid only in instances of perfect competition. Perfect competition is an economic model of a market with the following

characteristics: Each economic agent, i.e., buyer and seller, is so small relative to the market that it cannot influence price; the products of each seller are homogeneous, i.e., perfect substitutes; there is free mobility of all resources, including free and easy business entry into, and exit out of an industry; and all economic agents in the market have complete and perfect knowledge of the future.

Obviously, with these restricting requirements, no market has been or can be perfectly competitive.

One identifying characteristic of a perfectly competitive market is that firms are all producing at their optimal levels and thus no firm wishes to increase sales. Clearly, perfect or pure competition is not present here. Under conditions of imperfect competition, i.e., all forms of market structure except for perfect competition, marginal costs, i.e., the variable costs associated with the last unit of output, are passed on with a markup, and it is the ability to do so which is evidence of market power. Therefore, based on the consideration of the above, the Department has included a markup for all variable costs in the final rule.

In commenting on the impact of design options' costs and efficiencies on manufacturers' ROE, the Association of Home Appliance Manufacturers (AHAM) stated that the DOE analysis underestimated the negative impact of standards on manufacturers' profitabilities, or ROE's. In some cases, the analysis even suggested that return on equity would be increased by the imposition of standards. AHAM stated further that it appeared to be the relatively high cost/low efficiency design options that were the likely prospects for increasing ROE for the manufacturers. AHAM stated, "These conclusions not only defy common sense, but they contradict real world experience documented in the TSD." (AHAM, No. 29 at 2).

In response, the Department notes that AHAM is incorrect in believing that the TSD shows relatively high cost/low (incremental) efficiency design options are the likely prospects for higher ROE. In fact, there is no such correlation. In the case of standards, ROE may increase because of the manufacturers' ability to mark up marginal costs to buyers. It depends little on the energy efficiency nature of a design option. Therefore, this unsupported assertion that DOE's economic analysis selects high cost and less appropriate energy efficiency standards is wrong.

In the manufacturer analysis for the proposed rule, the Department noted that appliance prices had risen more

slowly than consumer and producer price indexes, despite increased energy and component prices during the last two decades.

From its statements, AHAM concluded that the Department

"recognized that even though appliance manufacturers experienced increasing costs for components, manufacturers were unable to completely pass these costs through to the consumer in the form of higher prices." (AHAM, No. 29 at 6).

The Department believes that AHAM's conclusion is incorrectly drawn. Saying that appliance prices have risen more slowly than standard inflation indices and that energy and component prices for appliance manufacturers have also risen implies nothing about whether or not manufacturers can completely pass costs through to the consumer. If energy and component prices have not risen as fast as inflation indices, manufacturers could pass through costs and the overall rise in the level of appliance prices would still be less than that of the Consumer Price Index. What's relevant is how appliance prices have risen relative to the increased costs of manufacturer inputs, not relative to inflation indices.

AHAM and Whirlpool suggested that the modeling of manufacturers' impacts was simplistic in that it assumed manufacturers' customers are individual end-users of the product purchased and, as such, have little power to control the prices they pay. These comments suggested that manufacturers face large retailers and buying groups who have monopsony power, i.e., who can put pressure on the manufacturers' selling prices. (AHAM, Testimony at 6 and No. 29 at 3-4; Whirlpool, No. 20 at 2).

On this point, both AHAM and Whirlpool are mistaken; the LBL-MIM does account for monopsony power, i.e., powerful purchasing groups, in the market for these products. The model does not simply assume that manufacturers face "individual end users." In fact, the LBL-MIM projects results of 32, 33, and 24 firms for the dishwasher, clothes washer, and clothes dryer industries, respectively. This is clearly higher than observed industrial concentration, since the four largest firms in each industry control over 90 percent of market share. The number of firms is estimated from data on revenues, costs, and ROE. The Department attributes this result of "greater than observed" competition to the monopsony power of these large buyers in the market, and it is part of the model. A "simplistic model" where profitability was estimated from the

observed number of firms would result in a much higher degree of profitability.

In its comment, Whirlpool appears to try to point out that the retailers are gaining even more power. This may well be true, but Whirlpool does not suggest that appliance standards will in any way contribute to this increase in monopsony power. DOE's task is to analyze how the position of manufacturers will differ from what it would have been without standards, not from what it is today.

In the manufacturer impact analysis, the Department concluded that there would be real increases in the pricing of appliances in the future. Whirlpool took exception to this conclusion:

"As we look to the future, sales of appliances will decline into 1990 and then grow for the next several years, however, this growth will be markedly slower than recent years. In fact growth in sales of the core products should average about 1.2 percent for the 1989 to 1994 time frame versus 1.9 percent for the previous ten years, which included a deep recession. During the strong growth years, prices of appliances have risen only 1.4 percent (since 1982) while inflation as measured by the Consumer Price Index has risen almost 29 percent. To remain profitable in this scenario, the industry has continued to improve costs and productivity, however, costs have risen more rapidly than productivity improvements in recent years. Therefore, most manufacturers were forced to raise prices in late 1988 and mid-1989. But, as industry volumes are declining, many manufacturers are searching for ways to increase their own sales levels to support plant fixed costs and capacity. The easy answer has been price discounting. With this approach, profit margins fall and smaller companies are likely to be impacted more significantly since they do not have the economies of scale. The DOE assumes real gains in pricing in future years which would not seem appropriate based on these facts." (Whirlpool, No. 20 at 1-2)

Whirlpool's assertion is that DOE assumes "real gains in pricing in future years which would not seem appropriate based on these facts." Whirlpool, however, provided only two comments about industry price setting, and both supported DOE's analysis.

Whirlpool's first point is that "costs have risen more rapidly than productivity improvements in recent years. Therefore most manufacturers were forced to raise prices * * *." This is exactly the situation described by the long run part of MIM; standards will cause cost increases much greater than productivity improvements, which will force most manufacturers to raise prices.

Whirlpool's second point is that "as industry volumes are declining, many manufacturers are searching for ways to increase their own sales levels. * * * The easy answer has been price

discounting." Whirlpool is saying that volumes are declining despite what was just said about volumes increasing at the rate of 1.9 percent over the last ten years. Whirlpool must therefore be referring to a short run phenomenon. The Department recognizes this short-run phenomenon which occurs regularly during downturns in the business cycle. DOE has run regressions to estimate the amount of price decline that is caused by the shortfall in sales during a slump, and then assumed that a shortfall in sales due to standards would cause the same short-run response in price. This analysis has been incorporated in the LBL-MIM's short-run analysis and the results are reported in chapter 7 of the TSD.

AHAM and Whirlpool were critical of the Department's conclusion that standards-induced, higher-priced appliances will lead to increased sales, profits, ROE, and competitiveness for the appliance industry. (Whirlpool, No. 20 at 3; AHAM, No. 29 at 6).

These comments are essentially critical of the LBL-MIM's operating expense elasticity. It is the operating expense elasticity that results in greater sales under standards. Whirlpool commented that the analysis uses too large an operating expense elasticity, and AHAM argues that a smaller operating expense elasticity would prevent the estimated price increases. AHAM stated that consumers' appliance purchase decisions are not usually influenced by energy efficiency factors, but, rather, by quality, price, and brand.

The Department's estimates of operating expense elasticity come from econometric work done by Oak Ridge National Laboratory (ORNL), which is cited in the TSD. Unfortunately, the comments do not provide an adequate basis for improving or replacing those estimates. DOE agrees that energy efficiency is probably not as important as the three factors cited by AHAM. It is not clear, however, that the comments contradict ORNL's estimated elasticities of -0.125 , -0.055 , and -0.257 for dishwashers, clothes washers, and clothes dryers, respectively. The Department agrees that operating expense elasticities may warrant further research. However, the commentators supply no quantitative information to justify any revisions.

The LBL-MIM is capable of predicting either an increase or decrease in ROE in the short run. While there may be a positive increase in shipments at some standard levels, an examination of the other standard levels illustrates the case of decreased shipments. In the short run, the model often predicts price will decline, with a loss in profit. In the long

run, however, (in the Department's analysis, about eight years) the change in shipments will be compensated for by changes in the industry's capacity which will eliminate the short-run decreases in firms' ROE's.

Whirlpool stated that a long-run result of energy conservation standards would be to lower profit margins. As a consequence, this could force remaining smaller manufacturers out of business or into consolidation with larger firms, thereby hurting competition. (Whirlpool, No. 20 at 3).

In response, the Department notes that because of the increasing industry fixed costs from investments in automation and productivity improvements, there has been an historic trend to increasing industrial concentration in the industries involved. Energy conservation standards have played no role in this trend and, given the size and direction of the predicted changes in ROE, they are unlikely to influence concentration to an appreciable degree.

LBL Residential Energy Model

The Environmental Defense Fund (EDF) commented that there is no basis for the LBL-REM's assumption that consumers respond to LCC when purchasing appliances, and that the opposite appears true. (EDF, No. 19, at 4).

The LBL-REM is used to project residential energy use during the relevant time periods. The model's projections are dependent on many assumptions; among the most important are responsiveness of household appliance purchases to changes in energy prices and consumer income, future energy prices, future levels of housing construction, and options that exist for improving the energy efficiency of appliances. As is the case with any complicated computer model simulation, the validity of the outputs is dependent on the inputs. While it may be argued that there is or is not a direct link between appliance purchase decisions and LCC, the Department's appliance standards analyses have shown that appliance efficiency, in general, has improved over the last 20 years. There may be certain appliance types or classes whose efficiencies have not increased or increased very little, but overall appliance efficiency has increased. This is supported by numerous filings to the Department on the appliance standards rulemakings and other information available to the Department, including submittals to the FTC for the appliance labeling program. See Technical Support Document:

Energy Conservation Standards for Consumer Products: Refrigerators, and Furnaces, DOE/CE-0277, (November, 1989) and Supplement to March 1982 Consumer Products Efficiency Standards Engineering Analysis and Economic Analysis Documents, DOE/CE-0045 (July, 1983). The Department utilizes all available information on appliance choice to calibrate the energy use forecasts of the LBL-REM; and while there may be questions concerning a particular algorithm, the Department believes that the LBL-REM provides reasonable forecasts.

DOE does not believe that most consumers actually calculate LCC; rather, that purchase decisions can be characterized as if an implicit tradeoff is being made between equipment price and operating expense. LBL-REM characterizes that implicit tradeoff in an LCC framework by using observed purchase behavior in order to project future efficiency choices that are a function of both equipment price and operating expense.

To calculate energy savings that can result from standards, EDF proposed an alternative methodology, which consisted of freezing efficiencies at current levels for the base case, and calculating energy savings against the fixed levels. DOE believes that if energy prices became sufficiently different from current values, appliance consumers would make a different choice of efficiency from what they are doing now. Thus, there is no basis for freezing the efficiency. Therefore, DOE rejects EDF's proposal.

Energy Prices

The Environmental Protection Agency (EPA), State of Oregon Department of Energy (ODOE) and the New York State Energy Office (NYSEO) commented on the appropriate values of energy prices for use in the analysis. (EPA, No. 36 at 3; ODOE, No. 15 at 3; and NYSEO, No. 32 at 11). EPA and ODOE argued that DOE should use marginal costs of energy and that by not using marginal costs, DOE underestimated the savings to society. NYSEO, on the other hand, agreed with the Department that it is "most appropriate for DOE to use national average energy prices and usage rates."

DOE has reviewed EPA's and ODOE's comments and disagrees. The purpose of the analysis is to estimate the impacts of standards on the Nation, including consumers and manufacturers. In analyzing the impacts of the standards on consumers, DOE performs LCC analysis as required by section 325(l) of the Act. Furthermore, DOE analyzes the payback of each standard level as required by section 325(l)(2)(B)(iii) of the

Act. In each analysis, the Department is required to consider the expense to the consumer. The consumer, as EPA recognized in its comment, pays the average cost, not the marginal cost. Similarly, in evaluating the effect of the standard on the Nation, DOE uses the LBL-REM to forecast energy savings and NPV. DOE believes that this calculation captures the effect of the standard on the Nation, whereas the marginal cost would overestimate the impacts, since not all energy used is at the marginal rate, and the marginal rate is typically the highest cost energy to produce. Therefore, after considering the above, DOE rejects the proposal to use marginal energy prices.

Payback

In accordance with section 325(l)(2)(B)(iii) of the Act, DOE is required to calculate the payback of each standard in the first year of the standard. In order to calculate this payback, DOE uses the forecast of efficiency from the LBL-REM and compares the increase in price of the appliance at each standard level to this level and the energy savings during the first year. AHAM commented that DOE should consider incremental payback, i.e., the individual payback of each design option, rather than the combined payback as presented in the August 1989 proposal. (Gants, Testimony at 7; AHAM, No. 29 at 4-6). The EDF, however, urged DOE to use the cumulative payback. (EDF, No. 3 at 3-4).

DOE has reviewed AHAM's proposal and disagrees; the Act clearly requires the Department to consider the cumulative impact of the standard in calculating payback in accordance with section 325(l)(2)(B)(iii). The Department, however, does consider individual paybacks when ordering the design options in the engineering analysis, and it considers incremental paybacks when evaluating the economic impact of standards. Therefore, in consideration of the above, the Department continues to calculate cumulative paybacks.

Whirlpool raised the issue of the difference in savings that exists for dishwashers and clothes washers, depending on whether the unit is connected to an electric or gas water heater. (Whirlpool, No. 20, at 8).

In reporting the paybacks and LCC results in the proposed rule, DOE presented only those for units connected to electric water heaters. DOE did not report the values for products connected to either gas or oil water heaters, products which represent over 50 percent of the market. The energy use analysis and NPV calculation in the LBL-REM, however, did include a

consideration of electric, gas and oil water heaters. After considering the issue, the Department decided to present payback and LCC results for dishwashers and clothes washers connected to either electric water heaters or gas water heaters. DOE is not presenting results for oil water heaters because the annual cost-of-operation of oil water heaters is nearly equal to that of gas water heaters; therefore the results for dishwashers and clothes washers connected to gas water heaters is representative of those connected to oil water heaters.

Rebuttable Presumption

Congresswoman Claudine Schneider (Schneider), ODOE, NRDC, NYSEO, EPA, Congressman John Dingell (Dingell), and Public Citizen argued that DOE has failed to prove why level 3 for dishwashers and clothes dryers and level 4 for clothes washers are not economically justified. (Schneider, No. 10 at 2 and Schneider *et al.*, No. 31 at 2; ODOE, No. 15 at 2; NRDC, No. 16 at 22-25; NYSEO, No. 32 at 4; EPA, No. 36 at 1; Dingell, No. 35 at 1-3; and Public Citizen, No. 34 at 1). ODOE argued that DOE had not adequately rebutted standards with paybacks less than three years, and that DOE should accept all measures with paybacks less than three years.

DOE has reviewed these comments. Today's Final Rule reflects the Department's consideration of these comments and includes more detailed discussion of the basis of the final rule.

Life-cycle Cost

NRDC claimed that higher standard levels were rejected in the proposed rule because the Department had suggested that "usage of an appliance, and therefore savings, may be a function of utility costs." NRDC stated that the Department made this assertion despite any empirical information to support it. Furthermore, NRDC charged that the proposed rule then stated, again without any empirical information to support the assertion, that consumers in areas with higher utility rates may already be purchasing the higher levels of efficiency in existing products. NRDC noted that the Department claimed that, if this were true, average savings could be lower than those that had been reported in the TSD (DOE/CE-0267, July 1989) that had been prepared for the proposed rule.

NRDC then stated that the Department's assertion is not only unsupported, "it is actually contradicted by the only regional data that has ever been submitted to DOE records

concerning appliance efficiency as a function of utility costs." NRDC cited the 1983 appliance proceedings, wherein the Carrier Corporation had submitted data showing that the areas of the country with the highest air conditioning expenses, i.e., New York (high rates) and Florida (high usage), had air conditioner efficiencies that were the same as the national average air conditioner efficiencies. Therefore, NRDC concluded: "Unless the assumptions of regional price- or usage-induced variation in appliance efficiency for these products are valid, DOE's whole rationale for reducing the level of proposed standards vanishes." (NRDC, No. 16 at 16-17).

NRDC is correct in stating that the Department did not present any empirical information to support its assertion that consumers in areas that have high energy expenses would tend to purchase appliances with efficiencies higher than the national average; NRDC is not correct, however, in concluding that if the assertion is invalid, the rationale for reducing the level of proposed standards vanishes. That is because there are seven factors of economic justification that the Department considered in arriving at its conclusions.

NYSEO charged that the Department was incorrect in raising the issue of regional impacts solely from the viewpoint of consumers who live in high energy price areas buying more efficient appliances than the national average, thereby leading to an overestimation of energy savings from standards. There is just as much reason to assert, according to NYSEO, that consumers who live in low energy price areas buy less efficient appliances than the national average, thereby leading to an underestimation of energy savings from standards. Without empirical information on the foregoing and to the extent to which either of these effects might be greater, the Department's use of national average energy prices and usage rates is no more likely to overstate the energy savings from standards than it is likely to understate the energy savings. (NYSEO, No. 32 at 10-11).

