HOMESTAR: JOB CREATION THROUGH HOME ENERGY RETROFITS

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OF THE

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THURSDAY, MARCH 18, 2010

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ENERGY AND ENVIRONMENT,
COMMITTEE ON ENERGY AND COMMERCE,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:06 a.m., in room 2123 of the Rayburn House Office Building, Hon. Edward J. Markey [Chairman of the Subcommittee] presiding.

Members present: Representatives Markey, Doyle, Inslee, Melancon, McNerney, Welch, Dingell, Capps, Harman, Baldwin, Barrow, Waxman (ex officio), Upton, Stearns, Shimkus, Pitts, Burgess, Scalise, Griffith and Barton (ex officio).

Staff present: Bruce Wolpe, Senior Advisor; Greg Dotson, Chief Counsel, Energy and Environment; John Jimison, Senior Counsel; Michael Goo, Counsel; Melissa Cheatham, Professional Staff Member; Caitlin Haberman, Special Assistant; Peter Ketcham-Colwill, Special Assistant; Lindsay Vidal, Special Assistant; Aaron Cutler, Minority Counsel; Mary Neumayr, Minority Counsel; Andrew Spring, Minority Professional Staff; and Garrett Golding, Minority Legislative Analyst.

OPENING STATEMENT OF HON. EDWARD J. MARKEY, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF MASSACHUSETTS

Mr. MARKEY. Good morning. A few hours from now March Madness will officially begin, although for anyone who has walked the Capitol Hill halls in the last few days, the madness seems to have already started. Unfortunately, my alma mater, Boston College, missed the tournament. So since I cannot root for my home team, today I will root for HomeStar. Instead of watching players score buckets by banking the ball off the backboard window, today we will talk about families banking bucks through energy-efficient windows and I can guarantee one thing, the HomeStar Program will give people a much better return on investment then filling out an NCAA bracket.

HomeStar is our new three-point play for American families during this economic recovery. One, it saves energy. Two, it saves money. Three, it creates jobs.

So what is HomeStar? It is a program designed to help every homeowner looking for a little extra help to make their home more efficient by saving energy. The program will provide homeowners rebates for purchasing and installing more efficient windows, doors,

insulation and other home improvements that will cover energy bills while jumpstarting our manufacturing and labor sectors. HomeStar was designed to give customers their rebates quickly and reimburse contractors within 30 days. It will, under my direction, also include a do-it-yourself provision that allows people to receive rebates for buying and installing insulation materials without going through a contractor.

HomeStar was designed to reduce energy costs in several ways. Homeowners receive rebates on products and installation. They may also benefit from a loan program to offset the remaining cost of the project. Finally, homeowners save on reduced heating and cooling costs. HomeStar efficiency upgrades are estimated to save homeowners over $1 billion of home energy expenses in 2011, and $9.2 billion over 10 years.

And finally, HomeStar was designed to help American workers get back on their feet through energy-efficient construction and manufacturing jobs. The products in the Silver Star portion of the bill are largely manufactured in the United States. Creating a consumer market for these products through HomeStar will help save and create approximately 168,000 jobs in the next 10 years. Most of these jobs will be available in the next 2 years. That is why there is such a broad support for HomeStar. Fortune 500 companies, small contractors, environmental advocates and lumber manufacturers are just some of the organizations that have supported HomeStar.

I would be remiss if I did not mention the hard work of my colleague, Peter Welch, who has been a champion of HomeStar and a long time supporter of building efficiency as evidenced by his provision in the Waxman-Markey legislation that passed the House last June. Right now, we don't know who will win March Madness. We do know that HomeStar is a winning program for hundreds of thousands of American workers, families and our ongoing efforts to spur a lasting, sustainable economic recovery through clean energy jobs and technologies.

That completes the opening statement of the chair.

We now turn and recognize the ranking member, the gentleman from Michigan, Mr. Upton.

Mr. UPTON. Well, thank you, Mr. Chairman, and sorry that your Boston College team didn't make it. Neither did my Wolverines. Maybe we could get the majority leader to do a resolution like he did for Maryland on the House floor, complimenting them on a wonderful season although they didn't win the ACC tournament, like we did yesterday.

Mr. MARKEY. But they are in the tournament.

Mr. UPTON. Not the Wolverines.

Mr. MARKEY. No, but I mean the Terrapins are in the tournament.

Mr. UPTON. They are in but they didn't win the ACC. They lost the first game of the tournament but we will see how you fill out your bracket.

Mr. MARKEY. But they are still alive. They are more like the HomeStar Program than Boston College.

Mr. UPTON. Yes, yes, we will see how far they go.

Mr. MARKEY. OK.

OPENING STATEMENT OF HON. FRED UPTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. UPTON. I appreciate the hearing today and I have always been a proponent of all of the above energy policies. All of the above isn't just about all sources of energy. It also includes conservation and energy conservation. Upgrading energy efficiency in homes clearly is the low-hanging fruit in reducing overall energy demand and has the added benefit of directly lowering home energy bills which is of critical importance for working families that are struggling to get by.

I support energy efficiency and there are bipartisan ways to create incentives for home energy efficiency upgrades but I am not sure that this legislation fits that bill. The HomeStar legislation that we are looking at today could prove to be far too expensive at a time of massive budget deficits and runaway spending. We don't know what the cost will be because the bill as you know as written is a blank check to the appropriators, such sums as may be necessary, as the legislation states, so how much are we talking about? Is it $6 billion, is it $20 billion, it could be more. I don't support signing a blank check.

With all due respect to the Department of Energy, they are not equipped to run a program of this magnitude regardless of whether it is $1 billion or $20 billion. According to the GAO, only 9,100 of a planned 593,000 homes were weatherized this last year, 9,100 out of 593,000. That is more than a rounding error. In my home State of Michigan, 395 homes were weatherized in 2009 at a cost of $4 million so there is still another $240 million left unspent in the Stimulus Package that was passed last year. Nationally, about $522 million in Stimulus funds have been spent so far on weatherization. That is about 10 percent of the $5 billion set aside. Why are we going to throw countless billions on top of that? Clearly, more money is not the answer or the issue.

Besides the runaway spending and DOE's inability to administer the first $5 billion allocated, there are other problems as well. Good policy would suggest a HomeStar-type program should complement state-regulated energy efficiency programs not disrupt them. Existing energy efficiency programs are the best way to distribute funding with the greatest level of quality assurance, not a giant, new government bureaucracy.

This legislation as I look at it does pick winners and losers, both technology winners and losers, and labor winners and losers. That is not the job of this body as we seek to promote energy efficiency. It seems to me that many energy efficient technologies were left off the list solely because their manufacturers weren't represented in the HomeStar Coalition. That is not necessarily the American way. The American people have grown quite tired of these backroom deals and I hope that we can remedy this situation when we mark-up the bill, perhaps as early as next week.

I would also note that the President's budget called for a freeze in spending so where does that fit in when you look at a new $23 billion program? Now, we in the Congress now have passed PAYGO legislation, where are the offsets? I am not sure that this is the best answer and I yield back my time.

Mr. MARKEY. The gentleman's time has expired.

The chair recognizes the Chairman Emeritus of our committee, Mr. Dingell.

OPENING STATEMENT OF HON. JOHN D. DINGELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. DINGELL. Mr. Chairman, thank you for holding this important hearing today. I am pleased that the subcommittee is setting forth an aggressive agenda for the HomeStar Program.

I want to take a moment to welcome Larry Laseter from Masco Home Services. Welcome, Larry. Masco is headquartered in Taylor, Michigan and is an outstanding corporate citizen of the State of Michigan so welcome to you, Mr. Laseter, and we look forward to your testimony. Also, Governor Engler, it is a pleasure to see you this morning.

HomeStar holds much promise in three important areas. First and foremost, it will create jobs. Second, it will lead to greater residential energy efficiency. Third, it has the potential to lead to significant consumer savings.

In terms of jobs, my home State of Michigan is in a desperate state. Our current unemployment rate is 14.3 percent and Wayne County, my home county, has an unemployment rate of 15.7 percent. Between 2001 and 2009, Michigan lost nearly 43 percent of its construction jobs. The bottom line, Mr. Chairman, we need jobs and we need them desperately.

This is a program which has the potential to put 168,000 workers back on the job. Not only will this help individual workers but it will also help small businesses, a portion of our economy which has been particularly hard hit. We cannot afford not to move forward.

According to HomeStar Coalition, the energy efficiency gains have the potential to equal the removal of 615,000 automobiles from the road. This is particularly important since the Senate has yet to act on broader climate change legislation.

Finally, the program will be of great benefit to homeowners. It could save families as much as $9.4 billion in energy costs over the next 10 years. In addition, it makes homes more valuable. In these economic times, these increased savings and increased home values cannot be underestimated.

Mr. Chairman, HomeStar follows on the heels of the widely successful Cash for Clunkers Program in which the Federal Government provided consumer vouchers to purchase new, more fuel-efficient vehicles. The initial allocation of $1 billion was exhausted very quickly and we had to secure an additional $2 billion in funding for the program. Cash for Clunkers was responsible for the sale of nearly 700,000 new vehicles in the United States during its run and it added nearly one percent to the third quarter gross domestic product growth. Cash for Clunkers has been hailed as one of the most successful of all recent Government economic stimulus programs. According to the Center for Automotive Research (CAR), Cash for Clunkers created approximately 40,200 new jobs nationally of which 5,800 were in Michigan.

I ask unanimous consent to submit the testimony of Consumer's Energy, a fine American corporation situated in the southeast corner of Michigan, from the Senate Committee on Energy and Nat-

ural Resources on this matter. And, Mr. Chairman, I look forward to working with the subcommittee on this important legislation and I commend you again for having this hearing.

Mr. MARKEY. We thank the gentleman and we will by unanimous consent include that material in the record.

[The information appears at the conclusion of the hearing.]

Mr. MARKEY. The chair recognizes the gentleman from Pennsylvania, Mr. Pitts.

OPENING STATEMENT OF HON. JOSEPH R. PITTS, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF PENNSYLVANIA

Mr. PITTS. Thank you, Mr. Chairman.

I would like to thank you for convening this hearing today on the proposed legislation to incentivize home energy retrofits and reduce unemployment in the construction sector. With the unemployment rate at nearly 10 percent in the United States, I believe that it is crucial that Congress focuses on creating a climate that promotes job creation. By the same token, I also believe that sound energy efficiency measures will certainly decrease the amount of greenhouse gas emissions in our atmosphere. They will also encourage our country to strengthen our energy security and end our dependence on foreign energy resources.

The legislation that is being proposed to institute a rebate-type program has many promising aspects to it. Under the Silver Star Program, rebates will be awarded to participating contractors and vendors who perform qualifying energy-savings measures. Under the Gold Star Program, rebates will be awarded to participating contractors and vendors for retrofits that achieve home energy savings. However, I am concerned that Section 13A provides that, "There are authorized to be appropriated to carry out this Act such sums as may be necessary."

We are operating in a fiscally constrained environment. It is our job on this committee to authorize a dollar amount. While the Senate version calls for a $6 billion program, I am greatly concerned about deficit spending or whatever pay-for may be used to offset this spending. Additionally, I am concerned that the implementation of this program will be inefficient. Mr. Chairman, I do agree that creating an environment that stimulates jobs is the key however it is of the utmost importance that we do this prudently.

I look forward to hearing from our witnesses today and I thank you and yield back.

Mr. MARKEY. We thank the gentleman.

The chair recognizes the gentleman from Vermont, Mr. Welch. Oh, I am sorry. The chair recognizes the gentleman from Pennsylvania, Mr. Doyle. I apologize.

Mr. DOYLE. Thank you, Mr. Chairman, and for the record, the University of Pittsburgh is in the NCAA Tournament.

Mr. UPTON. Do they get a resolution today too?

OPENING STATEMENT OF HON. MICHAEL F. DOYLE, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF PENNSYLVANIA

Mr. DOYLE. I want to thank you for convening this hearing today to explore the HomeStar Program that President Obama proposed in his State of the Union Address. Over the past several years, I have been very interested in the green building movement and the technologies and innovations this movement has brought forward. As some of you know, the City of Pittsburgh is at the forefront of the green building movement. Innovations by our researchers, work by our construction companies and a real eye to the future has created innovations that I believe can benefit each and every Congressional District in our Nation. The time for building without concern for energy costs is behind us, and the very same can be said about energy efficiency. As my constituents are faced with rising energy costs in a recession, they are struggling to find ways to cut their energy usage but the truth remains that many of the investments needed to make your home more energy efficient are financially impossible for families in today's economy.

The HomeStar Program will offer families hoping to cut their energy costs, the chance to make energy-efficient upgrades to their homes with the promise of an immediate rebate from the contractor they hire to do this work. If the Weatherization Assistance Program in Pennsylvania is any indication, HomeStar will be a very popular program in my State.

Another opportunity with the HomeStar Program is the job creation potential. The program will increase employment in the construction sector which we all know has been particularly hard hit in the last year. And the manufacturing sector which is imperative to the economy in Pittsburgh and really, all across America is set to benefit because the materials used in HomeStar projects will be almost entirely domestically sourced. I can't think of a greater win-win right now, Mr. Chairman, unless of course the Tea Party decides to endorse a single-payer system today.

I look forward to the testimony today as we hammer out the details of how this program will be run. I do have a few questions regarding the administration of the program and making sure that the work done is quality and provides measurable savings to homeowners. Mr. Chairman, thank you for getting the ball rolling on this excellent program and I yield back the balance of my time.

Mr. MARKEY. Great, the gentleman's time has expired.

The chair recognizes the Chairman of the full committee, Mr. Waxman.

OPENING STATEMENT OF HON. HENRY A. WAXMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. WAXMAN. Thank you, Chairman Markey. Thank you for holding this hearing.

Today our Nation continues its courageous struggle to overcome the worst recession in 70 years. No sector of the economy has been harder hit than the home construction services sector. Today more than one in four construction workers are unemployed, more than

twice the national average. We need these workers and their skills more than ever.

We must seize the opportunity to modernize our homes and buildings and ensure their efficient use of energy. Ten percent of global greenhouse gas emissions are attributable to American buildings. Improving the efficiency of those buildings would allow us to reduce our carbon pollution and save money at the same time.

The HomeStar proposal is compelling because it addresses both of these problems simultaneously. First, the proposal will put a lot of people back to work making our homes more efficient. At the same time, it can stimulate the manufacturing sector by increasing demand for energy-efficient products. By some estimates, HomeStar will create more than 130,000 direct and indirect near term jobs. Second, HomeStar will cut our carbon pollution in the near term and be an important down payment for even more successful reductions in the future.

I want to commend Chairman Markey and Representative Welch for their leadership on this proposal. They have had the vision to see the tremendous economic and environmental benefits of nurturing energy efficiency retrofits into a major, national undertaking. President Obama has lent his unequivocal support to this initiative. We now have the opportunity in our committee to make HomeStar a priority and deliver jobs and energy efficiency to America's housing and commercial office stock throughout the country.

I would also like to welcome today's witnesses, Assistant Secretary Zoi, Governor Engler, Mr. Laseter, Mr. Thaman and Mr. Pratt. I appreciate your joining us today and look forward to hearing your testimony.

Mr. MARKEY. Great, the Chairman's time has expired.

The chair recognizes the gentleman from Vermont, Mr. Welch.

OPENING STATEMENT OF HON. PETER WELCH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VERMONT

Mr. WELCH. Thank you, Chairman Markey. I very much appreciate you convening this hearing. Thank you Ranking Member Upton.

We introduced RECRP, the National Residential Commercial Residential Retrofit Program that was passed by this committee and the House. It was a coalition that identified, like we have today, the incredible potential of the low-hanging fruit of energy efficiency and today we have witnesses who show that this is bipartisan. It represents something powerful across the country and I appreciate Secretary Zoi, Mr. Laseter, Governor Engler, Mr. Thaman and Mr. Pratt for being here. You are on the front lines. You know how it works. You know it is real and you are here to testify and demonstrate that this is a public and private partnership, market-based approach to getting something done.

HomeStar is going to put contractors to work. It is going to create manufacturing jobs because the source is as Mr. Doyle said, American and it is going to help small-town hardware stores as well as the big box retailers. It creates 168,000 jobs this just small, modified program. Three million American families can cut their

energy bills by $10 billion, $10 billion over 10 years and it reduces obviously our dependence on foreign oil.

In Vermont, we are an efficiency State. We have an efficient utility. We have created thousands of jobs. We have reduced consumption by seven percent and we save folks money. That is a good deal for America. What we have seen is that this can work and with HomeStar we can replicate what is being done across this country and it is going to do those things that need to be done about jobs, about energy savings and about reducing our dependence on foreign oil.

What is also so much a tremendous opportunity is that we can do this together. This Congress is locked in partisan battles and the real differences between us on many issues but this is an opportunity for us to find common ground about jobs, about energy independence and about putting our folks to work, and I am so grateful for you that you are here to testify about this and have us focus on doing something real, something useful, something necessary and do it together.

I yield back.

Mr. MARKEY. Great, the gentleman's time has expired.

The chair recognizes the gentleman from Alabama, Mr. Griffith.

Mr. GRIFFITH. Thank you, Mr. Chairman.

I look forward to working with my colleagues on this project. I know that it certainly sounds good theoretically and we hope that it works out practically but we know that we have had in the past some theoretical successes but some implementation problems with just such a project as this as it gets down into the communities so I am hoping that we solve those or anticipate those problems as we get to them, before we get to them so to speak. And I must say that energy efficiency is an important step in making our country less dependent on foreign oil but because this committee is concerned with energy in its totality, I think we not only need this sort of a program but we also need to make sure that we are not sending a mixed message to our energy producers and our outer-continental shelf 5-year plan should be a big part of this as well. And I appreciate the opportunity to participate with you and make sure that when it gets down to the contractor and the window manufacturers we don't get into a bureaucratic nightmare of paperwork and 3 or 4 months of form filling out and then no response. So I know those are on your mind so thank you, Mr. Chairman, for allowing me to participate.

Mr. MARKEY. All right, thank you, the gentleman's time has expired.

The gentleman from Georgia, Mr. Barrow is recognized.

OPENING STATEMENT OF HON. JOHN BARROW, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. BARROW. I thank the chair.

I am pleased that President Obama chose my hometown of Savannah earlier this month to come and roll out the Administration's support for this program and I think that it has got tremendous promise. I want to quickly register just a couple of areas of concern to me based on what we have learned from prior efforts in the past. Mention has already been made of the fact that the

Weatherization Program in the Recovery Act hasn't gone as far as we would like. It is not that the program hasn't been—the money has been wasted. The money hasn't been spent yet and comments have been made that what we don't need is something that is impossible to administer or something that is impossibly bureaucratic. I happen to believe that this is a direct response to our experience with the Recovery Act's effort to plus-up existing programs that are relatively high maintenance. I remember a great line in the movie "When Harry Met Sally" when they are talking about relationships that are high maintenance and low maintenance and the girl asked the guy well what am I and he said well you are the worst kind. You are high maintenance but you think you are low maintenance, and I kind of feel like that is what the Recovery Act was. It took a high maintenance program but we treat it as if it is low maintenance and put all kinds of resources into it and it just hasn't gotten through. This is a low maintenance approach and the more user-friendly we can make this, I think the more effective it will be and that I think is an important first step.

Now, I want to know what we can do to actually make this not just think it is low maintenance but actually be low maintenance and I want to explore with you all and get your ideas about we can make this as efficient as possible. Also, God bless the do-it-yourselfers out there to the extent that we are going to authorize some relief and help with folks who can do it themselves. That is important. We might not be helping the contracting community quite as much but the manufacturing base is going to get a boost out of this and the homeowner who is going to have sweat equity in this is going to have the energy savings and efficiency to show for it so I want to explore those two areas. I want to thank Mr. Welch especially for his leadership is this area and with that, Mr. Chairman, I yield back the balance of my time.

Mr. MARKEY. Great, the gentleman's time has expired.

The chair recognizes the gentleman from Texas, Mr. Burgess is recognized.

OPENING STATEMENT OF HON. MICHAEL C. BURGESS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. BURGESS. Thank you, Mr. Chairman.

You know, energy efficiency is the common ground in a lot of our fights that we have on this committee and really efficiency measures are some of the quickest and most concrete ways of solving the energy problems and move this country to a more—to a cleaner and more sustainable energy future and the market proves this. Upgrade your home's windows and insulation and as a consumer, you watch your bills drop. Rather than have this committee spend its time with climate bills that run the risk of further damaging our already fragile economy, I have consistently maintained that both sides of the aisle can come together on commonsense issues like efficiency helping to reduce our dependency on fossil fuels and make our country a greener place to live.

And not only have I advocated here in the halls of Congress, I have also promoted it within the walls of my own home. My wife and I built a house in north Texas 4 years ago. We wanted to make the investment and use energy efficient techniques at the time of

building because we knew it would pay off down the road and as you can imagine one of the biggest challenges in Texas is a long, hot summer. We found there were numerous ways to keep out the heat including focusing on low-E glass in the windows, higher efficiency air conditioners, an efficient attic system and foam insulation in the walls. We also installed light color shingles on the roof to reflect sunlight and installed a tankless water heater which is more efficient than the tank model. Each measure helped us lower our consumption on our energy bills to the point that they were 40 percent lower than our previous years' bills when the house was finished.

Energy efficiency shouldn't be something that we necessarily need to incentivize at the Federal level. Show people how their bills will drop and they will be running to buy a new water heater or to re-shingle their roof. Energy efficiency is something that we can promote without having to spend a single Federal dollar, certainly, without having to spend dollars that we don't have. The cost of this bill should concern everyone in this room. In the draft before us today, this committee cedes its power as an authorizing committee to the Appropriations Committee allowing appropriators rather than the authorizers to determine how much money is in the program. Regardless of ideology, members of this committee on both sides of the dais should be concerned over the precedent set by delegating that authority to another committee. Allowing phrases such as "Such sums as may be necessary" could be used for a program of this magnitude is simply giving a blank check to a Federal agency, something this Congress can no longer afford to do.

And the devil is in the details with legislation such as this. I am grateful the drafters desire to get this program moving quickly once the bill has cleared both sides of the House or both sides of the Capitol but I am concerned that the finite list of approved upgrades, this committee is simply picking winners and losers for what technology will be eligible for efficiency rebates and I think more attention needs to be placed on ensuring that this list is as comprehensive as possible for the wide range of efficiency upgrades that are available to homeowners today.

I thank the chairman for his indulgence and I will yield back the balance of my time.

Mr. MARKEY. Great, the gentleman's time has expired.

The chair recognizes the gentlelady from California, Ms. Harman.

OPENING STATEMENT OF HON. JANE HARMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Ms. HARMAN. Thank you, Mr. Chairman.

This committee is not new to the issue of energy efficiency in homes and nor is my own district. Mr. Upton and I collaborated pretty successfully I think on lighting efficiency standards which are now part of Federal law and we are continuing to collaborate successfully I think on outdoor lighting standards which we will introduce as a stand-alone bill soon and which we hope will be part of the energy package that we pass some time later this Congress if we pass an energy package.

In my own district, I just want to call attention to a family in Hermosa Beach, the Fortunatos, who are creating what they call a net-zero house. That means the house will produce as much energy as it uses. It is a revolution. It is not off the grid. It is the grid and Southern California Edison will move shortly to install smart grids which are also getting Stimulus Bill funding in Hermosa Beach so that other families can do the same thing.

In Manhattan Beach, there is a company called Windstream which produces small, rooftop wind turbines. Windstream and a lighting company Ledtronics are partnering with the Fortunatos to make their house energy neutral. There is also a communications company in El Segundo which has put solar panels over its parking lots and they now produce 20 percent of the energy that company, a large communications company, uses.

I have had solar panels on my rooftop in Venice, California for 9 years and they generate the energy I need for hot water so there are lots of good local projects. There is a huge history here of bipartisanship and these proposals we will hear about today will build on the strong record we have in the committee and I am very pleased to be here and to welcome our witnesses.

I yield back.

Mr. MARKEY. Great, the gentlelady's time has expired.

The chair recognizes the gentlelady from California, Ms. Capps.

Mrs. CAPPS. Mr. Chairman, thank you. I will waive my opening statement in favor of the questions and look forward to the testimony of our witnesses. Thank you.

Mr. MARKEY. Great, the chair recognizes the gentleman from California, Mr. McNerney.

Mr. MCNERNEY. Well, thank you, Mr. Chairman, for holding this hearing this morning. I want to congratulate you and Mr. Welch for your leadership on this issue.

I spent most of my career developing new energy technology and I can tell you it is hard work. It is dirty and the real low-hanging fruit is energy efficiency. I know Chairman Markey has beat that drum over and over and he is absolutely right. For every dollar you invest in energy efficiency, you get dollars back.

And so I also can see there is a business right next to my office in California that is an energy efficiency. They go out and they look at homes. They see what needs to be done and they are making good money doing that and if we can incentivize that we are going to create thousands and thousands of jobs while helping our dependence on foreign oil. There is almost no downside that I can imagine for this bill so I look forward to what your testimony is and maybe make some improvements on the bill as we move forward but thank you for coming.

And I will yield back the balance of my time.

Mr. MARKEY. We thank the gentleman and all time for opening statements has been completed so we will turn to our first witness. Our first witness is Ms. Cathy Zoi. She is the Assistant Secretary for the U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy. Prior to joining the Obama Administration, Ms. Zoi served as founding CEO of the Alliance for Climate Protection, as chief of staff on environmental policy in the Clinton Administration and as a former manager at the Environmental Protection

Agency where she pioneered the Energy Star Program. Ms. Zoi, whenever you are ready, please begin.

STATEMENTS OF THE HONORABLE CATHY ZOI, ASSISTANT SECRETARY, OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY; LARRY LASETER, PRESIDENT, MASCO HOME SERVICES; THE HONORABLE JOHN ENGLER, PRESIDENT AND CHIEF EXECUTIVE OFFICER, NATIONAL ASSOCIATION OF MANUFACTURERS; MICHAEL THAMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, OWENS CORNING; AND CHRISTOPHER A.S. PRATT, VICE PRESIDENT, CONSTRUCTION DEVELOPMENT SERVICES, LLC.

STATEMENT OF CATHY ZOI

Ms. ZOI. Thank you very much. Good morning, Chairman Markey, Ranking Member Upton.

Mr. MARKEY. If you could turn on your microphone please and just move it in a little bit closer.

Ms. ZOI. Thank you for the opportunity to appear before you today and it is a pleasure to appear.

Mr. MARKEY. OK, just move that microphone down just a little. Just push it down just a little, OK, good.

Ms. ZOI. How is that? Better, OK.

Thanks for the opportunity to appear before you and it is a pleasure to appear with such a panel of knowledgeable industry witnesses. I will make my remarks brief and I have submitted a longer statement for the record.

We have a tremendous opportunity right now to create jobs and save money for homeowners all across the country. There are approximately 130 million homes in the United States, very few of which are as efficient as they could be. Almost all of these homes could benefit from additional insulation, caulking, upgraded heating and air conditioning systems and other improvements. Just as critically, there is a workforce standing by ready to make those improvements. The overall construction sector currently faces a 27 percent unemployment rate. According to the Bureau of Labor Statistics, nearly two million construction jobs have been lost since December, 2007, two million hardworking Americans ready and anxious to find ways to apply their skills to new jobs. With the Home Retrofit Program, we can transform these two challenges into an enormous opportunity, tapping workers skills and availability to help American families save money and energy. Americans are spending over $200 billion per year on energy, money that could pay for housing, tuition or other basic necessities. As the President has said, if you saw $20 bills flying out your window, you would try to grab them so let us try to make it easier for American families to prevent their hard-earned cash from flying out of leaky, inefficient homes while we create good-paying jobs for folks across the country. We can do just that through a Home Retrofit Program like the one the President called for in his State of the Union.

Two weeks ago, the President outlined more details of what he has in mind for HomeStar Program, including rebates delivered directly to consumers, a $1,000 to $1,500 level of Silver Star rebates,

$3,000 Gold Star rebates for whole home retrofits, oversight to ensure quality installations and support for financing at the local level. Through this program we can create tens of thousands of jobs while achieving substantial reductions in energy use, up to the equivalent of the entire output of several 500 megawatt coal-fire power plants each year. Consumers taking advantage of the program are likely to save between $200 and $500 per year in their energy costs while improving the comfort and the value of their homes.

I want to thank the members of the subcommittee and other members who have been working tirelessly on efforts to create legislative language that follows the President's vision. As the legislative process moves forward, we will continue to work with Congress on the bill until it is enacted. Today I am glad the subcommittee has convened the hearing and I am happy to answer questions regarding how the HomeStar proposal or how the Department would actually implement it once it is in law. My goal as Assistant Secretary for Energy Efficiency and Renewable Energy is to harness the ingenuity and ability of the American workforce to help families save energy and money. Retrofitting millions of American homes can truly transform energy consumption throughout the Nation while putting people to work. Last year, Secretary Chu said, "In the next several decades, I believe that energy efficiency is our most powerful tool for reducing our carbon emissions and reducing our energy bills." While home energy retrofits could be crucial to realizing both of those goals while supporting American job creation.

Thank you again for the opportunity to testify on this topic and I will gladly answer questions.

[The prepared statement of Ms. Zoi follows:]

STATEMENT OF

CATHY ZOI

ASSISTANT SECRETARY

FOR ENERGY EFFICIENCY AND RENEWABLE ENERGY

U.S. DEPARTMENT OF ENERGY

BEFORE THE

SUBCOMMITTEE ON ENERGY AND ENVIRONMENT

COMMITTEE ON ENERGY AND COMMERCE

U.S. HOUSE OF REPRESENTATIVES

MARCH 18, 2010

Good morning Chairman Markey, Ranking Member Upton, and distinguished members of the Subcommittee. Thank you for the opportunity to appear before you today. I consider it an honor to lead the Administration's efforts to advance and deploy energy efficiency and renewable energy solutions at this historic time. As this Subcommittee knows, we are in a moment of time that poses great challenges and opportunities in the energy field. I am excited about the opportunity to harness ideas and innovation to ensure our economic security, national security, and environmental security. Despite challenges, I am optimistic about the future and in particular about the areas where the Administration and Congress can work together to meet the Nation's energy challenges.

With tremendous support from Congress, both through the American Recovery and Reinvestment Act of 2009 (Recovery Act) and annual appropriations, we are transforming the clean energy landscape in the United States. In the Office of Energy Efficiency and Renewable Energy (EERE) alone, we are investing more than $16 billion in Recovery Act funding toward projects ranging from large wind turbine blade testing in Boston to the development of advanced batteries in Michigan. These programs are creating jobs with investments in 56 states and U.S. Territories to encourage deployment of a full range of renewable energy sources and energy savings measures. In addition, EERE has provided support to the Department of the Treasury for $2.3 billion of grants in lieu of tax credits for projects that are expected to deploy more than 4 gigawatts of renewable energy, and another $2.3 billion in tax credits to domestic manufacturers of clean energy products.

In addition to investing in renewable technologies, EERE is engaging in a full court press on energy efficiency. As Secretary Chu is fond of saying, energy efficiency isn't just low-hanging fruit; it's fruit lying on the ground. By reducing our energy consumption, we can create and support clean energy jobs, reduce our reliance on foreign sources of energy and reduce greenhouse gas (GHG) emissions while saving money on the energy bills of everyday Americans.

HOME ENERGY RETROFITS

As you know, one of the best opportunities for energy efficiency is right in our own homes. Home energy retrofits can be a win-win-win. Consumers can win by cutting their utility bills and saving money, while getting a healthier, more comfortable living space for their families. Communities, employers, and employees can win by creating good jobs in the retrofit industry and at manufacturers that produce energy efficiency products, spurring the local economy and putting people back to work. The Nation can win by creating jobs, reducing our reliance on energy from foreign sources, reducing our carbon emissions, and slowing the effects of climate change.

There are approximately 130 million homes in the United States. These homes account for about 33 percent of the Nation's total electricity demand[1] and consume approximately

[1] Percentage derived from figures in the *Annual Energy Review*. Energy Information Administration. http://www.eia.doe.gov/aer/txt/ptb0201a.html. February 2010.

22 percent of the Nation's energy[2] while generating 21 percent of the Nation's overall carbon footprint.[3] Roughly half of these homes were built before 1973, long before modern residential building codes came into effect.[4] With so many older homes, and with advances in building technologies, there is a tremendous opportunity to upgrade home energy efficiency by insulating; caulking; improving heating, ventilation, and air conditioning equipment (HVAC); tightening the building envelope; and adding other energy efficiency improvements. Existing techniques and technologies can reduce energy use by up to 40 percent per home and reduce associated GHG emissions by up to 160 million metric tons by 2020.[5]

This vast potential for savings can be tapped only with a strong, well-trained American work force. The overall construction sector currently faces a 27.1 percent unemployment rate.[6] Insulation-blowing trucks are standing idle, and many construction workers are anxious to find ways to apply their skills to new jobs. At the same time, Americans are paying over $200 billion per year in energy costs—money that could pay for housing, tuition, or other basic necessities.[7] As the President has said, if you saw $20 bills flying out your window, you would try to grab them. So let's try to make it easier for American families to prevent their hard-earned cash from flying out the doors, windows, and ceilings of inefficient homes.

