

EXAMINING THE BIDEN ADMINISTRATION'S ENERGY AND ENVIRONMENT SPENDING PUSH

HEARING BEFORE THE SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS OF THE COMMITTEE ON ENERGY AND COMMERCE HOUSE OF REPRESENTATIVES ONE HUNDRED NINETEENTH CONGRESS FIRST SESSION

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EXAMINING THE BIDEN ADMINISTRATION'S ENERGY AND ENVIRONMENT SPENDING PUSH

WEDNESDAY, FEBRUARY 26, 2025

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS,
COMMITTEE ON ENERGY AND COMMERCE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:30 a.m. in room 2322, Rayburn House Office Building, Hon. Gary Palmer (chairman of the subcommittee) presiding.

Members present: Representatives Palmer, Balderson, Griffith, Dunn, Weber, Allen, Fulcher, Rulli, Guthrie (ex officio), Clarke (subcommittee ranking member), DeGette, Tonko, Trahan, Fletcher, and Pallone (ex officio).

Also present: Representatives Carter of Georgia, Castor, Dingell, and McClellan.

Staff present: Ansley Boylan, Director of Operations; Jessica Donlon, General Counsel; Sydney Greene, Director of Finance and Logistics; Christen Harsha, Senior Counsel; Brittany Havens, Chief Counsel; Calvin Huggins, Clerk; Sophie Khanahmadi, Deputy Staff Director; Brayden Lacefield, Special Assistant; Kaitlyn Peterson, Policy Analyst; Kristen Pinnock, GAO Detailee; Gavin Proffitt, Professional Staff Member; Kaley Stidham, Press Assistant; Jake Tyner, Chief Counsel; Rasheedah Blackwood, Minority Intern; Timia Crisp, Minority Professional Staff Member; Austin Flack, Minority Professional Staff Member; Waverly Gordon, Minority Deputy Staff Director and General Counsel; Tiffany Guarascio, Minority Staff Director; Will McAuliffe, Minority Chief Counsel, Oversight and Investigations; Constance O'Connor, Minority Senior Counsel; Christina Parisi, Minority Professional Staff Member; Harry Samuels, Minority Counsel; Andrew Souvall, Minority Director of Communications, Outreach, and Member Services; Caroline Wood, Minority Research Analyst; and Tuley Wright, Minority Staff Director, Energy.

Mr. PALMER. The Committee on—the Subcommittee on Oversight and Investigations will now come to order.

The Chair recognizes himself for 5 minutes for an opening statement.

OPENING STATEMENT OF HON. GARY J. PALMER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA

Welcome to the first hearing of the Subcommittee on Oversight and Investigations of the 119th Congress. I want to start by saying that it is an honor to serve as the chairman of this subcommittee.

Congress has an important oversight responsibility that includes making sure our laws are working as intended and that the Federal Government is using taxpayer dollars responsibly. I look forward to working with my colleagues on both sides of the aisle on this important endeavor.

Today's hearing is entitled "Examining the Biden Administration's Energy and Environment Spending Push." Moments ago I noted the importance of ensuring that the Federal Government is being a good steward of taxpayer dollars. This is critical, particularly in the context of the extraordinary surge in spending and the explosion of new and expanded programs at the Department of Energy and the Environmental Protection Agency largely authorized and funded by the Infrastructure Investment and Jobs Act and the Inflation Reduction Act. The two laws provided supplemental appropriations of 97 billion and 101.5 billion to DOE and EPA, respectively.

As this subcommittee examined the last Congress, spending large amounts of funding, particularly in short timeframes, carries tremendous risk. For example, in the November 2024 report the DOE Office of Inspector General noted that the Infrastructure Improvement and Jobs Act and the IRA and the 2023 omnibus appropriations law increased the DOE Loan Program Office authority to nearly half a trillion dollars. This is more than 23 times that of the program's portfolio balance as of November 2021, when the Infrastructure and Investment and Jobs Act was signed into law.

The situation only became more alarming as the Biden administration raced to finalize loans and spend down available grant funding in its final months. All three watchdog organizations here today—the EPA OIG, DOE OIG, and the Government Accountability Office—have reported on past shortcomings within these agencies and risk factors for waste, fraud, and abuse. These risks increased under past infusions of funding, as agencies rushed to move large amounts of funding in a short amount of time.

Unfortunately, history seems to be repeating itself, but we have a chance to try to minimize the damage.

I want to emphasize that we are not insinuating that all applicants and recipients are guilty of wrongdoing. Rather, the sheer pace and volume with which this funding was awarded raises questions and is worth a pause to evaluate whether the appropriate due diligence was done to ensure taxpayer dollars went to eligible parties, and the funds are being used appropriately.

I thank our witnesses for being here and sharing their expertise to guide and inform the committee's efforts to identify potential misuse of Federal funds and ensure that appropriate measures are taken, moving forward, to prevent future misuse of funds. This hearing is only one step of many to ensure that wasteful spending is curbed, and we hope to continue our collaboration with the OIG, the GAO, and the current administration to address the—this issue.

[The prepared statement of Mr. Palmer follows:]

Chairman Gary Palmer
Opening Statement—Subcommittee on Oversight and Investigations
“Examining the Biden Administration’s Energy and Environment
Spending Push”
February 26, 2025
As prepared for delivery

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As this Subcommittee examined last Congress, spending large amounts of funding, particularly in short timeframes carries tremendous risk. For example, in a November 2024 report, the DOE Office of the Inspector General (OIG) noted that the IIJA, IRA, and 2023 Omnibus Appropriations law increased the DOE Loan Program Office’s authority to nearly half a trillion dollars. This is more than 23 times that of the program’s portfolio balance as of November 2021, when the IIJA was signed into law.

The situation only became more alarming as the Biden administration raced to finalize loans and spend down available grant funding in its final months. All three watchdog organizations here today, the EPA OIG, DOE OIG, and the Government Accountability Office (GAO), have reported on past shortcomings within these agencies and risk factors for waste, fraud, and abuse. These risks increased under past infusions of funding as agencies rushed to move large amounts of funding in a short amount of time.

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I now recognize the Ranking Member of the Subcommittee, Ms. Clarke, for her opening statement.

Mr.PALMER. I now recognize the ranking member of the subcommittee, Ms. Clarke, for her opening statement.

OPENING STATEMENT OF HON. YVETTE D. CLARKE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Ms.CLARKE. Thank you very much, Mr. Chairman, and I am honored to be sitting here for the first time as ranking member of this subcommittee.

Needless to say, conducting meaningful, fact-based, effective oversight is more important now, more than ever. So it is baffling and concerning that we have our panel of representatives from not one, but two separate Inspectors General's Office, where the inspector general was fired as one of Donald Trump's first Executive actions. And these inspectors general were both appointed by Donald Trump in his first administration. It is very telling that Donald Trump could not even trust people that he himself appointed to stay quiet while he and Elon Musk broke the Federal Government and violated the law.

We should be having a hearing on the illegal and unconstitutional steps that this administration has taken in its first month. But instead, Republicans are beginning this Congress with an attempt to smear investments that are rebuilding domestic manufacturing and lowering costs for working families. Last Congress, the Republican majority held numerous similar hearings aimed at justifying cuts to crucial investments in our communities, and it seems that they are back at it in this Congress.

The hearing we should be having would examine how, in just over 5 weeks as President, Donald Trump has thrown our country into chaos. On his first day in office, Trump unconstitutionally froze Federal spending across the Federal Government, even though it is Congress that decides how Federal money is spent, and not the President. He has ignored numerous court orders requiring that funds be dispersed, and he has empowered Elon Musk to make sweeping policy decisions at agencies Musk has a personal financial interest in undermining. He has also allowed hard-working career civil servants and their families to be arbitrarily swept aside under the guise of efficiency, when we all know that there is nothing efficient about removing decades of hard-earned expertise and hollowing out agencies that protect our health and well-being.

We are already seeing the effects of this lawlessness. For example, one school district in Missouri that expected to have students riding to school on new, American-made electric busses is still waiting for their busses because of Trump's funding freeze. That school planned to save millions of dollars by switching to electric busses. Instead, they now face higher costs and uncertainty about whether they will ever even receive the busses they ordered.

In West Virginia a five-person nonprofit that had its award frozen was forced to lay off staff that transports seniors to lifesaving dialysis appointments.

Across the State line in Virginia, the funding freeze forced community health centers to close, taking healthcare away from entire communities.

Before the ink was even dry on Trump's funding freeze, hundreds of residents in Huntsville, Alabama, saw their energy bills jump by \$100 despite promises that direct financial assistance would not be affected.

Making matters worse, the Trump administration has actively spread misinformation that exacerbates the chaos and confusion his funding freeze has created. For example, after the White House was ordered by the courts to lift its funding freeze, the Trump EPA issued an internal memo directing staff to unfreeze certain programs but has continued withholding funds under the pretense of compliance reviews, in defiance of the court. That is completely unacceptable.

The investments Democrats fought for in the Bipartisan Infrastructure Law and the Inflation Reduction Act are helping to revitalize domestic manufacturing and our reliance on critical mineral supply chains controlled by our adversaries and creating better-paying jobs for American workers. Thousands of American energy and manufacturing jobs are now at risk of disappearing, and the promise of thousands of future jobs is fading.

Republicans have needlessly painted themselves into a corner, promising massive cuts to programs in order to pay for tax breaks for billionaires. To accomplish that, they have to put our communities, our national security, American jobs, and a cleaner future with lower energy costs on the chopping block. We in Congress have a duty to the Constitution and to our constituents. Committee Democrats are standing up for both by demanding that the will of Congress be followed and that programs benefiting our communities be implemented.

Donald Trump and Elon Musk must be accountable for the suffering they are inflicting on American workers and working families, and we cannot let them stand in the way of the better future that DOE and EPA programs are set to deliver.

[The prepared statement of Ms. Clarke follows:]

Committee on Energy and Commerce

**Opening Statement as Prepared for Delivery
of**

Subcommittee on Oversight and Investigations Ranking Member Yvette Clarke

Hearing on “Examining the Biden Administration’s Energy and Environment Spending Push”

February 26, 2025

I am honored to be sitting here for the first time as Ranking Member of this Subcommittee. Needless to say, conducting meaningful, fact-based, effective oversight is more important than ever. So it is baffling and concerning that we have on our witness panel representatives from not one, but two separate Inspector General’s Offices where the Inspector General was fired as one of Donald Trump’s first actions. And, these Inspectors General were both appointed by Donald Trump in his first administration. It is very telling that Donald Trump could not even trust people that *he himself appointed* to stay quiet while he and Elon Musk broke the federal government and violated the law.

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The hearing we *should* be having would examine how, in just over five weeks as president, Donald Trump has thrown our country into chaos. On his first day in office, Trump unconstitutionally froze federal spending across the federal government even though it is *Congress* that decides how federal money is spent, not the President. He has ignored numerous court orders requiring that funds be disbursed and he has empowered Elon Musk to make sweeping policy decisions at agencies Musk has a personal financial interest in undermining. He has also allowed hard-working career civil servants and their families to be arbitrarily swept aside under the guise of “efficiency” when we all know that there is nothing efficient about removing decades of hard-earned expertise and hollowing out agencies that protect our health and well-being.

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That is completely unacceptable. The investments Democrats fought for in the Bipartisan Infrastructure Law and the Inflation Reduction Act are helping revitalize domestic manufacturing, end our reliance on critical mineral supply chains controlled by our adversaries, and create better-paying jobs for American workers. Thousands of American energy and manufacturing jobs are now at risk of disappearing and the promise of thousands of future jobs is fading.

Republicans have needlessly painted themselves into a corner, promising massive cuts to programs in order to pay for tax breaks for billionaires. To accomplish that, they have put our communities, our national security, American jobs, and a cleaner future with lower energy costs on the chopping block.

We in Congress have a duty to the Constitution and to our constituents. Committee Democrats are standing up for both by demanding that the will of Congress be followed and that programs benefiting our communities be implemented. Donald Trump and Elon Musk must be held accountable for the suffering they are inflicting on American workers and working families, and we cannot let them stand in the way of the better future that DOE and EPA programs are set to deliver.

Ms. CLARKE. With that, Mr. Chairman, I yield back.

Mr. PALMER. The chairman now recognizes the chair of the full committee, the gentleman from Kentucky, Chairman Guthrie, for 5 minutes for an opening statement.

OPENING STATEMENT OF HON. BRETT GUTHRIE, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF KENTUCKY

Mr. GUTHRIE. Thank you, Chairman Palmer, for bringing us together on this important hearing, and I look forward to working with this subcommittee as we work through this Congress.

Last Congress, the committee and Government watchdogs highlighted alarming developments as the EPA and DOE began rolling out new and expanded programs in distribution—and distributing funding. One program that encapsulates a lot of our concerns with this new program is EPA's Greenhouse Gas Reduction Fund. In April of 2024 the Biden administration announced the awarding of \$5 billion to the Coalition for Green Capital. Yes, that's \$5 billion. According to IRS tax forms, this organization had revenue of less than \$3.5 million in 2023.

Providing such a large infusion of capital, more than 1,400 times the organization's revenue in 2023, raises concerns, and the ability of the organization to appropriately manage the volume of funding is something we are going to look into, we hope President Trump looks into. I am sure he will. I hope Elon Musk looks into it. I will guarantee you this committee will investigate this.

This is just one example where a large amount of funding went into an organization that, based on the facts before us, does not have a demonstrated history of managing such large amounts of money.

The committee has highlighted some of the funding recipients are led by political allies of the Biden administration, raising questions over whether they were rewarded funds because they were the most deserving applicant or if funding decisions were driven by other factors.

Despite these concerns, in the final months of the Biden administration there was a push to get money out the door as fast as possible, potentially at the expense of proper due diligence without the right safeguards in place. Today's hearing continues our efforts to ensure that the people's money is sound and we are not funding our foreign adversaries, that we are safeguarding taxpayer dollars from self-dealing, collusion, and fraud.

I will tell you, I do hope the Trump administration—I hope DOGE looks into this. And like as I said, I will guarantee you this is just the beginning of us looking into it.

[The prepared statement of Mr. Guthrie follows:]

Chairman Brett Guthrie
Opening Statement—Subcommittee on Oversight and Investigations
“Examining the Biden Administration’s Energy and Environment
Spending Push”
February 26, 2025
As prepared for delivery

Thank you, Chairman Palmer, for bringing us together for this important hearing. I look forward to working with you as this Subcommittee conducts important oversight this Congress.

Last Congress, the Committee and government watchdogs highlighted alarming developments as the EPA and DOE began rolling out new and expanded programs and distributing funding.

One program that encapsulates a lot of our concerns with new programs is the EPA’s Greenhouse Gas Reduction Fund. In April 2024, the Biden Administration announced the awarding of \$5 billion to the Coalition for Green Capital. Yes, that’s billion with a “b.” According to IRS tax forms, this organization had revenue of less than \$3.5 million in 2023. Providing such a large infusion of capital—more than 1400 times the organization’s revenue in 2023¹—raises concerns about the ability of the organization to appropriately manage the volume of funding it was entrusted with. This is just one of the examples we have seen where a large amount of funding went to an organization that, based on the facts before us, does not have a demonstrated history of managing such an enormous amount of money.

Moreover, as the Committee has highlighted, some of the funding recipients are led by political allies of the Biden Administration raising questions over whether they were awarded

¹ <https://projects.propublica.org/nonprofits/organizations/900868299>.

funds because they were the most deserving applicant, or if funding decisions were driven by other factors.

Despite these concerns, in the final months of the Biden Administration there was a push to get money out the door as fast as possible—potentially at the expense of proper due diligence and without the right safeguards in place. Today’s hearing continues our efforts to ensure that investments are sound, we are not funding our foreign adversaries, and we are safeguarding taxpayer dollars from self-dealing, collusion, and fraud.

I would like to thank the witnesses for being here today and I look forward to their testimony. With that I yield my remaining time to the Vice Chairman of the Subcommittee, Mr. Balderson.

Mr.GUTHRIE. And I will yield to the vice chairman for the remainder of my time.

Mr.BALDERSON. Thank you for your time, Chairman Guthrie. I would also like to thank you and Chairman Palmer for holding this hearing today.

It is vitally important that this subcommittee conduct proper oversight of the billions of dollars spent on the Democrats' Green New Deal policies over the last 4 years. The infrastructure bill and the IRA provided approximately 100 billion in supplemental funding to the EPA. That is more than 10 times the funding level for the EPA's annual budget.

And just a month before President Trump took office, the Office of the Inspector General for the Department of Energy reported that the Department's Loan Program Office was administering more than \$385 billion in new loan authority without an effective system in place to manage organizational conflicts of interest. In fact, the OIG even recommended the Department of Energy pause all of its loan and loan guarantee reviews.

We have all seen the lengths that the Biden administration went in order to hand out cash to far-left activist groups. They even went so far as to give \$2 billion to a group called Power Forward Communities. This organization reported just \$100 in revenue for the entirety of 2023, but President Biden's EPA thought they were worthy of \$2 billion in taxpayer dollars. I am grateful that the Trump administration has taken action to ensure we are properly reviewing the funding and loan programs and root out waste, fraud, and abuse at the Department of Energy and EPA.

I would also like to thank all of you for being here today, and I look forward to hearing what you are doing to shine a light on this spending spree.

Mr. Chairman, I yield back.

Mr.PALMER. The Chair now recognizes the ranking member of the full committee, the gentleman from New Jersey, Mr. Pallone, for 5 minutes.

OPENING STATEMENT OF HON. FRANK PALLONE, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr.PALLONE. Thank you, Mr. Chairman. I have to say I am genuinely shocked that we are having this hearing today. It was talked about, self-dealing. When I go home, the only self-dealing I hear about is—from my constituents is the self-dealing by Elon Musk. If we were going to hear about self-dealing, we certainly should hear about what he does and his self-dealing.

I mean, Congress is often accused of being out of touch and out of step with the American people, but this hearing is a perfect example of that. At a time when President Trump and Elon Musk are stealing funds approved by Congress for the American people and indiscriminately firing inspector generals and hundreds of thousands of public servants, Republicans are holding a hearing today examining former President Biden's energy and environment investments.

Now, the Republicans invited the Offices of Inspector General for both the Department of Energy and the Environmental Protection

Agency, but the seats before us today would traditionally be filed by the inspector generals of the two agencies. After all, these are the Senate-confirmed officials charged with ferreting out waste, fraud, and abuse in these agencies. But they both cannot testify today because they were fired by President Trump at the end of his first week in office.

So Trump's purge of these inspector generals was illegal. The law requires that Congress be notified before an inspector general is terminated and that a justification be provided to Congress in writing. The message from Trump's firing of these two inspector generals and many others is clear. It is not that he didn't like that—the particular people responsible for looking for waste, fraud, and abuse—because he fired all the IGs—it is simply that he doesn't think anyone should be permitted to oversee the Federal Government while he is the President of the United States.

And my Republican colleagues apparently agree. Their silence in the face of the termination of so many inspectors general and key Federal workforce speaks volumes. Earlier this month we urged Republicans to hold a hearing on President Trump's sweeping purge of IGs throughout the Federal Government, but to date they have refused. And yesterday committee Republicans opposed an amendment to the committee's oversight plan to ensure the independence of inspector generals so they can continue to fulfill their legal responsibility to conduct nonpartisan and objective oversight.

And all of this Republican inaction demonstrates that committee Republicans are simply paying lip service to investigating waste, fraud, and abuse. They would rather play politics than actually conduct productive oversight. In fact, Republicans have wasted 2 years and held over 20 hearings looking for any excuse to gut investments in American manufacturing and workers. Today's hearing is Republicans' latest attempt to smear programs that help American workers and working families after they have failed to find any evidence of waste, fraud, and abuse.

Now, while Republicans are playing politics, Democrats are fighting to protect the historic investments we made through the Bipartisan Infrastructure Law and the Inflation Reduction Act. These investments are creating new, good-paying jobs, lowering costs for American families, and improving our energy security. They will improve our ability to outcompete China, build our American manufacturing, and reduce our reliance on supply chains controlled by America's adversaries.

This hearing is not about oversight or accountability. Instead, it is another effort by Republicans to justify stealing investments from American communities in order to pay for tax cuts for billionaires and big corporations. They are also pushing ahead with their attempts to strip healthcare away from millions of Americans by cutting at least \$880 billion from Medicaid.

I firmly believe that this committee has an obligation to conduct robust oversight of the agencies within its jurisdiction. But with all the fires and chaos that Trump and Musk are intentionally starting in these agencies, it is ridiculous that this is what Republicans are choosing to conduct oversight on today. So they remain complicit with their silence, and we will keep calling it out.

[The prepared statement of Mr. Pallone follows:]

Committee on Energy and Commerce

**Opening Statement as Prepared for Delivery
of
Ranking Member Frank Pallone, Jr.**

Hearing on “Examining the Biden Administration’s Energy and Environment Spending Push”

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The message from Trump’s firing of these two inspectors general — and many others — is clear. It’s not that he didn’t like the particular people responsible for looking for waste, fraud and abuse, it’s simply that he doesn’t think anyone should be permitted to oversee the federal government while he is President.

And my Republican colleagues apparently agree. Their silence in the face of the termination of so many inspectors general and key federal workforce speaks volumes. Earlier this month, we urged Republicans to hold a hearing on President Trump’s sweeping purge of IGs throughout the federal government but, to date, they’ve refused. And yesterday, Committee Republicans opposed an amendment to the Committee’s oversight plan to ensure the independence of Inspectors General so they can continue to fulfill their legal responsibility to conduct nonpartisan and objective oversight.

All of this Republican inaction demonstrates that Committee Republicans are simply paying lip-service to investigating waste, fraud and abuse. They would rather play politics than actually conduct productive oversight.

In fact, Republicans have wasted two years and held over 20 hearings looking for any excuse to gut investments in American manufacturing and workers. Today’s hearing is

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Republicans' latest attempt to smear programs that help American workers and working families after they failed to find any real evidence of waste, fraud or abuse.

While Republicans are playing politics, Democrats are fighting to protect the historic investments we made through the Bipartisan Infrastructure Law and the Inflation Reduction Act. These investments are creating new, good paying jobs, lowering costs for American families, and improving our energy security. They will improve our ability to outcompete China, build our American manufacturing, and reduce our reliance on supply chains controlled by America's adversaries.

This hearing is NOT about oversight or accountability, instead it is another effort by Republicans to justify stealing investments from American communities in order to pay for tax cuts for billionaires and big corporations. They are also pushing ahead with their attempts to strip health care away from millions of Americans by cutting at least \$880 billion from Medicaid.

I firmly believe that this Committee has an obligation to conduct robust oversight of the agencies within our jurisdiction, but with all the fires that Trump and Musk are intentionally starting in these agencies, it's absolutely ridiculous that this is what Republicans are choosing to conduct oversight on today.

They remain complicit with their silence and we will keep calling them out. And with that I yield back the balance of my time.

Mr.PALLONE. But with that, Mr. Chairman, I yield back the balance of my time.

Mr.PALMER. We now conclude with the Member opening statements. The Chair would like to remind Members that, pursuant to the committee rules, all Members' opening statements will be made part of the record.

We want to thank all our witnesses for being here today and taking time to testify before the subcommittee. Each witness will have the opportunity to give an opening statement followed by a round of questions from the Members.

Our witnesses for today are Ms. Nicole Murley, acting inspector general at the U.S. Environmental Protection Agency; Mr. J. Alfredo Gómez, Director of Natural Resources and Environment Team in the U.S. Government Accountability Office; Mr. Jonathan Black, chief advisor for strategic planning and program oversight, Office of the Inspector General at the U.S. Department of Energy; and Mr. Frank Rusco, Director at the Natural Resources and Environment Team in the U.S. Government Accountability Office.

You are aware that the committee is holding an investigative hearing and, when doing so, has had the practice of taking testimony under oath. Do you have any objection to testifying under oath?

The Chair then advises that you are under the rules of the House and the rules of the committee, and you are entitled to be accompanied by counsel. Do you desire to be accompanied by counsel during your testimony today?

OK. In that case, if you would please rise and raise your right hand, I will swear you in.

[Witnesses sworn.]

Mr.PALMER. We will now recognize Ms. Murley for 5 minutes to give an opening statement.

STATEMENTS OF NICOLE N. MURLEY, ACTING INSPECTOR GENERAL, ENVIRONMENTAL PROTECTION AGENCY; J. ALFREDO GÓMEZ, DIRECTOR, NATURAL RESOURCES AND ENVIRONMENT, GOVERNMENT ACCOUNTABILITY OFFICE; JONATHAN A. BLACK, CHIEF ADVISOR TO THE INSPECTOR GENERAL, DEPARTMENT OF ENERGY; AND FRANK RUSCO, DIRECTOR, NATURAL RESOURCES AND ENVIRONMENT, GOVERNMENT ACCOUNTABILITY OFFICE

STATEMENT OF NICOLE N. MURLEY

Ms.MURLEY. Good morning, Chairman Guthrie, Chairman Palmer, Ranking Members Pallone and Clarke, and members of the subcommittee. I'm Nicole Murley, the acting inspector general of the Environmental Protection Agency and the Chemical Safety and Hazard Investigation Board. Thank you for the opportunity to testify today. I appreciate your longstanding support of the EPA Office of Inspector General as we work to protect and detect—prevent and detect waste, fraud, and abuse in EPA and CSB programs and operations, and drive improvements in efficiency and effectiveness.

In line with that mission today, I will discuss our concerns regarding oversight of more than \$40 billion the EPA received under the Inflation Reduction Act. While the EPA OIG has not received

dedicated funding to oversee these programs, we have observed trends in our ongoing oversight of the EPA's Infrastructure Investment and Jobs Act operations as well as our broader oversight work for which we forecast risks for IRA funding.

The EPA OIG has repeatedly flagged systemic issues regarding the Agency's internal controls, particularly data quality and the management and oversight of Federal funding recipients such as grantees. Two years ago we warned that these issues could undermine the EPA's IIJA operations. And as I sit before you today, those warnings have come to pass.

For example, last fall our office found that the EPA did not take reasonable measures to verify the State-submitted data it used to alert billions of IIJA dollars to States for lead service line replacement. For two States alone, we identified nearly \$1 billion in questioned costs and funds put to better use.

In another example, we found that the EPA did not adequately monitor the deployment status and the use of over \$836 million of rebates for its 2022 Clean School Bus Rebate program. Furthermore, although the deadline for completing the projects was October 2024, as of February 2025 only 43 percent of the busses funded by those rebates have been delivered to schools.

Reviews of these programs yielded nearly \$2 billion in monetary impact. With our unique authority, our independence, and our expertise, we are confident that we could bring the same level of impact and oversight to the Agency's IRA programs, and we believe the issues that we've observed in our IIJA oversight are red flags for problems that could be lurking in IRA programs where, from an oversight perspective, these risks are magnified.

