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1 {York Stenographic Services, Inc.}

2 HIF077.030

3 HEARING ON ``HOMESTAR: JOB CREATION THROUGH HOME ENERGY

4 RETROFITS''

5 THURSDAY, MARCH 18, 2010

6 House of Representatives,

7 Subcommittee on Energy and Environment

8 Committee on Energy and Commerce

9 Washington, D.C.

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

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

17 Staff present: Bruce Wolpe, Senior Advisor; Greg
18 Dotson, Chief Counsel, Energy and Environment; John Jimison,

19 Senior Counsel; Michael Goo, Counsel; Melissa Cheatham,
20 Professional Staff Member; Caitlin Haberman, Special
21 Assistant; Peter Ketcham-Colwill, Special Assistant; Lindsay
22 Vidal, Special Assistant; Aaron Cutler, Minority Counsel;
23 Mary Neumayr, Minority Counsel; Andrew Spring, Minority
24 Professional Staff; and Garrett Golding, Minority Legislative
25 Analyst.

|

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

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

41 So what is HomeStar? It is a program designed to help
42 every homeowner looking for a little extra help to make their
43 home more efficient by saving energy. The program will
44 provide homeowners rebates for purchasing and installing more
45 efficient windows, doors, insulation and other home
46 improvements that will cover energy bills while jumpstarting
47 our manufacturing and labor sectors. HomeStar was designed
48 to give customers their rebates quickly and reimburse

49 contractors within 30 days. It will, under my direction,
50 also include a do-it-yourself provision that allows people to
51 receive rebates for buying and installing insulation
52 materials without going through a contractor.

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

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

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

83 That completes the opening statement of the chair.

84 [The information follows:]

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|
86 Mr. {Markey.} We now turn and recognize the ranking
87 member, the gentleman from Michigan, Mr. Upton.

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

94 Mr. {Markey.} But they are in the tournament.

95 Mr. {Upton.} Not the Wolverines.

96 Mr. {Markey.} No, but I mean the Terrapins are in the
97 tournament.

98 Mr. {Upton.} They are in but they didn't win the ACC.
99 They lost the first game of the tournament but we will see
100 how you fill out your bracket.

101 Mr. {Markey.} But they are still alive. They are more
102 like the HomeStar Program than Boston College.

103 Mr. {Upton.} Yeah, yeah, we will see how far they go.

104 Mr. {Markey.} Okay.

105 Mr. {Upton.} I appreciate the hearing today and I have
106 always been a proponent of all of the above energy policies.
107 All of the above isn't just about all sources of energy. It
108 also includes conservation and energy conservation.

109 Upgrading energy efficiency in homes clearly is the low-
110 hanging fruit in reducing overall energy demand and has the
111 added benefit of directly lowering home energy bills which is
112 of critical importance for working families that are
113 struggling to get by.

114 I support energy efficiency and there are bipartisan
115 ways to create incentives for home energy efficiency upgrades
116 but I am not sure that this legislation fits that bill. The
117 HomeStar legislation that we are looking at today could prove
118 to be far too expensive at a time of massive budget deficits
119 and runaway spending. We don't know what the cost will be
120 because the bill as you know as written is a blank check to
121 the appropriators, such sums as may be necessary, as the
122 legislation states, so how much are we talking about? Is it
123 \$6 billion, is it \$20 billion, it could be more. I don't
124 support signing a blank check.

125 With all due respect to the Department of Energy, they
126 are not equipped to run a program of this magnitude
127 regardless of whether it is \$1 billion or \$20 billion.
128 According to the GAO, only 9,100 of a planned 593,000 homes
129 were weatherized this last year, 9,100 out of 593,000. That
130 is more than a rounding error. In my home State of Michigan,
131 395 homes were weatherized in 2009 at a cost of \$4 million so
132 there is still another \$240 million left unspent in the

133 Stimulus Package that was passed last year. Nationally,
134 about \$522 million in Stimulus funds have been spent so far
135 on weatherization. That is about 10 percent of the \$5
136 billion set aside. Why are we going to throw countless
137 billions on top of that? Clearly, more money is not the
138 answer or the issue.

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

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

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

163 [The prepared statement of Mr. Upton follows:]

164 ***** COMMITTEE INSERT *****

|
165 Mr. {Markey.} The gentleman's time has expired.

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

168 Mr. {Dingell.} Mr. Chairman, thank you for holding this
169 important hearing today. I am pleased that the subcommittee
170 is setting forth an aggressive agenda for the HomeStar
171 Program.

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

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

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

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

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

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

204 Mr. Chairman, HomeStar follows on the heels of the
205 widely successful Cash for Clunkers Program in which the
206 Federal Government provided consumer vouchers to purchase
207 new, more fuel-efficient vehicles. The initial allocation of
208 \$1 billion was exhausted very quickly and we had to secure an
209 additional \$2 billion in funding for the program. Cash for
210 Clunkers was responsible for the sale of nearly 700,000 new
211 vehicles in the United States during its run and it added

212 nearly one percent to the third quarter gross domestic
213 product growth. Cash for Clunkers has been hailed as one of
214 the most successful of all recent Government economic
215 stimulus programs. According to the Center for Automotive
216 Research (CAR), Cash for Clunkers created approximately
217 40,200 new jobs nationally of which 5,800 were in Michigan.

218 I ask unanimous consent to submit the testimony of
219 Consumer's Energy, a fine American corporation situated in
220 the southeast corner of Michigan, from the Senate Committee
221 on Energy and Natural Resources on this matter. And, Mr.
222 Chairman, I look forward to working with the subcommittee on
223 this important legislation and I commend you again for having
224 this hearing.

225 [The prepared statement of Mr. Dingell follows:]

226 ***** COMMITTEE INSERT *****

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227 Mr. {Markey.} We thank the gentleman and we will by
228 unanimous consent include that material in the record.
229 [The information follows:]

230 ***** COMMITTEE INSERT *****

|
231 Mr. {Markey.} The chair recognizes the gentleman from
232 Pennsylvania, Mr. Pitts.

233 Mr. {Pitts.} Thank you, Mr. Chairman.

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

245 The legislation that is being proposed to institute a
246 rebate-type program has many promising aspects to it. Under
247 the Silver Star Program, rebates will be awarded to
248 participating contractors and vendors who perform qualifying
249 energy-savings measures. Under the Gold Star Program,
250 rebates will be awarded to participating contractors and
251 vendors for retrofits that achieve home energy savings.
252 However, I am concerned that Section 13A provides that,
253 ``There are authorized to be appropriated to carry out this

254 Act such sums as may be necessary.''

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

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

266 [The prepared statement of Mr. Pitts follows:]

267 ***** COMMITTEE INSERT *****

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268 Mr. {Markey.} We thank the gentleman.

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

272 Mr. {Doyle.} Thank you, Mr. Chairman, and for the
273 record, the University of Pittsburgh is in the NCAA
274 Tournament.

275 Mr. {Upton.} Do they get a resolution today too?

276 Mr. {Doyle.} I want to thank you for convening this
277 hearing today to explore the HomeStar Program that President
278 Obama proposed in his State of the Union Address. Over the
279 past several years, I have been very interested in the green
280 building movement and the technologies and innovations this
281 movement has brought forward. As some of you know, the City
282 of Pittsburgh is at the forefront of the green building
283 movement. Innovations by our researchers, work by our
284 construction companies and a real eye to the future has
285 created innovations that I believe can benefit each and every
286 Congressional District in our Nation. The time for building
287 without concern for energy costs is behind us, and the very
288 same can be said about energy efficiency. As my constituents
289 are faced with rising energy costs in a recession, they are
290 struggling to find ways to cut their energy usage but the

291 truth remains that many of the investments needed to make
292 your home more energy efficient are financially impossible
293 for families in today's economy.

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

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

311 I look forward to the testimony today as we hammer out
312 the details of how this program will be run. I do have a few
313 questions regarding the administration of the program and
314 making sure that the work done is quality and provides

315 measurable savings to homeowners. Mr. Chairman, thank you
316 for getting the ball rolling on this excellent program and I
317 yield back the balance of my time.

318 [The prepared statement of Mr. Doyle follows:]

319 ***** COMMITTEE INSERT *****

|
320 Mr. {Markey.} Great, the gentleman's time has expired.

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

323 The {Chairman.} Thank you, Chairman Markey. Thank you
324 for holding this hearing.

325 Today our Nation continues its courageous struggle to
326 overcome the worst recession in 70 years. No sector of the
327 economy has been harder hit than the home construction
328 services sector. Today more than one in four construction
329 workers are unemployed, more than twice the national average.
330 We need these workers and their skills more than ever.

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

337 The HomeStar proposal is compelling because it addresses
338 both of these problems simultaneously. First, the proposal
339 will put a lot of people back to work making our homes more
340 efficient. At the same time, it can stimulate the
341 manufacturing sector by increasing demand for energy-
342 efficient products. By some estimates, HomeStar will create

343 more than 130,000 direct and indirect near term jobs.
344 Second, HomeStar will cut our carbon pollution in the near
345 term and be an important down payment for even more
346 successful reductions in the future.

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

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

360 [The prepared statement of Mr. Waxman follows:]

361 ***** COMMITTEE INSERT *****

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362 Mr. {Markey.} Great, the Chairman's time has expired.

363 The chair recognizes the gentleman from Vermont, Mr.

364 Welch.

365 Mr. {Welch.} Thank you, Chairman Markey. I very much

366 appreciate you convening this hearing. Thank you Ranking

367 Member Upton.

368 We introduced RECRP, the National Residential Commercial

369 Residential Retrofit Program that was passed by this

370 committee and the House. It was a coalition that identified,

371 like we have today, the incredible potential of the low-

372 hanging fruit of energy efficiency and today we have

373 witnesses who show that this is bipartisan. It represents

374 something powerful across the country and I appreciate

375 Secretary Zoi, Mr. Laseter, Governor Engler, Mr. Thaman and

376 Mr. Pratt for being here. You are on the frontlines. You

377 know how it works. You know it is real and you are here to

378 testify and demonstrate that this is a public and private

379 partnership, market-based approach to getting something done.

380 HomeStar is going to put contractors to work. It is

381 going to create manufacturing jobs because the source is as

382 Mr. Doyle said, American and it is going to help small-town

383 hardware store as well as the big box retailers. It creates

384 168,000 jobs this just small, modified program. Three

385 million American families can cut their energy bills by \$10
386 billion, \$10 billion over 10 years and it reduces obviously
387 our dependence on foreign oil.

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

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

404 I yield back.

405 [The prepared statement of Mr. Welch follows:]

406 ***** COMMITTEE INSERT *****

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407 Mr. {Markey.} Great, the gentleman's time has expired.

408 The chair recognizes the gentleman from Alabama, Mr.

409 Griffith.

410 Mr. {Griffith.} Thank you, Mr. Chairman.

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

430 know those are on your mind so thank you, Mr. Chairman, for
431 allowing me to participate.

432 [The prepared statement of Mr. Griffith follows:]

433 ***** COMMITTEE INSERT *****

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434 Mr. {Markey.} All right, thank you, the gentleman's
435 time has expired.

436 The gentleman from Georgia, Mr. Barrow is recognized.

437 Mr. {Barrow.} I thank the chair.

438 I am pleased that President Obama chose my hometown of
439 Savannah earlier this month to come and roll out the
440 Administration's support for this program and I think that it
441 has got tremendous promise. I want to quickly register just
442 a couple of areas of concern to me based on what we have
443 learned from prior efforts in the past. Mention has already
444 been made of the fact that the Weatherization Program in the
445 Recovery Act hasn't gone as far as we would like. It is not
446 that the program hasn't been--the money has been wasted. The
447 money hasn't been spent yet and comments have been made that
448 what we don't need is something that is impossible to
449 administer or something that is impossibly bureaucratic. I
450 happen to believe that this is a direct response to our
451 experience with the Recovery Act's effort to plus-up existing
452 programs that are relatively high maintenance. I remember a
453 great line in the movie ``When Harry Met Sally'' when they
454 are talking about relationships that are high maintenance and
455 low maintenance and the girl asked the guy well what am I and
456 he said well you are the worst kind. You are high

457 maintenance but you think you are low maintenance, and I kind
458 of feel like that is what the Recovery Act was. It took a
459 high maintenance program but we treat it as if it is low
460 maintenance and put all kinds of resources into it and it
461 just hasn't gotten through. This is a low maintenance
462 approach and the more user-friendly we can make this, I think
463 the more effective it will be and that I think is an
464 important first step.

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

479 [The prepared statement of Mr. Barrow follows:]

480 ***** COMMITTEE INSERT *****

|
481 Mr. {Markey.} Great, the gentleman's time has expired.

482 The chair recognizes the gentleman from Texas, Mr.

483 Burgess is recognized.

484 Dr. {Burgess.} Thank you, Mr. Chairman.

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

498 And not only have I advocated here in the halls of
499 Congress, I have also promoted it within the walls of my own
500 home. My wife and I built a house in north Texas 4 years
501 ago. We wanted to make the investment and use energy
502 efficient techniques at the time of building because we knew
503 it would pay off down the road and as you can imagine one of

504 the biggest challenges in Texas is a long, hot summer. We
505 found there were numerous ways to keep out the heat including
506 focusing on low-E glass in the windows, higher efficiency air
507 conditioners, an efficient attic system and foam insulation
508 in the walls. We also installed light color shingles on the
509 roof to reflect sunlight and installed a tankless water
510 heater which is more efficient than the tank model. Each
511 measure helped us lower our consumption on our energy bills
512 to the point that they were 40 percent lower than our
513 previous years' bills when the house was finished.

514 Energy efficiency shouldn't be something that we
515 necessarily need to incentivize at the Federal level. Show
516 people how their bills were drop and they will be running to
517 buy a new water heater or to re-shingle their roof. Energy
518 efficiency is something that we can promote without having to
519 spend a single Federal dollar, certainly, without having to
520 spend dollars that we don't have. The cost of this bill
521 should concern everyone in this room. In the draft before us
522 today, this committee cedes its power as an authorizing
523 committee to the Appropriations Committee allowing
524 appropriators rather than the authorizers to determine how
525 much money is in the program. Regardless of ideology,
526 members of this committee on both sides of the dais should be
527 concerned over the precedent set by delegating that authority

528 to another committee. Allowing phrases such as ``Such sums
529 as may be necessary'' could be used for a program of this
530 magnitude is simply giving a blank check to a Federal agency,
531 something this Congress can no longer afford to do.

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

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

544 [The prepared statement of Dr. Burgess follows:]

545 ***** COMMITTEE INSERT *****

|
546 Mr. {Markey.} Great, the gentleman's time has expired.