CHALLENGES

To realize job creation, energy savings, and environmental benefits, making energy retrofits must be easier for homeowners. Three key barriers prevent Americans from taking advantage of cost-effective retrofits to their homes: difficulty finding information about which retrofit upgrades are best for their home; difficulty covering the up front cost of these investments; and difficulty finding knowledgeable, skilled workers.[8]

These three barriers were outlined in the *Recovery Through Retrofit* strategy document released by Vice President Biden's Middle Class Task Force. In close collaboration with other agencies, DOE is pursuing a comprehensive approach to address these three barriers, which includes:

- The creation of a home energy performance labeling system in collaboration with the *Recovery Through Retrofit* to provide consumers with building energy information;

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[2] Percentage derived from figures in the *Annual Energy Review*. Energy Information Administration. http://www.eia.doe.gov/aer/txt/ptb0201a.html. February 2010.
[3] Pew Center on Global Climate Change. *Climate Change 101: Technological Solutions*. January 2009.
[4] Energy Information Administration. *Residential Energy Consumption Survey 2005: Home Energy Uses and Costs*. http://www.eia.doe.gov/emeu/recs/
[5] President's Middle Class Task Force and Council on Environmental Quality. *Recovery Through Retrofit* report. October 2009.
[6] United States Bureau of Labor Statistics. *Industries at a Glance: Construction: NAICS23*. March 5, 2010. http://www.bls.gov/iag/tgs/iag23.htm
[7] Energy Information Administration. *Residential Energy Consumption Survey 2005: Home Energy Uses and Costs*. http://www.eia.doe.gov/emeu/recs/recs2005/c&e/summary/pdf/tableus5.pdf
[8] McKinsey & Company. *Unlocking Energy Efficiency in the U.S. Economy*. July 2009.

- The expansion of rebate programs and appropriate financing mechanisms to provide homeowners with access to affordable mechanisms to cover the up front cost of energy efficiency improvements; and
- The establishment of voluntary national standards for retrofit workforce training and certification to help protect consumers.

DEPARTMENTAL RETROFIT SUPPORT

The inter-agency *Recovery Through Retrofit* initiative, coordinated by the President's Council on Environmental Quality, seeks to lay the groundwork for a self-sustaining home energy efficiency retrofit industry. Additionally, the Department actively supports home energy retrofits in other ways, including a new Retrofit Ramp-Up program and the ongoing Weatherization Assistance and State Energy Programs.

The Retrofit Ramp-Up program, the competitive portion of the Energy Efficiency and Conservation Block Grant program funded through the Recovery Act, could deliver important energy and monetary savings to communities that win awards. However, its greatest impact may be in demonstrating sustainable, replicable business models that other communities across the Nation can copy so that they can also drive job creation and energy savings in their own areas. The lessons learned from these projects—both successes and challenges—could enable the rest of the Nation to ramp up its energy efficiency efforts, fundamentally transforming the way the U.S. consumes energy.

DOE will soon award up to $390 million of Recovery Act funds for this program, targeting whole-neighborhood building retrofits. The Department's goal is to fund projects demonstrating models for providing cost-effective energy upgrades for a large percentage of the residential, commercial, and public buildings in communities. EERE received a large volume of excellent proposals, far more than we will be able to fund. There is no shortage of good ideas or enthusiasm, and we hope to leverage the Recovery through Retrofit experience into a long term model where communities can sustain the efforts to retrofit whole blocks at a time.

The Weatherization Assistance Program is currently retrofitting thousands of homes each month, utilizing $5 billion of Recovery Act funds and $210 million from Fiscal Year 2010 appropriations. This program primarily reaches low-income families, the elderly and the disabled, helping those with significant financial need save money on their energy bills.

Some states are using portions of the $3.1 billion in Recovery Act funds allocated to the State Energy Program to create revolving loans funds that finance the deployment of energy efficiency technologies and support long lasting job creation.

CURRENT PROPOSALS

During the State of the Union, the President called on Congress to pass a program of incentives for homeowners who make energy efficiency investments in their homes.

Two weeks ago, the President outlined more details of a new "HOMESTAR" program that would help create jobs by encouraging American families to invest in energy saving home improvements.

Key components of the HOMESTAR Program include:

- **Rebates delivered directly to consumers:** Like the Cash for Clunkers program, consumers would be eligible for direct HOMESTAR rebates at the point of sale for a variety of energy-saving investments in their homes. A broad array of vendors, from small independent building material dealers, large national home improvement chains, energy efficiency installation professionals and utilities (including rural utilities) would market the rebates, provide them directly to consumers and then be reimbursed by the Federal Government. The rebates would also be marketed by the Environmental Protection Agency and trade associations whose member contractors participate in the program.

- **$1,000 - $1,500 Silver Star Rebates:** Consumers looking to have simple upgrades performed in their homes would be eligible for 50% rebates up to $1,000 - $1,500 for doing any of a straightforward set of upgrades, including: insulation, duct sealing, water heaters, HVAC units, windows and doors. Under Silver Star, consumers can chose a combination of upgrades for rebates up to a maximum of $3,000 per home. Rebates would be limited to the most energy efficient categories of upgrades—focusing on products made primarily in the United States and installed by certified contractors.

- **$3000 Gold Star Rebates:** Consumers interested in more comprehensive energy retrofits would be eligible for a $3,000 rebate for a whole home energy audit and subsequent retrofit tailored to achieve a 20% energy savings in their homes. Consumers could receive additional rebate amounts up to $8,000 for energy savings in excess of 20%. Gold Star would build on existing whole home retrofit programs, like the Environmental Protection Agency's successful Home Performance with Energy Star program.

- **Oversight to Ensure Quality Installations:** The program would require that contractors be certified to perform efficiency installations. Independent quality assurance providers would conduct field inspections after work is completed to ensure proper installation so consumers receive energy savings from their upgrades.

- **Support for financing:** The program would include support to State governments to provide financing options for consumers seeking to make efficiency investments in their homes. This will help ensure that consumers can afford to make these investments.

The program may result in the creation of tens of thousands of jobs while achieving substantial reductions in energy use—up to the equivalent of the entire output of three 500 megawatt coal-fired power plants each year. Consumers in the program are

anticipated to save between $200 - $500 per year in energy costs, while improving the comfort and value of their homes.

As this Subcommittee and the full Committee consider legislation to make the President's idea a reality, the Department stands ready to work with the Committee on this bill through the legislative process. The Administration has already been in consultation with Members working on draft proposals, and last week, I testified before the Senate Energy and Natural Resources Committee on this very topic. I commend all of the legislators from both Chambers and both sides of the aisle for their hard work on this issue.

I am happy to answer any questions members of this Committee may have regarding the proposal or how the Department would administer such a program were it to be signed into law.

CONCLUSION

Retrofitting millions of American homes may truly transform energy consumption throughout the Nation. It may also put people to work in good, domestic jobs while saving Americans money and enabling significant contributions toward GHG emissions reduction targets. Public investments can lay the foundation for a vibrant private-sector led retrofit industry. Workers can get trained and certified, small contractors can grow their businesses, and millions can save money on their energy bills.

On October 19, 2009, Secretary Chu stated, "In the next several decades, I believe that energy efficiency is our most powerful tool for reducing our carbon emissions and reducing our energy bills." Home energy retrofits could be critical to realizing both of those goals, while supporting American job creation. I thank the Committee for its hard work on energy efficiency and specifically in crafting the legislative proposal being considered today. I sincerely hope I have the opportunity to implement this program soon with the aim of achieving our interconnected goals of creating good clean energy jobs, reducing our reliance on foreign sources of energy, and reducing our greenhouse gas emissions.

Thank you again for the opportunity to testify on this topic. I will gladly answer your questions.

Mr. MARKEY. Thank you.

And our next witness is Mr. Larry Laseter. He is the President of WellHome, a subsidiary of a leading home improvement company and as the President of WellHome, we welcome you here, sir, and he is going to testify on behalf of HomeStar Coalition as the President of WellHome so we welcome you, sir.

STATEMENT OF LARRY LASETER

Mr. LASETER. Thank you, Chairman Markey, Ranking Member Upton and the distinguished members of the subcommittee for the privilege to testify today and your dedication to energy efficiency. I would also like to thank Congressman Welch for his leadership on this issue.

I am Larry Laseter, President of Masco Home Services, also known as WellHome. Our company is a home performance contractor and we are an operating company of Masco Corporation, a Michigan-based, Fortune 500 company and one of America's largest manufacturers of products for the home. Masco is better known by our leading brands such as Behr Paint, Delta Faucets, Craft Maid Cabinets and many others and we are the Nation's largest installer of insulation, but I am here today to speak on behalf of the HomeStar Coalition, a broad group of industry, labor, energy and environmental supporters, including more than 600 small businesses representing all 50 States. We state together in support of the HomeStar Program which would deliver a rare triple win for the American people in the form of jobs, savings for consumers and a positive impact on the environment.

Let me begin with jobs. Make no mistake about it, the construction industry is in the midst of a one-industry depression. The unemployment rate in construction is 27 percent, nearly three times the overall jobless rate and this rate is higher than our Nation's unemployment rate at the height of the Great Depression. At Masco Corporation, we have felt the pain of this industry downturn and we felt it firsthand having lost 27,000 jobs or over 40 percent of our workforce. However, construction workers have the know-how and the experience for home energy retrofits and they are ready to get to work in jobs that cannot be outsourced overseas.

These are workers like Michael Youngblood. Michael fell in love with construction when he started working for a family friend when he was only 15 years old. He built over 150 custom homes during a successful 18-year career but Michael found himself unemployed with a young family last year when the builder he was working for downsized from 25 project managers down to three. Michael joined our WellHome team in Michigan last summer, earned his Building Performance Institute certification and now helps homeowners achieve energy efficiency retrofit. HomeStar will create more jobs for construction workers like Michael, most of whom work for small businesses and it would drive increased demand for manufactured products and building materials that are almost universally made in the USA, supporting further job growth and economic impact and putting idle plants back online.

For the American homeowner, the benefit comes in the form of annual energy savings of up to 45 percent. On average, these sav-

ings are equivalent to a $500 stimulus check that a participating homeowner would receive every year for years to come.

And, of course, energy efficiency improvements will support energy independence in the environment. Home energy represents 22 percent of our carbon output, twice that of passenger cars and more than two-thirds of America's over 100 million homes were built before modern building codes. There is clearly a need and HomeStar will fill that need by lowering the cost of these home improvements. Things like fixing drafty windows and leaking ducts, installing insulation and high efficiency heating and air conditioning systems, or undertaking whole home energy retrofits. Spurring consumer demand for these improvements will drive thousands of jobs for small contractors nationwide and in addition, the HomeStar Coalition remains committed to the inclusion of an incentive for customer-installed measures under the Silver Star Program.

But we also know that many middle-class Americans are squeezed by the economy and the credit crisis and that is why the HomeStar Program legislation allocates $200 million for State programs to make energy efficiency loans more available and more affordable. In addition, HomeStar establishes industry performance standards, ensures that a portion of all jobs are inspected by credentialed professionals after the project is completed and offers added incentives to contractors that invest in a properly trained and certified workforce. This quality assurance system based on rigorous technical standards delivers on the promise of energy savings for American families.

I would like to conclude by affirming that HomeStar is a win-win-win for jobs, for the American consumer and for the environment. It will put an estimated 168,000 skilled Americans back to work in the hardest hit part of our economy, the struggling construction and its related manufacturing sector. It will help more than three million American families retrofit their homes for energy efficiency, saving them as much as $9.4 billion in energy costs over 10 years, a return greater than the cost of the program itself and it will positively impact the environment and America's energy independence. On behalf of the current and future workers represented by the 600 businesses that make up the HomeStar Coalition and the millions of households which will benefit in every community in America, I encourage you to move this bill forward without delay.

Thank you for the opportunity to testify and for your important leadership on behalf of the American people.

[The prepared statement of Mr. Laseter follows:]

HOME STAR

WellHome℠

Written Testimony from Larry Laseter, President of WellHome,
on behalf of the HOME STAR Coalition

Respectfully submitted to the

Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
March 18, 2010

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OVERVIEW

HOME STAR is an incentive program that will deliver a rare triple-win for the American people in the form of jobs, savings for consumers, and a positive impact on the environment.

HOME STAR will create jobs that can be filled immediately using a skilled and ready construction workforce — workers idled by the recession who are now most in need of help. It will drive increased demand for manufactured products and building materials, supporting further job growth and economic impact. HOME STAR will result in energy savings for homeowners and higher home values. And long-term efficiency gains will support energy independence and the environment as we reduce our carbon output. Importantly, the program can move quickly, with a minimum of red tape, and show immediate, measurable results that will create a platform for long-term development of a high-quality and rapidly growing home energy retrofit industry.

HOME STAR puts Americans back to work now and will create jobs in existing industries by providing short-term incentives for energy efficiency improvements in residential buildings. The program is designed to jump-start construction and manufacturing jobs by offering rebates to consumers who invest in home energy improvements and energy-efficient products and services. Demand will rise for skilled construction labor and advanced building materials as homeowners make improvements to their homes. Manufacturing inventories will be restocked and assembly lines for advanced materials and U.S. technology will start rolling again. Investment and capital will begin to flow to millions of idled construction and manufacturing workers and create new demand to retrofit homes for energy performance – now and into the future.

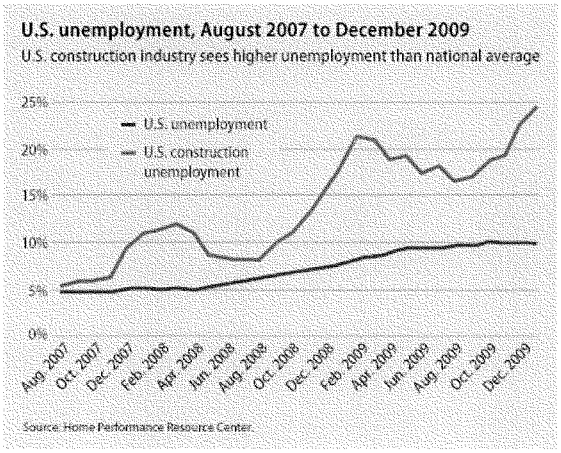
HOME STAR is a timely program that builds on existing policies and initiatives that have already demonstrated effectiveness. It has won widespread support from the HOME STAR Coalition, which is comprised of national retailers, building products manufacturers, labor advocates, environmental and energy efficiency groups, state agencies, contractors and more than 600 small businesses from every state. The Coalition views HOME STAR as a win-win-win. It will: 1) put an estimated 168,000 skilled Americans back to work in the hardest-hit part of our economy—the struggling construction and manufacturing sector; 2) help more than 3 million American families retrofit their homes for energy efficiency, saving them as much at $9.4 billion in energy costs over 10 years; and 3) positively impact the environment and create a healthier planet by removing the equivalent of 615,000 cars from the road. Now is the time for HOME STAR.

THE CRITICAL NEED

Construction: A One-Industry Depression

A program that incentivizes energy improvements would rapidly create jobs within the construction sector and in the manufacturing and retail industries that support it. These are areas of the economy that need help the most.

While the overall economy has begun a slow climb out of recession, the current state of the American construction and building materials industry remains depressed. Overall unemployment fell to 9.7% in January and February of this year, but unemployment in the construction industry has continued to rise, reaching 27.1% in February—meaning one in four American construction workers is currently out of work. This is a higher rate of unemployment than our country felt during the Great Depression.



USA Today – Feb. 25, 2010

"While most of the job market rebounded in January, the construction industry remained mired in its worst downturn since the Great Depression. The sector has lost about 2 million jobs since the recession started."

Construction-related unemployment is significantly higher in some states, with catastrophic results for local economies. Arizona, Nevada, Michigan and Florida, for example, have lost over 40% of their construction jobs since the peak of the housing market.

As devastating as these numbers are, the unemployment figures for construction probably do not reflect the full magnitude of the problem, due to the large number of self-employed construction workers that do not show up in payroll statistics. Economic Census data shows that the self-employed share of workers is

The Construction Decline

27.1% unemployment
for experienced workers in construction

2.1 million jobs lost
in construction since 2006

186,000 jobs lost
in construction-related retail such as building supply stores and lumber yards since 2006

The Opportunity for a Rebound

Only 50% capacity utilization
at plants in construction-related industries

7,000 companies
make and install windows, 82% of which are small businesses

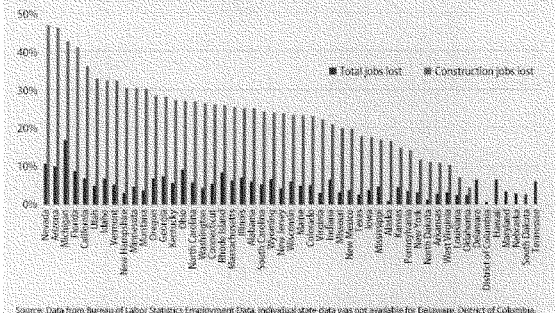
22,000 insulation installers
in the U.S., 85% of which are small businesses

2 million people
produce and install HVAC equipment and are poised to respond to the need

90% of key remodeling and retrofit products **are made in America**, such as replacement windows, furnaces, insulation and caulking

significantly higher in the construction industry than in other sectors (16.6% in 2008), so the jobs picture is even more dire than the statistics suggest.

Decline in jobs during the Great Recession
Construction and total percentage loss by state



Source: Data from Bureau of Labor Statistics Employment Data. Individual state data was not available for Delaware, District of Columbia, Hawaii, Maryland, Nebraska, South Dakota, and Tennessee.
Note that the job loss data date varies by state as each state may have a different date for peak employment. The calculations were prepared from individual state peaks to December 2009.

Further, more than 90% of contractors in the construction industry are small businesses—another hard-hit segment of the economy. Building materials manufacturing is off by at least 40% from its capacity. The result is hundreds of factories that have closed or are running only part-time lines. This shocking drop in construction industry jobs and its reverberating impact on building products manufacturers, retailers, and specialty trades demands attention and an urgent policy response. It is hard to foresee a robust economic recovery in communities when these depression-level conditions persist within local construction job markets.

By the end of last year, 42 of the 44 states with available data had seen job losses in excess of 10% of total construction jobs since the last peak in construction employment; 31 states had lost more than 20% of their construction jobs; 11 states had lost more than 30%; and four states

had experienced a shocking decline in construction employment of more than 40%.

Importantly, the vast majority of manufactured products and raw materials used in residential energy efficiency retrofits are produced domestically, so the dollars spent on HOME STAR improvements circulate primarily through the U.S. economy. In many categories of building materials, the rate of domestic production is over 92%.

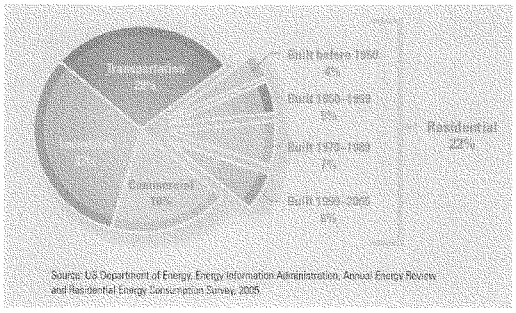
America has millions of skilled construction and manufacturing workers who are unemployed and need relatively little re-training to enter the retrofitting industry. HOME STAR is a targeted program that will create hundreds of thousands of new jobs, and impact thousands of local businesses in every community in America.

Energy Efficiency

Improving the energy efficiency and performance of existing homes could have a dramatic impact on the national consumption of energy. Two-thirds of the more than 100 million single-family homes in the United States were built before the adoption of modern energy codes.[1] These existing homes consume 22% of the nation's energy overall—approximately twice the carbon emissions produced by passenger cars.[2] This stock of older homes provides a prime market for energy efficiency upgrades.

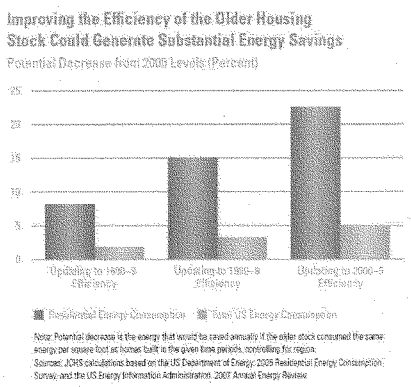
[1] *U.S. Department of Energy* [2] *Pew Center on Global Climate Change*

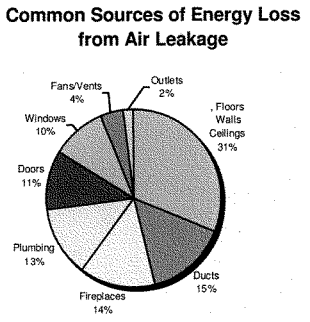
Energy Consumption by Sector



Source: US Department of Energy, Energy Information Administration, Annual Energy Review and Residential Energy Consumption Survey, 2005.

If homes built before 2000 used as little energy per square foot (adjusted by region) as those built since 2000, residential energy consumption would drop by 22.5%. While this calculation does not account for differences between older and newer homes related to layout, location, and household behavior, it does illustrate the potential energy savings from retrofitting the existing housing stock.





Reducing air leaks could cut up to 10% from an average household's monthly energy bill.

US Dept. of Energy

Another important factor that reinforces the need to make our homes more efficient is the impact on affordability. The housing and mortgage crisis occurred at a time of skyrocketing energy prices that pushed many homeowners over the edge into default as they could not pay both their mortgages and high energy bills. HOME STAR can help to cushion working- and middle-class homeowners against future energy price surges. Further, energy savings translate directly into lower bills and therefore greater housing affordability, helping to keep hard-pressed families in the homes.

The time for comprehensive home energy efficiency improvements is now, and HOME STAR offers Americans the opportunity to do their part in reducing energy consumption by improving the efficiency of their homes. HOME STAR offers significant and broad-based energy efficiency benefits. HOME STAR will help more than 3 million American families retrofit their homes for energy efficiency, saving them as much as $9.4 billion in energy costs over 10 years. This is the equivalent of removing 615,000 cars from the road or the energy generated from four 300-megawatt power plants. All supported technologies and improvement measures in HOME STAR are proven to provide the promised benefits.

Building on Existing State and Federal Energy Retrofit Programs

There are many opportunities for homeowners to improve efficiency throughout their homes. The most successful campaigns have included the Home Performance with ENERGY STAR program managed by the Department of Energy and the Environmental Protection Agency, and state or utility programs that have focused on replacing old equipment and retrofitting homes. The structure of the HOME STAR program pulls heavily from the Home Performance with ENERGY STAR program operating in 29 states. States as diverse as Oregon, New York, Tennessee, Rhode Island, Massachusetts, Missouri, Arizona, and California have programs that demonstrate the effectiveness of the HOME STAR approach and can help jump-start nationwide participation.

THE SOLUTION

HOME STAR is the solution to the serious issues and challenges outlined above. HOME STAR is a fast-acting, short-term job creation program that will drive private investment into the hard-hit construction and manufacturing sectors, while saving consumers money on their energy bills and reducing carbon emissions. It will build on current state programs and existing industry capacity for performing both retrofits and quality assurance, using federal standards and incentives as a common platform to lower program costs and increase consumer awareness. Strong consumer incentives to drive market demand, combined with meaningful standards and incentives for high-quality implementation of efficiency measures and verification of energy savings will ensure that the growing energy efficiency retrofit industry produces ongoing and measurable results while putting Americans back to work in long-term jobs.

In light of the fact that two-thirds of the more than 100 million homes in America were built before modern energy codes, there is a pressing need for the energy efficiency improvements HOME STAR will make possible. HOME STAR will simplify and lower the cost of home improvements such as fixing drafty windows and leaking ducts, installing insulation and high-efficiency heating and air conditioning equipment, replacing inefficient hot water heaters, or undertaking whole-home efficiency retrofits that can cut energy bills by 20% or more.

HOME STAR provides two types of consumer incentives:

- The **SILVER STAR *prescriptive path*** provides a near-term incentive for specific energy-saving investments. The incentive is simple to administer and easily introduced into the existing marketplace. Homeowners receive between $1,000 and $1,500 for each measure installed in the home, with a benefit not exceeding $3,000 or 50% of total project costs (whichever is less). Covered measures include air sealing; attic, wall, and crawl space insulation; duct sealing or replacement; and replacement of existing windows and doors, furnaces, air conditioners, heat pumps, and water heaters with high-efficiency models. The legislation will utilize existing standards for qualifying products at a level sufficient to significantly increase consumer demand for highly energy-efficient building materials and mechanical systems. SILVER STAR improvements may be implemented by any appropriately licensed and insured contractor, but all participating contractors will receive information about opportunities for accreditation and training programs.

- The **GOLD STAR *performance path*** offers an incentive to households that choose to conduct a comprehensive energy audit and then implement a variety of measures that are jointly engineered to provide greater total returns in energy savings. This performance path represents the future of home efficiency: state-of-the-art building science is used to identify problems,

present solutions, and deliver verifiable energy savings, generating confidence among homeowners and investors alike. This technology-neutral approach is based on performance, not specific products, so market forces will direct funds to solutions that achieve the best results. A certified professional with accreditation from the Building Performance Institute (BPI), the Residential Energy Services Network (RESNET) or an approved equivalent conducts an energy audit before work begins, and a test-out when the performance retrofit is complete. Consumers receive $3,000 for modeled savings of 20%, plus an additional $1,000 incentive for each additional 5% of modeled energy savings, with incentives not to exceed 50% of project costs or $8,000 (whichever is less). Contractors implementing the GOLD STAR performance path must be BPI accredited.

HOME STAR will require skilled, trained workers to complete the improvements cited above. With the depression of the construction market, there is a large workforce across the nation ready and eager to get back to work. HOME STAR will also create manufacturing jobs for the dramatically increased levels of insulation, windows, HVAC equipment, caulk, tools and other products needed for retrofitting America's housing stock. More than 92% of these products are produced in the United States by American workers. In addition, the retail distribution of products through home improvement stores and lumber yards will play an important role in increasing jobs in this sector. Retailers also will facilitate consumer education and access to energy improvement products. More than 90% of the jobs created through home retrofits are in small businesses, a powerful engine of economic growth and job creation.

Financing of Consumer Investments

Many middle-class Americans are squeezed by a lack of access to capital, which would prevent them from paying the homeowner share of investment in efficiency improvements. The HOME STAR legislation addresses this challenge by allocating $200 million for state programs that facilitate home retrofit financing. This would be accomplished through a range of existing and new financing approaches that include specialized local and national bank programs, property tax and utility bill financing, as well as national specialty lenders through federal agencies such as Fannie Mae. In this way, working families will be able to participate in the HOME STAR program. In addition, financing measures will increase the number of jobs created through HOME STAR by bringing new private capital investments into building retrofits, expanding the leverage of federal investments, and increasing the level of energy and dollar savings per home. This allocation of financing subsidies will create up to $1.5 billion in low-interest consumer financing and support a wide variety of existing financial products, including (but not limited to):

- Property Assessed Clean Energy (PACE) Loans
- Fannie Mae loans

- Non-collateral loans
- Secured loan products
- On-bill financing

In most instances, energy efficiency savings will exceed the monthly loan payments and allow American families to achieve cash-flow-positive results on HOME STAR projects from day one.

Quality Assurance

HOME STAR establishes a robust quality assurance system based on rigorous technical standards to protect against waste, fraud, and abuse. This system establishes industry performance standards, ensures that a portion of all jobs are inspected by credentialed professionals after project completion, and offers an additional incentive to contractors that invest in a properly trained and certified workforce.

Contractors can enroll in the program by registering and presenting proof of licensing and insurance to a quality assurance provider. These quality assurance providers are already certified through the Building Performance Institute (BPI), the Residential Energy Services Network (RESNET) and other nongovernmental organizations. Homeowners may be contacted by a quality assurance provider for a field inspection after a job is completed to verify that work was done according to standards and as contracted. The program will guarantee minimum inspection rates sufficient to assure quality work and provide accountability for contractors.

Quality assurance programs managed at the state level will maintain lists of qualified inspectors, facilitate access to training and certification programs (including outreach to low-income workers and minority contractors), coordinate with existing state and local efficiency programs, and develop systems for monitoring and enforcement. To provide for the long-term sustainability of this new and growing market, states will work with the Department of Energy to bring their quality assurance oversight up to a common national standard.

For GOLD STAR projects, contractors must submit a job completion checklist and work scope for each project, along with testing data, before the incentive is disbursed. SILVER STAR contractors are only required to submit a job completion checklist. For both the GOLD STAR and SILVER STAR programs, field quality assurance is conducted within 30 days on a sample of jobs to verify quality installation. Incentives will be paid to the contractors quickly so that their businesses will have adequate cash flow to operate efficiently and hire new workers.

Quality assurance requirements in HOME STAR will involve a simple paperwork review in approving individual rebates, with a minimum baseline protocol for field inspection that is sufficiently rigorous to ensure high-quality installation and appropriate consumer protection. In all cases, reduced inspection rates will apply for contractors employing a trained and certified workforce.

MEASURABLE OUTCOMES

One of the unique advantages of the HOME STAR program is that it will lead to measurable outcomes and the opportunity to quantify the benefits to job creation, consumer savings, energy efficiency, and environmental gains. HOME STAR will also help create a marketplace that is based on sound economics and that can stand on its own in the future without the need for permanent subsidies.

Jobs

HOME STAR is expected to create 168,000 construction, manufacturing, and retail jobs in local communities in every state.

These jobs will be quality, living-wage positions that cannot be outsourced overseas. Construction and manufacturing companies are poised to ramp up quickly to meet the increased level of demand for insulation, windows, HVAC equipment, caulking, tools, and other products needed for retrofitting America's housing stock.

This work is by its very nature local and requires skilled construction workers who are ready and available to fill the need. The HOME STAR legislation will create incentives for investing in a skilled and certified workforce that can build a long-term industry and provide good wages for skilled workers. Furthermore, most of the manufactured goods used to retrofit homes are produced domestically, with more than 92% of all the products incorporated into HOME STAR made in America.

The multiplier effect on jobs—from certified home performance advisors to installers, retailers, manufacturers, quality assurance contractors —coupled with its reach to literally every state and every community in America, makes the HOME STAR program a unique opportunity to put hundreds of thousands of people back to work.

Home Energy Efficiency

The HOME STAR program will help more than 3 million American families retrofit their homes for energy efficiency and save them as much as $9.4 billion over 10 years, while reducing their energy usage by 10-30%. This is the equivalent of an annual $500 stimulus per household that the homeowner will receive for years to come. Better use of energy in our homes could raise property resale values in a recovering real estate market, and offers an opportunity to confront climate change as it continues to threaten our environment and our national security.

In addition, smart investments in energy efficiency made today will pay for themselves through long-term energy bill savings. In fact, home performance improvements implemented according to the standards

set by the Building Performance Institute (BPI), a key part of the HOME STAR program, have already resulted in a less than three- to four-year payback on a homeowner's investment in thousands of homes.

Infrastructure

HOME STAR will help to establish a national platform, with national standards, for an industry that has been in the making for nearly 30 years. Over the past three decades, industry pioneers have built the foundation for the home performance industry. National standards and credentialing are in place through the Building Performance Institute (BPI), Residential Energy Services Network (RESNET), and other organizations. The EPA and DOE have increased public awareness and established rules for executing Home Performance with ENERGY STAR programs across the country. Private-sector individuals and companies, working with early champions such as the New York State Energy Research and Development Authority (NYSERDA), have produced energy modeling software, productivity and project management software, and powerful training programs for the army of installers that will be needed to meet future demand. In New York, more than 30,000 GOLD STAR-level retrofits have resulted in average annual energy savings of over 25% per household. They have also recorded and modeled the anticipated energy savings from retrofits and remodeling, proving that energy efficiency improvements are effective and have a tangible return on investment.

Environment

Basic efficiency improvements can reduce energy waste and greenhouse gas emissions in most American homes, often by 10-30%. This is particularly true in the nearly 80 million homes built before modern energy codes.

In total, household energy use accounts for more than one-fifth of U.S. carbon emissions—roughly twice the emissions produced by passenger cars. Spurred by HOME STAR rebates, home retrofits are projected to increase to 3 million a year from the current level of 200,000 a year, which could result in carbon output reduction equal to taking 615,000 cars off the road or the energy generated by four 300-megawatt power plants.