The IRA created a paradigm of new funding, new recipients, new initiatives, and a more complex financial transaction stream. In addition, most IRA funds have very tight expiration dates. The Agency's push to meet those statutory deadlines creates concerns regarding whether proper internal controls have been employed to vet funding recipients and project proposals, and to monitor recipient use and management of those funds.

The risks are heightened by the fact that, unlike the IIJA, the IRA does not include funding for EPA OIG oversight. We have already received reports of waste, fraud, and abuse related to IRA programs as well as allegations of retaliation from whistleblowers coming forward to report these issues.

While we are tapping into our core budgetary resources to investigate these complaints, without dedicated resources we are limited in our ability to conduct a more robust oversight. I deeply appreciate the ongoing efforts of both the House and the Senate to secure dedicated resources for this crucial work. In the meantime, we will strive to provide oversight within our existing budget.

Early on we focused on prevention to help the Agency consider safeguards from the outset, rather than scrambling to recover mismanaged or misused money after the fact. We briefed more than 1,000 EPA employees and stakeholders on fraud prevention and mitigation strategies. We also raised questions for the Agency to consider regarding due diligence reviews, monitoring of grantees and subgrantees, and screening for potential conflicts of interest.

With roughly 93 percent of the EPA's IRA funds obligated, our focus is now detection. In addition to ongoing investigative work, we will leverage data analytics to proactively detect potential fraud. We've initiated an audit to determine whether an EPA contractor that received \$147 million in IRA and IIJA-funded contracts has complied with Federal and contract requirements, and our team is prioritizing additional IRA oversight work focused on grantee and subrecipient capacity and the EPA's vetting process for awards.

The examples I've shared today are a cautionary tale of systemic issues reaching across EPA programs that we have noted for years. With a vital mission to protect human health and the environment, and more than 1 billion taxpayer dollars at stake, it's essential to learn from the past. We are confident that, with the continued support of Congress and the administration's commitment to tackling waste, fraud, and abuse, we can help make the EPA meaningful—help the EPA make meaningful improvements.

Thank you, and I look forward to answering your questions today.

[The prepared statement of Ms. Murley follows:]

**Statement of
Nicole N. Murley
Acting Inspector General
U.S. Environmental Protection Agency**

before the

**Subcommittee on Oversight and
Investigations
Committee on Energy and Commerce
U.S. House of Representatives**

February 26, 2025



Introduction

Good morning, Chairman Guthrie, Chairman Palmer, Ranking Members Pallone and Clarke, and members of the subcommittee. I am Nicole Murley, the Acting Inspector General of the U.S. Environmental Protection Agency and the U.S. Chemical Safety and Hazard Investigation Board.

Thank you for the opportunity to testify today and for this committee's commitment to oversight and accountability. We deeply appreciate your longstanding and continued support of the EPA Office of Inspector General as we carry out our important work to prevent and detect waste, fraud, and abuse in EPA programs and operations and to drive improvements in efficiency and effectiveness.

In line with that mission, today I will discuss the pressing need for oversight of the more than \$40 billion that the EPA received under the Inflation Reduction Act, or IRA. While the EPA OIG has not received funding to oversee the Agency's IRA programs, we have observed concerning trends through our ongoing oversight of the EPA's implementation of the Infrastructure Investment and Jobs Act, or IIJA, as well as through our broader work overseeing the Agency's core programs and management of other supplemental appropriations. Our findings highlight challenges that permeate EPA operations, from which we can forecast troubling risks in the Agency's administration of IRA funding.

Oversight Mission

The story of our oversight begins long before the IIJA or IRA. Since the enactment of the Inspector General Act of 1978, as amended, federal offices of inspector general have been charged to prevent and detect fraud, waste, abuse, and mismanagement across federal programs and operations. By design, OIGs serve as independent watchdogs for the American taxpayers and Congress. At the EPA OIG, we carry out this important mission and drive change in the environmental space by fighting fraud, promoting ethical conduct, and recommending improvements to address issues that undermine EPA programs.

Our robust body of mandatory and discretionary oversight work provides Congress with a clearer picture of how EPA programs are functioning, where taxpayer dollars may be at risk, and what targeted improvements can enhance efficiency and effectiveness. Dedicated EPA OIG staff conduct independent, objective, and evidence-based audits, evaluations, and investigations designed to identify not only problems but also solutions. Their deep institutional knowledge of the Agency's programs combined with advanced analytics to identify risks and trends begets oversight that is both data-driven and contextually informed. With this blend of expertise, we provide actionable recommendations that strengthen accountability while supporting the EPA's ability to effectively meet its mission.

Recognizing the value of our review and oversight, EPA Administrator Lee Zeldin has set a "tone at the top" early on that encourages EPA employees to support and enable the critical functions of the OIG in the fight against waste, fraud, abuse, and inefficiency. We are committed to working to promote transparency, accountability, and good governance while striving to ensure that environmental programs deliver their intended benefits to the American people.

Longstanding Challenges

Even with this mutual commitment to improving accountability and efficiency at the EPA, achieving much-needed improvements will not come without challenges. Throughout years of oversight work, the EPA OIG has repeatedly flagged systemic issues regarding the Agency's internal controls—the systems and processes through which the EPA helps ensure the effectiveness and efficiency of its operations, the reliability of its reporting, and its compliance with applicable laws and regulations.

Examples of internal controls include taking steps to ensure the quality of collected information and measuring and reviewing program outcomes. We have consistently highlighted data quality and the management and oversight of federal funding recipients, such as grantees, as persistent weak points in the EPA's operations. From inaccurate data to insufficient verification processes to failure to monitor recipient and subrecipient spending, our findings have stressed time and again that the EPA must enhance its practices and strengthen its oversight mechanisms to ensure the effective administration of federal funds and the integrity of EPA programs.

While these issues are not new, they have shown up in new and costly ways in the EPA's IJIA programs, giving us reason to believe that they will affect the Agency's IRA operations as well.

Infrastructure Investment and Jobs Act

Under the IJIA, the EPA was entrusted with more than \$60 billion in taxpayer funds to tackle pressing issues like water infrastructure, environmental cleanups, and clean air projects, largely through existing federal funding programs and mechanisms. To help the EPA prepare, implement, and oversee programs receiving IJIA appropriations, we provided a series of “lessons learned” reports in the early days following the IJIA's enactment. These reviews identified relevant findings from prior oversight work that could help the Agency avoid repeating previous missteps. We warned the EPA that without learning from the mistakes of the past and taking action to address systemic issues, its ability to manage IJIA programs effectively would be compromised. Unfortunately, the EPA did not always heed our warnings.

As the EPA began reporting on its disbursement of IJIA funding, problems resulting from inadequate internal controls surfaced almost immediately. Two programs, in particular, demonstrate the impact of these issues: the state revolving funds, or SRFs—to which Congress dedicated over 70 percent of the EPA's IJIA appropriations—and the \$5 billion Clean School Bus Program.

State Revolving Funds

The Drinking Water State Revolving Fund, or DWSRF, was created to help states and water systems meet the Safe Drinking Water Act goal of protecting public health. Under the Act, the EPA conducts a Drinking Water Infrastructure Needs Survey and Assessment, or DWINSA, every four years to identify the states' needs and to inform the allocation of DWSRF funds. The survey was last administered in 2021, before the IJIA was enacted, and included a lead service line questionnaire aimed at assessing the overall cost of replacing the country's lead service lines. By the EPA's own account, identifying the locations of lead service lines is a significant challenge due to poor recordkeeping and long histories of repairs. Furthermore, the Agency has noted challenges that made responses to previous national lead service line surveys difficult to verify. Despite these challenges, after receiving responses to the 2021 DWINSA

questionnaire, the EPA decided to use the data that states provided to allot \$2.8 billion of fiscal year 2023 IJA funds for lead service line replacement.

We evaluated the design and execution of the DWINSA lead service line questionnaire and whether the questionnaire allowed the EPA to create accurate allotments to the states based on their actual needs. Our findings showed significant gaps in data reliability. As we outlined in an October 2024 [report](#), the EPA instructed states to use their “best professional judgment” when reviewing and submitting lead service line data for the DWINSA questionnaire. However, despite knowing the challenges with identifying lead service lines, and despite our repeated warnings about the real and significant cost of using unreliable data, the Agency did not take reasonable measures to verify the data that the states submitted in the questionnaire. Furthermore, the EPA did not require states to provide documentation to support the data they submitted or to explain how they collected and reviewed it. Perhaps not surprisingly, we found inaccuracies in the data we reviewed. For two states alone, we identified nearly \$1 billion in questioned costs and funds that could be put to better use. While Agency officials initially disagreed with the three recommendations that we provided, they have since accepted the recommendations and proposed corrective actions.

Along with ensuring data quality, effective monitoring of grant or loan recipients and subrecipients is another critical internal control for grant-making agencies like the EPA. One essential tool for this oversight is reviewing single audit reports, which help federal agencies to monitor entities that receive and expend federal funds. However, the EPA has provided inconsistent and incorrect advice to recipients regarding the use of single audits in monitoring subrecipients. In August 2023, we issued a [management alert](#) highlighting a 2021 EPA Office of Water policy memorandum that incorrectly advised states that they do not have to review single audits of nonfederal entities that borrow money from SRFs. This guidance, which applies to all SRF passthrough entities, misinterpreted and contradicted federal law and the Uniform Guidance and created a significant risk that SRFs may fail to identify fraud, waste, or abuse. This was particularly concerning given that states are expected to manage billions of additional dollars for infrastructure projects under the IJA. While the Office of Water issued updated guidance to the regional SRF branch chiefs, we remain concerned that any state administering SRF programs may not be using single audit reports to evaluate risk and cost-effectively monitor and protect taxpayer dollars.

We also raised concerns about mandatory state audits of SRF programs. The statutes creating the SRFs require financial and compliance audits of the SRFs, and the EPA’s implementing regulations require that the states send these audits to the OIG for review. However, until we requested the audits in April 2023, states were not submitting their audits. At least nine states did not provide audit reports for their SRF programs that, at a minimum, specifically identified the state’s SRF financial information.

It is important to note that our role is to oversee the EPA, not the states. The EPA should be requiring and relying on the states’ financial and compliance audits as part of its annual review of the SRFs, as these audits are an important tool for detecting and preventing fraud, waste, and abuse. These gaps highlight the urgent need for the EPA to ensure consistent monitoring practices that enable oversight and protect federal investments in drinking water infrastructure.

Clean School Bus Program

The IIJA provides the EPA \$5 billion from fiscal year 2022 through fiscal year 2026 for the Clean School Bus Program, which provides grants and rebates to eligible recipients to replace diesel school buses with zero-emission and cleaner alternatives. During the program's first year, the EPA opted to distribute funds using a rebate process, providing funds directly to the recipients' bank accounts once they submitted a payment request form along with a copy of a purchase order. This often occurred before the school buses were manufactured and delivered. According to the EPA's second report to Congress on the program, the Agency approved nearly \$1 billion in rebates to 415 school districts for the purchase of 2,600 vehicles.

Early on, we had concerns about the use of rebates instead of grants, which have stricter controls. Whereas grant recipients are required to document project progress and costs and are subject to audit and improper payment testing, rebates involve less oversight. The use of rebates increases the risk of mismanagement or unauthorized use of rebate money. Additionally, the reduced program monitoring under the rebate system makes it harder to ensure that buses are deployed in a timely manner or to verify that funds achieve program goals.

Given the systemic issues I have highlighted, we warned that the use of rebates could increase program risks. We were right to worry. In a December 2024 [audit](#), we found that the EPA did not adequately monitor the deployment status and use of over \$836 million of the 2022 rebates. Furthermore, although the deadline for completing projects was October 2024, as of February 2025, only 43 percent of the buses funded by the 2022 Clean School Bus Rebate Program have been delivered to schools.

Compounding these issues, the EPA did not provide recipients with clear guidance on how to manage the funds, increasing the potential misuse of rebate funds. Additionally, contrary to multiple OIG briefings to the EPA on strategies to reduce fraud risks, we found that the Agency permitted recipients to commingle Clean School Bus Program funds with other accounts or earn interest on unused rebate funds, increasing the potential for funds to be misused or interest earnings to be diverted for purposes unrelated to the program. In response to our audit work, the EPA updated its guidance for subsequent rebate programs. This guidance provided specific instructions on earning interest, including a requirement to return any interest earned to the U.S. government; a requirement to follow proper financial management practices to ensure that funds are only used for eligible expenses; and a prohibition on commingling rebate funds with other general funds.

Two years ago, we warned of the risks threatening to undermine the EPA's implementation of IIJA funding. Today, those warnings have come to pass. Our lead service line replacement and clean school bus oversight work together yielded nearly \$2 billion in monetary impact. Our reports on those subjects not only illustrate the longstanding issues playing out in the EPA's IIJA programs but also the need for, and the return on investment of, our IIJA oversight. Just three years into our 13-year plan, we have already provided a return of nearly \$40 in monetary impact for every \$1 of IIJA oversight funding we have spent.

We are confident that we could bring this same level of impact and oversight to the Agency's IRA programs. And we have every reason to believe that the issues we have observed in our IJIA oversight are a glaring red flag for problems that could be lurking in the Agency's IRA programs as well.

Inflation Reduction Act

With the passage of the IRA, the EPA was tasked with distributing \$41.5 billion to implement another set of programs aimed at improving public and environmental health. However, the risks are magnified. The magnitude of the funding provided under the IRA and IJIA—more than \$100 billion all together—is many times greater than what the EPA has ever managed and creates potential capacity issues for both the Agency and recipients, particularly with distributing funds and monitoring programs. However, a stark difference between the two laws is that, while the IJIA provided new funding largely through existing, familiar programs and mechanisms, the IRA created a paradigm of new funding, new recipients, new initiatives, and a more complex financial transaction stream.

In addition, whereas most of the EPA's IJIA appropriation is available until it is expended, the bulk of IRA funds have tight expiration dates that require a pace of spending that multiplies the risk of fraud, waste, and abuse. While Congress mandated certain statutory deadlines to obligate portions of the IRA, the rush to meet those statutory deadlines creates concerns regarding whether the Agency employed proper internal controls to vet funding recipients and project proposals and to monitor recipients to prevent the misuse and mismanagement of funds.

The Greenhouse Gas Reduction Fund, or GGRF, is one program that we have been particularly concerned about. Receiving \$27 billion—more than half of the EPA's overall IRA appropriation—the GGRF is a new program intended to mobilize financing and private capital for investment in greenhouse gas- and air pollution-reducing projects. For two GGRF programs, the EPA decided to establish an agreement with a financial agent to distribute \$20 billion to eight selected organizations that will in turn provide financing for clean energy projects. The structure is intended to encourage a public-private financing model, with federal dollars expected to mobilize private investment.

While awarding funds through a financial agent is not new to the federal government, it was new to the EPA. During the EPA's GGRF planning phase, our office raised questions about this approach. Some of the risks are familiar—ensuring adequate recipient and subrecipient monitoring and data reliability, for example. However, the financial agent framework also introduces new risks. Using third-party entities to determine how to distribute billions of dollars to additional passthrough entities reduces the Agency's control over and visibility of how the funds are spent. Furthermore, it complicates efforts to ensure compliance, manage financial risks, prevent fund misuse, and measure the outcomes of funded projects. From the OIG's perspective, this structure makes providing effective oversight challenging. Adding to that and the historical and ongoing EPA management challenges I have discussed today, we are concerned that there will be critical gaps in monitoring, accountability, and compliance in the GGRF, as well as in other IRA programs.

The risks surrounding the IRA are heightened by the fact that, unlike the IJIA, the IRA does not include dedicated funding for EPA OIG oversight. Our concerns have only intensified as we have already received reports of waste, fraud, and abuse related to IRA programs, as well as allegations of retaliation from

whistleblowers coming forward to report these issues. While we are tapping into our core budgetary resources to investigate these allegations, without dedicated resources, we are limited in our ability to provide more robust and effective IRA oversight.

I deeply appreciate the ongoing efforts of both the House and Senate to secure dedicated resources for this critical oversight. In the meantime, my office is working to provide oversight within our existing budget. Early on, we focused on prevention as the EPA ramped up its efforts and began obligating IRA funding, aiming to help the Agency consider safeguards from the outset to ensure that funds are used as intended rather than scrambling to recover mismanaged or misused money after the fact. We took a proactive approach, providing briefings to more than 1,000 EPA employees and external stakeholders to raise awareness of fraud prevention and mitigation strategies, while also highlighting the OIG as a key resource for reporting potential wrongdoing or mismanagement. Additionally, when we met with the Agency to discuss the program design for the GGRF, we raised questions regarding due diligence reviews, monitoring of grantees and subgrantees, and screening for potential conflicts of interest.

With more than 93 percent of the EPA's IRA funds now obligated, our focus is shifting from prevention to detection. In addition to ongoing investigative work, we will be leveraging data analytics to proactively detect potential fraud. Our data analytics team is planning to use machine learning models for predictive fraud detection using red flags. The results can be displayed in dashboards that investigators can review in real time. In January, we initiated an [audit](#) to determine whether an EPA contractor that received roughly \$147 million in IRA- and IJA-funded contracts has complied with federal requirements and contract terms and conditions. Our auditors, evaluators, and investigators are prioritizing additional IRA oversight work focused on grantee and subrecipient capacity and the EPA's vetting process for awards. This work will address reports that our OIG Hotline has received in these areas. We plan to examine both whether the EPA took appropriate care in making awards and whether recipients engaged in any fraud or other misconduct to obtain the awards.

The EPA OIG has the unique authority and expertise to provide objective and independent oversight of the Agency's IRA funding and to track these taxpayer dollars from allocation to final expenditure to ensure that they are used as intended and not thwarted by fraud, waste, abuse, or mismanagement. We will continue to monitor emerging issues to ensure that our IRA oversight work remains strategic and responsive as budgetary constraints and statutory requirements allow.

Conclusion

The examples I have shared today tell a cautionary tale of systemic issues reaching across EPA programs. With a vital mission to protect human health and the environment—and more than \$100 billion taxpayer dollars at stake—it is essential to learn from the past. We are confident that, with the continued support of Congress and the Administrator's commitment to tackling waste, fraud, and abuse, we can help the EPA make meaningful improvements.

Mr.PALMER. The Chair recognizes Mr. Gómez for his opening statement—or for his testimony.

STATEMENT OF J. ALFREDO GÓMEZ

Mr.GÓMEZ. Chairman Palmer, Chairman Guthrie, Ranking Member Clarke, Ranking Member Pallone, and members of the subcommittee, good morning. Thank you for the opportunity to discuss our work on how the EPA is using over \$100 billion provided by the Infrastructure Investment and Jobs Act and the Inflation Reduction Act.

The IIJA included over \$60 billion for EPA. We have been focused on the 50 billion that went to water infrastructure and other investments. The IRA included about 41.5 billion in funding for greenhouse gas reduction and other programs. This new funding is a significant increase for EPA's average annual budget of about \$8.8 billion per year. My statement today is based on several issued reports and on observations from our ongoing work on how EPA is using and overseeing the IRA funds. Specifically, my statement discusses the status of EPA's IIJA water-related funds and the IRA funds.

The IIJA provided EPA with over 43 billion for State revolving funds and an additional 7 billion for other water-related investment. This funding is being allocated to the States using formulas that are set in law, and this is the same process that EPA uses to award baseline funds for the Clean Water and Drinking Water State Revolving Fund programs. Through these programs States can make loans for wastewater and drinking water infrastructure projects. In our prior work we have identified the need for better financial indicators that show the growth of these programs and ensure the sustainability of the funds.

Last year we also recommended that Congress consider revising the formula for the Clean Water State Revolving Fund program. The formula has not been significantly updated since 1987, when it was first put into place. A revised formula would better align with the program's goals, and a panel of experts we convened recommended a formula that is based on States' clean water needs as well as population and poverty would be better.

Now, switching gears, the IRA provided EPA with about 41.5 billion for grants and other investments to reduce greenhouse gas emissions and enhance climate resilience. Our analysis of provisional EPA data shows that the Agency obligated nearly all of the funds, and about half was expended. The IRA directed EPA to establish the—to establish several new grant programs and support other efforts. The largest amount was the 27 billion for the Greenhouse Gas Reduction Fund. To implement the fund, EPA created a new program office and established three subprograms.

The first subprogram is a \$14 billion National Clean Investment Fund—awarded these grants to three recipients to establish financial institutions that provide financing for low- and zero-emissions technology projects.

Now, the second subprogram is the 6 billion Clean Communities Investor Accelerator, which awarded grants to five recipients, provided funding and technical assistance to community lenders in

low-income and disadvantaged communities for financing low-emission projects.

EPA officials stated that nearly all of the 20 billion for these two subprograms has been obligated and expended by depositing the funds with a commercial bank. This bank is acting as EPA's financial agent, and is to provide commercial banking and financial services for the awardees. While financial agents have been used in other parts of the Federal Government, this differs from EPA's customary funding model.

EPA also determined that it would need 74 full-time equivalents to oversee the new program, and at this juncture it has 38 total staff that oversee the grantees. EPA also has 20 grant specialists that help support this and other programs. Now, similar to other grants, the Agency's oversight of these grant recipients includes several reporting requirements—for example, reporting progress on outputs and outcomes.

In summary, we have reported that there are risks involved with major new programs, especially when funding is awarded on a compressed schedule. At this point, EPA has stood up programs and issued awards, and now their emphasis turns to monitoring and overseeing those awards. Monitoring existing awards may require different skills and expertise than evaluating award applications. Our ongoing work will assess EPA's process for making spending decisions and its oversight of these monies.

Chairman Palmer, Ranking Member Clarke, and members of the subcommittee, this completes my statement. I'd be happy to answer questions.

[The joint prepared statement of the Government Accountability Office's Natural Resources and Environment team appears after Mr. Rusco's oral statement.]

Mr. PALMER. The Chair recognizes Mr. Black for his testimony.

STATEMENT OF JONATHAN A. BLACK

Mr. BLACK. OK, I think I've got a red light.

Chairman Palmer, Vice Chairman Balderson, Ranking Member Clarke, and members of the subcommittee, my name is Jonathan Black. I currently serve as the chief advisor to the inspector general of the Department of Energy's Office of Inspector General. My portfolio of work involves oversight over the Infrastructure Investment and Jobs Act and the Inflation Reduction Act and the various programs that the Department of Energy has stood up for those Acts. Thank you for inviting me to testify today on the oversight work that the Department of Energy's Office of Inspector General is performing regarding the Department's Loan Programs Office.

In July 2022 the OIG warned in a special report about the risks for potential conflicts of interest and undue influence in the LPO. Also, we raised concerns with fast-moving funds before this very subcommittee in March of 2023. By my accounting, the Infrastructure Investment and Jobs Act, the Inflation Reduction Act, and the 2023 Consolidated Appropriations Act authorized an estimated \$385 billion of expanded loan authority in the LPO.

I appear before you today to report that the OIG now observes potential problems regarding, one, conflicts of interest; two, acceler-

ated loan closures; and three, concerns identified in our loan file reviews.

One, the OIG reported that the LPO has not implemented controls sufficient to properly manage organizational conflicts of interest. This poses a significant risk for fraud, waste, and abuse. The LPO contracts with more than 300 personnel to assist with loan due diligence with expertise in legal, engineering and technical market analysis, and finance and credit. Also, prospective borrowers provide the LPO with third-party expert reports covering the same subject areas. In the OIG's December 2024 report we found that the LPO does not ensure that contracting officers identify and evaluate potential conflicts of interest for their third-party experts. Proper management of conflicts of interest requires identifying all parties involved in the process on both sides of the transactions. Federal stewards have an affirmative obligation to do so, but this was not done.

Also, the LPO did not ensure that the contracting officers adequately track conflict of interest disclosures and waiver requests and did not share and cross-check that information with the appropriate parties across multiple divisions of the LPO. Accordingly, the LPO appears to have functionally abandoned any responsibility for neutralizing or mitigating conflicts of interest.

Additionally, LPO's support service contractor was unable to show the OIG records to indicate that it had provided training to its due diligence experts as to what constitutes a conflict of interest, what disclosures, what mitigation steps, and what other measures may be needed. How can these outside experts know what constitutes a conflict of interest if they were not even trained on these requirements?

To their credit, the current Department leadership acknowledges the risks associated with these issues that we have identified and has paused all new loan closures and has developed and begun to implement corrective action plans to address the weaknesses identified in our December 2024 report.

Two, fast-moving funds. Between November 2024 and the first three weeks of January 2025, the Department has accelerated the approval of its loans, as shown in my written statement. To be clear, during January and—December and January, LPO completed \$46 billion of new loans. The increase in pace underscores our concerns about whether it is possible to conduct robust due diligence to protect the tax dollars under such time pressures.

Three, the OIG has hired outside experts to help us review two recently completed loan agreements. For both of these projects LPO had hired its own outside experts to identify and articulate serious red flags that they identified before the loans were closed, including multiple major risks that call into question the projects' financial and performance viability.

Also, LPO employs certain risk mitigation strategy for these major loans. One mitigation measure involves structuring in guaranteed sales agreements in order to assure revenue for the project. Other mitigation measures involve structuring and construction contract terms and commitments that are written in a way to help minimize the risk for cost overruns. For the two projects we examined, LPO's own expert advisors duly identified and called out the

loan applicant's mitigation measures as being insufficient, that may pose risks to the viability of the financial side of the project, and these often covered only 25 percent or less of the needed revenue protection or cost control.

Further, the mitigation measures were largely arranged with related parties, oftentimes relying upon shaky financial positions. In looking through the credit review board meeting minutes, they indicate a willingness to approve loans despite these risks. Also, we observed that the LPO did not update some of their data and analysis for evolving market conditions and changes in the political landscape that may inform the long-term prospects for repayment of these loans.

In closing, I would like to recognize the bipartisan efforts of this subcommittee to provide oversight for the Department's Loan Program Office. Thank you for your continued support for the independent oversight that the OIG does to advance transparency and to prevent and detect fraud, waste, and abuse. I appreciate the opportunity to testify, and I look forward to your questions.

[The prepared statement of Mr. Black follows:]

U.S. Department of Energy
Office of Inspector General

Statement
of
Jonathan A. Black, Chief Advisor to the Inspector General
US Department of Energy

before the

U.S. House of Representatives
Committee on Energy and Commerce
Subcommittee on
Oversight and Investigations

February 26, 2025

Introduction

Chairman Palmer, Vice Chairman Balderson, Ranking Member Clarke, and members of the sub-committee – thank you for inviting me to testify today on the oversight work that the Department of Energy Office of Inspector General (OIG) is performing regarding the Department’s Loan Programs Office (LPO).

