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6 EXAMINING THE BIDEN ADMINISTRATION'S

7 ENERGY AND ENVIRONMENT SPENDING PUSH

8 WEDNESDAY, FEBRUARY 26, 2025

9 House of Representatives,

10 Subcommittee on Oversight and Investigations,

11 Committee on Energy and Commerce,

12 Washington, D.C.

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16 The Subcommittee met, pursuant to call, at 10:29 a.m. in
17 Room 2322, Rayburn House Office Building, Hon. Gary Palmer
18 [Chairman of the Subcommittee] presiding.

19 Present: Representatives Palmer, Balderson, Griffith,
20 Dunn, Weber, Allen, Fulcher, Rulli, Guthrie (ex officio);
21 Clarke, DeGette, Tonko, Trahan, Fletcher, and Pallone (ex
22 officio).

23 Also present: Representatives Carter; Castor, Dingell,
24 and McClellan.

25

26 Staff Present: Ansley Boylan, Director of Operations;
27 Jessica Donlon, General Counsel; Sydney Greene, Director of

28 Finance and Logistics; Christen Harsha, Senior Counsel;
29 Brittany Havens, Chief Counsel; Calvin Huggins, Clerk; Sophie
30 Khanahmadi, Deputy Staff Director; Brayden Lacefield, Special
31 Assistant; Kaitlyn Peterson, Policy Analyst; Kristen Pinnock,
32 GAO Detailee; Gavin Proffitt, Professional Staff Member;
33 Kaley Stidham, Press Assistant; Jake Tyner, Chief Counsel;
34 Rasheedah Blackwood, Minority Intern; Timia Crisp, Minority
35 Professional Staff Member; Austin Flack, Minority
36 Professional Staff Member; Waverly Gordon, Minority Deputy
37 Staff Director and General Counsel; Tiffany Guarascio,
38 Minority Staff Director; Will McAuliffe, Minority Chief
39 Counsel, OI; Constance O'Connor, Minority Senior Counsel;
40 Christina Parisi, Minority Professional Staff Member; Harry
41 Samuels, Minority Counsel; Andrew Souvall, Minority Director
42 of Communications, Outreach, and Member Services; Caroline
43 Wood, Minority Research Analyst; and Tuley Wright, Minority
44 Staff Director, ENG.

45

46 *Mr. Palmer. The Committee on _ the Subcommittee on
47 Oversight and Investigations will now come to order.

48 The chair recognizes himself for five minutes for an
49 opening statement.

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

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

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

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

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

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

93 I want to emphasize that we are not insinuating that all
94 applicants and recipients are guilty of wrongdoing. Rather,
95 the sheer pace and volume with which this funding was awarded

96 raises questions and is worth a pause to evaluate whether the
97 appropriate due diligence was done to ensure taxpayer dollars
98 went to eligible parties, and the funds are being used
99 appropriately.

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

108 [The prepared statement of Mr. Palmer follows:]

109

110 *****COMMITTEE INSERT*****

111

112 *Mr. Palmer. I now recognize the ranking member of the
113 subcommittee, Ms. Clarke, for her opening statement.

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

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

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

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

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

160 In West Virginia a five-person non-profit that had its
161 award frozen was forced to lay off staff that transports

162 seniors to lifesaving dialysis appointments.

163 Across the state line in Virginia, the funding freeze
164 forced community health centers to close, taking health care
165 away from entire communities.

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

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

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

186 Republicans have needlessly painted themselves into a

187 corner, promising massive cuts to programs in order to pay
188 for tax breaks for billionaires. To accomplish that they
189 have to put our communities, our national security, American
190 jobs, and a cleaner future with lower energy costs on the
191 chopping block. We in Congress have a duty to the
192 Constitution and to our constituents. Committee Democrats
193 are standing up for both by demanding that the will of
194 Congress be followed, and that programs benefitting our
195 communities be implemented.

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

200 [The prepared statement of Ms. Clarke follows:]

201

202 *****COMMITTEE INSERT*****

203

204 *Ms. Clarke. With that, Mr. Chairman, I yield back.

205 *Mr. Palmer. The chairman now recognizes the chair of
206 the full committee, the gentleman from Kentucky, Chairman
207 Guthrie, for five minutes for an opening statement.

208 *The Chair. Thank you, Chairman Palmer, for bringing us
209 together on this important hearing, and I look forward to
210 working with this subcommittee as we work through this
211 Congress.

212 Last Congress the committee and government watchdogs
213 highlighted alarming developments as the EPA and DoE began
214 rolling out new and expanded programs in distribution _ and
215 distributing funding. One program that encapsulates a lot of
216 our concerns with this new program is EPA's Greenhouse Gas
217 Reduction Fund. In April of 2024 the Biden Administration
218 announced the awarding of \$5 billion to the Coalition for
219 Green Capital. Yes, that's \$5 billion. According to IRS tax
220 forms, this organization had revenue of less than \$3.5
221 million in 2023. Providing such a large infusion of capital,
222 more than 1,400 times the organization's revenue in 2023,
223 raises concerns, and the ability of the organization to
224 appropriately manage the volume of funding is something we
225 are going to look into, we hope President Trump looks into.
226 I am sure he will. I hope Elon Musk looks into it. I will
227 guarantee you this committee will investigate this.

228 This is just one example where a large amount of funding

229 went into an organization that, based on the facts before us,
230 does not have a demonstrated history of managing such large
231 amounts of money.

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

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

246 I will tell you, I do hope the Trump Administration _ I
247 hope DOGE looks into this. And like as I said, I will
248 guarantee you this is just the beginning of us looking into
249 it.

250 [The prepared statement of The Chair follows:]

251

252 *****COMMITTEE INSERT*****

253

254 *The Chair. And I will yield to the vice chairman for
255 the remainder of my time.

