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***Testimony before the House Education and Labor
Subcommittee on Workforce Protections***

***Hearing on
Green Jobs and their Role in our Economic Recovery***

March 31, 2009

Chairwoman Woolsey, Ranking Member Price, and members of the Committee, thank you for the opportunity to appear here today and share Serious Materials' experience.

Serious Materials manufactures green products

Founded in 2002, Serious Materials, Inc. develops and manufactures advanced green building materials that save energy, save money, improve occupant comfort, and address climate change. As a result, it would be fair to say that every Serious Materials job is a green job.

Our products include:

- **Serious Windows:** high-performance insulated windows that are up to four times more energy efficient than required for Energy Star listing. In fact, SeriousWindows already exceed the proposed Energy Star standards for the year 2013. With our acquisition of Alpen Windows in 2008, we now have more than 27 years of high-performance windows manufacturing experience, and have supplied windows and glass to 10,000 projects nationwide.
- **ThermaRock:** a unique aerogel-drywall product that provides high levels of insulation for space-constrained locations. For example, adding a 5/8 inch ThermaRock panel to an uninsulated brick wall can increase the thermal performance from about R-1 to about R-5.
- **QuietRock & QuietHome Windows:** soundproofing products which can reduce material use, enhance livability, and support denser, more sustainable

urban development.

- EcoRock: an environmentally superior alternative to standard gypsum drywall, which uses 80% less energy to manufacture, and contains 80% post-industrial recycled material, including waste from steel and cement plants.

In addition to delivering unprecedentedly high performance, Serious Materials also uses advanced technology to drive down costs to unprecedented levels. The combination of high performance and lower costs makes our breakthrough products cost-effective in many applications where previously, savings didn't justify the costs.

For example, replacing windows has generally not been regarded as cost-effective for use in the low income weatherization assistance program. However, our highly insulating, low cost windows change that, and are cost-effective for wide-spread installation in low income weatherization in many cities and housing types. This is a major step forward delivered by the use of advanced technology. Similarly, insulating the walls of many older masonry buildings was often infeasible due to the indirect cost of consuming precious interior space. ThermaRock, with a thickness of 5/8 inch, provides an unprecedented insulation option which can be cost-effective in many applications. Notably, these advanced technologies do not require novel installation practices or labor skills.

Serious Materials manufacturing facilities

Serious Materials currently manufactures in four locations across the United States:

- Sunnyvale, California;
- Newark, California;
- Boulder, Colorado; and
- Vandergrift, Pennsylvania.

We will open our fifth plant, in Chicago, Illinois in the next several weeks.

The Vandergrift and Chicago plants provide excellent examples of putting skilled manufacturing workers back on the job.

Back on the job, manufacturing in Vandergrift, PA

The former Kensington Windows plant in Vandergrift, PA shut its doors in October 2008, putting over 150 people out of work after its parent company filed for bankruptcy. We looked at the plant and its people, and liked what we saw. Kensington Windows had manufactured high quality windows using the latest technology and high quality components. The average tenure of the work force was 18 years, with 9 percent having more than 30 years with the company. It was clear that we could revise the production to focus on highly insulating windows, and quickly introduce our cost and performance enhancing technology. The location was also excellent, allowing us to conveniently deliver products and service to the east, mid-Atlantic and central regions.

Serious Materials acquired the assets at the end of January 2009, through the bankruptcy process. We've rehired 30 of the former workers, and target getting back to a workforce of 150 by year's end.

On March 16, Governor Rendell keynoted the official ribbon cutting ceremony at the plant. As noted by the Governor,

"This is a great example of the opportunities we have to create a green economy where workers manufacture products that reduce our energy dependence, encourage conservation, save consumers money, and strengthen our national security. Similar opportunities exist across Pennsylvania. We have a skilled workforce, idle factory space and an infrastructure that can be used quickly to build, install and service products like these windows or energy efficient appliances.... And, now, with the support of President Obama's American Recovery and Reinvestment Act, as well as our own state programs, we have new resources to invest in these industries and our people to make these projects a reality and rebuild our economy so that we can emerge from this national recession stronger than before."

There is a real, personal side to this, as best described by Robin Scott, one of first rehired workers and life-long area resident:

"When I was told Serious Materials was going to buy the place [Kensington] I was on cloud nine. I want my kids to recognize the bright future they can have in our country and what better example is there than giving our workforce a fighting chance during rough times. You can practically taste the excitement in the air – not only from Kensington employees but also from everyone in Vandergrift – it just feels like a huge relief for everyone."