In July 2022, the OIG warned in a special report,¹ about the risks for potential conflicts of interest and undue influence in the LPO. We further raised our concern associated with “Fast Moving Funds” when the then Inspector General, Teri Donaldson testified before this same Subcommittee in March 2023. She also appeared before the House Committee on Oversight and Accountability, Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs; the House Committee on Science, Space, and Technology; and the Senate Committee on Energy and Natural Resources to share these same concerns. Some of the OIG’s main concerns stem from the historic expansion of the LPO, as authorized in the Infrastructure Investment and Jobs Act (IIJA), the Inflation Reduction Act (IRA), and the 2023 Consolidated Appropriations Act. By my accounting, these three bills authorized an estimated \$385 billion of expanded lending authority.

I appear before you today to report that the OIG now observes potential problems regarding conflicts of interest and accelerated loan closures. The OIG also identified concerns during individual file reviews.

¹ *Special Report on Prospective Considerations for the Loan Authority Supported Under the Loan Programs Office to Improve Internal Controls and Prevent Fraud, Waste, and Abuse* (<https://www.energy.gov/ig/articles/special-report-doc-oig-22-34>)

Documentation and Controls Over Potential Conflicts of Interest in the LPO

As identified in the OIG's December 17, 2024, Memorandum for the Under Secretary of Energy for Infrastructure,² the LPO has not implemented controls sufficient to assure a regulatory and contractually compliant and effective system to manage organizational conflicts of interest. This poses a significant risk of fraud, waste, and abuse.

The LPO contracts with more than 300 contractor and subcontractor personnel to assist with loan application processing. These personnel support the LPO's review of loan applications with expertise in legal, engineering/technical, market analysis, and financial/credit aspects of loan applications as a key component of the LPO loan processing and due diligence. Also, as part of loan application packages, prospective borrowers provide the LPO with "third-party" expert reports, covering such topics as financial and credit issues and analysis, engineering and technical analysis, and market analysis. Although these third-party experts contract with the LPO, which relies upon their work as essential components of the loan application process, the prospective borrowers pay for the third-party experts' services. The OIG has an ongoing audit of the controls over potential conflicts of interest for the LPO's support contractors. In the December 2024, interim report, we noted the following:

1. The LPO does not ensure that contracting officers and their representatives identify and evaluate potential conflicts of the third-party experts. The OIG audit team observed that, although required by the Federal Acquisition Regulations, LPO did not identify and evaluate potential conflicts of interest of third-party experts that work with LPO, its contractors, and its prospective borrowers. Proper management of conflicts of interest requires identifying all parties involved in the process on both

² *Interim Findings – The Department's Loan Programs Office Is Not Managing Organizational Conflicts of Interest in Compliance With Regulations and Contractual Obligations*, December 17, 2024
(www.energy.gov/ig/articles/interim-findings-department-energy-loan-programs-office-conflicts-interest)

sides of the transaction. The federal contracting officers have an affirmative obligation to do so, but this was not done.

2. The LPO did not ensure that the contracting officers and their representatives adequately track conflict of interest disclosures or waiver requests, and did not share and cross-check that information with appropriate parties across multiple divisions of the LPO. By failing to track the parties involved in these transactions, as well as the disclosures and waiver requests, the LPO has functionally abandoned any responsibility for neutralizing or mitigating conflicts of interest.
3. LPO's contract with its support services contractor required them to develop and submit an Organizational Conflict of Interest Management Plan outlining its strategy for identifying, disclosing, and mitigating potential conflicts of interest. Although the contractor submitted a plan in October 2017, the OIG audit team found that the LPO's contracting officer's representative, who handled day-to-day oversight of the contract, did not have a copy of this plan and had taken no action to verify implementation. We found that the LPO was unaware that the contractor had not implemented crucial aspects of the plan, such as the training requirement, which for most organizations, is a key component for preventing organizational conflicts of interest. In particular, the contractor was unable to show the OIG records to indicate that it had provided training to its due diligence experts as to what constitutes a conflict of interest, and what disclosures, mitigation steps, and other measures may be needed.

Although no specific conflict of interest was identified during the course of our work, the OIG's concern that there was no infrastructure in place to identify conflicts of interest led to our recommendation to pause loan completions, pending a thorough review of the conflict-of-interest

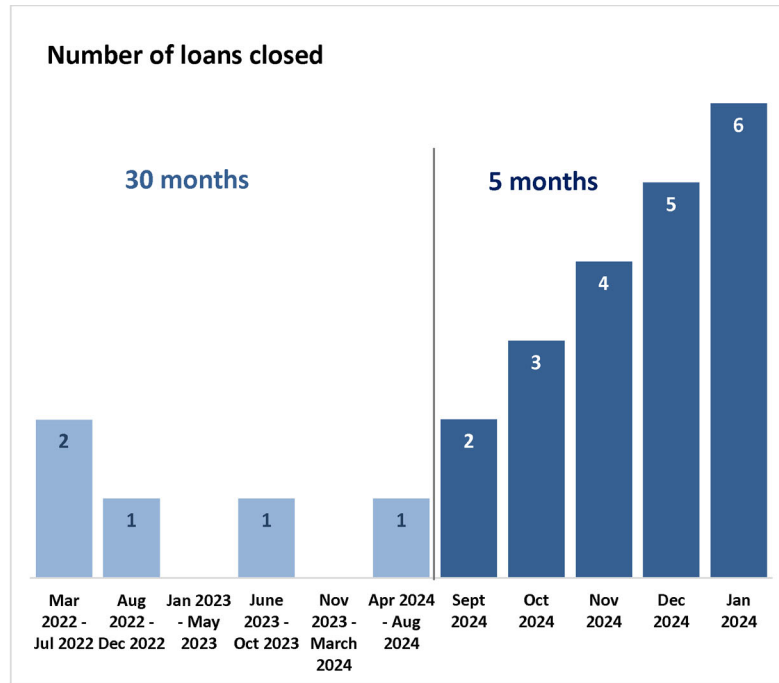
risk mitigation process. In response to our interim report, Departmental management disagreed with the findings and recommendations. At that time, the Department did not pause loan completions and, in fact, appears to have accelerated the issuance of loans and loan guarantees.

The current Department leadership acknowledges the risks associated with the issues we identified and has: 1) paused all new loan actions, and 2) developed and begun to implement a corrective action plan to address the weaknesses identified in our report. We are in receipt of LPO's draft corrective action plan and are providing comments to Departmental leadership on their plan's responsiveness to our findings. I must again note that this audit has not identified instances of actual conflicts of interest, in part, because LPO did not have the documentation that would have enabled the OIG to perform this analysis. The OIG did identify a couple of undisclosed related party issues that may warrant further scrutiny by LPO management to determine whether a conflict existed.

One final note on the OIG's Conflicts of Interest oversight – the OIG has a separate audit on this issue that is focused on the Federal LPO staff. We cannot yet share any results for this project, as it is ongoing, but will be happy to communicate our results with this subcommittee when we are finished.

Fast Moving Funds

Between November 2024 and January 2025, the Department appears to have accelerated its processing and approving of loans and loan guarantees that were under review. We observed a significant increase in loan closure actions over the last several months, as shown in the following table.



Between December 2024 and January 2025, LPO completed loans worth more than \$46 billion. The increase in pace underscores our concerns about whether it is possible to conduct robust due diligence to protect taxpayer dollars under such time pressures. The OIG recently began an effort to assess the facts and circumstances surrounding the accelerated completion and approval of loan application packages, and whether any processes were truncated. When we have completed our work, we will certainly communicate the results to this subcommittee.

OIG Loan File Reviews Identified Concerns

The OIG hired outside consultants with expertise in large project capital financing due diligence to review two recently completed loan agreements. For both projects, LPO's own hired experts identified and articulated serious red flags before the loans were closed. I cannot go into the details of these facts in this venue, because the data we reviewed is business sensitive and proprietary. However, multiple risks were identified that call into question the projects' financial and performance viability.

I can discuss how the LPO employs risk mitigation strategies and how they aligned with the two loans files our team reviewed. One mitigation measure involves structuring in "offtake contracts" or guaranteed sales agreements to assure revenue for the project. Other mitigation measures involve structuring into construction contracts terms and commitments that are written in a way to mitigate the risk of cost overruns. The projects we examined included mitigation measures for both offtake contracts and construction contracts, but their terms fell far short of the intent of such arrangements to ensure fiscal protection, often covering only 25 percent or less of needed revenue and cost. Furthermore, the mitigation measures were largely arranged with related parties relying upon shaky financial positions. The LPO's own expert advisors duly identified and called out the loan applicants' mitigation measures as insufficient and posed risks to the viability of the financial side of the project, which could result in bankruptcy.

In looking through LPO Credit Review Board meeting minutes, we observed that the LPO may not have done a thorough job of vetting, debating and weighing the loan application against the risk of default. Rather, the documented meeting minutes indicated a cursory review and willingness to approve the loan application despite the risks. Also, we observed that the LPO did not update some of their data and analysis for evolving market conditions and changes in the political landscape that would inform the long-term prospects of repayment of the loans.

The calculations performed by the OIG's consultant indicate that these losses can far exceed the anticipated losses that LPO calculated with its Credit Subsidy calculation process.

Last week, the OIG provided LPO leadership with information and analysis regarding the facts and circumstances identified by the OIG's consultant for these two loan file reviews for their information and action.

Closing Remarks

I would like to recognize the bipartisan efforts of this Committee to provide oversight on the Department, advance transparency for the taxpayer, and improve the integrity of Departmental programs. Thank you for your continued support for the independent oversight work performed by the DOE OIG. We look forward to continuing to work on behalf of the taxpayers to ensure that the Department's programs are operating effectively and efficiently, and to prevent and detect fraud, waste, and abuse. I appreciate the opportunity to testify here today, and I look forward to answering your questions.

Mr.PALMER. The Chair now recognizes Mr. Rusco for his testimony.

STATEMENT OF FRANK RUSCO

Mr.RUSCO. Thank you, Chairman Palmer, Ranking Member Clarke, and members of the subcommittee. Thank you for the opportunity to speak about our work on DOE's IRA and IIJA spending. My testimony today focuses on two DOE offices that each received a lot of money from the IIJA and IRA.

DOE's Office of Clean Energy Demonstration, or OCED, was created in 2021 and manages demonstration projects in eight different areas, including hydrogen hubs, carbon capture and sequestration, and advanced nuclear projects. The money funding these projects came from the IIJA, about \$22 billion, and the IRA, about \$5 billion.

Through September 2024, OCED had awarded almost \$19 billion. Most of this went to four areas, including \$10 billion for industrial decarbonization and carbon capture projects, \$8 billion for regional hydrogen hubs, and \$1 billion for advanced nuclear projects. Since October 2024, OCED approved another \$6.6 billion, mostly to hydrogen hubs and industrial decarbonization processes.

Only a small amount of the committed money has actually gone out the door, and the remainder will depend on projects meeting milestones, including passing independent cost reviews. The private-sector companies receiving these awards have a lot at stake in ensuring their success because OCED money is matched by private-sector partners.

When we audited OCED in 2023 and 2024, we found that the office had adhered to a number of recommendations we had made regarding past DOE carbon capture and advanced nuclear demonstration projects. OCED also brought in a large number of new employees and contractors from the private sector to build the expertise to evaluate applications for awards. However, we also found that OCED could improve its procedures by better defining its goals and developing metrics to measure progress, and by developing a strategic workforce plan to ensure it maintains the right number of employees with the right skills going forward.

DOE's Loan Programs Office, or LPO, oversees loans and loan guarantees across five different programs, including auto manufacturing, nuclear power, biofuels, and renewable power. LPO first issued a loan in 2009 using money from the Recovery Act. More recently, LPO received about \$370 billion in loan-making authority, most of it from the IRA; \$290 billion of that authority expires in 2026, and another 60 billion expires in 2028. In total, to this date, LPO has made loans or loan guarantees equal to about \$67.5 billion. Of that amount, 24.4 billion was awarded in the last quarter of 2024 and about 25 billion was awarded in January 2025 alone.

We will be conducting future work looking at the LPO's overall processes, but I can say today that my biggest concern for the LPO is the rapid and increasing pace of loans that were issued in the last 4 months. As we have testified before to this committee, we get concerned when agencies have a lot of money to spend and a short amount of time to spend it. We will continue to monitor both OCED and LPO going forward.

It is important to note that for both OCED and LPO awards, the money typically goes out in tranches as projects successfully pass milestones and meet financial viability conditions set in the terms of awards. To make sure future money is spent wisely, it is essential that both programs have staff with the right skills to evaluate the milestones and financial viability of projects that have already received awards. Often this will require contracting out for expertise that the agencies do not possess in the right quantities to handle all the work.

In recent weeks both offices have lost staff and the services of contractors as a result of resignations, dismissals, and spending freezes. As we perform our ongoing oversight, we will be evaluating how the offices respond to these and other changes to ensure that further money to awardees is spent wisely.

Thank you. I'll be happy to answer any questions the subcommittee has.

[The joint prepared statement of the Government Accountability Office's Natural Resources and Environment team follows:]



United States Government Accountability Office

Testimony

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and Investigations, Committee on
Energy and Commerce, House of
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OVERSIGHT OF EPA AND DOE SPENDING

Implementing Remaining GAO Recommendations Could Help Address Identified Challenges

Statement of J. Alfredo Gómez, Director, Natural
Resources and Environment and Frank Rusco, Director,
Natural Resources and Environment

GAO Highlights

Highlights of [GAO-25-108135](#), a testimony before the Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, House of Representatives

Why GAO Did This Study

The IIJA and IRA provided billions of dollars in funding to federal entities, including EPA and DOE.

This testimony discusses the status of programs created or expanded with funds under the IIJA and IRA and related challenges. Specifically, the statement discusses (1) EPA, (2) DOE, and (3) key issues looking ahead.

This testimony is based on prior GAO work and more recent work reviewing new and expanded programs from the IIJA and IRA. It is also based on preliminary observations from ongoing work reviewing EPA's use of IRA appropriations, where GAO analyzed EPA data and documentation, and interviewed EPA officials. GAO's prior work was issued from 2007 through 2024. Details on GAO's methodology can be found in each of the 22 reports cited throughout GAO's statement for this hearing.

What GAO Recommends

Across 22 reports from 2007 to 2024, GAO has made a total of 60 recommendations to help address identified challenges at EPA and DOE discussed in GAO's statement for this hearing. The agencies have implemented 43 of these recommendations. GAO maintains that implementing the remaining recommendations could help address programmatic challenges.

For more information, contact J. Alfredo Gómez at (202) 512-3841 or GomezJ@gao.gov, or Frank Rusco at (202) 512-3841 or RuscoF@gao.gov.

February 26, 2025

OVERSIGHT OF EPA AND DOE SPENDING

Implementing Remaining GAO Recommendations Could Help Address Identified Challenges

What GAO Found

The Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act of 2022 (IRA) provided billions of dollars in funding to the Environmental Protection Agency (EPA) and the Department of Energy (DOE). This funding is for grants and programs supporting clean energy research and development, water and infrastructure investments, and other purposes. GAO has identified challenges in various aspects of certain programs that received significant funding through this legislation.

EPA. The IIJA provided over \$43 billion for State Revolving Fund (SRF) water infrastructure programs. As of January 2025, EPA had fully obligated funds to six states and had not yet obligated any funding to eight states for fiscal year 2024. The status of funds for the remaining states was mixed. The IRA also provided about \$41.5 billion for grants to reduce greenhouse gas emissions and enhance climate resilience. As of January 2025, EPA had obligated about \$40 billion (96 percent), and about \$20 billion (49 percent) of its IRA appropriations had been expended. GAO has recommended ways EPA could improve grants monitoring, including improving financial indicators for the SRFs, and address workforce challenges affecting grants management. EPA has implemented 24 out of 29 of these recommendations.

DOE. DOE's Office of Clean Energy Demonstrations (OCED) and Loan Programs Office (LPO) are responsible for billions of DOE's IIJA and IRA funding.

- **OCED.** DOE established OCED in 2021 to manage about \$27 billion in IIJA and IRA funding. As of January 2025, OCED had awarded about 140 projects and obligated about \$1.6 billion. In 2024, GAO found that OCED did not have a strategic workforce plan despite needing to fill about 100 more positions to be fully staffed. GAO made recommendations including that OCED develop such a workforce plan. OCED has lost staff since the 2024 report, and GAO is monitoring OCED's efforts to implement the recommendation given current agency priorities.
- **LPO.** The IIJA and IRA provided LPO over \$350 billion in new loan authority for energy-related ventures and added two new programs to the office's three active programs. After experiencing a substantial increase in applications for LPO's programs starting in 2021, the office increased the number of loans and loan guarantees it closed in the last quarter of calendar year 2024. Loans and guarantees closed in that quarter (\$24.4 billion) account for about half of the total that the office has closed under its five current programs since they were established (\$52.5 billion). GAO has reported on the importance of monitoring loans and guarantees after they are closed to proactively manage their risks and protect the financial interests of the federal government and the taxpayer.

GAO has previously reported that there are risks involved with major new programs, especially when funding is awarded on a compressed schedule. GAO has additional ongoing work examining various aspects of how EPA and DOE are spending the funds they received in the IIJA and IRA.

Chairman Palmer, Ranking Member Clarke, and Members of the Subcommittee:

Thank you for the opportunity to discuss our work related to how the Environmental Protection Agency (EPA) and Department of Energy (DOE) are using funds appropriated by the Infrastructure Investment and Jobs Act (IIJA)¹ and the Inflation Reduction Act of 2022 (IRA) for new and expanded programs.²

These two acts provided billions in multi-year funding to federal entities—including EPA and DOE. This funding is for grants and programs supporting clean energy research and development, water and infrastructure investments, and climate resilience, among other purposes.³

For EPA, new funding through the IIJA included over \$50 billion for water infrastructure and other investments, while the IRA included about \$41.5 billion in funding for greenhouse gas reduction and other programs.⁴ For DOE, funding included over \$60 billion for a broad range of energy and other investments under the IIJA, and hundreds of billions in loan authority under the IRA and IIJA.

The new funding represented a significant increase for both of these agencies. In recent years EPA's average annual appropriation has been about \$8.8 billion per year, and DOE's non-defense appropriation has been about \$15.5 billion per year.⁵

¹Pub. L. No. 117-58, 135 Stat. 429 (2021).

²An Act To provide for reconciliation pursuant to Title II of S. Con. Res. 14, "Pub. L. No. 117-169, 136 Stat. 1818 (commonly known as the Inflation Reduction Act).

³As of January 20, 2025, all federal agencies were directed to pause disbursements of funds under the IRA and IIJA. Exec. Order No. 14,154, 90 Fed. Reg. 8,353, 8,357 (Jan. 29, 2025).

⁴EPA received over \$43 billion for the State Revolving Fund programs and about \$7 billion for other investments.

⁵This average is based on EPA's annual appropriations for fiscal years 2014 through 2024. During this period, EPA's annual appropriations ranged from a low of about \$8.1 billion in fiscal year 2017 to a high of about \$10.1 billion in fiscal year 2023. For DOE, this average is based on the agency's non-defense annual appropriation for fiscal years 2020 through 2024. DOE's total defense and non-defense annual appropriations averaged \$44 billion for these years.

GAO testified before this subcommittee in March 2023 regarding lessons for overseeing agency spending and addressing long-standing challenges associated with some of the programs that received significant funding through the IIJA and IRA.⁶ Since that testimony, we have examined aspects of how EPA and DOE have spent appropriations received in the IIJA and IRA.

This statement addresses the status of EPA and DOE programs created or expanded with funds from the IIJA and IRA, and prior recommendations we have made to address related challenges we have identified. Specifically, the statement discusses (1) EPA, (2) DOE, and (3) key issues looking ahead.

This statement is based on 22 of our prior reports and testimonies reviewing EPA and DOE programs IIJA and IRA created or expanded from 2007 through 2024, as well as on preliminary observations from our ongoing work reviewing EPA's use of IRA appropriations. The statement is also based on updates on the status of EPA and DOE spending for selected programs we reviewed using publicly available information that we discussed with the agencies.

A detailed discussion of our objectives, scope, and methodologies, including our assessment of data reliability, is available for each of the prior reports we cite throughout this statement. For our ongoing work, we are examining how EPA obligated and expended IRA appropriations, made decisions regarding its use of IRA appropriations, and how EPA is overseeing its use of IRA appropriations. To complete this work, we are analyzing EPA data on its IRA obligations and expenditures, as well as reviewing documentation and interviewing EPA officials about their decisions for using IRA appropriations and their actions to oversee to them.

We conducted the work upon which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that

⁶GAO, *Oversight of Agency Spending: Implementing GAO Recommendations Could Help Address Previously Identified Challenges at Commerce, DOE, and EPA*, [GAO-23-106726](#) (Washington, D.C.: Mar. 29, 2023).

the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Status and Challenges Identified in EPA's Management of Various Programs

We have issued 10 reports identifying challenges in various aspects of certain EPA programs related to water infrastructure, air quality, and grants. Our 10 reports included a total of 29 recommendations to EPA and one matter for congressional consideration to address these challenges. EPA has implemented 24 of the recommendations. The matter for congressional consideration has not been implemented. This section discusses EPA's State Revolving Fund programs, air quality monitoring programs, and grants management. It also addresses EPA's use of IRA appropriations and oversight of IRA spending.

Clean Water and Drinking Water State Revolving Fund Programs

Through the federal Clean Water and Drinking Water State Revolving Fund (SRF) programs, EPA provides annual grants to states to capitalize state-level SRF programs that make loans for drinking water and wastewater infrastructure projects. The IJA provided over \$43 billion to EPA across five funding streams, which the agency is providing to state SRF programs.⁷ This funding is being allocated to states using formulas prescribed by law. When the capitalization grants are awarded, the funds are then obligated by EPA to states. As of January 2025, EPA reported on its website that most fiscal year 2022 and fiscal year 2023 grants had been awarded, with eleven states partially funded or not yet funded in at least one of the five funding streams. For fiscal year 2024, EPA reported that six states had been fully awarded funding across all five funding streams, and eight states had received no awards.⁸ The status of funds for the remaining states was mixed, with full or partial awards from some funding streams.⁹

EPA has implemented our two recommendations to enhance its monitoring and oversight of SRF funds. In 2015, we identified the need for

⁷The IJA provided appropriations to the SRF programs for 5 years, fiscal years 2022–2026, across five funding streams, including over \$23 billion for the SRF general programs, \$15 billion for lead service line replacement, and \$5 billion to address emerging contaminants. A portion of the funds is transferred to the EPA OIG for oversight.

⁸EPA officials said that grant awards change on a monthly basis, and numbers reflected on the EPA website were based on the awards made at the time of posting.

⁹To receive a capitalization grant, a state must apply for funding and prepare a plan that describes how it intends to use the SRF program funds, as well as how those uses support the overall goals of the SRF program. EPA officials said that, by law, states have up to 2 federal fiscal years of the appropriation to request and receive their capitalization grant award.

better financial indicators to monitor the sustainability of SRF funds.¹⁰ One of our recommendations was that EPA should update its financial indicators guidance to include better information on the overall growth of state SRF funds. EPA addressed this recommendation in 2018, directing its regional managers to use new indicators in their review of state SRF programs. With these new indicators, EPA has been better able to support oversight and management of SRF fund growth.

In our prior work, we identified a number of factors that can affect the spending of SRF funds. For example, some communities have limited technical and financial capacity, which makes it difficult to assess their water and wastewater project needs or use the funding available from programs such as the SRFs.¹¹

In 2024, we recommended that Congress consider revising the allotment formula for the Clean Water SRF program to clearly align with the program's goals and to require EPA to periodically calculate allotment percentages using the most recent data.¹² A panel of experts we convened recommended focusing allotment criteria on states' clean water needs, as well as on population and poverty. We reported that by taking actions such as sampling the needs of small communities and providing tools to estimate needs for noncentralized projects (e.g., nonpoint source pollution or stormwater controls), EPA could improve the results of its needs estimates. Based on these findings, we recommended that EPA take actions to improve the collection of Clean Water needs through its periodic surveys. EPA agreed with the three recommendations we made and has begun taking steps to address them. We are continuing to monitor their efforts to fully address the recommendations.

¹⁰GAO, *State Revolving Funds: Improved Financial Indicators Could Strengthen EPA Oversight*, [GAO-15-567](#) (Washington, D.C.: Aug. 5, 2015). In 2015, we examined the financial indicators that EPA regions use in their reviews of states' SRF performance and compared them with leading financial management practices. We found that the financial indicators that EPA regional offices used as part of their annual reviews of SRF programs' performance did not demonstrate the financial sustainability of states' programs or project their future lending capacity.

¹¹See GAO, *Drinking Water and Wastewater Infrastructure: Information on Identified Needs, Planning for Future Conditions, and Coordination of Project Funding*, [GAO-17-559](#) (Washington, D.C.: Sept. 20, 2017).

¹²GAO, *Clean Water: Revolving Fund Grant Formula Could Better Reflect Infrastructure Needs, and EPA Could Improve Needs Estimate*, [GAO-24-106251](#) (Washington, D.C.: July 19, 2024). As of February 2025, Congress had not yet taken actions to address the recommendation.

The EPA's Office of Inspector General (OIG) has published a number of reviews of the IIJA SRF funding and continues to review how the funds are being spent.¹³ For example, in February 2025, the OIG reported that EPA guidance on the Drinking Water SRF Emerging Contaminants funds could more clearly identify criteria for non-PFAS contaminants.¹⁴ We continue to coordinate with the OIG on IIJA and other work.

Air Quality Monitoring

The IRA appropriated over \$170 million to EPA for grants and activities related to air quality monitoring and deploying air quality sensors.¹⁵ EPA and state and local agencies jointly manage the national ambient air quality monitoring system, which provides information that is essential for supporting Clean Air Act implementation and managing public risks from air pollution. EPA provides federal funding for the system through grants to tribal, state, and local air agencies. In addition, EPA has provided grants for community air monitoring projects conducted by groups including nonprofit organizations and tribal, state, and local agencies.¹⁶ According to EPA officials, more than half of these projects planned to use lower cost air quality sensors.

In November 2020, we reported that air quality managers, researchers, and the public need additional information not currently provided by the air quality monitoring system to better understand and address health risks from air pollution.¹⁷ In the report, we recommended that EPA, in consultation with state and local air agencies, develop and make public an air quality monitoring modernization plan to better meet the additional

¹³For example, see EPA Office of Inspector General, *Infrastructure Investment and Jobs Act Oversight Plan—Year Three*, 24-N-0036 (Washington, D.C.: May 6, 2024).

