



HOME STAR Fact Sheet

HOME STAR is proposed federal legislation that will create jobs fast by scaling the existing home energy efficiency improvement industry. It's a market-driven, low-bureaucracy program with a fixed lifespan that will produce more direct economic benefit than the cost of the program. Consumers nationwide will embrace HOME STAR because it will be simple, accessible and help them save money.

How would it work?

HOME STAR will make \$6 billion in rebates and financing available to homeowners for energy efficiency improvements on their homes. The program will offer rebates to homeowners at the time of sale through 2 tracks:

The **Silver Star** level will offer rebates for the purchase and installation of energy-saving equipment, such as furnaces and water heaters, or home improvements, such as insulation and new windows. Homeowners will receive matching funds from \$250 to \$1,500 (not to exceed 50% of cost) depending on the type of project, with a cap of \$3,000 on rebates.

The **Gold Star** level will go a step further by providing incentives for retrofitting the entire home. First, an energy audit will be completed on the house, then, working with the homeowner, the contractor will design a customized retrofit plan and calculate the energy savings that will result from the recommended improvements. Homeowners will receive \$3,000 for projected savings of 20%, plus \$1,000 for each additional 5% of energy savings, with matching incentives of up to \$8,000. This performance-based approach will encourage homeowners to invest in the most cost-effective solutions - innovations that are often the simplest and most labor-intensive.

What are the benefits?

More jobs where we need them most: It's estimated that HOME STAR will create 168,000 jobs in construction and related industries during the next 2 years. ⁽¹⁾ In February 2010, more than 1 out of every 4 American construction workers was unemployed. ⁽²⁾ Close to 2.1 million jobs have been lost in the construction trade since 2006. ⁽³⁾

All American jobs: This work can't be outsourced because skilled construction jobs are, by nature, local. In addition, the vast majority of the manufactured goods used to retrofit homes are produced in the U.S.: 99% of duct sheet metal, 98% of vinyl windows and 96% of foam insulation are manufactured domestically. ⁽⁴⁾

Quick impact: Retrofitting American homes will not require any new technology or science. Experienced construction workers could be easily trained to retrofit homes, and building material manufacturers that are sitting idle, could ramp up quickly to meet new demand.

Help for small businesses: Most of the jobs in HOME STAR will go to small businesses. Over 90% of the companies involved in energy efficiency retrofits employ less than 20 people. ⁽⁵⁾ 85% of insulation installers are small businesses. Windows are manufactured and installed by over 130,000 companies, over 80% of which are small businesses. And, while nearly 850,000 people manufacture and install lighting equipment, 90% of those people work for firms with less than 20 employees.

Rebuilding communities: HOME STAR is as good for rural America as it is for cities and suburbs. Energy efficiency upgrades benefit homeowners in both hot and cold climates. In addition, rebates flow directly to consumers when they hire a contractor, upgrade mechanical systems, or purchase insulation to install themselves, so small local contractors, community hardware stores, and lumber yards can participate equally in rebuilding America for improved energy efficiency.

Lower energy bills: Depending on the size of their project, homeowners who take advantage of matching HOME STAR rebates could expect to reduce their home energy costs anywhere from 5 to 40%. ⁽⁶⁾ It's been estimated that the savings to American homeowners could top \$9 billion over 10 years. Those savings will not only offset the cost of their initial investment, but also increase the amount of disposable income that they could reinvest in their local communities.

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

Major pollution reduction: Household energy use accounts for more than 1/5th of U.S. carbon emissions - roughly twice the pollution produced by passenger cars. ⁽⁷⁾ Spurred by HOME STAR rebates, home retrofits are projected to increase to 3 million a year from the current level of 200,000 a year. And that could result in carbon reduction equal to taking 615,000 cars off the road or decommissioning four 300-megawatt power plants.

- (1) Climate Works, based on analysis using McKinsey and REMI models
- (2) Home Performance Resource Center Construction Industry Employment Survey
- (3) U.S. Bureau of Labor Statistics
- (4) International Trade Commission and NAICS
- (5) 2007 Census County Business Patterns report
- (6) McKinsey's 2009 Report, *Unlocking Energy Efficiency in the U.S. Economy*.
- (7) Pew Center on Climate Control Change