547 The chair recognizes the gentlelady from California, Ms.

548 Harman.

549 Ms. {Harman.} Thank you, Mr. Chairman.

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

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

567 In Manhattan Beach, there is a company called Windstream
568 which produces small, rooftop wind turbines. Windstream and

569 a lighting company Ledtronics are partnering with the
570 Fortunatos to make their house energy neutral. There is also
571 a communications company in El Segundo which has put solar
572 panels over its parking lots and they now produce 20 percent
573 of the energy that company, a large communications company,
574 uses.

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

582 I yield back.

583 [The prepared statement of Ms. Harman follows:]

584 ***** COMMITTEE INSERT *****

|
585 Mr. {Markey.} Great, the gentlelady's time has expired.

586 The chair recognizes the gentlelady from California, Ms.

587 Capps.

588 Mrs. {Capps.} Mr. Chairman, thank you. I will waive my

589 opening statement in favor of the questions and look forward

590 to the testimony of our witnesses. Thank you.

591 [The prepared statement of Mrs. Capps follows:]

592 ***** COMMITTEE INSERT *****

|
593 Mr. {Markey.} Great, the chair recognizes the gentleman
594 from California, Mr. McNerney.

595 Mr. {McNerney.} Well, thank you, Mr. Chairman, for
596 holding this hearing this morning. I want to congratulate
597 you and Mr. Welch for your leadership on this issue.

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

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

614 And I will yield back the balance of my time.

615 [The prepared statement of Mr. McNerney follows:]

616 ***** COMMITTEE INSERT *****

|

617 Mr. {Markey.} We thank the gentleman and all time for
618 opening statements has been completed so we will turn to our
619 first witness. Our first witness is Ms. Cathy Zoi. She is
620 the Assistant Secretary for the U.S. Department of Energy,
621 Office of Energy Efficiency and Renewable Energy. Prior to
622 joining the Obama Administration, Ms. Zoi served as founding
623 CEO of the Alliance for Climate Protection, as chief of staff
624 on environmental policy in the Clinton Administration and as
625 a former manager at the Environmental Protection Agency where
626 she pioneered the Energy Star Program. Ms. Zoi, whenever you
627 are ready, please begin.

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

|
636 ^STATEMENT OF CATHY ZOI

637 } Ms. {Zoi.} Thank you very much. Good morning, Chairman
638 Markey, Ranking Member Upton.

639 Mr. {Markey.} If you could turn on your microphone
640 please and just move it in a little bit closer.

641 Ms. {Zoi.} Thank you for the opportunity to appear
642 before you today and it is a pleasure to appear.

643 Mr. {Markey.} Okay, just move that microphone down just
644 a little. Just push it down just a little, okay, good.

645 Ms. {Zoi.} How is that? Better, okay.

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

649 submitted a longer statement for the record.

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

673 across the country. We can do just that through a Home
674 Retrofit Program like the one the President called for in his
675 State of the Union.

676 Two weeks ago, the President outlined more details of
677 what he has in mind for HomeStar Program, including rebates
678 delivered directly to consumers, a \$1,000 to \$1,500 level of
679 Silver Star rebates, \$3,000 Gold Star rebates for whole home
680 retrofits, oversight to ensure quality installations and
681 support for financing at the local level. Through this
682 program we can create tens of thousands of jobs while
683 achieving substantial reductions in energy use, up to the
684 equivalent of the entire output of several 500 megawatt coal-
685 fire power plants each year. Consumers taking advantage of
686 the program are likely to save between \$200 and \$500 per year
687 in their energy costs while improving the comfort and the
688 value of their homes.

689 I want to thank the members of the subcommittee and
690 other members who have been working tirelessly on efforts to
691 create legislative language that follows the President's
692 vision. As the legislative process moves forward, we will
693 continue to work with Congress on the bill until it is
694 enacted. Today I am glad the subcommittee has convened the
695 hearing and I am happy to answer questions regarding how the
696 HomeStar proposal or how the Department would actually

697 implement it once it is in law. My goal as Assistant
698 Secretary for Energy Efficiency and Renewable Energy is to
699 harness the ingenuity and ability of the American workforce
700 to help families save energy and money. Retrofitting
701 millions of American homes can truly transform energy
702 consumption throughout the Nation while putting people to
703 work. Last year, Secretary Chu said, ``In the next several
704 decades, I believe that energy efficiency is our most
705 powerful tool for reducing our carbon emissions and reducing
706 our energy bills.'' While home energy retrofits could be
707 crucial to realizing both of those goals while supporting
708 American job creation.

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

711 [The prepared statement of Ms. Zoi follows:]

712 ***** INSERT 2 *****

|

713 Mr. {Markey.} Thank you.

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

|
720 ^STATEMENT OF LARRY LASETER

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

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

741 Let me begin with jobs. Make no mistake about it, the

742 construction industry is in the midst of a one-industry
743 depression. The unemployment rate in construction is 27
744 percent, nearly three times the overall jobless rate and this
745 rate is higher than our Nation's unemployment rate at the
746 height of the Great Depression. At Masco Corporation, we
747 have felt the pain of this industry downturn and we felt it
748 firsthand having lost 27,000 jobs or over 40 percent of our
749 workforce. However, construction workers have the know-how
750 and the experience for home energy retrofits and they are
751 ready to get to work in jobs that cannot be outsourced
752 overseas.

753 These are workers like Michael Youngblood. Michael fell
754 in love with construction when he started working for a
755 family friend when he was only 15 years old. He built over
756 150 custom homes during a successful 18-year career but
757 Michael found himself unemployed with a young family last
758 year when the builder he was working for downsized from 25
759 project managers down to three. Michael joined our WellHome
760 team in Michigan last summer, earned his Building Performance
761 Institute certification and now helps homeowners achieve
762 energy efficiency retrofit. HomeStar will create more jobs
763 for construction workers like Michael, most of whom work for
764 small businesses and it would drive increased demand for
765 manufactured products and building materials that are almost

766 universally made in the USA, supporting further job growth
767 and economic impact and putting idle plants back online.

768 For the American homeowner, the benefit comes in the
769 form of annual energy savings of up to 45 percent. On
770 average, these savings are equivalent to a \$500 stimulus
771 check that a participating homeowner would receive every year
772 for years to come.

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

788 But we also know that many middle-class Americans are
789 squeezed by the economy and the credit crisis and that is why

790 the HomeStar Program legislation allocates \$200 million for
791 State programs to make energy efficiency loans more available
792 and more affordable. In addition, HomeStar establishes
793 industry performance standards, ensures that a portion of all
794 jobs are inspected by credentialed professionals after the
795 project is completed and offers added incentives to
796 contractors that invest in a properly trained and certified
797 workforce. This quality assurance system based on rigorous
798 technical standards delivers on the promise of energy savings
799 for American families.

800 I would like to conclude by affirming that HomeStar is a
801 win-win-win for jobs, for the American consumer and for the
802 environment. It will put an estimated 168,000 skilled
803 Americans back to work in the hardest hit part of our
804 economy, the struggling construction and its related
805 manufacturing sector. It will help more than three million
806 American families retrofit their homes for energy efficiency,
807 saving them as much as \$9.4 billion in energy costs over 10
808 years, a return greater than the cost of the program itself
809 and it will positively impact the environment and America's
810 energy independence. On behalf of the current and future
811 workers represented by the 600 businesses that make up the
812 HomeStar Coalition and the millions of households which will
813 benefit in every community in America, I encourage you to

814 move this bill forward without delay.

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

817 [The prepared statement of Mr. Laseter follows:]

818 ***** INSERT 3 *****

|
819 Mr. {Markey.} Thank you, Mr. Larry Laseter, very much.

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

|
828 ^STATEMENT OF JOHN ENGLER

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

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

839 Mr. {Markey.} If you make the motion, we will pass the
840 bill right now.

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

846 Our manufacturers firmly believe that an effective
847 program to encourage energy efficient home retrofits will
848 stimulate job creation by increasing the demand for energy
849 efficient products and services and will lead us down a path

850 to more energy efficient economy, the bottom line,
851 straightforward, more jobs, fewer emissions, less energy.
852 The U.S. manufacturing sector was hit hard during the
853 recession. Manufacturing employment has fallen by nearly 2.2
854 million since December of 2007, to a level just over 11 and a
855 half million. The deep decline in the housing market which
856 includes the home improvement sector has had a significant
857 impact on manufacturing. Nearly a quarter of the
858 manufacturing jobs have been lost in industries closely
859 connected to housing such as furniture, wood and textile
860 products, building materials. This sector continues to
861 struggle. You have heard that today already and you will
862 continue to hear that. Consequently, a sustainable upturn in
863 the housing sector will be a key ingredient for getting
864 manufacturing back on track, expanding production and
865 creating high-paying jobs. In fact, the NAM estimates if,
866 and that may be a big if, a healthy rebound in housing takes
867 place over the next few years, it likely will create an
868 additional 128,000 manufacturing jobs in industries connected
869 to this sector.

870 The HomeStar Program that we are here today to talk
871 about would spur much needed consumer demand for energy
872 efficient products and building materials by providing
873 significant and immediate rebates for home energy efficiency

874 retrofits. In addition to promoting residential energy
875 efficiency, HomeStar will quickly create jobs in the
876 manufacturing, distribution and sale of energy efficient
877 products. One key reason that has been mentioned and some of
878 the members have touched on this, the HomeStar Program it
879 will work I think as the consumers can act pretty much as
880 soon as Congress acts. It is not necessary this program to
881 wait for a Federal agency to act first and there is I think
882 further evidence that a temporary, targeted incentive program
883 like HomeStar can work the Clean Energy Manufacturing Tax
884 Credit Program that was in the Stimulus Bill of last year has
885 drawn tremendous interest from the private sector. Section
886 48C provided 30 percent tax credit for investments in
887 facilities that manufacture clean energy technologies and
888 that includes the wind, solar, batteries, advanced
889 transportation, advanced energy transmission. The initial
890 tax credit under 48C was capped at \$2.3 billion. It has the
891 potential to generate some 58,000 jobs. It is already over
892 subscribed and so we also are happy to support the
893 Administration's initiative that Vice President Biden is
894 announcing today that is going to provide additional \$5
895 billion to expand that current program.

896 We recognize the need to promote energy efficiency
897 across the U.S. economy. Manufacturing accounts for one-

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

913 Manufacturers are committed to producing the necessary
914 energy efficient consumer products such as insulation,
915 windows, doors, skylight, heating and cooling systems and
916 likewise, we are pleased to see in this morning's draft that
917 was made available, the inclusion of other products that are
918 also designed to promote residential energy efficiency. With
919 more than half of the 86 million single-family homes
920 throughout the United States built before modern codes even
921 existed, the vast majority of the homes in the United States

922 are not well-insulated, have outdated heating and cooling
923 systems, inefficient windows and doors. They are great
924 candidates for energy efficiency upgrades. Just think this,
925 if consumers install more energy efficient products, they
926 could save up to 30 percent on their energy bills and the
927 MacKenzie Study which many of us are quite familiar with,
928 show the United States can save more than \$600 billion in
929 energy costs by 2020 if we spent more on making our homes and
930 our buildings more energy efficient.

931 Mr. Chairman, as you and your subcommittee fully
932 understand, the country faces significant challenges in terms
933 of job creation and energy use. Our manufacturers believe
934 the HomeStar Program provides a unique opportunity to the
935 public and private sectors to work together to address two
936 major policy objectives, creating jobs and lowering
937 unemployment while making American homes more energy
938 efficient. We look forward to working with you expeditiously
939 to make HomeStar a reality.

940 [The prepared statement of Mr. Engler follows:]

941 ***** INSERT 4 *****

|
942 Mr. {Markey.} Thank you, Governor, very much. Our
943 honor to have you here with us, thank you.

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

|
949 ^STATEMENT OF MICHAEL THAMAN

950 } Mr. {Thaman.} Chairman Markey, Ranking Member Upton and
951 members of the committee, thank you for the opportunity to
952 testify. I also thank Chairman Markey and the committee for
953 your leadership in recognizing the importance of energy
954 efficiency as it relates to national energy policy.
955 Additionally, I would like to personally thank and recognize
956 Congressman Welch for your hard work on the progress we have
957 made.

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

968 In the midst of the downturn in the U.S. economy and the
969 housing industry, we have experienced significant job loss at
970 Owens Corning. The businesses in our building materials

971 group in the U.S. today employ 25 percent fewer people than
972 at their peak of the U.S. housing cycle in 2006. In 2009,
973 our insulation plants operated at only 50 percent of
974 capacity, compared with full utilization in 2006.

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

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

988 As you know, HomeStar is designed to provide financial
989 incentives for energy efficiency investments in residential
990 buildings. It has two primary components, Gold Star which
991 provides incentives for comprehensive energy audits and
992 Silver Star which provides immediate near-term incentives to
993 drive specific energy-saving investments like insulation,
994 windows, doors, HVAC systems and water heaters. We strongly

995 support both components of the program. We do believe that
996 Silver Star is more likely to have the most immediate impact
997 on jobs.

998 We have carefully studied HomeStar. It will create jobs
999 at Owens Corning and at many other businesses that employ
1000 workers across the housing sector. HomeStar will also reduce
1001 energy use and home energy utility bills. That is important.
1002 According to the EPA, the average U.S. household spends more
1003 than \$2,200 a year on energy bills with nearly half going to
1004 pay heating and cooling costs. Buildings in the country are
1005 the largest energy consumers. Buildings consume 40 percent
1006 of our Nation's energy and over 70 percent of America's
1007 electricity. Our homes are with us for generations. Many of
1008 our Nation's homes were built before there were appropriate
1009 energy codes or any energy codes at all.

1010 The fundamental rationale for investing in energy
1011 efficiency home retrofits is compelling and the outcomes are
1012 measurable and meaningful. Today, more than 80 million
1013 American homes are under-insulated. As a leading producer of
1014 insulation products, our best estimates tell us that each
1015 year 99 percent of U.S. homeowners will not re-insulate their
1016 homes without financial incentives. At the same time, our
1017 experience has shown us that financial incentives will drive
1018 people to invest in energy efficiency products when those

1019 incentives are meaningful and when the process to access them
1020 is simple and direct.

