



Opinion **Dynamics**

MEMORANDUM

To: Jamey Neal and Nick Warnecke; Ameren Illinois Company
From: Opinion Dynamics Evaluation Team
Date: May 5, 2023
Re: 2022 Income Qualified Initiative Program Ally Interview Results

INTRODUCTION

This memorandum summarizes key findings from interviews with ten Program Allies (PAs) that implemented services for the Ameren Illinois Company (AIC) Single Family Channel of the Income Qualified (IQ) Initiative in 2022. The Single Family Channel provides low- and moderate-income households with in-home audits, small energy-saving products, and/or comprehensive building shell and HVAC upgrades. The Single Family Channel specifically targets IQ customers who did not participate in the Illinois Home Weatherization Assistance Program (IHWAP) through their local Community Action Agency (i.e., the CAA Channel of the IQ Initiative). As such, the building shell and HVAC retrofits through this Channel are completed by PAs.

The goal of the PA interviews was to gain insight on PAs' experiences with the Single Family Channel in 2022. More specifically, this study collected information on how the IQ Initiative has impacted the PAs' business in 2022 and their feedback on the various components of the IQ Initiative, such as the application process; training and/or support they received from Initiative staff; and the Initiative's design. This study also collected information on any successes and challenges PAs experienced in 2022; related directly to the implementation and design of the IQ Initiative as well as broader market challenges that impacted their ability to complete projects (e.g., COVID-19, supply chain issues, staffing shortages, and inflation).

Opinion Dynamics received contact information for a total of 66 PAs, of whom 38 had completed at least one Initiative project at the time of the interviews. We ultimately interviewed 10 out of the 38 eligible PAs. The interviewed PAs represented a range of small (i.e., staff size under five) to relatively large business with staff sizes over 30. The majority of the interviewed PAs have been involved in the Initiative for several years; some since the Initiative started.

KEY FINDINGS AND RECOMMENDATIONS

The PAs we interviewed generally held a very positive view of AIC, its partners, and the IQ Single Family Channel. From their perspective, the channel is implemented very well, with minimal opportunities for improvement. They reported that AIC successfully responded to broader market challenges in 2022 with strategic adjustments to design that helped PAs complete projects and achieve the Initiative's goals. Many of the PAs specifically highlighted how important the Single Family Channel is to the success of their business and their ability to retain employees during difficult economic times; showcasing one of the powerful intersections between AIC's energy efficiency offerings and their broader workforce development goals. There may be further opportunities to reduce barriers to entry and promote equitable access to the Initiative for new businesses. Consistency in the strategies that made the Initiative successful in 2022 is key to ensuring continued success: expanding coverage of health and safety issues, well-coordinated implementation processes, and meaningful engagement with PAs to navigate any future economic challenges that affect both AIC's offerings and PA businesses.

Below we present the key findings and evaluation team recommendations from this research. Following this section, we provide more detailed findings related to the research objectives.

- **Finding # 1:** Feedback from interviewed PAs suggests that implementation of the IQ Single Family Channel in 2022 was successful. Key contributors to success included the funding of health and safety improvements that previously would have hindered project approval; the suspension of the per-PA project allocations in mid-2022; and the positive teamwork between Initiative staff and PAs. From the interviewed PAs' perspective, the Initiative staff's response to rising equipment and labor costs, by increasing PA incentives, enabled PAs to complete more projects and meet Initiative goals.
 - Recommendation: It is likely that equipment and labor costs will continue to increase. As such, the evaluation team suggests having periodic discussions with PAs regarding the cost of completing projects, including equipment and labor costs. This may allow Initiative staff to anticipate, plan for, and keep up with external factors that may affect the PAs ability to complete the number of projects necessary to achieve Initiative goals.
- **Finding # 2:** The Initiative has helped PA companies to weather economic turmoil by providing a steady stream of projects even in times when business is slow. It has also helped PA companies create jobs and keep staff employed, which contribute meaningfully to the workforce development goals of the Climate and Equitable Jobs Act (CEJA) and the AIC Market Development Initiative.
- **Finding # 3:** Broader market challenges were a major contributor to the slow start for the Initiative in 2022, but some PAs also attributed the slow start to a change in the Initiative design that limited the coverage of central air conditioners (CACs) to 100 units and to households with high-need designation, such as ones with senior citizens and people with disability or health issues¹. Thus, PAs reported not being able to meet customer demand for air conditioners in participating households without a high-need designation. This also equated to a potential loss of revenue for them.
- **Finding # 4:** While PAs felt supported and worked very well with the various Initiative staff, some PAs reported challenges in finding subcontractors to work with on health and safety related work such as plumbing and or electrical repairs.