Energy Independence

By further scaling back America's dependence on fossil fuels, we reduce our vulnerability to an energy marketplace with extreme price swings caused by those outside of our country, who may be hostile to our interests. Reducing this dependence will not only improve our national security, but also the economic security of American families.

PROCESS & ADMINISTRATION

The fundamental success of HOME STAR relies on rapid deployment and ease of execution both for the consumers it intends to serve, as well as for the service providers and government administrators involved in delivery and oversight. The HOME STAR Coalition has brought together a diverse group to work through the many details required for rapid deployment to ensure this legislation can work quickly.

Administrative Process

The HOME STAR program must meet several overarching goals. To be successful, HOME STAR must rapidly put construction workers back to work and create good, living-wage jobs for American workers; generate a minimum of new government bureaucracy; provide clear lines of authority; and offer a transparent process for all participants.

HOME STAR is not dependent on whether authority rests with a particular federal agency; rather, authority could reside within a number of federal agencies without compromising the program goals. The federal government must, however, provide uniform guidance to establish consistent baseline resources and procedures for all states. States will take the lead in overseeing quality assurance programs, implementing financing plans, and coordinating with existing programs to avoid duplication. The ultimate implementation of this program will be driven by market transactions, and as such the program will set aside administrative funds to drive consumer awareness.

HOME STAR will provide rebates to consumers, which will be assigned to the contractors who complete the work, thus providing an instant price reduction at the point of sale. Rebate checks will be issued by the federal government through rebate aggregators that assist contractors in processing payments and data to ensure smooth and timely payments. Existing state and utility programs will participate in this role along with large retailers or national organizations. In any case, administrative procedures are designed for speed and efficiency to roll the program out rapidly and effectively and to avoid payment delays.

LEGISLATIVE IMPROVEMENTS

While the current draft bill is excellent, we believe that there are two important changes that could be made to enhance the legislation. First is the addition of a targeted incentive for customer-installed measures with educational materials for insulation. This helps to drive consumer awareness and consumer activity at the retail level that will translate into installed measures and program awareness. The second is the integration of the HOME STAR incentives with the existing 25C tax credits. Some incentives are currently available through tax credits, but many Americans cannot take advantage of these credits nor address the delays and uncertainties of their impact. These credits help but do not solve the goals of the HOME STAR program. It is paramount that consumers not be faced with uncertainty and confusion regarding energy efficiency tax credits and HOME STAR incentives. To avoid homeowner confusion, we recommend that the customer be able to take a 25C tax credit on the net amount of the work after incentives but staying within the overall 50% cap. This would simplify and ensure easy coordination and application of both credits. The HOME STAR incentives have been calculated based on the use of this approach.

With these small improvements, we believe that the HOME STAR legislation will put Americans back to work in all 50 states and begin to address the depression in the construction and housing industries.

Thank you for the opportunity to testify on behalf of the HOME STAR Coalition.

Mr. MARKEY. Thank you, Mr. Larry Laseter, very much.

Our next witness is Governor John Engler. He is the President and CEO of the National Association of Manufacturers. He is the former Governor of Michigan and previously served for 20 years in the State legislature. The National Association of Manufacturers is the largest industry trade group in America representing small and large manufacturers in every industrial sector in all 50 States. We welcome you, Governor Engler.

STATEMENT OF JOHN ENGLER

Mr. ENGLER. Thank you, Mr. Chairman, very much for the opportunity to be with you today, ranking member and good friend, Fred Upton, distinguished subcommittee members, thank you for holding this hearing on the HomeStar proposal and offering me the opportunity to testify before you today. I thought maybe it could just be deemed that I had testified but then I thought I had better show up here in person and so here I am.

The NAM members are very excited, very committed to working with the Administration.

Mr. MARKEY. If you make the motion, we will pass the bill right now.

Mr. ENGLER. The thought of being here though just to tell you that we want to work with you and the Administration and Congress to make the HomeStar proposal as effective as possible as soon as possible, and I am pleased to offer our support for this important program.

Our manufacturers firmly believe that an effective program to encourage energy efficient home retrofits will stimulate job creation by increasing the demand for energy efficient products and services and will lead us down a path to more energy efficient economy, the bottom line, straightforward, more jobs, fewer emissions, less energy. The U.S. manufacturing sector was hit hard during the recession. Manufacturing employment has fallen by nearly 2.2 million since December of 2007, to a level just over 11 and a half million. The deep decline in the housing market which includes the home improvement sector has had a significant impact on manufacturing. Nearly a quarter of the manufacturing jobs have been lost in industries closely connected to housing such as furniture, wood and textile products, building materials. This sector continues to struggle. You have heard that today already and you will continue to hear that. Consequently, a sustainable upturn in the housing sector will be a key ingredient for getting manufacturing back on track, expanding production and creating high-paying jobs. In fact, the NAM estimates if, and that may be a big if, a healthy rebound in housing takes place over the next few years, it likely will create an additional 128,000 manufacturing jobs in industries connected to this sector.

The HomeStar Program that we are here today to talk about would spur much needed consumer demand for energy efficient products and building materials by providing significant and immediate rebates for home energy efficiency retrofits. In addition to promoting residential energy efficiency, HomeStar will quickly create jobs in the manufacturing, distribution and sale of energy efficient products. One key reason that has been mentioned and some

of the members have touched on this, the HomeStar Program it will work I think as the consumers can act pretty much as soon as Congress acts. It is not necessary this program to wait for a Federal agency to act first and there is I think further evidence that a temporary, targeted incentive program like HomeStar can work the Clean Energy Manufacturing Tax Credit Program that was in the Stimulus Bill of last year has drawn tremendous interest from the private sector. Section 48C provided 30 percent tax credit for investments in facilities that manufacture clean energy technologies and that includes the wind, solar, batteries, advanced transportation, advanced energy transmission. The initial tax credit under 48C was capped at $2.3 billion. It has the potential to generate some 58,000 jobs. It is already over subscribed and so we also are happy to support the Administration's initiative that Vice President Biden is announcing today that is going to provide additional $5 billion to expand that current program.

We recognize the need to promote energy efficiency across the U.S. economy. Manufacturing accounts for one-third of our Nation's energy use. Cost effective energy efficiency and conservation measures are the key to reducing overall energy cost inputs and it is a way to stretch available energy supplies, at the same time reducing greenhouse gas emissions. The manufacturing sector itself has taken the lead in reducing energy usage and increasing energy efficiency making it a priority. The improvements in energy efficiency in the manufacturing sector have helped the country actually 48 percent more efficient in energy use per unit of GDP and they have reduced the energy intensity of the U.S. economy by nearly two percent. Similar efforts by homeowners would make a substantial contribution to U.S. energy security because they also are responsible for about one-third of energy consumption as the Secretary mentions in her testimony.

Manufacturers are committed to producing the necessary energy efficient consumer products such as insulation, windows, doors, skylight, heating and cooling systems and likewise, we are pleased to see in this morning's draft that was made available, the inclusion of other products that are also designed to promote residential energy efficiency. With more than half of the 86 million single-family homes throughout the United States built before modern codes even existed, the vast majority of the homes in the United States are not well-insulated, have outdated heating and cooling systems, inefficient windows and doors. They are great candidates for energy efficiency upgrades. Just think this, if consumers install more energy efficient products, they could save up to 30 percent on their energy bills and the MacKenzie Study which many of us are quite familiar with, show the United States can save more than $600 billion in energy costs by 2020 if we spent more on making our homes and our buildings more energy efficient.

Mr. Chairman, as you and your subcommittee fully understand, the country faces significant challenges in terms of job creation and energy use. Our manufacturers believe the HomeStar Program provides a unique opportunity to the public and private sectors to work together to address two major policy objectives, creating jobs and lowering unemployment while making American homes more

energy efficient. We look forward to working with you expeditiously to make HomeStar a reality.

[The prepared statement of Mr. Engler follows:]

Written Testimony

of The Honorable John Engler, President and CEO
The National Association of Manufacturers

Submitted to the Subcommittee of Energy and Environment
of the Committee on Energy and Commerce

House of Representatives

Hearing on "HomeStar: Job Creation Through Home Energy Retrofits"

Hearing Date March 18, 2010

Written Testimony Submitted by
The Honorable John Engler
President & CEO
National Association of Manufacturers
Washington, D.C.

Submitted to the
House Committee of Energy and Commerce
Subcommittee on Energy and Environment

Hearing on
"HomeStar: Job Creation Through Home Energy Retrofits"

Wednesday, March 18, 2010

Chairman Markey, Ranking Member Upton and Members of the Subcommittee,

I am John Engler, President of the National Association of Manufacturers (NAM). I want to thank you for holding this hearing on the HomeStar proposal and for offering me the opportunity to testify before you today. The NAM and its member companies are committed to working with the Administration and Congress to make the HomeStar proposal as effective as possible and I am pleased to offer our support for this important program.

NAM is the nation's largest industrial trade association, representing small and large manufacturers in every industrial sector and in all 50 states. Our members play a critical role in the manufacturing, distribution and sale of energy-efficient products and services that can improve the efficiency of our homes and our buildings.

NAM firmly believes that an effective program to encourage energy-efficient home retrofits will both stimulate job creation by increasing the demand for energy efficient products and services and lead us down a path to a more energy-efficient economy.

Getting People Back to Work

The U.S. manufacturing sector was hit hard during the recent recession. Manufacturing employment has fallen by nearly 2.2 million since December 2007 to a level of just over 11.5 million. This decline has affected manufacturers more than any other sector of the economy and has accounted for roughly a quarter (26 percent) of the 8.4 million jobs lost to-date. While manufacturing production started to turn up in the second half of last year, the level of production currently remains 12 percent below pre-recessionary levels as of last month.

The deep decline in the housing market—which includes the home improvement sector—has had a significant impact on manufacturing. Nearly a quarter of the manufacturing jobs lost have been in industries closely connected to housing, such as furniture, wood and textile products and building materials. While output in several of these industries (textiles and wood products) has turned up in recent months, others (building materials and furniture) still have not.

Along with recoveries in other parts of the domestic economy as well as the global economy, a sustainable upturn in the housing sector will be a key ingredient for getting manufacturing back on track, expanding production and creating high-paying jobs. In fact, NAM estimates that if a healthy rebound in housing takes place over the next few years (2010-2013), it likely will create 128,000 manufacturing jobs in the industries connected to this sector.

As currently drafted, the HomeStar proposal would spur consumer demand for the purchase and installation of energy-efficient products and building materials by providing significant and immediate rebates for home energy-efficiency retrofits. In addition to promoting residential energy efficiency, the program will quickly create jobs in the manufacturing, distribution and sale of energy-efficient products.

Moreover, there is strong evidence that temporary, targeted incentive programs like HomeStar can generate jobs, investment and economic growth. For example, the clean energy manufacturing tax credit program included in the American Recovery and Reinvestment Act enacted last year has drawn tremendous interest from the private sector. Section 48C provides a 30 percent tax credit for investments in facilities that manufacture clean energy technologies including wind, solar, batteries, advanced transportation and advanced energy transmission. The initial tax credit program, which was capped at $2.3 billion, will spur critical investment in new manufacturing facilities and has the potential to generate some 58,000 jobs. The program already is oversubscribed—it has drawn applications for more than $8 billion in tax credits. The NAM supports efforts to provide an additional $5 billion to expand the current program.

Promoting Energy Efficiency

NAM members recognize the need to promote energy efficiency across the U.S. economy. Manufacturers account for a third of our nation's energy use and the NAM believes that cost-effective energy efficiency and conservation measures are key to reducing energy cost inputs, stretching available energy supplies and reducing green house gas emissions. The manufacturing sector has taken the lead in making energy efficiency a priority. In fact, improvements in energy efficiency in the manufacturing sector have helped the country to become 46 percent more efficient in energy use per unit of GDP, and reduced energy intensity of the U.S. economy by 1.9 percent.

Manufacturers are committed to producing more energy-efficient consumer products including insulation, windows, doors, skylights, and heating and cooling systems that reduce the U.S. demand for energy as well as reduce greenhouse gas emissions. With more than half of the 86 million single family homes throughout the United States constructed before modern codes even existed, the vast majority of homes in the United States are not well insulated, have outdated heating and cooling systems, have inefficient windows and doors and are in dire need of upgrades.[i]

In addition, utility bills are the second highest cost of home ownership today bested only by the mortgage itself. According to the Department of Energy, a typical household spends $2,200 annually on energy bills.[ii] With home heating costs on the increase and utility bills on the rise, the need for action is now.

If consumers installed more energy-efficient products, they could save up to 30 percent on their energy bills.[iii] Moreover, we would immediately begin to reduce the demand for energy in this nation. In fact, one study showed that the United States could save more than $600 billion in energy costs by 2020 if we spend more on making our homes and our buildings more energy-efficient.[iv]

Mr. Chairman, while the benefits of energy-efficiency retrofits are clear both to consumers and our country, it is also clear that consumers are not always choosing to make their homes more energy efficient. According to a recent report of the Harvard's Joint Center on Housing Studies, only 14 percent of remodeling projects are geared toward energy-efficiency. With this in mind, we believe a program to motivate consumers is needed. HomeStar, if done right, can help us provide the motivation, build demand and thus get people back to work in the manufacturing, distribution, sale and installation of energy-efficient products.

Making HomeStar Work

The immediate impact of the HomeStar program will be in the Silver Star category, which provides targeted incentives for consumer-installed energy-efficient products and has the potential to have the most immediate and most significant impact on jobs. The key to making this program work is to make sure that it is reliable, easy to

understand and quickly deployed. We also would like to see the program expanded to include other products designed to promote residential energy-efficiency.

As you work to advance the proposal, we look forward to working with you to make sure that the program itself and the product specifications are easily understandable for businesses and for consumers. We also look forward to working with you to make sure that the rebate program is administered in such a way as to ensure that the rebates are processed quickly and in a reliable fashion.

Conclusion

Mr. Chairman, the country faces significant challenges in terms of job creation and energy use. NAM believes that the HomeStar program provides a unique opportunity for the public and private sectors to work together to address two major policy objectives: stimulating job creation and making American homes more energy-efficient. America's manufacturers look forward to working with you as the HomeStar legislation moves forward and we are pleased to provide our support for making this an effective program.

Thank you, Mr. Chairman

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[i] Joint Center for House Studies of Harvard University "The remodeling market in transition" http://www.jchs.harvard.edu/publications/remodeling/remodeling2007/r07-1.pdf

[ii] http://www.energystar.gov/index.cfm?fuseaction=find_a_product.showProductGroup&pgw_code=TH

[iii] Alliance to Save Energy http://ase.org/content/news/detail/6360

[iv] http://www.energysecurityanddiversity.com/11966/55798938/energy-efficiency-could-save-us-600-billion

Mr. MARKEY. Thank you, Governor, very much. Our honor to have you here with us, thank you.

Our next witness, Mr. Michael Thaman, he is the President and CEO and Chairman of the Board of Owens Corning. Owens Corning is a global producer of residential and commercial building materials and fiberglass insulation. We welcome you, sir.

STATEMENT OF MICHAEL THAMAN

Mr. THAMAN. Chairman Markey, Ranking Member Upton and members of the committee, thank you for the opportunity to testify. I also thank Chairman Markey and the committee for your leadership in recognizing the importance of energy efficiency as it relates to national energy policy. Additionally, I would like to personally thank and recognize Congressman Welch for your hard work on the progress we have made.

My name is Mike Thaman. I am Chairman and CEO of Owens Corning, a global company based in Toledo, Ohio. I am proud of Owens Corning and our energy efficiency focus. Our company was founded in 1938, when we first commercialize glass fibers that led to the creation of fiberglass insulation. We produce more energy-saving insulation than anyone else in North America. We operate 55 manufacturing facilities in the U.S., including insulation plants in Ohio, California, Texas, Georgia, New York, Kansas, Utah, Oregon, Arizona and Illinois.

In the midst of the downturn in the U.S. economy and the housing industry, we have experienced significant job loss at Owens Corning. The businesses in our building materials group in the U.S. today employ 25 percent fewer people than at their peak of the U.S. housing cycle in 2006. In 2009, our insulation plants operated at only 50 percent of capacity, compared with full utilization in 2006.

Contractors who buy and install our insulation are also struggling. Data from the Insulation Contractor Association of America indicates that the unemployment rate in the installer community is about 30 percent, three times higher than the current national unemployment rate.

I join you today in support of HomeStar and your effort to create jobs in America. HomeStar as currently proposed will create demand for the residential insulation products that my company manufactures and sells. HomeStar will create jobs at Owens Corning. As important, it will create work for insulation contractors across the country as well as the suppliers and distributors that make up the sales and supply chain supporting America's insulation industry.

As you know, HomeStar is designed to provide financial incentives for energy efficiency investments in residential buildings. It has two primary components, Gold Star which provides incentives for comprehensive energy audits and Silver Star which provides immediate near-term incentives to drive specific energy-saving investments like insulation, windows, doors, HVAC systems and water heaters. We strongly support both components of the program. We do believe that Silver Star is more likely to have the most immediate impact on jobs.

We have carefully studied HomeStar. It will create jobs at Owens Corning and at many other businesses that employ workers across the housing sector. HomeStar will also reduce energy use and home energy utility bills. That is important. According to the EPA, the average U.S. household spends more than $2,200 a year on energy bills with nearly half going to pay heating and cooling costs. Buildings in the country are the largest energy consumers. Buildings consume 40 percent of our Nation's energy and over 70 percent of America's electricity. Our homes are with us for generations. Many of our Nation's homes were built before there were appropriate energy codes or any energy codes at all.

The fundamental rationale for investing in energy efficiency home retrofits is compelling and the outcomes are measurable and meaningful. Today, more than 80 million American homes are under-insulated. As a leading producer of insulation products, our best estimates tell us that each year 99 percent of U.S. homeowners will not re-insulate their homes without financial incentives. At the same time, our experience has shown us that financial incentives will drive people to invest in energy efficiency products when those incentives are meaningful and when the process to access them is simple and direct.

Insulation reduces energy cost to a homeowner. A study published in 2007, by the global consultancy, MacKenzie, which Governor Engler referenced, reports that insulation is the most cost-effective way to reduce energy consumption and carbon emissions in the U.S. In the midst of the current economic downturn and with the national unemployment rate surpassing nine percent, putting Americans back to work to make energy saving investments is a good idea. HomeStar gives all Americans an opportunity to act and an opportunity to make a difference in creating jobs and saving energy. HomeStar's direct approach will drive demand and create sustainable U.S. jobs. By including rebates for insulation purchased on an installed basis or at retail, all American homeowners can participate in this program. This is good policy because there are certain consumers who prefer to do the jobs themselves. They should not be left out of the program.

When we drive demand for insulation, we create U.S. jobs. The U.S. insulation industry is uniquely U.S. job-centric. Virtually, all of the insulation-related jobs, raw materials, manufacturing, delivery, sale and installation occur within several hundred miles of the U.S. home where the insulation will be installed. HomeStar can be a job creation bridge for thousands of unemployed insulation manufacturers and contractors who are awaiting the return of the U.S. housing market. Today, leading economists forecast that the housing market will not see a pronounced recovery until 2011 or 2012. Without HomeStar, the outlook for unemployment in our industry is not expected to improve any time soon. HomeStar is a great opportunity to create jobs, save energy, become more energy secure and reduce energy bills. Putting people back to work is sound economic policy. Making existing homes more energy efficient is sound energy policy.

I urge you to take the necessary steps to ensure that HomeStar becomes law. I look forward to answering any questions that you might have. Thank you.

[The prepared statement of Mr. Thaman follows:]

Written Testimony Submitted by
Michael H. Thaman
Chairman and CEO
Owens Corning

Submitted to the House Committee of Energy & Commerce
Subcommittee on Energy & Environment

Hearing on
"Home Star: Job Creation Through Home Energy Retrofits

Thursday, March 18, 2010

Chairman Markey, Ranking member Upton, and members of the Committee: Thank you for this opportunity to testify today before your Sub-Committee regarding what is commonly referred to as the Home Star Program. I also thank the Committee for holding this hearing and demonstrating your leadership in recognizing the importance of energy efficiency as it relates to national energy policy.

My name is Mike Thaman. I am Chairman and CEO of Owens Corning, a global company based in Toledo, Ohio. I am proud of Owens Corning and our energy-efficiency focus. Our Company was founded in 1938 when we first commercialized glass fibers that led to the creation of fiberglass insulation. We produce more energy-saving insulation than anyone else in North America.

We operate 55 manufacturing facilities in the U.S., including insulation plants in Ohio, California, Texas, Georgia, New York, Kansas, Utah, Oregon, Arizona and Illinois.

In the midst of the downturn in the U.S. economy and the housing industry, we have experienced significant job loss at Owens Corning.

The businesses in our Building Materials Group in the U.S. today employ 25% fewer people than at the peak of the U.S. housing cycle in 2006. In 2009, our insulation plants operated at only 50% of capacity, compared with full utilization in 2006.

Contractors who buy and install our insulation are struggling, as well. Data from the Insulation Contractors Association of America indicates that the unemployment rate in the installer community is about 30% -- three times higher than the current national unemployment rate.

I join you today in support of Home Star and your effort to create jobs in America. Home Star, as currently proposed, will create demand for the residential insulation products that my company manufactures and sells.

Home Star will create jobs at Owens Corning. As important, it will create work for insulation contractors across the country, as well as the suppliers and distributors that make up the sales and supply chain supporting America's insulation industry.

As you know, Home Star is designed to provide financial incentives for energy efficient investment in residential buildings.

It has two primary components: Gold Star, which provides incentives for comprehensive energy audits and performance-based energy solutions; and, Silver Star which provides immediate, near-term incentives to drive specific energy-saving investments like insulation, windows, doors, HVAC systems and water heaters.

While we support both components of the program, we believe that Silver Star is more likely to have the most immediate impact on jobs. Gold Star will draw attention to the value of energy efficiency in the major retrofit of existing U.S. homes.

We have carefully studied Home Star. It will create jobs at Owens Corning and at many other businesses that employ workers across the housing sector. Home Star will also reduce energy use and homeowners' utility bills. That's important.

According to the EPA, the average U.S. household spends more than $2,200 a year on energy bills, with nearly half going to pay heating and cooling costs.

Buildings in this country are the largest energy consumers. Buildings consume 40% of our nation's energy and over 70% of America's electricity. Buildings are also responsible for 40% of green house gas emissions in the U.S. Our homes are with us for generations. Many of our nation's homes were built before there were appropriate energy codes, or any energy codes at all.

The fundamental rationale for investing in energy efficiency home retrofits is compelling, and the outcomes are measurable and meaningful.

Today, more than 80 million of America's nearly 130 million homes are under-insulated. As a leading producer of insulation products, our best estimate tells us that each year 99% of U.S. homeowners will not reinsulate their homes without financial incentives. At the same time, our experience has shown us that financial incentives will drive people to invest in energy efficiency products when those incentives are meaningful and when the process to access them is simple and direct.

Insulation reduces energy costs to a homeowner. A study published in 2007 by the global consultancy McKinsey & Company reports that insulation is the most cost-effective way to reduce energy consumption and carbon emissions in the U.S.

In the midst of the current economic downturn, and with the national unemployment rate surpassing 9%, putting Americans back to work to make energy-saving investments is a sound idea. Home Star gives all Americans an opportunity to act and an opportunity to make a difference in creating jobs and saving energy.
Home Star's direct approach will drive demand and create sustainable U.S. jobs. By including rebates for insulation purchased on an installed basis or at retail, all American home owners can participate in the program.

This is a good policy because there are certain consumers who prefer to do the job themselves. These people should not be left out of the program.

When we drive demand for insulation, we will create U.S. jobs.

The insulation industry is uniquely U.S. job centric. Virtually all of the insulation-related jobs – from raw materials, to delivery, sale and installation – occur within several hundred miles of a manufacturing plant.

Home Star can be a job-creation bridge for thousands of unemployed insulation makers and installers who are awaiting the return of the U.S. housing market.

Today, leading economists report that the housing market will not see pronounced recovery until 2011, perhaps 2012. Without Home Star, the outlook for unemployment in our industry is not expected to improve any time soon.

Home Star is a great opportunity to create jobs, save energy, become more energy secure and to reduce energy bills.

Putting people back to work is sound economic policy. Making existing homes more energy efficient is sound energy policy.

I urge you to take the necessary steps to ensure that Home Star becomes law. I look forward to answering any questions you have.

Mr. MARKEY. All right, thank you, sir.

Our next witness is Mr. Christopher Pratt and he is the Vice President of Construction Development Services in Troy, Michigan. He is here on behalf of the National Association of Homebuilders. Mr. Pratt has authored portions of training curriculum for the national homebuilders, Homebuilders Institute on Weatherization in Residential Housing so we welcome you, sir.

STATEMENT OF CHRISTOPHER A.S. PRATT

Mr. PRATT. Thank you. Good morning, Chairman Markey, Ranking Member Upton and members of the subcommittee.

My name is Christopher Pratt. I am a construction design and energy specialist from Troy, Michigan with over 25 years of experience, as well as a weatherization instructor for a number of State programs. I am pleased to testify on behalf of the National Association of Homebuilders about the HomeStar proposal.

Mr. MARKEY. How old were you when you began getting your experience, 25 years ago?

Mr. PRATT. I tell people I grew up an SOB, a son of a builder so I grew up doing hard work.

Mr. MARKEY. So like when you were five?

Mr. PRATT. Fifteen.

Mr. MARKEY. Fifteen, OK, good.

Mr. PRATT. I am old. I don't look it.

NAHB supports incentives for retrofitting older homes and believes this is the best way to achieve meaningful energy savings in the residential sector. We see the potential in a program like HomeStar to deliver energy savings and create jobs if it is crafted in a manner that will promote long term workforce development and craft trades for contractors doing weatherization work. NAHB has already successfully demonstrated its ability to manage federally funded retrofit programs like Project Reenergize in Minnesota. Late last year, the builder association there administered this rebate program with Stimulus funds and in a few short months over 1,400 homes were retrofitted, 800 contractors were employed and nearly $3 million were returned to customers in rebates for energy efficiency upgrades.

NAHB hopes to ensure that the HomeStar Program is equally accessible by all qualified, highly-trained contractors that have undertaken legitimate workforce training and possess appropriate job skills in weatherization. We are concerned with the limitations on the certified workforce definition in the current draft legislation. Specifically, NAHB requests the inclusion of the Homebuilders Institute or HBI as a qualified workforce development program. HBI is the largest jobs corps partner with the U.S. Department of Labor and has developed a robust weatherization curriculum that creates a career path for professionals doing retrofit work that will provide them with long term employability. While HBI includes a certificate component, the development of the worker base and a job skills training in retrofit work is the centerpiece of the program and meets the goal of creating jobs in the emerging retrofit industry that will outlast the short term incentives of the program. HBI is a legitimate workforce training program that deserves equal considerations with others listed in the draft. The weatherization cur-

riculum, although newly introduced was developed via a thorough task analysis and skills assessment process and provides four levels of skilled training, apprentice, weatherization worker, weatherization specialist and energy analyst. The curriculum includes course work covering everything from basic theory to calculating heat loss, in addition to hands-on practicum that teaches workers how to install 80 different weatherization products and perform 45 different installation activities. It is structured to accommodate all standards in use and can be administered and offered through a network of community colleges around the country among others.

For example, I am currently teaching—I am currently training workers in this program in Houston, Texas as part of a Workforce Investment Grant. The program is currently being delivered throughout a number of partnerships with Goodwill Industries, the Carpenters' Union, Ferris State University, among other. Above all, the program is about equipping workers with the appropriate job skills to serve them for their entire career and not just selling a certification credential. In that regard, HBI is considered a legitimate workforce development program along with other currently listed in the draft.

Another important item that may affect a successful implementation of HomeStar is the effective date of an EPA rule covering renovation and retrofit work in pre-1978 homes beginning on April 22 of this year. Unfortunately, EPA does not have enough certified renovators that can legitimately work to retrofit older housing that the HomeStar Program hopes to target. Contractors cannot meet the EPA's certification requirements for the Lead Renovation Repair and Paint Rule by April 22 and will be breaking Federal law if they work on pre-1978 homes. NAHB supports lead-safe work practices as well as retrofit incentives but unless compliance issues with the lead rule are addressed I believe this could deter work in older, less efficient homes. NAHB supports retrofitting older homes and we are truly the experts in this field. We support the benefits in both job creation and energy savings that the program like HomeStar could deliver but we are wary of the potential limitations such as the exclusion of HBI and the effective date of the EPA rule. We believe both of these issues if not addressed could ultimately limit the impact of HomeStar.

I appreciate the opportunity to be here and present our thoughts on this proposal and we look forward to working with you. I would be happy to answer any questions.

[The prepared statement of Mr. Pratt follows:]

Statement of Christopher A.S. Pratt,

On Behalf of the National Association of Home Builders

"HomeStar: Job Creation Through Home Energy Retrofits"

House Energy and Commerce Subcommittee on Energy and the Environment

March 18, 2010

Chairman Markey, Ranking Member Upton, and distinguished members of the Subcommittee, my name is Chris Pratt and I am a construction design and energy specialist from Troy, Michigan. I am pleased to present testimony today on behalf of the 175,000 members of the National Association of Home Builders (NAHB), representing every aspect of the residential construction industry – single family and multi-family builders, light commercial builders, remodelers, renovators, material suppliers, and appliance manufacturers. I have over 25 years experience in custom design building and most recently, I have been working on the development of a robust weatherization and retrofit curriculum for the residential construction industry.

I am pleased to be able to testify today on the Home Star proposal and its implications for creating jobs through improved energy performance in existing homes. NAHB supports efforts to create long term workforce development by equipping workers with career-path job skills in the home retrofit industry, also called weatherization. NAHB also supports efforts to incentivize energy performance upgrades to the 130 million existing homes, many of which were built without energy-efficient measures. We believe Congress is taking the right approach with this effort and our hope is that the end-product will be one that every legitimately-trained worker can equally access, and that the details of implementing this multi-billion dollar effort are not crafted to exclude programs that meet the stated goals of Congress and the Administration.

NAHB Members Demonstrate Retrofit Success

NAHB Remodelers and members have been undertaking retrofit projects for years and have established networks to deliver large-scale projects, like Home Star, already in place. Despite the dramatic downturn in housing, the industry is poised to implement a retrofit program that employs the skills and expertise already mastered by builders and remodelers who rely upon the delivery system and supply-chain that runs between retrofit contractors and product manufacturers. NAHB members have a proven track record of success in programs like this, primarily because we have been doing this work for years.

An example of a retrofit success that is particularly relevant to the draft Home Star legislation is Project Reenergize – www.projectreenergize.org. This successful retrofit program was administered and managed by the Builders Association of Minnesota (BAM) under a grant from the American Reinvestment and Recovery Act (ARRA). This program leveraged just $3 million dollars of ARRA funding into a consumer rebate retrofit program that not only provided high-quality efficiency upgrades to consumers in Minnesota, but also delivered additional remodeling work to contractors that exceeded the promotional items as well. In a few short months at the end 2009, Project Reenergize completed 800 retrofit projects on over 1,400 homes with an average rebate to the consumer of $2,300.

The success of Project Reenergize is not only that it moved rapidly with remarkable results, but also that it was managed efficiently and did not suffer the same bureaucratic issues that plagued other ARRA weatherization-type projects. First, as a consumer rebate program, Project Reenergize was not subject to Davis-Bacon wage requirements, as every other weatherization project faced, because it was awarded an exemption by the Department of Labor. Secondly, because the State of Minnesota did not have the network available to deliver the funding quickly, it allowed the BAM to administer the rebate program, similar to the proposed Rebate Aggregator role in the draft Home Star legislation. BAM verified that the contractors were appropriately trained and qualified to do the work, as well as reviewed all quality control

paperwork and any field inspections prior to issuing the rebates. BAM was uniquely positioned to be the link between the manufacturers, distributors, retailers, contractors, and trainers in this regard. Thus, NAHB believes that the success of Project Reenergize should be a model for how a larger, national rebate program should function and that there is a key role for the other 800+ state and local home builder associations across the U.S.

Home Builders Institute (HBI) – Workforce Training

Workforce development through a legitimate program should include appropriate criteria for workforce preparedness and job skills training to equip professionals with specific trade skills to give workers career-long opportunities in the field. Developing a "retrofit industry" should involve creating a worker-base of skilled contractors, including displaced workers, and others entering the workforce for the first time. Training professionals with appropriate retrofit skills in programs accessible through federally-funded and approved programs (e.g., Job Corps), should be paramount to promoting specific certification credentials from various organizations that may or may not support any underlying workforce training.

