



**Statement of Jon Cowan
President, Third Way
May 12, 2010**

**Subcommittee on Conservation, Credit, Energy, and Research
House Agriculture Committee
United States House of Representatives**

Good Morning, Mr. Chairman, and thank you for inviting me to testify this morning. My name is Jon Cowan, and I am President of Third Way. I previously was Chief of Staff of the Department of Housing and Urban Development. I appreciate your giving me the opportunity today to talk about a policy that has bipartisan, bicameral support, creates thousands of jobs in rural America, and is a responsible fiscal steward of Americans' tax dollars.

Mr. Chairman, energy efficiency improvements can save homeowners a lot of money and create good local jobs. Despite the promise of lower energy bills, however, most homeowners don't make these improvements.

With just the lightest touch from the federal government, Rural Energy Star changes the game for rural homeowners when it comes to saving energy. It makes it convenient and painless to pay for and contract improvements. It operates through long-established US Department of Agriculture and co-op processes that we know work smoothly. And it is fiscally responsible, achieving enormous benefits at limited cost.

It should be an easy decision for middle class homeowners to invest in saving energy. Improvements pay for themselves within five to ten years, and energy savings continue for the life of the home. But few families have \$4,000-\$5,000 lying around to pay for improvements, and they might move before the savings pay off anyway. Moreover, making substantial efficiency upgrades can be a complex and daunting endeavor.

Rural Energy Star eliminates these barriers so that anyone can take advantage of the opportunity to save money through efficiency. Affordable loans to consumers cover the entire cost of improvements, ensuring people can participate as long as they can pay their monthly utility bill. Local electric cooperatives serve as general contractor and the source of the consumer

loans, creating a program for homeowners that is convenient and trustworthy. Co-ops attach the loan repayment obligation to the meter, ensuring that benefits and costs pass on if the original homeowner moves.

To take these steps to address consumers' needs, Rural Energy Star extends two 75-year old legacies – USDA's lending money to co-ops, and co-ops financing consumer loans and improvements. As members of this committee know well, USDA has issued direct loans to electric cooperatives since the New Deal, with the Rural Utilities Service issuing over \$6 billion in loans last year alone. And the repayment history of co-ops is second to none. Rural Energy Star takes advantage of the regulations and processes already in place at USDA, so that federal loan-making is smooth and efficient.

Meanwhile, the co-ops are well situated to manage the loan making and contracting at the consumer level. Because they are non-profit and ratepayer-owned, the co-ops have a unique incentive to help their consumers save energy. Co-ops have the ability to finance their consumers' efficiency improvements, the data to determine which ratepayers are good credit risks, and a reliable, property-tied repayment mechanism in the form of home utility bills. They also have on-the-ground management structures and local relationships to ensure sub-contractor accountability and confirm that improvements are installed as promised. If cost savings did not materialize, the co-ops – not the federal government – are on the hook for the losses. That's a powerful incentive to make sure the program works.

If Congress passes the Rural Energy Star bill we are discussing today, it will be a fiscally responsible action, achieving enormous, enduring economic benefits at an affordable cost.

The \$995 million this bill is projected to cost will leverage \$4.9 billion in consumer loans, enabling the weatherization and retrofit of nearly 1.5 million rural homes. That means for every \$1 spent by the federal government, \$5 is spent in rural communities on contractors and manufactured goods. The resulting energy savings will save rural homeowners a minimum of \$5 billion on their utility bills in the first ten years and even more than that in the next ten years. The extra money in people's pockets stimulates the economy even further. Economists project Rural Energy Star will create 292,000 jobs by 2020. That's nearly 300,000 jobs and billions upon billions of dollars in savings on consumer energy bills.

Mr. Chairman, Rural Energy Star uses proven mechanisms to leverage comparatively few federal dollars to save homeowners money and create new local jobs. This is why it has already received strong bipartisan, bicameral support, and we believe it would be an effective program if passed into law.

Thank you.



JONATHAN COWAN

PRESIDENT, THIRD WAY

Mr. Cowan has over 15 years experience at senior levels of progressive politics and government. Currently, Mr. Cowan is the President of Third Way, the leading think tank of the moderate wing of the progressive movement. Third Way works closely with elected officials and candidates to develop policies on security, economy and culture, and market them in the public debate.

Prior to co-founding Third Way, Mr. Cowan founded and ran Americans for Gun Safety, which *The Washington Post* dubbed the "dominant" group on the gun safety side of that debate. Mr. Cowan also was a Visiting Fellow at Harvard's Institute of Politics, teaching a course on youth and political advocacy. During the second Clinton administration, Mr. Cowan was Chief of Staff of the U.S. Department of Housing and Urban Development, helping to manage a federal agency of 9,000 employees with a \$27 billion annual budget. He also served as Senior Advisor to the HUD Secretary and Acting Assistant Secretary for Public Affairs. In 1992, he co-founded Lead...or Leave, which became the nation's leading Generation X advocacy group. He also co-authored *Revolution X* and has been featured in many media outlets including *The New York Times*, *The Washington Post*, *The Los Angeles Times*, *U.S. News & World Report*, *Time*, *CNBC*, *Nightline*, and *60 Minutes*.

**Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form**

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2007.

Name: Jon Cowan
Address: 1025 Connecticut Ave., NW, Ste. 501, Washington, DC 20036
Telephone: (202) 384-1700

Organization you represent (if any): Third Way

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2007, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: _____ **Amount:** _____

Source: _____ **Amount:** _____

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2007, as well as the source and the amount of each grant or contract:

Source: Dept. of Defense -Assignment Agreement under Title IV of the Intergovernmental Personnel Act of 1970 * **Amount:** \$127,858

Source: _____ **Amount:** _____
* The contract reimburses Third Way's expenses for an employee temporarily "on loan" to the Dept. of Defense, there is no net revenue being received by the organization from the contract.

Please check here if this form is NOT applicable to you: _____

Signature: _____

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.