1021 Insulation reduces energy cost to a homeowner. A study
1022 published in 2007, by the global consultancy, MacKenzie,
1023 which Governor Engler referenced, reports that insulation is
1024 the most cost-effective way to reduce energy consumption and
1025 carbon emissions in the U.S. In the midst of the current
1026 economic downturn and with the national unemployment rate
1027 surpassing nine percent, putting Americans back to work to
1028 make energy saving investments is a good idea. HomeStar
1029 gives all Americans an opportunity to act and an opportunity
1030 to make a difference in creating jobs and saving energy.
1031 HomeStar's direct approach will drive demand and create
1032 sustainable U.S. jobs. By including rebates for insulation
1033 purchased on an installed basis or at retail, all American
1034 homeowners can participate in this program. This is good
1035 policy because there are certain consumers who prefer to do
1036 the jobs themselves. They should not be left out of the
1037 program.

1038 When we drive demand for insulation, we create U.S.
1039 jobs. The U.S. insulation industry is uniquely U.S. job-
1040 centric. Virtually, all of the insulation-related jobs, raw
1041 materials, manufacturing, delivery, sale and installation
1042 occur within several hundred miles of the U.S. home where the

1043 insulation will be installed. HomeStar can be a job creation
1044 bridge for thousands of unemployed insulation manufacturers
1045 and contractors who are awaiting the return of the U.S.
1046 housing market. Today, leading economists forecast that the
1047 housing market will not see a pronounced recovery until 2011
1048 or 2012. Without HomeStar, the outlook for unemployment in
1049 our industry is not expected to improve any time soon.
1050 HomeStar is a great opportunity to create jobs, save energy,
1051 become more energy secure and reduce energy bills. Putting
1052 people back to work is sound economic policy. Making
1053 existing homes more energy efficient is sound energy policy.

1054 I urge you to take the necessary steps to ensure that
1055 HomeStar becomes law. I look forward to answering any
1056 questions that you might have. Thank you.

1057 [The prepared statement of Mr. Thaman follows:]

1058 ***** INSERT 5 *****

|
1059 Mr. {Markey.} All right, thank you, sir.

1060 Our next witness is Mr. Christopher Pratt and he is the
1061 Vice President of Construction Development Services in Troy,
1062 Michigan. He is here on behalf of the National Association
1063 of Homebuilders. Mr. Pratt has authored portions of training
1064 curriculum for the national homebuilders, Homebuilders
1065 Institute on Weatherization in Residential Housing so we
1066 welcome you, sir.

|
1067 ^STATEMENT OF CHRISTOPHER A.S. PRATT

1068 } Mr. {Pratt.} Thank you. Good morning, Chairman Markey,
1069 Ranking Member Upton and members of the subcommittee.

1070 My name is Christopher Pratt. I am a construction
1071 design and energy specialist from Troy, Michigan with over 25
1072 years of experience, as well as a weatherization instructor
1073 for a number of State programs. I am pleased to testify on
1074 behalf of the National Association of Homebuilders about the
1075 HomeStar proposal.

1076 Mr. {Markey.} How old were you when you began getting
1077 your experience, 25 years ago?

1078 Mr. {Pratt.} I tell people I grew up an SOB, a son of a
1079 builder so I grew up doing hard work.

1080 Mr. {Markey.} So like when you were five?

1081 Mr. {Pratt.} Fifteen.

1082 Mr. {Markey.} Fifteen, okay, good.

1083 Mr. {Pratt.} I am old. I don't look it.

1084 NAHB supports incentives for retrofitting older homes
1085 and believes this is the best way to achieve meaningful
1086 energy savings in the residential sector. We see the
1087 potential in a program like HomeStar to deliver energy
1088 savings and create jobs if it is crafted in a manner that

1089 will promote long term workforce development and craft trades
1090 for contractors doing weatherization work. NAHB has already
1091 successfully demonstrated its ability to manage federally
1092 funded retrofit programs like Project Reenergize in
1093 Minnesota. Late last year, the builder association there
1094 administered this rebate program with Stimulus funds and in a
1095 few short months over 1,400 homes were retrofitted, 800
1096 contractors were employed and nearly \$3 million were returned
1097 to customers in rebates for energy efficiency upgrades.

1098 NAHB hopes to ensure that the HomeStar Program is
1099 equally accessible by all qualified, highly-trained
1100 contractors that have undertaken legitimate workforce
1101 training and possess appropriate job skills in
1102 weatherization. We are concerned with the limitations on the
1103 certified workforce definition in the current draft
1104 legislation. Specifically, NAHB requests the inclusion of
1105 the Homebuilders Institute or HBI as a qualified workforce
1106 development program. HBI is the largest jobs corps partner
1107 with the U.S. Department of Labor and has developed a robust
1108 weatherization curriculum that creates a career path for
1109 professionals doing retrofit work that will provide them with
1110 long term employability. While HBI includes a certificate
1111 component, the development of the worker base and a job
1112 skills training in retrofit work is the centerpiece of the

1113 program and meets the goal of creating jobs in the emerging
1114 retrofit industry that will outlast the short term incentives
1115 of the program. HBI is a legitimate workforce training
1116 program that deserves equal considerations with others listed
1117 in the draft. The weatherization curriculum, although newly
1118 introduced was developed via a thorough task analysis and
1119 skills assessment process and provides four levels of skilled
1120 training, apprentice, weatherization worker, weatherization
1121 specialist and energy analyst. The curriculum includes
1122 course work covering everything from basic theory to
1123 calculating heat loss, in addition to hands-on practicum that
1124 teaches workers how to install 80 different weatherization
1125 products and perform 45 different installation activities.
1126 It is structured to accommodate all standards in use and can
1127 be administered and offered through a network of community
1128 colleges around the country among others.

1129 For example, I am currently teaching--I am currently
1130 training workers in this program in Houston, Texas as part of
1131 a Workforce Investment Grant. The program is currently being
1132 delivered throughout a number of partnerships with Goodwill
1133 Industries, the Carpenters' Union, Ferris State University,
1134 among other. Above all, the program is about equipping
1135 workers with the appropriate job skills to serve them for
1136 their entire career and not just selling a certification

1137 credential. In that regard, HBI is considered a legitimate
1138 workforce development program along with other currently
1139 listed in the draft.

1140 Another important item that may affect a successful
1141 implementation of HomeStar is the effective date of an EPA
1142 rule covering renovation and retrofit work in pre-1978 homes
1143 beginning on April 22 of this year. Unfortunately, EPA does
1144 not have enough certified renovators that can legitimately
1145 work to retrofit older housing that the HomeStar Program
1146 hopes to target. Contractors cannot meet the EPA's
1147 certification requirements for the Lead Renovation Repair and
1148 Paint Rule by April 22 and will be breaking Federal law if
1149 they work on pre-1978 homes. NAHB supports lead-safe work
1150 practices as well as retrofit incentives but unless
1151 compliance issues with the lead rule are addressed I believe
1152 this could deter work in older, less efficient homes. NAHB
1153 supports retrofitting older homes and we are truly the
1154 experts in this field. We support the benefits in both job
1155 creation and energy savings that the program like HomeStar
1156 could deliver but we are wary of the potential limitations
1157 such as the exclusion of HBI and the effective date of the
1158 EPA rule. We believe both of these issues if not addressed
1159 could ultimately limit the impact of HomeStar.

1160 I appreciate the opportunity to be here and present our

1161 thoughts on this proposal and we look forward to working with
1162 you. I would be happy to answer any questions.

1163 [The prepared statement of Mr. Pratt follows:]

1164 ***** INSERT 6 *****

|
1165 Mr. {Markey.} Thank you very much, Mr. Pratt.

1166 That completes the time for opening statements of our
1167 witnesses. We will now turn to questions from the
1168 subcommittee members.

1169 Ms. Zoi, Governor Engler mentioned this morning a
1170 program announced by Vice President Biden. Could you talk
1171 about that program and how it dovetails with the program that
1172 we are talking about here today?

1173 Ms. {Zoi.} I think what Governor Engler was referring--
1174 how is that, better?

1175 Mr. {Markey.} Yes, fine.

1176 Ms. {Zoi.} I think what Governor Engler was referring
1177 to is an extension of the 48C Advanced Manufacturing Tax
1178 Credit, is that right? So that is a program that was part of
1179 the Recovery Act that gives tax breaks for establishing new
1180 manufacturing facilities in the United States that are in the
1181 clean energy sector. The program was over-subscribed, \$2.3
1182 billion has been allocated to companies that are getting
1183 things going over the next couple of years that they will
1184 create lots and lots of jobs in wind, and solar, and energy
1185 efficiency technologies, and combine heat and power but
1186 because it has been so wildly over-subscribed, the Vice
1187 President is proposing that we actually extend that program

1188 and top up the money to the tune of \$5 billion.

1189 Mr. {Markey.} Okay, so we would need to authorize that
1190 as well?

1191 Ms. {Zoi.} Yes.

1192 Mr. {Markey.} And you support that, Governor Engler?

1193 Mr. {Engler.} Yes, we can.

1194 Mr. {Markey.} Yes, do you support putting the \$2
1195 billion back in for wind and solar that we took out for the
1196 Cash for Clunkers Program as well, Governor?

1197 Mr. {Engler.} I haven't looked at that but, you know,
1198 we would certainly be open to talking about that. I mean I
1199 guess we look at this sector as being so hard hit that any
1200 number of these strategies we think can be fairly quickly
1201 effective at putting people back to work but certainly, we
1202 are here on HomeStar today because we just think that does
1203 put people to work.

1204 Mr. {Markey.} You were just saying good things about
1205 the other program so I was just hoping we could just have you
1206 get on a whole list of programs.

1207 Mr. {Engler.} You might as well press on there, I
1208 understand. Okay, now I got you.

1209 Mr. {Markey.} And the Administration supports putting
1210 the \$2 billion back in for the wind and solar?

1211 Ms. {Zoi.} My understanding is that that provision

1212 might have been included in the first jobs bill that was just
1213 passed but we should go back and check but yes, of course.

1214 Mr. {Markey.} Okay, great, I appreciate it.

1215 Ms. {Zoi.} Of course.

1216 Mr. {Markey.} So how many jobs will this program
1217 create, Ms. Zoi?

1218 Ms. {Zoi.} Somewhere in the tens of thousands, I mean I
1219 think the HomeStar Coalition has done a direct and indirect
1220 jobs estimate of 160,000. The direct jobs would be 60 to
1221 70,000, lots and lots of important jobs.

1222 Mr. {Markey.} Great. Governor Engler, what is your
1223 hope for new jobs created by a program like this?

1224 Mr. {Engler.} We think that this has the potential--I
1225 am just checking my testimony to make sure I got my number
1226 right. I think I said sort of like the Secretary. I think
1227 it is 168,000 but I want to make sure that I get that number
1228 right.

1229 Mr. {Markey.} Mr. Thaman is nodding his head.

1230 Mr. {Engler.} We just think that the design of this so
1231 that the homeowner actually once it is passed they can go
1232 forward. You are going to have the private sector really
1233 running the program. We would hope that the reimbursement
1234 would work better than it did with the Cash for Clunkers but
1235 I think everybody learned lessons off that and that would

1236 happen but Mr. Pratt's mention of the lead issue is kind of
1237 an interesting one. That probably need to also be attended
1238 to because you could--I happen to be in a home that was built
1239 before 1978 and so, you know, I am not sure I can get Mr.
1240 Pratt to come and take care of that so you can have a lot of
1241 people caught in that inadvertent situation so part of the
1242 cleanup would be good and I also would support his suggestion
1243 on HBI.

1244 Mr. {Markey.} Thank you, Governor.

1245 Mr. Thaman, we have heard complaints that HomeStar picks
1246 winners and losers for home products. Could you talk a
1247 little bit about the Gold Star Program creating a higher
1248 reward program for any product that achieves at least 20
1249 percent home energy efficiency?

1250 Mr. {Thaman.} Well, I think there is two ways to look
1251 at improving the energy efficiency of a home. You can either
1252 look at the products that we know and have been demonstrated
1253 to improve energy efficiency or you can have performance
1254 raters come in and rate a home. I think there is a good
1255 balance between Silver Star and Gold Star to target and
1256 Silver Star's specific products and initiatives that we know
1257 save energy and then Gold Star have a more holistic approach,
1258 actually rating the home and testing the home for energy
1259 efficiency improvements. We know based on our history as an

1260 insulation manufacturer that any time you install more
1261 insulation you improve the energy efficiency of a home so it
1262 is a pretty safe bet to directly fund that initiative.

1263 Mr. {Markey.} Okay and, Mr. Pratt, could you talk about
1264 the Gold Star Program and how that does reward any product
1265 that is more efficient.

1266 Mr. {Pratt.} As an energy rater myself, I personally
1267 believe that the performance based tests tend to be more
1268 efficient or guarantee or help improve the chances that they
1269 improved measures were installed correctly. So I also do
1270 some training, Mr. Upton might be aware, of the warm or
1271 excuse me, the program in Michigan where they go around and
1272 help homeowners install products in their existing home. I
1273 find sometimes when you are up in an attic space and it is
1274 140 degrees, you spend less time working on the insulation
1275 then you do trying to get out of the attic space. So a lot
1276 of times there are good efforts put into tests but sometimes
1277 they don't get all installed the way you would like them to
1278 be installed.

1279 Mr. {Markey.} Okay, thank you, Mr. Pratt.

1280 Let me turn and recognize the gentleman from Michigan,
1281 Mr. Upton.

1282 Mr. {Upton.} Well, thank you, Mr. Chairman, and I, you
1283 know, as I have talked to some of my colleagues on our side

1284 and heard some of the opening statements there is clearly
1285 some skepticism on this bill and in large part, you know, as
1286 we looked at the DOEIG report issued last month of the \$4.7
1287 billion that was awarded in grants under the Stimulus Plan,
1288 only \$368 million has been used by the States so far and only
1289 some 30,000 that have been used. And I, you know, this was
1290 supposed to be a shovel-ready program, ready to go and
1291 clearly there was some need and as we look at the way that
1292 the Cash for Clunkers Program was administered, I mean I
1293 think most of us thought it would be pretty easy to do. You
1294 got 25,000 auto dealers across the country. There were
1295 provisions on fraud and abuse that were in place. You had to
1296 show that the car had been insured, actually would run and,
1297 you know, it had to meet the mileage requirements that anyone
1298 could figure out from the Internet and the dealers were
1299 supposed to be reimbursed I want to say within 7 days. And I
1300 bet everyone of us here on both sides of the aisle heard from
1301 lots of our dealers saying it has been more than a month. We
1302 have got dozens of cars sometimes some of the larger dealers
1303 50-100 cars the Department of Transportation hired more than
1304 1,000 people. I mean that is, you know, they only had to
1305 make about two calls to a dealer per day to figure all this
1306 out with the documentation to get them done and it didn't
1307 happen. And now you are talking about a program that may be

1308 as large as eight times as more. This was a \$3 billion
1309 program, Cash for Clunkers, over a limited span of time.
1310 They did 750,000 vehicles. You have got more builders.
1311 There is already a tax credit that is in place for homeowners
1312 to make whatever adjustments that they want up to I think it
1313 is \$1,500 tax credit on work that has to be at least that is
1314 what a 30 percent tax credit on business that is done and as
1315 we look at fraud and abuse and how is at DOE that you are
1316 going to be able to determine whether people did both. They
1317 actually took a tax credit and then they did a deal with
1318 their builder that is supposed to be passed through them.
1319 Why not just keep it as a tax credit and let the power of the
1320 IRS make sure that there is some compliance versus what you
1321 are going to have to do in terms of additional staff and
1322 certification and everything else? Do you see where the
1323 skepticism comes on our side?