¹ Program staff reported that in 2022, they allocated 100 CACs to PAs and 23 in reserve. CACs were limited to households that have a qualifying unit (10 SEER or less) and fit the designation of high-need customers such as households with a child under six years old, expectant mother, those with asthma/breathing, senior citizens, and those living with disabilities. The decision to limit to CACs in 2022 resulted from previous high demand for CACs, large program costs, yet low energy savings.

- Recommendation: Identify and develop a registry of contractors and/or organizations (e.g., community-based organizations (CBOs) or other non-profit organizations) that PAs can partner with to work on common health and safety issues or improvements; and consider providing them training on the IQ Initiative. This may provide PAs with already trusted and more reliable partners to work with on health and safety issues or improvements and may help alleviate the challenge of finding contractors at the last minute.
- **Finding # 5:** Despite previous efforts in streamlining the paperwork that PAs need to complete for each project, most interviewed PAs still identified filling out paperwork as a challenge. One challenge noted by some PAs is the need for manual data entry for fields that are repetitive across pages (or tabs in Excel).
 - Recommendation: Consider utilizing Excel features or formulas to automatically populate data or information that is the same across all the other tabs that require it. This would not only help speed up the process of completing paperwork but would also help minimize data entry errors. Reducing the complexity or time required to complete paperwork may also reduce barriers to entry for new PAs.
- **Finding # 6:** The length of time between when a project starts and when PAs receive incentive payments remains to be a challenge for some PAs from smaller companies. Some PAs reported that it takes a minimum of six weeks to receive incentive payments for projects. PA staff are paid weekly or biweekly. The lengthy incentive payment timeline then requires PAs to absorb the initial project costs, which is challenging for smaller PAs.
 - Recommendation: Discuss the incentive payment timeline with newer and/or smaller PAs to better understand any challenges that prevent them from completing projects and potential strategies to address them.

DETAILED FINDINGS

In general, PAs reported that, from their perspective, implementation of the IQ Single Family Channel went very well in 2022. Relative to previous years, all interviewed PAs reported that despite the slow start of the Initiative in 2022, the Initiative was implemented better than previous years. When asked about their overall satisfaction with the Initiative in 2022, all PAs provided satisfaction scores of four or five on a five-point scale. Satisfaction with various components of the Initiative contributed to PAs' overall satisfaction. PAs also reported being very satisfied with various specific components of the Initiative, such as incentive amounts, measure offerings, and training.

All PAs interviewed also reported that the IQ Initiative ran very smoothly in 2022 in a large part due to the effective coordination and communication between PAs and Initiative staff. PAs reported that they communicated with Initiative staff frequently and felt that Initiative staff were prompt, responsive, accessible, and willing to work with them on any issues they may have. One PA commented that Initiative staff had great work ethics. These made it easier for the PAs to work on projects and provided a positive working relationship with Initiative staff. Notably, PAs very much appreciated the responsiveness of Initiative staff regarding equipment pricing increases reported by various PAs throughout 2022. One PA noted that:

“I think of all the years of dealing with the program, it is in a good place as far as timeliness and being able to get things submitted and approved in a timely manner. And getting answers to questions quickly and all of that.”

WORKFORCE BENEFITS

Further, nearly all interviewed PAs reported that the Initiative has impacted their businesses positively. While Initiative projects make up an average of around 10% of all interviewed PAs' projects, the Initiative has provided their businesses with steady work and has allowed them to keep project teams productive and employed even during times of the year

when business is slow,² which is in line with one of the goals of the CEJA to create jobs while reducing energy burden. Some PAs also reported that being a PA has helped increase customer awareness of their company. When asked how the Initiative has impacted their businesses, a couple of PAs noted:

“It has a positive impact on us. It has been good for us. It helps. We like doing it. It gets our name out there, too... It keeps our guys busy.”