The Department is unaware of any data source that provides regional variation in usage, e.g., cycles per year by region, for dishwashers, clothes washers, and clothes dryers. However, because differences in regional energy prices are available, the Department conducted a sensitivity analysis of the life-cycle cost by design option for each class, utilizing regional residential energy prices for the lowest and highest priced census regions. The results of

these sensitivities are reported in chapter 6 of the TSD accompanying this rulemaking.

The Northwest Power Planning Council (NPPC), ODOE, NRDC, EDF, and NYSEO argued that DOE should adopt standards beyond the LCC minima and suggested that DOE should not place undue weight on the LCC component of the analysis. (NPPC, No. 13 at 2; ODOE, No. 15 at 1; NRDC, No. 16 at 9-14; EDF, No. 19 at 9; and NYSEO, No. 32 at 17 and 21). NRDC maintained further that DOE is violating the requirement of the Act by comparing one standard level with another standard level of lower efficiency. NRDC argued that "if Congress had intended DOE to set standards at the level that maximizes economic benefits, or at a conservatively low level that minimizes risk considering economic benefits, it would have said so." (NRDC, No. 16 at 11). Additionally, NRDC stated that "coincidence with minimum life cycle cost point is not a criterion set forth in the statute. If [a trial standards level] is 'technologically feasible' * * * and had economic benefits * * * it must at least be considered for the final rule as being the level achieving the maximum improvement in energy efficiency that is technologically feasible and economically justified." (NRDC, No. 16 at 12). Additionally, NYSEO stated that DOE cannot, consistent with the Act, reject a standard level as not economically justified just because it is not the optimum standard from an LCC perspective.

DOE agrees. No standard is rejected because it is not the optimum standard from an LCC perspective. However, DOE disagrees with the contention that the Department cannot consider that a standard level beyond the minimum LCC point is a burden, since it could preclude consumers from being able to buy the most cost-units. The Department believes that factor is consistent with the Act and can be considered under either section 325(l)(2)(B)(i) (I) or (VII).

Need of the Nation To Save Energy

Several comments took issue with the Department's failure to consider a number of societal benefits in the proposed rule, including environmental impacts and reduced dependence on foreign oil. (Schneider, Nos. 10 and 31, at 2; ODOE, No. 15 at 3; NRDC, No. 16 at 3-8; Ohio, No. 22 at 3; Washington State Energy Office (Washington), No. 33 at 2; and Public Citizen, No. 34 at 2). Public Citizen pointed out that in the proposed rule the Department limited consideration of "the need for national energy conservation" to the need for the

U.S. to reduce consumption of imported oil. Public Citizen argued that the Department failed to consider global warming, acid rain, and radioactive waste. In addition, Public Citizen pointed out that imports of oil reached 7.712 million barrels per day in 1983, the highest level since 1979, and that this poses an increased risk to national security and worsens the U.S. trade imbalance. Also, NRDC argued that standards improve electric utilities' demand projections and reduce the uncertainty over the need to construct electrical generating plants.

The Department agrees with these comments, and to the extent DOE had data, included these factors in the consideration of the *Need of the Nation To Conserve Energy*. Currently, the Department is not able to project the impact standards will have on radioactive waste; therefore, this concern was not considered.

Michael Shepard of the Rocky Mountain Institute (RMI) suggested that the Department should attempt to estimate the effects of standards on low-income people, who, it was stated, would be most affected by the price increases caused by standards. In particular, RMI urged the Department to consider the impacts of standards on the prices of used appliances. (RMI, No. 12 at 2).

The Department notes that insufficient data were provided in comments to analyze this issue. LBL-REM does not presently distinguish among income levels. Nevertheless, because the Department is sensitive to this issue, it is a valid area for future research.

Citing several studies, Paul Centolella of the Ohio Office of the Consumers' Counsel (OCCC) stated that energy conservation can create social benefits: "By redirecting consumer purchases from energy to appliances and personnel (sic) consumption, aggressive conservation can significantly increase employment and economic growth." (OCCC, No. 2 at 5).

The Department agrees that appliance standards can produce social benefits beyond the benefits that accrue to the purchasers of the more energy-conserving appliances. In fact, the environmental effects that are expected from each standard are examples of such social benefits; these have not only been quantified, but have also been considered in the development of the selected standard levels.

Utility Analysis

The NRDC raised several issues regarding the Department's analysis of the impact of standards on utilities.

First, NRDC pointed to a risk factor not considered by the Department that argues in favor of more stringent standards. Specifically, NRDC suggested that more stringent standards reduce the risk of utilities' overbuilding or underbuilding capacity. NRDC charged that in the utility analysis, the Department assumed that utilities will not consider the impact of appliance conservation standards in their energy demand forecasts. NRDC commented that this premise formed a basis for the analysis that showed reduced utility revenue from standards, and it is unfounded. (NRDC No. 16 at 16 and 58).

The Department agrees that standards reduce the uncertainty in forecasting electricity or gas sales faced by utilities, and that this is a benefit. However, the Department believes that quantifying this effect is not feasible. Uncertainty in utilities' forecasts for residential electricity or gas sales is caused by several factors, including projections of population, household formations and locations, and the ages and efficiencies of the household appliances. By establishing minimum efficiency standards on new appliances, the range of efficiencies in the marketplace is narrowed, and this should enable utilities to reduce somewhat the uncertainty in their forecasts. Given the number of variables on which such forecasts depend, the extent to which the forecast uncertainty is reduced by minimum appliance efficiency standards would likely be quite small. In addition, it would be extraordinarily difficult to estimate. This effect is discussed in the TSD, but not quantified.

NRDC also commented that the Department's model of utility ratemaking seems flawed. The Department performed calculations of the economic impacts of standards in terms of real dollars; in addition, DOE evaluated future power costs for electrical supply in real dollars. Public utility commissions, however, compute electric utility rates in terms of nominal dollars. As a result, NRDC suggested that there would be no revenue loss as a result of appliance standards; instead, there would be rate decreases. (NRDC, No. 16 at 60-61).

In response, the Department does not believe that the use of real dollars to evaluate utility impacts is misleading. The reader can convert to nominal dollars by assuming an inflation rate, and applying it to the annual impacts reported in the TSD.

Secondly, there is no easy translation of the impacts of standards into rate changes. Rates are determined as a function of the specific financial circumstances of each utility. The

Department believes that the effects on utility rates of the energy savings in this rulemaking are so small as not to justify the enormous effort required to quantify them. As a result, the Department is not changing its utility analysis.

Environmental Analysis

Environmental Impact Statement. A large number of comments discussed the environmental effects of appliance standards. Virtually all of the comments on this subject stated that the proposed rule would have a significant environmental impact on air pollution, including significant effects on acid rain and global warming. As a result, the comments concluded that the Department's Environmental Assessment was insufficient, and that the Department should have prepared a complete Environmental Impact Statement (EIS). (Schneider, Testimony at 2; Goldstein, Testimony at 23; Miller, Testimony at 6-7; Osann, Testimony at 2; Schneider, No. 10 at 2; Alexander, No. 14 at 3; NRDC, No. 16 at 62; EDF, No. 19 at 9; OCCC, No. 22 at 6; Schneider *et al*, No. 31 at 2; and Public Citizen, No. 34 at 3).

In addition, the EDF argued that DOE underestimated the economic benefit of the potential reductions in SO₂ emissions due to standards. (EDF, No. 19 at 3-4). EDF argued that the correct approach to estimating potential benefits is to multiply the average cost of emission reductions by the total emissions reductions over the entire period, rather than the marginal cost by the annual savings in a particular year.

DOE agrees with EDF and added that calculation to the Final Rule. The results of this calculation are shown under the *Need of the Nation To Conserve Energy* and in the environmental analysis as presented in section V of today's final rule.

The National Wildlife Federation (NWF), NRDC, and Public Citizen argued that if DOE had performed a complete EIS, the Department would have been able to calculate more of the impacts of the standards, including the impacts of more stringent standards such as those requiring heat pump clothes dryers and the impact of standards on the water consumption of clothes washers and dishwashers. (Osann, Testimony at 2; NRDC, No. 16 at 67-68; Public Citizen, No. 34 at 3-4). Alexander argued that by failing to recognize the full potential that strong appliance efficiency standards can achieve, the rule will allow more pollution of the environment. (Alexander, No. 14 at 3).

DOE disagrees with the comments that a full EIS should have been

performed. None of the comments took issue with the Department's calculation of SO₂, CO₂, or NO₂ reductions; rather, they argued that more stringent standards would have saved more energy and resulted in fewer emissions.

DOE agrees with this claim and notes that the proposed rule's EA presented the reductions in emissions at each standard level; these reductions were found not to be significant. With respect to comments that more stringent standards, e.g., requiring heat pump clothes dryers, would have beneficial environmental impacts, the Department has added this design option to the analysis, and the results are presented below.

Furthermore, the Department has added to the consideration of the *Need of the Nation to Conserve Energy* the environmental impacts of the standards, both for the total period analyzed and for a representative year. By so doing, the Department is ensuring that those environmental effects resulting from the different standard levels were considered in the economic justification criteria.

The Department continues to present the results for the year 2015 because by that time nearly the full impact of the standards would have occurred. In earlier years, e.g., 1995, which is two years after the standards go into effect, the standards would have had only limited effect on the marketplace. In later years, when more of the products in the marketplace have been subject to standards, the standards will have a greater impact on energy consumption and the environment.

Finally, NRDC argued that the courts require the Agency to consider:

"(1) whether the agency took a hard look at the problem; (2) whether the agency identified the relevant areas of environmental concern; (3) as to the problems studied and identified, whether the agency made a convincing case that the impact was insignificant; and (4) if there was an impact of true significance, whether the agency convincingly established that changes in the project sufficiently reduced it to a minimum." (NRDC, No. 16 at 63).

The Department has analyzed the environmental impacts of the standards as shown in the EA accompanying today's final rule. The EA considers the impacts of all the candidate standards, including the maximum technologically feasible levels and other levels rejected for economic considerations. In addition, as noted above, the environmental impacts were considered as part of the Department's economic analysis for each candidate standard.

level as shown in section IV of today's final rule.

In analyzing the environmental impact of standards, the Department considers the impacts to be in three areas: Energy consumption, power plant emissions and water consumption. These considerations are discussed elsewhere in this rule. Additional areas of potential impact are power plant construction and nuclear waste disposal. The Department is unable to measure if standards will have any effect on nuclear waste. However, the Department generally believes that the standards will not have any effect on nuclear waste because no new nuclear power plants that are not currently under construction or already scheduled for construction will come on line during the period of analysis. The Department believes that today's final rule will not affect utilities' decisions with respect to nuclear power plant construction. While it is possible to estimate the number of potential power plant savings, as if there were one national electric utility determining U.S. power plant construction, each individual utility makes its own decisions as to the number, size and type of generating units, subject to governmental review. Such decisions are usually made at a "local" level. The standards, however, are national standards and thus it is impossible to estimate to what extent, if any, standards would affect power plant construction.

The NWF commented that the EA for the proposed rule did not discuss the effects of the various options on water consumption. (NWF, No. 11 at 2).

In the analysis for the final rule, the Department did make specific calculations of the impacts on water consumption of the different candidate standard levels. See Technical Support Document, sections 5.1.6. and 5.2.6. As noted above, these water savings estimates were considered in the standards' selection decisions under Other Factors.

Discount Rate

Eleven comments addressed the discount rate used in the analysis. (Schneider, No. 10, at 2 and No. 31 at 3; RMI, No. 12 at 2; NPPC, No. 13 at 1; NRDC, No. 16 at 44-51; Whirlpool, No. 20 at 3; Ohio, No. 22 at 8; AHAM, No. 29 at 7; New York, No. 32 at 7; Washington, No. 33 at 1; and Public Citizen, No. 34 at 2).

The proposed rule used a discount rate of seven percent both for the calculation of LCC and, in the LBL-REM, for calculating energy use and NPV. The use of the discount rate in the projection of energy use is significant because the

LBL-REM projects marketplace demand for more efficient appliances based on the LCC. The LBL-REM assumes that as the price of energy increases, the LCC will increase. This results because the value of the energy savings resulting from more efficient equipment is greater, which, in turn, causes the marketplace to demand more efficient appliances.

Whirlpool, AHAM, and NYSEO commented that the use of a seven percent discount rate was reasonable. NYSEO commented that the use of the seven percent rate was the "most reasonable," while Whirlpool stated that the seven percent value is plausible and provides a calculation, with market assumptions, that results in 6.5 percent as an "average" consumer discount rate. (NYSEO, No. 32 at 7; and Whirlpool, No. 20 at 3). The Whirlpool calculation provided values for the fraction of appliance purchases being financed by various means; however, Whirlpool did not provide any basis for the values, nor did Whirlpool state from where or how these values were derived.

The approach Whirlpool proposed is similar to that put forward by the Department in the November 1989 Final Rule for refrigerators, refrigerator-freezer, freezers, and small gas furnaces. (54 FR 47916, November 17, 1989). In that Final Rule, DOE selected a seven percent discount rate based on a methodology derived from the Court decision. *NRDC v. Herrington*, supra at 110. As DOE discussed in the November 17, 1989, Final Rule, the applicability of the Court decision changed somewhat with the passage of the Tax Reform Act of 1986 (Pub. L. 99-514). The Tax Reform Act will have phased out the tax deductibility of interest paid on consumer loans by the time amended standards will be applicable. Based on the revised methodology, DOE calculated a range of real, after-tax, finance rates that consumers could incur; this range is from less than 1 percent to slightly more than 15 percent. As explained in the November 17, 1989, final rule, DOE selected seven percent for the analysis because it was near the mid-point of the potential consumer finance rates. In addition, DOE found that this approach has another advantage: It has a reasoned theoretical basis in that it is related to the opportunity cost of money for purchasing consumer durables; as such, it is justified in terms of the alternate consumer investment opportunities that are foregone in order to finance the purchases of appliances.

Some comments urged a discount rate of less than seven percent, based on the rates associated with appliance purchases. These included Schneider,

The American Council for an Energy-Efficient Economy (ACEEE), and Public Citizen. (Schneider, No. 10 at 2, and Schneider, et al., No. 31 at 3; ACEEE, Testimony at 4-5; and Public Citizen, No. 34 at 2).

None of these comments urging a lower consumer rate, based on real, after-tax rates associated with consumer purchases of appliances offered any empirical basis for the recommendation of a rate below seven percent. Ideally, if DOE could obtain empirical data on the methods that consumers use to pay for their appliance purchases, the Department could use a weighted average, real, after-tax, finance rate for a consumer discount rate in the analysis. Therefore, unless and until any broad-based empirical data can be developed on the methods consumers use to finance purchases of appliances, the Department will continue to use seven percent, for the reasons mentioned above.

Nevertheless, because the range of real, after-tax rates of finance is so broad, the Department has expanded its sensitivity runs from using 5 and 10 percent rates to using 2 and 15 percent rates. It is believed that this broader range of sensitivities will better reflect the wide variation in actual consumer financing rates, and, therefore, better capture the significance of any differences resulting from the range of rates.

Water Savings

EPA commented that the Department should calculate the value of water savings based on the marginal costs, not the average cost, and that the savings should be considered in the decision-making process. (EPA, No. 36 at 5).

The Department disagrees with EPA regarding the cost of water used in the analysis. As discussed above, the analysis is intended to provide an estimate of the impact of standards on consumers and the Nation. Individual consumers do not pay the marginal cost of water, as they do not pay the marginal cost of energy. Therefore, the analysis continues to use the average cost of water. However, the Department agrees with EPA regarding the consideration of water savings in the decision-making process, and, as noted above, included water savings in the economic analysis under Other Factors.

Test Procedures

NRDC commented that the existing test procedures should be used to the extent practical, and that the Department should propose modification wherever the analysis

suggests that changes are warranted. In those cases where the existing test procedure does not evaluate the performance of a design, DOE should evaluate the energy savings using an assumed test procedure. (NRDC, No. 16, at 24-25).

DOE interprets NRDC's comment to endorse setting standards based on a prospective test procedure rulemaking. This option, in DOE's opinion, is not an alternative in setting standards. For most products, moreover, the Act requires only that the test procedure be in place before a standard can be prescribed. Section 321(a)(6). Furthermore, as DOE's test procedure rulemaking history shows, most test procedures that have been adopted, including amendments to existing test procedures, include numerous changes from what was published in the proposed rule. These changes often affect the measure of a product's energy use. Therefore, if a standard could be adopted based on a prospective test procedure, DOE would question such a process because, in all likelihood, the final test procedure will be different from that proposed.