Getting back on the job, manufacturing in Chicago, IL

Republic Windows garnered national attention in December 2008 when it suddenly closed its doors, declared bankruptcy, and left 300 people unemployed just before the holidays. As in Vandergrift, we looked at the plant and its people, and liked what we saw. We worked closely and productively with the union, United Electrical Workers, through the bankruptcy process. At the end of February 2009, Serious Materials acquired the assets of the former Republic Windows and Doors in Chicago, Illinois through the bankruptcy process.

I'm delighted to note that Serious Materials has completed an agreement with the union, and the Chicago plant will have union representation. We've just hired back the first few employees, and are planning to reopen in the next several weeks.

Vice President Biden commented on Serious Materials plans for the Chicago factory:

"The reopening of this factory and the rehiring of these workers provide an excellent example of how the money in the Recovery Act is targeted to spur job creation quickly," said Vice President Biden. "These workers will not only earn a paycheck again; they will go back to work creating products that will benefit America's long-term economic future."

We'll keep the committee informed on our progress in reopening.

Effective implementation of ARRA is essential

It will take some time, but Serious Materials intends to return to and exceed the former production and employment levels of the Chicago and Vandergrift plants. We are also expanding production and jobs at our other facilities in California and Colorado. These are all green jobs.

Effective implementation of American Recovery and Reinvestment Act energy efficiency measures is essential to our plans. It will allow us to expand operations and hire up far more rapidly than would be possible without it. This will bring more jobs not just at the factory, but also in installation, and for our upstream suppliers.

ARRA supports implementation of cost-effective energy efficiency measures in several areas:

- In private homes, with Sec 25C tax credits
- In low income weatherization
- In refurbishment of public and assisted housing
- In refurbishment of schools
- In improving other local, state and federal buildings

There is a great deal of work to be done to deliver on the opportunities presented by ARRA to both create near-term jobs and deliver on longer term economic health, energy security, and environmental imperatives.

We are working with our suppliers, customers, and other interested parties across a wide range of implementation issues.

There are also a number of important administrative issues to be addressed promptly and effectively. For example, the software models used to assess the cost and performance of measures in the Weatherization Assistance Program (e.g., the National Energy Audit Tool) urgently require updating and correction through the Department of Energy. Also regarding WAP, some administrative guidance will be needed from the Department of Labor. With respect to Energy Star, the Department of Energy has recently proposed strengthening the criteria for windows in a two-phase process. Phase I was urgently needed to catch up to code requirements already existing in many states, and to the market. Phase II is also urgently needed

to restore Energy Star's leadership position. These are but three examples of many needed activities, none of which are unworkable, but all of which must be addressed.

On the legislative front, I note that a bill has been introduced to roll back the stringent energy saving requirements that ARRA established as a condition of receiving residential tax credits. In our view, rolling back those stringent criteria would be a significant misstep. The Recovery Act's higher performance standards require manufacturers to lift their game in order to benefit from taxpayer funds, but can be readily achieved using existing technology. Our products, and those of several of our competitors already meet the Recovery Act requirements for high performance. Shifting production to higher performance items will deliver near term benefits for jobs and the economy, and as importantly, deliver longer term benefits for energy security, the environment, and consumers. The higher standards also encourage American innovation, by clearly rewarding better-performing products. This hinges on continued support for raising the bar on energy saving windows. Unraveling the higher standards that were established in the Recovery Act would result in taxpayer dollars being wasted on unnecessarily inefficient products, and discourage innovation.

The importance of job training

Serious Materials manufacturers green building products for installation and use by others downstream. For the foreseeable future, we anticipate rehiring skilled workers, and job training is not a critical issue.

However, we recognize the urgent need for specialist installers downstream of our manufacturing work. Installation should provide good jobs both for skilled installers and for entry level helpers, who can then be on a track to become a skilled installer. Because window installation is a specialized activity and must be done in an effective, logistically efficient manner, we maintain on our team a certified trainer who regularly conducts courses suitable for all skill levels. We offer this training service to our customers and others, and anticipate that some may build such services into their training programs, both for entry level and higher skilled workers.

Thank you again for the opportunity to appear here today, and I look forward to your questions now and at any time.