¹⁴EPA Office of Inspector General, *EPA Guidance Addresses Implementation Requirements for Infrastructure Investment and Jobs Act for Drinking Water State Revolving Fund Emerging Contaminants Funding, but Clarification Is Needed Before More States Spend Funds*, 25-P-0015 (Washington, D.C.: Feb. 12, 2025).

¹⁵See Pub. L. No. 117-169, § 60105(a)-(c), 136 Stat. 1067 (2022).

¹⁶In November 2022, EPA announced the selection of 132 air monitoring projects in 37 states to receive \$53.4 million in funding from the American Rescue Plan Act of 2021 and the IRA to enhance air quality monitoring in communities across the United States.

¹⁷GAO, *Air Pollution: Opportunities to Better Sustain and Modernize the National Air Quality Monitoring System*, [GAO-21-38](#) (Washington, D.C.: Nov. 12, 2020).

information needs of air quality managers, researchers, and the public.¹⁸ EPA officials said that as of December 2024, the agency was actively engaging with tribal, state, and local air agencies and drafting an air quality monitoring modernization plan. In addition, EPA officials told us that the agency is using appropriations it received through the IRA, as well as through the American Rescue Plan Act of 2021, to enhance monitoring of certain air pollutants and fund air monitoring projects in communities across the United States. These officials said that the investments will help address the air quality monitoring information needs identified in our 2020 report. We are continuing to monitor EPA's efforts to address our recommendation.

EPA Grants Management

In addition to grants for SRF funds, air quality monitoring, and related activities, EPA provides grants under numerous programs for a wide variety of purposes, including improving children's health, small business innovation research, and brownfields clean-up. We have issued five reports on EPA's grants management since 2015, and EPA has implemented 21 of 22 of our recommendations.¹⁹ For example, we previously recommended that EPA develop clear guidance for tracking grants and determine how to make more complete information on discretionary grants publicly available.²⁰ EPA implemented both of these recommendations.

We also previously identified opportunities for EPA to improve grants monitoring. As of 2023, EPA had implemented nine of 10 of our recommendations made in two prior reports for improving grants monitoring, including by migrating to a new, comprehensive web-based IT

¹⁸We also recommended that EPA, in consultation with state and local agencies, develop, make public, and implement an asset management framework for consistently sustaining the national ambient air quality monitoring system. EPA fully addressed the recommendation after finalizing an asset management framework in January 2024. Air quality monitoring on tribal lands was outside the scope of our 2020 report on air quality monitoring, [GAO-21-38](#).

¹⁹EPA's Office of Inspector General (OIG) has also examined the agency's grants management. For example, in 2022, the OIG issued considerations for EPA's implementation of grants through the Infrastructure Investment and Jobs Act. OIG officials used prior OIG and GAO findings that indicated deficiencies in EPA's administration and oversight of grants to inform these considerations. See Environmental Protection Agency, Considerations for the EPA's *Implementation of Grants Awarded Pursuant to the Infrastructure Investment and Jobs Act*, Report No. 22-N-0055 (Washington, D.C.: Aug. 11, 2022).

²⁰GAO, *Grants Management: EPA Has Taken Steps to Improve Competition for Discretionary Grants but Could Make Information More Readily Available*, [GAO-17-161](#) (Washington, D.C.: Jan. 23, 2017).

system in December 2020.²¹ Additionally, we reported on workforce challenges affecting EPA's grants management. EPA implemented all 10 of our recommendations in this area, including developing a process for collecting and analyzing data on staffing for grant officers.²²

EPA's IRA Spending

The IRA provided EPA with about \$41.5 billion for grants and other investments to reduce greenhouse gas emissions and enhance climate resilience across the nation. Our analysis of provisional EPA data shows the agency obligated nearly all the funds and about half was expended. As of January 20, 2025, EPA had obligated about \$39.7 billion (96 percent) and about \$20.3 billion (49 percent) of its IRA appropriations was expended.²³

EPA obligated about 70 percent of the appropriations in fiscal year 2024 and another 26 percent in fiscal year 2025. The IRA appropriations directed EPA to establish several new grant programs and support other ongoing efforts.

²¹For example, in 2015 we found that EPA faced challenges monitoring compliance with grant management directives agency-wide, including limited electronic records and analytical capabilities of its IT systems. See GAO, *Grants Management: EPA Has Opportunities to Improve Planning and Compliance Monitoring*, [GAO-15-618](#) (Washington, D.C.: Aug. 17, 2015). In addition, in 2016, we found that EPA could improve certain monitoring practices to ensure that grants achieve environmental and other program results. See GAO, *Grants Management: EPA Could Improve Certain Monitoring Practices*, [GAO-16-530](#) (Washington, D.C.: July 14, 2016).

²²For example, in 2017, we found that staffing levels for grants management personnel had declined over time and that EPA only partially followed leading practices for strategic workforce planning related to grants management. See GAO, *Grants Management: EPA Partially Follows Leading Practices of Strategic Workforce Planning and Could Take Additional Steps*, [GAO-17-144](#) (Washington, D.C.: Jan. 9, 2017). In addition, in 2020 we identified staffing challenges for EPA personnel working on tribal grants, including heavy workloads and high turnover. See GAO, *EPA Grants to Tribes: Additional Actions Needed to Effectively Address Tribal Environmental Concerns*, [GAO-21-150](#) (Washington, D.C.: Oct. 20, 2020).

²³In federal budgeting, the term obligation refers to a legal liability to pay for goods and services the federal government ordered or received. Specifically, obligation refers to a definite commitment that creates a legal liability for the payment of goods and services ordered or received or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States. The standards for the proper reporting of obligations are found in section 1501(a) of title 31 of the United States Code. An expenditure is the actual spending of money—that is, the issuance of checks, disbursement of cash, or electronic transfer for funds—to liquidate a federal obligation.

EPA's Greenhouse Gas Reduction Fund

EPA has obligated nearly 100 percent of the \$27 billion provided by the IRA for the new Greenhouse Gas Reduction Fund, which is the largest amount of appropriations provided to EPA under the IRA. EPA obligated appropriations for the fund before they expired on September 30, 2024, and about \$20 billion has been expended so far. To implement the fund, EPA created a new program office and established three subprograms for making competitive grants: the \$14 billion National Clean Investment Fund, the \$6 billion Clean Communities Investment Accelerator, and the \$7 billion Solar for All program.

Two of the subprograms—the National Clean Investment Fund and the Clean Communities Investment Accelerator—have made awards obligating about \$20 billion of their combined funds. EPA officials stated that nearly all \$20 billion has been expended by depositing the funds for the two subprograms with a U.S. Treasury-designated commercial bank acting as EPA's financial agent.²⁴ The financial agent will provide commercial banking and financial services for the grant awardees for these two subprograms.

- The National Clean Investment Fund awarded grants to three recipients to establish national-scale financial institutions to provide financing for low- and zero-emissions technology projects nationwide.
- The Clean Communities Investment Accelerator awarded grants to five recipients to provide funding and technical assistance to community lenders operating in low-income and disadvantaged communities for the purpose of providing financing for projects that reduce or avoid greenhouse gas emissions.

The third subprogram, the Solar for All program, awarded its \$7 billion to a total of 60 grantees to expand existing and develop new low-income solar energy programs nationwide. EPA has obligated 100 percent of

²⁴This funding arrangement differs from EPA's customary funding model, where funds obligated to grantees remain in the U.S. Treasury until they are disbursed. According to agency documentation, EPA chose this model to provide adequate capitalization to the recipients as required by the IRA and ensure the funds are used in a timely manner to fulfill the purposes of the grants. We are examining this arrangement in our ongoing work.

these funds and about \$6.1 million (less than 1 percent) has been expended.²⁵

Similar to other EPA grant programs, the agency's oversight of grant recipients includes several performance reporting requirements, such as requiring recipients to report progress on achieving outcomes and outputs outlined in their workplans. Recipients are responsible for ensuring that any subrecipients also comply with grants' terms and conditions, including reporting performance to EPA. Program beneficiaries—that is, the final recipients of grant funds that implement emission-reduction projects—are generally not subject to the same EPA terms and conditions as the grant recipients or subrecipients. Grant recipients or subrecipients impose terms and conditions for performance and reporting in their assistance agreements with beneficiaries. EPA recently finalized what performance information grant recipients will be required to report. The required information includes semi-annual, annual, and final progress reports; organizational disclosures; transaction- and project-level reports; and, for the Solar for All program, drawdown reports. The progress reports are to provide qualitative and quantitative information on key activities completed by recipients, show annual spending trends, and summarize outputs and outcomes achieved.

EPA officials we interviewed for our ongoing work told us they had not yet developed program-level performance goals and measures for the three subprograms. They said they first intended to collect evidence on each recipients' progress toward the program's three overarching objectives—that is, (1) reducing emissions of greenhouse gases and other air pollutants; (2) delivering benefits of greenhouse gas- and air pollution-reducing projects to American communities, particularly low-income and disadvantaged communities; and (3) mobilizing financing and private capital to stimulate additional deployment of greenhouse gas- and air pollution-reducing projects. EPA officials stated that each recipient had performance goals and measures established in their workplans, and that EPA was closely monitoring their progress. However, EPA officials also told us they would need to collect evidence for 1 or 2 years before they

²⁵To select recipients, all three subprograms developed eligibility requirements and evaluation criteria that reviewers used to assess each application. Review panels consisting of EPA staff and subject matter experts from across the federal government reviewed, scored, and ranked each application on these criteria. EPA officials told us that emissions reduction was a key evaluation criterion, and that EPA evaluated applicants on this and other key criteria on a per dollar basis to ensure comparability.

	could set program-level performance goals and measures for the three subprograms.
EPA's Other Appropriations	The remaining amount of EPA's total IRA appropriation (about \$14.5 billion) is spread across various sections. As of January 20, 2025, per provisional agency data, EPA had obligated about \$12.7 billion and about \$327.6 million had been expended. These appropriations are set to expire between fiscal years 2026 and 2031. The appropriations include, for example, \$5 billion for Climate Pollution Reduction Grants (98 percent obligated) and \$3 billion for Grants to Reduce Air Pollution at Ports (98 percent obligated). EPA divided programmatic and oversight responsibility for these appropriations among several of its existing program offices, and EPA plans to use its regular grants management process for overseeing these awards. To administer and oversee its IRA grants, EPA officials told us they follow the same general body of guidance based on law and regulations used to implement and manage all other EPA grant programs. As discussed earlier, we have reported on EPA's grants management for years.
Status and Challenges Identified in DOE's Management of Clean Energy Demonstrations and Loan Programs	We have issued 12 reports identifying challenges associated with DOE's Office of Clean Energy Demonstrations (OCED), Loan Programs Office (LPO), and other programs. Our 12 reports included a total of 31 recommendations and two matters for congressional consideration to address these challenges. DOE has implemented 19 of the recommendations. One matter for congressional consideration has been implemented and one has not been implemented.
Office of Clean Energy Demonstrations	DOE established OCED in December 2021 to manage a historic amount of appropriated funding for clean energy demonstration projects. Such projects are intended to help lower the investment risks of new technologies and allow for additional private investment and commercialization of such technologies. DOE was appropriated in the IJA and IRA about \$27 billion for fiscal years 2022 through 2026 to fund OCED-managed clean energy

demonstration projects.²⁶ This funding covers eight portfolio areas including \$8 billion for Regional Clean Hydrogen Hubs, about \$7 billion for carbon capture and storage and direct air capture projects, and about \$3 billion for advanced nuclear projects.

When establishing OCED, the office hired staff and developed or modified policies and procedures as it announced, evaluated, and awarded projects. In November 2024, we reported that OCED had awarded over 130 projects, committed about \$18.8 billion to these projects,²⁷ and obligated about \$1.6 billion to them.²⁸ From the time we issued our report through mid-January 2025, OCED finalized negotiations and awarded an additional 37 projects that had been previously selected. OCED obligated about \$222 million to these awards.²⁹

In our November 2024 report, we also found that OCED had been responsive to some of our relevant prior recommendations. Specifically:

- **Program design.** In a 2021 report, we recommended that the Office of Fossil Energy and Carbon Management (FECM), which previously managed carbon capture projects that are similar to those currently managed by OCED, improve its processes for carbon capture and storage demonstrations. Specifically, we recommended that FECM adopt a down-selection process—whereby DOE would select certain projects for initial funding and further review, and then select a subset of those projects for full funding.³⁰ We found that FECM had fully committed to some projects at their initial selection, which increased the risk of funding unsuccessful projects.

²⁶This total also includes appropriations and repurposed unobligated balances in recent annual appropriations acts.

²⁷Committed means here the total federal cost share amount for the full selected or awarded project (as identified in selection or award documentation). For awards with multiple phases, this represents the full federal amount if the project successfully meets all milestone requirements to advance to subsequent phases and is subject to future award negotiations at the end of each phase.

²⁸GAO, *Clean Energy: New DOE Office Should Take Steps to Improve Performance Management and Workforce Planning*, [GAO-25-106748](#) (Washington, D.C.: Nov. 14, 2024).

²⁹A significant portion of these funds were concentrated in three large awards under the Hydrogen Hubs portfolio. Specifically, OCED obligated about \$60.8 million to three Hydrogen Hub awards finalized from November 2024 through January 2025.

³⁰GAO, *Carbon Capture and Storage: Actions Needed to Improve DOE Management of Demonstration Projects*, [GAO-22-105111](#) (Washington, D.C.: Dec. 20, 2021).

Instead of a down-selection process, in general, OCED sought to reduce the risk of funding unsuccessful projects by building in go/no-go decision points into its awards.³¹ Specifically, for demonstration programs, awardees must meet established project milestones before they are able to advance to subsequent phases, according to OCED documents.

This approach is similar to how FECM structured the carbon capture and storage awards we reviewed in our 2021 report. However, in our November 2024 report, OCED officials said that their approach to the go/no-go decisions will be more rigorous and include outside independent review. While OCED's intended actions are steps towards addressing our recommendation, we continue to monitor the extent to which OCED's use of decision points is more effective than we found it to be in our 2021 report.

- **Project selection.** In our May 2024 report, we recommended that FECM ensure that it adheres to guidance and only select projects that are deemed to be technically acceptable.³² We had found that FECM had selected and awarded a project even though its technical score did not meet the office's established threshold. In our November 2024 report, we reviewed the awards OCED issued through July 2024 and found that OCED had only selected projects that met the technically acceptable criteria.
- **Award negotiations.** In our 2021 report, we also reported that DOE used expedited time frames to negotiate some projects—fewer than 3 months—based on DOE's desire to begin spending funds quickly. We found that these actions reduced DOE's ability to identify and mitigate technical and financial risks. We recommended that future carbon capture and storage demonstrations allow adequate time for negotiations prior to entering cooperative agreements. In our November 2024 report, we found that the time from project selection to award for some of OCED's larger awards was from about 7 months to 13 months, according to OCED's selection and award

³¹OCED adopted a process similar to down-selection for one of its 17 programs.

³²DOE agreed with this recommendation. As of October 2024, DOE had directed staff to follow the guidance to ensure selected projects are technically acceptable. We are continuing to monitor to ensure staff adhere to this guidance. GAO, *Decarbonization: Opportunities Exist to Improve the Department of Energy's Management of Risks to Carbon Capture Projects*, GAO-24-106489 (Washington, D.C.: May 16, 2024).

announcements.³³ For the 37 OCED awards issued since our November 2024 report, negotiations took on average about 10 months, ranging from about 7 months to 15 months. While DOE has made progress towards addressing our recommendation, this recommendation has not been fully implemented.

Also in our November 2024 report, we found that while OCED's activities followed some leading practices to enhance federal agency coordination, performance management, and workforce planning, DOE should take additional steps. Specifically, OCED's goals do not cover all its activities and not all OCED's long-term goals have associated near term-measurable goals. Furthermore, at the time of our report, OCED stated that it needed to fill about 100 more positions to fully staff the office to meet its organizational needs, but OCED had not developed a strategic workforce plan. We recommended that OCED take steps to fully implement leading practices for workforce planning by developing a strategic workforce plan and processes to evaluate progress toward OCED's human capital goals. OCED agreed with this recommendation, and we are monitoring its implementation. As of February 19, 2025, OCED anticipated that 62 staff would be lost through planned resignations and the dismissal of probationary employees—representing about 20 percent of the OCED workforce.

Our November 2024 report did not examine OCED's oversight of awarded projects because few awards had been made at the time of our review. However, we have made prior recommendations related to oversight of nuclear and carbon capture projects that had previously been managed by other DOE offices. While DOE has made some progress, these recommendations have not been fully implemented. Specifically:

- In September 2022, we reported that DOE planned to use external independent reviews to oversee Advanced Reactor Demonstration Program awards but had not institutionalized these plans.³⁴ We recommended that DOE document and institutionalize risk management processes for large nuclear energy demonstration

³³These awards include Regional Clean Hydrogen Hubs and carbon capture demonstrations that were awarded as of October 2024.

³⁴GAO, *Nuclear Energy Projects: DOE Should Institutionalize Oversight Plans for Demonstrations of New Reactor Types*, [GAO-22-105394](#) (Washington, D.C.: Sept. 8, 2022).

projects. DOE has since taken some action to address it through OCED's management of these projects.

- In December 2021, we found that DOE supported projects even though they were not meeting required key milestones and bypassed cost controls designed to limit its financial exposure. As a result, the agency spent nearly \$472 million on four unbuilt coal facilities.³⁵ We recommended that DOE more consistently administer projects against established scopes, schedules, and budgets. As of January 2025, OCED has made some progress, but completion of its actions remains pending.

Loan Programs Office

DOE's Loan Programs Office is to provide loans and loan guarantees for innovative and high-impact energy-related ventures. The IJA and the IRA added two new loan programs to LPO's three active programs and provided over \$350 billion in new loan authority for LPO, with much of the loan authority expiring by 2028.³⁶ The two new programs were the Carbon Dioxide Transportation Infrastructure Finance and Innovation Act Program and the Title XVII Energy Infrastructure Reinvestment Program. The two laws also expanded the eligibility or coverage for existing programs, for example to include medium- and heavy-duty vehicles under the Advanced Technology Vehicles Manufacturing Program. Industry interest in and applications to LPO's loan programs increased substantially starting in 2021.

The loans and guarantees LPO closed in the last quarter of calendar year 2024 account for about half of the total that the office has closed under its five current programs. Specifically, since the first loans and guarantees under these programs were made in 2009 through December 2024, LPO had closed loans or loan guarantees for a total of 24 projects with a

³⁵While this report reviewed DOE's Office of Fossil Energy and Carbon Management carbon capture and storage demonstrations, according to DOE officials, OCED is now responsible for carbon capture demonstrations moving forward and DOE has indicated to us that OCED is best positioned to evaluate our recommendations and develop a corrective action plan.

³⁶The total loan authority for each program, or the amount of loans and loan guarantees LPO may issue for each of the programs, is determined in one of two ways. First, Congress may authorize a maximum amount for the loans or loan guarantees that can be made. LPO may not exceed this amount unless Congress amends the legislation. Second, LPO may also be limited by congressional appropriations for credit subsidy cost. LPO estimates the amount of loan authority it can support based on the dollar amount Congress appropriates for credit subsidy cost, and if that amount is lower than any amount authorized by Congress, LPO is limited by available appropriations. LPO also continues to monitor several loans from the Title XVII Renewable Energy Loan Guarantee Program (Section 1705), for which program authority expired September 30, 2011.

combined obligated value of \$52.5 billion (see table 1). In the last three months of 2024, LPO reported it closed 11 loans or loan guarantees with a combined value of \$24.4 billion.

Table 1: Loan Programs Office Number and Value of Projects Achieving Financial Close, as of December 2024

	Title XVII Clean Energy Financing Program	Tribal Energy Financing Program	Advanced Technology Vehicles Manufacturing Program	Carbon Dioxide Transportation Infrastructure Finance and Innovation Act Program	Title XVII Energy Infrastructure Reinvestment Program	Total ^c
Number of projects achieving financial close (value, billions)						
January 2009 - December 2021	1 (\$11.6) ^a	0 (\$0)	5 (\$8.4)	N/A ^b	N/A ^b	6 (\$20.0)
January 2022 - September 2024	2 (\$3.8)	1 (\$0.1)	3 (\$2.9)	0 (\$)	1 (\$1.4)	7 (\$8.2)
October 2024 - December 2024	3 (\$1.9)	0 (\$0)	6 (\$20.6)	0 (\$0)	2 (1.9)	11 (\$24.4)
Total^c	6 (\$17.3)	1 (\$0.1)	14 (\$31.2)	0 (\$0)	3 (\$3.3)	24 (\$52.5)

Source: GAO analysis of DOE documentation and data. | GAO-25-108135

^aThe Loan Programs Office has closed on a total of 10 loans on the Vogtle nuclear power plant, we report these as one project.

^bThis program did not yet exist or had not yet begun accepting applications during this period.

^cTotals may not sum due to rounding.

After a loan or loan guarantee reaches financial close, LPO's practice is to continue to monitor it until it is fully paid. We have previously reported on the importance of monitoring loans and guarantees to proactively manage their risks and protect the financial interests of the federal government and the taxpayer.³⁷ In 2014, we made four recommendations to help ensure LPO was effectively monitoring its loans, all of which were implemented, including that the office staff key positions in its loan monitoring area. However, given the substantial increase in loan activity in the last 3 months of 2024, it is uncertain whether LPO can still ensure it has the capacity and expertise to effectively monitor these loans and guarantees for years to come. We will be examining this in future work.

³⁷GAO, *DOE Loan Programs: DOE Should Fully Develop Its Loan Monitoring Function and Evaluate Its Effectiveness*, [GAO-14-367](#) (Washington, D.C.: May 1, 2014).

Key Issues Looking Ahead

As we have previously reported, there are risks involved with major new programs, especially when funding is awarded on a compressed schedule.³⁸ At this point, EPA and DOE have stood up programs and issued awards, and now their emphasis turns to monitoring and overseeing those awards.

We have also previously reported on challenges to monitoring and oversight, including managing fraud risk, adhering to cost controls, and ensuring programs have the right policies and expertise in place. Monitoring existing awards may require different skills and expertise than evaluating award applications. In this regard, the staff reductions at OCEC and potentially other offices have the potential to adversely affect the ability to monitor existing projects, and could increase the associated fraud and financial risks. Staff reductions may also affect the quality of loan and grant awards.

Currently, we are performing ongoing work regarding EPA spending of IRA appropriations. We are assessing EPA's process for making spending decisions in light of relevant agency policies, such as EPA's Competition Policy, and other federal requirements, such as OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (as codified at 2 C.F.R. Part 200).

We are also examining how EPA is overseeing its use of IRA appropriations to ensure they meet IRA and grant requirements. Specifically, we are assessing EPA's monitoring and oversight of grant recipients and the extent to which the oversight extends to program beneficiaries. Our audit work will also examine how agency officials are implementing EPA's processes for program management, performance measurement, and recipient performance monitoring.

GAO is performing other ongoing work examining how EPA and DOE are spending and overseeing the funds they received through the IIJA and IRA, including reviews of the following:

³⁸For example, see [GAO-23-106726](#) and [GAO-22-105111](#).

-
- Potential fragmentation, overlap, and duplication among EPA and other federal programs that fund non-diesel school buses;³⁹
 - Funding for water and wastewater infrastructure improvements for disaster resilience, including from EPA;
 - DOE's Loan Programs Office;
 - DOE's Office of Clean Energy Demonstrations oversight of awarded projects; and
 - EPA's, DOE's, and other agencies' oversight of selected programs, including EPA's Greenhouse Gas Reduction Fund and DOE's Hydrogen Hubs program, to help prevent fraud, waste and abuse.
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Chairman Palmer, Ranking Member Clarke, and Members of the Subcommittee, this completes our prepared statement. We would be pleased to respond to any questions you may have at this time.

GAO Contacts and Staff Acknowledgments

If you or your staff have questions about this statement, please contact J. Alfredo Gómez, Director, Natural Resources and Environment at (202) 512-3841 or GomezJ@gao.gov or Frank Rusco, Director, Natural Resources and Environment at (202) 512-3841 or RuscoF@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement.

GAO staff who made key contributions to this testimony are Quindi Franco and Chad Gorman (Assistant Directors), Colson Campbell Ricciardi (Analyst in Charge), John Delicath, and Mick Ray. Other contributors include Matthew Bond, Antoinette Capaccio, Joseph Capuano, Caitlin Cusati, Lee Carroll, Maggie Childs, Marissa Dondoe, Wil Gerard, Ivan Hernandez, Michael Hoffman, Anne Hobson, Susan Iott, Chaya Johnson, Tricia Moye, Marietta Revesz, Kate Shouse, Karla Springer, Matthew Tabbert, Linda Tsang, Jeremy Williams, and Rebecca Yurman. Additional contributors are listed in the reports on which this statement is based.

³⁹For example, the IJA appropriated a total of \$5 billion from fiscal year 2022 through fiscal year 2026 to EPA for the Clean School Bus program. 42 U.S.C. § 16091. The IRA appropriated \$1 billion from fiscal year 2022 through fiscal year 2031 for EPA to establish the Clean Heavy-Duty Vehicles program, which offers grants to subsidize the purchase of zero-emission heavy-duty vehicles, including certain school buses. 42 U.S.C. § 7432. The IJA also appropriated \$500 million from FY2022 through FY2026 for DOE to administer grants for energy improvements at public school facilities, including the purchase of alternative fueled buses and other vehicles. 42 U.S.C. § 18831.

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Strategic Planning and External Liaison

Stephen J. Sanford, Managing Director, spel@gao.gov, (202) 512-4707 U.S. Government Accountability Office, 441 G Street NW, Room 7814, Washington, DC 20548



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Mr.PALMER. Thank you for your testimony, and we will now move into the question-and-answer portion of the hearing. With that, the Chair recognizes the vice chairman of the committee, the gentleman from Ohio, Mr. Balderson, for 5 minutes.

Mr.BALDERSON. Thank you, Mr. Chairman. Thank you all for being here today.

It is clear that the Biden administration was trying to get as much money out the door as possible before President Trump's inauguration. For example, a senior Biden administrator—official was quoted saying in early December of 2024 that the administration was on track to exceed its goal of obligating over 80 percent of available IRA grant funding by the end of Biden's term. Moreover, former Secretary Jennifer Granholm was quoted in October 2024 as saying that she is racing to commit funding and get contracts signed.

Many of us are also familiar with the video in which a special advisor for implementation within the Biden administration's EPA was caught on camera saying that, "It is truly like we are on the Titanic. We are throwing gold bars off the edge." The special advisor also said that they were "trying to get this money out as fast as possible before they come in and stop it all." It is clear from the video that the individual was referring to the Trump administration.

Given these remarks—comments, excuse me—I want to focus my questions on how the desire to push money out quickly extended to DOE's Loan Programs Office. My questions will be directed to you, Mr. Black.