256 *Mr. Balderson. Thank you for your time, Chairman
257 Guthrie. I would also like to thank you and Chairman Palmer
258 for holding this hearing today.

259 It is vitally important that this subcommittee conduct
260 proper oversight of the billions of dollars spent on the
261 Democrats' Green New Deal policies over the last four years.
262 The infrastructure bill and the IRA provided approximately
263 100 billion in supplemental funding to the EPA. That is more
264 than 10 times the funding level for the EPA's annual budget.

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

273 We have all seen the lengths that the Biden
274 Administration went in order to hand out cash to far-left
275 activist groups. They even went so far as to give \$2 billion
276 to a group called Power Forward Communities. This
277 organization reported just \$100 in revenue for the entirety
278 of 2023, but President Biden's EPA thought they were worthy

279 of \$2 billion in taxpayer dollars. I am grateful that the
280 Trump Administration has taken action to ensure we are
281 properly reviewing the funding and loan programs and root out
282 waste, fraud, and abuse at the Department of Energy and EPA.

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

286 [The prepared statement of Mr. Balderson follows:]

287

288 *****COMMITTEE INSERT*****

289

290 *Mr. Balderson. Mr. Chairman, I yield back.

291 *Mr. Palmer. The chair now recognizes the ranking
292 member of the full committee, the gentleman from New Jersey,
293 Mr. Pallone, for five minutes.

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

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

309 Now, the Republicans invited the Offices of Inspector
310 General for both the Department of Energy and the
311 Environmental Protection Agency, but the seats before us
312 today would traditionally be filed [sic] by the inspector
313 generals of the two agencies. After all, these are the
314 Senate-confirmed officials charged with ferreting out waste,

315 fraud, and abuse in these agencies. But they both cannot
316 testify today because they were fired by President Trump at
317 the end of his first week in office.

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

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

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

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

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

365 billion from Medicaid.

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

373 [The prepared statement of Mr. Pallone follows:]

374

375 *****COMMITTEE INSERT*****

376

377 *Mr. Pallone. But with that, Mr. Chairman, I yield back
378 the balance of my time.

379 *Mr. Palmer. We now conclude with the member opening
380 statements. The chair would like to remind members that,
381 pursuant to the committee rules, all members' opening
382 statements will be made part of the record.

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

387 Our witnesses for today are Ms. Nicole Murley, acting
388 inspector general at the U.S. Environmental Protection
389 Agency; Mr. J. Alfredo Gomez, director of natural resources
390 and environment team in the U.S. Government Accountability
391 Office; Mr. Jonathan Black, chief advisor for strategic
392 planning and program oversight, office of the inspector
393 general at the U.S. Department of Energy; and Mr. Frank
394 Rusco, director at the national resource environment team in
395 the U.S. Government Accountability Office.

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

400 The chair then advises that you are under the rules of
401 the House and the rules of the Committee, and you are

402 entitled to be accompanied by counsel. Do you desire to be
403 accompanied by counsel during your testimony today?

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

406 [Witnesses sworn.]

407 *Mr. Palmer. We will now recognize Ms. Murley for five
408 minutes to give an opening statement.

409

410 TESTIMONY OF NICOLE MURLEY, ACTING INSPECTOR GENERAL, OFFICE
411 OF INSPECTOR GENERAL, U.S. ENVIRONMENTAL PROTECTION AGENCY;
412 J. ALFREDO GOMEZ, DIRECTOR, NATURAL RESOURCES AND ENVIRONMENT
413 TEAM, U.S. GOVERNMENT ACCOUNTABILITY OFFICE; JONATHAN BLACK,
414 CHIEF ADVISOR FOR STRATEGIC PLANNING AND PROGRAM OVERSIGHT,
415 OFFICE OF INSPECTOR GENERAL, U.S. DEPARTMENT OF ENERGY; AND
416 FRANK RUSCO, DIRECTOR, NATURAL RESOURCES AND ENVIRONMENT
417 TEAM, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

418

419 TESTIMONY OF NICOLE MURLEY

420

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

431 In line with that mission today, I will discuss our
432 concerns regarding oversight of more than \$40 billion the EPA
433 received under the Inflation Reduction Act. While the EPA
434 OIG has not received dedicated funding to oversee these

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

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

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

451 In another example we found that the EPA did not
452 adequately monitor the deployment status and the use of over
453 \$836 million of rebates for its 2022 Clean School Bus Rebate
454 program. Furthermore, although the deadline for completing
455 the projects was October 2024, as of February 2025 only 43
456 percent of the busses funded by those rebates have been
457 delivered to schools.

458 Reviews of these programs yielded nearly \$2 billion in
459 monetary impact. With our unique authority, our

460 independence, and our expertise, we are confident that we
461 could bring the same level of impact and oversight to the
462 agency's IRA programs, and we believe the issues that we've
463 observed in our IIJA oversight are red flags for problems
464 that could be lurking in IRA programs where, from an
465 oversight perspective, these risks are magnified.

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

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

480 While we are tapping into our core budgetary resources
481 to investigate these complaints, without dedicated resources
482 we are limited in our ability to conduct a more robust
483 oversight. I deeply appreciate the ongoing efforts of both
484 the House and the Senate to secure dedicated resources for

485 this crucial work. In the meantime, we will strive to
486 provide oversight within our existing budget.

487 Early on we focused on prevention to help the agency
488 consider safeguards from the outset, rather than scrambling
489 to recover mismanaged or misused money after the fact. We
490 briefed more than 1,000 EPA employees and stakeholders on
491 fraud prevention and mitigation strategies. We also raised
492 questions for the agency to consider regarding due diligence
493 reviews, monitoring of grantees and sub-grantees, and
494 screening for potential conflicts of interest.