1324 Ms. {Zoi.} And I would love to.

1325 Mr. {Upton.} Yes, go ahead.

1326 Ms. {Zoi.} A very good series of issues that you raised
1327 and I welcome the opportunity to talk about first of all, how
1328 we the structure that we have in mind for this which is
1329 designed to leverage private sector expertise that is already
1330 taking place. The design for the main Government function is
1331 to prevent waste, fraud and abuse and to publish eligibility

1332 standards for the contractors that are capable of doing the
1333 work. I would also like to take a moment if I may to update
1334 the committee on the data about the Weatherization Program.
1335 So, in fact, why don't I take that one first?

1336 Mr. {Upton.} Okay.

1337 Ms. {Zoi.} So the Weatherization Program as you point
1338 out is about a \$5 billion program. The Recovery Act didn't
1339 double weatherization. It didn't triple it. It multiplied
1340 it times 25 so 900 community action agencies had to spend a
1341 few months hiring more people. We had it was the first time
1342 ever that Davis Bacon wages were applied. The Labor
1343 Department had to determine what fair wages were. So the
1344 community action agencies spent the summer months hiring,
1345 training, figuring out the Davis Bacon wages. The ramp up
1346 well and truly started in the fall. We tripled the number of
1347 homes that were done between September and December. The
1348 ramp rate that we need to be at to meet the overall goals for
1349 the program by March, 2012, is about 20 to 25,000 home a
1350 month. We estimate in February there was a short month and
1351 it was a snowy month in most of the country but we did
1352 probably 17,000 homes so we are within striking distance to
1353 our max ramp rate that is required. This is actually a great
1354 tribute to the ability of these 900 community action agencies
1355 to ramp up quickly. So it took longer then expected to get

1356 going but I would also I applaud what Congressman Barrow
1357 pointed out, this was a program that is 30 years old. It has
1358 certain structures in place. The Federal Government has to
1359 give money to the States. The States then give money to the
1360 local community action agencies. It is a well-established
1361 network. We are designing the HomeStar Program to not have
1362 be encumbered by some of those same things that service the
1363 low income community only so what we have then done is
1364 pivoted and said well Cash for Clunkers may have had a few
1365 hiccups.

1366 Mr. {Upton.} A few.

1367 Ms. {Zoi.} Because it required 9 pdf to be submitted
1368 for every single transaction as you pointed out so what we
1369 have in mind here is something that uses modern IT that has a
1370 list of we work very closely with rebate aggregators who are
1371 the network managers for the sector. They put together, we
1372 put together a simple form that is filled out by all the
1373 certified contractors. Those eligibility criteria are all
1374 listed and then with the Federal what the Department of
1375 Energy has to do is ensure once the rebates are aggregated
1376 and submitted we do the reimbursement. The second part of it
1377 is establishing a quality assurance program and we work in
1378 partnership with the States because again they are the ones
1379 who have home inspector networks and what we do is capitalize

1380 on the fact that even some of those home inspectors are don't
1381 have much to do these days. We put those guys back to work.
1382 They are part of our quality assurance scheme where the
1383 States that are not quite ready to do the quality assurance,
1384 the Federal Government provides that default function. So we
1385 are absolutely taking very seriously the concerns that you
1386 have raised about other programs, taking it to heart and we
1387 feel very strongly that we can establish this program to get
1388 going as quickly as possible to get people back to work.

1389 Mr. {Upton.} I know my time has expired so I yield
1390 back. Thank you.

1391 Mr. {Markey.} The gentleman's time has expired.

1392 The chair recognizes the gentleman from Pennsylvania,
1393 Mr. Doyle.

1394 Mr. {Doyle.} Thank you, Mr. Chairman.

1395 Secretary Zoi, and you have just started to touch on
1396 this and I want you to expand on it further. A few years ago
1397 in my State of Pennsylvania, we had an internal audit of the
1398 Weatherization Assistance Program and it resulted that there
1399 was a backlog of nearly 9,000 applicants for the program,
1400 many of them constituents of mine that qualified for the
1401 program were stuck in this backlog and though the program was
1402 federally funded it was administered by Pennsylvania's
1403 Department of Community and Economic Development. So while I

1404 am very obviously excited about the HomeStar Program, I want
1405 to see it get going. I am a little concerned about the
1406 backlog. I just want to ask four quick questions and have
1407 you just comment on them and I think some of them you have
1408 touched on already. Is EPA prepared to process the rebates
1409 the contractors in the 30-day timeframe set out in the bill
1410 and what portion of this will be the State's responsibility?
1411 Do you foresee that it will require additional staff at DOE
1412 or EPA and at the State level to process these rebates? Will
1413 small businesses be able to process the rebates in the same
1414 timeframe as big box retailers like Home Depot or Lowe's?
1415 And then finally, I am concerned about the quality assurance
1416 measurement and how will we make sure that the work that is
1417 being done is good work? Homeowners are going to be able to
1418 measure the success of their work by their energy savings and
1419 this means that we don't have much margin for error. Can you
1420 explain how the contractors will be certified and who is
1421 going to be responsible for the oversight of the
1422 installations?

1423 Ms. {Zoi.} Yes, okay so the 30-day processing the
1424 answer is yes, we will absolutely do the 30-day processing.
1425 The small business eligibility again what we want the rebate
1426 aggregator concept is so that a variety of experts in the
1427 field, sector specialists, can help the small guys with what

1428 they need and be able to contribute so rebate aggregators
1429 might be the big box guys. They might be utilities. They
1430 might be existing home performance with Energy Star States
1431 that work very well with small businesses in bundling up
1432 those.

1433 Mr. {Markey.} Ms. Zoi, could you move that microphone
1434 in just a little bit closer, please, just pull it in.

1435 Ms. {Zoi.} How is that?

1436 Mr. {Markey.} Okay, good.

1437 Ms. {Zoi.} So there are a variety of ways that the
1438 small business folks will be able to play and will be able to
1439 get the attention that they need quickly through the proposed
1440 structure. In terms of quality assurance for the contractors
1441 again, what we envision is that 20 percent of the jobs will
1442 get a field inspection, a post expert field inspection that
1443 folks that sign up for the program will agree that they will
1444 be--that they will make their home available for quality
1445 assurance because consumer confidence that they are going to
1446 get quality work is very, very important. There are a
1447 variety of contractors that are out there that do QA right
1448 now that will be part of this program. Again, the idea that
1449 we have got is that we lean on the States to be overseeing
1450 the programs that are happening within their States and again
1451 that what we are doing is we are leveraging work that is

1452 already happening right now and building on it and amplifying
1453 it to move quickly.

1454 Mr. {Doyle.} So what are we doing to make sure that
1455 States have sufficient manpower and personnel to make sure
1456 this, you know, how do we ensure that, you know, the State of
1457 Pennsylvania who had a 9,000 case backlog administering this
1458 program that this doesn't happen again. What onuses are put
1459 on the State or what responsibility is put on the State to
1460 make sure they have sufficient personnel to do this, too?

1461 Ms. {Zoi.} Well, there is financial--if the bill passes
1462 in its current formulation there are financial resources that
1463 are allocated to the States to be able to stand up those good
1464 quality assurance programs.

1465 Mr. {Doyle.} Okay, thank you.

1466 Ms. {Zoi.} And just to your backlog question on
1467 weatherization.

1468 Mr. {Doyle.} Yes.

1469 Ms. {Zoi.} Unfortunately, there are 40 million people
1470 in America that are eligible for the low income program. We
1471 have been working very closely with Governor Rendell and the
1472 State of Pennsylvania and that program I think in
1473 Pennsylvania you are going to see a whole new set of
1474 Weatherization Program going forward so hopefully you will
1475 have that backlog will be reduced substantially in the coming

1476 year.

1477 Mr. {Doyle.} Yeah, I mean it is a good program but we
1478 want to see it work as good as possible so thank you, Mr.
1479 Chairman.

1480 Mr. {Markey.} Great, the gentleman's time has expired.
1481 The gentleman from Pennsylvania, Mr. Pitts.

1482 Mr. {Pitts.} Thank you, Mr. Chairman.

1483 Madam Secretary, has DOE analyzed whether there are
1484 legal requirements that may delay the rollout of the HomeStar
1485 Program? In particular, will DOE have to take any actions to
1486 comply with the National Historic Preservation Act?

1487 Ms. {Zoi.} That is an excellent question, Congressman
1488 Pitts, because it has been some of those issues that have
1489 slowed down the implementation of the Recovery Act. The way
1490 the bill is currently configured what our lawyers tell us is
1491 that we will be able to stand up the program within 60 days
1492 of passage. We have to do an administrative rule, that is
1493 what the lawyers tell us but because of the structure of the
1494 law and because much of it is embedded in the statute, we
1495 will be able to do this very quickly.

1496 Mr. {Pitts.} Will DOE have to prepare an environmental
1497 analysis under NEPA? What kind of environmental review of
1498 the program would need to be done and how long would that
1499 take?

1500 Ms. {Zoi.} Again, what is envisioned here is similar to
1501 what happened with the categorical exclusion of the
1502 Weatherization Program is that essentially it is a very
1503 quick, simple, straightforward rulemaking because the
1504 environmental impacts of doing home retrofits are not
1505 material so therefore an environment assessment will unlikely
1506 be required but again it is a very quick process that won't
1507 inhibit speed at all.

1508 Mr. {Pitts.} Will there be any requirements that will
1509 need to be complied with under the program in terms of rates
1510 paid to contractors labor costs?

1511 Ms. {Zoi.} Again, no Davis Bacon would not apply to
1512 this so no.

1513 Mr. {Pitts.} In the event that in carrying out the
1514 program workers are injured or homes are damaged is there any
1515 risk of additional tax bearer liabilities?

1516 Ms. {Zoi.} Again, the way we have tried to structure
1517 the program is to build on existing contractor relationship
1518 certifications licensing and bonding so to the extent that
1519 only licensed bonded workers are part of this program that
1520 would be covered by whatever insurance they currently carry.

1521 Mr. {Pitts.} Okay, thank you.

1522 Mr. Laseter, I have some questions about small business
1523 involved in retrofitting industry and how they would benefit

1524 from the program. In your written testimony you reference
1525 7,000 companies that make or install windows, 82 percent of
1526 which are small businesses. Of these, how many would you
1527 estimate are eligible to participate in the HomeStar Program?

1528 Mr. {Laseter.} Under the Silver Star Program, it is
1529 structured to for anybody as the Secretary said who is
1530 licensed and insured according to that State can immediately
1531 participate in the Silver Star Program so we would expect all
1532 of those contractors, those small businesses who wish to
1533 participate can participate immediately.

1534 Mr. {Pitts.} And would that also apply to the reference
1535 you have for 22,000 insulation installers?

1536 Mr. {Laseter.} Yes, sir, that is the reason again the
1537 Silver Star Program was structured in a way so that those
1538 existing small businesses, you know, as long as they are
1539 properly licensed and insured could participate immediately.

1540 Mr. {Pitts.} In your testimony, you indicate 168,000
1541 jobs would be anticipated to be created, three million homes
1542 would be retrofitted. Is this based on an estimate of \$6
1543 billion in funding over 2 years?

1544 Mr. {Laseter.} Yes, sir.

1545 Mr. {Pitts.} And what are the assumptions underlying
1546 the estimate that three million homes would be retrofitted?

1547 Mr. {Laseter.} We can follow-up with the written

1548 reports. We used the report from AC Triple E and Climate
1549 Works who relied heavily on the MacKenzie study and other
1550 published works to come up with those estimates but the
1551 HomeStar Coalition would be happy to submit the detail.

1552 Mr. {Pitts.} Governor, as far as job creation in the
1553 manufacturing sector is concerned, what impact would a fully
1554 implemented HomeStar Program have in comparison to new home
1555 construction returning to pre-recession levels?

1556 Mr. {Engler.} Well, I don't know what the new home
1557 construction gets back to. I said in my testimony if we got
1558 back to where we were there is an additional 128,000 jobs. I
1559 mean these are all estimates. Could HomeStar if we suddenly
1560 are able to reach three million homes you get a lot of impact
1561 that is not all right in manufacturing because there is a lot
1562 of it in the service sector as well that is dependent on
1563 manufacturing and manufacturing is dependent on service
1564 people being busy so we can make products for them. I don't
1565 have a hard number on that.

1566 Mr. {Pitts.} Are there any other programs you would
1567 like to see included or does HomeStar exclude any beneficial
1568 energy efficient products or improvements for the home?

1569 Mr. {Engler.} The committee draft there were some
1570 concerns on some of the do-it-yourself work that could be
1571 done. There has been some modification I think that

1572 recognizes some of that and as I think Mr. Thaman testified
1573 there is in the Silver Star there are things that can get
1574 done very quickly. In the Gold Star you are pretty much wide
1575 open to I mean if you want to do an entirely new HVAC, new
1576 water heaters, new whatever it is all there for that so I
1577 think it has done a pretty good job. I realize I mean the
1578 intention is we would like to move quickly to get this gone.
1579 In fact, I would like to see the agency commit to 30 days to
1580 be done. I don't know what there minimums are but, you know,
1581 most it shouldn't take 60 days of government work to write a
1582 simple rule, first draft it is a pretty straightforward.
1583 That ought to be--the draft ought to be done now at the
1584 agency so the minute it is signed and the rule is filed that
1585 we can accelerate this because we got to get away from
1586 government time and go to private sector time which is much,
1587 much more aggressive.

1588 Mr. {Pitts.} Well, the do-it-yourself, Mr. Thaman,
1589 provision in the latest bill draft is \$250. Do you know how
1590 much the cost for insulation of an average home this would
1591 cover?

