



August 5, 2010

Senator John McCain
United States Senate
241 Russell Senate Office Building
Washington, DC 20510

Dear Senator McCain:

In the spirit of fairness, we wanted to correct several misstatements included in your “stimulus projects” report that Senator Coburn and you released Tuesday. We are providing the facts about the Sheltering Arms weatherization program below for your information.

Your report references a “...May report from the Texas Department of Housing and Community Affairs (TDHCA) that described problems of overspending on administrative costs, a systemic lack of documentation, and simply substandard work...”

We will respond to each of these issues individually:

Administrative Costs

Sheltering Arms has always maintained that the TDHCA report in question was preliminary. It represents only a snapshot in time at the beginning of the program when the bulk of start-up costs typically build up as subcontractors and employees are trained. By the end of the weatherization program, all costs must be in line with government guidelines or we will not be reimbursed. We will meet all obligations for the program on time, in compliance and on budget.

In January, these front-loaded program costs totaled \$133,829 of which \$65,676 were administrative expenses representing slightly more than 49% of the budget. Through July 31, our program-to-date administrative expenses had declined to 6.4% of the budget and we are managing the program so that the final number will be at or below the 5% government requirement.

Oversight

Agency fiduciary responsibility is managed by an all-volunteer Sheltering Arms Board of Directors. We provide the Board progress and compliance reports on the weatherization program. Further internal monitoring and oversight is directed by the Board/Executive, Finance and Program committees.

Additional oversight involves numerous organizations and governmental bodies, including the General Accounting Office (GAO), Department of Energy (DOE), TDHCA, and our independent auditor, Blazek & Vetterling - Certified Public Accountants, as required by law.

In addition, each year United Way of Greater Houston reviews the agency audit, agency financial controls, financial status and governance oversight.

As a 501(c)(3) nonprofit agency, Sheltering Arms Senior Services is committed to rigorous stewardship of any funding it is fortunate enough to receive. We are good stewards of weatherization funds just as we are good stewards of grants funding and numerous other sources of financial support we depend upon to fulfill our mission of serving seniors in the Houston area.

Workmanship

We strive to be perfect, but in any construction project, whether building a home or undertaking a major weatherization project, the contractor often will have to go back to make “punch list” repairs. Most of the items requiring repair cited in the April TDHCA monitoring report were minor in nature, such as tightening a door latch or caulking around a window or bathtub. Sheltering Arms completed all punch-list items cited in the report.

Former Program Director

Your report mentions that “...the director of the weatherization program at Sheltering Arms has been removed...”

The facts are that in 2009 we started a staff reorganization that eliminated a weatherization management position. This reorganization was not a result of ARRA monitoring. In June, TDHCA issued its final response to its preliminary April report regarding our weatherization program and compliments Sheltering Arms. In the response report, TDHCA states that all matters have been resolved to their satisfaction “...in compliance with applicable federal, state and local regulations.”

Further, the report states:

“The Department appreciates Sheltering Arms efforts to resolve the findings of this monitoring report and to continuously improve its capacity to operate ARRA WAP [stimulus-funded weatherization programs]. Sheltering Arms has always been and remains a valued partner in providing energy assistance services to low-income residents in the Houston area.”

Two of our most requested programs provide weatherization services and utility assistance, which we’ve provided to the Houston community for more than 27 and 14 years, respectively. This year alone we’ve assisted more than 10,000 clients, and weatherized more than 1800 units. Since the program began, Sheltering Arms has weatherized the most units in the state of Texas, more than double the second highest subrecipient in the TDHCA program. Federal stimulus funds, first made available in 2009, have dramatically expanded the number of individuals that we’ve been able to help.

Now, we are not averse to public scrutiny, especially as an agency that receives government funding. What we will not do is stand idly by as our reputation is being questioned in slanted media reports. Hundreds of older adults and their families depend on Sheltering Arms every day for solutions to their care-giving needs, whether they're Alzheimer's or dementia clients, or just trying to pay their electric bills.

We have always been good stewards of weatherization funds just as we are good stewards of grants funding and other sources of financial support that our nonprofit agency depends on to serve the older adult community in the Houston area.

At Sheltering Arms, we are committed and passionate about serving seniors and their caregivers. We are proud of the work we do each and every day, and stand by our record and reputation.

Sincerely,

Robert Phillips
President
Sheltering Arms Senior Services



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United States Senate
172 Russell Senate Office Building
Washington, DC 20510

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