A number of other comments were raised regarding this issue, particularly with respect to automatic termination for clothes dryers and higher spin speeds for clothes washers. These comments will be addressed in detail in the product-specific discussion of today's final rule. However, with respect to the general issue of how the Department is to analyze the impacts of standards, section 325(l)(2)(B)(iii) of the Act requires the Department to base the payback calculation on the applicable DOE test procedure. Therefore, for the purpose of determining whether a standard level meets the rebuttable presumption test under section 325(l)(2)(B)(iii), the Department used the existing test procedure, including the test procedure's annual cycles of operation.

Based on information provided in comments on the proposed rule, and discussed below, the Department believes that the usage information in the test procedure for certain appliances, e.g. dishwashers, clothes washers and clothes dryers, does not reflect current usage practices. Additionally, the Department believes that use of the test procedure usage information in the LBL-REM and the LCC will result in incorrect estimates on the impact of standards on the Nation and consumers, since current usages are generally lower than test procedure assumptions. Therefore, for the purpose of calculating LCC, energy savings and

NPV, DOE used usage values which it considers to be reflective of current consumer usage patterns of the particular appliances. This approach is similar to what was done in the November 17, 1989, Final Rule for refrigerators, refrigerator-freezers, and freezers and small gas furnaces. Also, in the LCC analysis, the Department performed a sensitivity analysis which included the calculation of LCC using the test procedure values. The results of that analysis are shown in the TSD. See Technical Support Document, chapter 6.

Baseline Unit

Whirlpool, GEA, Nyle Corporation (Nyle), AHAM, and NRDC provided comments about the baseline unit used in the analysis for the proposed rule. (Whirlpool, No. 20 at 12, 13, and 32; GEA, No. 21 at 1, 10, and 20; Nyle, No. 24 at 4; AHAM, No. 29 at 1 and 2; and NRDC, No. 16 at 40-42). NRDC commented that the baseline unit should be the average efficiency, i.e., the shipment weighted energy factor (SWEF). Conversely, Whirlpool, GEA and AHAM each commented that the baseline unit was not representative of typical clothes washers, clothes dryers, and dishwashers.

The baseline unit is not the SWEF, but is a construction of the engineering analysis. It is used to estimate the cost and efficiency of a range of energy-conserving design options, including those in the max tech level. This information is used in the economic analysis, both in the LBL-REM and LBL-MIM. The Department did use the SWEF, however, for the purpose of projecting energy consumption, NPV, paybacks under the rebuttable presumption test, and impacts on manufacturers. In that way, the impacts on manufacturers, consumers and the Nation are calculated by comparing what would happen under different standard levels to what is expected to occur without any changes to the extant standards.

In the November 17, 1989, final rule for refrigerators, refrigerator-freezers, and freezers, and small gas furnaces, the Department used the maximum allowable energy use set by the Act as the baseline for refrigerators, refrigerator-freezers, and freezers for 1990. However, for the purposes of this analysis, the Department did not have similar guidance from the Act. The Act prescribes only design standards for clothes washers, clothes dryers, and dishwashers; products meeting this standard have a range of efficiencies. Therefore, for the Final Rule, the Department reviewed available data, including comments on the proposed

rule and manufacturers' submittals to the FTC for the appliance labeling program, to identify the range of efficiencies available in each class for each product type. A model with an efficiency slightly higher than the least efficient unit was then used as the baseline unit for the engineering analysis. Data and information from comments submitted in response to the August 9, 1989, proposed rule were then used as input to the economic analysis for the purpose of calculating impacts of standards.

Finally, Nyle commented that the baseline energy factor for clothes dryers was unrealistic. (Nyle, No. 24 at 4). Nyle went further to say that it had never seen a residential clothes dryer near this efficiency.

DOE does not understand this comment, since the efficiency estimates used in the engineering analysis included the results of testing reported to DOE. Furthermore, Nyle's comment is the only one that takes issue with the measure of efficiency. Therefore, DOE believes that Nyle must have misinterpreted the test procedure. The Department has not made any changes to the analysis in response to this comment.

Appliance Usage Data

P&G and AHAM provided information in their comments regarding clothes washer and dishwasher annual cycles of operation and clothes washer temperature use factors. (P&G, No. 27 at 2, and AHAM, No. 29 at 10-12). The P&G data show that the number of clothes washer cycles per year is declining; based on 1989-89 survey data, it is now 380 cycles per year, down from the test procedure value of 416. Similarly, the P&G data show that the number of dishwasher cycles per year is lower than the test procedure value, 286 cycles per year versus 322; however, the P&G data show that 1988-89 usage was higher than 1986-87, 286 versus 260. These new data are used in the economic analysis in the calculation of LCC, energy savings and NPV, as described above.

AHAM also argued that if the new usage data are not used, the energy savings potential will be overestimated and the payback period understated for each standard level. (AHAM, No. 29 at 10).

AHAM is correct with respect to the payback period; however, as explained above in the discussion of payback period, the Department is required by section 325(l)(2)(B)(iii) of the Act to use the "applicable test procedure," which the Department interprets as the extant

test procedure. Therefore, DOE rejects AHAM's comment with respect to payback period. With respect to energy savings, as discussed above, DOE used the new usage data in the LBL-REM to calculate energy savings.

Maintenance Expenses

AHAM proposed that maintenance expenditures should be included in the analysis and that they should equal 5-10% of the price of the appliance. (Gants, Testimony at 7). This estimate was based on what typically is charged to consumers for extended warranties. ACEEE and the EDF disagreed with an arbitrary maintenance expense figure. Maintenance expenditures should be included to the extent that increases (or decreases) in them can be documented; to add an arbitrary "fudge-factor" is not appropriate.

DOE agrees with ACEEE and EDF and has not adopted AHAM's recommendation. The only maintenance expenses to be used in the analysis are the incremental changes, positive or negative, from the baseline unit.

Maximum Technological Feasibility

DOE received six comments that it did not consider all commercially available technologies. (Schneider, No. 10 at 1; Schneider *et al.*, No. 31 at 1, NWF, No. 11 at 2, NRDC, No. 16 at 9, EDF, No. 19 at 1, and EPA, No. 36 at 4). Schneider and EDF argued that DOE had not evaluated all commercially feasible options identified in the proposed rule's TSD. NWF and EPA went beyond these comments to identify specific technologies for each product type for the Department to consider in the final rule. NRDC made the general argument that the Department had failed to propose standards that were at the max tech level and economically justified. The Department has considered these design options and others, where data are available, in the Final Rule. The design options considered are discussed in more detail in the product specific discussion below and in the TSD. See Technical Support Document, chapter 3 and appendix A.

b. Product-Specific Comments

1. Clothes Washers.

Classes

The Department had proposed six classes of clothes washers; top loading compact, standard, and large; top loading semi-automatic; front loading; and suds saving. Speed Queen commented that it was opposed to the creation of a large capacity, top-loading clothes washer class. It recommended that the classes be compact and

standard sizes. (Speed Queen, No. 28 at 1, 2). The company further commented that the standards as proposed, i.e. having a lower standard for large capacity machines than for standard capacity ones, would encourage manufacturers to build large units. Since the DOE test procedure rates capacity by measuring the total volume of the tub, companies could be subject to the lower energy factor by increasing the volume of the washer that is above the water fill and not need to incorporate design options which affect energy use.

In response to Speed Queen's comment, EDF and ACEEE stated that DOE should evaluate the relationship between energy use and volume. (EDF, No. 19 at 8, and ACEEE, No. 18 at 2). Whirlpool commented that the energy factor for clothes washers could be redefined to be equal to maximum basket volume divided by energy consumption. (Whirlpool, No. 20 at 22).

DOE has reviewed these comments and agrees that separate classes for standard and large size top loading clothes washers may result in manufacturers' redesigning products in order to meet the lower standard, as Speed Queen suggested, and that this could result in reduced energy savings. In addition, DOE investigated the relationship between energy use and capacity and found very poor statistical correlation (of $R^2 = 0.65$) between energy use and volume. This analysis was based on 1989 manufacturers' data supplied to the FTC as part of the appliance labeling program. In consideration of the above, DOE established three classes of top loading clothes washers for the final rule, standard (greater than 1.6 ft³ capacity), compact (1.6 ft³ capacity or less), and semi-automatic.

NWF commented that front-loading clothes washers should not have been placed into a separate class as DOE proposed. (Osann, Testimony at 3). NWF suggested, however, that if front loaders are a separate product class, then design options should be considered to make them more efficient. AHAM commented that front loaders can use less water, but because of configuration and size, they do not represent a large consumer market, and as a result, DOE had rightfully designated them as a separate product class. (AHAM, No. 29 at 21).

DOE reviewed the comments of NWF and AHAM and found they both have some merit. DOE agrees with AHAM that each type of machine, top- and front-loading, has a distinct consumer utility, and that typically there is a difference in energy efficiency between the two. However, DOE has found that

there are now horizontal-axis, top-loading clothes washers manufactured in Europe; this indicates that the difference in efficiency is not dependent on door placement, i.e., the utility related feature does not necessarily determine the product's performance. DOE believes that the horizontal rotation design of front loaders, which uses less water and therefore energy, can now be incorporated into top loaders as well. The Department has therefore added the horizontal axis design option to the top loading clothes washer engineering analysis, while retaining front loading as a separate class. See Technical Support Document, chapter 3, and appendix A.

Elimination of Warm Water Rinses

AHAM, Whirlpool and Maytag commented that the elimination of warm water rinses should not be considered as a design option because it would reduce consumer utility. (Whirlpool, No. 20 at 14, AHAM, No. 29 at 18 and 19, and Maytag, No. 17 at 2, and No. 40 at 6). Each commented that warm rinse has utility for arthritic people and those living in cold regions of the U.S. Also, Whirlpool testified that some woolen articles call for warm wash and rinse to prevent shrinkage. (Whirlpool, Testimony at 5). Furthermore, AHAM and Maytag commented that in order to avoid reaction to laundry chemicals, some consumers find it necessary to use a warm rinse. (AHAM, No. 29 at 19, and Maytag, No. 40 at 6). In addition, AHAM and Maytag commented that dryer energy would be increased three percent with a cold rinse.

NRDC, on the other hand, argued that there is no evidence that warm rinse provides significant utility to consumers. (NRDC, No. 16 at 42-44). NRDC further stated that not having a warm rinse has become acceptable to the market since 45 percent of Whirlpool's clothes washers do not have this option. Also, P&G commented that it "supports the use of cold water rinsing in clothes washers in general, and finds no performance reasons negating this move." (P&G, No. 27 at 4).

The Department notes that there are presently clothes washer models being sold that do not provide warm rinse choices. The energy savings from elimination of warm rinse are substantial (26 percent with 1975 P&G data used in the DOE test procedure and 19 percent with 1986-87 P&G data). It is a low cost, high energy savings option. The Department reviewed the comments and determined there is no evidence that a warm rinse is necessary in the washing process, especially in light of

the large number of clothes washers sold without it. Therefore, DOE included the elimination of warm rinse as a design option in the engineering analysis.

Whirlpool proposed that if the Department were to adopt a standard based on the elimination of warm rinse, the standard should be a prescriptive standard allowing the use of a warm water rinse that would have to be selected each time it was desired, i.e., a cold rinse default setting. (Whirlpool, No. 20 at 14.).

The standard considered was based on the elimination of warm water rinse. However, being a performance standard, it could also be met by a machine with a warm water rinse if other design options to improve efficiency were included. The Department notes that there are already models on the market with warm water rinse that could meet this standard.

Higher Spin Speeds

RMI, Public Citizen, NRDC, and EDF commented that the removal of water by increased clothes washer drum spin speeds could significantly reduce clothes dryer energy consumption and should be considered as a design option in the clothes washer analysis. (RMI, No. 12 at 6, Public Citizen, No. 34 at 1, NRDC, No. 16 at 35-36, and EDF, No. 19 at 1 and 3). NRDC and EDF recognized that the present DOE test procedure cannot evaluate this option, but that the TSD gives a feasible method of evaluating such a change, and that DOE should evaluate this option based on a revised test procedure. (NRDC, No. 16 at 35, and EDF, No. 19 at 1).

DOE rejects this proposal. As discussed above, the Act requires standards to be based on the applicable test procedure. Since the test procedure does not provide for this design, it cannot be included as a candidate for standards.

Thermostatically Controlled Mixing Valves

In the proposed rule, the Department calculated energy savings for this design option based on the assumption that the valves would control the hot water wash temperature to 120 °F.

In testimony at the public hearing, Whirlpool and Speed Queen contended that 120 °F is too low a wash temperature for washing clothes stained with grease and oil. (Schornhorst, *Testimony* at 6-8; Coates, *Testimony* at 4-5). These views were supported in comments offered by P&G and AHAM. (P&G, No. 27 at 3; AHAM No. 29 at 19-20). These companies believe that clothes washers' performance would

decrease at the lower temperature of 120 °F.

On the other hand, ACEEE stated that only a small segment of the population requires a hot wash temperature for clothes washing; for them, ACEEE argued that manufacturers could provide washing machines that would use 130° water for their hot water washes, while achieving the necessary energy savings elsewhere.

P&G, however, contended that virtually all purchasers of washing machines would have need of an occasional 130 °F hot water wash. Therefore, P&G strongly supported an 130 °F or better inlet water temperature be considered for all clothes washers in order to remove greasy soils.

Given P&G's extensive work in researching the solubility and the effectiveness of different laundering agents, the Department puts great credibility in its comments. As a result, for the Final Rule, the Department calculated energy savings for the thermostatically controlled mixing valves based on the assumption that the valves would control the hot water wash temperature to 130 °F. This reduced the estimated energy saving potential of that design option from that proposed.

Plastic Tub

Maytag, Whirlpool and AHAM all commented on the plastic tub design option. (Maytag, No. 17 at 2, Whirlpool, No. 20 at 19, and AHAM, No. 29 at 21). AHAM said that the design was technically feasible, but that incorporating it would require a major capital investment since plastic is not a direct substitute for steel. Whirlpool agreed that the effect of reducing thermal mass would be to improve efficiency, but stated that the savings are not achievable without sophisticated and expensive temperature controls. Maytag stated, however, that one of the means it used to reach proposed level 1, a 1.13 energy factor, was plastic tubs. Maytag did support AHAM's comment that the materials are not interchangeable. Maytag stated that when a plastic tub is used, greater clearances must be allowed to prevent any contact with the spinning wash basket.

After reviewing these comments, DOE believes that reduced thermal mass by the use of a plastic tub has energy-conserving potential and is, therefore, a viable design option. Accordingly, the Department included this design in the analysis for this rulemaking.

Motor Efficiency

Maytag, Whirlpool, and AHAM discussed the feasibility of increasing motor efficiency. (Maytag, No. 17 at 13-14, Whirlpool, No. 20 at 16 and 17, and AHAM, No. 29 at 20). Maytag stated that its motor suppliers were not capable of manufacturing a permanent split capacitor (P.S.C.) motor that would meet its torque requirements. Similarly, AHAM commented that motor efficiency can be increased, but that such motors do not provide adequate starting torque.

On the other hand, Whirlpool commented that its motor efficiency could be increased to the level calculated in the TSD but that the additional motor price would be \$14.60 instead of \$4.00, as estimated in the TSD. Additionally, Whirlpool stated that the improved motor would weigh more, requiring a change to the washer suspension system which would add an additional \$.50 to \$1.00 to each machine and cost 5 million dollars for retooling. In Whirlpool's opinion, this would not be economically justified.

In light of the comments received, DOE re-evaluated the motor cost data discussed in the TSD, including Whirlpool's, and has revised the estimated cost increase for the improved motor from \$4.00 to \$7.50. DOE recognizes that in some instances a heavier motor could exceed the capacity of the suspension system, requiring redesign and retooling, but DOE did not consider any retooling cost for this design option. The entire \$7.50 incremental cost for this design was treated as a variable cost.

Other Design Options

Comments were received concerning the possibility of including the additional design options of manual fill control, partial fill control and adjustable speed drives. (NRDC, No. 16 at 17, EPA, No. 36 at 4, RMI, No. 12 at 3, NWF, No. 11 at 3, and Public Citizen, No. 34 at 1).

With respect to improved fill control, AHAM commented that in 1987, 98.5 percent of clothes washers were equipped with manual water level switches. (AHAM, No. 29 at 22). Based on the comments submitted by AHAM, DOE concluded that the design options of manual fill control and partial fill control were adequately considered by the proposed baseline which incorporated manual water level controls.

With respect to adjustable speed motors, the Department notes they have the potential to save energy in space

heating and cooling equipment, as mentioned in the RMI comment when the load varies over time. (RMI, No. 12 at 3). However, in the case of clothes washing where the load is more constant, DOE does not believe that adjustable speed motors are applicable for energy saving purposes.

2. Clothes Dryers.

Heat Pumps

RMI, NPPC, NRDC, Maytag, Whirlpool, Ohio, Nyle Corporation (Nyle), AHAM, Washington State Energy Office (WSEO), and Public Citizen all discussed whether heat pump clothes dryers were technologically feasible, and/or whether they should be a separate class or design option for electric clothes dryers. (RMI, No. 12 at 7, NPPC, No. 13 at 2, NRDC, No. 16 at 28-33, Maytag, No. 17 at 9 and No. 40 at 3, Whirlpool, No. 20 at 58, Ohio, No. 22, at 7, Nyle, No. 24, at 1 and 2, AHAM, No. 29 at 26, WSEO, No. 33 at 2, Public Citizen, No. 34, at 1).

