

ISSUE BRIEF

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10 Questions Congress Should Ask About the Shaheen–Portman Energy Bill

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The Senate will soon debate the Energy Savings and Industrial Competitiveness Act, which was introduced by Senators Jeanne Shaheen (D–NH) and Rob Portman (R–OH). The proposed legislation provides taxpayer handouts to businesses and homeowners for building-efficiency improvements, workforce training programs, and advanced manufacturing processes.

If these initiatives promise savings for families and businesses, Members of Congress should question why taxpayer money is necessary to help fund them. This *Issue Brief* provides 10 important questions that Members of Congress should ask themselves when evaluating the Energy Savings and Industrial Competitiveness Act.

Energy Codes for Buildings. One title of the Shaheen–Portman energy bill empowers the Council of American Building Officials and other “appropriate organizations” to update and encourage the adoption of building-energy codes for state governments and Indian tribes. After the qualifying parties update the codes, state governments and Indian tribes must certify that they have reviewed and updated their building codes and report whether the

new codes have resulted in energy savings. The bill authorizes \$200 million to “incentivize and assist” states to meet the codes and for the U.S. Department of Energy to provide technical assistance.

Q1. Why should taxpayers foot the bill for states and Indian tribes to implement the requirements of this section and help them meet certification requirements if they fail to meet them?

Q2. Do the certification requirements and the taxpayer handouts not take away the “voluntary” aspect of this program?

Worker Training Programs. Shaheen–Portman provides subsidies for worker training programs in energy-efficient building design and operation. If efficiency improvements reduced energy costs significantly and if demand for more energy-efficient buildings and manufacturing processes existed, these programs would not be necessary. The private sector expands and trains workers appropriately to meet demand or capture more opportunities, and it will make those investments with its own resources. The onus is on businesses to expand and contract as necessary to meet demand.

Further, the government has a dismal record of creating jobs with training programs in the energy sector and the efficiency sector. A September 2011 Department of Labor Office of Inspector General report found that “grantees have expressed concerns that jobs have not materialized and that job placements have been fewer than expected for this point in the grant program.”¹ A follow-up report released in October 2012 found that the program fell well

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short of its retention goal of 71,017 workers: Only 11,613 participants (16 percent) remained employed longer than six months, and much of the training was delivered to already employed workers and was not necessary for them to perform their jobs. The same report also found that more than 20 percent of training certificates were granted to workers who had only one day of training, and 47 percent received five or fewer days of training.²

Q3. Why should taxpayers subsidize worker training programs? Is that not a role for the companies that sell energy-efficient products? Are these worker subsidy programs not simply handouts to the businesses that support the legislation?

Q4. What happens when taxpayers are paying for various programs and consumers still do not want to make the energy efficiency upgrades? Won't this simply create a labor market for demand that doesn't exist?

Q5. Haven't programs such as this already been tried under the stimulus, and haven't they been failures and a waste of taxpayer money?

Industrial Efficiency and Competitiveness.

The bill would provide funding for public-private partnerships to conduct research on how to commercialize energy-efficient technologies and processes. It would also offer rebates for manufacturers that use more efficient electric motors and transformers and establish a SupplySTAR program to identify companies that conserve energy, water, and other resources in their supply chains.

Businesses themselves should fund the research and development programs for sustainable manufacturing and industrial technologies and processes. As evidenced by chemical companies worrying about increasing natural gas exports that would raise the costs of their cost inputs, energy-intensive companies are aware of energy costs affecting their business. Companies will make these investments

if they believe these energy-saving technologies are worth the risk and represent the best use of their investment dollars.

But companies have concerns about spending their own money on efficiency upgrades that politicians and analysts who claim huge energy savings overlook. Business owners worry about the cost of the upfront investment, whether their employees will like a new piece of equipment, the payback horizons, overstated energy savings, and predictions of future energy prices.

Companies should have the ability to leverage the expertise at the Department of Energy and National Institute for Standards and Technology to invest in new industrial processes that save energy and money, but the cost of those activities should be paid completely by the private sector. Further, a SupplySTAR program under the Department of Energy that disseminates information on a voluntary basis has merit, but if SupplySTAR works as it should, the Energy Department should not have to provide competitive grants and other taxpayer-funded incentives.

Q6. Are these handouts not for a specific set of universities and corporate welfare for big companies? Why should enormous companies such as Dow Chemical, LyondellBasell, and Air Products and Chemicals receive taxpayer money to improve energy efficiency?

Q7. Why do businesses need government-created industrial efficiency programs and manufacturing goals in the first place? Why does an Advanced Manufacturing Office even exist?

Q8. Who pays for the sustainable manufacturing initiative? Why should taxpayers pay for business assessments to identify opportunities to maximize efficiency?

Q9. Why should the Energy Department label SupplySTAR companies and products that

1. U.S. Department of Labor, Office of Inspector General, *Recovery Act: Slow Pace Placing Workers into Jobs Jeopardizes Employment Goals of the Green Jobs Program*, September 30, 2011, <http://www.oig.dol.gov/public/reports/oa/2011/18-11-004-03-390.pdf> (accessed August 14, 2013).

2. U.S. Department of Labor, Office of Inspector General, *Recovery Act: Green Jobs Program Reports Limited Success in Meeting Employment and Retention Goals of June 30, 2012*, October 25, 2012, <http://www.oig.dol.gov/public/reports/oa/2013/18-13-001-03-390.pdf> (accessed August 14, 2013).

comply with the program as the “preferred practices, companies and products in the marketplace for maximizing supply chain efficiency,” as indicated in the bill? Should those preference and choices not be made by those in the industry who use the supply chains?

Q10. Why should taxpayers subsidize rebate programs to help companies save money? If businesses are oblivious to spending money on energy costs, why should one expect another several million dollars from the taxpayer to make any difference?

Question the Role of Government. Families and businesses want to save money. Members should question why Americans need to be prodded by government mandates, rebate programs, and spending initiatives to be more energy efficient. Homeowners

and business owners will make those choices on their own; when they do not, it is because they have other priorities to consider, budget constraints, and other ignored trade-offs such as comfort, convenience, and product quality.

The federal government can play a very limited role in providing voluntary information to help families and businesses make more well-informed decisions as well as by improving energy efficiency within the government, but the information that the Energy Department provides should not come with subsidies. Providing taxpayer-funded handouts to businesses and homeowners sends the message that these programs will be successful only if taxpayers help pay for them.

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