495 With roughly 93 percent of the EPA's IRA funds
496 obligated, our focus is now detection. In addition to
497 ongoing investigative work, we will leverage data analytics
498 to proactively detect potential fraud. We've initiated an
499 audit to determine whether an EPA contractor that received
500 \$147 million in IRA and IIJA-funded contracts has complied
501 with Federal and contract requirements, and our team is
502 prioritizing additional IRA oversight work focused on grantee
503 and sub-recipient capacity and the EPA's vetting process for
504 awards.

505 The examples I've shared today are a cautionary tale of
506 systemic issues reaching across EPA programs that we have
507 noted for years. With a vital mission to protect human
508 health and the environment, and more than one billion
509 taxpayer dollars at stake, it's essential to learn from the

510 past. We are confident that, with the continued support of
511 Congress and the Administration's commitment to tackling
512 waste, fraud, and abuse, we can help make the EPA meaningful
513 _ help the EPA make meaningful improvements.

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

516 [The prepared statement of Ms. Murley follows:]

517

518 *****COMMITTEE INSERT*****

519

520 *Mr. Palmer. The chair recognizes Mr. Gomez for his
521 opening statement _ or for his testimony.
522

523 TESTIMONY OF J. ALFREDO GOMEZ

524

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

531 The IIJA included over \$60 billion for EPA. We have
532 been focused on the 50 billion that went to water
533 infrastructure and other investments. The IRA included about
534 41.5 billion in funding for greenhouse gas reduction and
535 other programs. This new funding is a significant increase
536 for EPA's average annual budget of about \$8.8 billion per
537 year. My statement today is based on several issued reports
538 and on observations from our ongoing work on how EPA is using
539 and overseeing the IRA funds. Specifically, my statement
540 discusses the status of EPA's IIJA water-related funds and
541 the IRA funds.

542 The IIJA provided EPA with over 43 billion for state
543 revolving funds and an additional 7 billion for other water-
544 related investment. This funding is being allocated to the
545 states using formulas that are set in law, and this is the
546 same process that EPA uses to award baseline funds for the
547 Clean Water and Drinking Water State Revolving Fund programs.

548 Through these programs states can make loans for wastewater
549 and drinking water infrastructure projects. In our prior
550 work we have identified the need for better financial
551 indicators that show the growth of these programs and ensure
552 the sustainability of the funds.

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

561 Now, switching gears, the IRA provided EPA with about
562 41.5 billion for grants and other investments to reduce
563 greenhouse gas emissions and enhance climate resilience. Our
564 analysis of provisional EPA data shows that the agency
565 obligated nearly all of the funds, and about half was
566 expended. The IRA directed EPA to establish the _ to
567 establish several new grant programs and support other
568 efforts. The largest amount was the 27 billion for the
569 Greenhouse Gas Reduction Fund. To implement the fund, EPA
570 created a new program office and established three sub-
571 programs.

572 The first sub-program is a \$14 billion National Clean

573 Investment Fund _ awarded these grants to three recipients to
574 establish financial institutions that provide financing for
575 low and zero emissions technology projects.

576 Now, the second sub-program is the 6 billion Clean
577 Communities Investor Accelerator, which awarded grants to
578 five recipients, provided funding and technical assistance to
579 community lenders in low-income and disadvantaged communities
580 for financing low-emission projects.

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

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

596 In summary, we have reported that there are risks
597 involved with major new programs, especially when funding is

598 awarded on a compressed schedule. At this point, EPA has
599 stood up programs and issued awards, and now their emphasis
600 turns to monitoring and overseeing those awards. Monitoring
601 existing awards may require different skills and expertise
602 than evaluating award applications. Our ongoing work will
603 assess EPA's process for making spending decisions and its
604 oversight of these monies.

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

608 [The prepared statement of Mr. Gomez follows:]

609

610 *****COMMITTEE INSERT*****

611

612 *Mr. Palmer. The chair recognizes Mr. Black for his
613 testimony.
614

615 TESTIMONY OF JONATHAN BLACK

616

617 *Mr. Black. Okay, I think I've got a red light.
618 Chairman Palmer, Vice Chairman Balderson, Ranking Member
619 Clarke, and members of the subcommittee, my name is Jonathan
620 Black. I currently serve as the chief advisor to the
621 inspector general of the Department of Energy's Office of
622 Inspector General. My portfolio of work involves oversight
623 over the Infrastructure Investment and Jobs Act, and the
624 Inflation Reduction Act, and the various programs that the
625 Department of Energy has stood up for those Acts. Thank you
626 for inviting me to testify today on the oversight work that
627 the Department of Energy's Office of Inspector General is
628 performing regarding the Department's Loan Programs office.

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

637 I appear before you today to report that the OIG now
638 observes potential problems regarding, one, conflicts of
639 interest; two, accelerated loan closures; and three, concerns

640 identified in our loan file reviews.

641 One, the OIG reported that the LPO has not implemented
642 controls sufficient to properly manage organizational
643 conflicts of interest. This poses a significant risk for
644 fraud, waste, and abuse. The LPO contracts with more than
645 300 personnel to assist with loan due diligence with
646 expertise in legal, engineering, and technical, market
647 analysis, and finance and credit. Also, prospective
648 borrowers provide the LPO with third-party expert reports
649 covering the same subject areas. In the OIG's December 2024
650 report we found that the LPO does not ensure that contracting
651 officers identify and evaluate potential conflicts of
652 interest for their third-party experts. Proper management of
653 conflicts of interest requires identifying all parties
654 involved in the process on both sides of the transactions.
655 Federal stewards have an affirmative obligation to do so, but
656 this was not done.