In this regard, one specific omission in the draft Home Star legislation is the exclusion of the Home Builders Institute (HBI) from the definition of a "certified workforce" in Section 2(4). HBI is the largest Job Corps partner with the U.S. Department of Labor and is currently structured to serve workers from youth to adults; providing a career path for the residential construction (and home weatherization) industry. Because HBI is already a recognized partner with a federal agency and is a legitimate workforce program that provides the same skills training and job preparation that the draft Home Star legislation seeks to promote, it seems logical that it should be included.

Beginning in 2001, HBI developed a craft trade specific training program focusing exclusively on the residential construction industry. The Residential Construction Academy Series published by Delmar Learning, a leading trade textbook publisher, features textbooks and electronic teaching materials in the subjects of Carpentry, House Wiring, Plumbing, HVAC,

Masonry and Facilities Maintenance. "Basic Principles for Construction" serves as an introduction to the curriculum. Weatherization and retrofit strategies and practices are imbedded throughout the RCA Series' trade titles, many of which are in their 2nd editions. The training is based on national skill standards identified by residential builders, remodelers and educators. RCA Series materials are used in high schools, two-year colleges and workforce preparedness programs, including Job Corps, throughout the U.S. – (www.residentialacademy.com)

HBI provides certification for both instructors and students who utilize its materials through the National Occupational Competency Testing Institute (NOCTI). NOCTI is a leading provider of high-quality occupational competency assessment products and services to secondary and post-secondary educational institutions in the U.S. and worldwide. In 2009, HBI correlated all of its training materials used in Job Corps training, as well as its Pre-Apprenticeship Certificate Training (PACT) used to train disadvantaged audiences, to the ANSI approved ICC-700-2008 National Green Building Standard™. These materials present entry-level, pre-apprenticeship training on craft trades involved in the weatherization of existing homes. Furthermore, HBI also created a 40-hour training certification on weatherization and retrofitting for industry practitioners, which includes classroom and hands-on training and an associated certification. This training can be administered through home builder associations or community colleges throughout the U.S. In the last 28 years, HBI has trained well over 150,000 professionals – youth to adults – in the residential construction industry.

HBI Weatherization Curriculum – Development and Content

The weatherization and retrofit curriculum was developed via a thorough skills assessment, task analysis, and DACUM (Developing a Curriculum) process, an internationally-recognized and legally-defensible job analysis method. In this process, experts in the field, i.e., job practitioners, are used to help develop curriculum instead of having curriculum developed by instructors, college professors, interest groups, or other outside parties. The task analyses are structured to accommodate all standards in use, so it is flexible enough to work everywhere and

is not limited geographically. The program is also designed to be widely available with at least two testing locations per state – total of 1382 – and can be used in home builder associations (over 500 nationwide), as well as community colleges throughout the U.S. Currently, the weatherization curriculum is being delivered through partnerships with the Greater Houston Builders Association, NAHB, Goodwill Industries International, Inc., United Brotherhood of Carpenters and Joiners of America, Adult Reading Center, Inc., Ferris State University, Michigan Association of Home Builders, and The Heat and Warmth Fund (THAW).

The weatherization curriculum includes coursework, hands-on training, and covers four levels of job training: apprentice, weatherization worker, weatherization specialist, and energy analyst (see attached training curriculum chart). Each level of training requires different skills proficiency and different levels of coursework and training. The coursework uses adult learning techniques and covers the status of energy consumption, forms of energy, basic theory, thermal envelope, vapor barriers, air barriers, anatomy of a home terminology, and calculating heat loss. The practicum includes actual hands-on disposable home components so workers can learn how to install 80 different weatherization products and perform 45 activities. Some of those include:

- insulating foundations
- insulating and air sealing bonds
- insulating floors
- insulating walls (new and existing) – blown, batt, and foam
- sealing wall penetrations with caulking and foam
- re-glazing and repairing windows and doors
- replacing windows and doors
- cutting into accesses
- correcting attic ventilation and baffle problems
- insulating flat and sloped ceilings
- insulating knee walls

- sealing and insulating ductwork
- installation of setback thermostats
- water heater blankets
- low flow shower heads and aerators
- blower door, duct blaster, thermography, combustion gas, and worst case testing for Energy Analyst program

The program is designed for workforce skill development in these areas and is intended for professionals to use in a full-time career. The HBI training program is much more robust than just giving someone a certification credential for short-term use. The program is designed to develop skills for workers to use throughout their entire professional career.

NAHB recommends including the Home Builders Institute (HBI) workforce development training program in addition to Building Performance Institute (BPI), North American Technician Excellence, and Laborers International Union of North America, as a qualifying program for a "certified workforce." NAHB does not believe that relegating the inclusion of HBI to a decision by the Secretary of Energy to use "other standards" is sufficient to ensure meaningful consideration. Workforce development and proficiency is different than simply possessing a certification credential, which may or may not mean that a worker is truly equipped with appropriate skills.

Promoting certain certification credentials and programs under the definition of "certified workforce," while excluding other legitimate workforce training programs is incredibly short-sighted. In this draft, the Subcommittee should either consider removing each named reference entirely and allow the consultative process between the Department of Energy and the Department of Labor to determine program legitimacy for the purpose of this legislation, or consider listing all programs by name that meet qualification criteria for workforce development. If keeping those named references remains included, then NAHB respectfully requests that HBI be listed by name along with the other named programs under Section 2(4)(A).

Implementation of the EPA: Lead Renovation, Repair and Painting Rule (LRRP):

NAHB is also concerned with the implementation of the EPA's Lead: Renovation, Repair and Painting Rule (LRRP) and the potential conflict with Home Star. Despite attempts to urge quick action by EPA to train enough certified renovators in time to meet the deadline, thousands of contractors have yet to be trained to meet normal compliance demands under the EPA's estimates for this rule. With the potential influx of billions of dollars into a retrofit program, designed to improve the efficiency in the same housing stock subject to the rule, it may either deter work in pre-1978 homes due to the liability, or it may encourage some contractors to undertake work illegally on pre-1978 homes if not properly certified after April 22, 2010.

EPA finalized the LRRP rule in August 2008 covering all renovation work in homes built before 1978 to "minimize exposure to lead-based paint hazards created during renovation, repair, and painting activities in all housing and other buildings frequented by children under age 6." Unfortunately, EPA did not begin training until July 2009, and has been slow to approve and accredit training programs, training providers, and online training courses for non-"hands-on" portion. This has led to serious deficits in providing enough "certified renovators" to meet the compliance demands of the LRRP rule, and worse yet, it may derail the success of a retrofit program designed to create jobs, like Home Star.

Obviously, the homes in the most desperate need of retrofit are those built prior to the introduction of energy codes in the late 1970s. This substantial segment of the housing stock – about 68% of all existing homes – numbers roughly 79 million. In order to address these millions of older homes, EPA estimated that it would need 212,000 certified firms and 236,000 certified contractors prior to the April 22, 2010[1]. Additionally, EPA proposed adding an amendment to the LRRP rule in October 2009, which substantially increases the number of homes subject to the rule, thereby increasing the need for additional trained firms and contractors by 110,000 and

[1] U.S. Environmental Protection Agency, *Economic Analysis for the TSCA Lead Renovation, Repair, and Painting Program Final Rule for Target Housing and Child-Occupied Facilities*, (March 2008). table ES-4.

115,000, respectively, all prior to the April 22, 2010 deadline[2]. As of February 19, 2010, EPA reported that is has certified 13,669 renovators in LSWP [See Appendix I]. Furthermore, EPA reports that some States still do not have any accredited training providers to offer the EPA training, including the States of Arizona, Louisiana, Oklahoma, Rhode Island, South Dakota, West Virginia, and Wyoming[3].

Simply, EPA has not certified enough contractors for adequate compliance with the LRRP rule, a problem which will only be magnified by the Home Star program. To date, EPA has only accredited approximately 135 firms and 13,669 individuals, far below the 236,000 threshold it set for itself in March 2008. While NAHB is doing its part in conjunction with our state and local home builder associations, who have already held 231 training courses with another 500 planned, EPA has generally been deficient in its efforts to inform the regulated community about the LRRP rule and has done virtually nothing to inform the public.

Consumer awareness of this regulation is negligible, at best, and with the heavy media campaign that will undoubtedly accompany Home Star, homeowners will rush to call contractors to perform efficiency upgrades in older housing, not realizing that many of those contractors could be doing the work illegally if they are not EPA certified. While the consumer would not bear the liability for violations, contractors that violate the statute are subject to fines and civil penalties (under Toxic Substances Control Act, $37,500 per violation, per day[4]), which will provide a disincentive for working on pre-1978 homes.

Regardless of the certification and training parameters as prescribed for Home Star projects, all contractors must comply with the LRRP rule. In order to comply, contractors must belong to a "certified firm," which requires paying a fee to EPA or delegated State program, and "certified firms" must have at least one trained "certified renovator" that must be present at the

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[2] U.S. EPA, *Economic Analysis for the TSCA Lead, Renovation, Repair, and Painting Program Opt-Out and Recordkeeping Proposed Rule for Target Housing and Child-Occupied Facilities*, ES-2 (October 2009).
[3] U.S. EPA, http://www.epa.gov/lead/pubs/trainingproviders.htm [accessed 9 March 2010].
[4] 40 C.F.R. §745.220(b)

outset and completion of renovation work in housing subject to the rule[5]. Since EPA has publicized a plan showing that it expects only a portion of the regulated community to be able to comply with the LRRP rule by the effective date under normal market conditions, NAHB has serious doubts that it could accommodate the influx of new renovation contractors in the context of a multi-billion retrofit program that is specifically designed to create jobs working on the same housing stock covered by the LRRP rule.

NAHB believes that delaying the effective date of the LRRP rule is appropriate and that there is sufficient precedent for taking such action. In 2000, the Department of Housing and Urban Development (HUD) faced a similar problem implementing a lead rule that covered federally-owned housing due to lack of trained (certified) personnel. The rule was finalized on September 11, 2000, but due to the lack of certified professionals to implement it, an extension, of sorts, was granted whereby program participants that had properties built after 1960 were granted a "transition assistance period" and could file a "statement of inadequate capacity" that essentially indicated their intent to comply with the rule once enough certified professional were available to do the work. As the need dictated, these transitional periods continued to be available until January 10, 2002, when it was determined that there was finally enough capacity to comply with the rule. If this process was appropriate to establish compliance for federally-owned housing stock, it seems justifiable for use in this case where substantially more homes are affected.

Conclusion

NAHB supports home retrofits because we believe this is the best approach to delivering meaningful energy savings in the residential sector. NAHB members have already demonstrated tremendous success crafting, administering, and operating home retrofit programs, like Project Reenergize in Minnesota. NAHB members have the network, expertise, and capacity to deliver a

[5] 40 C.F.R. §745.85

robust retrofit program because we have been doing this work for years and we believe our experience is an asset to developing a national program.

NAHB believes the problem of energy lost in existing homes is too big, and the job losses in our industry are too dire, to limit in any way access for highly-qualified, trained, and skilled workers to be able to execute a comprehensive home retrofit program. The workforce development arm of the residential construction industry – HBI – has taken the initiative to develop a workforce component that trains workers in weatherization jobs, equips them with employability skills, and provides a career-path in retrofit work that they can take with them well into the future. As Congress hopes to create a "certified workforce" for these types of programs, as envisioned in this draft, HBI should be given equal consideration, alongside other named programs.

Appendix I

EPA Lead: Renovation, Repair and Painting (LRRP) Rule Stats, as of 2/19/10

(Data from U.S. EPA)

State	Certified Renovators	Courses by State
AK	97	10
AL	163	10
AR	40	2
AZ	55	3
CA	742	60
CO	378	41
CT	239	22
DC	35	2
DE	56	12
FL	468	48
GA	289	16
HI	21	3
IA	75	1
ID	204	20
IL	356	27
IN	343	28
KS	62	4
KY	149	9
LA	103	7
MA	389	39
MD	461	39
ME	188	11
MI	588	57
MN	569	42
MO	187	12
MS	76	6
MT	6	0
NC	542	45
ND	70	5
NE	515	37
NH	124	7
NJ	259	21
NM	91	6
NV	17	2
NY	976	84
OH	1004	71
OK	119	2
OR	289	26
PA	407	32
RI	12	0
SC	166	19
SD	147	7
TN	94	13
TX	670	61

Appendix I

EPA Lead: Renovation, Repair and Painting (LRRP) Rule Stats, as of 2/19/10

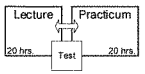
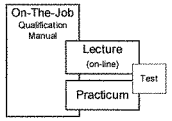
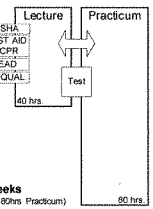
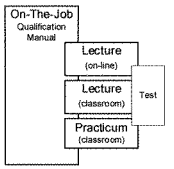
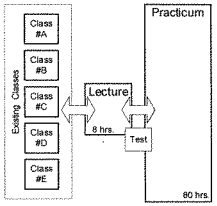
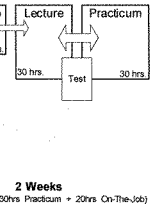
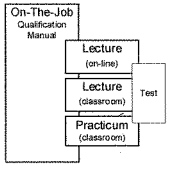
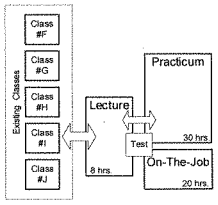
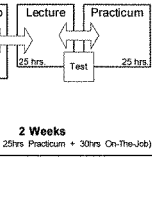
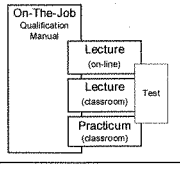
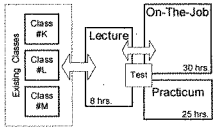
(Data from U.S. EPA)

UT	6	0
VA	323	23
VT	44	4
WA	245	27
WI	1170	59
WV	21	1
WY	6	0
Canada	1	0
Null	12	4
TOTAL	**13669**	**1087**

2/19/2010

WEATHERIZATION SPECIALIST AND ENERGY ANALYST TRAINING PROGRAM

1/30/10

	THEORY & SKILLS	WORKFORCE	CONTRACTOR	COMMUNITY COLLEGE
APPRENTICE **Prerequisites:** 6.0 TABE Score (math & reading)	• Basic Energy Theory • R-Value of building materials • Blower door and IR introduction • Air Infiltration & lifestyle • Anatomy of a home (structure, fenestration's, systems, and envelope construction) • Caulk/Foam & weatherstriping • Insulate and seal bonds • Simple attic insulation (baffles and insul.) • Insulating new walls (fiberglass) • Tools and safety • Winterizing / long term storage of homes • Drywall repair	 **1 Week** (20hrs Theory + 20hrs Practicum)		
WEATHERIZATION WORKER (WKR) **Prerequisites:** Apprentice Level 6.5 TABE Score (math & reading)	• Energy principles & energy conversions • Moisture transfer • Electricity (lumens/color-bulbs) • Blueprint reading • Tool knowledge • Foundation insulation • Insulating framed floors • Concealed / sloped attic spaces • Kneewalls and air dams • Creating & insulating attic access • Ventilation (roof vents & soffit vents) • Insulating existing walls • Storm windows and doors • Reglazing windows and sash repair • Casing removal and sealing • Thermostats • Shower heads • Drywall installation • OSHA, First Aid, CPR, Lead paint, & Air Quality	 **3 Weeks** (40hrs Lecture + 80hrs Practicum)		
WEATHERIZATION SPECIALIST (WSP) **Prerequisites:** WRK, OSHA, First Aid & CPR, Lead (3R's), Air Quality 8.0 TABE Score (math & reading)	• Advanced energy theory (incl. change of state) • Calculating heat gain & heat loss • Calculating air leakage • Adv. diagnostics (blower door & therm.) • Adv. systems (elect., plumbing, & hvac) • Adv. envelope const. and moisture control) • Energy star and the thermal bypass checklist • Brick & siding removal & installation • Alternative above grade wall construction. • Alternative framed floor insulation • Alternative roofing removal & installation • New windows and doors • Crawl space insulation • Ventilation (soffits and ridge) • Bath fans • Duct work (sealing & insulating) • Plumbing pipewrap • Data collection • Interpret energy report	 **2 Weeks** (30hrs Lecture + 30hrs Practicum + 20hrs On-The-Job)		
Energy Analyst **Prerequisites:** WSP (80hrs. OTJ) Prereq. Comp. Skills 10.0 TABE Score	• Introduction to green building • Energy audit & diagnostic tools (advanced blower door, advanced thermography, duct blaster, combustion testing, CFM meter, data recording tools, & humidity meter) • Diagnostic software (NEAT / ResCheck / RemDesign) • Energy report Tools (Sketchup / AutoCad • Word / Excel, Photoshop) • Plan take-off • On the job data collection on 4 sites	 **2 Weeks** (25hrs Lecture + 25hrs Practicum + 30hrs On-The-Job)		

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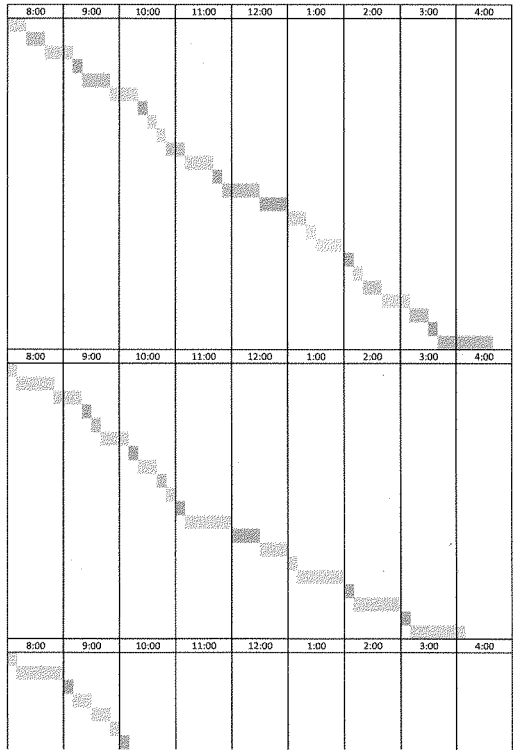
Curriculum Overview

Apprentice (1 week, 5 days, 40 hours)

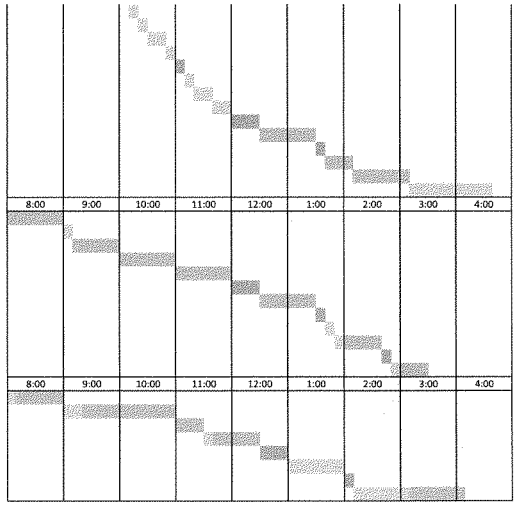
Class #	Day 1:	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.8
1.1.0.0	Introduction	20					20	
A.1.1.0	Skills & experience		20				20	
1.5.0.0	Green Building Practices	30					30	
	Break					10	10	
A.1.2.0	Movie			30			30	
1.6.0.0	Weatherization: Industry Introduction	30					30	
	Break					10	10	
2.1.0.0	Basic Energy Theory	10					10	
2.1.2.0	Conduction	15					15	
A.2.1.0	BTU exercise			15			15	
2.1.2.1	R-Value of Building Materials	30					30	
	Break					10	10	
A.2.2.0	R-Value Exercise		45				45	
	Lunch					30	30	
2.1.3.0	Convection	15					15	
2.1.3.1	Lifestyle	15					15	
2.1.3.2	Air Infiltration	30					30	
	Break					10	10	
6.7.1.0	Blower Door Introduction	10					10	
A.2.3.0	Blower Door Exercise			20			20	
2.1.4.0	Radiation	30					30	
A.2.4.0	Conduction / Convection / Radiation Exercise			20			20	
	Break					10	10	
A.6.1.0	Tape Measure Exercise				60		60	

Class #	Day 2:	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.3
3.0.0.0	Basic Building Science and Envelope Construction	10					10	
3.1.0.0	Insulation (thermal envelope)	40					40	
3.2.0.0	Vapor barriers and retarders	30					30	
	Break					10	10	
A.3.1.0	Vapor Barrier exercise		15				15	
3.3.0.0	Air barriers	30					30	
	Break					10	10	
3.4.0.0	Moisture barriers	15					15	
A.3.2.0	Moisture barrier exercise		15				15	
4.0.0.0	Basic Anatomy of the Home	10					10	
	Break					10	10	
4.1.0.0	Basic Foundations	50					50	
	Lunch					30	30	
4.2.0.0	Framed Floors	30					30	
4.3.0.0	Above Grade Walls	10					10	
4.3.1.0	Framing members	50					50	
	Break					10	10	
4.3.2.0	Fenestrations and penetrations	50					50	
	Break					10	10	
4.4.0.0	Ceiling and roof members	60					60	

Class #	Day 3:	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.7
4.5.0.0	Systems	10					10	
4.5.1.0	Mechanical	50					50	
	Break					10	10	
4.5.2.0	Plumbing	20					20	
4.5.3.0	Electrical	20					20	
4.5.4.0	Ventilation	10					10	
	Break					10	10	



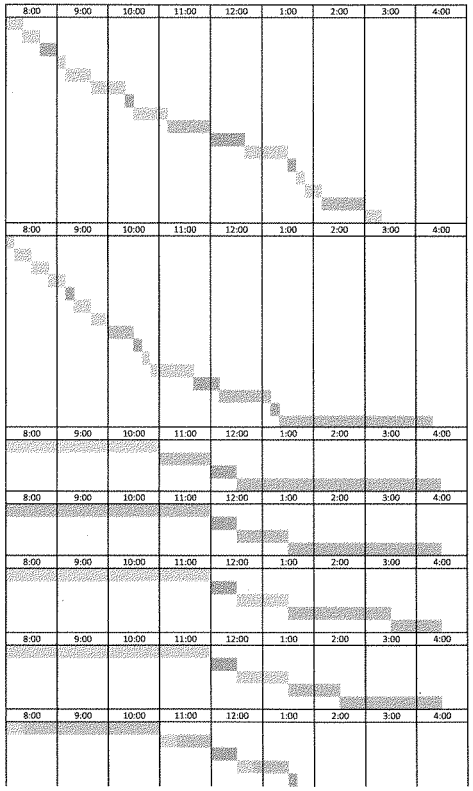
6.0.0.0	Tool safety and Introduction		10				10	
6.2.0.0	Measuring and Marking Tools		10				10	
6.2.0.0	Hand Tools		20				20	
6.3.0.0	Power Tools		10				10	
		Break				10	10	
6.4.0.0	Ladders and Scaffolding		10				10	
6.1.0.0	Tool safety		20				20	
6.6.0.0	Software Modeling Tools		20				20	
		Lunch				30	30	
A.7.1.0	Caulk & foam				60		60	
		Break				10	10	
A.7.2.0	Weather-stripping				30		30	
A.7.3.1	Insulate and seal bond (part 1)				60		60	
A.9.1.0	Math Support		90				90	
Class #	Day 4		Lect.	Exerc.	Demo	Pract.	Break	Dur. 7.5
A.7.3.2	Insulate and seal bond (part 2)					60		60
A.7.4.0	Simple attic insulation		10					10
A.7.4.1	Baffles & air Dams					50		50
A.7.4.2	Batt (demonstration)				60			60
A.7.4.3	Blown (demonstration)				60			60
		Lunch					30	30
A.7.5.1	Drywall repair (part 1)					60		60
		Break					10	10
A.7.6.1	Winterize/Long term vacancy homes		10					10
A.7.6.1.1	Board up windows		10			40		50
		Break					10	10
A.7.6.1.2	Plumbing (winterize)		10			30		40
Class #	Day 5		Lect.	Exerc.	Demo	Pract.	Break	Dur. 8.2
A.7.6.1.3	Change locks		10			50		60
A.7.6.1.4	Roof repair		20			100		120
A.7.5.2	Drywall Repair (2)					30		30
	Insulating new walls		10			50		60
		Lunch					30	30
7.0.0.0	Job Site Safety		60					60
		Break					10	10
APR.Final1	Final		60			60		120
	Total Hours		18.7	1.583	3.417	12.33	5.333	41.333 41



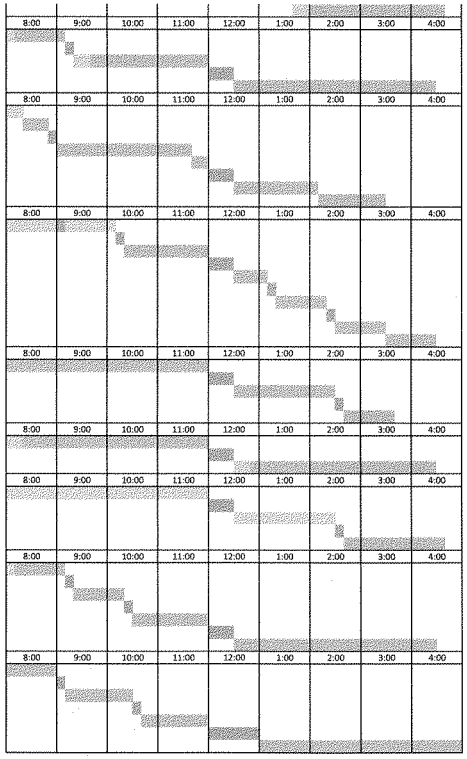
Curriculum Overview

Weatherization Worker (3 weeks, 15 days, 120 hrs)

Class #	Day 1	Lect.	Exerc.	Demo	Pract.	Break	Dur.	7.2
1.2.0.0	Introduction	20					20	
W.1.1.0	Skills & experience		20				20	
	Break					10	10	
2.1.1.0	Energy Principles	10					10	
2.1.1.1	Sources of Energy	30					30	
2.1.1.2	Forms of Energy	40					40	
	Break					10	10	
2.1.1.3	Energy Equivalents and Conversion	40					40	
W.2.1.0	Energy conversion exercises		50				50	
	Lunch					40	40	
2.1.1.4	Energy Usage in the United States	50					50	
	Break					10	10	
2.3.0.0	Other Energy Usages	10					10	
2.3.1.0	Electricity (Lumens/color-Bulbs)	20					20	
W.2.2.0	Electrical Exercise		50				50	
2.3.2.0	Moisture Transfer	20					20	
Class #	Day 2	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.3
4.9.0.0	Anatomy of the Home (blue print reading)	10					10	
4.9.1.0	Site Plan	20					20	
4.9.2.0	Foundations	20					20	
4.9.3.0	Floors	20					20	
	Break					10	10	
4.9.4.0	Roof plan	20					20	
4.9.5.0	Sections	20					20	
4.9.6.0	Plan Location Exercise		30				30	
	Break					10	10	
W.9.1.0	Math exercises	10					10	
W.9.1.1	Area, Perimeter, and volume	50					50	
	Lunch					30	30	
W.9.1.2	Math Exercises		60				60	
	Break					10	10	
W.4.1.0	Drywall Installation (practicum)			20	160		180	
Class #	Day 3	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.5
W.10.1.0	First Aid Lecture	180					180	
W.11.1.0	CPR: Group 1: Tool Knowledge Group 2 (part 1)				60		60	
	Lunch					30	30	
W.11.2.0	CPR: Group 1: Tool Knowledge Group 2 (part 2)				240		240	
Class #	Day 4	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.5
W.11.3.0	CPR: Group 2: Tool Knowledge Group 1 (part 1)				240		240	
	Lunch					30	30	
W.11.4.0	CPR: Group 2: Tool Knowledge Group 1 (part 2)				60		60	
W.6.1.0	Tool Knowledge All				180		180	
Class #	Day 5	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.5
W.12.1.0	10 Hr : OSHA Training (part 1.1)	240					240	
						30	30	
W.12.2.0	10 Hr : OSHA Training (part 1.2)	60					60	
W.9.5.1	Basic Computer Skills				120		120	
WS1.Quiz1	Quiz		60				60	
Class #	Day 6	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.5
W.12.3	10 Hr : OSHA Training (part 2.1)	240					240	
						30	30	
W.12.4	10 Hr : OSHA Training (part 2.2)	60					60	
W.7.1.0	Foundation Insulation				60		60	
W.7.2.0	Framed floors				120		120	
Class #	Day 7	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.7
W.7.3.0	Attic Access	20			160		180	
W.7.4.0	Concealed / Sloped attic spaces	20		40			60	
	Lunch					30	30	
W.7.5.0	Attic Prep (air baffles and air dams)	20		40			60	
	Break					10	10	



W.7.6.0	Kneewalls		20			160		180
Class #	Day 8		Lect.	Exerc.	Demo	Pract.	Break	Dur. 7.2
W.7.0.0	Shower Heads		10			60		70
		Break					10	10
W.7.8.1	Insulating existing walls (part 1)		20			140		160
		Lunch					30	30
W.7.8.2	Insulating existing walls (part 2)					240		240
Class #	Day 9		Lect.	Exerc.	Demo	Pract.	Break	Dur. 7.5
W.7.9.0	Ventilation		20					20
W.7.9.1	Calculating Requirements			30				30
		Break					10	10
W.7.9.2	Shingling				20	140		160
W.7.9.3	Cutting in Roof Vents (part 1)				20			20
							30	30
W.7.9.4	Cutting in Roof Vents (part 2)					100		100
W.7.9.5	Cutting in Soffit Vents				20	60		80
Class #	Day 10		Lect.	Exerc.	Demo	Pract.	Break	Dur. 8.3
W.9.2.0	Math and Communications		120					120
		Break					10	10
W.9.5.1	Resume Writing (part 1)			100				100
		Lunch					30	30
W.9.5.2	Resume Writing (part 2)			40				40
		Break					10	10
W.9.7.1	Employability Skills (part 1)				60			60
		Break					10	10
W.9.7.2	Employability Skills (part 2)				60			60
WS1.Quiz2	Quiz			60				60
Class #	Day 11		Lect.	Exerc.	Demo	Pract.	Break	Dur. 7.7
W.7.10.0	Removing casing and insulating door and window frames				40	200		240
		Lunch					30	30
W.7.15.0	Casing Exercise				20	100		120
							10	10
W.7.16.0	Interior Storms				10	50		60
Class #	Day 12		Lect.	Exerc.	Demo	Pract.	Break	Dur. 8.5
W.7.17.0	Storm windows and doors		20		20	200		240
		Lunch					30	30
W.7.18.0	Reglazing windows		20		20	200		240
Class #	Day 13		Lect.	Exerc.	Demo	Pract.	Break	Dur. 8.7
W.13.1.0	8 hour (Renovation, Repair, and Painting) (part 1)		240					240
		Lunch					30	30
W.13.2.0	8 hour (Renovation, Repair, and Painting) (part 2)		120					120
		Break					10	10
W.9.6.3	Resume Writing			120				120
Class #	Day 14		Lect.	Exerc.	Demo	Pract.	Break	Dur. 8.5
W.7.19.1	Thermostats (part 1)		10	60				70
		Break					10	10
W.7.19.2	Thermostats (part 2)				20	40		60
		Break					10	10
W.14.1.0	Indoor Air Quality (part 1)		90					90
		Lunch					30	30
W.14.2.0	Indoor Air Quality (part 2)		240					240
Class #	Day 15		Lect.	Exerc.	Demo	Pract.	Break	Dur. 9.0
W.9.6.4	Resume Writing			60				60
		Break					10	10
W.9.7.3	Employability Skills (part 1)			60				80
		Break					10	10
W.9.7.4	Employability Skills (part 2)			60				80
		Break					60	60
WS2.Quiz1	Final			120		120		240
	Total Hours		36.3	16.3	6.8	53.5	11.17	124.8 123.5



Curriculim Overview

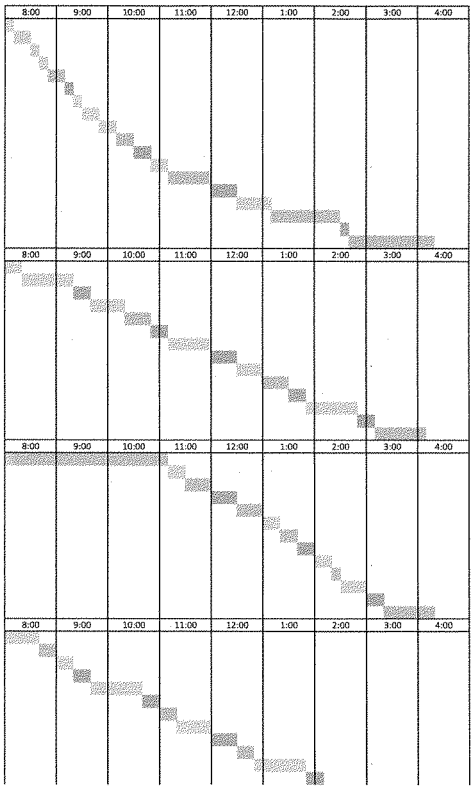
Weatherization Specialist (2 weeks, 10 days, 80 hours)