RMI, NPPC, NRDC, Ohio, Nyle, WSEO, and Public Citizen all argued that heat pump clothes dryers are technologically feasible and should be considered as a design option, not a separate class.

Nyle reported its success in manufacturing commercial heat pump dryers or closed cycle dehumidification dryers. Nyle has manufactured and installed hundreds of systems in commercial applications utilizing heat pumps for drying leather, wood, food, paper, and pharmaceuticals. (Nyle, No. 24 at 3). Nyle argued that this technology can be applied to clothes drying, and stated that the company is working with a commercial dryer manufacturer to offer a commercial line of heat pump clothes dryers. Nyle believes that this technology can also be extended to residential clothes dryers.

Maytag and Whirlpool both commented that two problem with heat pump clothes dryers are lint and water build-up, which would affect the performance and, possibly, the safety of the unit. (Maytag, No. 17 at 9 and No. 40 at 3, and Whirlpool, No. 20 at 58). Maytag cited its experiences with closed cycle condenser dryers and combination washer/dryers in which lint accumulation was a major problem, which contributed to Maytag's eliminating them from the marketplace.

Whirlpool also commented that a heat pump clothes dryer would require at least eight inches additional depth compared to a conventional electric dryer. (Whirlpool, No. 20 at 57). This was based on its assumption that the dryer would require a heat pump with a

capacity of 10,000 Btu/hour and would have a volume of more than 8,000 cubic inches. Whirlpool contended that in order to add the heat pump system to a dryer and maintain the same width (29") and height (35"), the additional depth for the system would be at least 8". Nyle, on the other hand, argued that the system fits into cabinets that are the same size as, and similar in appearance to, conventional dryers. (Nyle, No. 24 at 1).

Based primarily on Nyle's comments and experience, DOE is convinced that heat pump clothes dryers are technically feasible. DOE recognizes that lint build-up may be a problem, but also notes that Whirlpool implies that lint is a continuing problem in all clothes dryers. While Nyle did not address lint *per se*, DOE presumes that it is coping with the lint problem in its commercial models. DOE is not convinced that lint build-up is such a large problem as to preclude the technology. DOE is also convinced, based on Nyle's experience, that heat pump clothes dryers can be made to fit the same size space as conventional dryers by extending the back of the cabinet as far as the vent pipe extends in a conventional dryer and moving the control panel forward. Based on the comments, DOE has concluded that heat pump clothes dryers do not provide distinct utility to the consumer, and has included heat pumps (or closed cycle dehumidification systems) as a design option in the analysis for today's final rule.

Microwave Clothes Dryers

RMI, Rudy Pesci (Pesci), and NRDC supported the incorporation of microwave drying in clothes dryers, while Maytag and Whirlpool opposed the adoption of this technology as a design option in the analysis. (RMI, No. 12 at 7, Pesci, No. 30 at 1, NRDC, No. 37 at 2, Maytag, No. 40 at 3, and Whirlpool, No. 39 at 3, 5, and 6). RMI suggested that such a technology be considered in future proceedings, while Pesci and NRDC supported its consideration in this rulemaking. Pesci provided copies of patents issued for microwave clothes dryers, and technical and cost information concerning the technology, including limited test data on an operating prototype. NRDC commented that the only drawback is its inability to dry fabrics with metal threads.

On the other hand, Maytag and Whirlpool stated that safety problems exist with the unit, with Whirlpool even putting sample garments in a microwave oven set to full power to demonstrate some of the potential safety problems. (Maytag, No. 40 at 3, and Whirlpool, No. 39 at 3, 5, and 6).

DOE reviewed Whirlpool's comments and concluded that its experience of putting clothing in a microwave oven is not applicable to the prototype microwave dryer experience. DOE believes, based on the Pesci and the NRDC statements, that although some limitations exist with microwave clothes dryers, microwave clothes drying is a technically feasible design option. The Department, therefore, included it as a design option in the analysis for today's final rule.

Finally, NRDC provided information with respect to the cost and efficiency of microwave ovens and magnetrons. (NRDC, No. 37 at 2). NRDC stated that the prototype microwave clothes dryer made by Mahan Micro, Ltd., has a magnetron (the microwave generator) with an efficiency of 55 percent and that more efficient magnetrons are available, units with efficiencies as high as 75 percent. As part of an upcoming rulemaking on kitchen ranges and ovens, DOE has been gathering data regarding microwave ovens and magnetrons. Based on those data, DOE is unaware of magnetrons with efficiencies less than 75 percent. Apparently, the industry standard is a 75 percent efficient magnetron; the efficiency of the device is reduced when installed. The installed efficiency is generally in the 55 to 60 percent range. Based on the information available to the Department, DOE believes that the microwave clothes dryer that Mahan Micro, Ltd. manufactured actually has a magnetron of 75 percent efficiency. Therefore, the analysis is based on a 75 percent efficient magnetron, and DOE knows of no higher magnetron efficiencies at this time. With respect to the retail price of microwave clothes dryers, NRDC suggested a retail price of \$325 to \$625, or a \$25 to \$325 increase over the baseline unit. DOE used a price increase of \$395 and believes that the higher figure is more reasonable, particularly in light of the added features required, including humidity sensing and the magnetron.

Exhaust Heat Recovery

Public Citizen commented that DOE did not adequately examine the recycle exhaust heat design option. (Public Citizen, No. 34 at 1).

DOE disagrees; this design option was included in the proposed rule as standard level 4. In addition, it was included in the analysis for today's Final Rule. See Technical Support Document, appendix A.

EDF commented that DOE did not give a basis for not considering inlet air preheat. (EDF, No. 19 at 3). DOE did

consider inlet air preheat, as discussed in the TSD, but did not explain why it was not chosen as a standard level. DOE identified three methods of recovering heat that is generally lost from clothes dryers; they are recycled exhaust heat, non-condensing inlet air preheat, and condensing inlet air preheat. DOE believes the three methods of exhaust heat recovery are mutually exclusive. That is, only one can be used on a dryer. After examining the three different approaches, DOE found that the methods are approximately equal in their contribution to clothes dryer energy consumption, but that the option of recycle exhaust heat had a lower manufacturer cost and, therefore, was chosen as the design option for exhaust heat recovery.

In addition, Whirlpool and AHAM commented that each design has technical problems. (Whirlpool, No. 20 at 52; and AHAM, No. 29 at 25 and 26). Recycle exhaust heat has safety problems due to the potential of larger pieces of lint breaking off and being ignited by the electric resistance element or by the flame in a gas clothes dryer. Both inlet air preheat options have performance problems caused by the buildup of lint in the heat exchanger. DOE agrees with AHAM's and Whirlpool's comments concerning the technical problems with each design; however, as stated previously, the Department believes that lint is a problem in all dryers. These technologies may exacerbate the problem, but the Department is not convinced that the problem is so large as to render the technologies infeasible. Therefore, the Department has included exhaust heat recovery as a design option based on recycle exhaust heat because of its lower cost.

NRDC, EDF, Nyle, and Whirlpool each questioned the Department's estimate of the energy savings potential of this design option of this in clothes dryers. (NRDC, No. 16 at 37-39; EDF, No. 19 at 3; Whirlpool, No. 20 at 34; and Nyle, No. 24 at 4 and 5). NRDC, EDF, and Nyle argued that DOE had underestimated the savings. EDF estimated that 80 percent of the heat is exhausted, not 20 percent as estimated by DOE. NRDC cited a report by D. Hekmat and W.J. Fisk, *Improving the Energy Efficiency of Residential Clothes Dryers*, to support its argument that the energy savings potential was underestimated. Whirlpool, however, referred to an analysis submitted to the Federal Energy Administration in 1976 which claimed that "about 92% of the theoretical maximum energy utilization

in the dryer drum is already being attained." (Whirlpool, No. 20 at 34)

DOE reviewed these conflicting comments, but was not convinced that any changes should be made to the analysis regarding the heat loss, i.e., energy conservation potential, of clothes dryers.

Automatic Termination

DOE received a number of comments regarding the method of automatic termination, moisture or temperature, and the energy savings for each. ODOE recommended that moisture sensors should be the required option, while Dingell urged that DOE resolve the question of whether moisture sensing devices really save more energy than temperature sensing devices. (ODOE, No. 15 at 5; and Dingell, No. 35 at 3). NYSEO and NRDC both argued that the rationale used in the proposed rule (the test procedure gives both forms of automatic termination the same energy savings credit) is not sufficient to support a standard that would allow either option since the standard is a design standard, not an efficiency standard. (NRDC, No. 16 at 33; and NYSEO, No. 32 at 28). AHAM commented that manufacturers have found little difference between the two technologies. (AHAM, No. 29 at 25). Whirlpool provided results from a three year field test that measured a 13.0 percent savings for temperature sensors and a 13.6 percent savings for moisture sensors. (Whirlpool, No. 20 at 33).

Based on the Whirlpool data, DOE concluded that the credit given by the test procedure is justified and therefore based consideration of today's Final Rule on the credit given by the test procedure.

Timed Dry

Maytag, ACEEE, EDF, Whirlpool, GEA, and AHAM all commented that timed dry was required in certain instances. For example, Maytag commented that automatic termination is not effective when drying items on a stationary rack inside the dryer. In addition, Maytag commented that timed dry is necessary for those occasional loads that are not sensed properly by automatic controls or for partial drying prior to ironing. (Maytag, No. 17 at 7 and 8). Whirlpool agreed with Maytag and provided an extensive discussion of the situations where timed dry would be necessary. (Whirlpool, No. 20, at 37-47). ACEEE and EDF commented that the elimination of timed dry would decrease utility, and that it should be allowed, if the maximum setting were no longer than 30 minutes. (ACEEE, No. 18 at 2; and EDF, No. 19 at 7).

Maytag, Whirlpool and GEA stated that they would support a standard that would allow timers in conjunction with, but not overridden by, automatic controls. (Maytag, No. 17 at 10; Whirlpool, No. 20 at 47; and GEA, No. 21 at 22). GEA further stated that there should not be a limit on the setting for timed dry.

After reviewing the comments, DOE concluded that this feature, timed dry, is of benefit to consumers and should remain as a manually selected option. DOE is not able to determine if there is a basis for a limit on the timed dry; therefore, one is not specified.

Reduced Air Flow

RMI commented that reduced air flow could save energy, but that it would reduce consumer utility. (RMI, No. 12 at 7). DOE agrees, and therefore did not include it in the Final Rule.

3. Dishwashers.

General

Whirlpool commented that the proposed standard level 1 is technically feasible and cost justified, while Maytag commented that an energy factor of 0.37 for standard sized dishwashers is achievable. (Whirlpool, No. 20 at 6; and Maytag, No. 17 at 6).

DOE determined that standard levels more stringent than these are technically feasible and cost justified, as discussed below.

Water Temperature

P&G stated that its studies show that 130 °F water is needed for satisfactory fatty and greasy soil removal in dishwashers. (P&G, No. 27 at 3). P&G states that the wash temperature may not reach 130 °F until the third water fill. P&G's data indicate that the average tap temperature is 132.5 °F. P&G said that the water heater temperature should stay at 140 °F and that the dishwasher inlet temperature should be left unchanged. In addition, AHAM referenced a P&G report that shows "the need for 130-140 °F water in dishwashers." (AHAM, No. 29 at 17). Also, GEA stated that reduced inlet water temperature can be accomplished only through use of water heating dishwashers. (GEA, No. 21 at 4).

On the other hand, ACEEE and NRDC both commented that the Department had not presented evidence that loads containing animal fats would be insufficiently cleaned by lower water temperatures. (ACEEE, No. 10 at 6; and NRDC, No. 16 at 34).

DOE reviewed the P&G study and found that P&G studied four kinds of fat at three temperatures (90 °F, 120 °F, and

140 °F). 120 °F water appeared to remove most of the fats after one use and wash. However, on a seventh use and wash, the removal of one of the fats (pork) was inadequate.

The Department notes that there was no discussion of what took place between the first and seventh uses and washes to cause the problem. Additionally, there was no discussion of the use of alternative detergents. Furthermore, the comments do not address dishwashers with booster heaters such as water heating dishwashers.

NRDC, Portland General Electric (PGE), and ACEEE commented that booster heaters should be considered as a design option, not as a separate class. (NRDC, No. 16 at 34-35; PGE, No. 23 at 2; and ACEEE, No. 18 at 4).

After reviewing the comments, the Department has concluded that a water heating dishwasher, which is essentially the same as a standard dishwasher with a booster heater, does not offer a distinct utility to the consumer. Accordingly, the Department dropped from consideration water heating dishwashers, both 115 and 220 volts, as separate classes, and added, as a design option for standard dishwashers, booster heaters, which allow a 120 °F water heater set point while providing for the use of higher wash water temperature when necessary.

Improved Food Filter

GEA commented that reduced water consumption with an improved food filter would result in units with unacceptable washing performance. GEA further commented that its experience indicates that the addition of food filters saves 0.67 gallons of water per cycle, not the 2.2-2.3 gallons used in the proposed rule. (GEA, No. 21 at 3, 4, and 8). Whirlpool stated that an improved food filter allows the reduction of water use by 20 percent (5 to 4 fills). (Whirlpool, No. 20 at 6).

After consideration of the above, DOE has retained the improved food filter as

a possible design option to reduce hot water usage, as was done in the proposed rule. The intent of this design option is to reduce water usage from the 12 gallons used by the baseline model to 9.5 gallons used by two of the top rated dishwashers in the Consumer Report test submitted by NWF. The magnitude of this water reduction is compatible with Whirlpool's experience of improving the food filter. While there are other ways to reduce water usage, DOE used the improved food filter as being representative of this concept.

Three Fill

NWF, NRDC and ACEEE commented that a three-fill option for dishwashers should be fully analyzed. (NWF, No. 11 at 3; NRDC, No. 16 at 34; and ACEEE, No. 18 at 4). NRDC stated that DOE must analyze whether these models provide utility comparable to the four-fill models. AHAM commented that three-fill units have been manufactured but have shown poor performance. (AHAM, No. 29 at 16). Whirlpool stated that it is the manufacturer that produced the three-fill model referred to in the TSD, and that it no longer manufactures the model because of consumer complaints about performance. (Whirlpool, No. 20 at 13). Maytag commented that it had made a three-fill dishwasher that Consumer Reports criticized for poor washability; it could clean "prerinsed" dishes but not those that were not rinsed. Maytag discontinued the model because it could not provide comparable utility to four-fill models. (Maytag, No. 40 at 5 and 6).

DOE reviewed the comments and concluded that three-fill models do not provide the performance required of dishwashers. The Department, therefore, did not include this option in the analysis for today's final rule.

Fill Control

NRDC commented that the Department should have considered an improved fill control as a design option. (NRDC, No. 16 at 34). AHAM and

Maytag commented that improved fill controls do not work properly if the unit is not level, and that tolerances are manufactured into the unit to allow for this. (Maytag, No. 17 at 5; and AHAM, No. 29 at 15).

DOE agrees with Maytag and AHAM that out-of-level installation can affect dishwasher performance.

DOE finds, however, that an improved fill control is technologically feasible in that dishwashers can be installed level; therefore, DOE included it as a design option.

IV. Product-Specific Discussion

a. Clothes Washers

1. Efficiency Levels Analyzed. DOE examined a range of standard levels, including the 1988 NAECA standards for two classes of clothes washers. As discussed in the proposed rule, the Department did not consider standards for top loading semi-automatic, front loading and suds saving clothes washers. Today's final rule retains the 1988 NAECA standard for these three classes. The impacts of any revised standards for the two classes considered were compared to the 1988 NAECA standards. The impacts of the base case are generally not presented because they are calculated to be zero.

Table 4-1 presents the efficiency levels that had been selected for analysis. Alternate levels were selected to generate a range of impacts for analysis. These efficiency estimates are for standard and compact capacity, top-loading clothes washers. Standard level 1 corresponds to efficiencies achieved by elimination of all warm rinses; level 2 corresponds to efficiencies achieved by adding a more efficient motor; level 3 adds thermostatic mixing valves and a plastic tub; level 4 adds, to level 1, a horizontal-axis tub rotation; and level 5 adds, to level 4, thermostatic mixing valves and a plastic tub.

TABLE 4-1.—STANDARD LEVELS ANALYZED FOR TOP-LOADING CLOTHES WASHERS

Size	Energy factor (cu. ft./kWh)					
	Baseline	1	2	3	4	5
Compact *	0.67	0.90	0.92	0.96	3.07	3.19
Standard **	0.86	1.18	1.19	1.24	3.07	3.19

* Capacity less than 1.6 ft.³

** Capacity equal to or greater than 1.6 ft.³

2. Payback Period. Table 4-2 presents the payback period for the efficiency levels analyzed for the most prevalent

class of product (standard clothes washers). For standard capacity, top-loading clothes washers connected to an

electric water heater, standard level 1 satisfies the rebuttable presumption test, i.e., the additional price of purchasing a

product will be less than three times the value of the energy savings that the consumer will receive during the first year. In addition, for standard capacity, top-loading clothes washers connected to a gas water heater, standard levels 1 and 2 satisfy the rebuttable presumption test.