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

664 Additionally, LPO the support service contractor was

665 unable to show the OIG records to indicate that it had
666 provided training to its due diligence experts as to what
667 constitutes a conflict of interest, what disclosures, what
668 mitigation steps, and what other measures may be needed. How
669 can these outside experts know what constitutes a conflict of
670 interest if they were not even trained on these requirements?

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

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

685 Three, the OIG has hired outside experts to help us
686 review two recently-completed loan agreements. For both of
687 these projects LPO had hired its own outside experts to
688 identify and articulate serious red flags that they
689 identified before the loans were closed, including multiple

690 major risks that call into question the project's financial
691 and performance viability.

692 Also, LPO employs certain risk mitigation strategy for
693 these major loans. One mitigation measure involves
694 structuring in guaranteed sales agreements in order to assure
695 revenue for the project. Other mitigation measures involve
696 structuring and construction contract terms and commitments
697 that are written in a way to help minimize the risk for cost
698 overruns. For the two projects we examined, LPO's own expert
699 advisors duly identified and called out the loan applicant's
700 mitigation measures as being insufficient, that may pose
701 risks to the viability of the financial side of the project,
702 and these often covered only 25 percent or less of the needed
703 revenue protection or cost control.

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

713 In closing, I would like to recognize the bipartisan
714 efforts of this subcommittee to provide oversight for the

715 Department's Loan Program Office. Thank you for your
716 continued support for the independent oversight that the OIG
717 does to advance transparency and to prevent and detect fraud,
718 waste, and abuse. I appreciate the opportunity to testify,
719 and I look forward to your questions.

720 [The prepared statement of Mr. Black follows:]

721

722 *****COMMITTEE INSERT*****

723

724 *Mr. Palmer. The chair now recognizes Mr. Rusco for his
725 testimony.
726

727 TESTIMONY OF FRANK RUSCO

728

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

734 DoE's Office of Clean Energy Demonstration, or OCED, was
735 created in 2021 and manages demonstration projects in 8
736 different areas including hydrogen hubs, carbon capture and
737 sequestration, and advanced nuclear projects. The money
738 funding these projects came from the IIJA, about \$22 billion,
739 and the IRA, about \$5 billion.

740 Through September 2024 OCED had awarded almost \$19
741 billion. Most of this went to 4 areas, including \$10 billion
742 for industrial decarbonization and carbon capture projects;
743 \$8 billion for regional hydrogen hubs; and \$1 billion for
744 advanced nuclear projects. Since October 2024 OCED approved
745 another \$6.6 billion, mostly to hydrogen hubs and industrial
746 decarbonization processes.

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

752 money is matched by private-sector partners.

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

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

776 We will be conducting future work looking at the LPO's

777 overall processes, but I can say today that my biggest
778 concern for the LPO is the rapid and increasing pace of loans
779 that were issued in the last four months. As we have
780 testified before to this committee, we get concerned when
781 agencies have a lot of money to spend and a short amount of
782 time to spend it. We will continue to monitor both OCED and
783 LPO going forward.

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

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

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

802 [The prepared statement of Mr. Rusco follows:]

803

804 *****COMMITTEE INSERT*****

805

806 *Mr. Palmer. Thank you for your testimony, and we will
807 now move into the question-and-answer portion of the hearing.
808 With that the chair recognizes the vice chairman of the
809 committee, the gentleman from Ohio, Mr. Balderson, for five
810 minutes.

811 *Mr. Balderson. Thank you, Mr. Chairman. Thank you all
812 for being here today.

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

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

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

835 Your testimony notes that between November 2024 and
836 January 2025, the Department appears to have accelerated its
837 processing and approving of loan guarantees that were under
838 review. Specifically, as you stated, that _ between December
839 2024 and January 2025 the DoE Loan Programs Office completed
840 loans worth more than \$46 billion. Your testimony also has a
841 chart that shows from March 2022 to August 2024 there were 5
842 loans closed as compared to 20 loans closed in the last 5
843 months of the Biden Administration.

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

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

856 taxpayer interests.

857 *Mr. Balderson. Thank you. You also mentioned in your
858 written testimony that your office was looking into some of
859 the risk mitigation measures, or lack thereof _ we have
860 touched on that _ regarding two recently completed loans. I
861 understand you cannot discuss the specifics _ cases under
862 review, but can you elaborate more on some of these risk
863 mitigation strategies and explain how pressure to expedite a
864 loan or loan guarantee could impact having the appropriate
865 risk mitigation measures in place?

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

876 Similarly, they have these risk mitigation measures
877 structured on the cost side, where they have construction
878 contracts, terms, and conditions that seem to lock down the _
879 and guarantee that cost overruns don't occur during
880 construction. And so this indeed was engaged in _ these kind

881 of strategies were engaged in by the LPO. And _ but for the
882 two files that we reviewed there, we found that there was
883 very minimal guaranteed sales agreements and very minimal
884 cost controls on the construction side to control costs.

885 *Mr. Balderson. Thank you. A follow-up to that _ and
886 you have answered some of this, but are there any other
887 stages of loan approval or negotiation processes that can be
888 impacted by the pressure to close loans quickly? And you
889 have about 15 seconds.

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

896 *Mr. Balderson. Thank you very much.

897 I yield back, Mr. Chairman.

898 *Mr. Palmer. The chair now recognizes the distinguished
899 ranking member from New York, Ms. Clarke, for five minutes
900 for her questions.

901 *Ms. Clarke. Thank you very much, Chairman, and I thank
902 our panel of experts for appearing here today.