1592 Mr. {Engler.} I will turn to Mr. Thaman. We have got
1593 an expert sitting next to me on that one.

1594 Mr. {Thaman.} You know, again it is going to depend
1595 whether you have an insulation contractor coming in to

1596 install the product for you or not but in a typical home if
1597 you were to go and buy a product at a big box retailer and
1598 bring enough product home to restore at least the attic
1599 portion of your home to today's energy codes, certainly for
1600 \$800 or \$1,000 you could buy enough product to bring your
1601 attic up to code so we would expect for the \$250 rebate that
1602 that is a pretty good size incentive to encourage people to
1603 want to go do that project.

1604 Mr. {Pitts.} Thank you, I have gone over time, sorry.

1605 Mr. {Markey.} The gentleman's time has expired, no
1606 problem.

1607 The chair recognizes the gentleman from Vermont, Mr.
1608 Welch.

1609 Mr. {Welch.} Thank you very much, Mr. Chairman.

1610 Mr. Engler or Governor Engler, I did some careful
1611 research about your background before this hearing and I
1612 understand you are a Republican.

1613 Mr. {Engler.} Well, I was certainly elected that way 10
1614 times.

1615 Mr. {Welch.} Well, what I want to ask you if you are
1616 here supporting a program that is advanced by a Democratic
1617 Administration, it is being advanced by some of our best
1618 manufacturers and environmentalists, it is supported by
1619 management and labor, by homebuilders and homeowners, do you

1620 get nervous being in that company or should we take this as a
1621 suggestion that maybe this is a good idea?

1622 Mr. {Engler.} Well look, the last time I checked with
1623 10 percent unemployment rate we have got a lot of
1624 unemployment for Republicans and Democrats with enough to go
1625 around out there so we would like to put people back to work.
1626 We think this does that and from the manufacturing
1627 perspective, we just want to see things put in place that
1628 will work, that will work quickly and get us back on a road
1629 to recovery. There is simply not enough demand in this
1630 country.

1631 Mr. {Welch.} And that is the point and I really do very
1632 much appreciate you being here. The other question that is
1633 legitimately raised is always about details about practical
1634 implementation and I just ask this of the panel. This is
1635 intended to be designed so it is simple. You are relying on
1636 our local manufacturers like Owens Corning and Masco that are
1637 already in this work but need more demand. You are relying
1638 on contractors who are not building homes but know how to
1639 retrofit homes so we don't have to do all kinds of training,
1640 and we are relying on homeowners who are going to have to get
1641 in the game, and if I get a \$1,500 rebate or pre-bate but I
1642 have to put \$1,500 of my own money in, as a card-carrying,
1643 free market Republican do you have some confidence that I am

1644 going to make certain that if I put \$1,500 in, the tax payer
1645 puts \$1,500 in, I am going to want to get not \$3,000 but
1646 maybe \$4,000 worth of value.

1647 Mr. {Engler.} There is no question about that. That is
1648 exactly right and this is very different then one member has
1649 asked the question about weatherization earlier. I mean if
1650 this were going to be running through CAP agencies I would be
1651 here opposing it.

1652 Mr. {Welch.} Right.

1653 Mr. {Engler.} This is not going to do that. This is
1654 going to go to private sector.

1655 Mr. {Welch.} Yeah, it is private sector. It is private
1656 homeowner and, Mr. Laseter and Mr. Thaman, does this create
1657 hassles for you, this program? Sometimes programs come up
1658 and they have all kinds of strings attached and burdens
1659 imposed on you or does this allow you to be more successful
1660 just by doing what you do but do more of it?

1661 Mr. {Laseter.} Yeah, I think the strength of the
1662 HomeStar Coalition was having a broad input from, you know,
1663 industry, labor, environmental groups and, you know, national
1664 associations and State energy officials so a lot of players
1665 who have done this for many years with a heavy focus on the
1666 industry. This program is simple for the customer because
1667 the consumer gets an instant rebate. It is going to be

1668 simple for the contractor. They fill out a form to send to
1669 get their money back and that is one of the reasons this
1670 thing is going to work.

1671 Mr. {Welch.} Right.

1672 Mr. {Thaman.} Congressman Welch, in my testimony I said
1673 that it is important that this be simple, it be meaningful
1674 and it be direct. I think one of the key things here is
1675 homeowner education and if we give the private sector an
1676 incentive to get out there and market the idea and sell the
1677 idea I think you are going to get a multiplier affect as
1678 opposed to having a Government agency try to do it.

1679 Mr. {Welch.} Right and, Mr. Pratt, we have got the
1680 workforce out there that wants to get to work?

1681 Mr. {Pratt.} Yes and we have an opportunity to use the
1682 existing 800 homebuilder associations to do training if that
1683 is the case.

1684 Mr. {Welch.} Okay and, you know, Secretary Zoi, I do
1685 know that you have heard from these folks and others that
1686 simplicity is the key here. That partnership between the
1687 public and the private using what we have, not reinventing
1688 something new to do something that needs to be done and we
1689 know how to do it. Governor Engler suggested speed is of the
1690 essence and simplicity is of the essence. My sense is that
1691 you are very committed to speed and simplicity, and I just

1692 wish you would comment on that.

1693 Ms. {Zoi.} Well, absolutely, we and I have spent about
1694 half my career in the private sector trying to get things
1695 done quickly and Government is not always famous for that.
1696 This program has been designed to utilize and harness the
1697 very strong presence and knowledge of all of these sector
1698 experts that are in the private sector now and to leverage
1699 the marketing capability, as I think as Michael just
1700 mentioned so we absolutely have this in mind. We all need to
1701 do this if we can do it quickly and we can do it quickly.

1702 Mr. {Welch.} Okay, well, I look forward to working with
1703 my colleagues on trying to address whatever suggestions they
1704 have to make this simpler and more efficient.

1705 I yield back. Thank you.

1706 Mr. {Markey.} Great, the gentleman's time has expired.

1707 The chair recognizes the gentleman from Illinois, Mr.
1708 Shimkus.

1709 Mr. {Shimkus.} Thank you, Mr. Chairman, and as I start
1710 we have our fine technician working on our thermostat right
1711 here perfectly timed. Wave to everybody so it is great
1712 timing maybe we can include.

1713 Mr. {Markey.} It is a very old-fashioned thermostat.

1714 Mr. {Shimkus.} That is right. We need some Government
1715 money to do that.

1716 Let me and it is great to follow my friend and
1717 colleague, Peter Welch, who has been working very diligently
1718 on this. I also find it curious when a progressor really
1719 takes a free market competitive stance. I think what
1720 Republicans and conservatives are worried about right now is
1721 our national debt, all consuming above everything else. In
1722 2009, our budget was \$3.2 trillion, our deficit was \$1.3
1723 trillion and our debt was \$12.3 trillion. In 2010, our
1724 budget was \$3.3 trillion, our deficit \$1.3 trillion and our
1725 debt was \$14.5 trillion. That is debt. This year we got a
1726 \$3.4 trillion budget, a projected \$1.65 trillion deficit and
1727 a debt that is going to hover around \$15.7 trillion so a lot
1728 of the concerns that we have over here is how will we pay for
1729 this and does anything on the panel want to suggest how we
1730 are going to do that?

1731 Ms. {Zoi.} The President has suggested previously
1732 paying for this out of TARP, their funds.

1733 Mr. {Shimkus.} And wasn't the TARP legislation
1734 originally passed that that would go down to pay down the
1735 debt?

1736 Ms. {Zoi.} And I guess I would suggest.

1737 Mr. {Shimkus.} Was that what the law says on the TARP
1738 funds, correct, right now? The answer is yes so that is not
1739 an answer. That is taking legislation that we had designed

1740 to pay down the debt as the TARP funds got paid back and now
1741 using it to fund another program which is not solving the
1742 problem of a pay-for.

1743 Ms. {Zoi.} I think this is part of a jobs proposal and
1744 I think what we find ourselves in is that we still, the
1745 economy still needs.

1746 Mr. {Shimkus.} So you are not predicting a pay-for for
1747 this?

1748 Ms. {Zoi.} I think that the Congress should work out
1749 with the Administration the best way to pay for this.

1750 Mr. {Shimkus.} Okay so you want a pay-for for this?

1751 Ms. {Zoi.} We want the bill to be passed so that we can
1752 get these people back to work.

1753 Mr. {Shimkus.} Well, do you want this paid for or not?

1754 Ms. {Zoi.} I think that we would like to.

1755 Mr. {Shimkus.} Or do you want to go into further debt?
1756 That is the question I mean you are from the Administration.
1757 Do you want this paid for or do you want us to go and
1758 continue debt and deficit spending?

1759 Ms. {Zoi.} I think we will need to have conversations
1760 to work this out together.

1761 Mr. {Shimkus.} You know that on the House side we have
1762 pay-for legislation. Would you think that is important for
1763 us to continue to abide by our pay-go rules now in the House

1764 that this be fully paid for?

1765 Ms. {Zoi.} I think that is a matter for your
1766 consideration.

1767 Mr. {Shimkus.} Okay, the Administration has no position
1768 on whether this should be pay-for or not?

1769 Ms. {Zoi.} We would like to work with you to get the
1770 bill passed.

1771 Mr. {Shimkus.} Okay, thank you very much.

1772 Anyone else want to talk about whether national debt is
1773 something to be concerned about?

1774 Mr. {Engler.} Sure, I will take a piece of this. I
1775 mean you have got to realize that the Department here is on
1776 the spending side. You have to, Mr. Orzag and the budgeters
1777 in here I guess but from the manufacturing perspective there
1778 are a number of things that we ought to do as a Nation that
1779 would be both useful in terms of having a growth strategy and
1780 I think important to reduce the debt. I will throw one where
1781 there is \$60 billion of exports riding on fixing the export
1782 control laws that are antiquated in this country. We could
1783 export more of our technology goods. We ought to do trade
1784 policy more effectively and there are a lot of jobs there. I
1785 think we also need to look at as people go back to work and
1786 are working, the economy is growing there are actually more
1787 taxes than even in the '90s. If we look it was really

1788 economic growth that had a big contribution as well as fiscal
1789 spending restraint that happened and I think when you have
1790 got the unemployment rate at double digit levels where we are
1791 today that these kind of programs ought to be looked at as
1792 how many people go back to work, how many taxes they will pay
1793 and how that fits in but there is a whole host of other
1794 things that I would.

1795 Mr. {Shimkus.} Yeah and let me finish with this,
1796 Governor Engler. I appreciate your position and comments.
1797 There is a lot of uncertainty out there in America today,
1798 especially in the manufacturing sector. Does movement to an
1799 energy legislation or climate legislation provide more or
1800 less of certainty in the manufacturing sector?

1801 Mr. {Engler.} It is helpful because energy security is
1802 very important to manufacturing.

1803 Mr. {Shimkus.} What about climate?

1804 Mr. {Engler.} Well, I think it is helpful in showing
1805 that there are market-oriented solutions that will work.

1806 Mr. {Shimkus.} What about the increased cost of energy
1807 that will be passed on to the manufacturing sector?

1808 Mr. {Engler.} Well, this actually helps to reduce that.

1809 Mr. {Shimkus.} No, I am not talking about this. I am
1810 talking about climate legislation.

1811 Mr. {Engler.} Well, we have a number of issues with the

1812 chairman on when we get to that question and hopefully.

1813 Mr. {Shimkus.} Well, that is why we have you here we
1814 get a chance to ask you about these all-pressing issues.

1815 Mr. {Engler.} I am happy to spend time on that if you
1816 wish, if you want to go there.

1817 Mr. {Shimkus.} I know you are. My time has expired.
1818 Thank you.

1819 Mr. {Markey.} I thank you, Governor, you did not know--
1820 you did not have an answer to my extraneous questions so
1821 thank you for not having an answer to Mr. Shimkus. You are
1822 very consistent and you are very consistent in your
1823 testimony.

1824 Mr. {Engler.} I realize who is chairing, Mr. Chairman.

1825 Mr. {Markey.} I know you have an answer to both of them
1826 actually but thank you for staying on point here.

1827 The chair recognizes the gentleman from Georgia, Mr.
1828 Barrow.

1829 Mr. {Barrow.} Thank you, Mr. Chairman.

1830 Just following up on the theme that has been raised
1831 several times about how to make this as low-maintenance, as
1832 user-friendly as possible. What will the customer, the
1833 taxpayer, the homeowner actually experience? What will the
1834 experience be like for the man or the woman that we are
1835 asking to basically we are trying to get to nudge in this

1836 direction because as Mr. Welch has pointed out, folks are
1837 going to have to have some skin in the game and we want to
1838 give folks and encouragement, a proper encouragement. We
1839 don't want to discourage them with something that is
1840 bureaucratic, involves a hassle, involves making them think
1841 about things that actually try and get in the way of doing
1842 what is even in there rational best interest to use a
1843 behavioral economic-type approach to this problem. Who can
1844 describe what the experience is going to be like for the
1845 customer? What are the things that they get to consider and
1846 what is it going to be like and especially comparing and
1847 contrasting this with another approach, let us say a tax
1848 credit approach which I think has certain advantages but also
1849 certain disadvantages in terms of encouraging folks to do
1850 things right away giving them the feedback, the positive
1851 feedback right away? Who wants to take a, Mr. Laseter, would
1852 you like to take a stab at that?

1853 Mr. {Laseter.} I am happy to give an answer as a
1854 contractor serving customers.

1855 Mr. {Barrow.} Thank you.

1856 Mr. {Laseter.} When we go in the home today we do
1857 proposals today as general contractors big and small do every
1858 single day in America, and under this program we can add a
1859 line item that will say here is your instant rebate under the

1860 HomeStar Program and subtract that amount so the customer
1861 pays the total minus the instant rebate to us. That is the
1862 customer experience. There is not a research do I qualify
1863 for the tax credit. I have to pay you now and go out-of-
1864 pocket and I get my tax credit back next year.

1865 Mr. {Barrow.} Hopefully.

1866 Mr. {Laseter.} Right that, excuse me, is a point of
1867 sale from the homeowner's perspective when they are buying or
1868 purchasing they are getting an instant rebate and that is the
1869 difference and what will really drive some consumer demand.

1870 Mr. {Barrow.} How about for the retailer though, the
1871 manufacturer, the folks who are being who are coming up with
1872 the materials to be sold and installed? What is the
1873 experience like for them?

1874 Mr. {Laseter.} Yeah, from the perspective of the supply
1875 chain after that, as a contractor I submit my paperwork to
1876 get my instant rebate. That is applied directly to again
1877 contractors big and small who participate in the program and
1878 then we buy through distribution channels that may be at
1879 retail. They may be, you know, direct. They may be, you
1880 know, through distributors that are in the marketplace for
1881 these different products and services. So the money, you
1882 know, just goes all the way up the supply chain that exists
1883 today.