Class #	Day 1:	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.3
1.3.0.0	Introduction	10					10	
S.1.1.0	Skills & experience		20				20	
2.2.0.0	Advanced Energy Theory	10					10	
2.2.1.0	Change of State	10					10	
S.2.1.0	Ice Cube exercise		20				20	
	Break					10	10	
2.2.3.0	Heat loss	10					10	
2.2.3.1	Heat loss from Conduction	20					20	
	Advanced R-Value	20					20	
S.2.3.0	Advanced R-Value - Exercise		20				20	
	Break					20	20	
2.2.3.2	Calculating U-Values	20					20	
S.2.4.0	Calculating U-Values - Exercise		50				50	
	Lunch					30	30	
2.2.3.3	Calculating Heat Loss	40					40	
S.2.5.1	Calculating Heat Loss - Exercise		80				80	
	Break					10	10	
S.2.5.2	Heat Loss Exercise		100				100	

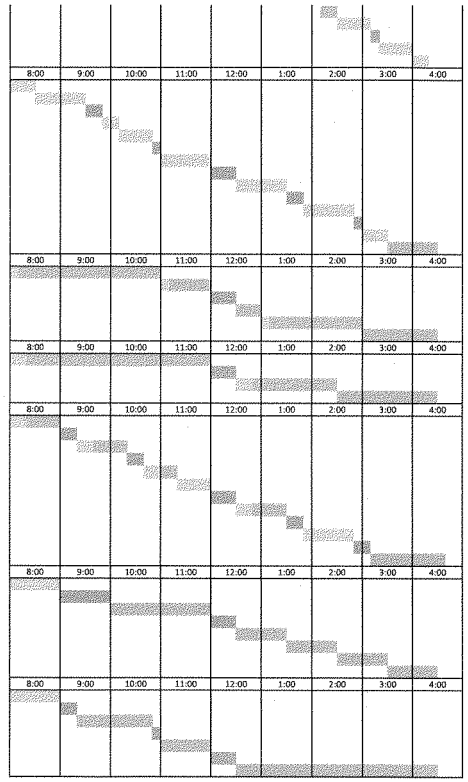
Class #	Day 2:	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.2
2.2.4.0	Heat loss from Convection	20					20	
2.2.4.1	Advanced Convection	60					60	
	Break					20	20	
2.2.4.2	Advanced air sealing	40					40	
S.2.6.0	Caulking and foam - Exercise				30		30	
	Break					20	20	
2.2.4.3	Calculating Air-Leakage Introduction	50					50	
	Lunch					30	30	
2.2.4.4	Calculating Air-Leakage - Demonstration	30					30	
S.2.7.0	Calculating Air-Leakage - Exercise		30				30	
	Break					20	20	
2.2.4.5	Calculating Heat Loss from Convection	60					60	
	Break					20	20	
S.2.8.0	Calculating Heat Loss from Convection - Exercise		60				60	

Class #	Day 3:	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.3
S.2.9.0	Blower Door Exercise (hands-on)	10		180			190	
6.7.2.0	Thermal Camera Introduction	20					20	
S.2.10	Thermal Camera Demonstration			30			30	
	Lunch					30	30	
S.2.11	Basic thermal camera Exercise			30			30	
2.2.5.0	Combined Heat loss from Conduction and Convection	20					20	
S.2.12	Combined Heat loss - Exercise			20			20	
	Break					20	20	
2.2.6.0	Advanced Heat Gain from Radiation	20					20	
S.2.13	Advanced Heat Gain from Radiation - Exercise			10			10	
4.5.3.1	Advanced Electricity Introduction	30					30	
	Break					20	20	
S.2.14	Advanced Electricity - Demo & Exercise		20	40			60	

Class #	Day 4:	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.3
2.3.2.1	Advanced Moisture Control Theory	40					40	
S.3.1.0	Advanced Moisture Control Theory - Exercise			20			20	
	Break					20	20	
3.0.1.0	Advanced Building Science and Envelope Construction	20					20	
3.1.1.0	Advanced Thermal Envelope	60					60	
	Break					20	20	
S.3.2.0	Advanced Thermal Envelope - Exercise		20				20	
3.4.1.0	Advanced Moisture barriers	40					40	
	Lunch					30	30	
S.3.3.0	Advanced Moisture barriers - Exercise		20				20	
3.5.0.0	Energy Star and the Thermal Bypass Checklist	60					60	
	Break					20	20	



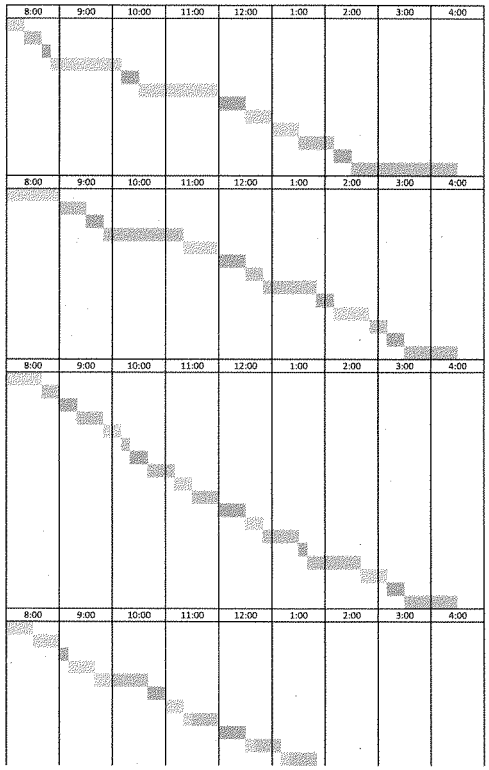
5.3.4.0	Energy Star & Thermal Bypass Checklist - Exercise		20				20	
4.0.1.0	Advanced Construction Techniques and Systems	40					40	
	Break					10	10	
4.1.1.0	Foundation and Waterproofing Systems	40					40	
4.2.1.0	Alternative Floor Construction	20					20	
Class #	Day 5:	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.5
4.3.3.0	Alternative Above Grade Wall Construction	30					30	
4.4.1.0	Advanced ceiling and roof construction	60					60	
	Break					20	20	
4.5.0.1	Advanced Systems	20					20	
4.5.1.1	Advanced Mechanical Systems (part 1)	40					40	
	Break					10	10	
4.5.1.2	Advanced Mechanical Systems (part 2)	60					60	
	Lunch					30	30	
4.5.3.2	Advanced Electrical Design and Diagnostics	60					60	
	Break					20	20	
4.5.4.1	Advanced Ventilation (mechanical and natural) (p1)	60					60	
	Break					10	10	
4.5.4.2	Advanced Ventilation (mechanical and natural) (p2)	30					30	
WS2.Quiz1	Quiz		60				60	
Class #	Day 6:	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.5
5.7.1.0	Siding removal & installation, Vinyl & wood & tile	10		20	150		180	
5.7.2.1	Altern. Roofing removal & reinstall (slate & wood) (p1)	10		20	30		60	
	Lunch					30	30	
5.7.2.2	Altern. Roofing removal & reinstall (slate & wood) (p2)				30		30	
5.7.4.0	Brick removal and installation	10		20	90		120	
5.9.1.0	Math review		90				90	
Class #	Day 7:	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.5
5.7.5.0	New windows and doors	20		40	180		240	
	Lunch					30	30	
5.7.6.0	Crawl space insulation	20		20	80		120	
5.9.2.0	Math review		120				120	
Class #	Day 8:	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.7
5.7.7.0	Bath fans - Exercise	20		40			60	
	Break					20	20	
5.7.8.0	Duct work (sealing & insulating) - Exercise	20		40			60	
	Break					20	20	
5.7.9.0	Plumbing pipe wrap - Exercise	20		20			40	
5.2.0.0	Interpret energy report (part 1)	40					40	
	Lunch					30	30	
5.5.1.0	Interpret energy report - Exercise	20	40				60	
	Break					20	20	
5.3.0.0	The data collection process - Introduction	60					60	
	Break					20	20	
5.5.2.0	The data collection process - Exercise		90				90	
Class #	Day 9:	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.5
5.5.3.0	Data collection #1 (On-the-job: day 1)	60					60	
5.5.3.1	Travel Time					60	60	
5.5.3.2	The sketch and dimensions		120				120	
	Lunch					30	30	
5.5.3.3	Insulation Investigation		60				60	
5.5.3.4	Blower door results			60			60	
5.5.3.4.1	Investigation		60				60	
5.5.3.5	Appliance and Mechanical Equipment #'s		60				60	
Class #	Day 10:	Lect.	Exerc.	Demo	Pract.	Break	Dur.	8.5
5.5.3.6.1	Data Collection Recap (part 1)	60					60	
	Break					20	20	
5.5.3.6.2	Data Collection Recap (part 2)		90				90	
	Break					10	10	
WS2.Final1.1	Final (part 1)		60				60	
	Lunch					30	30	
WS2.Final1.2	Final (part 2)				240		240	
	Total Hours	25.83	21.83	10.17	13.83	12.67	84.3	84.3



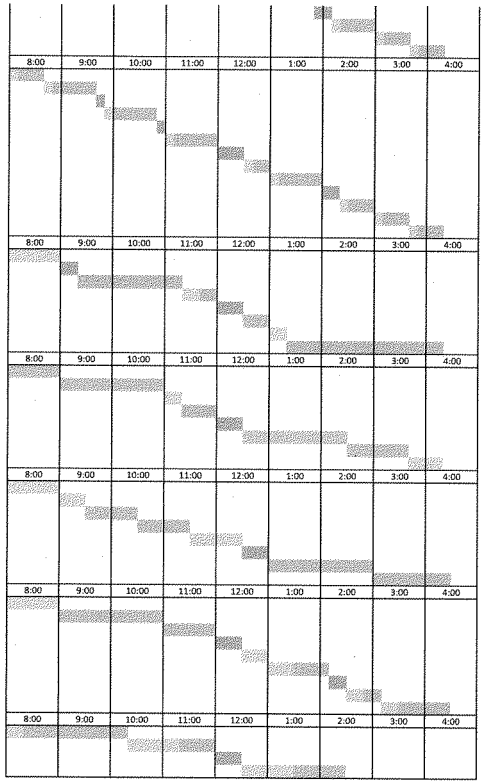
Curriculum Overview

Energy Analyst (2 weeks, 10 days, 80 hours)

Class #	Day 1:	Lect.	Exerc.	Demo	Pract.	Break	Duration	8.5
1.4.0.0.0	Introduction	20					20	
M.1.1.0.0	Skills & experience		20				20	
	Break					10	10	
1.5.1.0.0	An introduction to Green Building (part 1)	80					80	
	Break					20	20	
1.5.2.0.0	An introduction to Green Building (part 2)	90					90	
	Lunch					30	30	
6.7.0.0.0	Energy Auditing Tools	30					30	
6.7.1.1.0	Advanced blower door	30					30	
M.1.2.1.0	Advanced blower door - Demonstration			40			40	
	Break					20	20	
M.1.2.2.0	Advanced blower door (part 2)		120				120	
Class #	Day 2:	Lect.	Exerc.	Demo	Pract.	Break	Duration	7.5
6.7.2.1.0	Advanced thermography (part 1)	60					60	
M.6.1.1.0	Advanced thermography - Demonstration			30			30	
	Break					20	20	
M.6.1.2.0	Advanced thermography - Exercise		90				30	
6.7.3.0.0	Duct blaster Introduction	40					40	
	Lunch					30	30	
M.6.2.1.0	Duct blaster - Demonstration			20			20	
M.6.2.2.0	Duct blaster - Exercise		60				60	
	Break					20	20	
6.7.4.0.0	Combustion testing Introduction	40					40	
M.6.3.1.0	Combustion Testing - Demonstration			20			20	
	Break					20	20	
M.6.3.2.0	Combustion testing - Exercise		60				60	
Class #	Day 3:	Lect.	Exerc.	Demo	Pract.	Break	Duration	8.5
6.7.5.0.0	CFM Meter Introduction	40					40	
M.6.4.1.0	CFM Meter - Demonstration			20			20	
	Break					20	20	
M.6.4.2.0	CFM Meter - Exercise		30				30	
6.7.6.0.0	Digital Camera and Video Capture Device Introduction	20					20	
M.6.5.1.0	Digital Camera and Video Capture Device - Demonstration			10			10	
	Break					20	20	
M.6.5.2.0	Digital Camera and Video Capture Device - Exercise		30				30	
6.7.7.0.0	Humidity Meter	20					20	
M.6.7.1.0	Humidity Meter - Demo & Exercise		20	10			30	
	Lunch					30	30	
6.7.8.0.0	Data recording tools Introduction	20					20	
M.6.6.1.0	Data recording tools - Demo & Exercise		30	10			40	
	Break					10	10	
M.6.6.2.0	Data recording tools - Exercise		60				60	
5.1.0.0.0	Components of an Energy Report (overview) (part 1)	30					30	
	Break					20	20	
M.5.1.0.0	Components of an Energy Report (overview) (part 2)		60				60	
Class #	Day 4:	Lect.	Exerc.	Demo	Pract.	Break	Duration	8.3
M.6.8.0.0	Energy Report Software Tools	30					30	
M.6.8.1.0	Sketchup (Introduction to 3D modeling)	30					30	
	Break					10	10	
M.6.8.1.1	Navigation (using the mouse)	30					30	
M.6.8.1.2	Basic Tools	20	20	20			60	
	Break					20	20	
M.6.8.2.0	Sketchup (Building Residential Models)	20					20	
M.6.8.2.1	Drawing shapes	10	30				40	
	Lunch					30	30	
M.6.8.2.2	Extruding surfaces	10	30				40	
M.6.8.2.3	Deleting surfaces	10	30				40	



		Break					20	20
M.6.8.2.4	Creating missing planes		10	40				50
M.6.8.2.5	Color		10	30				40
M.6.8.2.6	Exporting Images		10	30				40
Class #	Day 5:		Lect.	Exerc.	Demo	Pract.	Break	Duration 8.3
M.6.8.3.0	Introduction to AutoCAD		10	30				40
M.6.8.3.1	Navigation (using the mouse)		10	50				60
		Break					10	10
M.6.8.3.2	Basic Tools		10	50				60
		Break					10	10
M.6.8.3.3	Drawing shapes		10	50				60
		Lunch					30	30
M.6.8.3.4	Layers		10	20				30
M.6.8.3.5	Model & paper space		10	50				60
		Break					20	20
M.6.8.3.6	Adding dimensions		10	30				40
M.6.8.3.7	Adding text		10	30				40
M.6.8.3.8	Printing and Exporting		10	30				40
Class #	Day 6:		Lect.	Exerc.	Demo	Pract.	Break	Duration 8.3
M.6.8.4.1	Introduction to Rastered Graphics Introduction		60					60
		Break					20	20
M.6.8.4.2	Introduction to Rastered Graphics - Exercise			120				120
M.6.8.5.1	Ariel Photography & Google earth and Bing Maps (p 1)		20	20				40
		Lunch					30	30
M.6.8.5.2	Ariel Photography & Google earth and Bing Maps (p 2)			30				30
M.6.9.1.0	Data Collection: Plan #1		20					20
M.6.9.1.1	Plan Take-off			180				180
Class #	Day 7:		Lect.	Exerc.	Demo	Pract.	Break	Duration 8.2
M.6.9.1.2	Mechanical and Appliance Lookup			60				60
M.6.9.1.3	Using the Data Collection Spreadsheet			120				120
M.6.9.2.0	Data Collection: Plan #1		20					20
M.6.9.2.1	Plan Take-off using the Data Collection Spreadsheet (p 1)			40				40
		Lunch					30	30
M.6.9.2.2	Plan Take-off using the Data Collection Spreadsheet (p 2)			120				120
M.6.9.2.3	Mechanical and Appliance Lookup			60				60
M.6.9.9.0	Data Collection Review		40					40
Class #	Day 8:		Lect.	Exerc.	Demo	Pract.	Break	Duration 8.5
M.6.10.0.0	Diagnostic software (NEAT / ResCheck / RemRate)		60					60
M.6.10.1.0	ResCheck		30					30
M.6.10.1.1	Data entry			60				60
M.6.10.1.2	Results Analysis			60				60
M.6.10.2.0	NEAT		60					60
		Lunch					30	30
M.6.10.2.1	Data entry			120				120
M.6.10.2.2	Results Analysis			90				90
Class #	Day 9:		Lect.	Exerc.	Demo	Pract.	Break	Duration 8.3
M.6.10.3.0	Introduction to RemDesign		60					60
M.6.10.3.1	Data entry			120				120
M.6.10.3.2	Results Analysis			60				60
		Lunch					30	30
M.6.10.4.0	Balancing Ductwork		30					30
M.6.10.4.1	Duct Design		20	40				60
		Break					20	20
M.6.10.4.2	Manual J		20	20				40
M.6.10.4.3	Measuring and Adjusting		20	60				80
Class #	Day 10:		Lect.	Exerc.	Demo	Pract.	Break	Duration 7.5
M.6.10.4.0	Simple Return on Investment		20	120				180
M.6.10.5.0	Energy Educator Basics		60	60				120
		Lunch					30	30
MEA.Final1	Final		60			60		120
	Total Hours		23.3	44.833	3	1	10.17	82 82.0



Mr. MARKEY. Thank you very much, Mr. Pratt.

That completes the time for opening statements of our witnesses. We will now turn to questions from the subcommittee members.

Ms. Zoi, Governor Engler mentioned this morning a program announced by Vice President Biden. Could you talk about that program and how it dovetails with the program that we are talking about here today?

Ms. ZOI. I think what Governor Engler was referring—how is that, better?

Mr. MARKEY. Yes, fine.

Ms. ZOI. I think what Governor Engler was referring to is an extension of the 48C Advanced Manufacturing Tax Credit, is that right? So that is a program that was part of the Recovery Act that gives tax breaks for establishing new manufacturing facilities in the United States that are in the clean energy sector. The program was over-subscribed, $2.3 billion has been allocated to companies that are getting things going over the next couple of years that they will create lots and lots of jobs in wind, and solar, and energy efficiency technologies, and combine heat and power but because it has been so wildly over-subscribed, the Vice President is proposing that we actually extend that program and top up the money to the tune of $5 billion.

Mr. MARKEY. OK, so we would need to authorize that as well?

Ms. ZOI. Yes.

Mr. MARKEY. And you support that, Governor Engler?

Mr. ENGLER. Yes, we can.

Mr. MARKEY. Yes, do you support putting the $2 billion back in for wind and solar that we took out for the Cash for Clunkers Program as well, Governor?

Mr. ENGLER. I haven't looked at that but, you know, we would certainly be open to talking about that. I mean I guess we look at this sector as being so hard hit that any number of these strategies we think can be fairly quickly effective at putting people back to work but certainly, we are here on HomeStar today because we just think that does put people to work.

Mr. MARKEY. You were just saying good things about the other program so I was just hoping we could just have you get on a whole list of programs.

Mr. ENGLER. You might as well press on there, I understand. OK, now I got you.

Mr. MARKEY. And the Administration supports putting the $2 billion back in for the wind and solar?

Ms. ZOI. My understanding is that that provision might have been included in the first jobs bill that was just passed but we should go back and check but yes, of course.

Mr. MARKEY. OK, great, I appreciate it.

Ms. ZOI. Of course.

Mr. MARKEY. So how many jobs will this program create, Ms. Zoi?

Ms. ZOI. Somewhere in the tens of thousands, I mean I think the HomeStar Coalition has done a direct and indirect jobs estimate of 160,000. The direct jobs would be 60 to 70,000, lots and lots of important jobs.

Mr. MARKEY. Great. Governor Engler, what is your hope for new jobs created by a program like this?

Mr. ENGLER. We think that this has the potential—I am just checking my testimony to make sure I got my number right. I think I said sort of like the Secretary. I think it is 168,000 but I want to make sure that I get that number right.

Mr. MARKEY. Mr. Thaman is nodding his head.

Mr. ENGLER. We just think that the design of this so that the homeowner actually once it is passed they can go forward. You are going to have the private sector really running the program. We would hope that the reimbursement would work better than it did with the Cash for Clunkers but I think everybody learned lessons off that and that would happen but Mr. Pratt's mention of the lead issue is kind of an interesting one. That probably need to also be attended to because you could—I happen to be in a home that was built before 1978 and so, you know, I am not sure I can get Mr. Pratt to come and take care of that so you can have a lot of people caught in that inadvertent situation so part of the cleanup would be good and I also would support his suggestion on HBI.

Mr. MARKEY. Thank you, Governor.

Mr. Thaman, we have heard complaints that HomeStar picks winners and losers for home products. Could you talk a little bit about the Gold Star Program creating a higher reward program for any product that achieves at least 20 percent home energy efficiency?

Mr. THAMAN. Well, I think there is two ways to look at improving the energy efficiency of a home. You can either look at the products that we know and have been demonstrated to improve energy efficiency or you can have performance raters come in and rate a home. I think there is a good balance between Silver Star and Gold Star to target and Silver Star's specific products and initiatives that we know save energy and then Gold Star have a more holistic approach, actually rating the home and testing the home for energy efficiency improvements. We know based on our history as an insulation manufacturer that any time you install more insulation you improve the energy efficiency of a home so it is a pretty safe bet to directly fund that initiative.

Mr. MARKEY. OK and, Mr. Pratt, could you talk about the Gold Star Program and how that does reward any product that is more efficient.

Mr. PRATT. As an energy rater myself, I personally believe that the performance based tests tend to be more efficient or guarantee or help improve the chances that the improved measures were installed correctly. So I also do some training, Mr. Upton might be aware, of the warm or excuse me, the program in Michigan where they go around and help homeowners install products in their existing home. I find sometimes when you are up in an attic space and it is 140 degrees, you spend less time working on the insulation then you do trying to get out of the attic space. So a lot of times there are good efforts put into tests but sometimes they don't get all installed the way you would like them to be installed.

Mr. MARKEY. OK, thank you, Mr. Pratt.

Let me turn and recognize the gentleman from Michigan, Mr. Upton.

Mr. UPTON. Well, thank you, Mr. Chairman, and I, you know, as I have talked to some of my colleagues on our side and heard some of the opening statements there is clearly some skepticism on this bill and in large part, you know, as we looked at the DOEIG report issued last month of the $4.7 billion that was awarded in grants under the Stimulus Plan, only $368 million has been used by the States so far and only some 30,000 that have been used. And I, you know, this was supposed to be a shovel-ready program, ready to go and clearly there was some need and as we look at the way that the Cash for Clunkers Program was administered, I mean I think most of us thought it would be pretty easy to do. You got 25,000 auto dealers across the country. There were provisions on fraud and abuse that were in place. You had to show that the car had been insured, actually would run and, you know, it had to meet the mileage requirements that anyone could figure out from the Internet and the dealers were supposed to be reimbursed I want to say within 7 days. And I bet everyone of us here on both sides of the aisle heard from lots of our dealers saying it has been more than a month. We have got dozens of cars sometimes some of the larger dealers 50–100 cars the Department of Transportation hired more than 1,000 people. I mean that is, you know, they only had to make about two calls to a dealer per day to figure all this out with the documentation to get them done and it didn't happen. And now you are talking about a program that may be as large as eight times as more. This was a $3 billion program, Cash for Clunkers, over a limited span of time. They did 750,000 vehicles. You have got more builders. There is already a tax credit that is in place for homeowners to make whatever adjustments that they want up to I think it is $1,500 tax credit on work that has to be at least that is what a 30 percent tax credit on business that is done and as we look at fraud and abuse and how is at DOE that you are going to be able to determine whether people did both. They actually took a tax credit and then they did a deal with their builder that is supposed to be passed through them. Why not just keep it as a tax credit and let the power of the IRS make sure that there is some compliance versus what you are going to have to do in terms of additional staff and certification and everything else? Do you see where the skepticism comes on our side?

Ms. ZOI. And I would love to.

Mr. UPTON. Yes, go ahead.

Ms. ZOI. A very good series of issues that you raised and I welcome the opportunity to talk about first of all, how we the structure that we have in mind for this which is designed to leverage private sector expertise that is already taking place. The design for the main Government function is to prevent waste, fraud and abuse and to publish eligibility standards for the contractors that are capable of doing the work. I would also like to take a moment if I may to update the committee on the data about the Weatherization Program. So, in fact, why don't I take that one first?

Mr. UPTON. OK.

Ms. ZOI. So the Weatherization Program as you point out is about a $5 billion program. The Recovery Act didn't double weatherization. It didn't triple it. It multiplied it times 25 so 900 community action agencies had to spend a few months hiring more people.

We had it was the first time ever that Davis Bacon wages were applied. The Labor Department had to determine what fair wages were. So the community action agencies spent the summer months hiring, training, figuring out the Davis Bacon wages. The ramp up well and truly started in the fall. We tripled the number of homes that were done between September and December. The ramp rate that we need to be at to meet the overall goals for the program by March, 2012, is about 20 to 25,000 homes a month. We estimate in February there was a short month and it was a snowy month in most of the country but we did probably 17,000 homes so we are within striking distance to our max ramp rate that is required. This is actually a great tribute to the ability of these 900 community action agencies to ramp up quickly. So it took longer then expected to get going but I would also I applaud what Congressman Barrow pointed out, this was a program that is 30 years old. It has certain structures in place. The Federal Government has to give money to the States. The States then give money to the local community action agencies. It is a well-established network. We are designing the HomeStar Program to not have be encumbered by some of those same things that service the low income community only so what we have then done is pivoted and said well Cash for Clunkers may have had a few hiccups.

Mr. UPTON. A few.

Ms. ZOI. Because it required 9 pdf to be submitted for every single transaction as you pointed out so what we have in mind here is something that uses modern IT that has a list of we work very closely with rebate aggregators who are the network managers for the sector. They put together, we put together a simple form that is filled out by all the certified contractors. Those eligibility criteria are all listed and then with the Federal what the Department of Energy has to do is ensure once the rebates are aggregated and submitted we do the reimbursement. The second part of it is establishing a quality assurance program and we work in partnership with the States because again they are the ones who have home inspector networks and what we do is capitalize on the fact that even some of those home inspectors are don't have much to do these days. We put those guys back to work. They are part of our quality assurance scheme where the States that are not quite ready to do the quality assurance, the Federal Government provides that default function. So we are absolutely taking very seriously the concerns that you have raised about other programs, taking it to heart and we feel very strongly that we can establish this program to get going as quickly as possible to get people back to work.

Mr. UPTON. I know my time has expired so I yield back. Thank you.

Mr. MARKEY. The gentleman's time has expired.

The chair recognizes the gentleman from Pennsylvania, Mr. Doyle.

Mr. DOYLE. Thank you, Mr. Chairman.

Secretary Zoi, and you have just started to touch on this and I want you to expand on it further. A few years ago in my State of Pennsylvania, we had an internal audit of the Weatherization Assistance Program and it resulted that there was a backlog of nearly

9,000 applicants for the program, many of them constituents of mine that qualified for the program were stuck in this backlog and though the program was federally funded it was administered by Pennsylvania's Department of Community and Economic Development. So while I am very obviously excited about the HomeStar Program, I want to see it get going. I am a little concerned about the backlog. I just want to ask four quick questions and have you just comment on them and I think some of them you have touched on already. Is EPA prepared to process the rebates the contractors in the 30-day timeframe set out in the bill and what portion of this will be the State's responsibility? Do you foresee that it will require additional staff at DOE or EPA and at the State level to process these rebates? Will small businesses be able to process the rebates in the same timeframe as big box retailers like Home Depot or Lowe's? And then finally, I am concerned about the quality assurance measurement and how will we make sure that the work that is being done is good work? Homeowners are going to be able to measure the success of their work by their energy savings and this means that we don't have much margin for error. Can you explain how the contractors will be certified and who is going to be responsible for the oversight of the installations?

Ms. ZOI. Yes, OK so the 30-day processing the answer is yes, we will absolutely do the 30-day processing. The small business eligibility again what we want the rebate aggregator concept is so that a variety of experts in the field, sector specialists, can help the small guys with what they need and be able to contribute so rebate aggregators might be the big box guys. They might be utilities. They might be existing home performance with Energy Star States that work very well with small businesses in bundling up those.

Mr. MARKEY. Ms. Zoi, could you move that microphone in just a little bit closer, please, just pull it in.

Ms. ZOI. How is that?

Mr. MARKEY. OK, good.

Ms. ZOI. So there are a variety of ways that the small business folks will be able to play and will be able to get the attention that they need quickly through the proposed structure. In terms of quality assurance for the contractors again, what we envision is that 20 percent of the jobs will get a field inspection, a post expert field inspection that folks that sign up for the program will agree that they will be—that they will make their home available for quality assurance because consumer confidence that they are going to get quality work is very, very important. There are a variety of contractors that are out there that do QA right now that will be part of this program. Again, the idea that we have got is that we lean on the States to be overseeing the programs that are happening within their States and again that what we are doing is we are leveraging work that is already happening right now and building on it and amplifying it to move quickly.

Mr. DOYLE. So what are we doing to make sure that States have sufficient manpower and personnel to make sure this, you know, how do we ensure that, you know, the State of Pennsylvania who had a 9,000 case backlog administering this program that this doesn't happen again. What onuses are put on the State or what

responsibility is put on the State to make sure they have sufficient personnel to do this, too?

Ms. ZOI. Well, there is financial—if the bill passes in its current formulation there are financial resources that are allocated to the States to be able to stand up those good quality assurance programs.

Mr. DOYLE. OK, thank you.

Ms. ZOI. And just to your backlog question on weatherization.

Mr. DOYLE. Yes.

Ms. ZOI. Unfortunately, there are 40 million people in America that are eligible for the low income program. We have been working very closely with Governor Rendell and the State of Pennsylvania and that program I think in Pennsylvania you are going to see a whole new set of Weatherization Program going forward so hopefully you will have that backlog will be reduced substantially in the coming year.

Mr. DOYLE. Yes, I mean it is a good program but we want to see it work as good as possible so thank you, Mr. Chairman.

Mr. MARKEY. Great, the gentleman's time has expired.

The gentleman from Pennsylvania, Mr. Pitts.

Mr. PITTS. Thank you, Mr. Chairman.

Madam Secretary, has DOE analyzed whether there are legal requirements that may delay the rollout of the HomeStar Program? In particular, will DOE have to take any actions to comply with the National Historic Preservation Act?

Ms. ZOI. That is an excellent question, Congressman Pitts, because it has been some of those issues that have slowed down the implementation of the Recovery Act. The way the bill is currently configured what our lawyers tell us is that we will be able to stand up the program within 60 days of passage. We have to do an administrative rule, that is what the lawyers tell us but because of the structure of the law and because much of it is embedded in the statute, we will be able to do this very quickly.

Mr. PITTS. Will DOE have to prepare an environmental analysis under NEPA? What kind of environmental review of the program would need to be done and how long would that take?

Ms. ZOI. Again, what is envisioned here is similar to what happened with the categorical exclusion of the Weatherization Program is that essentially it is a very quick, simple, straightforward rulemaking because the environmental impacts of doing home retrofits are not material so therefore an environment assessment will unlikely be required but again it is a very quick process that won't inhibit speed at all.

Mr. PITTS. Will there be any requirements that will need to be complied with under the program in terms of rates paid to contractors labor costs?

Ms. ZOI. Again, no Davis Bacon would not apply to this so no.

Mr. PITTS. In the event that in carrying out the program workers are injured or homes are damaged is there any risk of additional tax bearer liabilities?

Ms. ZOI. Again, the way we have tried to structure the program is to build on existing contractor relationship certifications licensing and bonding so to the extent that only licensed bonded workers

are part of this program that would be covered by whatever insurance they currently carry.

Mr. PITTS. OK, thank you.

Mr. Laseter, I have some questions about small business involved in retrofitting industry and how they would benefit from the program. In your written testimony you reference 7,000 companies that make or install windows, 82 percent of which are small businesses. Of these, how many would you estimate are eligible to participate in the HomeStar Program?

Mr. LASETER. Under the Silver Star Program, it is structured to for anybody as the Secretary said who is licensed and insured according to that State can immediately participate in the Silver Star Program so we would expect all of those contractors, those small businesses who wish to participate can participate immediately.