903 In calling this hearing to criticize EPA and DoE
904 programs, Republicans are ignoring the extreme actions that
905 this Administration has already taken to sabotage these

906 programs and prevent President Trump from being held
907 accountable. We should be hearing from the Senate-confirmed
908 inspector general for DoE and EPA, but we are not because
909 last month Donald Trump fired them.

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

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

921 *Mr. Black. That's correct.

922 *Ms. Clarke. I have also learned that 39 DoE OIG staff
923 chose to take this deferred resignation program that was
924 pressed on them. This represents 13 percent of DoE OIG
925 staff, including 5 senior executive staff. Is that also
926 correct?

927 *Mr. Black. Yes, your numbers are accurate.

928 *Ms. Clarke. Thank you.

929 Ms. Murley, obviously, the former inspector general,
930 Sean O'Donnell, was unceremoniously fired by Donald Trump.

931 But has your office also experienced departures of personnel
932 and hiring challenges recently?

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

940 *Ms. Clarke. Thank you. It is simply outrageous that
941 the committee Republicans have called today's hearing to
942 attack programs they have thoroughly investigated for years
943 without finding any evidence of wrongdoing, yet remain silent
944 about the immense risk being created by the Trump
945 Administration's all-out assault on agency OIGs. Inspector
946 generals are taxpayers' watchdogs, rooting out waste, fraud,
947 and abuse at the agencies they oversee. It is stunning and
948 disgraceful to see Republicans turn a blind eye to the fact
949 simply because Donald Trump is the president.

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

956 Mr. Rusco?

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

963 *Ms. Clarke. Mr. Gomez?

964 *Mr. Gomez. Yes, so we've done a lot of work looking at
965 grants management workforce. And as you know, EPA's _ about
966 half of its budget goes to the states and tribes in the form
967 of grants. And so it's really important to have the
968 workforce, right, that you need with the right skill set to
969 oversee those grants. And especially now with a large
970 infusion of funds at EPA, and new programs, and expanded
971 programs, having the workforce that you need to do the
972 oversight is most important.

973 *Ms. Clarke. Thank you.

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

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

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

988 *Mr. Palmer. The chair now recognizes the chairman of
989 the full committee, Mr. Guthrie _

990 *The Chair. Thank _

991 *Mr. Palmer. _ for five minutes for his questions.

992 *The Chair. Thank you. I can assure the committee that
993 we are going to investigate and look at waste, fraud, and
994 abuse, and we will be _ I think we are beginning _ this is
995 just the beginning hearing, I will tell you that.

996 And think about this. So you have the Greenhouse
997 Reduction Fund, \$27 billion. There is the Coalition for
998 Green Capital that we said the year before that has had _
999 \$3.5 million is what we could find in their income. They get
1000 a \$5 billion grant. That is facts, that is not making
1001 anything up. And if you don't think we should look into a
1002 \$3.5 million company getting \$5 billion worth of income _ and
1003 then _ so then _ so they announce on January the 22nd it was
1004 providing 200 million of its 5 billion to a company called
1005 Green-e-ree. Based on the State of Vermont records, an

1006 organization with this name was recently incorporated in
1007 October 2024, only a few months after EPA selected the
1008 Coalition for Green Capital to receive its award. According
1009 to Green-e-ree's website, one of the organizations initially
1010 behind its formation was the Coalition for Green Capital.

1011 So the Coalition for Green Capital is a \$3.5 million
1012 company, gets \$5 billion. Green-e-ree is incorporated in
1013 October of 2024, and they have on the website that one of
1014 their _ initially behind their _ the Coalition for Green
1015 Capital is behind their organization. I am concerned about
1016 what this brings, what this is. I have just described raises
1017 _ the process I just described raises questions about how EPA
1018 has been monitoring their program.

1019 So Ms. Murley, your written testimony notes that
1020 effective monitoring of grant or loan recipients and sub-
1021 recipients is a critical internal control for grant-making
1022 agencies like EPA. Based on examples like the one I just
1023 provided, your knowledge of recipient and sub-recipient
1024 relationships, and EPA's grant management practices, what is
1025 _ are EPA's OIG's concerns with recipients' ability to
1026 monitor sub-recipients, particularly when the sub-recipients
1027 have a relationship with the recipient?

1028 *Ms. Murley. So we _ our concern is _ and it's been a
1029 continuing concern of grants management in looking at the
1030 capacity of the recipients and the sub-recipients to handle

1031 the money that they've been given. And I think what you're
1032 talking about is due diligence and conflicts of interest in
1033 grants or other programs, which is certainly something that
1034 we are interested in looking into.

1035 I'm not sure I understand the question about the sub-
1036 recipients.

1037 *The Chair. Well, the sub-recipients _ if it is a
1038 creature of the recipient, and the sub-recipient is _ do you
1039 have concerns with that?

1040 *Ms. Murley. Under that fact it would be something we
1041 would look at for due diligence checks from the agency and
1042 how they were _ how the recipients of the money was vetted,
1043 and also the controls that were put into place before the
1044 vetting went out. What rules were put into place, what
1045 parameters, what guidelines? That would definitely be
1046 something _

1047 *The Chair. Would you be concerned that in October of
1048 last fall a company was incorporated and all of a sudden they
1049 are getting a \$200 million grant? Would that be something
1050 that would flag _

1051 *Ms. Murley. If that was the evidence that was
1052 presented, that would be a concern. That would be a risk.

1053 *The Chair. So let me go to Mr. Gomez.

1054 Relatedly, I am also concerned about the oversight
1055 conducted of recipients and sub-recipients to ensure they are

1056 meeting performance goals. Your written statement noted that
1057 EPA officials said they had not yet developed program-level
1058 performance goals and measures for the three sub-programs of
1059 the Greenhouse Gas Reduction Fund, and they need one to two
1060 years before doing so. With no program level _ so in your
1061 experience evaluating grant and other financial assistance
1062 programs, is it typical for a program to not have performance
1063 goals or measures for years?