“It allows us to retain more employees. Without it, I just don’t think we would be able to employ a couple (of) crews that we do... There would be times where layoffs would happen and, with [the Initiative], they don’t have to happen, especially when the program keeps going year-round and we are able to keep work flowing because of it.”

FEEDBACK ON IMPLEMENTATION CHANGES

While PAs were highly satisfied with the various components of the Initiative, the key factors for the success of the Initiative in 2022 were primarily due to coverage of health and safety improvements, effective communication and coordination between Initiative staff and PAs, increased incentives, and the suspension of project allocation for each PA.

- Nearly all PAs interviewed indicated that inclusion of health and safety improvements as part of IQ projects contributed to the success of the Initiative in 2022. Some PAs noted that allowing them to address health and safety issues was a “gamechanger” in 2022 because IQ participants usually cannot afford to have certain issues in their homes fixed, which then prevents the PAs from completing larger energy efficient upgrades in some participating homes. Historically, the IQ Initiative did not cover health and safety issues such as mold, electrical or plumbing work, radiant barriers, or repairs necessary prior to installation of energy efficient equipment. The lack of coverage of necessary health and safety improvements or work posed a barrier to completing energy efficient upgrades recommended to some participating households, which then impacted customer participation, completion of larger energy efficient upgrades, and, in turn, meeting energy savings goals set for the Initiative. However, in 2022, as part of its response to CEJA, the IQ Initiative began covering some health and safety issues found during the audit alongside the energy efficiency services offered by the Initiative. This helped PAs complete energy efficient upgrades that they would not be able to complete if the Initiative had not covered the cost of addressing health and safety issues. One PA noted:

“A big part of it is because of the funding available to cover the potential showstoppers and health and safety concerns. Without having the money to fix health and safety, we can’t do energy efficient upgrades.”

- Initiative staff’s responsiveness and action toward addressing equipment and labor costs reported by PAs also contributed to the overall perceived success of the Initiative in 2022. PAs reported that in 2022, the cost of energy efficient equipment increased at least three times. They also noted that labor and business operating costs

² While some PAs reported that 2022 started out slow and noticing a decrease in projects assigned to them mid-2022 due to the lack of Initiative coverage of air conditioning equipment, most PAs anticipated completing more projects in the winter due to demand for heating equipment.

increased because of inflation. In response to this, Initiative staff decided to increase PA incentives, which PAs found extremely helpful in completing projects. Without the increased incentives, they may not have been able to complete as many projects. This is particularly the case for smaller PA companies that did not have the capacity to keep inventory prior to 2022.

- The suspension of project allocation for PAs was also a key contributor to the success of the Initiative in 2022 as it helped PAs meet Initiative goals for 2022. The project allocation made some PAs hesitant to seek out participants because the Initiative has sometimes become oversubscribed and run out of budget during the year. Suspending the allocation gave PAs more confidence to market the Initiative and complete as many projects as they could. To meet Initiative goals, the per PA project allocation was suspended around mid-2022. This enabled PAs to catch up and complete as many projects as they could in 2022, which helped toward achieving Initiative goals the second half of 2022. When asked about the suspension of project allocations in 2022, a PA reported:

“I definitely like it better that it has opened up and you can be pretty free about going out and just being confident that there are funds available, and they are going to be able to utilize them versus having the allocation.”

IMPLEMENTATION CHALLENGES

Despite the success of the Initiative, the PAs reported some challenges they encountered in 2022. These include challenges in filling out paperwork, the limited coverage of CACs, lengthy incentive payment timeline, and finding contractors who could work on health and safety issues.

- PAs need to fill out paperwork for each participating household. While Initiative staff have attempted over the years to streamline paperwork, some PAs still reported this as a challenge. Most interviewed PAs noted that it still takes a significant amount of time to fill out paperwork for each participant and would like to fill out less paperwork.
- Some PAs reported that the limited allocation on CACs and restriction of CAC installations to households with high-need designation contributed to the slow start to 2022 because the number of projects assigned to them in the summer months decreased relative to previous years, while interest and demand for CACs among participants persisted. One PA noted:

“I think there is less volume being referred to us from Ameren sources because people are more likely to call to inquire about air conditioning if they are hot, whereas furnaces maybe not so much... We definitely had a lot more jobs when there were air conditioning incentives as well.”