TABLE 4-2.—PAYBACK PERIODS OF DESIGN OPTIONS (YEARS) FOR STANDARD SIZE, TOP-LOADING CLOTHES WASHERS

Standard level	Payback period	
	With gas water heater	With electric water heater
1	0	0
2	2.2	0.8
3	7.2	2.7
4	5.6	2.6
5	6.8	3.2

3. *Significance of Energy Savings.* To estimate the base case energy savings by the year 2015 due to revised standards, the energy consumption of new clothes washers sold under the NAECA standards, i.e., the base case, is compared to the energy consumption of those sold under the candidate standard levels. For the candidate energy conservation standards, the LBL-REM projects that cover the period 1993–2015, the following energy savings could result for each:

- Level 1—0.57 Quad.
- Level 2—0.68 Quad.
- Level 3—0.81 Quad.
- Level 4—5.69 Quads.
- Level 5—5.92 Quads.

4. Economic Justification

A. *Economic Impact on Manufacturers and Consumers.* The per unit increased cost to manufacturers to meet the level 1 efficiency is \$1; to meet levels 2–5, the manufacturers' incremental cost increases are \$7.50, \$19, \$83.50, and \$19, respectively, for a standard, top-loading clothes washer. See Technical Support Document, table 3.16.

At those levels of efficiency, the incremental consumer price increases are \$0, \$11.50, \$30.30, \$129.10, and \$30.20 for standard levels 1–5, respectively. See Technical Support Document, table 6.7.

The per unit reduction in annual cost of operation (energy expense) at level 1 is \$25.70 and \$11.40 for a top-loading standard-sized clothes washer connected to an electric water heater and a gas water heater, respectively; standard level 2 would reduce energy expenses by an additional \$1.10 and \$1.10; standard level 3 by \$0.60 and \$0.20; standard level 4 by \$43.80 and

\$23.80; and standard level 5 by \$0.20 and \$0.10, respectively. See Technical Support Document, Table 6.7.

The LBL-MIM results for clothes washers show that standard level 1 would cause manufacturers to have a decrease in ROE from 6.05 percent in the base case to 5.86 percent (a decline of 3.1 percent). Standard levels 2, 4, and 5, are projected to reduce a prototypical manufacturer's ROE by 0.1 percent, 77.2 percent, and 80.8 percent, respectively, while standard level 3 is projected to raise it by 4.30 percent. See Technical Support Document, Table 7.17. This industry has displayed continuing consolidation for several decades, especially during periods of low earnings. By decreasing profitability, especially as DOE projects at standard levels 4 and 5, standards could lead to an increase in the financial burden on the industry, thereby possibly contributing to greater consolidation and less competitiveness than is likely in the base case. See Technical Support Document, Section 7.4.

The Department assumed for the Engineering Analysis that manufacturers would elect to eliminate the warm/warm setting and warm water rinse option before adding other design options, because these actions would result in minimal increases in manufacturer costs, i.e., \$0.50 per design option. All of the other design options considered in the analysis, e.g., improved motor, plastic tub, would cause a significant increase in manufacturer costs in comparison to the first two options. Unlike all other design options considered in this analysis (for clothes washers, clothes dryers, and dishwashers alike) the elimination of the warm/warm setting and warm water rinse option is perceivable by the consumer. Other design options, improved motors for example, are design features that would not be apparent to the consumer. In the event some consumers demand that the warm/warm setting and warm water rinse option be retained, manufacturers may retain these features and use design options which would have additional greater fixed and variable costs than estimated in order to meet the standard. This was given great weight in today's final rule as discussed below.

Furthermore, since financial data of the type needed to characterize the prototypical manufacturer are generally not available, DOE had to make a number of assumptions based on the limited data publicly available, e.g., Securities and Exchange Commission 10K reports and company annual reports.

This approach was originally discussed in the Advance Notice of Proposed Rulemaking (53 FR 17712, May 18, 1988), and the Department did not receive any comments that indicated a change in approach was warranted.

B. *Life-cycle Cost and Net Present Value.* Compared to the base case, the LCC analysis indicates that at each possible standard level, the increase in purchase price would be offset by savings in operating expenses. See Technical Support Document, Figure 6.7. The lower life-cycle costs indicate that no standard level would cause any economic burden on the average consumer. Of the five candidate standard levels, level 4 had the lowest consumer life-cycle cost. Of the levels considered without horizontal axis, level 1 had the lowest consumer life-cycle cost.

Compared to the base case, standard level 1 would cause reductions in life-cycle costs of \$106.30 and \$43.00 for a top loading standard-sized clothes washer connected to an electric water heater and a gas water heater, respectively; standard level 2 would reduce life-cycle costs by \$89.10 and \$34.80; standard level 3, by \$52.80 and \$2.30; standard level 4 would reduce life cycle costs by \$287.10 and \$81.50; while standard level 5 would result in decreases of \$225.60 and \$42.60, respectively, compared to the base case. See Technical Support Document, Table 6.2.

Compared to the minimum LCC point (standard level 1), standard level 2 would cause an increase in life-cycle costs of \$2.00 for a top-loading standard-sized clothes washer connected to either an electric or gas water heater; standard level 3 would increase life-cycle costs by an additional \$25.00 and \$28.00; while standard level 4 would cause reductions in life-cycle costs of \$228.00 and \$136.00 compared to level 1; and standard level 5 would result in an increase in life-cycle cost, compared to level 4, of \$28.00 and \$30.00, respectively. See Technical Support Document, Section 6.1.3.

While DOE examined the effect of different discount rates (2, 7, and 15 percent) on the LCC curves and generally found little impact, the Department did not consider higher discount rates, since such rates would be beyond the range of real, after-tax rates that consumers would likely face in financing the purchase of clothes washers. Similarly, DOE did not consider different energy prices, including regional prices, in the LCC analysis. Since any standard is to be a national standard, DOE believed that national average energy prices were

appropriate. However, DOE did examine the effect of a usage rate different from the 416 cycles per year set by the DOE test procedure. Recent Procter and Gamble data appear to indicate that the national average clothes washer annual usage rate is 406 cycles per year, more than 2 percent less than the test procedure representative average use cycle. The slightly lower usage numbers result in the lower life-cycle cost estimates that were presented above. See Technical Support Document, Section 6.1.1.

The NPV analysis, a measure of the net savings to society, indicates that standard level 1 would produce a NPV of \$528 million to consumers. The corresponding NPV numbers for levels 2-5 are \$508 million, minus \$135 million, \$1.294 billion, and \$196 million, respectively. See Technical Support Document, Table 5.13. The negative NPV at standard level 3 indicates that at this standard level, society would spend more to purchase and operate washing machines, as measured in 1987 dollars, than under the base case.

C. Energy Savings. As indicated above, standards will result in significant savings of electricity consumption for clothes washers.

D. Lessening of Utility or Performance of Products. As indicated above, DOE established classes of products in order to assure that the standards analyzed would not lessen the existing utility or performance of clothes washers.

E. Impact of Lessening Competition. The determination of this factor was made by the Attorney General. In its review of the proposed standards for clothes washers, the Department of Justice (DOJ) concluded that "a significant lessening of competition may occur under certain conditions," such as the need for the smaller competitors to undertake substantial redesign or retooling. (DOJ, NO. 38, at 4).

In the Notice of Proposed Rulemaking, standard level 1 and 2 were met by eliminating the warm rinse option and adding thermostatic mixing valves. DOJ found that "some manufacturers may not be able to comply with the proposed standards by making these design changes and may need to undertake more substantial redesign or retooling that would impose substantial fixed costs." If, as DOE believes, some manufacturers may elect to retain the warm/warm setting and warm water rinse in response to marketplace demands, then manufacturers will have greater costs than estimated thus far, and these increased costs are likely to affect smaller competitors more severely than larger ones.

F. Need to Save Energy. Clothes washers use electricity directly and are responsible for the water heater energy consumption that is necessary to supply the heated water to the clothes washer. Water heater energy consumption is either in electricity or natural gas, depending upon the water heater. Consequently, clothes washers are responsible for both gas and electricity consumption. In 1987, 1.6 percent of source electricity (or, .442 Quad) and 1.4 percent of natural gas consumption (or, .241 Quad) were accounted for on a national basis by clothes washers.

In addition, decreasing future electricity demand as a result of standards will decrease air pollution. See Technical Support Document, Appendix D⁶. The greatest decreases in air pollution will occur for sulfur oxides (listed in equivalent weight of sulfur dioxide, or SO₂). For standard level 5, in the year 2015, the estimated SO₂ reduction would be 89,418 tons. This reduction represents 0.55 percent of the United States SO₂ emissions that are expected to be emitted by power plants in that year.

Standard level 5 would also result in a decrease in nitrogen dioxide (NO₂) emissions for the year 2015 of 74,997 tons. This decrease represents 0.7 percent of the total NO₂ emissions expected to be emitted by power plants in that year.

Another consequence of the standards will be the reduction of carbon dioxide (CO₂) emissions. Standard level 5 is estimated to reduce United States CO₂ emissions by about 0.43 percent for the year 2015. In 2015, standard level 4 is expected to reduce SO₂, NO₂ and CO₂ emissions by .53, .67, and .41 percent, respectively. Standard level 3 reductions

⁶ As a result of provisions in the recently enacted Clean Air Act Amendments of 1990 (Pub. L. 101-549, November 15, 1990), the calculated reductions of SO₂ and NO₂ have been overestimated.

For SO₂, any emission-reductions caused by appliance standards prior to the year 2000, will be part of much greater SO₂ reductions that are required by the new amendments. After the year 2000, SO₂ reductions achieved through appliance standards or any other means by those emitting SO₂ can be earned as credits. These are credits to emit an amount of SO₂ equivalent to the amount of the SO₂ reduction that created the credits. The new amendments allow those earning the credits either to sell them to others or to "bank" them for future use. Therefore, after the year 2000, to the extent that appliance standards result in SO₂ credits being earned, and to the extent that such standards-induced credits are sold and used by others, the National SO₂ reductions will not occur.

The new law also requires that utility boilers emit lower levels of NO₂. As a result, the expected emissions of NO₂ will be less than was assumed in the Department's estimation of the NO₂ savings achievable through the present appliance standards revisions. The actual NO₂ reductions resulting from today's standard revisions will be less than those presented here.

are expected to be .07, .09, and .06 percent for SO₂, NO₂ and CO₂, respectively in 2015.

For SO₂, NO₂, and CO₂ emissions in 2015, the respective reductions under standard level 2 are .06, .08, and .05 percent; for standard level 1, the respective emissions reductions would be .05, .06, and .04 percent.

G. Other Factors. After the closing date of the record for the proposed rule, DOE became aware of a new type of washing machine now available in Europe. DOE believes that this new design, top-loading with horizontal-axis rotation, has great energy savings potential. However, since DOE did not propose any standards based on this design and there is no information on this technology in the record, DOE does not believe that it could establish a standard based on this design in today's final rule. Based on the limited data acquired to date, DOE has analyzed design options based on this technology. The results are presented below; however, DOE notes that all aspects of these analyses are subject to change as more data become available.

Based on the great energy savings potential of this design, DOE is evaluating this technology as soon as possible and has included clothes washers in the Advance Notice of Proposed Rulemaking for Nine Products, 55 FR 39624, September 28, 1990. In light of this, DOE considered whether to issue a final rule for clothes washers today or whether to repropose a new rule instead. Because of the time involved in reproposing and the energy savings thus lost, DOE decided to issue a final rule today for clothes washers to achieve energy savings now but giving great consideration to minimizing retooling costs for manufacturers. Minimizing retooling costs was given great weight in today's Final Rule because DOE is reconsidering clothes washer standards presently. If this reconsideration results in standards based on a top-loading horizontal axis rotation design, major redesign and retooling would be necessary. DOE does not believe it would be economically justified to impose a major retooling at this time.

5. Conclusion. Section 325(l)(2)(A) of the Act specifies that the Department must consider, for amended standards, those standards that "achieve the maximum improvement in energy efficiency which the Secretary determines is technologically feasible and economically justified." Accordingly, the Department first considered the max tech level of efficiency, i.e., standard level 5, for amended clothes washer standards.

Of the standard levels analyzed, level 5 will save the most energy (5.92 quads between 1993 and 2015). In order to meet this standard, the Department assumes that all clothes washers will be top-loading, horizontal-axis machines. Such machines are presently available in Europe.

In addition to the top-loading, horizontal-axis, technology, standard level 5 would involve changes that can presently be incorporated, namely, the elimination of warm rinses, an improved motor, thermostatic mixing valves, and a plastic tub.

As mentioned above, the principal technology on which this standard level is based, top-loading, horizontal-axis rotation, was brought to the attention of the Department after the close of the comment period on the proposed rule. Since no one has had a chance to comment on it, and since no comments on it were volunteered during the comment period, the Department believes that it cannot issue a final rule based on this technology. Furthermore, the results of the analysis are not considered to be firm and are subject to possible change following public comment and further analysis in a separate proceeding. Based on the above and because the top-loading, horizontal-axis rotation design represents the predominant energy saving feature in standard level 5, standard level 5 was not considered for this Final Rule.

Standard level 4, also, is based principally on the same horizontal axis technology as standard level 5. For the reasons mentioned above, therefore, the Department believes that it cannot consider it for this final rule.

The next most stringent standard level is standard level 3. This standard level is projected to save 0.81 quad of energy between 1993 and 2015. Among the level's other positive impacts are the projections of lower LCC's than those for the baseline (by \$52.80 and \$2.30 for clothes washers connected to electric water heaters and gas water heaters, respectively). In addition, for households with electric water heaters, the payback for standard level 3 is projected to be only 2.7 years. Furthermore, the LBL-MIM projects that the ROE of a prototypical manufacturer would be 6.31 percent, which would exceed the base case projection of 6.05 percent. However, this standard would preclude the purchase of the most cost-effective unit; it would cause an increase in LCC (compared to the minimum LCC point) of \$25.00 and \$28.00 for a top-loading standard-sized clothes washer connected to an electric

water heater and a gas water heater, respectively.

On the other hand, the payback to consumers with gas water heaters would be 7.2 years, half that of the appliance's 14.1 years average lifetime. In addition, this standard level would raise the purchase price to consumers by 11 percent, resulting in a decline in shipments of nearly two million units between 1993 and 2015. As a consequence, the NPV of this standard would be a negative \$135 million, the lowest of any standard level. The negative NPV and increase in LCC (compared to the minimum LCC point) of this standard level are troubling to the Department, for they indicate that at this standard level, society would spend more to purchase and operate washing machines than under the base case.

Additionally, standard level 3 could involve substantial increased costs to manufacturers. As noted above, the improved motor design option used to achieve the energy savings of this standard level added \$7.50 to the per unit cost of manufacturing clothes washers. Analytically, the Department treated this cost as a variable cost as it assumed that all parts would be purchased. Earlier, however, it was noted that Whirlpool had commented that because an improved motor would require an improved suspension system, the company would have to undertake \$5 million in tooling costs for the improved suspension system. While the Department did not treat any of the costs in its analysis for this standard level as fixed costs, it recognizes that fixed costs could be substantial for some other manufacturers, as well. While not treated as such in the analytical output, DOE believes that retooling costs for standard level 3 could be significant. Since DOE has decided to consider the horizontal axis technology with its associated fixed costs as soon as possible, the Department issues a final rule today that imposes minimal impacts on manufacturers' retooling costs.

The Department, therefore, concludes that the burdens of standard level 3 for clothes washers outweigh the benefits, and rejects the standard level.

Standard level 2 would save 0.68 quad of energy between 1993 and 2015, and would repay itself to the consumer in 0.8 years (for electric water heat), and 2.2 years (for gas water heat), thereby passing the rebuttable presumption test for both water heating fuels. Among the level's other positive impacts are the projections of lower LCC's than those of the baseline (by \$89.10 and \$34.80 for clothes washers connected to electric

water heaters and gas water heaters, respectively).

However, compared to the minimum LCC point, this standard level would cause an increase in life-cycle cost of \$2.00 for top-loading standard-sized clothes washers connected to either an electric water heater or a gas water heater. This standard level could involve substantial increased costs to manufacturers. As noted above, the improved motor design option used to achieve the energy savings of this standard level added \$7.50 to the per unit cost of manufacturing clothes washers. Analytically, the Department treated this cost as a variable cost as it assumed that all parts would be purchased. Earlier, however, it was noted that Whirlpool had commented that because an improved motor would require an improved suspension system, the company would have to undertake \$5 million in tooling costs for the improved suspension system. While the Department did not treat any of the costs in its analysis for this standard level as fixed costs, it recognizes that fixed costs could be substantial for some other manufacturers, as well. While not treated as such in the analytical output, DOE believes that retooling costs for standard level 2 could be significant. Since DOE has decided to consider the horizontal axis technology with its associated fixed costs as soon as possible, the Department issues a final rule today that imposes minimal impacts on manufacturers' retooling costs.