1064 *Mr. Gomez. No, it's not typical. I mean, generally
1065 with new programs, they're trying to figure out, first of
1066 all, what they're going to accomplish, what the goals are for
1067 it. And so they take sometimes a little while to set up
1068 those performance goals and measures. But those are
1069 important.

1070 I mean, our job, obviously, is to follow the money,
1071 right? So we want to make sure that the money is
1072 accountable, whether it's going to the grantees or sub-
1073 grantees or, at the end, maybe the beneficiaries. So
1074 understanding what that process is, looking at what controls
1075 are in place, what reporting requirements to make sure that
1076 you're safeguarding against _

1077 *The Chair. Would you be extra concerned if an entity
1078 had a \$3.5 million revenue, got a \$5 billion grant, a company
1079 was created that had a _ I forget, I think it was a _ just
1080 created in October of 2024 and then got a \$200 million grant

1081 that was a sub-recipient of that company?

1082 *Mr. Gomez. I mean, I think it would raise a flag for
1083 us because we'd want to ensure that that company now that has
1084 a large infusion of funds, is it structured, right? Does it
1085 have the people to carry out the work? And is it going to be
1086 able to carry out the terms and conditions, for example, of
1087 that grant or that award?

1088 So those would be things that we would be looking at in
1089 our reviews, right?

1090 *The Chair. I appreciate it, and we are going to be _
1091 my time is expired, but we will be looking at that as _ so
1092 thank you for that.

1093 I yield back.

1094 *Mr. Palmer. I thank the gentleman. The chair now
1095 recognizes the ranking member of the full committee, Mr.
1096 Pallone, for five minutes for his questions.

1097 *Mr. Pallone. Thank you, Chairman.

1098 In less than two months we have watched Elon Musk and
1099 President Trump brazenly try to circumvent any check on
1100 executive power and eliminate independent oversight, and
1101 congressional Republicans have been silent.

1102 At the Department of Energy as many as 2,000 career
1103 staff were suddenly fired without warning, including staff
1104 responsible for our nuclear stockpile and others from offices
1105 that were responsible for managing loan and grant programs.

1106 And the same scene played out at EPA with hundreds of staff
1107 suddenly fired or put on leave, including career staff with
1108 decades of experience monitoring EPA programs.

1109 And then, over the weekend, Federal workers received the
1110 latest in a series of abusive mass emails from Elon Musk,
1111 this one directing recipients to respond with a list of what
1112 they did last week by Monday at midnight, otherwise they
1113 would be terminated. And that, of course, sparked further
1114 confusion.

1115 I ask unanimous consent, Mr. Chairman, to enter an
1116 article from the Washington Post about this latest Musk
1117 email, if I could. I will give you a copy of it.

1118 *Mr. Palmer. Without objection, so ordered.

1119 [The information follows:]

1120

1121 *****COMMITTEE INSERT*****

1122

1123 *Mr. Pallone. Thank you. So I want to ask each of the
1124 witnesses a simple question: Could the broad and sudden
1125 termination of so many career officials risk impairing EPA or
1126 DoE's ability to effectively oversee awards and loans?

1127 Ms. Murley?

1128 *Ms. Murley. The grants capacity of the agency to
1129 oversee its grants and management, we actually have a report
1130 that will be coming out talking about the agency's capacity
1131 to manage its grants. And so, yes, that would be a concern.

1132 *Mr. Pallone. Thank you. And Mr. Black, let me _ I
1133 know it is your last week, and so I want to thank you for
1134 your service. But if I could ask you that same question, you
1135 want me to repeat it or you _

1136 *Mr. Black. No, no, I understand the question. I think
1137 that reductions of that magnitude would certainly have some
1138 impact on the program's ability to effectively conduct its
1139 work, and it will perhaps slow work down in order to do a
1140 quality job.

1141 *Mr. Pallone. Thank you.

1142 And Mr. Gomez?

1143 *Mr. Gomez. Yeah, so our past work on that subject
1144 shows that you need the right staff with the right skill set
1145 in the right places.

1146 *Mr. Pallone. Thank you.

1147 Mr. Rusco?

1148 *Mr. Rusco. Yes, I can give you a specific example. In
1149 the Office of Clean Energy Development, among the things that
1150 happened in the last few weeks was a funding freeze,
1151 coincided with a renewal of a contract with a key private-
1152 sector company that was going to do independent cost analysis
1153 for ongoing projects. If those don't happen in, you know, in
1154 a timely fashion, then either money goes out the door that
1155 didn't have that review, or projects that the private sector
1156 spent a lot of money on could be delayed or canceled. So it
1157 is troubling.

1158 *Mr. Pallone. Thank you.

1159 And Mr. Black, let me go back to you. DoE OIG has
1160 specifically highlighted the workforce concerns that DoE's
1161 Office of the Inspector General previously identified at the
1162 Loan Program Office that could hinder the office's ability to
1163 move from a posture of evaluating applications and closing
1164 loans to one focused on post-closure monitoring of finalized
1165 loans.

1166 Now, earlier this month 45 staff at the Loans Program
1167 Office were suddenly terminated. Are you concerned that
1168 these terminations could negatively impact oversight and
1169 management of portfolio loans and loan guarantees?

1170 And what would even greater losses in workforce mean for
1171 oversight and accountability, if you will?

1172 *Mr. Black. Certainly, reductions of staff at the LPO

1173 would absolutely have some impact on their ability to process
1174 loan applications, and would certainly have some impact on
1175 the ability to monitor those loans over time.