1884 Mr. {Thaman.} And from an Owens Corning perspective as
1885 is the case I think of most the manufacturers, you know, the
1886 nature of our business would not change dramatically in terms
1887 of how we invoice or get reimbursed by our customers.
1888 Hopefully, it would change because there would be more demand
1889 and obviously with our distinctive pink brand and our brand
1890 name we talk to homeowners all the time. We talk to
1891 retailers all the time. I think you would expect companies
1892 like ours to be very aggressive about helping promote these
1893 ideas and get homeowners to understand that for a limited
1894 time, they have an opportunity to do something good for their
1895 home, good for their energy bill and good for the
1896 environment.

1897 Mr. {Barrow.} Thank you.

1898 And with that, Mr. Chairman, in the interest of letting
1899 some others have some of the time remaining, I yield back the
1900 balance of my time.

1901 Mr. {Markey.} Great, we thank the gentleman.

1902 The chair recognizes the gentleman from Alabama, Mr.
1903 Griffith.

1904 Mr. {Griffith.} I am sorry. Thank you, Mr. Chairman, I
1905 am sorry I was late coming back in but the suppliers of the
1906 windows and other materials, those we heard that they were
1907 going to be mostly American manufacturers and is there any

1908 way to ensure what percentage that might be or is that
1909 germane? Is that an important question?

1910 Mr. {Thaman.} Well, you know, I can start by talking
1911 about the insulation industry. I mean insulation is kind of
1912 uniquely U.S. centric because it is a very lightweight, low
1913 value product and so you can't ship it very far. So the
1914 nature of the product is we make fiberglass insulation our
1915 input materials are sand. Our sand suppliers and our bag
1916 suppliers are very close by to us. We manufacture close to
1917 the market. Our trucking firms are very close to us. Our
1918 contractors live in the communities in which they install.
1919 So we see a supply chain that begins and ends right in the
1920 United States without any need for any intervention to say
1921 this needs to be U.S.-based.

1922 Mr. {Griffith.} Thank you.

1923 Mr. {Engler.} Specifically on windows, the window and
1924 door manufacturers were in town this week and all over the
1925 Capitol, but that again is the kind of product given its
1926 weight, it is actually being produced in many, many States
1927 close to the markets. It is not something that you ship from
1928 across the world here for the domestic door-window, windows
1929 in particular.

1930 Mr. {Griffith.} Thank you. I agree completely. Where
1931 are the most obvious areas for abuse of this program? Would

1932 it be in the contractor? Would it be in the invoicing? Is
1933 there any competition for a customer to get a second bid on
1934 the cost? How does that work?

1935 Ms. {Zoi.} Well, what we intend to set up is a system
1936 that does not allow rebates or double rebates so again what
1937 the limiting factor will be one measure, one eligible measure
1938 per address and the system, once that gets admitted we won't
1939 accept double claims so again you can design that with modern
1940 IT and not allow, I mean just as if you are online shopping
1941 and you haven't filled out a field you get a little red
1942 signal. It is like uh-oh, you know, 234 Main Street has
1943 already gotten an official water heater through this program.
1944 They can't do it so again, we are going to set up a system
1945 that doesn't allow that.

1946 Mr. {Laseter.} And if I may from a customer's
1947 perspective, this is a market-based program. The customer
1948 can shop as many general contractors as they would like to
1949 shop to get the best price before they decide to do the home
1950 improvement so again we think the strength of the program is
1951 it is so market-based.

1952 Mr. {Griffith.} I appreciate those answers and they are
1953 comforting and I appreciate that.

1954 Mr. Chairman, I yield back my time.

1955 Mr. {Markey.} Great, the gentleman's time has expired.

1956 The chair recognizes the gentlelady from California, Ms.
1957 Capps.

1958 Mrs. {Capps.} Thank you, Mr. Chairman, and before I
1959 begin, may I ask unanimous consent to enter into the record
1960 two statements each in favor of the HomeStar and Lead
1961 Renovation Rule?

1962 Mr. {Markey.} Without objection, they will be included.

1963 Mrs. {Capps.} One is from the Labors International
1964 Union of North America and the other is from the American
1965 Public Health Association.

1966 Mr. {Markey.} Great, without objection, so ordered.

1967 [The statements follow:]

1968 ***** COMMITTEE INSERT *****

1969 Mrs. {Capps.} Thank you very much.

1970 As you know, Mr. Chairman, in 1992, this committee held
1971 hearings on a serious problem, hundreds of thousands of
1972 children being harmed by exposure to lead which damages the
1973 development of the brain and nervous system. This committee
1974 took action and passed the Lead Exposure Reduction Act on a
1975 bipartisan vote of 39 to 4. That legislation reduced lead
1976 hazards in a number of ways including by requiring EPA to
1977 identify lead-safe remodeling and renovation practices and to
1978 make sure that contractors were trained in these lead-safe
1979 practices. Now, almost 20 years later, EPA has developed
1980 these commonsense rules and they will finally go into effect
1981 next month.

1982 Now, Mr. Pratt, you have suggested in your testimony
1983 that these long, overdue projections for children's health
1984 should be further delayed in conjunction with the HomeStar
1985 Program and I find this particularly very troubling. I
1986 wonder if you are aware that the EPA and Centers for Disease
1987 Control estimate that one million American children are not
1988 exposed to harmful levels of lead that damage the development
1989 of their brains and nervous systems, often irreparably?

1990 Mr. {Pratt.} Yes, the point that I was trying to make
1991 was that there was 14,000 contractors.

1992 Mrs. {Capps.} Let me get to that in a second but thank
1993 you. Are you aware that the first year it is in effect, the
1994 lead rule is expected to shield 1.4 million children under
1995 the age of six from hazardous lead dust?

1996 Mr. {Pratt.} Yes.

1997 Mrs. {Capps.} Mr. Pratt, your testimony states that EPA
1998 has not certified enough contractors to comply with the Lead
1999 Renovation Rule and your testimony asserts that fewer than
2000 14,000 contractors have been trained to date. Mr. Pratt, I
2001 understand that the committee's desk spoke with EPA
2002 yesterday. Did you know that based on updated information,
2003 the EPA estimates that 50,000 individuals have now been
2004 trained to date at more than 3,100 courses. Are you aware
2005 that EPA estimates that at least 100,000 individuals will be
2006 trained by the time the rule goes into effect next month?

2007 Mr. {Pratt.} No, I was not but I would modify my
2008 written testimony if that is what is needed.

2009 Mrs. {Capps.} Thank you. Let me just wind up then.
2010 Thank you. Your testimony states that there are no training
2011 providers in several States and I want to clarify that many
2012 of the training providers do travel from State to State and
2013 these traveling providers have traveled to States that do not
2014 have fixed site trainers. For example, despite the absence
2015 of a fixed site training entity, hundreds of renovators have

2016 been trained in Louisiana already and I am going to close by
2017 just saying, Mr. Chairman.

2018 Mr. {Markey.} You have 2 minutes left.

2019 Mrs. {Capps.} I know but I want to make a statement. I
2020 appreciate Mr. Pratts acknowledgement that maybe we need to
2021 update, you know, the numbers that we have according to the
2022 latest figures that we were able to get but I for one
2023 strongly oppose the notion of delaying this Lead Rule. I
2024 don't believe it is right and I don't believe it is
2025 necessary. I believe taxpayer dollars shouldn't go to,
2026 should not go to projects that permanently damage children
2027 and I don't accept that we need to sacrifice our kids' health
2028 in order to put people back to work and save energy and with
2029 that I yield back my time, Mr. Chairman.

2030 Mr. {Markey.} We thank the gentlelady.

2031 The chair recognizes the gentleman from Texas. Oh,
2032 yeah, I think it is the gentleman from Texas, Mr. Burgess.

2033 Dr. {Burgess.} Thank you, Mr. Chairman.

2034 Secretary Zoi, one of the little magazines that we all
2035 get up here all the time last week had some numbers from your
2036 Department about what had been received in Stimulus funds and
2037 what had actually been spent. Presumably, that was public
2038 information that was put out by the Department of Energy.
2039 How have you done on spending the money that you got from the

2040 Stimulus Bill last year?

2041 Ms. {Zoi.} The--we are in a really good spot now. We
2042 are ramping up. Some of the shovel-ready projects took a
2043 little longer to get the shovels in the ground based in part
2044 because of the design of the program and the design of the
2045 statute. Just to take a few that are under my portfolio, the
2046 Weatherization Assistance Program now.

2047 Mr. {Markey.} Ms. Zoi, can I just, yeah, thank you.

2048 Ms. {Zoi.} How about that?

2049 Mr. {Markey.} Good.

2050 Ms. {Zoi.} The Weatherization Assistance Program now is
2051 at nearly at its full ramp rate of about 20 to 25,000 homes a
2052 month. The State Energy Program, that is a \$3.2 billion
2053 program where the money was obligated to the States at the
2054 end of September, the structure of the and a third, fully a
2055 third of the money, \$1 billion is out in awards.

2056 Dr. {Burgess.} Yeah, let me, I hate to interrupt but
2057 obviously my time is limited. The chairman is very strict
2058 with me.

2059 Mr. {Markey.} Not today, whatever you want. We will
2060 just be open-minded.

2061 Dr. {Burgess.} But \$823 million has been spent as of
2062 March 4 figures that were available of the appropriated \$25
2063 billion and we have got a bill in front of us that has

2064 essentially a blank check written in the back and we
2065 appropriate such sums as are necessary. Why would you need
2066 any additional money at all when you have \$25 billion waiting
2067 to be used?

2068 Ms. {Zoi.} We have.

2069 Dr. {Burgess.} Why not use that money first before
2070 coming and asking as they were described yesterday, the
2071 feckless appropriators, for an additional \$6 billion.

2072 Ms. {Zoi.} The program, the programs have obligated I
2073 think \$25 billion of the \$36 billion that came to the
2074 Department of Energy so that is all either under contract out
2075 at the State level workers have been hired. The figures that
2076 show up as spent don't show up as spent in the Federal system
2077 until the Federal Government gets invoiced by the grantee and
2078 in many cases it is a State or it is a private, it is a
2079 university or it is a private company so the actual costing
2080 figures which is in everyday parlance it is money spent, that
2081 lags in terms of actually the work being done. There are so
2082 we do not have available to use whatever number of billions
2083 of dollars because the vast majority of that has already been
2084 obligated to good projects that are out in the field creating
2085 jobs right now.

2086 Dr. {Burgess.} The Stimulus Bill was passed in February
2087 with a great deal of rapidity without time to read the bill

2088 because it was so important to get the money out there but
2089 now here we are 13 months later and only a small portion of
2090 the monies that you had available has actually been delivered
2091 to projects that are putting people back to work. How do we
2092 have confidence that providing additional money to your
2093 Department is going to be utilized any more efficiently than
2094 the large amount of money that you already received?

2095 Ms. {Zoi.} Well again, first of all, there are
2096 thousands of jobs that have been created and that money is
2097 already being put to work so for the State Energy Program for
2098 example, \$1 billion is already under contract at the State
2099 level creating jobs. Now, those States have not invoiced the
2100 Federal Government so it is not showing up as spent but the
2101 work is getting done. Private sector people and State people
2102 have been hired to get that work done. Secondly, the
2103 structure of this program is going to move even more quickly
2104 I would guess depending on what the market demanded than Cash
2105 for Clunkers did and Cash for Clunkers.

2106 Dr. {Burgess.} Oh, please don't mention Cash for
2107 Clunkers in this committee.

2108 Ms. {Zoi.} All right but to your point is there a
2109 spending bottleneck.

2110 Dr. {Burgess.} That is not a good metric.

2111 Ms. {Zoi.} The structure of the program.

2112 Dr. {Burgess.} Listen, none of us are against energy
2113 efficiency but this should be driven by the market. I know
2114 of two electric companies back in my district, one which is
2115 providing a credit to homeowners if they want to put solar
2116 equipment on their homes. Another which is really a forward-
2117 leaning project will allow homeowners to rent the equipment.
2118 The electricity company is providing the capital and the
2119 homeowner rents the equipment and sells the electricity back
2120 because we do have net metering in Texas. Those are great
2121 programs. This is something that should sell itself. We
2122 shouldn't have to go in debt billions of more dollars to
2123 foreign countries in order for these programs to happen
2124 because they are a good idea. People want to do this and
2125 when they find out the amount of money, I have no quarrel
2126 with people putting solar panels on their roof. I think in
2127 Texas it makes a lot of sense. We primarily use a lot of
2128 electricity during the summertime. We need our air
2129 conditioners. I am all for putting lots of solar panels on
2130 lots of roofs and let us not build another coal fire plant.
2131 I think that is a good idea but it sells itself. Why are we-
2132 -is it necessary to pump money into what seems to be a fairly
2133 inefficient, bureaucratic pipeline that takes 13 months to
2134 get deliverables out to the other side? It seems like the
2135 marketplace could move much more rapidly on this. That is

2136 just an observation. One other thing in the newspapers in
2137 Texas, the business section of the Dallas Morning News a few
2138 weeks ago detailed this large wind farm that was going to go
2139 into west Texas with Stimulus money and they were buying
2140 Chinese windmills. Now, what is up with that? We have got a
2141 windmill blade manufacturer in Gainesville, Texas. Why
2142 didn't we buy American blades for that?

2143 Ms. {Zoi.} Well, we haven't seen that, the proposal for
2144 that project. The 1603 Program I think to which you are
2145 referring again has created already 10,000 construction jobs,
2146 2,000 ongoing jobs.

2147 Dr. {Burgess.} In China.

2148 Ms. {Zoi.} No, no, in the United States. Those jobs
2149 are in the United States. The wind and I agree with you, the
2150 wind blade manufacturing capability has grown significantly.
2151 A few years ago the wind industry, the domestic contract in
2152 the wind industry was probably about 25 to 35 percent. It is
2153 now because of all the work that is being done it is now over
2154 53 percent and with the 48C Program that we talked about a
2155 little earlier in this hearing, we are investing in the
2156 ability to manufacture gear boxes. At the moment, wind gear
2157 boxes are not manufactured in the United States because we
2158 haven't had policies to support it but all of that is coming.
2159 We are on a trend line here to rebuild and catalyze the

2160 renewable energy industry that is incredibly important for
2161 creating jobs across this country.

2162 Dr. {Burgess.} I know in the interest of time, let us
2163 get you that article. It was in the business section of the
2164 Dallas Morning News last month and I would like to if you
2165 don't mind submit that to you and see if we can get your
2166 comments about what was contained within that article.