In addition, as discussed above, DOE believes that some manufacturers may elect to continue to offer the warm/warm setting and warm water rinse option. If this were to occur, a standard at this level could result in manufacturers needing to undertake more substantial redesign or retooling which would impose substantial fixed costs and which would likely affect smaller competitors more severely than larger ones.

Therefore, the Department concludes that the burdens of standard level 2 for clothes washers outweigh the benefits, and rejects the standard level as not being economically justified.

After carefully considering the analysis, the Department is amending the NAECA-imposed 1988 standard for clothes washers with standard level 1 for clothes washers. The Department concludes that standard level 1 for clothes washers saves a significant amount of energy and is technologically feasible and economically justified.

There would be significant energy savings at this level of efficiency. During

the period 1993–2015, these savings are calculated to be 0.57 quad of primary energy. Such savings would total more than 4.7 percent of base case energy use. In addition, the standard could have a positive effect on the environment by reducing the emissions of NO₂ and SO₂ by as much as 0.02 and 0.01 percent, respectively, by the year 2015. However, as discussed above, to the extent that SO₂ credits will be used, the SO₂ reductions will not occur. Furthermore, the standard will reduce emissions of CO₂ by 11.683 million tons, or 0.01 percent, over the forecast period.

The standard is also expected to reduce water use by six billion gallons over the forecast period.

The technologies that are necessary to meet this standard are presently available. The Department finds the level to be economically justified. The consumer payback of this standard level is immediate since the small cost of changing the controls to eliminate any warm rinse settings is not expected to be added to the retail price of a clothes washer. This standard has the lowest LCC and is expected to result in a reduction in LCC of approximately \$106.30 and \$43.00 for clothes washers connected to electric water heaters and gas water heaters, respectively. Additionally, the standard is expected to have only a moderate impact on the prototypical manufacturer's ROE, causing a 0.19 percentage point decline. Since this standard does not involve substantial redesign or retooling, the Department expects that it will not have negative impacts on smaller competitors.

b. Clothes Dryers

1. Efficiency Levels Analyzed.

Standard level 1 corresponds to efficiencies achieved by the addition of moisture- or temperature-termination; level 2 corresponds to efficiencies achieved by adding insulation; level 3 adds exhaust heat recycling efficiencies; level 4 adds, to level 3 electric dryers, microwave clothes drying efficiencies; and level 5 adds, to level 3 for electric dryers, efficiencies achievable with heat pump clothes drying. These standard levels are presented in Tables 4–3 and 4–4.

TABLE 4–3.—STANDARD LEVELS ANALYZED FOR STANDARD CAPACITY ELECTRIC AND GAS CLOTHES DRYERS

Standard level	Energy factor electric	(lb/Kwh) gas
Baseline	2.60	2.30
1	2.95	2.61

TABLE 4–3.—STANDARD LEVELS ANALYZED FOR STANDARD CAPACITY ELECTRIC AND GAS CLOTHES DRYERS—Continued

Standard level	Energy factor electric	(lb/Kwh) gas
2	3.01	2.67
3	3.21	2.84
4	4.07	
5	8.61	

TABLE 4–4.—STANDARD LEVELS ANALYZED FOR COMPACT ELECTRIC CLOTHES DRYERS

	Energy Factor (1b/KWh)	
	Compact, 120V	Compact, 240V
Standard level baseline ..	2.70	2.50
1	3.07	2.84
2	3.13	2.90
3	3.33	3.08
4	4.23	3.92
5	8.95	8.28

2. *Payback Period.* Table 4–5 presents the payback periods for the efficiency levels analyzed for the most prevalent classes of product (standard electric and gas). For standard-size electric clothes dryers, only standard levels 1 and 2 satisfy the rebuttable presumption test; these levels result in paybacks to the consumer in less than 3 years.

For standard gas clothes dryers, however, there is no standard level whose efficiency improvement will repay itself to the consumer in less than 3 years.

TABLE 4–5.—PAYBACK PERIODS OF DESIGN OPTIONS (YEARS) FOR STANDARD ELECTRIC AND GAS CLOTHES DRYERS

Standard level	Payback periods	
	Electric	Gas
1	1.2	4.4
2	2.5	9.3
3	5.7	21.2
4	6.0	
5	6.9	

3. *Significance of Energy Savings.* The Department estimated the energy savings that are expected to result by the year 2015 from the energy consumption of new electric and gas clothes dryers sold in the absence of amended standards and compared it to the energy consumption of new electric and gas clothes dryers sold under amended standards. When energy conservation standards are imposed, the LBL-REM projects that over the period

1993–2015, the following energy savings from clothes dryers would occur:

	Electricity	Gas
Level 1	.58 Quad	.03 Quad.
Level 2	.76 Quad	.05 Quad.
Level 3	1.4 Quads	.12 Quad.
Level 4	3.63 Quads	.02 Quad.
Level 5	6.61 Quads	.22 Quad.

The negative gas savings at levels 4 and 5 are a result of those standards imposing such a large price increase on electric clothes dryers that a substantial switch to gas dryers occurs. This switch is so great that aggregate gas consumption exceeds that of the base case, i.e., there are negative savings of gas at those standard levels: See Technical Support Document, Table 5.18.

4. Economic Justification. A.

Economic Impact on Manufacturers and Consumers. The per unit increased cost to manufacturers to meet the level 1 efficiency is \$8 for a standard electric or gas unit. To meet levels 2–5, the additional cost increases, compared to the baseline, are \$14.60, \$44.60, \$102.10 and \$164.60, respectively, for electric dryers; for gas dryers, the additional per unit cost, compared to the baseline, to meet standard levels 2 and 3 are \$14.60 and \$44.60, respectively. See Technical Support Document, Tables 3.22 and 3.25.

At these levels of efficiency, the incremental consumer price increases, compared to the baseline, for electric clothes dryers are \$13, \$23.70, \$72.30, \$167.50, and \$395.30. For gas dryers, the consumer price increases at levels 1–3 are \$13.00, \$23.70, and \$72.30, respectively. See Technical Support Document Tables 6.9 and 6.10.

The per unit reduction in annual cost of operation (energy expense) of standard electric clothes dryers at level 1 is \$9.20, standard level 2 would reduce energy expenses by an additional \$1.30; standard level 3 by \$4.00; standard level 4 by an additional \$13.10; and standard level 5 by an additional \$25.70. For gas dryers, the annual cost of operation at level 1 is reduced by \$2.60; standard level 2 would reduce energy expenses by an additional \$0.40; and standard level 3 by \$1.10. See Technical Support Document, Table 6.9.

The LBL-MIM results for clothes dryers estimate that standard level 1 would cause manufacturers to have an increase in ROE from 6.8 percent in the base case to 9.6 percent. At standard levels 2 through 5, the ROE's (compared to the base case ROE) are 7.9, minus 2.3, minus 15.5 and minus 30.3 percent, respectively. See Technical Support Document, Table 7.25.

The reason for the striking declines in ROE under standard levels 3-5 is thought to be the industry's price elasticity of demand. These standard levels cause such a large price increase that a significant decline in the quantity of dryers demanded occurs. In LBL-MIM, this decrease in units demanded causes a greater reduction in revenue than in variable costs and, as a result, a decrease in profit and ROE.

This industry has displayed continuing consolidation for several decades, especially during periods of low earnings. By increasing profitability, as DOE projects at standard levels 1 and 2, standards could lead to a reduction in the rate of such consolidations, thereby possibly contributing to more robust competitiveness than is likely in the base case.

The Department's characterization of the prototypical manufacturer in the base case assumes that manufacturers' typical clothes dryer designs are based on the combination of options presented in the Engineering Analysis for the baseline unit. If manufacturers use a different combination of design options to produce clothes dryers that minimally comply with the 1994 standard, the Department may have inappropriately characterized the financial position of the prototypical manufacturer in the LBL-MIM. Furthermore, since financial data of the type needed to characterize the prototypical manufacturer are generally not available, DOE had to make a number of assumptions based on the limited data that is publicly available, e.g., Securities and Exchange Commission 10K reports and company annual reports.

This approach was originally discussed in the advance notice of proposed rulemaking (53 FR 17712, May 18, 1988), and the Department did not receive any comments that indicated a change in approach was warranted.

B. Life-Cycle Cost and Net Present Value. The LCC analysis indicates that at each possible standard level for standard electric dryers, but only at level 1 for gas dryers, the increase in purchase price would be offset by savings in operating expenses. See Technical Support Document, Table 6.1. Also, of the candidate standard levels, standard level 2 for standard electric clothes dryers and standard level 1 for gas clothes dryers had the lowest LCC. This indicates that at these levels the standard would not cause any economic burden on the average consumer because of the decreasing LCC.

Based on 1988 usage patterns, compared to the base case, standard level 1 would cause a reduction in LCC of \$76.80 for standard electric clothes

dryers and \$12.10 for standard gas clothes dryers; standard level 2 would reduce LCC from the base case for an electric dryer by \$42.20, but raise that of a gas dryer by \$1.50; standard level 3 would result in an LCC decrease from the base case of \$32.30 for a standard electric dryer, but an increase of \$39.30 for a gas clothes dryer; standard level 4 for a standard electric dryer would result in a decrease in LCC of \$66.20, compared to the base case; and standard level 5 would result in a \$90.00 decrease in LCC, compared to the base case. See Technical Support Document, Table 6.1.

While DOE examined the effect of different discount rates (2, 7, and 15 percent) on the LCC curves and generally found little impact, the Department did not consider higher discount rates. Since such rates would be beyond the range of real, after-tax rates that consumers would likely face in financing the purchases of clothes washers. Similarly, DOE did not consider different energy prices, including regional prices, in the LCC analysis. Since this is to be a national standard, DOE believed the National average energy prices were appropriate. However, DOE did examine the effect of a usage rate different from the 416 cycles per year set by the DOE test procedure. Recent Procter and Gamble data appear to indicate that the national average clothes washer annual usage rate is 406 cycles per year, more than 2 percent less than the test procedure representative average use cycle. The slightly lower usage numbers result in the lower life-cycle cost estimates that were presented above. See Technical Support Document, section 6.1.1

The NPV analysis indicates that standard level 1 would produce an NPV of \$1.263 billion over the forecast period (of which \$1.212 billion would be attributed to the standard on electric dryers). At standard level 2, the NPV would be \$1.301 billion, of which \$1.292 billion would come from the standard on electric dryers. Standard level 3 would produce an electric dryer NPV of \$1.009 billion and a gas dryer NPV of minus \$231 million, for a total NPV for the standard of \$778 million. Standard level 4 would produce a \$1.811 billion NPV for electric dryers, but, under this standard level, the NPV for gas dryers would be a negative \$284 million, leaving the standard's NPV at \$1.527 billion. Lastly, standard level 5 would produce an NPV of \$806 million (of which the standard would produce an NPV of \$1.285 billion and minus \$479 million on electric and gas dryers, respectively). See Technical Support Document, Table 5.22.

C. Energy Savings. As indicated above, standards will result in savings of energy consumption by clothes dryers. The cumulative energy savings over the 1993-2015 period would range from 0.61 Quad at standard level 1 to 6.39 Quads at standard level 5. See Technical Support Document, Table 5.18.

D. Lessening of Utility or Performance of Products. As indicated above, DOE established classes of products in order to ensure that the standards analyzed would not lessen the existing utility or performance of clothes dryers.

E. Impact of Lessening Competition. The determination of this factor was made by the Attorney General. In its comments on the proposed rule, The Department of Justice concluded that the proposed standard was not likely to produce a competitive impact (DOJ, NO. 38 at 4).

F. Need to Save Energy. Clothes dryers use electricity and natural gas as their energy sources. Between 1993 and 2015, without amended standards, clothes dryers are expected to consume 14.84 quads of energy. Standard level 1 would save .61 quads, or 4.1 percent, of that amount; while standard levels 2-5 would save 5.5, 10.2, 24.3, and 45.6, percent, respectively. The savings at standard levels 4 and 5 are due almost entirely to electric clothes dryers.

In addition, as noted above for clothes washers, decreasing future electricity demand as a result of standards will decrease air pollution. See Technical Support Document, Appendix D.⁹ The greatest decreases in air pollution caused by amended standards on clothes dryers will occur for sulfur oxides (listed in equivalent weight of sulfur dioxide, or SO₂). For standard level 5, in the year 2015, the estimated SO₂ reduction would be 171,240 tons. This reduction represents 1.06 percent of the United States SO₂ emissions that are expected to be emitted by power plants in that year.

Standard level 5 would also result in a decrease in nitrogen dioxide (NO₂) emissions for the year 2015 of 125,372 tons. This decrease represents 1.18 percent of the total NO₂ emissions expected to be emitted by power plants in that year. Standard level 5 is estimated to reduce United States CO₂ emissions by about 0.60 percent for the year 2015.

In 2015, standard level 4 is expected to reduce SO₂, NO₂, and CO₂ emissions by .52, .59 and .31 percent, respectively. Standard level 3 reductions are expected to be .20, .23 and .13 percent

⁹ Also see footnote number 8, above.

for SO₂, NO₂ and CO₂, respectively in 2015.

The reductions of SO₂, NO₂, and CO₂ for standard level 2 in 2015 are expected to be .11, .13, and .07 percent, respectively, while the respective reductions at standard level 1 are .08, .10, and .05 percent.

G. *Other Factors.* There were no additional factors affecting clothes dryers considered in this review.

5. *Conclusion.* Section 325(l)(2)(A) of the Act specifies that the Department must consider, for amended standards, those standards that "achieve the maximum improvement in energy efficiency which the Secretary determines is technologically feasible and economically justified." Accordingly, the Department first considered the max tech level of efficiency, i.e., standard level 5, for amended electric clothes dryer standards. In this conclusion, discussion of standards for electric clothes dryers will be presented first, followed by the discussion of standards for natural gas clothes dryers.

A. *Electric Clothes Dryers.* Of the standard levels analyzed, level 5 will save the most energy (6.39 quads). The technologies that would be involved in meeting this standard level are temperature- or moisture-sensing automatic termination, insulation, and a heat pump. The Department is not aware of the existence of any residential-sized heat pump clothes dryers.

The consumer payback of this standard is 6.9 years, less than one-half the estimated 17.1 years average lifetime of clothes dryers. At \$921, this standard level is at the LCC minimum, and is \$127 less than the LCC of the baseline unit. The standard, however, would increase the purchase price of electric clothes dryers by 132 percent (\$395), thereby precluding many consumers from being able to purchase the product. Under this standard, shipments of electric clothes dryers are expected to decrease by nearly 19 percent, or 16.3 million units over the 1993–2015 period. The NPV is estimated to be \$1.285 billion.

Because of the decline in shipments, resulting in large part from the great price increase, the standard would have a devastating impact on the prototypical manufacturer's ROE, driving it down from a positive 6.8 percent in the base case to a negative 30.3 percent (a decline of 546 percent). Such a loss situation would undoubtedly have adverse competition impacts. The Department, therefore, concludes that the burdens of this standard level outweigh the benefits, and, consequently, rejects standard level 5.

The next most stringent standard level for electric clothes dryers is standard level 4. This standard level would save the second greatest amount of energy (3.63 quads).

The principal energy-conserving technology in standard level 4 is microwave energy. Microwave clothes dryers have been built and undergone limited testing.

The consumer payback of this standard level in 6.0 years. It has the second lowest LCC which, at \$945, is \$103 below the base case. At \$467, its price is nearly 56 percent more expensive than the baseline unit; this would preclude many consumers from being able to purchase the product. Shipments would decrease by more than 15 percent, or 13.1 million units over the 1993–2015 period. The NPV is \$1.811 billion, the highest of any standard level.

Because of the 15 percent decline in shipments under standard level 4, the prototypical manufacturer's ROE would decline from a positive 6.8 percent in the base case to a negative 15.5 percent (a decline of nearly 328 percent). This would also likely have adverse competitive effects. The Department, therefore, concludes that burdens of standard level 4 outweigh the benefits, and rejects standard level 4 for electric clothes dryers.

Standard level 3 for electric clothes dryers, the next most stringent level, would save 1.4 quads of energy.

This standard level would involve automatic termination, insulation, and recycling of exhaust heat, all designs that can presently be found on clothes dryers.

The consumer payback is 5.7 years. The LCC, at \$979, is \$89 below the baseline. The purchase price, \$372, is 24 percent more expensive than the baseline unit, which could preclude many consumers from being able to purchase the product. Shipments would decline by nearly 3 percent, or 2.4 million units over the forecast period. The NPV is \$1.009 billion, the lowest of any standard level.