1176 *Mr. Pallone. And then lastly, the Administration's
1177 arbitrary and senseless cuts to our Federal workforce are
1178 making it harder for DoE and EPA to oversee the grants and
1179 loans Republicans pretend to be so concerned about. If
1180 Republicans were serious about protecting taxpayers and
1181 fighting waste, fraud, and abuse in grant programs, they
1182 would be holding the Administration accountable by doing real
1183 oversight work, instead of smearing award recipients who are
1184 just trying to build a better future for this country. That
1185 is my opinion.

1186 I don't have another question, but I just, you know,
1187 again, as I said, I can't believe the focus of this hearing
1188 today. It is not what I am hearing at home. When I go home,
1189 everyone is worried about freezing of funds, termination and
1190 firing of people, tariffs. I mean, people are genuinely
1191 concerned that these Trump policies are going to lead to a
1192 recession. That is what they are telling me. You know, the
1193 market is going up and down, retail sales are down at an all
1194 time low. I am just afraid _ and this is what I am hearing _
1195 we are headed towards a recession with these Trump Republican
1196 policies. And I hate to say that because that is not what I
1197 want to see.

1198 I yield back, Mr. Chairman.

1199 *Mr. Palmer. The chair now recognizes the gentleman
1200 from Virginia, Mr. Griffith, for five minutes for his
1201 questions.

1202 *Mr. Griffith. Thank you very much, Mr. Chairman, and I
1203 just have to say that in my district people have been
1204 concerned for decades about money being spent in Washington,
1205 D.C., that they don't understand why it is being spent and
1206 they don't understand how it costs so much money to do the
1207 things that they probably could do themselves a lot cheaper.
1208 So I am hearing different things than my good friend, Mr.
1209 Pallone, is hearing.

1210 Now, let me start off on this hearing and say that I am
1211 proud of the work that this subcommittee did last Congress to
1212 oversee the implementation of the Clean School Bus Rebate
1213 program. Additionally, I will say electric busses work for
1214 some schools, but this program was a setup _ was set up in a
1215 haphazard way and, in some cases, school districts have not
1216 received all the busses they paid for.

1217 Ms. Murley, as your office has since completed
1218 additional work on the program, can you provide any updates
1219 on EPA's efforts to appropriately monitor recipients' use of
1220 rebate funds?

1221 *Ms. Murley. Yes. As a result of our 2022 _ or our
1222 report on the 2022 rebate program, when they did do a second

1223 round of rebates they put in more internal controls on the
1224 recipients' use of those funds compared to what they had done
1225 in 2022, which is not put any controls on the recipients' use
1226 of those funds.

1227 *Mr. Griffith. And what happens when you don't put any
1228 controls on the recipients' use of funds? A lot of it gets
1229 frittered. I won't use "waste, fraud, and abuse," because
1230 my colleagues on the other side hate that term. But it gets
1231 frittered away, does it not?

1232 *Ms. Murley. The risk is there, it creates _

1233 *Mr. Griffith. Yes, it is substantial, wouldn't you
1234 agree?

1235 *Ms. Murley. Yeah. It's a risk situation when you have
1236 no restrictions on the funds and _

1237 *Mr. Griffith. Oh, come on.

1238 *Ms. Murley. _ they sit in accounts for a while, or
1239 they're commingled _

1240 *Mr. Griffith. You can say there is substantial risk.
1241 Come on, you can say it.

1242 *Ms. Murley. There is substantial risk.

1243 *Mr. Griffith. All right. And is your office
1244 specifically aware of the Lion Electric case, where the
1245 electric bus manufacturer is now bankrupt?

1246 *Ms. Murley. And we have seen the news reports and
1247 share the concerns reported. We don't comment _ we have a

1248 longstanding policy of not commenting or confirming on
1249 investigations. Thank you.

1250 *Mr. Griffith. I appreciate that. I mean, that tells
1251 me there is an investigation. I am pleased.

1252 From an auditing methodology standpoint, can you help me
1253 understand how the use of rebates _ and maybe it is different
1254 when you have substantial controls _ but how the use of
1255 rebates makes organizations, agencies, et cetera more
1256 vulnerable to having problems similar to the Lion Electric
1257 situation?

1258 *Ms. Murley. So the use of rebates does _ is different,
1259 obviously, from putting out a grant. And grants are
1260 longstanding vehicles for getting money to recipients, so
1261 they have more controls in place. There's rules, they're
1262 written up front, they're standard.

1263 The rebate program was new, a new way of getting out
1264 funding for the Clean School Bus program. And so it
1265 increased the risks because it doesn't have the same level of
1266 internal controls that a grant would have.

1267 *Mr. Griffith. All right, I appreciate that. In your
1268 testimony talking about the Clean School Bus Rebate program
1269 you state, "Although the deadline for completing projects was
1270 October 2024, as of February 2025 only 43 percent of the
1271 busses funded by the 2022 Clean School Bus Rebate program
1272 have been delivered to the schools.'" Is your office aware

1273 of any other issues that have contributed to so many of the
1274 busses not yet being delivered and recipients missing the
1275 deadline?

1276 *Ms. Murley. I don't have that information today, but
1277 I'd be happy to submit it for the record.

1278 I do know that we have a continuing audit work related
1279 to the Clean School Bus program and oversight of the grant
1280 programs established there.

1281 *Mr. Griffith. Now, I know you can't talk about ongoing
1282 investigations, but do you have any idea or any information
1283 you can share _ and I will open it up if somebody else has
1284 information to share _ on what happens to the school systems
1285 that were using Lion Electric _ fortunately, none of those
1286 are in my district, but that were using the Lion Electric?
1287 Because now they can't get service, can't get parts, and they
1288 basically have useless hulls, as I understand it from media
1289 reports. Do you have any additional information?

1290 *Ms. Murley. I do not.