- Incentive payments are sent after projects are completed, and for some PAs from smaller companies this timeline was a challenge. It normally takes about four to six weeks from the time of an audit to project completion. As such, it would take at least six weeks for PAs to receive incentive payments. While they understand this process, some PAs still find it challenging mainly because they pay staff salaries weekly or biweekly. This requires PAs to absorb the initial project costs, which may be challenging for their companies particularly during times of economic instability or hardship.
- While all interviewed PAs welcomed the coverage of health and safety issues, some PAs noted that there are still some health and safety issues not covered, such as the presence of vermiculite and asbestos. This prevented

installation of attic insulation for a few PAs. In addition, some PAs reported that they had some difficulty finding contractors to work with on the health and safety issues such as plumbing and electrical work and noted that they lacked support from AIC in finding such contractors.

MARKET CHALLENGES

Apart from Initiative specific challenges, PAs reported experiencing other market challenges extraneous to the Initiative. These included challenges related to inflation, staffing shortages, and issues with supply chain in 2022. These affected some PAs, who then made some adjustments within their companies to cope with the challenges and meet Initiative and business goals.

- PAs reported that inflation not only affected equipment costs, but also labor costs. Some PAs reported having to increase staff salaries in 2022 to retain employees and to help cover rising costs of living due to inflation.
- Some PAs also reported experiencing some staffing shortages in 2022 and having difficulty retaining high performing employees. In such cases, the remaining staff absorbed the work, or they had to hire and train new staff to do the work. When asked about staffing challenges, one PA reported:

“For me it has been quality employee retention. Just like every other employer in the world, just trying to compete. This work is nasty. It is awful to be crawling in attics and crawl spaces, the places that no one ever thinks about in their house - spiders and snakes and creepy crawlies. To try to pay commensurate to what it is and keep people happy has been a challenge. Four years ago, I had five employees, and we were turning out a lot of work. Now, I am down to one employee.”

While PAs reported staffing shortages as a challenge, the theory of supply and demand suggests that the need to hire and train new staff can create job opportunities for others looking to work in this sector and/or work in disadvantaged communities. This may also create opportunities for other existing contractors to become PAs and/or other individuals who would like to establish new businesses that may provide energy efficient products and services.

- Other PAs reported experiencing supply chain related issues and having difficulty in procuring some HVAC equipment, in particular. PAs noted that the issues were caused by manufacturing backlog that resulted from facilities shutting down due to COVID 19. While supply chain issues persisted in 2022, as of mid-2022, PAs reported that they saw improvement and more stability in terms of supply compared to 2021 and earlier in 2022. Further, some PAs noted that keeping stock or inventory of equipment has helped them minimize the impacts of supply chain issues on the Initiative and their businesses.

PROGRAM ALLY SUGGESTIONS FOR IMPROVEMENT

When asked about recommendations for improvement for the Initiative, PAs suggested having periodic discussions on equipment costs throughout the year, offering air conditioning again, improving or streamlining paperwork, and partnering with contractors that can work on health and safety issues in participating households.

- PAs anticipate that equipment costs will continue to increase in the coming years. As such, some PAs have suggested having periodic discussions or check-ins regarding equipment costs such as twice a year, would be beneficial for the Initiative since the cost of equipment may affect the number of projects that PAs may complete in any given year, especially when project allocations are in place.
- When asked about ways in which paperwork could be further streamlined, some PAs recommended adding functionality (in Excel) to prepopulate fields that are the same in each form or Excel worksheet. For instance, if the

first page or Excel worksheet requires participant information such as name, account, and address, it would be helpful to prepopulate (via formula or macro) any and all succeeding pages or worksheets that require the same information to lessen the need for manual data entry. Others suggested further streamlining by reducing the length of the paperwork. For instance, instead of having six pages, try to limit paperwork to three pages, if possible.

- Some PAs attributed the lack of larger energy efficient equipment installations the first half of the 2022 to the limited installation of CACs. As such, most PAs also recommended offering energy efficient CACs to the rest of the participants similar to previous years rather than limiting it to participants with high-need designation.
- PAs also recommended more support from Initiative staff in reaching out to and encouraging partnerships with contractors that perform health and safety related work similar to how the Initiative has partnered with PAs.