2167 Thank you, Mr. Chairman, for your indulgence. I will
2168 yield back.

2169 Mr. {Markey.} We thank the gentleman very much and the
2170 Dallas Morning News is actually going to host about 25,000
2171 people at the Wind Convention in a couple more months.

2172 Dr. {Burgess.} There is a lot of money in that.

2173 Mr. {Markey.} Well there is and they are turning it
2174 into money so let me turn now and recognize the gentleman
2175 from California, Mr. McNerney.

2176 Mr. {McNerney.} Thank you, Mr. Chairman.

2177 I would like to just address the issue that the
2178 gentleman from Texas raised. I spent my career developing
2179 wind energy technology only to see that technology go
2180 overseas because there wasn't sufficient support in this
2181 country so the jobs that we should have been creating are
2182 being created in China. They are being created in Germany
2183 because they are putting windmills in that country like crazy

2184 and we need to change that and create those jobs here.

2185 Back to the question at hand, my district has sections
2186 that are very hard hit by the economy and what I would like
2187 to see is some mechanism in this legislation or this program
2188 that would help implement this sort of process in hard hit
2189 areas. My concern is that people that are marginal
2190 economically aren't going to be interested in investing
2191 \$1,500 without some sort of incentive that makes it possible,
2192 additional training, for example, or other methods to get
2193 those homes that probably need it more than any other homes
2194 to be insulated and become more efficient. Do you have any
2195 suggestions or ideas that would be beneficial in that light?
2196 I will let the Secretary.

2197 Ms. {Zoi.} We will quickly. One of the terrific things
2198 about the bill is that there is a provision for financing,
2199 local financing and there are a variety of ways to provide
2200 finance to make it possible for folks who do not have that
2201 money in their bank account to be able to take advantage of
2202 this and the whole theory is that you borrow a little bit of
2203 money but the savings on you energy bills will allow that to
2204 be paid back. So again I would commend that provision of the
2205 bill in particular.

2206 Mr. {McNerney.} Okay, Mr. Pratt.

2207 Mr. {Pratt.} The training program that HBI has come up

2208 with has trained disadvantaged people definitely in the
2209 Weatherization Program. I have instructed hundreds of people
2210 on the installation of weatherization. Most of those people
2211 are disadvantaged in some variety to the point where people
2212 ask me if they can return the bottles to get the bus ride so
2213 they can come back the next day. It is very imperative that
2214 this program not necessarily just be a certification program
2215 where you certify contractors that you are actually specing
2216 the weatherization training that is going on instead just the
2217 specific certification that someone gets from it.

2218 Mr. {McNerney.} Well, that is a good point. A concern
2219 I have is that if there is a program that gets ramped up too
2220 quickly there won't be enough people out there to know how to
2221 do what they need to do. Walking into a house and making an
2222 assessment of what needs to happen to make the house more
2223 efficient, it is not rocket science necessarily but it needs
2224 training and it needs certification. Are we going to be able
2225 to ramp up enough people to meet those needs if this program
2226 moves forward?

2227 Mr. {Pratt.} This program in front of you, this program
2228 here, not necessarily the HomeStar Program in itself but this
2229 program right here specs the level of training that is
2230 designed for the sixth, seventh, eighth-grader level of
2231 knowledge to be able to confer and install the products.

2232 That is what it was designed for as workforce training, not
2233 just a certification program.

2234 Mr. {McNerney.} Sure.

2235 Mr. {Laseter.} And I am sorry, the certification
2236 programs that are currently in the bill, they also have
2237 training outlets and back where the President announced some
2238 of the details that Savannah Technical Community College,
2239 there are training outlets like that everywhere where these
2240 kind of rigorous training people will receive that gives them
2241 the skills they need to actually get their certification so
2242 the additional certifications can happen quickly.

2243 Mr. {McNerney.} Okay.

2244 Mr. {Engler.} The only thin I would add to that is
2245 that, you know, as governor for 12 years I worked in a lot of
2246 hard hit areas. I currently also serve on the N.E. Casey
2247 Foundation Board so we work with communities that are hard
2248 hit. When we start reducing the unemployment rate, you
2249 should start with the people who were most recently were
2250 detached from the workforce and you work your way down.
2251 Those that are hardest hit who haven't worked in 10 years
2252 will be the last to be hired and they are the ones that need
2253 the very low minimum wage or the differential wage to be
2254 hired to get some connection. That was the way it worked for
2255 Welfare Reform and sometimes we try to do policy to get the

2256 hardest possible person to work first and that is just
2257 expensive and wasteful and it will fail. In this case, we
2258 have got millions of Americans who had jobs who aren't
2259 working. They can go right back to work. They are the ones
2260 you train first and as we get the economy moving, there are
2261 more resources left to try to deal with the chronic
2262 situations that you have just described and as far as
2263 investing, the other policy decision that is in this bill
2264 which I think the committee has made I hope is that energy
2265 savings are energy savings and when we reduce kilowatt
2266 consumption, wherever we save that kilowatt, MacKenzie's
2267 argument was get the most cost-effective savings first.
2268 Harvest, said Secretary Chu, has said the fruit on the ground
2269 or the low-hanging fruit first before we get on the tall
2270 ladder and try to reach the top of the tree and I think this
2271 is saying let us get it where we can find it and so I worry,
2272 you know, and I realize I don't have to get elected anymore
2273 but I worry less about where we get it then how much we can
2274 get in terms of kilowatt savings.

2275 Mr. {McNerney.} Okay, thank you.

2276 Mr. Chairman, I yield back.

2277 Mr. {Markey.} Great, the gentleman's time has expired.

2278 The chair recognizes the gentleman from Florida, Mr.
2279 Stearns.

2280 Mr. {Stearns.} Thank you, Mr. Chairman, and I would
2281 like first to ask unanimous consent to have a statement by
2282 the National Association of Realtors inserted in the record
2283 outlining their position on this legislation. Mr. Chairman,
2284 a unanimous consent.

2285 Mr. {Markey.} Without objection.

2286 [The statement follows:]

2287 ***** COMMITTEE INSERT *****

|
2288 Mr. {Stearns.} All right, thanks and I think you have a
2289 copy and you have seen it before.

2290 Ms. Zoi, a question always comes up. Sometimes a bill
2291 passes and there becomes technical language that changes
2292 everything. Can you say today categorically that there will
2293 be no labeling requirement that would be part of this bill if
2294 it passed? Do you feel comfortable saying that there would
2295 be no labeling?

2296 Ms. {Zoi.} Can you tease that out for me, please/

2297 Mr. {Stearns.} Yeah, I think the problem would be is
2298 like in the cap and trade there was a portion of the bill
2299 that actually put a label on the house to say that it was not
2300 complying with energy efficient requirements. It had
2301 different things and it was given in a rating and so this
2302 label created in the minds of the homeowner that one, his
2303 home was worth less and in the person who was buying it, it
2304 was discounted so you get this sort of a stigma attached to a
2305 house or a property. So we are concerned that if this bill
2306 passes that there would be some kind of understanding by you
2307 and your people in the Administration that you would put a
2308 label on a house. So I am hoping that you will say today
2309 that there will be no labeling requirement.

2310 Ms. {Zoi.} I don't think that the nature of this bill

2311 is about that.

2312 Mr. {Stearns.} So your answer is?

2313 Ms. {Zoi.} It is a voluntary program where people go
2314 and take advantage of energy efficient technology as they get
2315 installed in their home.

2316 Mr. {Stearns.} Okay, so your answer is no, for the
2317 record. Okay, the other thing I have a question for you in
2318 the bill the White House indicates that the number of homes
2319 improved under the HomeStar Program could be three million.
2320 I just flipped through here in the notebook they gave me and
2321 it appears that when you went to weatherize a home that in 1
2322 year they got a maximum across all 50 States was 125,000 is
2323 all. How did you come up with--what is the source of that
2324 estimate that you will get three million when the facts just
2325 for weatherization was only 125,000?

2326 Ms. {Zoi.} Yeah, I think that this is a different sort
2327 of program so the calculations are done based on projecting
2328 what would be the average rebate that a consumer would take
2329 advantage of? How big is the pot of money available for
2330 Silver Star rebates and Gold Star rebates? How big do we,
2331 what is the average rebate amount and that is the number of
2332 transactions that we have got so if indeed again the Senate
2333 version has nominated, you know, \$3 billion or so for the
2334 Silver Star Program, you figure each house will take

2335 advantage of, you know, one measure or 1.2 measures like 1.2
2336 children, then you just do that math. So you are able to
2337 reach that many more homes than the Weatherization Assistance
2338 Project which is what I think you are referring to where they
2339 go and do kind of a whole home retrofit for low-income folks
2340 up to the tune of anywhere between \$4,500 and \$6,500 per
2341 home. The average investment per home and with this is
2342 likely to be lower therefore, more homes will get done.

2343 Mr. {Stearns.} My colleague, Mr. Shimkus, had mentioned
2344 how are we going to pay for this. The President has talked
2345 about freezing a very small portion of the discretionary
2346 spending. Perhaps, an across the board spending freeze would
2347 help pay for this or even some kind of freezing with
2348 Government employees. We have seen a lot of articles
2349 recently about everybody is taking a sacrifice but not
2350 necessarily Government employees and so that is possibly one
2351 way to help pay for this. The other thing I am concerned
2352 about is that the way you have it in this Rebate Program it
2353 might be more effective and shall we say less bureaucratic
2354 that you wouldn't have to use all these formulas if you had a
2355 tax credit and I think this had been brought up before, are
2356 you receptive to a tax credit rather than a rebate?

2357 Ms. {Zoi.} Well, there is an existing.

2358 Mr. {Stearns.} Just yes or no.

2359 Ms. {Zoi.} There is an existing tax credit and we have
2360 an opportunity now to harmonize job creation immediately with
2361 energy savings for families so I think this again this
2362 program will have an immediate catalyzation of a big part of
2363 the sector.

2364 Mr. {Stearns.} Let me read this other question, it is a
2365 little long. The bill doesn't allow taxpayers to receive
2366 both an energy efficient, that is Section 25C, tax credit and
2367 a rebate. How will you know whether a Section 25C tax credit
2368 has been applied for regarding a HomeStar product? Is the
2369 Department of Energy going to check the IRS records? Is the
2370 IRS going to check the DOE records? Are we just going to
2371 assume that no one would be so nefarious or simply confused
2372 as to claim a credit for an item for which a rebate was
2373 received?

2374 Ms. {Zoi.} I think we would never assume Americans
2375 would be nefarious.

2376 Mr. {Stearns.} That is a safe answer.

2377 Ms. {Zoi.} But no, what happens is this is an
2378 instantaneous point-of-sale rebate. Those records would then
2379 be provided to the IRS plus it would be tax fraud if
2380 taxpayers tried to apply for both so we would have the
2381 records and then the IRS, we would provide our records to the
2382 IRS.

2383 Mr. {Stearns.} Mr. Chairman, thank you for your
2384 questions. I assume as we go around that you as the chairman
2385 will probably find a way to pay for this so that we don't add
2386 to the deficit so I would be curious of perhaps you might
2387 enlighten us how we are going to pay for this.

2388 Mr. {Markey.} Well, in your own personal instance it
2389 will probably be your winnings from the NCAA pool that you
2390 just filled out. Okay, I think that you will be able to make
2391 you perhaps \$300 up.

2392 Mr. {Stearns.} It won't be that much.

2393 Mr. {Markey.} The gentleman's time has expired.

2394 I would like to submit for the record testimony from
2395 Steve Nadell from the Americans for Energy Efficient Economy
2396 that outlines the technical specifications in HomeStar as
2397 well as the job numbers. Without objection, so included.

2398 [The statement follows:]

2399 ***** COMMITTEE INSERT *****

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2400 Mr. {Markey.} The chair recognizes the gentleman from
2401 Washington State, Mr. Inslee.

2402 Mr. {Inslee.} Thank you. Thanks for the Coalition's
2403 work on that. This is just has got such fantastic upside for
2404 us both short term and long term. We really appreciate all
2405 of your efforts. Congratulations, Governor Engler. The
2406 first lithium ion manufacturing plant in America is going to
2407 go into Michigan, in Holland, Michigan because of the
2408 Stimulus Bill. We are going to have to give you some credit
2409 for that somewhere along the line, and thanks to Mr. Welch
2410 for his leadership on this issue.

2411 I want to ask a couple of questions about those who
2412 might be skeptical a little bit about this proposal. I am
2413 really not but I would like you to address some concerns that
2414 have been raised. The first one about having the division
2415 between silver and gold in general, silver being a
2416 compensation system for specific entities, and gold being
2417 more performance-based. So I guess my first question I have
2418 is why shouldn't what will we say to those who think
2419 everything should be performance-based and we shouldn't have
2420 a dollar of taxpayer money invested until we have a specific
2421 performance of X percentage for every single house?

2422 Mr. {Thaman.} I would be happy to address that. In my

2423 testimony I referenced the MacKenzie Study and I think others
2424 on this panel did also which looked at carbon emissions and
2425 also energy efficiency and rated insulation which is the
2426 product we manufacture as the most energy efficient. One of
2427 the things you need to understand in rankings like that is
2428 cost of inspections and cost of audits are not factored into
2429 that analysis so the assumption, which I think is a good
2430 assumption, given our contractor base and the people we work
2431 with is that good, honest, hardworking people are going to
2432 install products correctly and that products installed
2433 correctly for their intended use save energy, and we know
2434 that that is the case with the insulation products that we
2435 manufacture. If we get too prescriptive in terms of
2436 specifying inspections and audits as a part of trying to make
2437 the economics of this program work, you actually destroy the
2438 economics of the products that save energy because of the
2439 additional cost so I think this bill sought to find a balance
2440 between Silver Star-type products which are known to save
2441 energy for sure, and then Gold Star-type projects where an
2442 inspector can come in and come out with a whole house
2443 approach to improving the energy efficiency of the home.

2444 Mr. {Laseter.} And if I may add on the Gold Star side
2445 as being a home performance contractor ourselves, these are
2446 proven technologies, proven models. We install many of these

2447 same proven measures. In fact, at our company we are so
2448 certain that we actually provide a whole home energy savings
2449 limited guarantee for the homeowner where we guarantee the
2450 first year energy savings so one of the beauties in the
2451 balance is proven technologies immediately in the
2452 marketplace.