Mr. PITTS. And would that also apply to the reference you have for 22,000 insulation installers?

Mr. LASETER. Yes, sir, that is the reason again the Silver Star Program was structured in a way so that those existing small businesses, you know, as long as they are properly licensed and insured could participate immediately.

Mr. PITTS. In your testimony, you indicate 168,000 jobs would be anticipated to be created, three million homes would be retrofitted. Is this based on an estimate of $6 billion in funding over 2 years?

Mr. LASETER. Yes, sir.

Mr. PITTS. And what are the assumptions underlying the estimate that three million homes would be retrofitted?

Mr. LASETER. We can follow-up with the written reports. We used the report from AC Triple E and Climate Works who relied heavily on the MacKenzie study and other published works to come up with those estimates but the HomeStar Coalition would be happy to submit the detail.

Mr. PITTS. Governor, as far as job creation in the manufacturing sector is concerned, what impact would a fully implemented HomeStar Program have in comparison to new home construction returning to pre-recession levels?

Mr. ENGLER. Well, I don't know what the new home construction gets back to. I said in my testimony if we got back to where we were there is an additional 128,000 jobs. I mean these are all estimates. Could HomeStar if we suddenly are able to reach three million homes you get a lot of impact that is not all right in manufacturing because there is a lot of it in the service sector as well that is dependent on manufacturing and manufacturing is dependent on service people being busy so we can make products for them. I don't have a hard number on that.

Mr. PITTS. Are there any other programs you would like to see included or does HomeStar exclude any beneficial energy efficient products or improvements for the home?

Mr. ENGLER. The committee draft there were some concerns on some of the do-it-yourself work that could be done. There has been some modification I think that recognizes some of that and as I think Mr. Thaman testified there is in the Silver Star there are things that can get done very quickly. In the Gold Star you are pretty much wide open to I mean if you want to do an entirely new HVAC, new water heaters, new whatever it is all there for that so

I think it has done a pretty good job. I realize I mean the intention is we would like to move quickly to get this gone. In fact, I would like to see the agency commit to 30 days to be done. I don't know what there minimums are but, you know, most it shouldn't take 60 days of government work to write a simple rule, first draft it is a pretty straightforward. That ought to be—the draft ought to be done now at the agency so the minute it is signed and the rule is filed that we can accelerate this because we got to get away from government time and go to private sector time which is much, much more aggressive.

Mr. PITTS. Well, the do-it-yourself, Mr. Thaman, provision in the latest bill draft is $250. Do you know how much the cost for insulation of an average home this would cover?

Mr. ENGLER. I will turn to Mr. Thaman. We have got an expert sitting next to me on that one.

Mr. THAMAN. You know, again it is going to depend whether you have an insulation contractor coming in to install the product for you or not but in a typical home if you were to go and buy a product at a big box retailer and bring enough product home to restore at least the attic portion of your home to today's energy codes, certainly for $800 or $1,000 you could buy enough product to bring your attic up to code so we would expect for the $250 rebate that that is a pretty good size incentive to encourage people to want to go do that project.

Mr. PITTS. Thank you, I have gone over time, sorry.

Mr. MARKEY. The gentleman's time has expired, no problem.

The chair recognizes the gentleman from Vermont, Mr. Welch.

Mr. WELCH. Thank you very much, Mr. Chairman.

Mr. Engler or Governor Engler, I did some careful research about your background before this hearing and I understand you are a Republican.

Mr. ENGLER. Well, I was certainly elected that way 10 times.

Mr. WELCH. Well, what I want to ask you if you are here supporting a program that is advanced by a Democratic Administration, it is being advanced by some of our best manufacturers and environmentalists, it is supported by management and labor, by homebuilders and homeowners, do you get nervous being in that company or should we take this as a suggestion that maybe this is a good idea?

Mr. ENGLER. Well look, the last time I checked with 10 percent unemployment rate we have got a lot of unemployment for Republicans and Democrats with enough to go around out there so we would like to put people back to work. We think this does that and from the manufacturing perspective, we just want to see things put in place that will work, that will work quickly and get us back on a road to recovery. There is simply not enough demand in this country.

Mr. WELCH. And that is the point and I really do very much appreciate you being here. The other question that is legitimately raised is always about details about practical implementation and I just ask this of the panel. This is intended to be designed so it is simple. You are relying on our local manufacturers like Owens Corning and Masco that are already in this work but need more demand. You are relying on contractors who are not building

homes but know how to retrofit homes so we don't have to do all kinds of training, and we are relying on homeowners who are going to have to get in the game, and if I get a $1,500 rebate or pre-bate but I have to put $1,500 of my own money in, as a card-carrying, free market Republican do you have some confidence that I am going to make certain that if I put $1,500 in, the tax payer puts $1,500 in, I am going to want to get not $3,000 but maybe $4,000 worth of value.

Mr. ENGLER. There is no question about that. That is exactly right and this is very different then one member has asked the question about weatherization earlier. I mean if this were going to be running through CAP agencies I would be here opposing it.

Mr. WELCH. Right.

Mr. ENGLER. This is not going to do that. This is going to go to private sector.

Mr. WELCH. Yes, it is private sector. It is private homeowner and, Mr. Laseter and Mr. Thaman, does this create hassles for you, this program? Sometimes programs come up and they have all kinds of strings attached and burdens imposed on you or does this allow you to be more successful just by doing what you do but do more of it?

Mr. LASETER. Yes, I think the strength of the HomeStar Coalition was having a broad input from, you know, industry, labor, environmental groups and, you know, national associations and State energy officials so a lot of players who have done this for many years with a heavy focus on the industry. This program is simple for the customer because the consumer gets an instant rebate. It is going to be simple for the contractor. They fill out a form to send to get their money back and that is one of the reasons this thing is going to work.

Mr. WELCH. Right.

Mr. THAMAN. Congressman Welch, in my testimony I said that it is important that this be simple, it be meaningful and it be direct. I think one of the key things here is homeowner education and if we give the private sector an incentive to get out there and market the idea and sell the idea I think you are going to get a multiplier affect as opposed to having a Government agency try to do it.

Mr. WELCH. Right and, Mr. Pratt, we have got the workforce out there that wants to get to work?

Mr. PRATT. Yes and we have an opportunity to use the existing 800 homebuilder associations to do training if that is the case.

Mr. WELCH. OK and, you know, Secretary Zoi, I do know that you have heard from these folks and others that simplicity is the key here. That partnership between the public and the private using what we have, not reinventing something new to do something that needs to be done and we know how to do it. Governor Engler suggested speed is of the essence and simplicity is of the essence. My sense is that you are very committed to speed and simplicity, and I just wish you would comment on that.

Ms. ZOI. Well, absolutely, we and I have spent about half my career in the private sector trying to get things done quickly and Government is not always famous for that. This program has been designed to utilize and harness the very strong presence and

knowledge of all of these sector experts that are in the private sector now and to leverage the marketing capability, as I think as Michael just mentioned so we absolutely have this in mind. We all need to do this if we can do it quickly and we can do it quickly.

Mr. WELCH. OK, well, I look forward to working with my colleagues on trying to address whatever suggestions they have to make this simpler and more efficient.

I yield back. Thank you.

Mr. MARKEY. Great, the gentleman's time has expired.

The chair recognizes the gentleman from Illinois, Mr. Shimkus.

Mr. SHIMKUS. Thank you, Mr. Chairman, and as I start we have our fine technician working on our thermostat right here perfectly timed. Wave to everybody so it is great timing maybe we can include.

Mr. MARKEY. It is a very old-fashioned thermostat.

Mr. SHIMKUS. That is right. We need some Government money to do that.

Let me and it is great to follow my friend and colleague, Peter Welch, who has been working very diligently on this. I also find it curious when a progressor really takes a free market competitive stance. I think what Republicans and conservatives are worried about right now is our national debt, all consuming above everything else. In 2009, our budget was $3.2 trillion, our deficit was $1.3 trillion and our debt was $12.3 trillion. In 2010, our budget was $3.3 trillion, our deficit $1.3 trillion and our debt was $14.5 trillion. That is debt. This year we got a $3.4 trillion budget, a projected $1.65 trillion deficit and a debt that is going to hover around $15.7 trillion so a lot of the concerns that we have over here is how will we pay for this and does anything on the panel want to suggest how we are going to do that?

Ms. ZOI. The President has suggested previously paying for this out of TARP, their funds.

Mr. SHIMKUS. And wasn't the TARP legislation originally passed that that would go down to pay down the debt?

Ms. ZOI. And I guess I would suggest.

Mr. SHIMKUS. Was that what the law says on the TARP funds, correct, right now? The answer is yes so that is not an answer. That is taking legislation that we had designed to pay down the debt as the TARP funds got paid back and now using it to fund another program which is not solving the problem of a pay-for.

Ms. ZOI. I think this is part of a jobs proposal and I think what we find ourselves in is that we still, the economy still needs.

Mr. SHIMKUS. So you are not predicting a pay-for for this?

Ms. ZOI. I think that the Congress should work out with the Administration the best way to pay for this.

Mr. SHIMKUS. OK so you want a pay-for for this?

Ms. ZOI. We want the bill to be passed so that we can get these people back to work.

Mr. SHIMKUS. Well, do you want this paid for or not?

Ms. ZOI. I think that we would like to.

Mr. SHIMKUS. Or do you want to go into further debt? That is the question I mean you are from the Administration. Do you want this paid for or do you want us to go and continue debt and deficit spending?

Ms. ZOI. I think we will need to have conversations to work this out together.

Mr. SHIMKUS. You know that on the House side we have pay-for legislation. Would you think that is important for us to continue to abide by our pay-go rules now in the House that this be fully paid for?

Ms. ZOI. I think that is a matter for your consideration.

Mr. SHIMKUS. OK, the Administration has no position on whether this should be pay-for or not?

Ms. ZOI. We would like to work with you to get the bill passed.

Mr. SHIMKUS. OK, thank you very much.

Anyone else want to talk about whether national debt is something to be concerned about?

Mr. ENGLER. Sure, I will take a piece of this. I mean you have got to realize that the Department here is on the spending side. You have to, Mr. Orzag and the budgeters in here I guess but from the manufacturing perspective there are a number of things that we ought to do as a Nation that would be both useful in terms of having a growth strategy and I think important to reduce the debt. I will throw one where there is $60 billion of exports riding on fixing the export control laws that are antiquated in this country. We could export more of our technology goods. We ought to do trade policy more effectively and there are a lot of jobs there. I think we also need to look at as people go back to work and are working, the economy is growing there are actually more taxes then even in the '90s. If we look it was really economic growth that had a big contribution as well as fiscal spending restraint that happened and I think when you have got the unemployment rate at double digit levels where we are today that these kind of programs ought to be looked at as how many people go back to work, how many taxes they will pay and how that fits in but there is a whole host of other things that I would.

Mr. SHIMKUS. Yes and let me finish with this, Governor Engler. I appreciate your position and comments. There is a lot of uncertainty out there in America today, especially in the manufacturing sector. Does movement to an energy legislation or climate legislation provide more or less certainty in the manufacturing sector?

Mr. ENGLER. It is helpful because energy security is very important to manufacturing.

Mr. SHIMKUS. What about climate?

Mr. ENGLER. Well, I think it is helpful in showing that there are market-oriented solutions that will work.

Mr. SHIMKUS. What about the increased cost of energy that will be passed on to the manufacturing sector?

Mr. ENGLER. Well, this actually helps to reduce that.

Mr. SHIMKUS. No, I am not talking about this. I am talking about climate legislation.

Mr. ENGLER. Well, we have a number of issues with the chairman on when we get to that question and hopefully——

Mr. SHIMKUS. Well, that is why we have you here. We get a chance to ask you about these all-pressing issues.

Mr. ENGLER. I am happy to spend time on that if you wish, if you want to go there.

Mr. SHIMKUS. I know you are. My time has expired. Thank you.

Mr. MARKEY. I thank you, Governor, you did not know—you did not have an answer to my extraneous questions so thank you for not having an answer to Mr. Shimkus. You are very consistent and you are very consistent in your testimony.

Mr. ENGLER. I realize who is chairing, Mr. Chairman.

Mr. MARKEY. I know you have an answer to both of them actually but thank you for staying on point here.

The chair recognizes the gentleman from Georgia, Mr. Barrow.

Mr. BARROW. Thank you, Mr. Chairman.

Just following up on the theme that has been raised several times about how to make this as low-maintenance, as user-friendly as possible. What will the customer, the taxpayer, the homeowner actually experience? What will the experience be like for the man or the woman that we are asking to basically we are trying to get to nudge in this direction because as Mr. Welch has pointed out, folks are going to have to have some skin in the game and we want to give folks an encouragement, a proper encouragement. We don't want to discourage them with something that is bureaucratic, involves a hassle, involves making them think about things that actually try and get in the way of doing what is even in there rational best interest to use a behavioral economic-type approach to this problem. Who can describe what the experience is going to be like for the customer? What are the things that they get to consider and what is it going to be like and especially comparing and contrasting this with another approach, let us say a tax credit approach which I think has certain advantages but also certain disadvantages in terms of encouraging folks to do things right away giving them the feedback, the positive feedback right away? Who wants to take a, Mr. Laseter, would you like to take a stab at that?

Mr. LASETER. I am happy to give an answer as a contractor serving customers.

Mr. BARROW. Thank you.

Mr. LASETER. When we go in the home today we do proposals today as general contractors big and small do every single day in America, and under this program we can add a line item that will say here is your instant rebate under the HomeStar Program and subtract that amount so the customer pays the total minus the instant rebate to us. That is the customer experience. There is not a research do I qualify for the tax credit. I have to pay you now and go out-of-pocket and I get my tax credit back next year.

Mr. BARROW. Hopefully.

Mr. LASETER. Right that, excuse me, is a point of sale from the homeowner's perspective when they are buying or purchasing they are getting an instant rebate and that is the difference and what will really drive some consumer demand.

Mr. BARROW. How about for the retailer though, the manufacturer, the folks who are being who are coming up with the materials to be sold and installed? What is the experience like for them?

Mr. LASETER. Yes, from the perspective of the supply chain after that, as a contractor I submit my paperwork to get my instant rebate. That is applied directly to again contractors big and small who participate in the program and then we buy through distribution channels that may be at retail. They may be, you know, direct. They may be, you know, through distributors that are in the mar-

ketplace for these different products and services. So the money, you know, just goes all the way up the supply chain that exists today.

Mr. THAMAN. And from an Owens Corning perspective as is the case I think of most the manufacturers, you know, the nature of our business would not change dramatically in terms of how we invoice or get reimbursed by our customers. Hopefully, it would change because there would be more demand and obviously with our distinctive pink brand and our brand name we talk to homeowners all the time. We talk to retailers all the time. I think you would expect companies like ours to be very aggressive about helping promote these ideas and get homeowners to understand that for a limited time, they have an opportunity to do something good for their home, good for their energy bill and good for the environment.

Mr. BARROW. Thank you.

And with that, Mr. Chairman, in the interest of letting some others have some of the time remaining, I yield back the balance of my time.

Mr. MARKEY. Great, we thank the gentleman.

The chair recognizes the gentleman from Alabama, Mr. Griffith.

Mr. GRIFFITH. I am sorry. Thank you, Mr. Chairman, I am sorry I was late coming back in but the suppliers of the windows and other materials, those we heard that they were going to be mostly American manufacturers and is there any way to ensure what percentage that might be or is that germane? Is that an important question?

Mr. THAMAN. Well, you know, I can start by talking about the insulation industry. I mean insulation is kind of uniquely U.S. centric because it is a very lightweight, low value product and so you can't ship it very far. So the nature of the product is we make fiberglass insulation; our input materials are sand. Our sand suppliers and our bag suppliers are very close by to us. We manufacture close to the market. Our trucking firms are very close to us. Our contractors live in the communities in which they install. So we see a supply chain that begins and ends right in the United States without any need for any intervention to say this needs to be U.S.-based.

Mr. GRIFFITH. Thank you.

Mr. ENGLER. Specifically on windows, the window and door manufacturers were in town this week and all over the Capitol, but that again is the kind of product given its weight, it is actually being produced in many, many States close to the markets. It is not something that you ship from across the world here for the domestic door-window, windows in particular.

Mr. GRIFFITH. Thank you. I agree completely. Where are the most obvious areas for abuse of this program? Would it be in the contractor? Would it be in the invoicing? Is there any competition for a customer to get a second bid on the cost? How does that work?

Ms. ZOI. Well, what we intend to set up is a system that does not allow rebates or double rebates so again what the limiting factor will be one measure, one eligible measure per address and the system, once that gets admitted we won't accept double claims so again you can design that with modern IT and not allow, I mean

just as if you are online shopping and you haven't filled out a field you get a little red signal. It is like uh-oh, you know, 234 Main Street has already gotten an official water heater through this program. They can't do it so again, we are going to set up a system that doesn't allow that.

Mr. LASETER. And if I may, from a customer's perspective, this is a market-based program. The customer can shop as many general contractors as they would like to shop to get the best price before they decide to do the home improvement so again we think the strength of the program is it is so market-based.

Mr. GRIFFITH. I appreciate those answers and they are comforting and I appreciate that.

Mr. Chairman, I yield back my time.

Mr. MARKEY. Great, the gentleman's time has expired.

The chair recognizes the gentlelady from California, Ms. Capps.

Mrs. CAPPS. Thank you, Mr. Chairman, and before I begin, may I ask unanimous consent to enter into the record two statements each in favor of the HomeStar and Lead Renovation Rule?

Mr. MARKEY. Without objection, they will be included.

Mrs. CAPPS. One is from the Labors International Union of North America and the other is from the American Public Health Association.

Mr. MARKEY. Great, without objection, so ordered.

[The information appears at the conclusion of the hearing.]

Mrs. CAPPS. Thank you very much.

As you know, Mr. Chairman, in 1992, this committee held hearings on a serious problem, hundreds of thousands of children being harmed by exposure to lead which damages the development of the brain and nervous system. This committee took action and passed the Lead Exposure Reduction Act on a bipartisan vote of 39 to 4. That legislation reduced lead hazards in a number of ways including by requiring EPA to identify lead-safe remodeling and renovation practices and to make sure that contractors were trained in these lead-safe practices. Now, almost 20 years later, EPA has developed these commonsense rules and they will finally go into effect next month.

Now, Mr. Pratt, you have suggested in your testimony that these long, overdue projections for children's health should be further delayed in conjunction with the HomeStar Program and I find this particularly very troubling. I wonder if you are aware that the EPA and Centers for Disease Control estimate that one million American children are exposed to harmful levels of lead that damage the development of their brains and nervous systems, often irreparably?

Mr. PRATT. Yes, the point that I was trying to make was that there was 14,000 contractors.

Mrs. CAPPS. Let me get to that in a second but thank you. Are you aware that the first year it is in effect, the lead rule is expected to shield 1.4 million children under the age of six from hazardous lead dust?

Mr. PRATT. Yes.

Mrs. CAPPS. Mr. Pratt, your testimony states that EPA has not certified enough contractors to comply with the Lead Renovation Rule and your testimony asserts that fewer than 14,000 contractors

have been trained to date. Mr. Pratt, I understand that the committee's desk spoke with EPA yesterday. Did you know that based on updated information, the EPA estimates that 50,000 individuals have now been trained to date at more than 3,100 courses. Are you aware that EPA estimates that at least 100,000 individuals will be trained by the time the rule goes into effect next month?

Mr. PRATT. No, I was not but I would modify my written testimony if that is what is needed.

Mrs. CAPPS. Thank you. Let me just wind up then. Thank you. Your testimony states that there are no training providers in several States and I want to clarify that many of the training providers do travel from State to State and these traveling providers have traveled to States that do not have fixed site trainers. For example, despite the absence of a fixed site training entity, hundreds of renovators have been trained in Louisiana already and I am going to close by just saying, Mr. Chairman.

Mr. MARKEY. You have 2 minutes left.

Mrs. CAPPS. I know but I want to make a statement. I appreciate Mr. Pratt's acknowledgement that maybe we need to update, you know, the numbers that we have according to the latest figures that we were able to get but I for one strongly oppose the notion of delaying this Lead Rule. I don't believe it is right and I don't believe it is necessary. I believe taxpayer dollars shouldn't go to, should not go to projects that permanently damage children and I don't accept that we need to sacrifice our kids' health in order to put people back to work and save energy and with that I yield back my time, Mr. Chairman.

Mr. MARKEY. We thank the gentlelady.

The chair recognizes the gentleman from Texas. Oh, yes, I think it is the gentleman from Texas, Mr. Burgess.

Mr. BURGESS. Thank you, Mr. Chairman.

Secretary Zoi, one of the little magazines that we all get up here all the time last week had some numbers from your Department about what had been received in Stimulus funds and what had actually been spent. Presumably, that was public information that was put out by the Department of Energy. How have you done on spending the money that you got from the Stimulus Bill last year?

Ms. ZOI. The—we are in a really good spot now. We are ramping up. Some of the shovel-ready projects took a little longer to get the shovels in the ground based in part because of the design of the program and the design of the statute. Just to take a few that are under my portfolio, the Weatherization Assistance Program now.

Mr. MARKEY. Ms. Zoi, can I just, yes, thank you.

Ms. ZOI. How about that?

Mr. MARKEY. Good.

Ms. ZOI. The Weatherization Assistance Program now is at nearly at its full ramp rate of about 20 to 25,000 homes a month. The State Energy Program, that is a $3.2 billion program where the money was obligated to the States at the end of September, the structure of the and a third, fully a third of the money, $1 billion is out in awards.

Mr. BURGESS. Yes, let me, I hate to interrupt but obviously my time is limited. The chairman is very strict with me.

Mr. MARKEY. Not today, whatever you want. We will just be open-minded.

Mr. BURGESS. But $823 million has been spent as of March 4 figures that were available of the appropriated $25 billion and we have got a bill in front of us that has essentially a blank check written in the back and we appropriate such sums as are necessary. Why would you need any additional money at all when you have $25 billion waiting to be used?

Ms. ZOI. We have.

Mr. BURGESS. Why not use that money first before coming and asking as they were described yesterday, the feckless appropriators, for an additional $6 billion.

Ms. ZOI. The program, the programs have obligated I think $25 billion of the $36 billion that came to the Department of Energy so that is all either under contract out at the State level workers have been hired. The figures that show up as spent don't show up as spent in the Federal system until the Federal Government gets invoiced by the grantee and in many cases it is a State or it is a private, it is a university or it is a private company so the actual costing figures which is in everyday parlance it is money spent, that lags in terms of actually the work being done. There are so we do not have available to use whatever number of billions of dollars because the vast majority of that has already been obligated to good projects that are out in the field creating jobs right now.

Mr. BURGESS. The Stimulus Bill was passed in February with a great deal of rapidity without time to read the bill because it was so important to get the money out there but now here we are 13 months later and only a small portion of the monies that you had available has actually been delivered to projects that are putting people back to work. How do we have confidence that providing additional money to your Department is going to be utilized any more efficiently then the large amount of money that you already received?

Ms. ZOI. Well again, first of all, there are thousands of jobs that have been created and that money is already being put to work so for the State Energy Program for example, $1 billion is already under contract at the State level creating jobs. Now, those States have not invoiced the Federal Government so it is not showing up as spent but the work is getting done. Private sector people and State people have been hired to get that work done. Secondly, the structure of this program is going to move even more quickly I would guess depending on what the market demanded then Cash for Clunkers did and Cash for Clunkers.

Mr. BURGESS. Oh, please don't mention Cash for Clunkers in this committee.

Ms. ZOI. All right but to your point is there a spending bottleneck.

Mr. BURGESS. That is not a good metric.

Ms. ZOI. The structure of the program.

Mr. BURGESS. Listen, none of us are against energy efficiency but this should be driven by the market. I know of two electric companies back in my district, one which is providing a credit to homeowners if they want to put solar equipment on their homes. Another which is really a forward-leaning project will allow home-

owners to rent the equipment. The electricity company is providing the capital and the homeowner rents the equipment and sells the electricity back because we do have net metering in Texas. Those are great programs. This is something that should sell itself. We shouldn't have to go in debt billions of more dollars to foreign countries in order for these programs to happen because they are a good idea. People want to do this and when they find out the amount of money, I have no quarrel with people putting solar panels on their roof. I think in Texas it makes a lot of sense. We primarily use a lot of electricity during the summertime. We need our air conditioners. I am all for putting lots of solar panels on lots of roofs and let us not build another coal fire plant. I think that is a good idea but it sells itself. Why are we—is it necessary to pump money into what seems to be a fairly inefficient, bureaucratic pipeline that takes 13 months to get deliverables out to the other side? It seems like the marketplace could move much more rapidly on this. That is just an observation. One other thing in the newspapers in Texas, the business section of the Dallas Morning News a few weeks ago detailed this large wind farm that was going to go into west Texas with Stimulus money and they were buying Chinese windmills. Now, what is up with that? We have got a windmill blade manufacturer in Gainesville, Texas. Why didn't we buy American blades for that?

Ms. ZOI. Well, we haven't seen that, the proposal for that project. The 1603 Program I think to which you are referring again has created already 10,000 construction jobs, 2,000 ongoing jobs.

Mr. BURGESS. In China.

Ms. ZOI. No, no, in the United States. Those jobs are in the United States. The wind and I agree with you, the wind blade manufacturing capability has grown significantly. A few years ago the wind industry, the domestic contract in the wind industry was probably about 25 to 35 percent. It is now because of all the work that is being done it is now over 53 percent and with the 48C Program that we talked about a little earlier in this hearing, we are investing in the ability to manufacture gear boxes. At the moment, wind gear boxes are not manufactured in the United States because we haven't had policies to support it but all of that is coming. We are on a trend line here to rebuild and catalyze the renewable energy industry that is incredibly important for creating jobs across this country.

Mr. BURGESS. I know in the interest of time, let us get you that article. It was in the business section of the Dallas Morning News last month and I would like to if you don't mind submit that to you and see if we can get your comments about what was contained within that article.

Thank you, Mr. Chairman, for your indulgence. I will yield back.

Mr. MARKEY. We thank the gentleman very much and the Dallas Morning News is actually going to host about 25,000 people at the Wind Convention in a couple more months.

Mr. BURGESS. There is a lot of money in that.

Mr. MARKEY. Well there is and they are turning it into money so let me turn now and recognize the gentleman from California, Mr. McNerney.

Mr. MCNERNEY. Thank you, Mr. Chairman.

I would like to just address the issue that the gentleman from Texas raised. I spent my career developing wind energy technology only to see that technology go overseas because there wasn't sufficient support in this country so the jobs that we should have been creating are being created in China. They are being created in Germany because they are putting windmills in that country like crazy and we need to change that and create those jobs here.

Back to the question at hand, my district has sections that are very hard hit by the economy and what I would like to see is some mechanism in this legislation or this program that would help implement this sort of process in hard hit areas. My concern is that people that are marginal economically aren't going to be interested in investing $1,500 without some sort of incentive that makes it possible, additional training, for example, or other methods to get those homes that probably need it more than any other homes to be insulated and become more efficient. Do you have any suggestions or ideas that would be beneficial in that light? I will let the Secretary.

Ms. ZOI. We will quickly. One of the terrific things about the bill is that there is a provision for financing, local financing and there are a variety of ways to provide finance to make it possible for folks who do not have that money in their bank account to be able to take advantage of this and the whole theory is that you borrow a little bit of money but the savings on you energy bills will allow that to be paid back. So again I would commend that provision of the bill in particular.

Mr. MCNERNEY. OK, Mr. Pratt.

Mr. PRATT. The training program that HBI has come up with has trained disadvantaged people definitely in the Weatherization Program. I have instructed hundreds of people on the installation of weatherization. Most of those people are disadvantaged in some variety to the point where people ask me if they can return the bottles to get the bus ride so they can come back the next day. It is very imperative that this program not necessarily just be a certification program where you certify contractors that you are actually specing the weatherization training that is going on instead just the specific certification that someone gets from it.

Mr. MCNERNEY. Well, that is a good point. A concern I have is that if there is a program that gets ramped up too quickly there won't be enough people out there to know how to do what they need to do. Walking into a house and making an assessment of what needs to happen to make the house more efficient, it is not rocket science necessarily but it needs training and it needs certification. Are we going to be able to ramp up enough people to meet those needs if this program moves forward?

Mr. PRATT. This program in front of you, this program here, not necessarily the HomeStar Program in itself but this program right here specs the level of training that is designed for the sixth, seventh, eighth-grader level of knowledge to be able to confer and install the products. That is what it was designed for as workforce training, not just a certification program.

Mr. MCNERNEY. Sure.

Mr. LASETER. And I am sorry, the certification programs that are currently in the bill, they also have training outlets and back

where the President announced some of the details that Savannah Technical Community College, there are training outlets like that everywhere where these kind of rigorous training people will receive that gives them the skills they need to actually get their certification so the additional certifications can happen quickly.

Mr. MCNERNEY. OK.

Mr. ENGLER. The only thing I would add to that is that, you know, as governor for 12 years I worked in a lot of hard hit areas. I currently also serve on the N.E. Casey Foundation Board so we work with communities that are hard hit. When we start reducing the unemployment rate, you should start with the people who were most recently were detached from the workforce and you work your way down. Those that are hardest hit who haven't worked in 10 years will be the last to be hired and they are the ones that need the very low minimum wage or the differential wage to be hired to get some connection. That was the way it worked for Welfare Reform and sometimes we try to do policy to get the hardest possible person to work first and that is just expensive and wasteful and it will fail. In this case, we have got millions of Americans who had jobs who aren't working. They can go right back to work. They are the ones you train first and as we get the economy moving, there are more resources left to try to deal with the chronic situations that you have just described and as far as investing, the other policy decision that is in this bill which I think the committee has made I hope is that energy savings are energy savings and when we reduce kilowatt consumption, wherever we save that kilowatt, MacKenzie's argument was get the most cost-effective savings first. Harvest, said Secretary Chu, has said the fruit on the ground or the low-hanging fruit first before we get on the tall ladder and try to reach the top of the tree and I think this is saying let us get it where we can find it and so I worry, you know, and I realize I don't have to get elected anymore but I worry less about where we get it then how much we can get in terms of kilowatt savings.

Mr. MCNERNEY. OK, thank you.

Mr. Chairman, I yield back.

Mr. MARKEY. Great, the gentleman's time has expired.

The chair recognizes the gentleman from Florida, Mr. Stearns.

Mr. STEARNS. Thank you, Mr. Chairman, and I would like first to ask unanimous consent to have a statement by the National Association of Realtors inserted in the record outlining their position on this legislation. Mr. Chairman, a unanimous consent.

Mr. MARKEY. Without objection.

[The information appears at the conclusion of the hearing.]

Mr. STEARNS. All right, thanks and I think you have a copy and you have seen it before.

Ms. Zoi, a question always comes up. Sometimes a bill passes and there becomes technical language that changes everything. Can you say today categorically that there will be no labeling requirement that would be part of this bill if it passed? Do you feel comfortable saying that there would be no labeling?

Ms. ZOI. Can you tease that out for me, please?

Mr. STEARNS. Yes, I think the problem would be is like in the cap and trade there was a portion of the bill that actually put a label on the house to say that it was not complying with energy ef-

ficient requirements. It had different things and it was given in a rating and so this label created in the minds of the homeowner that one, his home was worth less and in the person who was buying it, it was discounted so you get this sort of a stigma attached to a house or a property. So we are concerned that if this bill passes that there would be some kind of understanding by you and your people in the Administration that you would put a label on a house. So I am hoping that you will say today that there will be no labeling requirement.

Ms. ZOI. I don't think that the nature of this bill is about that.

Mr. STEARNS. So your answer is?

Ms. ZOI. It is a voluntary program where people go and take advantage of energy efficient technology as they get installed in their home.

Mr. STEARNS. OK, so your answer is no, for the record. OK, the other thing I have a question for you in the bill the White House indicates that the number of homes improved under the HomeStar Program could be three million. I just flipped through here in the notebook they gave me and it appears that when you went to weatherize a home that in 1 year they got a maximum across all 50 States was 125,000 is all. How did you come up with—what is the source of that estimate that you will get three million when the facts just for weatherization was only 125,000?

Ms. ZOI. Yes, I think that this is a different sort of program so the calculations are done based on projecting what would be the average rebate that a consumer would take advantage of? How big is the pot of money available for Silver Star rebates and Gold Star rebates? How big do we, what is the average rebate amount and that is the number of transactions that we have got so if indeed again the Senate version has nominated, you know, $3 billion or so for the Silver Star Program, you figure each house will take advantage of, you know, one measure or 1.2 measures like 1.2 children, then you just do that math. So you are able to reach that many more homes then the Weatherization Assistance Project which is what I think you are referring to where they go and do kind of a whole home retrofit for low-income folks up to the tune of anywhere between $4,500 and $6,500 per home. The average investment per home and with this is likely to be lower therefore, more homes will get done.