Your testimony notes that between November 2024 and January 2025, the Department appears to have accelerated its processing and approving of loan guarantees that were under review. Specifically, as you stated, that—between December 2024 and January 2025 the DOE Loan Programs Office completed loans worth more than \$46 billion. Your testimony also has a chart that shows from March 2022 to August 2024 there were 5 loans closed as compared to 20 loans closed in the last 5 months of the Biden administration.

Your testimony notes that the increase in pace underscores concerns about whether it is possible to conduct robust due diligence to protect taxpayer dollars under such time pressures. Can you elaborate on that statement?

Mr.BLACK. Certainly, yes. The numbers of loans closed, as represented in the written statement, do indeed indicate that there was an accelerated attempt to close those deals that were under review by the LPO. The limited work that the Office of Inspector General did on the two file reviews that we went to so far in depth seem to indicate that there was a tolerance that the LPO leadership had for accepting risk that may not be fully protective of the taxpayer interests.

Mr.BALDERSON. Thank you. You also mentioned in your written testimony that your office was looking into some of the risk mitigation measures, or lack thereof—we have touched on that—regarding two recently completed loans. I understand you cannot discuss the specifics—cases under review, but can you elaborate more on some of these risk mitigation strategies and explain how pressure

to expedite a loan or loan guarantee could impact having the appropriate risk mitigation measures in place?

Mr.BLACK. Certainly. One of the common things that the large capital financing energy construction project industry has is to try to write in guaranteed sales agreements—they call them off-take contracts—to assure that the project that is borrowing \$1 billion or more has guaranteed accounts receivable, guaranteed sales, so as to finance and service the loan going forward. The more you can lock down as far as revenue is concerned, the safer the project's financial viability is, and the safer the taxpayer is protected from, you know, risk of default.

Similarly, they have these risk mitigation measures structured on the cost side, where they have construction contracts, terms, and conditions that seem to lock down the—and guarantee that cost overruns don't occur during construction. And so this indeed was engaged in—these kind of strategies were engaged in by the LPO. And—but for the two files that we reviewed there, we found that there was very minimal guaranteed sales agreements and very minimal cost controls on the construction side to control costs.

Mr.BALDERSON. Thank you. A followup to that—and you have answered some of this, but are there any other stages of loan approval or negotiation processes that can be impacted by the pressure to close loans quickly? And you have about 15 seconds.

Mr.BLACK. The due diligence process that the LPO goes through is rather extensive. And they have some world-class experts commenting to and helping the LPO with its decision-making process. And our overriding concern is that the LPO may not have given appropriate consideration to those results.

Mr.BALDERSON. Thank you very much.

I yield back, Mr. Chairman.

Mr.PALMER. The Chair now recognizes the distinguished ranking member from New York, Ms. Clarke, for 5 minutes for her questions.

Ms.CLARKE. Thank you very much, Chairman, and I thank our panel of experts for appearing here today.

In calling this hearing to criticize EPA and DOE programs, Republicans are ignoring the extreme actions that this administration has already taken to sabotage these programs and prevent President Trump from being held accountable. We should be hearing from the Senate-confirmed inspector generals for DOE and EPA, but we are not because last month Donald Trump fired them.

In the middle of the night and after less than a week in office, Trump fired at least 19 inspector generals without providing any notice or justification to Congress, as the law requires. Trump had even handpicked the DOE and EPA inspector generals before—excuse me—during his first administration, making their removal even more absurd. My first question is for Mr. Black.

I understand that the deputy inspector general, who would normally step in as the acting IG, also left DOE OIG last week. And I have been told that your last day with DOE OIG is this Friday. Is that correct?

Mr.BLACK. That's correct.

Ms.CLARKE. I have also learned that 39 DOE OIG staff chose to take this deferred resignation program that was pressed on them.

This represents 13 percent of DOE OIG staff, including 5 senior executive staff. Is that also correct?

Mr.BLACK. Yes, your numbers are accurate.

Ms.CLARKE. Thank you.

Ms. Murley, obviously, the former inspector general, Sean O'Donnell, was unceremoniously fired by Donald Trump. But has your office also experienced departures of personnel and hiring challenges recently?

Ms.MURLEY. We have not experienced departure of personnel. However, we had—I have the number—I think it's 32 individuals in various stages of the hiring that were frozen as part of the hiring action, and a total of 32 individuals—or 23 individuals who responded to the deferred resignation program. And we're still evaluating the impact of that on our ongoing work.

Ms.CLARKE. Thank you. It is simply outrageous that the committee Republicans have called today's hearing to attack programs they have thoroughly investigated for years without finding any evidence of wrongdoing, yet remain silent about the immense risk being created by the Trump administration's all-out assault on agency OIGs.

Inspector generals are taxpayers' watchdogs, rooting out waste, fraud, and abuse at the agencies they oversee. It is stunning and disgraceful to see Republicans turn a blind eye to the fact simply because Donald Trump is the president.

Mr. Gómez, Mr. Rusco, GAO has previously raised concerns about DOE's and EPA's workforce and whether there are enough people to effectively manage programs at those agencies. Do you think that the workforce reductions that are being reported threaten DOE and EPA's ability to effectively manage programs and ensure accountability?

Mr. Rusco?

Mr.RUSCO. I do think that the agencies will have a challenge to restructure how they do their work in order to monitor the money that's out the door that they need to follow to make sure that additional tranches of funding are issued in a wise manner. So I do think they're going to have a challenge there.

Ms.CLARKE. Mr. Gómez?

Mr.GÓMEZ. Yes, so we've done a lot of work looking at grants management workforce. And as you know, EPA's—about half of its budget goes to the States and Tribes in the form of grants. And so it's really important to have the workforce, right, that you need with the right skill set to oversee those grants. And especially now with a large infusion of funds at EPA and new programs and expanded programs, having the workforce that you need to do the oversight is most important.

Ms.CLARKE. Thank you.

The Trump administration is picking the pockets of millions of Americans in Democratic and Republican districts. Every day that goes by where the administration ignores court orders by withholding award funds and another day—is another day that America's progress is delayed. Handing out tax breaks to billionaires at the expense of American workers hurts our constituents and hurts our country.

Republicans need to stop sitting on the sidelines, stand up for their constituents, and hold Elon Musk and Donald Trump accountable. Regardless of what my colleagues on the other side decide to do, I will always stand up for my constituents and fight to hold this administration accountable.

With that, Mr. Chairman, thank you and I yield back.

Mr.PALMER. The Chair now recognizes the chairman of the full committee, Mr. Guthrie—

Mr.GUTHRIE. Thank—

Mr.PALMER [continuing]. For 5 minutes for his questions.

Mr.GUTHRIE. Thank you. I can assure the committee that we are going to investigate and look at waste, fraud, and abuse, and we will be—I think we are beginning—this is just the beginning hearing, I will tell you that.

And think about this. So you have the Greenhouse Reduction Fund, \$27 billion. There is the Coalition for Green Capital that we said the year before that has had—\$3.5 million is what we could find in their income. They get a \$5 billion grant. That's facts, that is not making anything up. And if you don't think we should look into a \$3.5 million company getting \$5 billion worth of income—and then—so then—so they announce on January the 22nd it was providing 200 million of its 5 billion to a company called GreenieRE. Based on the State of Vermont records, an organization with this name was recently incorporated in October 2024, only a few months after EPA selected the Coalition for Green Capital to receive its award. According to GreenieRE's website, one of the organizations initially behind its formation was the Coalition for Green Capital.

So the Coalition for Green Capital is a \$3.5 million company, gets \$5 billion. GreenieRE is incorporated in October of 2024, and they have on the website that one of their—initially behind their—the Coalition for Green Capital is behind their organization. I am concerned about what this brings, what this is. I have just described raises—the process I just described raises questions about how EPA has been monitoring their program.

So Ms. Murley, your written testimony notes that effective monitoring of grant or loan recipients and subrecipients is a critical internal control for grant-making agencies like EPA. Based on examples like the one I just provided, your knowledge of recipient and subrecipient relationships, and EPA's grant management practices, what is—are EPA's OIG's concerns with recipients' ability to monitor subrecipients, particularly when the subrecipients have a relationship with the recipient?

Ms.MURLEY. So we—our concern is—and it's been a continuing concern of grants management in looking at the capacity of the recipients and the subrecipients to handle the money that they've been given. And I think what you're talking about is due diligence and conflicts of interest in grants or other programs, which is certainly something that we are interested in looking into.

I'm not sure I understand the question about the subrecipients.

Mr.GUTHRIE. Well, the subrecipients—if it is a creature of the recipient, and the subrecipient is—do you have concerns with that?

Ms.MURLEY. Under that fact it would be something we would look at for due diligence checks from the agency and how they

were—how the recipients of the money was vetted, and also the controls that were put into place before the vetting went out. What rules were put into place, what parameters, what guidelines? That would definitely be something—

Mr.GUTHRIE. Would you be concerned that in October of last fall a company was incorporated and all of a sudden they are getting a \$200 million grant? Would that be something that would flag—

Ms.MURLEY. If that was the evidence that was presented, that would be a concern. That would be a risk.

Mr.GUTHRIE. So let me go to Mr. Gómez.

Relatedly, I am also concerned about the oversight conducted of recipients and subrecipients to ensure they are meeting performance goals. Your written statement noted that EPA officials said they had not yet developed program-level performance goals and measures for the three subprograms of the Greenhouse Gas Reduction Fund, and they need 1 to 2 years before doing so. With no program level—so in your experience evaluating grant and other financial assistance programs, is it typical for a program to not have performance goals or measures for years?

Mr.GÓMEZ. No, it's not typical. I mean, generally with new programs, they're trying to figure out, first of all, what they're going to accomplish, what the goals are for it. And so they take sometimes a little while to set up those performance goals and measures. But those are important.

I mean, our job, obviously, is to follow the money, right? So we want to make sure that the money is accountable, whether it's going to the grantees or subgrantees or, at the end, maybe the beneficiaries. So understanding what that process is, looking at what controls are in place, what reporting requirements to make sure that you're safeguarding against—

Mr.GUTHRIE. Would you be extra concerned if an entity had a \$3.5 million revenue, got a \$5 billion grant, a company was created that had a—I forget, I think it was a—just created in October of 2024 and then got a \$200 million grant that was a subrecipient of that company?

Mr.GÓMEZ. I mean, I think it would raise a flag for us because we'd want to ensure that that company now that has a large infusion of funds, is it structured, right? Does it have the people to carry out the work? And is it going to be able to carry out the terms and conditions, for example, of that grant or that award?

So those would be things that we would be looking at in our reviews, right?

Mr.GUTHRIE. I appreciate it, and we are going to be—my time is expired, but we will be looking at that as—so thank you for that. I yield back.

Mr.PALMER. I thank the gentleman. The Chair now recognizes the ranking member of the full committee, Mr. Pallone, for 5 minutes for his questions.

Mr.PALLONE. Thank you, Chairman.

In less than 2 months, we have watched Elon Musk and President Trump brazenly try to circumvent any check on executive power and eliminate independent oversight, and congressional Republicans have been silent.

At the Department of Energy, as many as 2,000 career staff were suddenly fired without warning, including staff responsible for our nuclear stockpile and others from offices that were responsible for managing loan and grant programs. And the same scene played out at EPA with hundreds of staff suddenly fired or put on leave, including career staff with decades of experience monitoring EPA programs.

And then, over the weekend, Federal workers received the latest in a series of abusive mass emails from Elon Musk, this one directing recipients to respond with a list of what they did last week by Monday at midnight, otherwise they would be terminated. And that, of course, sparked further confusion.

I ask unanimous consent, Mr. Chairman, to enter an article from the Washington Post about this latest Musk email, if I could. I will give you a copy of it.

Mr. PALMER. Without objection, so ordered.

[The information appears at the conclusion of the hearing.]

Mr. PALLONE. Thank you. So I want to ask each of the witnesses a simple question: Could the broad and sudden termination of so many career officials risk impairing EPA or DOE's ability to effectively oversee awards and loans?

Ms. Murley?

Ms. MURLEY. The grants capacity of the Agency to oversee its grants and management, we actually have a report that will be coming out talking about the Agency's capacity to manage its grants. And so, yes, that would be a concern.

Mr. PALLONE. Thank you. And Mr. Black, let me—I know it is your last week, and so I want to thank you for your service. But if I could ask you that same question. You want me to repeat it or you—

Mr. BLACK. No, no, I understand the question. I think that reductions of that magnitude would certainly have some impact on the program's ability to effectively conduct its work, and it will perhaps slow work down in order to do a quality job.

Mr. PALLONE. Thank you.

And Mr. Gómez?

Mr. GÓMEZ. Yes, so our past work on that subject shows that you need the right staff with the right skill set in the right places.

Mr. PALLONE. Thank you.

Mr. Rusco?

Mr. RUSCO. Yes, I can give you a specific example. In the Office of Clean Energy Development, among the things that happened in the last few weeks was a funding freeze coincided with a renewal of a contract with a key private-sector company that was going to do independent cost analysis for ongoing projects. If those don't happen in, you know, in a timely fashion, then either money goes out the door that didn't have that review, or projects that the private sector spent a lot of money on could be delayed or canceled. So it is troubling.

Mr. PALLONE. Thank you.

And Mr. Black, let me go back to you. DOE OIG has specifically highlighted the workforce concerns that DOE's Office of the Inspector General previously identified at the Loan Program Office that could hinder the office's ability to move from a posture of evalu-

ating applications and closing loans to one focused on postclosure monitoring of finalized loans.

Now, earlier this month, 45 staff at the Loans Program Office were suddenly terminated. Are you concerned that these terminations could negatively impact oversight and management of portfolio loans and loan guarantees?

And what would even greater losses in workforce mean for oversight and accountability, if you will?

Mr.BLACK. Certainly, reductions of staff at the LPO would absolutely have some impact on their ability to process loan applications and would certainly have some impact on the ability to monitor those loans over time.

Mr.PALLONE. And then lastly, the administration's arbitrary and senseless cuts to our Federal workforce are making it harder for DOE and EPA to oversee the grants and loans Republicans pretend to be so concerned about. If Republicans were serious about protecting taxpayers and fighting waste, fraud, and abuse in grant programs, they would be holding the administration accountable by doing real oversight work instead of smearing award recipients who are just trying to build a better future for this country. That is my opinion.

I don't have another question, but I just, you know, again, as I said, I can't believe the focus of this hearing today. It is not what I am hearing at home. When I go home, everyone is worried about freezing of funds, termination and firing of people, tariffs. I mean, people are genuinely concerned that these Trump policies are going to lead to a recession. That is what they are telling me. You know, the market is going up and down, retail sales are down at an all-time low. I am just afraid—and this is what I am hearing—we are headed towards a recession with these Trump Republican policies. And I hate to say that because that is not what I want to see.

I yield back, Mr. Chairman.

Mr.PALMER. The Chair now recognizes the gentleman from Virginia, Mr. Griffith, for 5 minutes for his questions.

Mr.GRIFFITH. Thank you very much, Mr. Chairman, and I just have to say that in my district people have been concerned for decades about money being spent in Washington, DC, that they don't understand why it is being spent and they don't understand how it costs so much money to do the things that they probably could do themselves a lot cheaper. So I am hearing different things than my good friend Mr. Pallone is hearing.

Now, let me start off on this hearing and say that I am proud of the work that this subcommittee did last Congress to oversee the implementation of the Clean School Bus Rebate program. Additionally, I will say electric busses work for some schools, but this program was a setup—was set up in a haphazard way, and in some cases, school districts have not received all the busses they paid for.

Ms. Murley, as your office has since completed additional work on the program, can you provide any updates on EPA's efforts to appropriately monitor recipients' use of rebate funds?

Ms.MURLEY. Yes. As a result of our 2022—or our report on the 2022 rebate program, when they did do a second round of rebates they put in more internal controls on the recipients' use of those

funds compared to what they had done in 2022, which is not put any controls on the recipients' use of those funds.

Mr.GRIFFITH. And what happens when you don't put any controls on the recipients' use of funds? A lot of it gets frittered. I won't use "waste, fraud, and abuse" because my colleagues on the other side hate that term, but it gets frittered away, does it not?

Ms.MURLEY. The risk is there, it creates—

Mr.GRIFFITH. Yes, it is substantial, wouldn't you agree?

Ms.MURLEY. Yes. It's a risk situation when you have no restrictions on the funds and—

Mr.GRIFFITH. Oh, come on.

Ms.MURLEY [continuing]. They sit in accounts for a while, or they're commingled—

Mr.GRIFFITH. You can say there is substantial risk. Come on, you can say it.

Ms.MURLEY. There is substantial risk.

Mr.GRIFFITH. All right. And is your office specifically aware of the Lion Electric case, where the electric bus manufacturer is now bankrupt?

Ms.MURLEY. And we have seen the news reports and share the concerns reported. We don't comment—we have a longstanding policy of not commenting or confirming on investigations. Thank you.

Mr.GRIFFITH. I appreciate that. I mean, that tells me there is an investigation. I am pleased.

From an auditing methodology standpoint, can you help me understand how the use of rebates—and maybe it is different when you have substantial controls—but how the use of rebates makes organizations, agencies, et cetera more vulnerable to having problems similar to the Lion Electric situation?

Ms.MURLEY. So the use of rebates does—is different, obviously, from putting out a grant. And grants are longstanding vehicles for getting money to recipients, so they have more controls in place. There's rules, they're written up front, they're standard.

The rebate program was new, a new way of getting out funding for the Clean School Bus program. And so it increased the risks because it doesn't have the same level of internal controls that a grant would have.

Mr.GRIFFITH. All right, I appreciate that. In your testimony talking about the Clean School Bus Rebate program you state, "Although the deadline for completing projects was October 2024, as of February 2025 only 43 percent of the busses funded by the 2022 Clean School Bus Rebate program have been delivered to the schools." Is your office aware of any other issues that have contributed to so many of the busses not yet being delivered and recipients missing the deadline?

Ms.MURLEY. I don't have that information today, but I'd be happy to submit it for the record.

I do know that we have a continuing audit work related to the Clean School Bus program and oversight of the grant programs established there.

Mr.GRIFFITH. Now, I know you can't talk about ongoing investigations, but do you have any idea or any information you can share—and I will open it up if somebody else has information to share—on what happens to the school systems that were using

Lion Electric—fortunately, none of those are in my district, but that were using the Lion Electric? Because now they can't get service, can't get parts, and they basically have useless hulls, as I understand it from media reports. Do you have any additional information?

Ms.MURLEY. I do not.

Mr.GRIFFITH. All right. Does anybody else on the panel have any information on that particular subject matter?

All right. Well, this is why we have these hearings, so we can identify problems. And we will probably come back and ask additional questions at a later date.

At this moment, Mr. Chairman, I yield back.

Mr.PALMER. I thank the gentleman. The Chair now recognizes the gentlewoman from Texas, Mrs. Fletcher, for 5 minutes for her questions.

Mrs.FLETCHER. Well, thank you so much, Chairman Palmer. I am glad to work with you and everyone here on this important subcommittee in this Congress, and I think the testimony this morning has been useful and important. And certainly, we are addressing things of great concern to all of us.

I think all of us are concerned about ensuring that our Government functions efficiently, effectively, and ethically, and that is why we appreciate the work that the Office of Inspectors General do in each of our agencies and departments, and the work that you do to ensure that efficiency from the Government Accountability Office, as well.

Certainly, I want to associate myself with the comments of our chairwoman—I mean, of our ranking member on my side of the aisle and with our ranking member of the full committee, Mr. Pallone, about the concerns that I am hearing at home in my district from my constituents about recent actions that have not demonstrated either efficiency or effectiveness or ethical and responsible governance, and that there is a great deal of concern. And so I want to ask a few questions about that and kind of go straight to them.

I want to start with you, Ms. Murley. Recently, at the direction—at the behest of President Trump and Elon Musk, the EPA in region 6, which is my region, decided to place every NEPA permit reviewer on administrative leave. So for Texas, Arkansas, Louisiana, New Mexico, and Oklahoma, there are no EPA employees to do NEPA reviews at this time.

As I think everyone knows, this is a hub for energy and infrastructure projects in this office with those States and 66 Tribal Nations. Do you expect that this will impact EPA's ability to carry out its statutory responsibilities under NEPA if we have no people who can review NEPA permit applications, perform NEPA reviews?

Ms.MURLEY. I think that's a question better directed to the Agency, but I will say that we have concerns about the workforce planning and the amount of people available to do the work of the Agency.

Mrs.FLETCHER. Thank you for that.

I think that ties into something, Mr. Gómez, that you talked about in your testimony. In your written testimony you talk about several GAO recommendations to address workforce challenges at

EPA, specifically in EPA grants management, and they included persistent staffing level declines and burnout that was causing high turnover. And so I think that sounds consistent with what I am hearing from Ms. Murley about staffing concerns at EPA.

Would you agree with me that arbitrary firings will negatively impact EPA's ability to implement those GAO recommendations?

Mr.GÓMEZ. I mean, I think we would look at, you know, where those firings are taking place, and what those—what the roles of those people are, and whether they are sort of in the front line of implementing recommendations. So, you know, if it's across the board, then it's having impacts in various programs.

So—and so, yes, if it's in those areas where people need to take action, then that—we may need to be—or we may be waiting to—for folks to take that action.

Mrs.FLETCHER. Well, and I guess maybe more broadly my question would be, I mean, certainly you would agree with me, if you were concerned about employee retention, employee morale, that arbitrary firings, threats to employees, abusive treatment of employees are problematic for employee retention and carrying out the efficient administration of the Agency's responsibilities.

Mr.GÓMEZ. I would agree, yes.

Mrs.FLETCHER. OK. And I want to talk about one other thing with the time I have left.

Mr. Black, you spent a lot of time in your testimony talking about conflicts of interest. And I think it is really important that you raise that. And I am going to ask you for the record to explain, generally, kind of why conflicts of interest are problematic and of concern to you. But for our purposes here, would you agree with me that Federal conflicts of interest statutes and financial disclosure requirements are important?

Mr.BLACK. Yes, absolutely.

Mrs.FLETCHER. And Federal officers are prohibited from participating in Government matters that affect their financial interests, correct?

Mr.BLACK. That is my understanding, yes.

Mrs.FLETCHER. And senior Federal officers are also required to publicly disclose their assets, liabilities, income, other financial information so that the public can know whether they are complying with those conflict of interest rules?

Mr.BLACK. That's correct.

Mrs.FLETCHER. OK. And so I am out of time here, and I will just say that certainly my constituents are deeply concerned about the kinds of things that we are seeing and the conflicts of interest that are emerging and quite clear in the Department of Government Efficiency.

Mr.PALMER. The gentlewoman's time has expired.

Mrs.FLETCHER. With that, I will yield back. Thank you.

Mr.PALMER. The Chair recognizes the gentleman from Texas, Mr. Weber, for 5 minutes for his questions.

Mr.WEBER. Thank you, Mr. Chairman.

Texas is leading the way to unleash American energy by accelerating the deployment of new nuclear energy. X-energy, one of the Department of Energy's Advanced Reactor Demonstration Program's—ARDP—awardees, which was created by the Trump ad-

ministration, has partnered with Dow Chemical to supply heat and electricity for their facility on the Texas Gulf Coast, just south of my district. Wasteful spending at the Department of Energy could go towards innovative American nuclear projects like this one that actually give taxpayers a return on their investment.

Mr. Black, I am coming to you. How will the administration's Department of Energy support programs like the ARDP to ensure that they are successful in advancing the next wave of nuclear energy? I know you are leaving, but—

Mr. BLACK. Yes. Unfortunately, I didn't come prepared to talk about the advanced nuclear energy program. Rather, my statement was prepared for the Loan Programs Office.

Mr. WEBER. OK.

Mr. BLACK. So I don't have any particular details to share with you about anything about the advanced nuclear.

Mr. WEBER. Ms. Murley, do you have any details on that?

Ms. MURLEY. I do not.

Mr. WEBER. Gómez, Mr. Gómez?

Mr. GÓMEZ. I would defer to our director on energy, Frank.

Mr. WEBER. Frank, you are up.

[Laughter.]

Mr. RUSCO. Thank you. Well, Congress does appropriate money to the Office of Nuclear Energy, and also there is some money in the Office of Clean Energy Development for nuclear projects. So I guess, yes, it would be incumbent on Congress to appropriate money specifically to support new nuclear technologies, and I think that's a—would be well warranted.

Mr. WEBER. Taxpayers are helping fund these innovative projects. But it is unfortunate that, with the Biden DOE and EPA, one hand has—apparently, the left hand has not been talking to the right hand. I guess that is an appropriate political term, is it not?

And so these CCS projects depend on access to carbon storage infrastructure and the ability to acquire an EPA class 6 permit in a timely fashion—and key word there, “timely.” Meanwhile, as the EPA was all hands on deck, shoveling billions of wasteful green spending out the door, they neglected to do their actual job here.

The Trump administration has now inherited a backlog—are you ready for this—of over 160 permits. Did you all know that? Did you know that, Ms. Murley?

Ms. MURLEY. I knew there was a—we have ongoing work in the class 6 wells program, looking at the EPA's ability to meet its timelines and goals in permitting and getting permits for those wells.

Mr. WEBER. Mr. Gómez, were you aware of that?

Mr. GÓMEZ. I was not aware of that number, no.

Mr. WEBER. Mr. Black?

Mr. BLACK. No, sir. That is not information that I've done oversight work on.

Mr. WEBER. Frank? Mr.—is it “Roo-sco?” “Russ-co?”

Mr. RUSCO. “Russ-co.”

Mr. WEBER. Yes, OK. He kind of outed you.

Is that a concern, Mr. Gómez, that—all of the backlog of these permits?

Mr.GÓMEZ. Yes. I think, as we were talking earlier, right, is that the backlogs can have an impact, right?

And, you know, Frank was providing earlier an example of how not getting the reviews done can have impacts down the line, so——

Mr.WEBER. Mr. Black, impact?

Mr.BLACK. Yes, we have not done oversight work on NEPA applications at all lately, so I can't——

Mr.WEBER. Can you define lately for me? Last 6 weeks? Six months? Six years?

Mr.BLACK. That I'm aware of, it is the——yes.

And let me be clear. So I don't represent the OIG as a whole. I came here prepared to talk about the oversight work that the DOE OIG does with regard to the Inflation Reduction Act and IIJA Act. I can say that, in my purview, in my portfolio of work, we have no ongoing work on NEPA applications and siting.

Mr.WEBER. Mr. Rusco?

Mr.RUSCO. We don't have ongoing work in that. We have recognized for years and years that permitting is a huge challenge, and so being able to do NEPA analysis in a timely fashion is important.