Because of the price increases and shipments decline, the impact on the prototypical manufacturer's ROE would be to drop from a positive 6.8 percent in the base case to a negative 2.3 percent (a decline of 134 percent—this result includes level 3 for gas dryers as well). This could lead to adverse impacts on competition. Accordingly, the Department believes the burdens of level 3 outweigh the benefits, and rejects this standard level.

The next most energy-conserving standard level is standard level 2. After carefully considering the analysis, the Department is amending the NAECA-

imposed 1988 standard for electric clothes dryers with standard level 2. The Department concludes that level 2 standards for electric clothes dryers save a significant amount of energy, are technologically feasible and economically justified.

As discussed above, there will be significant energy savings at this level of efficiency. During the period 1993–2015, these savings are calculated to be 0.76 quad of primary energy. Such savings would total more than 5 percent of base case energy use. In addition, the standards will have a positive effect on the environment.

The technologies that are necessary to meet this standard are presently available. The Department finds the level to be economically justified. The consumer payback of this standard level is 2.5 years for electric clothes dryers. This standard also results in a reduction in LCC of \$79. In addition, the standard will result in an NPV to the nation of \$1.292 billion. Additionally, the standard is expected to have a positive impact on the prototypical manufacturer's ROE, causing an increase from 6.8 percent in the base case to 7.9 percent under this standard.

Lastly, by increasing profitability, this standard level could have positive competitive effects.

B. *Gas Clothes Dryers.* Of the standard levels analyzed, level 3 will save the most energy (0.12 quad). The technologies that would be involved in meeting this standard level are temperature or moisture termination, insulation, and recycling of exhaust heat. These technologies are all presently available. The consumer payback of this standard is 21.2 years. At \$582, it is at the LCC maximum, and is \$33 more expensive than the baseline unit. The standard would increase the purchase price of a gas clothes dryer by \$72, or 21 percent, thereby precluding some consumers from being able to purchase the product. Shipments of gas clothes dryers are expected to decline 1.1 million units (5.1 percent) during 1993–2015. The net present value is a negative \$231 million.

The prototypical manufacturer's ROE at level 3 would, as noted above, decline from a positive 6.8 percent in the base case to a negative 2.3 percent (which includes the result at level 3 for electric clothes dryers). This could lead to negative competitive impacts. The Department believes that the burdens of this standard level outweigh the benefits and, therefore, rejects standard level 3 for gas clothes dryers.

The next most energy-conserving standard level is standard level 2. After

carefully considering the analysis, the Department is amending the NAECA imposed 1988 standard for gas clothes dryers with standard level 2. The Department concludes that level 2 standards for gas clothes dryers save a significant amount of energy, are technologically feasible and economically justified, and that the benefits of the standards outweigh the burdens.

As discussed above, there would be significant energy savings at this level of efficiency. During the period 1993-2015, these savings are calculated to be 0.05 quad of primary energy. Such savings would total 4.1 percent of base case energy use.

The technologies that are necessary to meet this standard are presently available. The Department finds the level to be economically justified. The consumer payback of this standard level is 9.3 years. In addition, the standard would result in an NPV to the nation of \$9 million. The standard is expected to have a positive impact on the prototypical manufacturer's ROE, causing a 1.1 percentage point increase (this includes level 2 results for electric dryer production, also). This standard results in a reduction in LCC of \$5. The standard, however, is beyond the minimum life-cycle cost point, thereby precluding consumers from purchasing the most cost-effective unit.

c. Dishwashers

1. *Efficiency Levels Analyzed.* Table 4-6 presents the efficiency levels selected for analysis for 1993. Alternate levels were selected to generate a range of impacts for analysis. Initially, the levels were selected for the class of standard dishwasher (115 volt). Level 5 corresponds to the highest efficiency level identified in the engineering analysis. Levels 4 through 1 correspond to successively lower efficiencies than that of level 5. Each level was analyzed discretely in the engineering analysis. Standard levels for the compact class of dishwashers were based on the combination of design options for the standard dishwasher (115 volt).

TABLE 4-6.—ALTERNATIVE EFFICIENCY LEVELS FOR 1993 FOR DISHWASHERS (ENERGY FACTOR = LOADS/KWH/YR.)

Product class	Level analyzed					
	Baseline	1	2	3	4	5
Compact Dishwashers (115V).....	0.49	0.58	0.60	0.62	0.63	
Standard Dishwasher (115V).....	0.32	0.38	0.39	0.45	0.46	0.47

2. *Payback Period.* Standard level 1 involves efficiencies achievable by reducing the use of hot water from 12.0 to 9.5 gallons per cycle, which was achieved with an improved food filter; level 2 involves additional efficiencies achievable with an improved motor; level 3 adds, to level 1, a booster heater that heats 20 percent of the incoming water; level 4 adds, to level 3, an improved motor; and level 5 adds, to level 4, an improved fill control. Table 4-7 presents the payback period for the efficiency levels analyzed for the most prevalent class of product (standard dishwasher (115 volt)). For dishwashers connected to an electric water heater, all five standard levels meet the rebuttable presumption test in that the payback is less than three years. For dishwashers connected to gas water heaters, however, only standard levels 1 and 2 satisfy the rebuttable presumption test.

TABLE 4-7.—PAYBACK PERIODS (YEARS) STANDARD DISHWASHER (115 VOLTS)

Standard level	Payback period	
	With gas water heater	With electric water heater
1.....	1.9	0.7
2.....	2.6	1.2
3.....	4.2	1.1
4.....	4.3	1.4
5.....	5.8	2.0

3. *Significance of Energy Savings.* To estimate the energy savings by the year 2015 due to amended standards, the energy consumption of new dishwashers sold in the absence of amended standards is compared to amended standards. When revised energy conservation standards are imposed, the LBL-REM projects that over the period 1993-2015, the following savings would be attributable to the increased standards:

- Level 1—0.42 Quad.
- Level 2—0.46 Quad.
- Level 3—0.73 Quad.
- Level 4—0.87 Quad.
- Level 5—0.99 Quad.

4. *Economic Justification. A. Economic Impact on Manufacturers and Consumers.* The per unit increased cost to manufacturers to meet the level 1 efficiency (improved food filter) is \$7.50, while the addition of improved motor efficiency in standard level 2 costs an additional \$4.00. Standard level 3 provides efficiencies obtained by substituting for the improved motor a booster heater that heats 20 percent of the water passing through it; this adds another \$6 in manufacturing costs. Standard level 4 adds back an improved motor to standard level 3, adding \$4 to manufacturing costs. Lastly, standard level 5, the max tech level, achieves efficiencies obtained by adding an improved fill control to standard level 4; this adds another \$8 in manufacturing costs. See Technical Support Document, Table 3.3.

Compared to the baseline, standard level 1 would cause a price increase of \$10.80 for a standard dishwasher. Standard level 2 would have a \$17.10 higher price, while standard level 3's dishwasher would be \$26 more expensive. Under standard level 4, a dishwasher would be \$32.30 more expensive while level 5's price would exceed that of the baseline by \$45. See Technical Support Document, Table 6.4.

The per unit reductions in annual cost of operation (energy expense) at level 1 are \$12.00 and \$5.50 for a standard-sized dishwasher connected to an electric water heater and a gas water heater, respectively; standard level 2 would reduce energy expenses by an additional \$1.00 and \$1.00; standard level 3 by \$7.10 and \$1.30; standard level 4 by \$1.00 and \$1.00; and standard level 5 by \$1.20 and \$0.60, respectively. See Technical Support Document, Table 6.4.

The LBL-MIM projects manufacturers' long-run ROE to be 6.77 percent for dishwashers in the base case. At level 1, the LBL-MIM predicts that a prototypical dishwasher manufacturer would have an ROE of 6.65 percent, a decrease of 1.8 percent. At level 2, the manufacturer's ROE is expected to be 6.59 percent, a 2.7 percent decline. At level 3, the LBL-MIM projects that the prototypical dishwasher manufacturer's ROE would be 6.45 percent, a decrease of 4.7 percent from the base case. The expected ROE for the prototypical manufacturer at level 4 is 6.51 percent, a decline of 3.8 percent, while the

expected ROE at level 5 is 6.74 percent, a decline of only 0.4 percent from the base case. See Technical Support Document, Table 7.9.

The Department's characterization of the prototypical manufacturer in the base case assumes that manufacturers' typical dishwasher designs are based on the combination of options presented in the Engineering Analysis for the baseline unit. If manufacturers use a different combination of design options to produce dishwashers that minimally comply with the 1993 standard, the Department may have inappropriately characterized the financial position of the prototypical manufacturer in the LBL-MIM. Furthermore, since financial data of the type needed to characterize the prototypical manufacturer are generally not available, DOE had to make a number of assumptions based on the limited data publicly available, e.g., Securities and Exchange Commission 10K reports and company annual reports.

This approach was originally discussed in the Advance Notice of Proposed Rulemaking (53 FR 17712, May 18, 1988), and the Department did not receive any comments that indicated a change in approach was warranted.

B. Life-Cycle Cost and Net Present Value. The LCC analysis indicates that for each possible standard level the increase in purchase price would be offset by savings in operating expenses. Standard level 4 corresponds to the minima of the LCC curves. See Technical Support Document, Table 6.3. This indicates that the standard level would not cause any economic burden on the average consumer. Compared to the base case, standard level 1 would cause reductions in LCC of \$87.80 and \$34.30 for a standard dishwasher connected to electric and gas-fired water heaters, respectively; standard level 2 would reduce LCC by \$59.40 and \$24.30, respectively; level 3 would result in decreases of \$94.50 and \$22.00, respectively; standard level 4 would reduce LCC by \$96.50 and \$24.00 for dishwashers drawing water from an electric- or gas-fired water heater, respectively. Lastly, standard level 5, the max tech level, would reduce LCC by \$92.10 and \$15.50, respectively.

While DOE examined the effect of different discount rates (2, 7, and 15 percent) on the LCC curves and generally found little impact, the Department did not consider higher discount rates, since such rates would be beyond the range of real, after-tax rates that consumers would likely face in financing the purchases of clothes washers. Similarly, DOE did not consider different energy prices,

including regional prices, in the LCC analysis. Since this is to be a national standard, DOE believed the National average energy prices were appropriate. However, DOE did examine the effect of a usage rate different from the 322 cycles per year set by the DOE test procedure. Recent Procter and Gamble data appear to indicate that the national average clothes washer annual usage rate is 286 cycles per year, more than 11 percent less than the test procedure representative average use cycle. The slightly lower usage numbers result in the lower life-cycle cost estimates that were presented above. See Technical Support Document, section 6.1.1.

The NPV analysis indicates that if a standard were adopted at level 1, there would be an NPV of \$300 million from energy savings over the period 1993–2015. At levels 2–5, the corresponding NPV's would be \$327 million, \$272 million, \$434 million, and \$129 million, respectively. See Technical Support Document, Table 5.6.

C. Energy Savings. As discussed above, DOE concluded that standards, at each candidate standard level, resulted in a significant saving of energy. The cumulative energy savings over the 1993–2015 period would range from 0.42 quad at standard level 1, to .99 quad at standard level 5. See Technical Support Document, Table 5.3.

D. Lessening of Utility or Performance of Products. As indicated above, DOE established classes of products in order to assure that the standards analyzed would not lessen the existing utility or performance of dishwashers. However, there is no assurance that future utility or performance of dishwashers would not be lessened as a result of standards-induced disincentives to investments in energy-using new features. In addition, the Department believes adoption of any of the design options considered will also not affect utility or performance.

E. Impact of Lessening Competition. The determination of this factor was made by the Attorney General in the Justice Department's review of the proposed standards. In that review, which is presented above, DOJ concluded that the proposed standard level for dishwashers would not result in a lessening of competition. (DOJ, No. 38 at 3). DOJ did not, however, evaluate the competitive effects of more stringent standards.

F. Need to Save Energy. Dishwashers use electricity as a primary energy source, both for operation of the motors and for the electric coils that are used in the drying cycle. In addition, that portion of water heater electricity consumption that provides hot water to the dishwasher is considered to be

indirect dishwasher electricity consumption. Similarly, since some of the hot water that is supplied to dishwashers comes from gas water heaters, dishwashers are responsible for indirect gas consumption, too.

As with amended standards on the other two product types in this notice, decreasing future electricity demand as a result of standards on dishwashers will decrease air pollution. See Technical Support Document, Appendix D.¹⁰ The greatest decreases in air pollution will occur for sulfur oxides (listed in equivalent weight of sulfur dioxide, or SO₂). For standard level 5, in the year 2015, the estimated SO₂ reduction would be 15,090 tons. This reduction represents .09 percent of the United States SO₂ emissions that are expected to be emitted by power plants in that year.

Standard level 5 would also result in a decrease of 12,490 tons of nitrogen dioxide (NO₂) emissions for the year 2015. This decrease represents .12 percent of the total NO₂ emissions expected to be emitted by power plants in that year.

Standard level 5 is estimated to reduce United States CO₂ emissions by about .07 percent for the year 2015.

In 2015, standard level 4 is expected to reduce SO₂, NO₂ and CO₂ emissions by .08, .10, and .06 percent, respectively. Standard level 3 reductions are expected to be .06, .08, and .05 percent for SO₂, NO₂ and CO₂, respectively in 2015.

In 2015, standard levels 2 and 1 would each reduce SO₂ power plant emissions by .04 percent, NO₂ power plant emissions by .05 percent, and U.S. CO₂ emissions by .03 percent.

G. Other Factors. As noted above, one other factor considered in this rulemaking was the water savings that could result from more efficient dishwashers.

5. Conclusion. As noted above, the Act requires that, in establishing standards, the Department look first at that standard that maximizes energy savings, i.e., the max tech level of efficiency. For dishwashers, the max tech level is standard level 5.

Of the standard levels analyzed, level 5 saved the most energy (0.99 quad). In order to meet this standard, DOE assumes that all dishwashers would have booster heaters that allow the consumer to reduce the thermostat setting on their water heaters to 120 °F. If this occurs, the energy savings resulting from the standard are likely to be even greater since the analysis

¹⁰ Also see footnote 8, above.

accounts for only the savings in reduced water heater energy consumption for that water used by the dishwasher, not the total household hot water consumption. The total amount of the savings, however, is unknown since some consumers may elect not to reduce their water heater thermostat setting. In addition, this standard level had the largest positive impact on the environment due to reduced water use, and reduced emissions of CO₂, NO₂, and SO₂.

The technologies required to meet this standard level are reduced water use, improved motor efficiency, booster heater and improved fill control. Although these technologies are available now in some dishwashers, the last item, improved fill control, requires that the unit be installed levelly to achieve its maximum energy savings. Current product designs allow for overflow in order to provide for units out-of-level.

The consumer payback of this standard ranges from 2 years for a dishwasher connected to an electric water heater to 5.9 years for one connected to a gas water heater. The payback for dishwashers connected to gas water heaters is nearly half of the product's 12.6 year average lifetime. While the LCC of level 5 is lower than that of the baseline unit, it is greater than the minimum LCC point, thereby possibly precluding consumers from purchasing the most cost-effective unit. The LCC would be approximately \$138 and \$32 lower for dishwashers connected to electric water heaters and gas water heaters, respectively. The standards, however, are projected to increase the purchase price of dishwashers approximately 15 percent, thereby precluding some consumers from being able to purchase the product. The sales of dishwashers are expected to decrease by two percent due to standards, or over two million units over the period analyzed. As a result of the decreasing sales, and increase in LCC from the minimum, this standard is expected to have an NPV of \$129 million, the lowest of any standard level. The standard is expected to have minimal impact on the prototypical manufacturer, causing its ROE to decrease by 0.03 percentage points.

As stated above, standard level 5 is the max tech level which, by definition, incorporates all of the design options identified to improve energy efficiency. In conducting the engineering analysis, DOE did not make any provisions for tolerances on performance estimates. Given this fact, DOE is concerned about establishing the standard at the max

tech level without consideration of a tolerance. If one or more of the design options do not perform exactly as calculated, or if they do not perform as efficiently in concert together as expected, the manufacturers would have no other design options to which to turn. The max tech level therefore becomes a special case that the Department believes can be considered only with allowance for tolerances. Since the analysis did not consider tolerances, DOE believes it must reject level 5, but notes that level 4, which is being selected, requires an energy factor improvement from the baseline which is only 7 percent less than that required by level 5. Thus, level 4, as analyzed without any tolerance, is equivalent, on a performance basis, to level 5 with a 7 percent tolerance.

The next most energy-conserving standard level is standard level 4. After carefully considering the analysis, the Department is amending the NAECA-imposed 1988 standard for dishwashers with standard level 4 for dishwashers. The Department concludes that level 4 standards for dishwashers save a significant amount of energy, are technologically feasible and economically justified.