Mr. STEARNS. My colleague, Mr. Shimkus, had mentioned how are we going to pay for this. The President has talked about freezing a very small portion of the discretionary spending. Perhaps, an across the board spending freeze would help pay for this or even some kind of freezing with Government employees. We have seen a lot of articles recently about everybody is taking a sacrifice but not necessarily Government employees and so that is possibly one way to help pay for this. The other thing I am concerned about is that the way you have it in this Rebate Program it might be more effective and shall we say less bureaucratic that you wouldn't have to use all these formulas if you had a tax credit and I think this had been brought up before, are you receptive to a tax credit rather than a rebate?

Ms. ZOI. Well, there is an existing.

Mr. STEARNS. Just yes or no.

Ms. ZOI. There is an existing tax credit and we have an opportunity now to harmonize job creation immediately with energy savings for families so I think this program will have an immediate catalyzation of a big part of the sector.

Mr. STEARNS. Let me read this other question, it is a little long. The bill doesn't allow taxpayers to receive both an energy efficient, that is Section 25C, tax credit and a rebate. How will you know whether a Section 25C tax credit has been applied for regarding a HomeStar product? Is the Department of Energy going to check the IRS records? Is the IRS going to check the DOE records? Are we just going to assume that no one would be so nefarious or simply confused as to claim a credit for an item for which a rebate was received?

Ms. ZOI. I think we would never assume Americans would be nefarious.

Mr. STEARNS. That is a safe answer.

Ms. ZOI. But no, what happens is this is an instantaneous point-of-sale rebate. Those records would then be provided to the IRS plus it would be tax fraud if taxpayers tried to apply for both so we would have the records and then the IRS, we would provide our records to the IRS.

Mr. STEARNS. Mr. Chairman, thank you for your questions. I assume as we go around that you as the chairman will probably find a way to pay for this so that we don't add to the deficit so I would be curious—perhaps you might enlighten us how we are going to pay for this.

Mr. MARKEY. Well, in your own personal instance it will probably be your winnings from the NCAA pool that you just filled out. OK, I think that you will be able to make perhaps $300 up.

Mr. STEARNS. It won't be that much.

Mr. MARKEY. The gentleman's time has expired.

I would like to submit for the record testimony from Steve Nadell from the Americans for Energy Efficient Economy that outlines the technical specifications in HomeStar as well as the job numbers. Without objection, so included.

[The information was unavailable at the time of printing.]

Mr. MARKEY. The chair recognizes the gentleman from Washington State, Mr. Inslee.

Mr. INSLEE. Thank you. Thanks for the Coalition's work on that. This is just has got such fantastic upside for us both short term and long term. We really appreciate all of your efforts. Congratulations, Governor Engler. The first lithium ion manufacturing plant in America is going to go into Michigan, in Holland, Michigan because of the Stimulus Bill. We are going to have to give you some credit for that somewhere along the line, and thanks to Mr. Welch for his leadership on this issue.

I want to ask a couple of questions about those who might be skeptical a little bit about this proposal. I am really not but I would like you to address some concerns that have been raised. The first one about having the division between silver and gold in general, silver being a compensation system for specific entities, and gold being more performance-based. So I guess my first question I have is why shouldn't—what will we say to those who think everything should be performance-based and we shouldn't have a

dollar of taxpayer money invested until we have a specific performance of X percentage for every single house?

Mr. THAMAN. I would be happy to address that. In my testimony I referenced the MacKenzie Study and I think others on this panel did also which looked at carbon emissions and also energy efficiency and rated insulation which is the product we manufacture as the most energy efficient. One of the things you need to understand in rankings like that is cost of inspections and cost of audits are not factored into that analysis so the assumption, which I think is a good assumption, given our contractor base and the people we work with is that good, honest, hardworking people are going to install products correctly and that products installed correctly for their intended use save energy, and we know that that is the case with the insulation products that we manufacture. If we get too prescriptive in terms of specifying inspections and audits as a part of trying to make the economics of this program work, you actually destroy the economics of the products that save energy because of the additional cost so I think this bill sought to find a balance between Silver Star-type products which are known to save energy for sure, and then Gold Star-type projects where an inspector can come in and come out with a whole house approach to improving the energy efficiency of the home.

Mr. LASETER. And if I may add on the Gold Star side as being a home performance contractor ourselves, these are proven technologies, proven models. We install many of these same proven measures. In fact, at our company we are so certain that we actually provide a whole home energy savings limited guarantee for the homeowner where we guarantee the first year energy savings so one of the beauties in the balance is proven technologies immediately in the marketplace.

Mr. INSLEE. So I just did my observation. These are proven technologies. We have good data about them about their effectiveness however we have to realize there will be some Americans who don't install them perfectly. They won't always work perfectly when they are installed but my belief is the cost of trying to assess perfection is going to be greater than the loss of imperfection of those who don't, who have two thumbs and don't do the installation exactly perfectly. That is my sort of feeling about this and that is why I think this is actually a pretty good balance that you have struck.

Second question, the National Association of Homebuilders had asked to recognize the Homebuilders Institute as the certifying or a certifying, I am not sure which, entity for certifying workforces. That entity was not included. Is there a reason for that and what should we be thinking about the certifying agencies?

Ms. ZOI. I can say from the Department of Energy's perspective we are quite interested and excited to have all qualified certifications be part of this thing and we have suggested that the Secretary has the latitude to add more as more rating schemes and qualifications schemes become available but we are quite open to the HBI being part of this.

Mr. INSLEE. Thank you, I appreciate that.

Just one comment, I was reading Dr. Chu's testimony in some blog somewhere last night about efficiency. I said this before but I want to reiterate this, I hope you will unleash him in the coming

weeks particularly while the U.S. Senate is considering energy legislation to really share what he knows about this field particularly with the other chamber because it is incredibly powerful and I hope that you will allow him to live in the U.S. Senate in the next several weeks. We need a 101st senator and it should be one who knows the physics and, you know, could be a second Nobel Prize out there so I hope he is there. Thanks very much.

Mr. MARKEY. The gentleman's time has expired.

Well, we thank all of you for being here and here is what we are going to do. We are going to give each one of you your 1 minute. Give us your best shot here in 1 minute. What is it that you want this committee to do? A lot of people think that, you know, energy conservation is like watching grass grow. How can that be exciting, you know? How can that be interesting? How can that be good for our country? How can that be the smart way of going and so we will give each one of you a minute to kind of summarize it why the members of this committee, if they were all sitting here, would know why this is such an exciting subject and why they should, you know, invest the time to understand it and to explain it to the American people. So we will begin with you, Mr. Pratt, and we will go in reverse order of the opening statements so that we can have each of you make your case to the American people.

Mr. PRATT. Well, as an experienced trainer, as someone who has trained workforce in this venue, I feel as though that opening up the marketplace to having multiple training organizations inside this program allowing disadvantaged people to go through and get training, I do believe that the existing construction network although it has a lot of training still needs to be reinforced with a lot of training. My encouragement is that we don't necessarily tie this program to a certification program, that we have multiple certification programs which are already existing out there and incorporate into the program.

Mr. MARKEY. All right, can you up the excitement level, Mr. Thaman, in your concluding 1 minute?

Mr. THAMAN. I will do my best, Chairman Markey. You know, we would say as we have all said that employment is very far down in the construction industry. We do not believe the economy is out of the woods and we do think that it is important that this group take action to try to stimulate the economy and create additional jobs in our sector. People are trained. They are ready to come back onto the job. We are ready to employ them if there were demand. Creating demand for energy efficiency products is a great idea. It gets a hard hit part of the economy back to work. It creates energy savings and money in the pocket of consumers. It reduces energy dependence. It reduces energy imports. It increases energy security and it is one of the few energy policy moves that we have that is actually capital creating as opposed to capital destroying because it actually creates savings and creates consumption. We think a simple, meaningful and direct incentive to homeowners to improve the energy efficiency of their home is good policy and we support it.

Mr. MARKEY. Great, thank you, Mr. Thaman.

Governor Engler.

Mr. ENGLER. Well, just following on Mr. Thaman's beautiful remarks, it is a win for jobs. It is a win for energy efficiency. It is a win for the overall American economy and then it ought to be followed up the work on this HomeStar legislation with picking up the pace on initiatives the President has talked about that all can support. We need to get these transmission lines built in this country and rebuilt. That is free energy. It is being generated but lost in transmission. That is a simple revenue bond. We don't need Government help to do that. We just need to clean up the process and put the EPA in the closet so we don't need NEPA on existing rights-of-ways. There are already power lines. Let us build the new ones. Let us get that done. Let us get the nuclear power industry going. To Mr. Burgess' point earlier, the supplier base was largely driven out because we weren't doing anything in a lot of these areas and we better start building nuclear power plants, we will get that base back here so the whole host of these kinds of things that in the energy space, all of which put Americans to work and reduce the emissions and reduce the energy intensity of the country.

Mr. MARKEY. Thank you, Governor Engler, very much.

Mr. Laseter.

Mr. LASETER. Yes, sir, Chairman Markey, I will start with two words, granite countertops, OK, that is exciting. People when they can in this economy when they can often get the money to do a home improvement.

Mr. MARKEY. If they were remaking the movie, "The Graduate" today, they wouldn't be saying plastic. They would be saying granite countertops.

Mr. LASETER. When people have the money to do home improvement they start thinking granite countertops. This program will put energy efficiency on sale for every American household so instead of thinking granite countertops, they will think energy efficiency and that is the reason this program will work.

Mr. MARKEY. Great, thank you, Mr. Laseter.

Ms. ZOI. I like that.

Mr. MARKEY. Can you move in that microphone just a little bit closer?

Ms. ZOI. I think we have a moment to create speed and scale in the efficiency sector. I don't know whether who has been at this longer, Chairman Markey or me but we have been trying to make energy efficiency sexy for a long time. The truth is though last year only 40,000 non-low-income retrofits were done in this country and it sounds like one of them was done in Mr. Burgess' house. What we need to do is create speed and scale, leverage the private sector. We have an alignment here that is unprecedented with private sector players, Government players, Federal players, State players to stand this up so that we can get out of this and having building tune-ups becomes normal business for Americans going forward.

Mr. MARKEY. Thank you, Secretary Zoi, as well.

Oh sure, the gentleman from Texas.

Mr. BURGESS. My home was not a retrofit. It was new construction. It was all paid for with duly earned, after-tax dollars. No Federal program was involved.

Mr. MARKEY. You know what? You were right but too soon for this program, OK if you had just waited 40 years.

Mr. BURGESS. Well, Mr. Chairman.

Mr. MARKEY. You too could have.

Mr. ENGLER. Here is the problem though, Congressman, in your district you will have to pay for a new power plant if everybody else doesn't get their homes cleaned up because the energy will run out some day and I want to avoid that. That is cost avoidance.

Mr. BURGESS. And, Mr. Chairman, with your indulgence, let me have a try at the 1 minute let us make efficiency appealing. Where else could you get Ed Markey, Mike Burgess and Roscoe Bartlett on the same page? Energy efficiency is the common ground whether you are worried about global warming, national security or peak oil. This is where all of those come together and no one on this committee, regardless of which side of the dais they sit on can really make a coherent argument in favor of wasting energy.

Mr. MARKEY. I hope it would actually be we would agree that we don't want Notre Dame to win the NCAA Tournament, OK. There Texas and Boston College is going to agree on that, OK.

Mr. BURGESS. The University of North Texas actually is in.

Mr. MARKEY. University of North Texas.

Mr. BURGESS. And they play in just an hour's time so go Mean Green.

Mr. MARKEY. All right, well, you know, I might change mine. I have been filling out my NCAA Tournament bracket up here. I might go to North Texas and pick that now.

So here we are. We have this great opportunity to as we know, to instead of generating more megawatts to have negawatts. To have the watts never have to be manufactured, constructed, built in the first place and as Governor Engler said, that saves everybody money. It costs a lot of money to build one of these power plants and your bills are lower. There are jobs created and helping people save the money, and we back out energy that we otherwise would have imported, home heating oil or have in the construction of power plants across the country.

So it is win-win-win as Mr. Laseter said. It is working smarter, not harder. My mother always used to say that to me. Eddie, work smarter, not harder, she would always say it after she said she was going to donate my brain to Harvard Medical School as a completely unused human organ, OK. So I think this is the kind of program she was talking about, working smarter, not harder. When I was the chairman of the energy subcommittee here back in 1985 and '86 and I authored the Appliance Efficiency Act for refrigerators, stoves, you name it all the way down the line, well, there are scores of power plants that never had to be built because refrigerators are now twice as efficient as they were because of that law back in 1986. So you just think of every home with a refrigerator twice as efficient or stove or you go all the way down the line.

So that is how we are thinking here. We are thinking, you know, there has to be a way in which we not just incentivize the importation of more oil from OPEC which is half of our trade deficit, by the way. Half of our trade deficit is importing oil. Now, that can't be a good idea given where a lot of those revenues then get spent against the interest of our country, it affects our economy. Here we

have a homegrown industry. We have companies. We have contractors who are ready to go with materials made in America, with contractors who live here in America and with homeowners here in America who will be the beneficiaries. So that is about the best picture you can put on this. It is not made by OPEC and it is not made in China, made in the USA for people in the USA, installed by people in the USA and sold by people in the USA.

So it seems to me that of all the tax programs that we have got on the books, this is one that will work magic on our economy and the more that we can spread this ethic, this idea of working smarter, not harder in terms of how we generate electricity in our country is the better off we are going to be, and a perfect example again is this wind program. Last year, 10,000 new megawatts of wind installed in the United States so if you think of a nuclear power plant as 1,000 megawatts, 10,000 new megawatts installed in our country last year and half, 500 new megawatts of solar installed in the United States last year. That would be like half a nuclear power plant. Well, these are big numbers. As Secretary Zoi pointed out, that is 10,000 new jobs here in the United States and the good news is that as she pointed out is that just 3 years ago, 4 years ago, 25 percent of the jobs in the wind sector were in the United States, 75 percent overseas. Because of the Stimulus Program, we now have it up to 53 percent of the jobs and the industry and testimony last week said that their goal by the end of the Stimulus Program is over 70 to 75 percent of the wind jobs will be totally generated here in the United States.

OK, so just changing the way in which we view how we produce energy or don't produce energy by installing insulation, by installing smarter, new devices that are made here in the United States, sold here in the United States, installed here in the United States. That is the way we have to view this and then we dramatically reduce the greenhouse gases by doing it all here in our country. We create new jobs and we save on the imported energy that we have to bring into our country.

So it is win-win-win, win-win-win, win-win-win. This is something that should generate incredible enthusiasm from our members, you know. The reporting table should over here be excited at this smart new plan that is being put in place and so our job is going to be to get out there to sell this to lift it up along with these other energy technologies that are coming along here. Made in America as the governor said, you know, that should be our single most important objective this year to begin to put in place a program that will sustain us in the long run.

So what we would like to do, Mr. Welch, Mr. Waxman and I is work with the Minority, work with all parties that are concerned about this issue so that we can put it on a fast track and we put it in place in a way that will give the benefits to people out there and give hope that new jobs will be created. And as you said, governor, not in 60 days, not in 90 days, you know, but as soon as possible. Fast track this process. Put that gold star up there and again, I think we should try to put a gold star. You know, we label children with a gold star. We say here are the students who are doing the best work, you know. We label things in America. We have honor rolls that we want to have put in the newspaper, you

know. We don't want to stigmatize people who aren't on the honor roll but we want to honor the people on the honor roll don't we? Don't we want to let people know who is doing the best work? Don't we want to let people know who are the gold star students and the silver star students? It begins in the first grade.

I think Americans are ready for this. Maybe we have too many trophies. Maybe it is Lake Woebegone, you know, everyone is above average but everyone is not above average. We need measurements. We need to have America be number one looking over its shoulder at number two and three in the world in this sector, OK because we will then be manufacturing the jobs. We will then be producing the work opportunities in the years ahead for all those workers in our country.

We thank you all. We want to work closely with you in the next couple of weeks so that we produce the best possible bill. So stay close to the subcommittee. We need you to call us, talk to us, you know, visit us and let us know how we can frame this because we have some ideas how to change it. I know you might too and I think if we all work together, we will be able to produce the best possible bill. Thank you. With that, this hearing is adjourned. Thank you.

[Whereupon, at 12:26 p.m., the Subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

Opening Statement of the Honorable Joe Barton
Ranking Member, Committee on Energy and Commerce
Subcommittee on Energy and Environment Hearing Entitled "Home Star: Job Creation through Home Efficiency Retrofits"
March 18, 2010

Thank you, Mr. Chairman, for holding this hearing to examine this draft legislation.

Like nearly every idea proposed by the Obama Administration these days, the selling point for this one is supposed to be jobs, jobs, jobs. I believe that government does not create jobs – businesses do. Over the past year, we have seen government attempt to influence nearly every sector of our economy with the injection of enormous sums of money from taxpayers in the name of job creation: They say cap-and-trade will, quote, "create millions of jobs." Speaker Pelosi says healthcare reform will, quote, "immediately create 400,000 jobs." Remember when the White House said the stimulus bill would, quote, "keep unemployment below 8 percent"? The list goes on and on, Mr. Chairman.

Now we have another jobs-jobs-jobs program that costs a ton of money with as much prospect for actual job creation as those other, earlier jobs-jobs-jobs programs from the Administration.

This legislation, the Home Star Energy Retrofit Act, is better known as Cash for Caulkers, as it is supposed to apply the principles of the Cash-for-Clunkers program to encourage energy savings at home. While Cash for Clunkers was a straight-forward program promoting new car sales, today's draft legislation is much more expensive and vastly more complex. The Department of Transportation drew fair criticism for how it handled Cash for Clunkers after the agency was completely overwhelmed by the workload. While I supported the Cash for Clunkers program, I am concerned that some of the practical challenges DOT has had in implementing that program could be a prelude to what will unfold if Home Star becomes law.

They say Home Star will create jobs by stimulating demand for energy-efficient home retrofits. Energy efficiency is a good idea, and I know that people can save money through well-chosen energy-efficiency

investments. But before we proceed, there are issues in this bill that I feel must be addressed.

The premise of this proposed program sounds plausible, especially with its catchy and familiar-sounding nickname. But instead of talking about one product and one factor – cars and miles per gallon – we are talking about dozens of household installation and retrofitting projects with myriad requirements, arbitrary product inclusions and exclusions, and significant funds channeled through DOE. Once again, as with so many bills before this Committee lately, the government will be expanding its ranks, deciding who gets billions of taxpayer dollars, and picking winners and losers. This bill seeks not only to choose winning technologies, but it also aims to pick winners and losers in the workforce by deciding who can receive the subsidies.

Second, I have concerns about DOE's ability to handle a second even larger and more ambitious weatherization program. DOE's recent Inspector General report highlighting problems with its $5 billion Recovery Act Weatherization program highlights this point. Less than 5 percent of the nearly $5 billion authorized in the stimulus bill for

weatherization projects has actually been used by states to weatherize homes. Last year, the DOE weatherization program was expected to be "shovel-ready" and to create thousands of jobs almost immediately. But we have hardly anything to show for it yet.

Third, while we're talking about costs, we should consider the cost language currently in the text. This bill, unlike its Senate counterpart, authorizes "such sums as may be necessary." Everybody here understands the words "such sums" means it's a blank check, and I'm certain that someone will argue that we'll be hard-hearted and inefficient if we force recipients of these billions of dollars to come begging to Congress every year for another installment of public funding.

What does this program cost? And where are the funds coming from? If the cost for Home Star is the $6 billion contemplated in the Senate bill, I wonder whether we can afford this program, given the already exploding deficit. After the $10 billion in stimulus for weatherization funds and efficiency grants, and this bill and potentially Building Star and Rural Star, I wonder how much money the Majority and the

Administration are willing to spend on these types of programs? If the Administration's track record on stimulus promises and DOE's performance this past year are any indicators, we need to carefully examine how much we are spending, where the money is coming from, and whether Home Star and other proposed retrofitting programs will a successful path to job creation and lower energy bills.

There are several other potential issues I have with this bill, ranging from language about the financial instruments available for funding covered projects to onerous labor requirements that make it difficult for many small contractors, retail stores, and vendors to share in the benefits of the program. The complex manner in which the rebates are actually distributed, through many intermediaries, invites fraud, as well as the possibility that consumers never actually realize the promised energy cost savings.

I am glad to have a hearing to examine this draft, but I think that, before we proceed with this program, it is absolutely essential that an open markup be held and that legitimate concerns about the program and perfecting amendments be considered.

Mr. Chairman, everybody wants more jobs, more energy and lower utility bills. We're concerned that, as drafted, this multi-billion dollar program may be notable more for the jobs not created, the energy not saved, the bills not reduced, and enormous sums wasted. I hope we can find ways to overcome those problems.

With that, I yield back the balance of my time.

Testimony by Terrence J. Mierzwa
to the U.S. Senate Committee on Energy and Natural Resources
March 11, 2010

Good morning. My name is Terry Mierzwa, Executive Manager of Marketing, Energy Efficiency, and Research at Consumers Energy Company, headquartered in Jackson, Michigan. Consumers Energy provides service to 1.8 million electric customers and 1.7 million natural gas customers in Michigan's Lower Peninsula.

Thank you for this opportunity to testify on the draft text of a legislative proposal to implement the Home Star program.

Background

Consumers Energy is a strong supporter of energy efficiency. It is a key component of our Balanced Energy Initiative for meeting our customers' energy demands. In 2007 and 2008, we worked with our legislature and many interested parties to help craft and pass legislation that requires Michigan energy utilities to achieve annual energy savings targets through programs we offer to our customers. With strong bipartisan support, Governor Granholm signed Public Act 295 into law in October 2008.

We subsequently developed a comprehensive six-year plan for investing $508 million in electric and gas energy efficiency programs for our residential, commercial, and industrial customers. The Michigan Public Service Commission approved our plan as filed in late May 2009. We launched our portfolio of new programs in late July and,

despite having only five months to do so, I am proud to say we exceeded our 2009 energy savings targets of 108,000 MWh of electricity and 300,000 Mcf of natural gas each by about 25%. We are off to a great start in 2010 as well.

Clearly, our customers appreciate these programs and are taking advantage of them. We estimate that more than 170,000 residential customers participated in at least one program last year, whether it was buying and installing compact fluorescent light bulbs, purchasing a high-efficiency furnace, or letting us pick up and recycle an old second refrigerator from their basement or garage. Similarly, about 9,500 commercial and industrial customers took advantage of our programs. They ranged from an elementary school in Swartz Creek that is saving $2,300 annually after installing 22 occupancy sensors in 16 classrooms to a General Motors plant in Flint that is saving $125,000 annually after replacing nearly 1,200 light fixtures with higher efficiency units. Just this month, we launched a new program called *Think! Energy* targeted at 4th through 6th graders throughout our service territory. We fully subscribed this program within a month and are now in the process of visiting 121 schools and making energy efficiency presentations to 13,000 students. In addition, each child will receive a Take Action! Kit to take home to review with their family. The kit contains two compact fluorescent light bulbs, a high-efficiency showerhead, a faucet aerator, and other easy-to-install measures. Our customers look to us as a natural resource for expert energy advice, and the measures that all of these customers installed will help them save money on their energy bills for many years to come.

I might add that the other major energy utility in Michigan, DTE, has followed a similar path as have the smaller investor-owned utilities, municipal utilities, and electric cooperatives. It is truly a statewide effort.

Michigan is certainly not the only state in which energy efficiency investment has been growing. A new report by the Consortium for Energy Efficiency shows that, since 2006, the combined budgets for electric and gas energy efficiency programs in the United States have more than doubled, growing from $2.6 billion to $5.3 billion.

It is clear that energy utilities are well-positioned to play a critical long-term role in delivering energy efficiency. In a recent EEI Power Poll, a national sample of residential consumers was asked what groups or organizations they would look to for more information on how to use electricity more efficiently. Almost 60 percent said they would look to their electric utility, which was two-and-a-half times as many (23%) who mentioned the second most popular source, retailers.

Program Infrastructure

Successful implementation of energy efficiency programs by all of these utilities required development of the infrastructure necessary to bring them to market. We have hired implementation contractors, developed detailed policies and procedures, built Web sites, established call centers, built tracking systems, established rebate processing capability, and recruited and trained thousands of trade allies. The trade allies include "big box" retail stores, architectural and engineering firms, energy auditors, electrical contractors,

home improvement contractors, and heating and cooling contractors across the state. Our programs are operated in an open and transparent manner with independent, third-party evaluation of the results. All of this activity is conducted under the oversight of the Michigan Public Service Commission, which has responsibility for ensuring the prudency and cost-effectiveness of our energy efficiency investments. The Commission also plays an important role by its operation of various energy efficiency collaboratives through which utilities can better coordinate their program offerings and the public can provide its input.

We believe this Michigan model for operating energy efficiency programs is working quite well given the energy savings results achieved thus far, and it will continue to get even better with additional experience and collaboration. This model is not unique. More than twenty other states have legislated energy savings targets that are being achieved through similar programs, infrastructure, and collaboration.

Coordination with Federal Legislation

The new legislation being proposed to this Committee can offer enhanced opportunities for our customers to become more energy efficient, and we believe that is a worthy goal. Improvements in energy efficiency are good for the economy as well as the environment. We appreciate the changes that have been made since the original draft and note that many align with our priorities. To that end, we have two key requests, as follows:

1. We want to ensure that the infrastructure we already have in place is not duplicated in the Home Star program. We believe it is important that energy efficiency be achieved in a cost-effective manner, and that states in which utilities are operating successful energy efficiency programs are especially well-positioned to ensure that outcome. By taking advantage of the infrastructure the utilities already have in place, we can avoid the creation of redundant infrastructure and administration, which means more of the money appropriated for this effort will flow directly to the consumers who want to improve the energy efficiency of their homes. It also means that the jobs created by these federal programs can be brought to market more quickly. Home Star will supplement and augment what we already have in place.

2. It is critical that federal legislation be harmonized with existing state legislation that has already set energy efficiency requirements for utilities. This can be done by making it very clear that utilities are allowed to participate and coordinate their programs with Home Star. That clarity will help to enable us to implement quickly and promote job creation, while showing our Commission that we have a role and should receive appropriate credit toward our energy savings goals. Otherwise, the federal dollars will be competing with our programs, making them less cost-effective, and potentially causing us to suspend them while federal incentives are in place. This would serve neither our customers nor trade allies well because they seek assurance of a sustained effort rather than a boom and bust

cycle.

We very much appreciate that the drafters of this legislation have incorporated many of our suggestions and incorporated language that would give states such as Michigan the option to flow much of this activity through the existing infrastructure that has already been created by the utilities and has enabled each of us to operate successful, cost-effective energy efficiency programs. We hope that, as this proposed legislation undergoes debate within this Committee and later in the full Senate, this option to take advantage of existing utility program infrastructure is preserved.

Thank you for your attention.

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LiUNA!

March 17, 2010

Ms. Lisa Jackson
Administrator
US EPA
Ariel Rios Building
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Administrator Jackson:

We have become aware of recent press reports indicating that the Window and Door Manufacturers Association, the National Association of Home Builders and the Window and Door Dealers' Alliance are scheduled to meet with the White House Office of Management and Budget (OMB) later this week, where they plan to ask for a delay in the implementation of EPA's pending lead renovation, repair and painting rule (LRRP). The LRRP, which was issued in April 2008 and is scheduled to go into effect on April 22, 2010, will require that (1) all firms performing renovation, repair and painting projects that disturb lead-based paint in homes, child-care facilities and schools built before 1978 to be certified; (2) renovators must be trained by an EPA-accredited provider; and (3) the firms and renovators must follow specific work practices to prevent lead contamination in the homes and facilities that undergo renovations. In October of 2008, EPA proposed amendments to the opt-out provision of the LRRP that currently exempts a renovator from the training and work practice requirements of the rule when he or she obtains a certification from the owner of a residence he or she occupies that no child under age 6 or pregnant women resides in the home and the home is not a child-occupied facility.

We understand that the building industry groups also plan to hold a press conference in advance of the meeting with OMB, during which they will state that they are planning to urge OMB to delay implementation of the LRRP by six months to a year, to give companies time to certify for compliance. In addition, we understand that they will ask OMB to overrule EPA's decisions to remove the opt-out provision from the final rule and add a requirement that renovation jobs be reviewed by a third-party to confirm compliance. In so doing, the building industry groups will argue that the rule will impose significant costs, which will reduce demand for renovation jobs and particularly impact small businesses already strained by the economy. They will further argue that EPA has not certified a sufficient number of firms and renovators to be able to support the existing demand for renovation work.

We doubt that the LRRP will have the impacted claimed by the building industry groups. Indeed, we believe that it is vitally important for building renovations to be carried out by renovators who have received training on potential health risks associated with improperly performed renovations. The EPA-accredited training programs will be even more important once the proposed amendment to the opt-out provision of the LRRP is finalized. Moreover, LiUNA believes that we are in an excellent position to help ensure that the training programs are expanded in scope and scale should the demand for training increase beyond EPA's ability to support additional trainings. We have a strong network of regional training providers, and we are currently working closely with EPA to ensure that each of our regional training programs is accredited by EPA. In addition, we believe that we can easily train 50,000 workers to meet any significant increase in demand for renovations that is created by proposed home energy retrofit legislation currently under consideration in Congress and supported by the Administration.

LiUNA strongly supports EPA's efforts to implement the lead training rule, and we are looking forward to partnering with EPA to ensure that home renovations are performed safely, and do not create unnecessary health risks to residents, families and children.

With kind regards, I am

Sincerely yours,

Terence M. O'Sullivan

TERENCE M. O'SULLIVAN
General President

We Can Protect Children from Lead Hazards by
Implementing EPA's Rule on Lead Safe Renovation, Remodeling, and Painting

EPA's regulation of renovation, repair, and painting (RRP) projects was mandated by Congress in 1992 (P.L. 102-550). The point of the rule is to prevent the creation of lead hazards during work that disturbs paint in older housing (including energy efficiency work). This rule is key to preventing childhood lead poisoning in pre-1978 homes and child-occupied facilities. In some states, one-half of all lead poisoning cases are caused by unsafe renovation work.

The RRP rule will protect 1.4 million children under the age of six from lead exposure in its first year, and additionally benefit 5.4 million individuals over the age of six. The estimated cost of the rule as acknowledged by the Bush Administration's 2008 economic analysis is $35 per renovation job, including $5/month for firm certification.

Here are some basic facts about lead poisoning:

- There are approximately 250,000 children in the United States with lead poisoning.
- Each year, more than one million children are at risk of lead poisoning when their older homes are renovated.
- Lead in dust is the most common way people are exposed to lead. Projects that disturb lead-based paint can create dust and endanger children and families.
- Lead is especially toxic for young children since their brains are still developing. The effects include permanent brain damage, including loss of IQ, behavior problems , memory problems and reduced growth.
- Lead remains the most significant environmental health hazard to children.
- Adults aren't immune either. Among adults, lead exposure can result in reproductive problems, high blood pressure, nerve disorders, muscle and joint pain and memory problems.

Some industry interests are calling for delay or for exempting new federally-funded programs from the renovation rule requirements. Any delay at this point is inappropriate – Congress mandated that the rule become effective in 1996—some fourteen years later, children remain at his risk of lead poisoning when their homes are renovated, repaired, or painted.To exempt work subsidized under Home Star would cause federal funds to put children in harm's way.

The undersigned organizations acknowledge that there are many individual who still require training, but we believe that the industry and EPA are positioned to move forward without a delay. We have been informed by EPA that it estimates that between 100,000 and 120,000 individuals will have been trained by the rule's effective date of April 22. There will be thousands more persons trained thereafter as awareness of the requirements continues to grow and the momentum continues.

We encourage the Obama Administration and Congress to consider making resources available for free training and paid advertising. Because access to accredited training has varied widely, and some states lack enough training to train the number of potential renovators who need training, we encourage consideration of funding free training to motivate trainers to schedule classes. There remains a place for raising public awareness of the requirements so property owners will know to hire certified renovators and to be aware that renovators are required to follow lead-safe practices. Further, EPA must devote sufficient resources to compliance assistance and enforcement and should consider the appropriate use of forbearance from enforcement actions for contractors who comply with the core requirements and demonstrate progress toward 100% compliance.