2453 Mr. {Inslee.} So I just did my observation. These are
2454 proven technologies. We have good data about them about
2455 their effectiveness however we have to realize there will be
2456 some Americans who don't install them perfectly. They won't
2457 always work perfectly when they are installed but my belief
2458 is the cost of trying to assess perfection is going to be
2459 greater than the loss of imperfection of those who don't, who
2460 have two thumbs and don't do the installation exactly
2461 perfectly. That is my sort of feeling about this and that is
2462 why I think this is actually a pretty good balance that you
2463 have struck.

2464 Second question, the National Association of
2465 Homebuilders had asked to recognize the Homebuilders
2466 Institute as the certifying or a certifying, I am not sure
2467 which, entity for certifying workforces. That entity was not
2468 included. Is there a reason for that and what should we be
2469 thinking about the certifying agencies?

2470 Ms. {Zoi.} I can say from the Department of Energy's

2471 perspective we are quite interested and excited to have all
2472 qualified certifications be part of this thing and we have
2473 suggested that the Secretary has the latitude to add more as
2474 more rating schemes and qualifications schemes become
2475 available but we are quite open to the HBI being part of
2476 this.

2477 Mr. {Inslee.} Thank you, I appreciate that.

2478 Just one comment, I was reading Dr. Chu's some testimony
2479 in some blog somewhere last night about efficiency. I said
2480 this before but I want to reiterate this, I hope you will
2481 unleash him in the coming weeks particularly while the U.S.
2482 Senate is considering energy legislation to really share what
2483 he knows about this field particularly with the other chamber
2484 because it is incredibly powerful and I hope that you will
2485 allow him to live in the U.S. Senate in the next several
2486 weeks. We need a hundred and first senator and it should be
2487 one who knows the physics and, you know, could be a second
2488 Nobel Prize out there so I hope he is there. Thanks very
2489 much.

2490 Mr. {Markey.} The gentleman's time has expired.

2491 Well, we thank all of you for being here and here is
2492 what we are going to do. We are going to give each one of
2493 you your 1 minute. Give us your best shot here in 1 minute.
2494 What is it that you want this committee to do? A lot of

2495 people think that, you know, energy conservation is like
2496 watching grass grow. How can that be exciting, you know?
2497 How can that be interesting? How can that be good for our
2498 country? How can that be the smart way of going and so we
2499 will give each one of you a minute to kind of summarize it
2500 why the members of this committee, if they were all sitting
2501 here, would know why this is such an exciting subject and why
2502 they should, you know, invest the time to understand it and
2503 to explain it to the American people. So we will begin with
2504 you, Mr. Pratt, and we will go in reverse order of the
2505 opening statements so that we can have each of you make your
2506 case to the American people.

2507 Mr. {Pratt.} Well, as an experienced trainer, as
2508 someone who has trained workforce in this venue, I feel as
2509 though that opening up the marketplace to having multiple
2510 training organizations inside this program allowing
2511 disadvantaged people to go through and get training, I do
2512 believe that the existing construction network although has a
2513 lot of training still needs to be reinforced with a lot of
2514 training. My encouragement is that we don't necessarily tie
2515 this program to a certification program, that we have
2516 multiple certification programs which are already existing
2517 out there and incorporate into the program.

2518 Mr. {Markey.} All right, can you up the excitement

2519 level, Mr. Thaman, in your concluding 1 minute.

2520 Mr. {Thaman.} I will do my best, Chairman Markey. You
2521 know, we would say as we have all said that employment is
2522 very far down in the construction industry. We do not
2523 believe the economy is out of the woods and we do think that
2524 it is important that this group take action to try to
2525 stimulate the economy and create additional jobs in our
2526 sector. People are trained. They are ready to come back
2527 onto the job. We are ready to employ them if there were
2528 demand. Creating demand for energy efficiency products is a
2529 great idea. It gets a hard hit part of the economy back to
2530 work. It creates energy savings and money in the pocket of
2531 consumers. It reduces energy dependence. It reduces energy
2532 imports. It increases energy security and it is one of the
2533 few energy policy moves that we have that is actually capital
2534 creating as opposed to capital destroying because it actually
2535 creates savings and creates consumption. We think a simple,
2536 meaningful and direct incentive to homeowners to improve the
2537 energy efficiency of their home is good policy and we support
2538 it.

2539 Mr. {Markey.} Great, thank you, Mr. Thaman.

2540 Governor Engler.

2541 Mr. {Engler.} Well, just following on Mr. Thaman's
2542 beautiful remarks, it is a win for jobs. It is a win for

2543 energy efficiency. It is a win for the overall American
2544 economy and then it ought to be followed up the work on this
2545 HomeStar legislation with picking up the pace on initiatives
2546 the President has talked about that all can support. We need
2547 to get these transmission lines built in this country and
2548 rebuilt. That is free energy. It is being generated but
2549 lost in transmission. That is a simple revenue bond. We
2550 don't need Government help to do that. We just need to clean
2551 up the process and put the EPA in the closet so we don't need
2552 NEPA on existing rights-of-ways. There are already power
2553 lines. Let us build the new ones. Let us get that done.
2554 Let us get the nuclear power industry going. To Mr. Burgess'
2555 point earlier, the supplier base was largely driven out
2556 because we weren't doing anything in a lot of these areas and
2557 we better start building nuclear power plants, we will get
2558 that base back here so the whole host of these kinds of
2559 things that in the energy space, all of which put Americans
2560 to work and reduce the emissions and reduce the energy
2561 intensity of the country.

2562 Mr. {Markey.} Thank you, Governor Engler, very much.

2563 Mr. Laseter.

2564 Mr. {Laseter.} Yes, sir, Chairman Markey, I will start
2565 with two words, granite countertops, okay, that is exciting.
2566 People when they can in this economy when they can often get

2567 the money to do a home improvement.

2568 Mr. {Markey.} If they were remaking the movie, ``The
2569 Graduate'' today, that is what they wouldn't be saying
2570 plastic. They would be saying granite countertops.

2571 Mr. {Laseter.} When people have the money to do home
2572 improvement they start thinking granite countertops. This
2573 program will put energy efficiency on sale for every American
2574 household so instead of thinking granite countertops, they
2575 will think energy efficiency and that is the reason this
2576 program will work.

2577 Mr. {Markey.} Great, thank you, Mr. Laseter.

2578 Ms. {Zoi.} I like that.

2579 Mr. {Markey.} Can you move in that microphone just a
2580 little bit closer?

2581 Ms. {Zoi.} I think we have a moment to create speed and
2582 scale in the efficiency sector. I don't know whether who has
2583 been at this longer, Chairman Markey or me but we have been
2584 trying to make energy efficiency sexy for a long time. The
2585 truth is though last year only 40,000 non-low-income
2586 retrofits were done in this country and it sounds like one of
2587 them was done in Mr. Burgess' house. What we need to do is
2588 create speed and scale, leverage the private sector. We have
2589 an alignment here that is unprecedented with private sector
2590 players, Government players, Federal players, State players

2591 to stand this up so that we can get out of this and having
2592 building tune-ups becomes normal business for Americans going
2593 forward.

2594 Mr. {Markey.} Thank you, Secretary Zoi, as well.

2595 Oh sure, the gentleman from Texas.

2596 Dr. {Burgess.} My home was not a retrofit. It was new
2597 construction. It was all paid for with duly earned, after
2598 tax dollars. No Federal program was involved.

2599 Mr. {Markey.} You know what? You were right but too
2600 soon for this program, okay if you had just waited 40 years.

2601 Dr. {Burgess.} Well, Mr. Chairman.

2602 Mr. {Markey.} You too could have.

2603 Mr. {Engler.} Here is the problem though, Congressman,
2604 in your district you will have to pay for a new power plant
2605 if everybody else doesn't get their homes cleaned up because
2606 the energy will run out some day and I want to avoid that.
2607 That is cost avoidance.

2608 Dr. {Burgess.} And, Mr. Chairman, with your indulgence,
2609 let me have a try at the 1 minute let us make efficiency
2610 appealing. Where else could you get Ed Markey, Mike Burgess
2611 and Roscoe Bartlett on the same page? Energy efficiency is
2612 the common ground whether you are worried about global
2613 warming, national security or peak oil. This is where all of
2614 those come together and no one on this committee, regardless

2615 of which side of the dais they sit on can really make a
2616 coherent argument in favor of wasting energy.

2617 Mr. {Markey.} I hope it would actually be we would
2618 agree that we don't want Notre Dame to win the NCAA
2619 Tournament, okay. There Texas and Boston College is going to
2620 agree on that, okay.

2621 Dr. {Burgess.} The University of North Texas actually
2622 is in.

2623 Mr. {Markey.} University of North Texas.

2624 Dr. {Burgess.} And they play in just an hour's time so
2625 go Mean Green.

2626 Mr. {Markey.} All right, well, you know, I might change
2627 mine. I have been filling out my NCAA Tournament bracket up
2628 here. I might go to North Texas and pick that now.

2629 So here we are. We have this great opportunity to as we
2630 know, to instead of generating more megawatts to have
2631 negawatts. To have the watts never have to be manufactured,
2632 constructed, built in the first place and as Governor Engler
2633 said, that saves everybody money. It costs a lot of money to
2634 build one of these power plants and your bills are lower.
2635 There are jobs created and helping people save the money, and
2636 we back out energy that we otherwise would have imported,
2637 home hearing oil or have in the construction of power plants
2638 across the country.

2639 So it is win-win-win as Mr. Laseter said. It is working
2640 smarter, not harder. My mother always used to say that to
2641 me. Eddie, work smarter, not harder, she would always say it
2642 after she said she was going to donate my brain to Harvard
2643 Medical School as a completely unused human organ, okay. So
2644 I think this is the kind of program she was talking about,
2645 working smarter, not harder. When I was the chairman of the
2646 energy subcommittee here back in 1985 and '86 and I authored
2647 the Appliance Efficiency Act for refrigerators, stoves, you
2648 name it all the way down the line, well, there are scores of
2649 power plants that never had to be built because refrigerators
2650 are now twice as efficient as they were because of that law
2651 back in 1986. So you just think of every home with a
2652 refrigerator twice as efficient or stove or you go all the
2653 way down the line.

2654 So that is how we are thinking here. We are thinking,
2655 you know, there has to be a way in which we not just
2656 incentivize the importation of more oil from OPEC which is
2657 half of our trade deficit, by the way. Half of our trade
2658 deficit is importing oil. Now, that can't be a good idea
2659 given where a lot of those revenues then get spent against
2660 the interest of our country, it affects our economy. Here we
2661 have a homegrown industry. We have companies. We have
2662 contractors who are ready to go with materials made in

2663 America, with contractors who live here in America and with
2664 homeowners here in America who will be the beneficiaries. So
2665 that is about the best picture you can put on this. It is
2666 not made by OPEC and it is not made in China, made in the USA
2667 for people in the USA, installed by people in the USA and
2668 sold by people in the USA.

2669 So it seems to me that of all the tax programs that we
2670 have got on the books, this is one that will work magic on
2671 our economy and the more that we can spread this ethic, this
2672 idea of working smarter, not harder in terms of how we
2673 generate electricity in our country is the better off we are
2674 going to be, and a perfect example again is this wind
2675 program. Last year, 10,000 new megawatts of wind installed
2676 in the United States so if you think of a nuclear power plant
2677 as 1,000 megawatts, 10,000 new megawatts installed in our
2678 country last year and half, 500 new megawatts of solar
2679 installed in the United States last year. That would be like
2680 half a nuclear power plant. Well, these are big numbers. As
2681 Secretary Zoi pointed out, that is 10,000 new jobs here in
2682 the United States and the good news is that as she pointed
2683 out is that just 3 years ago, 4 years ago, 25 percent of the
2684 jobs in the wind sector were in the United States, 75 percent
2685 overseas. Because of the Stimulus Program, we now have it up
2686 to 53 percent of the jobs and the industry and testimony last

2687 week said that their goal by the end of the Stimulus Program
2688 is over 70 to 75 percent of the wind jobs will be totally
2689 generated here in the United States.

2690 Okay, so just changing the way in which we view how we
2691 produce energy or don't produce energy by installing
2692 insulation, by installing smarter, new devices that are made
2693 here in the United States, sold here in the United States,
2694 installed here in the United States. That is the way we have
2695 to view this and then we dramatically reduce the greenhouse
2696 gases by doing it all here in our country. We create new
2697 jobs and we save on the imported energy that we have to bring
2698 into our country.

2699 So it is win-win-win, win-win-win, win-win-win. This is
2700 something that should generate incredible enthusiasm from our
2701 members, you know. The reporting table should over here be
2702 excited at this smart new plan that is being put in place and
2703 so our job is going to be to get out there to sell this to
2704 lift it up along with these other energy technologies that
2705 are coming along here. Made in America as the governor said,
2706 you know, that should be our single most important objective
2707 this year to begin to put in place a program that will
2708 sustain us in the long run.

2709 So what we would like to do, Mr. Welch, Mr. Waxman and I
2710 is work with the Minority, work with all parties that are

2711 concerned about this issue so that we can put it on a fast
2712 track and we put it in place in a way that will give the
2713 benefits to people out there and give hope that new jobs will
2714 be created. And as you said, governor, not in 60 days, not
2715 in 90 days, you know, but as soon as possible. Fast track
2716 this process. Put that gold star up there and again, I think
2717 we should try to put a gold star. You know, we label
2718 children with a gold star. We say here are the students who
2719 are doing the best work, you know. We label things in
2720 America. We have honor rolls that we want to have put in the
2721 newspaper, you know. We don't want to stigmatize people who
2722 aren't on the honor roll but we want to honor the people on
2723 the honor roll don't we? Don't we want to let people know
2724 who is doing the best work? Don't we want to let people know
2725 who are the gold star students and the silver star students?
2726 It begins in the first grade.

2727 I think Americans are ready for this. Maybe we have too
2728 many trophies. Maybe it is Lake Woebegone, you know,
2729 everyone is above average but everyone is not above average.
2730 We need measurements. We need to have America be number one
2731 looking over its shoulder at number two and three in the
2732 world in this sector, okay because we will then be
2733 manufacturing the jobs. We will then be producing the work
2734 opportunities in the years ahead for all those workers in our

2735 country.

2736 We thank you all. We want to work closely with you in
2737 the next couple of weeks so that we produce the best possible
2738 bill. So stay close to the subcommittee. We need you to
2739 call us, talk to us, you know, visit us and let us know how
2740 we can frame this because we have some ideas how to change
2741 it. I know you might too and I think if we all work
2742 together, we will be able to produce the best possible bill.
2743 Thank you. With that, this hearing is adjourned. Thank you.

2744 [Whereupon, at 12:26 p.m., the Subcommittee was
2745 adjourned.]