As discussed above, there would be significant energy savings at this level of efficiency. During the period 1993-2015, these savings are calculated to be 0.87 quad of primary energy. Such savings would total more than 12 percent of base case energy use. In addition, the standard could have a positive effect on the environment by reducing the emissions of NO₂ and SO₂ as much as 0.10, and 0.08 percent, respectively, in the year 2015. However, as discussed above, to the extent that SO₂ credits will be used, the SO₂ reductions will not occur. Furthermore, the standard will reduce emissions of CO₂ by 17.864 million tons, or 0.06 percent, over the forecast period.

The standard is also expected to reduce water use by more than 200 billion gallons over the forecast period.

The technologies that are necessary to meet this standard are presently available. The Department finds the level to be economically justified. The consumer payback of this standard level ranges from 1.4 years for dishwashers connected to electric water heaters to 4.3 years for one connected to a gas water heater. This standard is also at the minimum of the LCC curve, resulting in a reduction in LCC of approximately \$142 and \$39 for dishwashers connected to electric water heaters and gas water heaters, respectively. In addition, the standard would result in an NPV to the

nation of \$434 million, the largest of any standard level. Lastly, the standard is expected to have only a modest impact on the prototypical manufacturer's ROE, causing a 0.26 percentage point drop.

V. Environmental, Regulatory Impact, Federalism, and Regulatory Flexibility Reviews

The Department has reviewed today's proposed action in accordance with the Department's obligations under:

- The National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321 et seq.), the Council on Environmental Quality regulations implementing the procedural provision of NEPA regulations (40 CFR part 1500 et seq.), and the Department's own NEPA regulations (10 CFR part 1021);

- Executive Order 12291 (46 FR 13193, February 19, 1981) which pertains to agency review of the impact of Federal regulations;

- Executive Order 12612 (52 FR 41885, October 30, 1987) which pertains to agency consideration of Federal actions that would have a substantial direct effect on States, on the relationship between the Federal Government and the States, and on the distribution of power and responsibilities among the various levels of government; and

- The Regulatory Flexibility Act (5 U.S.C. 601 et seq.) which requires, in part, that an agency prepare an initial regulatory flexibility analysis for any proposed rule unless it determines that the rule will not have a "significant economic impact on a substantial number of small entities." In the event that such an analysis is not required for a particular rule, the agency must publish a certification and explanation of that determination in the *Federal Register*.

a. Environmental Review

In issuing the proposed rule, the Department prepared an Environmental Assessment (EA) (DOE/EA-0386) that was published within the Technical Support Document (DOE/CE-0267, July 1989). The environmental effects associated with various standard levels were found not to be significant, and a Finding of No Significant Impact (FONSI) was published along with the proposed rule. (54 FR 32766, August 9, 1989)

In conducting the analysis for the final rule, the Department included and evaluated several design options suggested by comments on the proposed rule. As a result, the energy savings estimates and resulting environmental effects in the final rule differ slightly from those presented in the proposed

rule. Nevertheless, most of the environmental effects analyzed for the final rule fall within the range of impacts that were described in the EA that was prepared for the proposed rule.

For example, in the year 2010, the savings of sulfur dioxide (SO₂), nitrogen dioxide (NO₂), and carbon dioxide (CO₂) from the standard on clothes washers are expected to be 8,449 tons, 6,556 tons, and 730,000 tons, respectively. In the EA, savings of SO₂, NO₂, and CO₂ in 2010 from the clothes washer standards totalled up to 21,598 tons, 15,875 tons, and 1.677 million tons, respectively. Since the FONSI was issued for these larger savings, the final rule's smaller savings can, the Department concludes, also be considered not significant.

Similarly, in the year 2010, the savings of SO₂, NO₂ and CO₂ from the standard on clothes dryers are expected to be 17,725 tons, 12,200 tons, and 1.157 million tons, respectively. These expected savings are all less than the amounts reported in the FONSI, wherein the SO₂, NO₂, and CO₂ savings totalled up to 38,230 tons, 25,641 tons, and 2.398 million tons, respectively.

The SO₂, NO₂, and CO₂ savings from the dishwasher standard are expected to be 13,867 tons, 10,366 tons and 1.102 million tons, respectively, in 2010. These environmental effects fall outside the results reported in its FONSI. Nevertheless, they fall within the range of impacts which were discussed in the paragraphs above for clothes washers and clothes dryers, and for which FONSI's were issued.

Since all of the environmental effects expected from this final rule fall within ranges of environmental impacts that have been found not to be significant, the Department has concluded that these environmental effects also are not significant. Therefore, the Department has determined that an Environmental Impact Statement (EIS) was not required. Nevertheless, as noted above, the environmental effects were considered in selecting the final standards for these appliances.

b. Regulatory Impact Review

Executive Order 12291 (46 FR 13193, February 19, 1981) directs that, in proposing a major rule,¹¹ an agency

¹¹ "Major rule" means any regulation that is likely to result in: (1) An annual effect on the economy of \$100 million or more; (2) A major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or (3) Significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

perform a regulatory analysis. Such an analysis presents major alternatives to the regulation that could substantially achieve the same regulatory goal at lower cost, as well as a description of the costs and benefits (including potential net benefits) of the proposed rule.

DOE has determined that this proposed rule is a "major rule." Accordingly, a Final Regulatory Impact Review has been prepared and submitted to the Office of Management and Budget (OMB). OMB has reviewed the Regulatory Analysis under Executive Order 12291.

The Regulatory Analysis is summarized below. This summary focuses on the major alternatives considered in arriving at the proposed approach to improving the energy efficiency of consumer products. The reader is referred to the complete draft "Regulatory Impact Analysis," which is contained in the TSD, available as indicated at the beginning of this notice. It consists of: (1) A statement of the problem addressed by this regulation, and the mandate for government action; (2) a description and analysis of the feasible policy alternatives to this regulation; (3) a quantitative comparison of the impacts of the alternatives; and (4) the economic impact of the proposed standard.

It should be noted at the outset that none of the alternatives that were examined for these three products saved as much energy as the proposed rule. Also, most of the alternatives would require that enabling legislation be enacted, since authority to carry out those alternatives does not presently exist.

Alternatives for Achieving Consumer Product Energy Conservation Six major alternatives were identified by DOE as representing feasible policy alternatives for achieving consumer product energy efficiency. These alternatives include:

- No New Regulatory Action.
- Informational Action.
- Product labeling
- Consumer education
- Prescriptive Standards.
- Financial Incentives.
- Tax credits
- Rebates
- Voluntary Energy Efficiency Targets.
- The Proposed Approach (Performance Standards).

Each alternative has been evaluated in terms of its ability to achieve significant energy savings at reasonable costs, and has been compared to the effectiveness of the final rule.

If no new regulatory action were taken, then no new standards would be implemented for dishwashers, clothes washers, and clothes dryers. This is essentially the "base case" for each appliance. In this case, between the years 1993 and 2015 there would be expected energy use of 34.18 Quads of primary energy, with no energy savings and a zero net present value.

Several alternatives to the base case can be grouped under the heading of informational action. They include consumer product labeling and DOE's public education and information program. Both of these alternatives are mandated by the Act. One base case alternative would be to estimate the energy conservation potential of enhancing these programs. To model this possibility, the Department assumed that market discount rates would be lowered by five percent for purchasers of these three products. This resulted in energy savings equal to .01 Quad, with expected consumption equal to 34.18 Quads. The net present value is estimated to be \$10 million.

Another method of setting standards would entail requiring that certain design options be used on each product, i.e., prescriptive standards. For these three products, prescriptive standards are assumed to be implemented as standards at one level below the performance standards, with the exception of clothes washers which are already at standard level 1. For example, prescriptive dishwasher standards are assumed to be at standard level 3 instead of level 4 as in the performance standards. The lower standards level entails slightly smaller expenditures for tooling and purchased parts. Consequently, the economic impacts that are expected before the implementation date should be slightly smaller for prescriptive standards. This resulted in energy consumption, between 1993 and 2015, of 32.14 Quads, and savings of 2.04 Quads. The net present value, in 1987 dollars, was \$2.12 billion.

Various financial incentive alternatives were tested. These included tax credits and rebates to consumers, as well as tax credits to manufacturers. The tax credits to consumers were assumed to be 15 percent of the increased expense for higher energy efficiency features of these appliances, while the rebates were assumed to be 15 percent of the increase in equipment prices. The tax credits to consumers showed a modest change from the base case, saving .24 Quad with a net present value of \$720 million. Consumer rebates showed more sizable changes; they

would save 1.16 Quads with a net present value of \$1.86 billion.

Another financial incentive that was considered was tax credits to manufacturers for the production of energy-efficient dishwashers, clothes washers, and clothes dryers. In this scenario, an investment tax credit (ITC) of 20 percent was assumed. The tax credits to manufacturers had almost no effect; the energy consumption estimates are 34.19 Quads with savings equal to -.01 Quad, and a net present value equal to \$220 million.

The impact of this scenario is so small because the ITC was applicable only to the tooling and machinery costs of the firms, i.e., the firms' fixed costs, and most of the design improvements that would likely be adopted to manufacture more efficient versions of these products would involve purchased parts. Expenses for purchased parts would not be eligible for an ITC.

Two scenarios of voluntary energy efficiency targets were examined; in the first one, the proposed energy conservation standards were assumed to be voluntarily adopted by all the relevant manufacturers in five years, and, in the second scenario, the proposed standards were assumed to be adopted in 10 years. In these scenarios, the five year delay would result in energy consumption by these appliances of 32.62 Quads, energy savings of 1.56 Quads, and a net present value of \$860 million; the 10 year delay would result in 33.28 Quads of energy being consumed, 0.90 Quad being saved, and a net present value of \$530 million.

These scenarios assume that there would be universal voluntary adoption of the energy conservation standards by these appliance manufacturers, an assumption for which there is no reasonable assurance.

Lastly, all of these alternatives must be gauged against the performance standards that are being proposed in this notice. Such performance standards would result in energy consumption of dishwashers, clothes washers, and clothes dryers to total an estimated 31.92 Quads of primary energy over the 1993-2015 time period. Savings would be 2.26 Quads, and the net present value would be an expected \$2.26 billion.

As noted at the beginning of this section, none of the alternatives that were considered for these products would save as much energy as the proposed rule.

c. Federalism Review

Executive Order 12612 (52 FR 41685, October 30, 1987) requires that regulations or rules be reviewed by any substantial direct effects on States, on

the relationship between the Federal Government and the States, or on the distribution of power and responsibilities among various levels of government. If there are sufficient substantial direct effects, then Executive Order 12612 requires preparation of a federalism assessment to be used in all decisions involved in promulgating and implementing a regulation or a rule.

The Department finds that today's final rule will not have a substantial direct effect on State governments. State regulations that may have existed on these three products were preempted by the Federal standards established in NAECA. States could petition the Department for exemption from such preemption, and none have done so. Today's final rule has no added effect on States. Thus, based on the foregoing, the Department finds that the preparation of a federalism assessment for this rulemaking is not warranted.

The Act provides for subsequent State petitions for exemption from preemption, which necessarily means that the determination as to whether a State law prevails must be made on a case-by-case basis using criteria set forth in the Act. When DOE receives such a petition, it will be appropriate to consider preparing a federalism assessment consistent with the criteria in the Act.

d. Regulatory Flexibility Review

The Regulatory Flexibility Act of 1980 (Pub. L. 96-354) requires an assessment of the impact of regulations on small businesses. Small businesses are defined as those firms within an industry that are privately owned and less dominant in the market.

In this rulemaking, three different products and, hence, industries are being addressed. Regulatory flexibility issues will be discussed for the dishwasher, clothes washer, and clothes dryer industries for which standards are being prescribed.

First, the energy conservation standard on those dishwasher manufacturers who could be considered small businesses will be discussed.

Dishwasher manufacturing firms can be divided into two groups: Those that compete on large sales-volume products and those that compete in small, specialized markets. Small firms are generally forced to specialize in small market niches that offer some protection from the cost advantage that large firms hold when they can produce in volume. This effect can even be observed among the major producers in the tendency of the smaller major producers to produce somewhat more specialized products.

There are significant differences among the major firms. As the Department learned from discussions with industry consultants, average cost has an inverse relationship to firm size. Thus, the industry has economies of scale, and large firms (to the extent that their facilities are up-to-date) have lower average costs than small firms. This fact, coupled with increasing competitiveness of the national and international markets, probably accounts for the continuing consolidation that has been occurring for several decades. The fact that the consolidation has been producing larger firms strongly corroborates the finding that large firms have a cost advantage.

A principal implication of consolidation is that the smaller of the firms will be, on average, in more danger of failing or being bought out than will the large firms. Because of the greater precariousness of smaller firms, any decrease in average profitability is more likely to damage seriously a smaller firm, and an increase in average profitability is more likely to mean the difference between success and failure for a smaller firm.

From the point of view of competitiveness, a decrease in average profitability could speed up the process of consolidation, producing a less competitive industry, while an increase in average profitability could help maintain the current levels of competition. Either effect might well be temporary, because, in the long run, the number of firms should be determined by the industry's cost structure and by the way a single firm's elasticity of demand relates to the number of competing firms.

Although larger firms have a cost advantage due to economies of scale, the very small firms in the dishwasher manufacturing industry have found market niches in which to survive profitably. The small firms sell dishwashers primarily to the replacement and kitchen remodel markets, which tend to offer higher profit margins than does the builder market. As a result, it is possible, according to industry consultants, that small firms would have an easier time passing through increased variable costs that result from the standard, and thus may be affected more positively than the large firms.

Second, the impact of the energy conservation standard on clothes washer manufacturers needs to be addressed. The standard is an efficiency level that was achieved by the elimination of a warm rinse option. For those manufacturers who choose to

meet the standard by eliminating that option, there will be essentially a zero cost increase resulting from the standard.

Finally, the impact of the energy conservation standards on clothes dryer manufacturers needs to be addressed. The LBL-MIM indicates, through its prediction of an increase in typical ROE, that the proposed standards are likely to slow down the consolidation process temporarily. This would lead to a temporary slowing down of the continuing decrease in this industry's competitiveness. However, this prediction would be tempered by the observation that if standards were technologically difficult to meet, they could hurt some smaller firms the most, since smaller firms tend to have less sophisticated research and development capabilities. This is not a significant issue since the standard levels on clothes dryers will not be technologically difficult to meet.

In view of the foregoing, the Department has determined and hereby certifies pursuant to section 605(b) of the Regulatory Flexibility Act that today's action will not have a "significant economic impact on a substantial number of small entities."

In conclusion, for each of these three industries, the Department finds that the standard levels prescribed in today's Final Rule will not "have a significant economic impact on a substantial number of small entities," and it is not necessary to prepare a regulatory flexibility analysis.

List of Subjects in 10 CFR Part 430

Administrative practice and procedure, Energy conservation, Household appliances.

In consideration of the foregoing, part 430 of chapter II of Title 10, Code of Federal Regulations, is amended as set forth below.

Issued in Washington, DC, April 25, 1991.

J. Michael Davis,

Assistant Secretary, Conservation and Renewable Energy.

PART 430—ENERGY CONSERVATION PROGRAM FOR CONSUMER PRODUCTS

1. The authority citation for Part 430 is revised to read as follows:

Authority: 42 U.S.C. 6291–6309.

2. In section 430.32, paragraphs (f), (g) and (h) are revised to read as follows:

§ 430.32 Energy conservation standards and effective dates.

* * * * *

(f) *Dishwashers.* (1) Dishwashers manufactured between January 1, 1988, and May 14, 1994 shall be equipped with an option to dry without heat.

(2) Dishwashers manufactured on or after May 14, 1994, shall have an energy factor no less than:

Product class	Energy factor (cycles/KWh)
i. Compact Dishwasher (less than 22 inches in exterior width).....	0.62
ii. Standard Dishwasher (equal to or greater than 22 inches in exterior width).....	0.46

* * * * *

(g) *Clothes washers.* (1) Clothes washers manufactured between January 1, 1988, and May 14, 1994, shall include an unheated rinse water option.

(2) Clothes washers manufactured on or after May 14, 1994, shall have an energy factor no less than:

Product class	Energy factor (cu. ft./Kwh/cycle)
i. Top Loading, Compact (less than 1.6 ft. ³ capacity).....	0.90.
ii. Top Loading, Standard (1.6 ft. ³ or greater capacity).....	1.18.
iii. Top Loading, Semi-Automatic.....	Not Applicable. ¹
iv. Front Loading.....	Not Applicable. ¹
v. Suds saving.....	Not Applicable. ¹

¹ These classes shall have an unheated rinse water option.

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(h) *Clothes dryers.* (1) Gas clothes dryers manufactured between January 1, 1988, and May 14, 1994, shall not be equipped with a constant burning pilot.

(2) Clothes dryers manufactured on or after May 14, 1994, shall have an energy factor no less than:

Product class	Energy factor (lbs./KWh)
i. Electric, Standard (4.4 ft. ³ or greater capacity).....	3.01
ii. Electric, Compact (120v) (less than 4.4 ft. ³ capacity).....	3.13
iii. Electric, Compact (240v) (less than 4.4 ft. ³ capacity).....	2.90
iv. Gas.....	2.67

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