American Public Health Association
Children's Health Forum
Coalition to End Childhood Lead Poisoning
National Center for Healthy Housing
Sierra Club
The Home Safety Council

March 18, 2010

NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

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HEARING BEFORE

THE UNITED STATES HOUSE OF REPRESENTATIVES

COMMITTEE ON ENERGY AND COMMERCE

SUBCOMMITTEE ON ENERGY AND ENVIRONMENT

ENTITLED

"HOMESTAR: JOB CREATION THROUGH HOME ENERGY RETROFITS"

WRITTEN STATEMENT OF

THE NATIONAL ASSOCIATION OF REALTORS®

MARCH 18, 2010

Introduction

The National Association of REALTORS® appreciates the opportunity to submit a written statement to the House Energy and Commerce Subcommittee on Energy and Environment on the critical subject of the creation of jobs related to energy efficiency, and especially on proposals that address job creation in the area of energy-efficient building retrofits.

The National Association of REALTORS® (NAR) is America's largest trade association, representing more than 1.2 million members involved in all aspects of the residential and commercial real estate industries. NAR is the leading advocate for homeownership, affordable housing and private property rights.

NAR and Green Job Creation

In addition to building a certified green building, NAR has taken a number of other important steps to raise public awareness about green buildings and their benefits in the marketplace. For example, NAR has:

- Developed the GREEN Designation program to offer advanced training and certification for real estate professionals. Like many professionals, continuing education classes and professional designations are a regular part of Realtors®' on-going training. The GREEN designation helps Realtors® gain the expertise needed to advise their clients on what to look for and consider when interested in making more eco-friendly building purchases.
- Partnered with Federal agencies and others to promote green buildings. For example, NAR and the Department of Energy collaborated to provide consumers with an "Energy Savers" brochure with the facts about reducing energy use and saving money.

These are all examples of voluntary, incentive-based approaches that will create jobs while improving energy efficiency and are consistent with NAR policy.

NAR Perspectives on the Proposed HomeStar Legislation

NAR strongly supports providing property owners with the education, incentives and resources they need to voluntarily improve their homes and save energy, and applauds the Subcommittee's efforts to develop legislation to achieve just that. Providing owners with voluntary, incentive-based programs to make energy efficiency improvements to their homes will add value to residential property, reduce electricity use and save money on utility bills, as well as help to stimulate a job market in remodeling and renovation activities. We thank Chairman Markey for holding this important hearing and support the goal of draft legislation to incentivize energy efficient homes.

As drafted, the HomeStar Energy Retrofit Act of 2010 proposes to offer homeowners resources to achieve residential energy efficiency savings through rebates and financial incentives. The Silver Star tier would offer rebates of up to $3,000 for upgrades such as adding insulation, duct sealing, and installing energy-efficient water heaters. The Gold Star tier would offer larger rebates for whole-home energy audits and

make subsequent retrofits that achieve 20 percent energy savings, with additional incentives for energy savings that exceed 20 percent.

NAR supports offering homeowners rebates for conducting energy efficiency improvements. We look forward to working with the Subcommittee on the discussion draft to:

1. Recognize the job-creation potential of the multi-family and commercial sectors by extending rebates to those kinds of properties;

2. Preserve state flexibility, and limit regulatory authority and the sole discretion provided to the Secretary regarding home energy performance ratings and documentation; and

3. Minimize unnecessary bureaucracy and red tape while diligently protecting consumers and private information.

NAR's Perspective on the Proposed Recovery Through Retrofit Initiative

While the HomeStar legislation appears to be an effective approach to incentivize home owners to conduct energy efficiency improvements to a home, NAR is very concerned about Administration initiatives that take a much different approach and seem to use the home buying process as the vehicle to implement a system of home energy use labels, while also mandating energy efficiency improvements.

On October 19, 2009, Vice-President Biden announced the development of a major federal government initiative, the Recovery Through Retrofit program. This program seeks to create a national home energy retrofit market by providing: (1) access to home energy retrofit information; (2) access to home energy retrofit financing methods; and (3) access to a trained home energy retrofit workforce.

If the goal is energy efficient homes and buildings, the most effective approach would be to provide the financial resources and incentives that educate and empower property owners to make needed energy improvements, such as the proposed HomeStar program.

Mandating an unreliable home rating system will not lead to home energy use reductions. When buyers hold all the cards at the closing table and too many homeowners have no equity or savings to finance energy improvements, transaction-based triggers only serve to send conflicting market signals – without any assurances that needed energy improvements will be made. As a result, NAR strongly opposes this approach.

NAR Perspectives on the Energy Performance Label for Existing Homes

Labeling every structure in America will not, in and of itself, improve the energy efficiency of homes or buildings. Owners must act on the information by taking the next steps and making energy-related improvements such as replacing aging heating and cooling systems, appliances and windows.

Today, however, many homeowners have seen their financial well-being undermined. Jobs have been lost, savings have eroded and property values have plummeted. Without the savings or equity, many lack the financial resources to make the energy improvements they already know they need to make. Energy

labels will stigmatize older properties and make it harder for these individuals to build savings or equity. Labels also will reduce property values when existing owners sell and are forced to negotiate price reductions in order to compete in today's buyer's market.

According to data collected by the American Housing Survey (AHS) and analyzed by NAR, labeling real estate will create disproportional impacts on older property owners. More than 60% of U.S. homes were built prior to 1980 when the first building energy codes were established, and face relatively larger losses in property value due to building labels. These properties will require more improvements than the newer properties in order to match labeling scores and maintain their value.

According to the AHS data, a large share of these older properties are owned and occupied by populations which tend to live on modest or fixed incomes, and are least able to afford these improvements without significant financial assistance. These populations include 73% of elderly, 69% of impoverished and 64% of Hispanic and black owners. Labels will not only stigmatize older homes but the communities where they are located, and which are struggling to maintain and attract investment. There will also be regional disparities: The Northeastern United States, where older homes are concentrated, could fare worse than the other structures located in the south and west. Rural communities could be especially hard hit, as a substantial proportion of homes in those areas were built prior to 1980.

Before branding homes and buildings with labels, consumers require a better understanding of energy efficiency and the tools to turn information into action. For this reason, NAR supports:

A. Raising public awareness about energy efficiency programs and information.

B. Encouraging the federal government and the states to provide financial incentives to consumers to improve homes and buildings.

By developing the infrastructure and education, and providing the right incentives, property owners will make the energy improvements that will achieve real energy savings.

NAR Perspectives Regarding Certification and Training Standards

In both the HomeStar and the Recovery Through Retrofit proposals, there are provisions that address training and certification of workers to ensure that quality work is performed. The federal government should proceed carefully when developing a national set of guidelines and standards that address uniform certification and training for workers entering this new green jobs market. While NAR recognizes the need to ensure reliability for this work, too many standards and training criteria will stifle entrepreneurial job creation and hinder the ability of small businesses to respond to rising retrofit demand. If one cliché bears repeating, it is the well-worn trope that "one size" guidelines coming from inside the Beltway generally do not fit all the varying markets across the country. The federal government must strike a careful balance between creating a consistent set of guidelines that will increase consumer confidence and promote a stable and reliable national home retrofit workplace on one hand, while on the other ensure that local businesses are not hindered in their ability to respond to demand for this work.

In addition, while NAR appreciates the efforts of Congress to encourage homeowners to make voluntary, incentive-based energy efficiency improvements, the planned implementation of an EPA rule threatens to derail these activities. The Lead Renovation, Repair and Painting program applies to all residential and child-occupied facilities built before 1978 where a child under the age of six or a pregnant woman resides. Contractors disturbing a painted surface, six square feet or greater inside the home or 20 square feet on the exterior must follow new lead safe regulatory requirements, including training, certification, work practices, notification, clean-up and record keeping. As a result, a wide array of home retrofit projects envisioned by Congress, such as new windows, weatherization, insulation and other activities will trigger this rule. The renovators who conduct this type of work will be required to be trained in all of the new lead-safe work practices.

Unfortunately, the EPA has been slow in getting the required training and certification programs in place to train a sufficient number of workers to be available to conduct both the normal renovation activities and the expanded energy efficiency retrofit projects anticipated by the report. As a result, while the Act envisions massive retrofits across the country, in reality there will be few workers qualified to perform the work, thus hindering the very market the Act claims to want to jumpstart. EPA should extend the compliance date for lead paint training and certification until there are a sufficient number of workers available.

Conclusion – NAR Seeks a Win-Win Scenario

As Realtors® respond to growing consumer demand for green housing, NAR policy supports a voluntary, incentive-based approach to energy efficiency retrofits of existing housing. Such an approach would sustain the current green trends, and make them a more permanent feature in the marketplace. This, in the view of Realtors®, provides a "win-win" scenario by allowing for vigorous economic growth while improving the environment.

The green building market is already responding to consumer demand. For example, consider this recent headline in the Miami Herald: "Increasing demand for energy efficient, environmentally friendly buildings is bringing business to architects during the construction downturn." McGraw-Hill Construction is forecasting that the combined annual commercial and residential green building markets will total $62 billion by 2010. Architects, homebuilders, remodelers, real estate agents and all the industries that rely on housing and homebuilding are responding to consumer interest in green issues. They are responding by building and providing products that the consumer wants. And this is happening all without significant assistance (or interference) from the public sector.

The Federal government does provide important public research, capital and economic incentives, such as the current tax credit for energy efficient home improvements which spurs demand and interest. However, NAR believes that government should be limited to this role: By leading the way with green Federal buildings, providing for research that spurs innovation and most importantly, keeping the market fluid and free of mandates, and encouraging robust consumer education programs, the Federal government can do more to promote the public good than with mandates that will only hinder the market at a time of economic recovery.

NAR members have shown that green buildings are both proactive and profitable, primarily because current programs have allowed the market to respond to specific conservation needs in a geographic and market area. NAR supports a national green building and home energy efficiency retrofit program that is flexible and market-driven, encourages continued growth in green construction that protects options for consumers in all markets, as well as preserves, protects, and promotes the health of our environment.

Department of Energy
Washington, DC 20585

August 5, 2010

The Honorable Edward J. Markey
Chairman
Subcommittee on Energy and Environment
Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

On March 18, 2010, Cathy Zoi, Assistant Secretary, Office of Energy Efficiency and Renewable Energy, testified regarding "HomeStar: Job Creation Through Home Energy Retrofits."

Enclosed are the answers to 10 questions submitted by Representatives Barton and Burgess to complete the hearing record.

If we can be of further assistance, please have your staff contact our Congressional Hearing Coordinator, Lillian Owen, at (202) 586-2031.

Sincerely,

Betty A. Nolan
Senior Advisor
Congressional and Intergovernmental Affairs

Enclosures

cc: The Honorable Henry W. Waxman
Chairman
Committee on Energy and Commerce
U.S. House of Representatives

QUESTION FROM REPRESENTATIVE BARTON

Q1. The Administration indicates that the number of homes retrofitted or improved under the Home Star program, which as proposed is a $6 billion program under which rebates would be paid out in fiscal years 2010 and 2011, could be 3 million.

a. What is the source of this 3 million estimate?

b. Based on DOE's experience with weatherization programs, is this estimate realistic? Please explain.

c. Has DOE prepared any of its own estimates of the number of homes that would be likely to be retrofitted or improved? If yes:

- What analysis has been done?
- What is DOE's estimate of the number of homes that would be likely to be retrofitted or improved?

A1. Under the Silver Star program as proposed in the legislation, participating homes would be eligible for up to $3,000 in total rebates. DOE estimates that the average actual claim would be approximately $1,500. Similarly, the Gold Star program would provide rebates of up to $8,000; DOE estimates that the average actual claim would be approximately $3,500. Given these estimates and the total funding available, DOE calculates between 2.5 and 3 million rebates would be claimed. DOE's experience with the Weatherization Assistance Program (WAP) is not particularly helpful in analyzing the potential program uptake rates of Home Star, because the WAP model – providing fully subsidized retrofit work to income-qualifying homeowners, with no homeowner investment required – differs substantially from the proposed Home Star model of a 50% homeowner rebate. Other than the simple calculation described above, DOE has not prepared

any of its own estimates of the number of homes that would be likely to be retrofitted or improved.

QUESTION FROM REPRESENTATIVE BARTON

Q2. Will it be possible under the Home Star program to track the number of homes actually retrofitted or improved?

a. If yes, would DOE track the number of homes actually retrofitted or improved? And would DOE make that data publicly available?

b. If no, would any other government agency track that information and make it publicly available?

A2. It will be possible to track the number of homes improved through the Home Star Program. That data could be tracked and made publicly available in aggregated form to the extent allowed by existing law.

QUESTION FROM REPRESENTATIVE BARTON

Q3. The Administration indicates that "tens of thousands" of new jobs would be created as a result of the Home Star program.

a. What is the source of this estimate?

b. Based on DOE's experience with weatherization programs, is this estimate realistic? Please explain.

c. Has DOE prepared its own estimate of the number of new jobs that would be created? If yes:

- What analysis has been done?
- What is DOE's estimate of the number of jobs that would be likely to be created?
- Will there be any way to track the number of new jobs created?
  - If yes, would DOE, the Department of Labor or any other agency track that information?
  - If yes, would that data be made publicly available?

d. Has DOE performed any analysis to verify the estimate asserted by other witnesses that 168,000 new jobs would be created?

- Does DOE believe that is a realistic estimate?

A3. The DOE job estimates are based on analysis established by the Council of Economic Advisors for federal stimulus spending which creates one job-year for each $92,000 (see http://www.whitehouse.gov/assets/documents/Job-Years_Revised5-8.pdf). DOE's experience with the Weatherization Assistance Program suggests that this estimate is realistic. DOE would track the total number of rebates claimed by contractors and the total number of contractors participating in the program. DOE would also track the number of hours worked by contractors on jobs for which a rebate was given, based on contractor self-

reporting, which would allow an estimate of the total amount of labor supported by the program. Aggregated labor estimates from self-reporting contractors could be made publicly available if tracking efforts prove successful and to the extent allowed by existing law.

QUESTION FROM REPRESENATIVE BARTON

Q4. The Administration indicates homeowners may save $200 to $500 per year under the Home Star Program.

a. Is this estimate for the participants of the Gold Star program?

b. What is the source of the estimate?

c. What verification, if any, has DOE done of that estimate?

d. How much faith should homeowners put in that estimate?

A4. There are approximately 130 million homes in the U.S. that account for about 33 percent of the Nation's total electricity demand while consuming approximately 22 percent of the Nation's energy. Americans spend approximately $200 billion per year in residential energy costs, and the average homeowner's annual energy bill is $2,100. Weatherizing a single house can save 10 to 20 percent of energy consumption on average, using basic technology (weather-stripping, insulation, etc).

The $200 to $500 average annual energy savings include both the Silver Star and Gold Star programs. Increased energy efficiency upgrades under the Gold Star program have the potential to save households more energy and money than those made under Silver Star.

The estimate of average savings is in line with industry-led and non-profit estimates made by organizations like the American Council for an Energy Efficient Economy. The Department verified these estimates through engineering analyses and retrospective analyses of historic information on homes weatherized

under the Department's Weatherization Assistance Program. A distinct advantage of upgrading home energy efficiency at either Silver Star or Gold Star levels is the impact on American families who can spend their hard earned income on education, health care, and other priorities instead of on wasted energy.

QUESTION FROM REPRESENATIVE BARTON

Q5. Has DOE analyzed how the Home Star program would be administered by DOE?

a. Are the timelines for setting up the program realistic?

b. What would DOE's administrative costs be for the Home Star program?

c. Has DOE prepared detailed estimates of the potential administrative costs? If yes, what are those more detailed estimated administrative costs?

A5. The legislation provides DOE 30-60 days to stand up the infrastructure necessary for the rebate program. The Department is confident that we can meet our obligations to begin the program within this timeframe. Unlike other rebate programs, Home Star is designed to facilitate the quick processing of rebates . Home Star uses established entities in a network of rebate aggregators.

Rebate aggregators would be responsible for ensuring that contractors meet requirements and hold appropriate certifications. By partnering with rebate aggregators, the Department does not expect this timeframe to be very long and does not expect to incur significant administrative costs itself as a result.

All rebate aggregators would be eligible for a per transaction fee to support their administrative costs. Rebate aggregators would provide mechanisms for rebate payouts to contractors and administrative costs.

At this point, DOE does not have a detailed estimate of potential administrative costs. However, as mentioned above, we do believe that the overhead costs will be minimal.

QUESTION FROM REPRESENATIVE BARTON

Q6. How will the Home Star program rebate work?

a. Will the homeowner be assured of receiving the full amount of the rebate?

b. Will the homeowner have to do any paperwork?

c. To whom will they apply for a rebate, when and what will the process be?

d. When does the homeowner ultimately get the rebate?

e. Will the rebates be available for eligible products at retail stores? If yes, who can apply for those rebates?

f. How will the "Do It Yourself" or "DIY" provisions of the legislation work?

A6. The Home Star program would be a point-of-sale rebate program. Rebate aggregators would provide homeowners an immediate 50 percent discount on eligible efficiency products. Homeowners would not submit rebate requests, but would be immediately discounted at the point of sale.

The process, from work performed to quality assurance inspection, could roughly follow these basic steps:

- Work is performed by the contractor for 50 percent of the normal cost – the rebate is passed on to the consumer as an immediate discount at the point of sale;
- The contractor submits a rebate request to a rebate aggregator; and
- In parallel to rebate processing, the quality assurance provider coordinates inspections of retrofits and relays results to the Department;
- The rebate aggregator collects a batch of rebate requests, reviews them for accuracy, and submits the batch to the Department;
- The Department immediately reviews the rebate requests electronically. If approving, the Departmentreleases funds to the

rebate aggregator, and notifies the relevant quality assurance providers;

- The rebate aggregator reimburses the contractor within 30 days;
- The rebate aggregators are central to the success of this program. The Department of Energy (DOE) anticipates that rebate aggregators would be many different kinds of organizations involved in the retrofit industry, such as Home Performance with ENERGY STAR® partners, regional lumber stores, large efficiency contractor companies, hardware stores, and big box retailers.

An entity would be eligible to be a rebate aggregator if it is:

- A Home Performance with ENERGY STAR® partner;
- Administering a residential energy efficiency retrofit program established or approved by a State;
- A Federal Power Marketing Administration, an electric utility, or a natural gas utility with an approved residential energy efficiency retrofit program and an established quality assurance provider network; or
- An entity the Secretary deems able to perform the functions of a rebate aggregator, without disrupting existing residential retrofits in the States incorporating the Home Star program.

The rebate aggregators would serve as a manageable number—an estimated 200 to 500—of "touch points" for DOE. The aggregators would provide an important service in educating contractors about the program, reviewing their rebate claims for completeness, and working as partners with the Department in ensuring the program operates smoothly.

Through quality assurance testing and verification, the program is structured to mitigate waste, fraud and abuse. Additionally, any rebate aggregator or other

organization, contractor or homeowner that falsely claims a rebate would be subject to tax fraud penalties.

While Home Star would deliver job growth and energy efficiency through a system of rebates to consumers, the program would use a more effective structure than standard mail-in rebate coupons. DOE would work through the network of rebate aggregators to allow contractors to offer consumers immediate, point-of-sale discounts on the installation of energy-efficient products. This structure involves some aspects of the traditional mail-in coupon rebate program, but is more similar to the rebates offered under the Car Allowance Rebate System (CARS) operated by the Department of Transportation in 2009, also known as the Cash for Clunkers program.

Oversight of the program by the Department would include helping homeowners understand the relative benefits of taking a Home Star rebate and/or a tax credit by working with EPA and IRS to create an "estimated benefits calculator" on the public Home Star website.

The DIY provisions will work similarly to other provisions. At the point of sale, the purchaser will get a rebate in the form of an immediate discount up to a certain percentage of the cost of the energy efficiency measure.

QUESTION FROM REPRESENTATIVE BARTON

Q7. If a homeowner has a home improvement project done under the Home Star program, how and when will they have to pay for the project? In particular:

a. Will they pay the installer up front for the work and then get reimbursed later?

b. Or will the homeowner be entitled to hold off on paying until the installer has done the paperwork and has the rebate check in hand?

c. What happens if the installer does not receive the expected rebate (e.g. it turns out the particular measure or product installed is not eligible for a rebate)?

- Could the homeowner be on the hook for the amount of the expected rebate?

d. How will the homeowner navigate the issue of whether to take a rebate or a tax credit? Will that be easy to figure out?

e. What happens if the homeowner decides to take a tax credit but the installer still applies for the rebate?

- Can the installer retain the rebate?

- Has DOE considered how to ensure against potential "double dipping," i.e. ensuring that for a specific home improvement project the installer is not applying for and retaining rebates while the homeowner is taking a tax credit?

- Has DOE consulted with the IRS about this issue or other potential issues associated with the implementation of the Home Star program?

A7. Per the proposed legislation, the Home Star program would be a point-of-sale rebate program. Working with rebate aggregators would enable homeowners to buy efficiency products at an immediate 50 percent discount. Homeowners would not submit rebate requests, but would be immediately discounted at the point of sale.

Through a comprehensive quality assurance testing and verification program, the Department would mitigate waste, fraud and abuse. Additionally, any

organization, contractor or house holder that falsely claims a rebate or tax credit would be subject to penalty.

Oversight of the program by the Department would include helping homeowners understand the relative benefits of taking a Home Star rebate and/or a tax credit by working with EPA and IRS to create an "estimated benefits calculator" on the public Home Star website.

QUESTION FROM REPRESENTATIVE BURGESS

Q1. We've heard testimony that the jobs created through these [stimulus] programs will be some 90% done by American companies, yet we heard similar arguments during consideration of the so called "Stimulus" bill, and yet reports from as late as last month have been that more than 79 percent of stimulus funds for wind energy, some $1.71 billion, have gone to foreign companies. How are we going to ensure that these rebates and appropriations are going to American companies and creating American jobs?

A1. The Department is committed to investing Recovery Act funds to ensure that the U.S. is the world's leading market for, and the world's leading manufacturer of, clean energy technologies. Reports that nearly $2 billion of Section 1603 funds for wind energy are not supporting American projects or creating American jobs are inaccurate. The Section 1603 grants are awarded to U.S. clean energy projects, built in the U.S. by American workers. It is mistaken to conclude that, because many of the projects have foreign ownership, the funds are going abroad or the jobs are being created abroad. According to data reported by the project developers in their applications, these clean energy projects have created or saved more than 6,000 U.S. construction jobs and more than 1,000 ongoing U.S. operating and maintenance jobs. As for manufacturing jobs, all of the turbine manufacturers in the funded projects have manufacturing facilities employing American workers and this capacity is increasing. The average U.S. content of wind turbines installed in the U.S. has increased from 25% just a few years ago to over 50% today, showing how attractive the U.S. has become for clean energy manufacturing and investment, in part due to this program[1]. The first $2 billion of grants provided by this program helped catalyze over $10 billion of project

[1] American Wind Energy Association, *US Wind Annual Report 2009*, page 36.

development and manufacturing investment from overseas into the U.S[2]., supporting the creation of thousands of additional U.S. jobs that otherwise would not have been created.

[2] This includes $1 billion of manufacturing investments by Vestas, $6 billion of project investments by Iberdrola and $4 billion of project investments by Horizon, all announced after the Recovery Act was passed. See U.S. Department of Treasury Press Release mentioning Vestas, 2009-9-22-10-9-43-15090 http://www.treas.gov/press/releases/20099221094315090.htm , Iberdrola Renewables Press Release 09.0.01 http://www.iberdrolarenewables.us/news/rel_09.09.01.pdf (Iberdrola), and Horizon Wind Press Release http://www.horizonwind.com/news/documents/EDPRenewablesTargetstoInvest4BillioninAmericanWindEnergy.pdf.

QUESTION FROM REPRESENTATIVE BURGESS

Q2. As of March 4, the Office of Energy Efficiency and Renewable Energy spent only $823 million of its appropriated $14.5 billion. Yet here we are discussing providing your office yet another blank check - or as we in Congress call "such sums as may be required" - I'm not sure why your office needs an addition $6 billion considering you have so much money - nearly $15 billion by my estimation -just lying around not being used - 12 months after we passed a bill that was supposed to be about "shovel ready" projects. What is your office doing to get that money out the door, and how can we justify giving you more federal dollars when you haven't used all we've given you?

A2. The Office of Energy Efficiency and Renewable Energy (EERE) has made great strides in soliciting competitive applications and obligating awards for the Recovery Act. EERE has made the award of the Recovery Act funds a top priority. As of April 30, 2010, EERE has obligated $15.4 billion to approximately 3,000 individual grantees, (92 percent), of the $16.8 billion appropriated. The remaining 8 percent is committed to the winners of competitive solicitations already conducted.

As an example, the Energy Efficiency and Conservation Block Grant Program (EECBG) has undergone an unprecedented ramp-up in program implementation that impacted over 2,300 recipients. Some initial delays included implementing Davis-Bacon, NEPA, and Historic Preservation provisions and reviews, as well as running recipient-level solicitations. To meet the challenges at hand, EERE set aggressive deadlines with grant recipients and worked with recipients to issue solicitations and make sub-awards. In the course of the last month recipients ramped up payments from prior periods reflecting costs for the EECBG Program of $158.9 million (6 percent).

QUESTION FROM REPRESENTATIVE BURGESS

Q3. Attached, I have included two articles regarding the Department's approval of Stimulus and other grant money being sent to foreign companies.

a. In the Dallas Morning News Article, "Cappy McGarr, Chinese partners propose U.S. Wind Turbine Plant," it suggests that McGarr would be applying for some $480 million in federal aid, which go in large part to his Chinese partners to build components of the wind turbines overseas. Has this proposal been sent to the Department of Energy? How will the Department evaluate proposals where a substantial amount of funding will go to foreign companies?

b. In the Investigative Reporting Workshop article "Renewable Energy Money Still Going Abroad, Despite Criticism From Congress," the report states that more than 80 percent of the first $1 billion in grants to wind energy companies went to foreign firms. Is this figure accurate? Please provide a list of foreign firms who have received grant funding in calendar years 2009 and 2010.

c. Please provide any additional response to these articles, including an explanation of how the Department is prioritizing American firms for receiving stimulus funding, and what safeguards are in place to prevent large percentages of funding from going overseas.

A3. The Texas project discussed in the press has not submitted an application for 1603 grants. The Department of Treasury reviews proposals, using eligibility criteria consistent with the Internal Revenue Code and the intent of the American Recovery and Reinvestment Act.

The Department is committed to investing Recovery Act funds to ensure that the U.S. is the world's leading market for, and the world's leading manufacturer of, clean energy technologies. Reports that nearly $2 billion Section 1603 funds for wind energy are not supporting American projects or creating American jobs are inaccurate. The Section 1603 grants are awarded to U.S. clean energy projects, built in the U.S. by American workers. It is mistaken to conclude that, because

projects are owned by foreign entities or by entities that have foreign parent companies, the funds are going abroad or the jobs are being created abroad. Evidence suggests that even in projects where foreign firms are principally involved, an increasing share of that funding is being reinvesting in new U.S.-based projects or manufacturing capacity. The average U.S. content of wind turbines installed in the U.S. has increased from 25% just a few years ago to over 50% today, showing how attractive the U.S. has become for clean energy manufacturing and investment, in part due to this program.[3] The first $2 billion of grants provided by this program helped catalyze over $10 billion of project development and manufacturing investment from overseas into the U.S., supporting the creation of thousands of additional U.S. jobs that otherwise would not have been created.[4]

According to data reported by the project developers in their applications, these clean energy projects have created or saved more than 6,000 U.S. construction jobs and more than 1,000 ongoing U.S. operating and maintenance jobs. As for manufacturing jobs, all of the turbine manufacturers in the funded projects have manufacturing facilities employing American workers and this capacity is increasing.

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[3] American Wind Energy Association, *US Wind Annual Report 2009*, page 36.

[4] This includes $1 billion of manufacturing investments by Vestas, $6 billion of project investments by Iberdrola and $4 billion of project investments by Horizon, all announced after the Recovery Act was passed. See U.S. Department of Treasury Press Release mentioning Vestas, 2009-9-22-10-9-43-15090 http://www.treas.gov/press/releases/2009922109431 5090.htm , Iberdrola Renewables Press Release 09.0.01 http://www.iberdrolarenewables.us/news/rel_09.09.01.pdf (Iberdrola), and Horizon Wind Press Release http://www.horizonwind.com/news/documents/EDPRenewablesTargetstoInvest4BillioninAmericanWindEnergy.pdf.

Response to Follow-Up Question for Written Submission

Subcommittee on Energy and the Environment

"Home Star: Job Creation Through Home Energy Retrofits"

March 18, 2010

Christopher A.S. Pratt, on behalf of the National Association of Home Builders (NAHB)

Question from The Honorable Michael Burgess

1. **You testified as to the success of the Minnesota rebate program, and stated that one of the key reasons that this program was successful over other rebate programs around the nation is that the Department of Labor granted the contractors in Minnesota an exemption to the Davis-Bacon prevailing wage requirements. Over and over, reports on Davis-Bacon and project labor agreements (PLAs) have show that they needlessly and exponentially increase costs to construction projects. Despite this, President Obama has issued an Executive Order requiring PLAs, and their resulting cost increases, to all federal construction projects. Could you talk a little more about how Davis-Bacon has increased costs to contractors, and do you believe we should specifically exclude Davis-Bacon and PLAs from being imposed on any provisions of this and future legislation?**

   Historically, the residential construction industry has had little interaction with Davis-Bacon wage rates and requirements because it is typically a non-unionized sector of construction and most residential projects are privately funded. However, NAHB does have sectors of its membership – i.e., those constructing mixed-use projects and affordable housing – that have experience with Davis-Bacon and NAHB believes Congress is attempting to increase the scope of Davis-Bacon requirements to expand its reach onto private projects and programs that have never previously been subject to the requirement. For example, the broad Davis-Bacon language contained in the 2009 stimulus bill injected Davis-Bacon into programs, such as the Department of Energy's Weatherization Assistance Program, which previously never had to comply with Davis-Bacon.

   Because contractors working in the residential construction industry have had little interaction with Davis-Bacon, it is always shocking to realize the kind of bureaucratic tangle and cost increases that accompany attempts to comply. The paperwork requirements alone mean that many NAHB members – most of whom are very small businesses – would simply walk away from doing projects that require Davis-Bacon compliance. This has repeatedly occurred with the weatherization funding in the stimulus bill. NAHB members – including remodelers, retrofit workers, and weatherization professionals – would typically have the skills and capacity to undertake the weatherization work on existing homes, but when they learned of the Davis-Bacon requirements attached to the funding for the program, they simply opted out of doing those projects. Thus, the goal of providing federal funding to weatherize and dramatically improve energy efficiency in the nation's existing housing stock is never fully met because the government has layered burdensome bureaucratic hoops and confusion that dissuades small businesses from attempting to do the work. NAHB agrees with Congress and the

Administration that improving energy efficiency in existing homes is an important and necessary goal; however, requiring costly administrative mandates on such activities precludes us from fully leveraging the power of the private sector to actually get the job done. If not for the perseverance and insistence of the Builders Association of Minnesota to obtain a specific exemption from Davis-Bacon for Project Reenergize, NAHB believes that the program would never have been able to realize its substantial success and rapid results.

NAHB members have long believed that the entire process for collecting and determining Davis-Bacon wage rates is flawed. The current survey process, which simply serves as a mechanism for reflecting the content of unionized labor agreements, is arcane and misguided. NAHB believes that the government's interest in determining local wage rates is better served by reliance on the data produced by the Bureau of Labor Statistics (BLS) on the actual wage rates that are reported by employers. The most recent BLS data indicates that wage rates for residential construction workers (non-administrative) are $19.36 per hour. If BLS is already collecting actual wage rate information for all industries and occupation categories, NAHB believes that continued reliance on Davis-Bacon wage surveys is superfluous.

Project Labor Agreements (PLAs) are also not typically something that the vast majority of the residential construction industry ever encounters because few residential projects ever meet the $25 million trigger at which point PLAs come into effect. However, NAHB continues to be concerned that the burden of complying with PLAs will also begin encroaching on private sector projects, thus further discouraging NAHB members from moving forward with efforts to achieve the collective goal of improving energy efficiency.

American homeowners pay the price for misguided bureaucratic mandates inserted by Congress into otherwise worthy programs. Homeowners either find that the energy improvement projects they want to do on their homes are dramatically more expensive due to wage rates and requirements that are based on faulty survey processes (and thus the homeowners cannot afford to undertake necessary efficiency upgrades to their homes), or they find that there are no contractors willing to do the work under the terms of federally-sponsored incentives that homeowners would otherwise have used. In the end, because taxpayer dollars are being expended for programs that are not achieving their goals, it is a losing scenario for energy efficiency, consumer savings, and the government. Therefore, NAHB firmly believes that Congress should avoid the inclusion of mandatory Davis-Bacon or Project Labor Agreement (PLA) requirements in this legislation, and any future legislation that has a goal of improving energy efficiency in private homes in the United States.