Mr.WEBER. Let me come back to you, Mr. Black, and see—do you agree that the efficient review—if this was in your purview, do you agree that the efficient review of class 6 permits is critical for getting carbon management projects like those funded by DOE off the ground with the goal in mind that taxpayer dollars aren't being wasted?

Mr.BLACK. That would certainly seem to be a reasonable statement, absolutely.

Mr.WEBER. And could we add the—to the end of that statement the fact that we want those businesses to be successful and get off—get up and running, off the ground, as it were, and to be able to actually capture more carbon sequestration—carbon and store it underground? Would that be a good goal?

Mr.BLACK. I personally would find no fault with that statement.

Mr.WEBER. I don't understand why that hasn't been a priority, Mr. Chairman. I yield back.

Mr.PALMER. I thank the gentleman. The Chair now recognizes the gentleman from New York, my friend Mr. Tonko, for 5 minutes for his questions.

Mr.TONKO. Thank you, Mr. Chair, and let me congratulate the [audio malfunction] team for their assignment to——

VOICE. Microphone.

Mr.TONKO [continuing]. Subcommittee, and look forward to working with you.

We have never seen a President encourage lawlessness or inflict pointless suffering on Americans at the scale we are seeing today. Nor have committee Republicans failed more egregiously at holding the President accountable than they are doing right now. That failure threatens Americans' access to safe drinking water and even our national security.

Every American deserves safe drinking water. That is why Democrats made historic investments in our water systems. Right now that money is being used to bolster drinking water, wastewater, and stormwater infrastructure across our great country. In

my district this funding is helping to replace thousands of lead pipes that pose a tremendous risk to people's drinking water. I have always enjoyed that working relationship with the Fed EPA and the State DEC.

Even as some funds begin to flow again, Donald Trump's chaotic funding freeze and mixed messages from EPA have created point-less uncertainty—uncertainty for States and for families. Last year, GAO published a report on its priority recommendations to EPA that had not yet been addressed. Many of these recommendations focused on EPA's efforts to make certain that Americans have access to safe drinking water. Since Donald Trump took office there have been dozens of reports about mass terminations of Federal employees on short notice, including the staff at EPA.

So, based on GAO's past work, would drastic workforce reductions impact EPA's ability to manage drinking water and wastewater systems? Anybody?

Mr.GÓMEZ. I'm going to start this answer, and perhaps I'll turn it over to the IG from EPA.

So yes, the—as you said, Congressman Tonko, a big infusion of funds to the State Revolving Funds, there has been a demonstrated need across the country for funds for utilities to make sure that they're upgrading their systems and their systems are in working order.

So those monies go to the States that EPA provides, and the States themselves revolve the monies down to the water utilities to make sure that those are working well. So, yes, our work has found that it's important for those State Revolving Funds to be working, and that the folks that work to provide that are there. But it's really, then, the States and the local utilities that are doing the work, right, for all of us to ensure that we have clean drinking water.

Mr.TONKO. But getting those dollars out in an effective and efficient way—

Mr.GÓMEZ. Is important.

Mr.TONKO. With the States is important.

Mr.GÓMEZ. Yes.

Mr.TONKO. And lesser people means longer time in getting that work done, as the situation continues to exist or a number of communities require that assistance from EPA.

Ms. Murley, were you going to say something?

Ms.MURLEY. Yes, that's correct. And it is—the Office of Inspector General, it's our responsibility to make sure the taxpayer dollars are being used as Congress intended, that they're going to the people that, you know, that need the money, and the money is getting out.

Mr.TONKO. Well, could abruptly firing hundreds of EPA staff, as we have seen in past weeks, made it more difficult for EPA to conduct the data verification audits that GAO recommends?

Ms.MURLEY. I think that's a question for you.

Mr.GÓMEZ. I mean, yes, that—I do agree with that statement, right? If these are the people that are supposed to do the job, and if they're not, they're—the job—that job—

Mr.TONKO. Right.

Mr.GÓMEZ [continuing]. Isn't being done.

Mr.TONKO. These are answers that I tried to get by going to EPA, but not a welcome wagon there.

It is not just EPA or our drinking water infrastructure that is at risk with these pointless firings. Two weeks ago Elon Musk, empowered as he is, fired more than 300 people from the National Nuclear Security Administration. The NNSA is responsible for safeguarding our nuclear weapons stockpile. But Elon Musk still thought it made sense to fire 16 percent of its staff overnight. We don't know what the calculus was, what the awareness was. We have got inspectors general that can advise, but I guess they are being let go, too.

So even though administration officials quietly scaled back the purge and—NNSA's importance to our national security is not something we can afford for someone to learn about through trial and error. This whole episode is even more concerning because NNSA has long been included on GAO's high-risk list, and GAO reports have identified workforce recruitment and retention as a significant challenge that the agency faces.

So Mr. Rusco, can NNSA effectively address any of the challenges the GAO has identified by sowing chaos and confusion in its workforce?

Mr.PALMER. The gentleman's time is almost expired.

Mr. Rusco, you may answer the question.

Mr.RUSCO. I can't speak directly to NNSA, but it is important to have—to strategically look at your workforce and, if you're going to fire people or hire people, hire and fire the right people.

Mr.TONKO. That sounds like what efficiency is all about. So I hope we do finally get to efficiency as a model here.

Thank you, and with that I yield.

Mr.PALMER. The Chair now recognizes the gentleman from Georgia, Mr. Allen, for 5 minutes for his questions.

Mr.ALLEN. Thank you, Chair Palmer, for holding this important oversight hearing today, and I want to appreciate the witnesses for testifying.

This body has a duty to conduct oversight. All the money sent out through the Infrastructure Investment and Jobs Act and so-called Inflation Reduction Act is—it is imperative that we do our due diligence to see just where that money went.

It is also important to understand, you know, what people—their job roles, what they are doing, and actually what they are producing, which seems to get lost in all this. These laws added to our out-of-control Government spending. And as we have seen in prior hearings, some of this funding went to special interest groups. With billions of dollars being given out rapidly, it is critical that we see where American taxpayer dollars are going and that they are properly vetted.

There are a lot of questions surrounding EPA's 27 billion Greenhouse Gas Reduction Fund program, particularly its decision to use a financial intermediary to hold program funding, how that differs from other award mechanisms, how EPA will monitor these funds, and whether Americans will be able to see what these organizations receiving billions of dollars are using their money for.

Mr. Gómez, to your knowledge, has the Government Accountability Office ever seen a structure where a financial intermediary

has been used for grant-making within EPA or any Federal agency?

Mr.GÓMEZ. So within EPA we're not aware of that. The Federal Government has used these financial agents for a variety of different activities. In fact, GAO did a report on it a number of years ago. But I believe for EPA—and I know that the IG is here, she can confirm—I believe that that's a new funding model at EPA.

Ms.MURLEY. Yes, that's correct.

Mr.ALLEN. Yes. Ms. Murley, when the EPA Office of Inspector General became aware of EPA's plan to use a financial intermediary to hold program funds, what concerns did your office raise, and what rationale did EPA provide?

Ms.MURLEY. It was at a meeting that we had where we were introduced to the program, and we asked questions about the due diligence process that would be put into place, the vetting. And because it was new to the EPA, it was new to us as an oversight agency. So we had questions about the whole process.

We still have—we're still looking into that and the questions that we had.

Mr.ALLEN. So it has not been conclusive as to, you know, what—if this is the right way to do things here?

Ms.MURLEY. It was, for us, how do we conduct oversight of—

Mr.ALLEN. Yes.

Ms.MURLEY [continuing]. Such a new program—

Mr.ALLEN. Exactly.

Ms.MURLEY [continuing]. And something that we were not familiar with.

Mr.ALLEN. OK. Did they give you a reason why they are doing this?

Ms.MURLEY. I don't have that—

Mr.ALLEN. It wouldn't be that they have something to hide or anything like that, or they don't want you to know what is going on, or anything like that. OK.

You know, the committee has been examining the risk associated with EPA's environmental justice grant programs. On October 16, 2024, your office announced that it was conducting an audit of EPA's fiscal year 2021 Environmental Justice Collaborative Problem-Solving Cooperative Agreement Program, in which 34 recipients were awarded funding. Under the 2023 program, however, EPA selected 98 recipients to receive funding. That is almost 3 times the number of awards made in 2021.

Ms. Murley, are you concerned about EPA's ability to monitor so many different recipients and awards?

Ms.MURLEY. I'm not familiar with the additional program, but we would always—we always are concerned that there's risks when you have—there's been systematic challenges that I raised with data, but also with grants management on both the—getting out the grants and then the proper monitoring of grant recipients. So that's continued. That's a theme for us in our oversight work of the EPA.

Mr.ALLEN. Yes, and, you know, I would just like to—each one of you, if you have seen, you know, these dollars go out rapidly to these grant programs, I mean, what are your concerns?

And I will start, Ms. Murley, with you. I have got about 44 seconds. I mean, this is unprecedented as far as we know, particularly with the end of one administration and beginning of another administration, obviously with \$36 trillion in debt. And, of course, my friends on the other side are questioning, you know, what are you all doing? Well, we are trying to solve this issue. So what concerns do you have about what you have seen?

Ms.MURLEY. Our concerns, when you have such a large volume of money getting out the door with such tight statutory deadlines, are what processes and internal controls were in place for that money going out. Were the processes followed? What structures were in place? And so that's always what we would call a situation of risk, right?

Mr.ALLEN. Yes.

Ms.MURLEY. Where there's risk involved when those factors are in play.

Mr.ALLEN. All right. I am out of time, but if you would—you all would respond, I mean, you know, I would like to know if you all follow where the money actually goes. In other words, you know, how the money goes and where it ends up.

Mr.PALMER. The gentleman's time has expired.

Mr.ALLEN. I yield back.

Mr.PALMER. The Chair now recognizes the gentlewoman from Massachusetts, Mrs. Trahan, for 5 minutes for her questions.

Mrs.TRAHAN. I thank you, Mr. Chairman, and thank you to our witnesses here today.

At a Commerce, Manufacturing, and Trade Subcommittee hearing earlier this month, I spoke about how important it is for the Government to be a stable and reliable partner in our public-private partnerships. Businesses that partner with the Federal Government need to be able to trust that the Government will follow through on their side of the deal.

But the Trump administration is not delivering stability or reliability for the American people. They are only providing confusion and chaos. One day Federal workers are fired, the next day the Trump administration is desperately trying to rehire some subset of the people that they just fired. One day my district has the funds to address stormwater overflows, the next day those funds are suspended.

And it is not just Democratic districts that are hurt by unilateral funding freezes. People in districts that my Republican colleagues represent are also being harmed. Unfortunately, we just aren't hearing Republicans reflect the concern and outrage voiced by their constituents.

For example, there's a Bipartisan Infrastructure Law-funded cleanup of the toxic Peach Tree Orchard Road groundwater plume in Augusta, Georgia. The Government made a commitment to help fund this cleanup and improve the lives of the people living in that community. But arbitrarily freezing the Bipartisan Infrastructure Law and IRA funding makes it harder for Americans to actually trust that the Government will follow through on its commitments and not abandon these important projects.

When Americans can trust the Government to keep its word, we can create powerful public-private partnerships and good-paying

jobs. In my district a factory that's being built with Bipartisan Infrastructure Law funding that will produce low-cost green hydrogen, a project that improves our energy security, helps address rising energy costs, and creates family sustaining jobs—if Republicans truly believed in an all-of-the-above approach to America's energy future, then this is exactly the kind of project that they should support. Investments in clean energy production can help cut costs for consumers and keep America competitive and resilient.

I think it is important to recognize just how much time and effort it takes to build new factories and bring them online.

Mr. Rusco, how important it is for the Government to be a consistent and reliable partner in attracting private investment?

Mr.RUSCO. Well, it is important. It is important from the perspective of the private sector, when they enter a contract, that the terms of that contract remain the same throughout the process.

Mrs.TRAHAN. And when private partners are worried that the Government might be inconsistent or unreliable, what effect does that have on projects and taxpayer investments?

Mr.RUSCO. Well, once a once an award has been made for a public-private partnership, for example, if there are delays, that can threaten the project.

Mrs.TRAHAN. And cause rising costs.

Last year the GAO published a report on the Department of Energy's Office of Clean Energy Demonstrations. This office does the important work of partnering with the private sector to deliver clean energy projects at scale. We are talking about major projects like clean hydrogen and advanced nuclear reactors, including in rural communities where the energy and the infrastructure that is delivered through just costs more.

Mr. Rusco in that report GAO made two recommendations to improve OCED's approach to workforce planning and program management. Both recommendations remain open. Do you think that the massive layoffs we have seen at DOE will improve the Agency's ability to address either of those recommendations?

Mr.RUSCO. OCED spent over a year trying to build the workforce in order to make the awards that it did, and now that that—a lot of that money is out the door, it is time to, you know, invest in the monitoring staff. They were already on that path. And I do know that, in some cases, some of the recent events that had cost a contract that was designed explicitly to monitor awards that had gone out the door.

Mrs.TRAHAN. Thank you. If the Federal Government is unwilling to invest in America's future, if there is a fear that a so-called pause will continue indefinitely or recur, why would businesses ever take the risk to invest alongside the Government?

For decades, the Federal Government has been a reliable partner, but this administration is proving that it cannot be counted on. If the Government cannot be trusted to keep its word, it will lead to missed opportunities, a slowing economy with fewer jobs, and wasted tax dollars.

Thank you, I yield back.

Mr.PALMER. The gentlelady yields. The Chair now recognizes the gentleman from Idaho, Mr. Fulcher, for his questions.

Mr.FULCHER. Thank you, Mr. Chairman. Thank you for the hearing today. This is going to go to Mr. Gómez and Mr. Rusco, and it has to do with reporting.

And if I understand correctly, at least from the written testimony, inspector generals from both DOE and the EPA have—are citing lack of data as being problematic, lack of data from potential recipients, subrecipients in—under IIJA. And it looks like that has led to complications when it comes to the funding component.

And first of all, I want you to tell me. Am I reading this right? And if so, you know, some of the reporting is pretty complex for some of these small municipalities and so on, especially in the arena of water and whatnot, water purity. Am I reading that right? And if so, talk to me about the reporting and what can be done potentially to improve that or maybe identify the specific data that's needed.

Mr.GÓMEZ. Sure, and thank you for that question. So generally what we found is that, like, for small utilities across the country, rural utilities, they usually lack the technical expertise, the financial support. And so they're usually looking for ways to simplify, right? Sometimes we have duplicative reporting, which we've said needs to be done away with, and they're trying to improve that, right?

So that—you know, yes, they have to do engineering reports, for example. But there's usually—there's duplicative reporting or applications to apply for different water programs, for example. So that is an area that we see where communities across the country could benefit if there is not duplicative reporting or if they have the technical support to help them.

Mr.FULCHER. Mr. Rusco, your comments. And if that is in line with your thoughts, what do we do?

Mr.RUSCO. I would defer to Alberto on that specific—sorry. Is that on?

Mr.FULCHER. Yes.

Mr.RUSCO. I would defer to Alfredo on that specific thing.

Obviously, for monitoring you need quality information from recipients, and you also need the appropriate staff to evaluate that in a timely fashion.

Mr.FULCHER. So to that end, we did follow up—my staff helped—we followed up with some of our municipalities, and the feedback we get is it is not the monitoring or the reporting. As long as they can get the data, the specifics, it is not the monitoring that they are unwilling to do or—inconsistent with their objectives, because they have to worry about lawsuits and all of that type of thing, too. But it is who they are interacting with sometimes, and where that data is going, and who is responding to them.

And DEQ, for example—Department of Environmental Quality in our State—is a much-preferred channel to interact with for especially the smaller municipalities. Once again, I would like to get input from Mr. Gómez, Mr. Rusco.

How can we improve that relationship so that perhaps the local is more involved, as opposed to EPA?

Mr.GÓMEZ. Sure. So—and again, in the water sector, usually it's the EPA regional offices, right? Like, for example, Idaho, I believe, belongs to region 10, is that right?

Mr.FULCHER. I believe so, yes.

Mr.GÓMEZ. In Washington. So it's those regional EPA staff that are working with the State of Idaho, that department, for example, but also reach out to the small utilities in those towns.

There's also a group called Circuit Riders that actually help these small communities get the data that they need, put together engineering reports.

So it's just making sure those communication channels perhaps are open between the regional people at EPA, the State people, and then coming down to the local staff.

Mr.FULCHER. OK.

Mr.GÓMEZ. I mean, we go out and talk to these water districts ourselves to learn from them and to find out what is it that they're struggling with, what do they need help in.

Mr.FULCHER. OK. Mr. Rusco, I would like your take with this one added comment. In my State, as is not uncommon in the West, the scope is so much bigger because the Federal footprint is so large. Two-thirds of our land mass, for example. Your thoughts? And we have only got about 20 seconds left, I apologize.

Mr.RUSCO. Well, my expertise is on the energy side for energy awards, Federal energy awards. Typically, the recipients are private-sector companies. They don't have trouble coming up with the information as long as the contract is clear, sort of, what information is required.

When—it's not so much funds going out to communities as it is in the water situation.

Mr.FULCHER. OK. Thank you, Mr. Rusco.

Mr. Chairman, I yield back.

Mr.PALMER. The Chair now recognizes the gentlelady from Virginia, Ms. McClellan, for 5 minutes for her questions.

Ms.McCLELLAN. Thank you, Mr. Chairman, and I thank you for holding this very important hearing.

I want to thank the witnesses for being here this morning. Your work, as we have discussed, is very critical to making sure we ensure the transparency and integrity of our Government, and so thank you for your work.

And some of my questions may have already been touched on, but these are very important issues of concern, and I want to make sure that I have a chance to put on the record because my constituents have raised a lot of concerns about what has been happening over the past month, where I had a town hall meeting with, you know, double the number of folks participating as usual.

And I was deeply concerned when the President fired inspector generals from across 17 agencies, including the EPA. As we have discussed today, the job of an inspector general is to be an independent, nonpartisan watchdog, and it is a vital role in investigating ethics violations, exposing corruption, and protecting taxpayer dollars. And the decision to remove the EPA inspector general is particularly troubling, since EPA regulators settled multiple lawsuits with Tesla over violations of the Clean Air Act and hazardous waste laws.

And so, Ms. Murley and Mr. Black, I wonder if you could further elaborate on the role your offices play in ensuring that Government programs are free from corruption and conflicts of interest?

Ms.MURLEY. Our office is—has a staff of dedicated oversight professionals that are committed to the mandate that Congress gave us, which is to prevent and detect waste, fraud, and abuse, and to promote economies and efficiencies at the EPA programs. And that is what—and we are very cognizant that that's our mission, and that's what we show up to work to do every day. Thank you.

Ms.MCCLELLAN. And I thank you for that.

Mr. Black, do you want to add anything?

Mr.BLACK. Yes, certainly. The role of the OIG is to identify gaps and opportunities for improvement and changes to the internal control structure of the Department, its programs, and its operations, and to—by doing so, to improve and—prevent fraud, waste, and abuse.

And if I may, I know there's a lot of buzz in the media and in the Congress about, you know, what risk there is to having had the inspector generals removed. I want to add some assurance that the Department of Energy's Office of Inspector General has a deep and well-trained and experienced staff of professionals who will continue to do the appropriate oversight to make sure that the risk for fraud, waste, and abuse is—continued to be covered, continue to be addressed, and I can offer some assurance that we are continuing to do our duties as written in the IG Act. And with or without a head, we've still got a deep and experienced cadre of leaders who are going to make sure that this mission continues to be addressed.

Ms.MCCLELLAN. And I am glad to hear that, and that is true of so many of our Federal agencies and so many of our civilian Federal workforce, our military Federal workforce, who are dedicated to upholding their oath of office and helping us uphold ours to preserve, protect, and defend the Constitution of the United States.

And yet—including over 300,000 Federal employees in Virginia, where I represent. And yet, ever since President Trump and Elon Musk started taking a chainsaw to our Federal agencies, again, constituents have flooded my office with thousands of calls about the consequences of these reckless actions, including the wholesale firing of the Federal workforce, even in cases where the people firing them had no clue what they did, like protect our nuclear stockpile.

And these are professionals who have served faithfully under both Democratic and Republican administrations, just like those in your Department. But now an unelected billionaire and his DOGE bros who have no idea what many of these agencies or what many of these employees, including probably you, do are making decisions and forcing employees to justify their very existence.

Firing probationary employees? That doesn't just gut our Federal workforce, it helps to destroy our entire talent pipeline. And as you just said, you have a cadre of professionals. Probably some of them are probationary or once were probationary. And having them summarily fired makes it very difficult to keep that talent pipeline going.

And so, Ms. Murley and Mr. Black, have your offices found any evidence that the mass firing of civil servants at any agency like EPA or the DOE have actually benefited our country in the past month?

[No response.]

Ms.McCLELLAN. And you may—we may not have time for you to answer here, so I will ask you to submit your answer on the record afterwards, please.

And I yield back.

Mr.BLACK. We will be happy to do so.

Mr.PALMER. The gentlelady's time has expired. The Chair now recognizes the gentlewoman from Colorado, Ms. DeGette, for 5 minutes for her questions.

Ms.DEGETTE. Thank you very much, Mr. Chairman, and I apologize that we haven't been able to be here for the entire hearing. Mr. Carter and I—he is the ranking—he is the chair and I am the ranking member of the Health Subcommittee. We are in the middle of a hearing downstairs, but we have been following what has been happening, and we appreciate all of you coming today.

I particularly want to thank Mr. Black and Ms. Murley for coming today from the Offices of Inspectors General at DOE and the EPA, because it is your offices that hold our agencies accountable to prevent waste, fraud, and abuse. I think it is a shame that former EPA Inspector General O'Donnell and former DOE Inspector General Donaldson can't add to this conversation since they were unceremoniously fired by President Trump. But I am glad, Mr. Black, to hear you say that the law is still going to be enforced by the people who are left.

I want to talk about waste, fraud, and abuse, though, however, because—I want to talk about that.

Now, Mr. Black, did any point in the last Congress, when we had 20 Oversight and Investigations hearings, did—at any point did the former DOE inspector general present at this committee guidance of waste, fraud, or abuse as it relates to the grants?

Mr.BLACK. We have been performing a great deal of oversight work on grant activities funded by the IIJA and the IRA.

Ms.DEGETTE. Yes.

Mr.BLACK. And we've certainly identified some internal control gaps that warrant some improvement. And we do, in fact, have some investigations that—

Ms.DEGETTE. So let me ask. Let me ask the question again.

Mr.BLACK. OK.

Ms.DEGETTE. Did the inspector general present any evidence of waste, fraud, or abuse in these grants to this committee last Congress, yes or no?

Mr.BLACK. I do not believe that the written statements included specific instances.

Ms.DEGETTE. Thank you. Now, Ms. Murley, did the former EPA inspector general present any evidence of waste, fraud, or abuse to this committee as it relates to this—these grants?

Ms.MURLEY. I would have to submit for the record his past testimonies. I don't have them—

Ms.DEGETTE. Are you aware of any?

Ms.MURLEY. In the reports that I cite in our—in my testimony, that—there are instances of—that we found waste or funds that could be put to better use in some of the reports that we've done.

Ms.DEGETTE. OK. Do you know that—and you don't know whether that was presented to this committee, is that what you are saying?

Ms.MURLEY. I don't, but I can——

Ms.DEGETTE. OK.

Ms.MURLEY [continuing]. Follow up.

Ms.DEGETTE. I would appreciate if you supplement your answer.

Now, over \$262 million in funding from this Clean School Bus Program, airport infrastructure grants, energy efficiency upgrades, and other grants have been frozen in Denver, which is my district. The projects in jeopardy were announced and put in motion between 2022 and the first half of 2024, well before the election and despite the claim that the Biden administration “was throwing gold bars off the Titanic.”

So I want to talk for a minute about this in the context of waste, fraud, and abuse. One month into the Trump administration, all of these grants were frozen. I would call that abuse because all the grants have been frozen and taxpayer money is just not being used.

So Ms. Murley, I want to ask you a question: Could defying legal court orders to release the funds already obligated and allocated constitute an abuse of power?

Ms.MURLEY. I think that's a question better directed to the Agency, and I can speak to——

Ms.DEGETTE. So if they already gave the funds, and then there was—then the funds were blocked, and then a court said “release them” and they didn't, wouldn't that be an abuse of power?

Ms.MURLEY. I think that's a question for the Agency.

Ms.DEGETTE. OK. I guess I can understand why you wouldn't want to answer it.

Now, since EPA—Zeldin was confirmed, over 1,000 EPA employees have also been fired or placed on leave. Ms. Murley, isn't this reduction in workforce antithetical to your office's own 2022 report recommending that EPA should enhance its grants oversight workforce?

Ms.MURLEY. Our reports have recommended that EPA enhance its grants workforce, as has our top management challenges identified that as a problem for the Agency.

Ms.DEGETTE. Great, thanks.

I yield back.

Mr.PALMER. The Chair now recognizes the gentleman from Georgia, Mr. Carter, for his—5 minutes for his questions.

Mr.CARTER OF GEORGIA. Thank you, Mr. Chairman. I appreciate you giving me the opportunity to waive on, and I thank all of our witnesses for joining us today as we look to examine the Biden administration's energy and environmental—environment spending, a series of decisions that drastically increase waste, fraud, and abuse in our already bloated bureaucracy.

In my own State, the State of Georgia, the Biden EPA handed out 2 billion—that is B, billion—dollars to the Stacey Abrams-backed group Power Forward Communities in April of 2024. Power Forward Communities received this money even though it was founded only a couple of months earlier, in late 2023, and it never managed anywhere, anywhere near the grants dollar figure it reported. In fact—listen to this now—just \$100—\$100—in total revenue during its first 3 months in operation. It went from \$100 to \$2 billion. If that's not waste, fraud, and abuse, I don't know what is.

But nevertheless, Ms. Murley, let me ask you. If a concern about conflict of interest or ethics was brought before the EPA Office of Inspector General, how would your office handle that?

Ms.MURLEY. It would depend on the circumstances involving the complaint that was brought to our office. But we would look at—if we were talking about the conflict of interest involved with EPA employees, we would look at the ethics agreements involved, the financial disclosures of those individuals.

And then, if we're talking about the——

Mr.CARTER OF GEORGIA. So you do look at the financial disclosures.

Ms.MURLEY. Yes, in the situation——

Mr.CARTER OF GEORGIA. Of the group, or the individuals, or both?

Ms.MURLEY. Well, in that situation I was talking about the individuals.

Mr.CARTER OF GEORGIA. OK.

Ms.MURLEY. But we would do—there's two different scenarios. There's the EPA employees who are working on a program, and then the conflicts of the recipients of the Federal funds.

