

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

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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, 2010¹. 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 deadline². As of February 19, 2010, EPA reported that it 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 Wyoming³.

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 day⁴), 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

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 rule⁵. 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.