Mr.CARTER OF GEORGIA. OK. Would it stroke your interest if you saw where a group had only had \$100 in revenue for the first 3 months and then all of a sudden was being given a grant of \$2 billion?

Ms.MURLEY. That would be something that we would be interested in——

Mr.CARTER OF GEORGIA. Sure.

Ms.MURLEY [continuing]. Looking at.

Mr.CARTER OF GEORGIA. OK. Have you heard of this grant that was given to Power Forward Communities in a—before? Have you heard about this? I am sure you have.

Ms.MURLEY. I have—not specifically that one, but—I don't recall.

Mr.CARTER OF GEORGIA. You don't recall? OK.

Ms.MURLEY. There's been a lot.

Mr.CARTER OF GEORGIA. There has been a lot. But in the State of Georgia, this is, as you can imagine, of interest to us.

So can I just ask you, would you commit here that you will ensure that these funds were properly allocated? In other words, will you please look at what happened with Power Forward?

Ms.MURLEY. Yes. Yes, we are initiating work in the IRA space at this point in time to look at the EPA's——

Mr.CARTER OF GEORGIA. You were a little hesitant. I mean, is that a yes?

Ms.MURLEY. Yes.

Mr.CARTER OF GEORGIA. Yes. Thank you, thank you. All right, let me ask you this: How can EPA be sure that programs are spending money wisely and not giving their friends at these organizations free reign over American tax dollars?

I assume this is what you were speaking to earlier when you say you are looking at the disclosures of the EPA officials as well as the group itself.

Ms.MURLEY. Well, you look at all of it. When you—we conduct audits or evaluations, we look at how the program was set up, the internal controls in place, what checks that they have.

Mr.CARTER OF GEORGIA. Did you look at this, do you know?

[No response.]

Mr.CARTER OF GEORGIA. Before this money went out, did you all look at it?

Ms.MURLEY. I don't know, off the top of—I would have to get that for the record.

Mr.CARTER OF GEORGIA. Can you get that for me?

Ms.MURLEY. Yes.

Mr.CARTER OF GEORGIA. For the record. You know, what was looked at and what concerns were expressed, if any.

Ms.MURLEY. Yes.

Mr.CARTER OF GEORGIA. Thank you, I appreciate that.

Mr. Black, let me ask you this. In your opening statement you mentioned the fast nature in which funds moved at the Department of Energy, and \$46 billion in loans completed between December of 2024 and January of 2025—that's got to be a record. Wow.

Mr.BLACK. Yes, that is incredibly fast. For example, 15 years ago, during the American Recovery and Reinvestment Act, the Department of Energy Loan Program Office issued about \$40 million—don't quote me on the number—approximately over 5 years. So—

Mr.CARTER OF GEORGIA. Over 5 years.

Mr.BLACK. So this—

Mr.CARTER OF GEORGIA. And yet in 1 month we had \$46 billion. Did that raise any—

Mr.BLACK. Oh, yyes, that is of concern to us. And we are definitely looking into the facts and circumstances surrounding the pace with which those loans have been signed.

Mr.CARTER OF GEORGIA. Mr. Chairman, I really do appreciate this hearing, and thank you for holding this.

Come on. We need help here. Ms. Murley, we really do need help. I look forward to your answers to my questions.

Thank you, Mr. Chairman. I appreciate your opportunity to waive on, and I yield back.

Mr.PALMER. I thank the gentleman. The Chair now recognizes the gentlewoman from Michigan, Mrs. Dingell, for 5 minutes for her questions.

Mrs.DINGELL. Thank you, Mr. Chairman, and I love my colleague from Georgia. He and I are working on many things together.

I hope you have that same standard of ethics at a whole lot of other things that are going on right now, too, that we need to be looking at conflicts of interest.

And I happen to be someone who thinks that this is a very important program and that we need to be spending the money wisely. And importantly, not one penny should be misappropriated in any way. And I will join my colleague. I think that should be a standard across the Government.

We have a moral obligation to invest in clean energy. Clean energy investments do not just help us meet our energy needs while protecting the environment, they also represent a great economic opportunity. Unfortunately, Republicans seem too busy attacking clean energy investments to notice the jobs that those investments

are creating for American workers and, even more importantly, how they are lowering the costs for working families.

Even, you know, our new EPA Administrator has also attacked the Greenhouse Gas Reduction Fund. And I want to make sure people are getting the right facts, that they are not getting misinformation. So I want to set the record straight again.

The Greenhouse Gas Reduction Fund was established by the Inflation Reduction Act and based on original bipartisan legislation with Republicans and Democrats. I admit I was one of them, but it was a bipartisan group. The Greenhouse Gas Reduction Fund was on track to invest \$27 billion to make clean energy financing more accessible for working-class communities, the same communities that have borne the brunt of environmental pollution, robbing them of their health and economic opportunities.

I have long been a vocal supporter of creating a clean energy accelerator because of its potential to make and manage investments in ambitious, clean energy that benefits working families. The Greenhouse Gas Reduction Fund represents the culmination of these efforts, empowering us to attack the climate crisis head on. The fund is even designed to leverage private capital by uniting the public and private sector around the shared goals of decarbonizing our country and creating jobs for American workers—American workers—all while lowering energy costs for families.

EPA was labor—laser focused on making sure every dollar is reached, that products would not have otherwise been built. But now it seems as if they are only focused on making it impossible for the Greenhouse Gas Emission Reduction Fund to succeed. It doesn't have to be this way.

I know Republicans spent the last 2 years investigating EPA's implementation of the IRA, including the Agency's rigorous process of selecting, vetting, and issuing final awards to the Greenhouse Gas Fund's recipients. If you had found anything, I am certain that you would have shared it with us instead of waiting for President Biden to leave office. So I am just questioning how we seem to have found money that was never missing, especially given intense scrutiny that began as soon as the IRA was signed into law, not when President Trump became President.

I know everybody wants the Greenhouse Gas Reduction Fund to fail on the Republican side, and that makes me sad. It would be terrible for American workers and working families. The Greenhouse Gas Reduction Fund Solar for All program was on track to support residential solar deployment efforts in every State, that can save families 20 percent or more on their energy bills.

Meanwhile, the National Clean Investment Fund and Clean Communities Investment Accelerator were designed to work together to leverage private investments supporting clean energy projects while ensuring the benefit of those investments go directly to communities where investments are made. Instead of working to make sure that the Greenhouse Gas Reduction Fund succeeds, you all just want to keep betting against it. And looks like this administration is doing the same thing.

The Greenhouse Gas Reduction Fund, by design, is intended to reach red and blue States and their districts. We cannot let the promised benefits of the Greenhouse Gas Reduction Fund slip away

because some would rather play some political games than support investments in all communities and get us energy security and reduce consumers working—those hard-working people who say they want to pay less in their bills. So let's stop trying to make sure that it is going to fail.

I am almost out of time, so I didn't get to ask you all any questions, but I think this Greenhouse Gas Reduction Fund makes a difference, it lowers cost. And I would ask my colleagues here, I think it's simply too important to let fail—

Mr.PALMER. The gentlewoman's time has expired.

Mrs.DINGELL [continuing]. And I yield back.

Mr.PALMER. The Chair now recognizes the gentlewoman from Florida, Ms. Castor, for 5 minutes for her questions.

Ms.CASTOR. Thank you, Mr. Chairman, and thank you all for being here today.

Just a couple of days into this new administration, the President illegally fired 19 inspectors general, including the IG from the EPA and the Department of Energy. These are vital public servants. They are the cops on the beat that help us root out waste, fraud, and abuse and make nonpartisan recommendations to Congress to act upon.

I would like to know, Ms. Murley, has the illegal firing of the EPA IG delayed your oversight responsibilities in your office?

Ms.MURLEY. It has not.

Ms.CASTOR. Has it complicated it? Has it taken time and energy away from the tasks at hand?

Ms.MURLEY. Any change in any organization brings a period of time where things have to settle and—

Ms.CASTOR. Yes.

Ms.MURLEY. But—

Ms.CASTOR. Have—go ahead.

Ms.MURLEY. But I will say, and I'll echo my colleague's point, we have a dedicated staff of professionals, oversight—professional oversight professionals who are committed to the mission of the OIG.

Ms.CASTOR. I—and I appreciate them.

Have—how many people have been fired or left out of EPA IG's office?

Ms.MURLEY. We have not had any firings or people leave. We do—we did have about 32, I believe, individuals—I need to get that exact number—who were in the process of being hired that are caught up in the hiring freeze, and we had about 23 individuals take the deferred resignation program.

Ms.CASTOR. They—OK.

And for Mr. Black, same question: Has the firing of the inspector general taken time away? As Ms. Murley said, sometimes it takes time to settle when there are changes.

Mr.BLACK. Yes. I work in the front office, and I work directly with and for the inspector general as her chief advisor. And there was certainly some disruption when Terry Donaldson was removed. However, like I said in a previous line of questioning, there's a cadre of professionals, of 300-plus IG accountants, auditors, inspectors, lawyers that continue to serve the taxpayer by preventing fraud, waste, and abuse—

Ms.CASTOR. Thank you.

Mr.BLACK [continuing]. And we will continue to do so.

Ms.CASTOR. And then what was—what has been the change in personnel from the beginning of the year to today?

Mr.BLACK. We have—the organization had 39 people accept the deferred resignation program, including myself. So my last day is going to be close of business Friday this week. And that's the only number that I have come here prepared with.

Ms.CASTOR. How long have you worked at the IG's office?

Mr.BLACK. Thirty-three years.

Ms.CASTOR. Thirty-three years. OK.

You know, the other illegal activity has been—at the outset of this administration—the shutdown and/or freeze on funding. Has the EPA IG's Office—are you keeping track of, you know, especially now that Federal courts have ruled that those freezes on grants and loans are illegal, are you keeping track of how much money now is being illegally withheld that should be, you know, part of the course of doing business?

Ms.MURLEY. I don't know if that's a number we're tracking.

Ms.CASTOR. OK. And do you have any information on that account?

Ms.MURLEY. I do not, and I think those questions would be better directed at the Agency.

Ms.CASTOR. OK. Mr. Black?

Mr.BLACK. So 2 days ago I met with the top leadership of the Department's Loan Programs Office, and they clarified that, although new loan closures are paused, the disbursements for those loans that have been closed that are active, disbursements are being made after leadership reviews, individual transactions, and disbursements are being made.

Ms.CASTOR. What grants and loans are being frozen right now?

Mr.BLACK. That's a question best asked to the Department, but I'm aware—and there's, I mean, literally hundreds of grant programs and five loan programs. But—so that's a complex question with a lot of moving parts. But they—I'm informed by Department leadership that there is a process in place to make disbursements for programs on a case-by-case basis, as situations—

Ms.CASTOR. But I think the Federal courts have ruled that they don't have the authority to make—they don't, that that is an illegal action to withhold the grants and loans that are congressionally directed. So you are saying that the Agency has told you they are still freezing, they are still holding back funds?

Mr.BLACK. That is not what I am saying at all. I am informed by Department leadership that disbursements are being made after leadership review.

Ms.CASTOR. Thank you.

I yield back.

Mr.PALMER. I thank the gentlelady. I will now recognize myself for 5 minutes for my questions, and I want to point out that we are holding this hearing to address concerns about hundreds of billions of dollars in fraud and improper payments that are now about \$240 billion per year. That is why a freeze would be appropriate, to do the needed investigations to attempt to stop the abuse of American taxpayers.

First of all, Mr. Black, thank you for your service.

The ranking member claimed that my majority colleagues and I wasted time conducting oversight to these programs. Considering that we are sending out \$240 billion a year in improper payments, would you all agree that oversight of hundreds of billions of dollars in Federal funding under these programs is a waste of time? Just a yes or no.

Ms. Murley, is this a waste of time?

Ms.MURLEY. No.

Mr.PALMER. How about you, Mr. Gómez?

Mr.GÓMEZ. No.

Mr.PALMER. How about you, Mr. Black?

Mr.BLACK. Absolutely not. The more oversight, the better.

Mr.PALMER. How about you, Mr. Roscoe?

Mr.RUSCO. No.

Mr.PALMER. Rusco, I should say, not Roscoe.

Also, Mr. Guthrie—Chairman Guthrie—and Mr. Carter both raised this question about these grants that went to two relatively small entities. In particular, the one Mr. Carter mentioned had \$100 in revenue and then suddenly got \$2 billion. Doesn't that raise some serious questions about capacity?

I mean, aside from any allegations or suspicions or considerations about the possible—possibility of fraud or misuse of the funds, wouldn't that be a major capacity issue?

Mr. Black?

Mr.BLACK. Capacity is a concern, and the capacity to appropriately manage the vast funds from the IIJA and the IRA has been identified as a risk by the OIG in the past, and it remains our—one of our—

Mr.PALMER. Shouldn't we be looking at where the money went? Because if you go from \$100 to \$2 billion, that should raise some serious questions about the capacity of the organization to handle that amount of money, and maybe raise some questions about pass-throughs, these entities being set up as pass-through vehicles, which I think we will look into at a later date.

Ms. Murley, my colleagues also expressed concern about staffing at the EPA Office of Inspector General, but they were not as concerned when they decided not to provide any funding for its oversight work in the IRA. Did that pose any challenges for your organization to—when you had this massive amount of money flowing in?

Ms.MURLEY. It does pose challenges because of resource constraints with our staffing. You know, we did receive funding for IIJA oversight, and I think the work that we've done there demonstrates the good work that we can do and our ability to provide results when we're given the funds to do sufficient oversight.

With the IRA we are constrained to our core budget, and about 40 percent of our audit work is mandatory. So that's what's done by—what we have to do by statute. So we are constrained in the ability to do a more robust oversight of the IRA. That said, we are looking at our core resources and doing the best we can in that area.

Mr.PALMER. OK. Mr. Black, in December your office reported that the DOE LPO is administering more than \$385 billion in new

loan authority without ensuring a regulatory and contractually compliant and effective system to manage the organizational conflicts of interest.

In the interim findings report, the IG stated that the Loan Program Office seems to be asserting that as long as it does not compile, track, update, or reconcile relationships, it maintains a 100 percent compliance rate across the Loan Programs Office, also referring to it as “trust but don’t verify.” Can you explain the concerns stemming from this lack of systemic management of organizational conflicts of interest?

Mr.BLACK. Certainly. So the finding that we are—have identified and issued in that report concerned the lack of appropriate controls to document and do the cross-checking and make sure that the—all known parties on both sides of the transaction are properly identified and disclosures are made with regard to who’s representing who, who has relations to who, and stuff like that.

The Department responded—the prior administration responded by disagreeing with the severity of the impact, the magnitude of the lack of these conflict-of-interest controls. And they, as part of their defense, noted that there have been no published findings of serious conflicts of interest. And our response was that the notion that you hadn’t identified these things was simply because—was primarily because you didn’t have the mechanisms in place, the controls in place to have those comparisons and identifications of related parties identified.

Mr.PALMER. You said something in your testimony that I took note of, and there was something also said by the inspector general that I took note of, that the inspector general referred to it as, “They treat it like Monopoly money.” And—but you said something in your testimony about a tolerance for risk. And I think that is why we are holding this hearing, why we are going to continue to dig into this. And I fully anticipate that we will be inviting people back in to meet with us again.

With that, I will yield back, and I would like to thank all the witnesses for being here today.

Members may have additional written questions for all of you. I will remind Members that they have 10 business days to submit additional questions for the record, and I ask that the witnesses do their best to submit responses within 10 business days upon receipt of the questions.

And Mr. Black, since Friday is your last day, you should have time to answer them if anyone submits them.

So I ask unanimous consent to insert in the record the documents included on the staff hearing documents list.

Without objection, that will be the order.

[The information appears at the conclusion of the hearing.]

Mr.PALMER. Without objection, the subcommittee is adjourned.

[Whereupon, at 12:38 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

U.S. House Committee on Energy and Commerce
Subcommittee on Oversight and Investigations
“Examining the Biden Administration’s Energy and Environment Spending Push”
February 26, 2025
Documents for the Record

1. An article from the Washington Post titled “Several Administration Officials Tell Workers not to Reply to Musk Email”, submitted by Ranking Member Pallone.
2. Report from Inclusiv regarding Clean Communities Investment Accelerator Program, submitted by the Minority.

The Wayback Machine - <https://web.archive.org/web/20250224161518/https://www.washingtonpost.co...>

Democracy Dies in Darkness

Several administration officials tell workers not to reply to Musk email

Leaders at defense and intelligence offices were particularly wary of Musk's demand over the weekend asking workers to outline what they did last week.

Updated yesterday at 7:25 p.m. EST

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By [Dan Rosenzweig-Ziff](#), [Hannah Natanson](#) and [Carol D. Leonnig](#)

Elon Musk's [demand that all 2.3 million government workers](#) justify their work prompted confusion and resistance on Sunday, as several government agency leaders told their staffs not to reply to a mass email requesting bullet-point summations of their accomplishments.

Director of National Intelligence Tulsi Gabbard instructed personnel in U.S. spy agencies not to respond, according to the text of an email she sent to the workforce on Sunday, citing the agencies' sensitive and classified work. Defense Department employees were given similar instructions to not respond, as were FBI personnel and Department of Homeland Security employees.

The latest directives come as employees and leaders alike across the government were caught off guard by an email sent Saturday titled: "What did you do last week?"

It commanded federal employees to "reply to this email with approx. 5 bullets of what you accomplished last week and cc your manager," according to a copy obtained by The Washington Post. It gave employees a deadline of 11:59 p.m. Eastern time Monday.

Trump presidency

Follow [live updates on the Trump administration](#). We're tracking [Trump's progress on campaign promises](#), [his picks for key roles](#) and [legal challenges to his executive orders and actions](#).

The email left many worried, others defiant and still others stunned. The resistance, which grew throughout the weekend, came even from some top administration officials selected by President Donald Trump.

Employees at the Cybersecurity and Infrastructure Security Agency were told definitively to reply — a few hours before DHS sent a note saying the opposite. In some parts of the National Oceanic and Atmospheric Administration, staffers received instructions to draft a response but not send it yet. At other agencies, such as the Department of Health and Human Services, employees were first given one instruction only to be emailed later to pause and watch for more guidance Monday.

Raising the stakes, Musk warned in a [post on X](#) that any employee who failed to respond would be treated as having resigned. But the email sent to workers made no mention of that possible consequence, which lawyers said would be illegal.

Musk's threat also appears to contradict an [assessment released on Feb. 5](#) by the Office of Personnel Management that concluded that any responses to government-wide emails must be "explicitly voluntary." Yet the weekend email was sent by an address at OPM, which serves as human resources for the entire federal government — and has been largely taken over by Musk's U.S. DOGE Service.

On Sunday, a Republican lawmaker questioned the viability of the directive.

"I don't know how that's necessarily feasible," Rep. Michael Lawler (New York) said on ABC's "This Week."
"Obviously, a lot of federal employees are under union contract."

Help us report on DOGE

The Washington Post wants to hear from people affected by DOGE activities at federal agencies. You can contact our reporters by email or Signal encrypted message.

Hannah Natanson: hannah.natanson@washpost.com or (202) 580-5477 on Signal.

Faiz Siddiqui: faiz.siddiqui@washpost.com or 513-659-9944 on Signal.

Emily Davies: emily.davies@washpost.com or (202) 412-9091 on Signal.

[Read more about how to use Signal and other ways to securely contact The Post.](#)

Many employees at certain agencies cannot disclose information about their work to third parties without explicit authorization, security experts noted. Some warned of security risks if all 2.3 million federal employees are forced to reply to one email server sharing their contact information, their manager's contact information and details about the work they do.

Worries at intelligence agencies

Concerns ran especially deep among employees of the Defense Department, intelligence agencies and the military, according to messages and interviews with more than 300 federal employees.

“Even if people don’t send classified information, the aggregation of all this information in one place would become classified information, which is a national security violation,” warned one active-duty military officer who, like others interviewed for this story, spoke on the condition of anonymity for fear of retaliation. “The military cannot function without the DOD federal workforce. This is a national security issue to treat the workforce this way.”

At the Justice Department, managers were advised late Saturday evening that all employees should be prepared to submit responses to the email on Monday. But rank-and-file FBI employees and staff in at least three U.S. attorney’s offices across the country said Sunday that the last guidance they received from their direct managers was not to reply to the email before receiving further instructions.

In a bureau-wide communication Saturday evening, newly installed FBI Director Kash Patel said the FBI would “conduct reviews in accordance with FBI procedures.”

At the Secret Service, the OPM email prompted a flurry of texts and emails to supervisors among agents and officers about whether they were expected to reveal the sensitive and classified details of their job duties the previous week, according to two people familiar with the discussions, who spoke on the condition of anonymity to describe internal communications.

To prevent agents from having to describe classified tasks they perform to protect the president and other high-ranking officials, senior officials initially instructed their subordinate agents to send an example response, beginning with: “This week I accomplished: 100% of the tasks and duties required of me by my position description” and “100% of the work product that my manager and I have agreed to.”

The fifth and final bullet said: “I exceeded expectations in the delivery of the above.”

On online forums, many employees cheered the boilerplate language, before DHS told staff early Sunday evening that no one should respond, including those in component offices such as the Secret Service.

At the State Department, Tibor P. Nagy, acting undersecretary of state for management, said in a message obtained by The Post the department “will respond on behalf of the Department,” adding that “no employee is obligated to report their activities outside of their Department chain of command.”

Similar messages went out to employees at a division within the Air Force, the Defense Information Systems Agency and the National Science Foundation, where the chief management officer said in a note to employees that the NSF did not receive advanced notice or guidance about the email.

Musk stands firm, as directive costs workers time

On Saturday night and throughout Sunday, Musk doubled down on the directive. On X, the social media platform he owns, he stated that the email was necessary to ferret out government employees who are “doing so little work that they are not checking their email.” He claimed, without evidence, that there were “non-existent people or the identities of dead people” pretending to be government workers. Many Republican lawmakers defended the message, arguing it would only take a few minutes to reply.

But it caused uncertainty — and ate up people’s time across the government. In the Air Force department, for example, some supervisors spent their Sundays phoning or texting each one of their subordinates to ensure they had seen both Musk’s email and later guidance saying not to reply to it, according to several employees who spoke on the condition of anonymity for fear of retaliation.

The chaos extended beyond the executive branch. At the Library of Congress, which is part of the separate legislative branch, staff received an email Sunday afternoon saying the OPM note was not meant for them and they should not respond.

Some judges and judiciary staff, who are also not in the executive branch, also received the OPM email, according to a note obtained by The Post from the director’s office of the Administrative Office of the U.S. Courts, which staffs the judiciary branch. The message said no action should be taken and that the office would contact OPM about the Musk email.

Other workers and agencies were unsure if the email was real, given its unorthodox timing.

“It is possible that this new message sent outside of normal business hours was sent in error and/or is a phishing attempt,” said an email to some staff from NOAA leadership. “Until such time as we can verify that the message that was received ... is authentic, please do not respond.”

The email also prompted defiance from Democrats and angry workers exhausted by Musk’s efforts.

House Minority Leader Hakeem Jeffries (D-New York) said in a statement Sunday that Democrats would block Musk in Congress and the courts.

“Elon Musk is traumatizing hardworking federal employees, their children and families,” Jeffries said. “He has no legal authority to make his latest demands.”

Sen. Lisa Murkowski (R-Alaska) called the request “absurd” and defended government employees. “If Elon Musk truly wants to understand what federal workers accomplished over the past week, he should get to know each department and agency, and learn about the jobs he’s trying to cut.”

At least one staffer responded to the email with resistance. A worker with the U.S. Geological Survey forwarded the “What did you do last week?” email to his direct supervisors informing them he “categorically” refused to reply.

“There is no way that a team of people will read >2 million responses to this message,” the employee wrote. “Anyone who replies is likely to have their responses fed into some AI woodchipper and used for goodness knows what purpose, legal or illegal.”

He then urged his bosses to defend their employees and “push back on these efforts to harass and intimidate us. We are all watching to see whose side you are on.”

Leaders within a NASA directorate advertised the email as a chance to tout workers’ accomplishments, writing that employees should reply with speed, accuracy and detail.

“In just the next two weeks we have 4 launches and 2 lunar landings with missions that will expand our understanding of the first stages of the Universe,” the NASA email stated. “Every one of you play key roles in these momentous endeavors ... and can supply many more than just 5 accomplishments in any given week to showcase our mission.”

But at almost the same time elsewhere within NASA, another group of employees received opposite instructions.

One director wrote, “I recognize there are many concerns already being elevated around the request [including] data that would be sent un-encrypted. ... The agency is asking employees to take a pause and wait for additional communication and guidance.”

And on Sunday morning, the NASA directorate that had urged employees to reply reversed its guidance. “Please go ahead and prepare your bullets but do not submit ... until you receive further guidance,” a leader there wrote.

Ellen Nakashima, John Hudson, Mariana Alfaro, Warren Strobel, Derek Hawkins, Spencer S. Hsu, Ann Marimow, Lena H. Sun, Dan Diamond, Jeremy Roebuck, Olivia George, Perry Stein and Carolyn Y. Johnson contributed to this report.

What readers are saying

The comments express significant concern over the firing of military officers for perceived political disloyalty, drawing parallels to historical purges and suggesting it could undermine military effectiveness and morale. Many commenters view these actions as part of a broader... [Show more](#)

This summary is AI-generated. AI can make mistakes and this summary is not a replacement for reading the comments.



Background on the Clean Communities Investment Accelerator Program

U.S. House of Representatives Committee on Energy and Commerce

Subcommittee on Oversight and Investigations

"Examining the Biden Administration's Energy and Environment Spending Push"

February 26, 2025



Every day, Americans experience economic challenges, from housing and transportation costs to energy bills and grocery expenses. President Trump ran on the promise of helping consumers afford the cost of living.

Clean energy lending is a key to unlocking sustainable economic prosperity for America. By providing affordable clean energy financing for businesses, homeowners and communities, community-based lenders can help consumers and small business owners save money on energy bills, improve health outcomes through better air quality, and foster economic growth by financing projects that employ American workers.

In 2022, Congress did its part. It passed the Inflation Reduction Act that included key programs like the Clean Communities Investment Accelerator (CCIA) that today is consistent with this Administration's ambitions.

The CCIA is a bipartisan commitment to our Nation's communities. The financial burden of powering our lives has become unaffordable for many. President Trump made a promise to the American consumers to make life better.

The CCIA makes clean energy lending accessible and affordable through community banks, credit unions, and other community-based lenders, ensuring that all Americans have the opportunity to invest in clean energy technologies that reduce their energy costs and improve the comfort of their homes and businesses. The CCIA will ensure that these vital clean energy investments reach the communities that need them most, including low-income areas and many small towns and rural areas that are underserved by mainstream financial institutions.

Inclusiv, as a CCIA award recipient, has a 50-year track record of working with credit unions, which are regulated, member-owned and governed financial institutions that have successfully served Americans of modest means for more than a century, and our movement has a strong track record of serving as financial first responders in partnership with the federal government, including the first Trump administration. Our organization and the credit union movement are well-prepared to be effective, vigilant stewards of this vital federal investment in low-income communities and are pleased to share with the Oversight and Investigations Subcommittee the following background about Inclusiv and CCIA.

Inclusiv Background

Inclusiv is a national non-profit organization and US Treasury certified community development financial institution (CDFI) dedicated to promoting financial inclusion in low-income and underserved communities across the United States. Through our network of more than 500 community lenders, Inclusiv raises and deploys capital that helps people



navigate financial emergencies and build credit, finances small businesses to help them grow and create quality jobs, and makes homeownership more affordable so families can build wealth and financial stability.

Inclusiv has a long track record of partnering with the federal government to ensure low-income and other financially excluded communities can meet their financial services and credit needs safely and affordably. We have partnered with federal agencies including the Small Business Administration, Treasury Department and Department of Energy to address both acute crises and chronic challenges that put Americans' financial security at risk. We are continuing this work with the administration of our CCIA program overseen by the Environmental Protection Agency (EPA).

Small Business Administration – Ensuring PPP Reached Main Street Businesses

Inclusiv worked extensively with the Trump Administration's Small Business Administration from March 2020-December 2020 to ensure that the Paycheck Protection Program (PPP) was able to reach Main Street businesses across the country. Working in partnership with the SBA's Deputy Associate Administrator, Inclusiv facilitated credit unions' participation in PPP, helping reach small businesses, particularly sole proprietors and other businesses that did not regularly borrow from the big banks.

During this period, the Inclusiv network of credit unions made almost \$2 billion in PPP loans in low-income communities with an average loan size of approximately \$27,000. This enabled businesses to maintain operations and their workforce during the early months of the pandemic, keeping hundreds of thousands of households afloat. Many businesses were able to use that capital and time to reinvent how they could serve their customers, generate income and keep and even sometimes create jobs.

Inclusiv member credit unions serve very small businesses, so their work on PPP had a broader impact beyond just lending. Credit unions helped restaurants shift to a food delivery model to stay open through shutdowns and social distancing, gave small retail businesses the breathing room to reorganize to allow for social distancing, and allowed service industry businesses the opportunity to acquire proper protective equipment for their workforce and customers and to train their staff on safety protocols.

We were in almost weekly engagement with the SBA, which devoted hours of technical support to assist credit union lenders in becoming SBA lenders, accessing the PPP loan submission platform, and working through the details of ongoing reporting and requests for forgiveness. SBA also recognized and supported these small lenders' vital role in PPP by creating windows in which they could submit loans to SBA without having to compete with



large bank automated lending systems that otherwise flooded the system and locked out small lenders.

Treasury Community Development Financial Institutions Fund – Financial First Responders

Inclusiv worked closely with President Trump’s Administration throughout 2020 to provide necessary relief to help people get through the pandemic. Treasury Secretary Mnuchin worked to implement the CARES Act, which was the single largest economic relief effort in the history of our country.

Secretary Mnuchin testified to Congress on his proud work with nearly 400 Community Development Financial Institutions (CDFI) and Minority Depository Institutions, and many more small and non-bank lenders, participating in the PPP program. He also testified about our great work together in implementing a wide range of provisions in the CARES Act.

Inclusiv worked closely with Secretary Mnuchin, CDFI Fund Director Jodie Harris, and many other staff members at the Treasury Department to strengthen the CDFI Fund to better equip CDFIs, including hundreds of CDFI credit unions across the country, to support economic opportunity in their local communities.

Department Of Energy (DOE) – Training Community Lenders to Reduce Energy Costs and Increase Resiliency

Inclusiv’s first federal investment in clean and renewable energy came from the Department of Energy under the Trump Administration. Inclusiv and partner University of New Hampshire Carsey School of Public Policy worked closely with officials in the Department of Energy under Rick Perry. Secretary Perry’s team provided grant support to launch the first ever solar and green lending training program through the office of energy efficiency and renewable energy. In October 2019, Inclusiv launched its Center for Resiliency and Clean Energy to support community lenders to design and scale financing to support consumers, businesses, and homeowners to reduce their environmental impact while creating jobs and opportunities in renewable energy. The funding for this program was continued under the leadership of Secretary Brouillette. Since the Center for Resiliency and Clean Energy’s launch in 2019, Inclusiv and UNH have trained more than 800 lenders across the country to launch programs to reduce energy costs and increase resiliency.

**GGRF**

The success of Inclusiv's clean energy lending training program made clear that the communities credit unions serve need fair and affordable financing for energy efficiency and clean energy technologies that help people save money on utility bills. The creation of the Greenhouse Gas Reduction Fund presented an incredible opportunity to ensure that all Americans, particularly people living in communities without banking access, living paycheck-to-paycheck, or struggling to afford their energy bills, have the opportunity to work with a trusted, community-based lender to invest in energy efficiency or clean energy technology for their homes, vehicles or businesses to reduce their expenses and balance their budgets.

Following a thorough and rigorous application process, Inclusiv was selected as one of five awardees for the Greenhouse Gas Reduction Fund Clean Communities Investment Accelerator (CCIA). An additional three organizations were selected under the National Clean Investment Fund. Inclusiv finalized its \$1.87 billion award agreement with the Environmental Protection Agency (EPA) on August 16, 2024. The Inclusiv award invests in community-based credit unions, including Puerto Rico's financial cooperatives, leveraging additional private capital at least 3:1 to scale renewable energy lending products and services with 100% of the financing being deployed in low-income and disadvantaged communities across the country.

The Inflation Reduction Act established the language governing the Greenhouse Gas Reduction Fund as a total pool of \$27 billion. There were three programs: Solar for All (\$7 billion) intended for state and local entities to increase energy production through solar energy, the Clean Communities Investment Accelerator (\$6 billion) to build the capacity of community lenders to finance renewable energy and energy efficiency projects in low-income and disadvantaged communities, and the National Clean Investment Fund (\$12 billion) to create national green banks to provide ongoing financing of clean and renewable energy projects nationally.

GGRF Financial Agreement

The GGRF structure was designed to maintain extensive government oversight and monitoring of the program and prevent misuse of taxpayer dollars, and thus far all awardees have been fully compliant. Part of this structure includes a financial agency agreement, a robust, long-standing process that has been used to distribute federal funds efficiently and transparently since the 1860s by Republican and Democratic administrations alike. These agreements are designed to preserve full federal oversight and



durable guardrails around the funding while enabling awardees to effectively leverage contractually obligated funds in private financial markets.

In order to manage the GGRF funds, the EPA worked with the US Treasury Department to procure a fiscal agent to hold the funds for CCIA and NCIF awardees and subawardees, which allows for these entities to both deploy the capital and receive payments throughout the program period as they leverage private sector co-investment. The financial agency agreement enables awardees to reflect their awards on their balance sheets and, in turn, work with investors to raise additional private capital for projects. After a rigorous, yearlong process, Citibank was selected as the fiscal agent for this program because of its proven commitment to fiscal due diligence and its ability to be a responsible steward of federal funds. EPA maintains complete oversight of the GGRF funding, just as it maintains oversight over any other grant or financing program it administers, ensuring that funds are used in accordance with the law. As such, the agency is able to guarantee that public investments deliver for the American people and prevent against misuse of funds.

Inclusiv CCIA Implementation

The Inclusiv CCIA program is designed to mobilize credit unions to offer affordable financing to reduce energy costs for American households and businesses, creating quality jobs and greater financial security. Since receiving the award, the Inclusiv team has worked tirelessly to develop the systems to deploy the capital, support the community lenders to grow their programs, monitor the funds and ensure compliance with federal regulations governing funding. We have built and expanded robust grantmaking, compliance, training, technical assistance and data analytics and reporting teams and reinforced our capacity to track both federal funds and private leveraged capital to meet the goals of the program.

At present, Inclusiv has made grant commitments totaling more than \$650 million to 108 community lenders in 27 states and Puerto Rico. The demand for the program has been significant, with more than 250 community lenders signing up to participate in the application process. Those lenders that were not ready to advance to the grant application and grantmaking phase have been enrolled in the Inclusiv Green Home Loans Training program that we deliver in partnership with the University of New Hampshire Center for Impact Finance.

More information about Inclusiv's grant commitments, including selected credit unions and funding by state, is available at the following link: <https://inclusiv.org/news/update-inclusiv-announces-651-million-ccia-awards-across-27-states-puerto-rico>.

**CCIA Oversight**

This Subcommittee's interest in ensuring that the CCIA program is free of waste, fraud and abuse is a laudable goal that Inclusiv shares. We are conducting our program with the utmost integrity and in compliance with our award agreement. As this document outlines, we have a strong track record of effectively coordinating federal investment through credit unions and we—and credit unions—have a robust culture of compliance.

We are dismayed that the EPA Administrator has sought to freeze the fiscal agency accounts despite no suggestion of fraud, misuse or abuse of funds, or substantial non-compliance that would trigger such an action. The EPA Administrator's action is hindering critical work to help American consumers lower their energy bills at a time too many are choosing between heat and groceries.

We hope the Subcommittee finds this additional information about Inclusiv's CCIA program and track record informative and we welcome Members reaching out to us (please email aiwanisziw@inclusiv.org) to discuss the program or connect with credit unions to hear more about how this program will be implemented and benefit people and small businesses in communities like yours.

Nicole N. Murley, Acting Inspector General, Environmental Protection Agency
 Subcommittee on Oversight and Investigations hearing, February 26, 2025
 House Committee on Energy and Commerce

Additional Questions for the Record

The Honorable Buddy Carter

1. Ms. Murley, if a concern about conflict of interest or ethics was brought to the EPA OIG, how would your office handle that? Have you heard of this grant given to Power Forward Communities, and if not can you commit here that you will ensure these funds were properly allocated?

If the OIG received a concern regarding potential conflicts of interest, we would review EPA records and information to identify whether the Agency followed its policies and procedures for vetting both Agency employees and applicants for potential conflicts.

The OIG Office of Investigations (OI) would review the allegations and evidence to determine whether the matter warrants a criminal, civil, or administrative investigation and, if not, refer the matter to our Office of Special Review and Evaluation and/or our Office of Audit to consider potential relevant oversight work. Additionally, for matters involving potential misconduct by current or past senior EPA employees, our Administrative Investigations Directorate would work in conjunction with OI to determine whether a civil or administrative investigation is warranted.

For an investigative review of conflicts of interest involving EPA employees, we may review EPA records relating to what was disclosed by the employee and what advice was provided by the EPA (such as employee financial disclosures, recusal memorandums, advice provided by EPA ethics officials, emails and phone records of relevant personnel, etc.). We would conduct witness interviews and potentially subject interviews.

For an investigative review of conflicts of interest between grant recipients and subrecipients we may review records related to the awards and the awardees (such as the EPA's Financial Assistance Conflict of Interest Policy, the grantee's conflict of interest plan, the award file, publicly available media, secretary of state filings, the grantee's organizational chart and affiliated individuals) as well as conducting witness interviews and potentially subject interviews.

We would also look at the terms and conditions of the grants, identify whether the awardee complied with applicant disclosure requirements, and whether EPA employees followed federal and EPA requirements during the award process.

We are beginning the audit and evaluation planning process to examine how the EPA is administering and overseeing taxpayer dollars awarded through the Greenhouse Gas Reduction Fund, or GGRF, and what internal controls the Agency put in place to ensure the money would be spent responsibly. Our staff is currently drafting a cross-component proposal for a special review evaluating the GGRF program design, focusing on the National Clean Investment Fund and the Clean Communities Investment Accelerator.

Our other IRA-related work, for which we were not funded but nevertheless find critical, includes an ongoing audit of EPA contractor EnDyna Inc.'s contracts containing IRA and IJA funding, and an audit of the GGRF's Solar for All Program to identify the status of those funds, top recipients, and potential risks and impacts of the program. We are also initiating an evaluation regarding the Community Change Grants, specifically the EPA's selection process for one grant and the larger review process.

2. How can EPA be sure that programs are spending money wisely and not giving their friends at these organizations free reign over American tax dollars? Was the grant for Power Forward Communities analyzed before it was sent out?

The OIG's oversight work aims to protect taxpayer dollars and ensure program integrity at the EPA by detecting and preventing potential fraud, wasteful spending, and other risk vulnerabilities. We are proactively reviewing GGRF awards for potential conflicts of interest to determine if organizations improperly received the grants, as well as potential vulnerabilities in the grant terms and conditions and the use of funds.

The Honorable Rick Allen

1. With the large amount of funding from the IRA and IIJA and with short statutory deadlines to send out the grant money, does the EPA OIG follow where the money is going, and do you have concerns about sending large amounts of grant money in a short amount of time?

With the passage of the IRA, the EPA was tasked with distributing \$41.5 billion to implement programs aimed at improving public and environmental health. The IRA carries more risk of fraud, waste, and abuse than the IIJA for two main reasons. First, it creates more new programs than the IIJA and new programs are inherently more prone to inefficiencies and errors than existing programs.

Second, whereas most of the EPA's IIJA appropriations are no-year funds, the IRA appropriations have tighter expiration dates. We have warned previously that the rush to meet those time limits creates concerns regarding whether the Agency employed proper internal controls to vet funding recipients and project proposals and to monitor recipients to prevent the misuse and mismanagement of funds. Accordingly, evaluating recipient vetting and monitoring will be a key focus for our IRA oversight work.

That said, the OIG faces challenges that hinder our ability to oversee the EPA's IRA funds to the same extent we have overseen its IIJA spending. Our most pressing constraint is resources. Unlike the IIJA, the IRA did not include funding for OIG oversight. We believe IRA oversight is critical, and we are redirecting core resources to conduct that work. However, with our statutorily required reporting and years of stagnant or declining budgets, our capacity for IRA projects is limited. Additionally, the structure of the GGRF, which accounts for \$27 billion of the EPA's IRA appropriation, complicates oversight. It becomes harder to track grant dollars the farther away they get from the Agency and the initial grant recipient, and the GGRF was designed using a financial agent and multiple pass-through entities.

We will continue working to navigate these challenges and to identify lessons learned in our robust oversight of IIJA and other supplemental appropriations that could be relevant for IRA programs as well.

The Honorable Russ Fulcher

1. Do you have anything to add on ways the EPA program folks can coordinate better with state DEQs and with local municipalities over compliance that is not too burdensome to local municipalities as they meet requirements, given your vantage point at the EPA OIG?

The OIG has issued many reports identifying ways for the EPA to improve its coordination with states and local municipalities. This includes more frequent or improved guidance, training, and technical support. For example, in one [report](#) we recommended that the EPA provide annual training on program requirements related to the Clean Water State Revolving Fund. In another [report](#), we issued four recommendations to develop and issue guidance related to state revolving fund programs for Build America, Buy America Act requirements.

Additionally, in a recent [report](#) on drinking water, we recommended that the EPA help a state address program deficiencies through enhanced monitoring and oversight—for example, by reviewing a state's sanitary survey program. We also made recommendations to improve guidance and training in this report. If the EPA provides sufficient monitoring and oversight of state and local activities, issues may be addressed before they become enforcement matters.

Finally, we made recommendations related to the need for improved community involvement, transparency, and dispute resolution for Superfund sites. Examples in this area include a [report](#) on community engagement and another [report](#) on overseeing and implementing institutional controls.

The Honorable Alexandria Ocasio-Cortez

1. Can you clarify the timeline of the Greenhouse Gas Reduction Fund (GGRF) awards? When were selectees announced? When was the financial agency agreement set up? When were the funds obligated and disbursed?

It is our understanding based on the EPA's records that:

- The awards were [announced](#) on April 4, 2024.
- In September 2024, the U.S. Department of the Treasury and Citibank, N.A. executed a Financial Agency Agreement that formally designated Citibank, N.A. as a financial agent of the United States.
- The EPA could better address when the funds were obligated and disbursed.

2. Under the financial agency agreement set up for National Clean Investment Fund (NCIF) and Clean Communities Investment Accelerator (CCIA), what kind of data is shared with EPA? Are sub-grantees subject to the same oversight as grantees? How does that compare with the Treasury's Automated Standard Application for Payments (ASAP) system? Is there more or less oversight?

While the Agency could better address this question, we are beginning the audit and evaluation planning process to examine how the EPA is administering and overseeing taxpayer dollars awarded through the Greenhouse Gas Reduction Fund, or GGRF, and what internal controls the Agency put in place to ensure the money would be spent responsibly. Our staff is currently drafting a cross-component proposal for a special review evaluating the GGRF program design, focusing on the National Clean Investment Fund and the Clean Communities Investment Accelerator. We will take these questions into account as we develop our proposal.

3. In the GGRF grant agreements, what are the terms and conditions under which EPA may freeze or exert security control over ASAP or Account Control Agreement (ACA) accounts?

The Agency could better address this question. However, as discussed above, we are beginning the audit and evaluation planning process to examine how the EPA is administering and overseeing taxpayer dollars awarded through the GGRF, and what internal controls the Agency put in place to ensure the money would be spent responsibly. We will take this question into account as we develop our proposal.

4. EPA Administrator Lee Zeldin has stated that one grant agreement “was telling this entity that they have 21 days to distribute \$2.29 billion.” Is this a complete and accurate reflection of the terms of any of the GGRF grant agreements? If not, what additional context should Congress be aware of in the agreement(s) regarding deadlines to disburse funds?

While we believe the EPA could better clarify the Administrator’s statement, there is language in the assistance agreement for Opportunity Finance Network, which received a Clean Communities Investment Accelerator award for \$2.29 billion, that stated: “The recipient demonstrates its commitment to carry out this award by either: 1) drawing down funds within 21 days after the EPA award or amendment mailing date; or 2) not filing a notice of disagreement with the award terms and conditions within 21 days after the EPA award or amendment mailing date.”

5. In the recent letter asking for an OIG investigation into GGRF funds, EPA Deputy Administrator McIntosh wrote that a grant recipient named Young, Gifted, & Green was awarded \$20 million. Was this organization a GGRF awardee or sub-awardee?

Young, Gifted & Green was selected as a recipient for a nearly \$20 million Community Change Grant. The Community Change Grant Program is not part of the GGRF; however, it is funded through the Inflation Reduction Act.



U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.
Washington, DC 20548

April 3, 2025

The Honorable Gary Palmer
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
House of Representatives

Subject: Responses to Questions for the Record regarding the hearing entitled, *"Examining the Biden Administration's Energy and Environment Spending Push."*

Dear Chairman Palmer:

Thank you for the opportunity to appear before the Committee on Energy and Commerce, Subcommittee on Oversight and Investigations, on February 26, 2025, to discuss oversight of agency spending at the Environmental Protection Agency and U.S. Department of Energy. This letter responds to your March 21, 2025 request that I provide answers to questions for the record from the hearing. The questions submitted by Rep. Ross Fulcher, along with my responses, are enclosed. Responses are primarily based on work done for the testimony, along with prior work.

Sincerely yours,

//signed//

Alfredo Gómez

Director
Natural Resources and Environment

Enclosure: GAO Responses to Questions for the Record

Additional Questions for the Record from Rep. Russ Fulcher

1. In our discussions in the hearing, you noted the lack of technical expertise and financial reporting when it came to local water districts in their reporting of programs from the IIJA, such as the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund. Can you drill down on that, highlighting suggested ways that we can help them work through those challenges? You also noted problems of “duplicative reporting” in water program applications. Can you cite anything specific, or where are areas we can at to save money or reduce the reporting workload to especially smaller rural water districts?

Federal agencies can provide assistance to help states, local communities, and utilities—including small and rural utilities—with reporting. EPA has expanded technical assistance to help water and wastewater utilities, including small utilities, apply for, manage, and report IIJA funds. In the past, we have recommended that federal agencies allow applicants to use the same preliminary engineering reports and develop uniform environmental analyses to reduce the cost and simplify the process for rural utilities. Agencies have responded positively to our recommendations and have developed and shared best practices for applications, preliminary engineering reports, and environmental reviews with state agencies, who manage SRF funds.

Given the increase in funding and efforts to provide technical assistance, a review of all the federal technical assistance programs that support water and wastewater infrastructure could prove timely.

2. As I noted in the hearing, it is not that these municipalities don’t want monitoring. It is more clarity, given they also work with the state’s DEQ. These local municipalities seek clear monitoring partly because they have to watch for lawsuits by environmental groups over inconsistent compliance requirements that require sampling of a specific set of chemicals that need to be cleared to meet Safe Drinking Water Act standards.

Can you expound on ways that EPA can work more closely with state DEQs when it comes to grant monitoring, along with “improving financial indicators for the SRFs, and address workforce challenges affecting grants management,” along with other recommendations that would particularly be helpful for small, rural municipal water treatment management entities? I understand that EPA has implemented 24 out of 29 of these recommendations.

Local municipalities have also sought some “good faith” or “grace period” from litigation as they try to navigate the compliance, needing to coordinate with both the EPA and their state DEQs. For example, local municipalities worry about getting hit if a particular PFAS-related chemical becomes subject to CERCLA requirements on top of Safe Drinking Water Act requirements, having been designated a “hazardous waste” versus being designated as a “contaminant.” In short, I am looking for clarity in compliance, using the money properly and efficiently.

Opportunities exist for EPA to better support small, rural water and wastewater utilities by working with states to use appropriate indicators of SRF sustainability, appropriately staffing EPA grants management, and dealing with CERCLA liability.

Indicators of SRF sustainability: States provide SRF loans and grants to local water and wastewater utilities using EPA capitalization grant funds. To report on funding, EPA asks state offices, such as a state environmental department, and municipalities to monitor loan and grant funding and provide particular information to EPA.

- In GAO-15-567, we found that EPA did not have an indicator for the growth of each state SRF fund that would show the sustainability of the funds into the future. EPA regional staff conduct annual reviews of state SRF programs using a number of measures, such as federal return on investment, percent of loans compared to available funds, and others. In response to our recommendation, EPA developed a growth measure and in 2018, directed its regional managers to use the new indicators in their reviews.

EPA workforce challenges: EPA provides grants directly to states, municipalities and other organizations. In GAO-17-144, we found that EPA had a difficult time recruiting grants management specialists.

- Some EPA offices have recruited and trained grant specialists with much stronger skill sets than those in previous years. However, those offices were unable to retain those grant specialists beyond a 3- to 5-year period, primarily due to limited promotion opportunities. In 2019, EPA developed performance measures for its recruitment and retention of grants specialists and collected data for those measures through a survey of its Grants Management Officers. This allows EPA to track the effectiveness of the recruitment and retention efforts for grant specialists. Given ongoing changes, it could be a good time to review the agency's strategic workforce planning and its ability to meet its priorities.

CERCLA relief for passive receivers: Concerns exist about the mounting costs for PFAS cleanup. GAO has reviewed water and wastewater infrastructure needs across the country and has reviewed DOD PFAS cleanup costs, but has not yet reviewed the potential costs for PFAS cleanup by the water sector. EPA's 2022 Clean Water Needs Survey identifies \$630 billion in needs for wastewater facilities across the country over the next 20 years, with \$47 billion needed by small, rural wastewater systems (population under 10,000). EPA's PFAS Enforcement Discretion and Settlement Policy Under CERCLA, issued in April 2024, states that the agency does not intend to pursue water utilities for response costs relating to PFAS, and that it can use its current statutory authorities to protect utilities from contribution claims by other parties. Further, some in Congress are currently working on statutory solutions to provide relief to wastewater utilities if they receive hazardous materials from discharges upstream.

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Questions From The Honorable Buddy Carter

Question 1: Mr. Black, in your opening statement you mentioned the fast nature in which funds moved at the Department of Energy. \$46 billion dollars in loans completed between December 2024 and January 2025. Do you have any idea what could have caused this change in policy at DOE?

The Department of Energy (Department), Office of Inspector General (OIG) does not have any information regarding the cause for the observed acceleration of loan and loan guarantee processing and approval between December 2024 and January 2025. The OIG views the fast nature in which funds moved as an indicator of risk, and as such, recently initiated an effort to examine the process the Department followed while awarding recent loans.

Question 2: I also want to ask you about the LPO and their vetting of loan applications. You stated that your investigation found that the LPO Credit Review Board had a “willingness to approve loan applications despite risks.” This is not free money. Do you feel that this policy has changed, or is this still an issue at DOE?

The OIG recently initiated an effort to examine the process the Department followed while awarding recent loans. Our ongoing work may provide more details surrounding the LPO Credit Review Board decision to approve loan applications despite risks.

Questions From The Honorable Lizzie Fletcher

Question 1: In your testimony, you discuss the risks of potential conflicts of interest within the DOE Loan Program Office (LPO). Specifically, you cite a December 2024 OIG interim report, which found that LPO does not ensure that “contracting officers and their representatives identify and evaluate potential conflicts of the third-party experts.” What negative impacts do conflicts of interest generally pose to the grant or loan-making process?

Unidentified and unmitigated conflicts of interest could present several potential risks, such as a biased analysis or skewed information that lessens the risk level of a loan, enabling a loan applicant to subvert the due diligence process, or an improper sharing of intellectual property or proprietary information.

The Federal Acquisition Regulations state that organizational conflicts of interest result when (1) a contractor is unable to render impartial assistance or advice to the Government, or (2) a contractor’s objectivity in performing the contract work is or might be otherwise impaired, or (3) a contractor has an unfair competitive advantage. The essence of organizational conflicts of

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interest is divided loyalty between the best interests of a particular contractor and the best interest of the Government.

The OIG's review of the LPO Third Party conflicts of interest is not complete. These examples are general risks and are not indicative of anything the OIG has found during its review.

Question 2: Elon Musk's businesses have received at least \$38 billion in government funding. This funding included a \$465 million loan from LPO for Tesla at a critical moment for the business. Nearly two thirds of Elon Musk's federal funding has come within the last five years, including \$6.3 billion in 2024 alone. Recently, the AP reported that Musk's company Starlink may be poised to take over a \$2 billion Federal Aviation Administration contract to upgrade its information technology networks used to manage U.S. airspace. If third-party experts with conflicts of interest present a significant danger to LPO's stewardship of federal funding, what dangers does any individual with seemingly unilateral authority to cut federal programs and staff at will create?

As noted above, unidentified and unmitigated conflicts of interest could present several potential risks. Conflicts of interest may prohibit the ability for a conflicted individual to provide impartial assistance, impair objectivity, and may provide a particular party with an unfair competitive advantage. In its interim report, the OIG highlighted the potential for, and risks associated with conflicts of interest within the Department's programs. The OIG has ongoing work that may provide more information regarding conflicts.