1291 *Mr. Griffith. All right. Does anybody else on the
1292 panel have any information on that particular subject matter?

1293 All right. Well, this is why we have these hearings, so
1294 we can identify problems. And we will probably come back and
1295 ask additional questions at a later date.

1296 At this moment, Mr. Chairman, I yield back.

1297 *Mr. Palmer. I thank the gentleman. The chair now

1298 recognizes the gentlewoman from Texas, Mrs. Fletcher, for
1299 five minutes for her questions.

1300 *Mrs. Fletcher. Well, thank you so much, Chairman
1301 Palmer. I am glad to work with you and everyone here on this
1302 important subcommittee in this Congress, and I think the
1303 testimony this morning has been useful and important. And
1304 certainly, we are addressing things of great concern to all
1305 of us.

1306 I think all of us are concerned about ensuring that our
1307 government functions efficiently, effectively, and ethically,
1308 and that is why we appreciate the work that the office of
1309 inspectors general do in each of our agencies and
1310 departments, and the work that you do to ensure that
1311 efficiency from the Government Accountability Office, as
1312 well.

1313 Certainly, I want to associate myself with the comments
1314 of our chairwoman _ I mean of our ranking member on my side
1315 of the aisle, and with our ranking member of the full
1316 committee, Mr. Pallone, about the concerns that I am hearing
1317 at home in my district from my constituents about recent
1318 actions that have not demonstrated either efficiency or
1319 effectiveness or ethical and responsible governance, and that
1320 there is a great deal of concern. And so I want to ask a few
1321 questions about that and kind of go straight to them.

1322 I want to start with you, Ms. Murley. Recently, at the

1323 direction _ at the behest of President Trump and Elon Musk,
1324 the EPA in region 6, which is my region, decided to place
1325 every NEPA permit reviewer on administrative leave. So for
1326 Texas, Arkansas, Louisiana, New Mexico, and Oklahoma, there
1327 are no EPA employees to do NEPA reviews at this time.

1328 As I think everyone knows, this is a hub for energy and
1329 infrastructure projects in this office with those states and
1330 66 tribal nations. Do you expect that this will impact EPA's
1331 ability to carry out its statutory responsibilities under
1332 NEPA if we have no people who can review NEPA permit
1333 applications, perform NEPA reviews?

1334 *Ms. Murley. I think that's a question better directed
1335 to the agency, but I will say that we have concerns about the
1336 workforce planning and the amount of people available to do
1337 the work of the agency.

1338 *Mrs. Fletcher. Thank you for that.

1339 I think that ties into something, Mr. Gomez, that you
1340 talked about in your testimony. In your written testimony
1341 you talk about several GAO recommendations to address
1342 workforce challenges at EPA, specifically in EPA grants
1343 management, and they included persistent staffing level
1344 declines and burnout that was causing high turnover. And so
1345 I think that sounds consistent with what I am hearing from
1346 Ms. Murley about staffing concerns at EPA.

1347 Would you agree with me that arbitrary firings will

1348 negatively impact EPA's ability to implement those GAO
1349 recommendations?

1350 *Mr. Gomez. I mean, I think we would look at, you know,
1351 where those firings are taking place, and what those _ what
1352 the roles of those people are, and whether they are sort of
1353 in the front line of implementing recommendations. So, you
1354 know, if it's across the board, then it's having impacts in
1355 various programs.

1356 So _ and so yes, if it's in those areas where people
1357 need to take action, then that _ we may need to be _ or we
1358 may be waiting to _ for folks to take that action.

1359 *Mrs. Fletcher. Well, and I guess maybe more broadly my
1360 question would be, I mean, certainly you would agree with me,
1361 if you were concerned about employee retention, employee
1362 morale, that arbitrary firings, threats to employees, abusive
1363 treatment of employees are problematic for employee retention
1364 and carrying out the efficient administration of the agency's
1365 responsibilities.

1366 *Mr. Gomez. I would agree, yes.

1367 *Mrs. Fletcher. Okay. And I want to talk about one
1368 other thing with the time I have left.

1369 Mr. Black, you spent a lot of time in your testimony
1370 talking about conflicts of interest. And I think it is
1371 really important that you raise that. And I am going to ask
1372 you for the record to explain, generally, kind of why

1373 conflicts of interest are problematic and of concern to you.
1374 But for our purposes here, would you agree with me that
1375 Federal conflicts of interest statutes and financial
1376 disclosure requirements are important?

1377 *Mr. Black. Yes, absolutely.

1378 *Mrs. Fletcher. And Federal officers are prohibited
1379 from participating in government matters that affect their
1380 financial interests. Correct?

1381 *Mr. Black. That is my understanding, yes.

1382 *Mrs. Fletcher. And senior Federal officers are also
1383 required to publicly disclose their assets, liabilities,
1384 income, other financial information so that the public can
1385 know whether they are complying with those conflict of
1386 interest rules?

1387 *Mr. Black. That's correct.

1388 *Mrs. Fletcher. Okay. And so I am out of time here,
1389 and I will just say that certainly my constituents are deeply
1390 concerned about the kinds of things that we are seeing and
1391 the conflicts of interest that are emerging, and quite clear
1392 in the Department of Government _

1393 *Mr. Palmer. The gentlewoman's time has expired.

1394 *Mrs. Fletcher. With that I will yield back. Thank
1395 you.

1396 *Mr. Palmer. The chair recognizes the gentleman from
1397 Texas, Mr. Weber, for five minutes for his questions.

1398 *Mr. Weber. Thank you, Mr. Chairman.

1399 Texas is leading the way to unleash American energy by
1400 accelerating the deployment of new nuclear energy. X-energy,
1401 one of the Department of Energy's Advanced Reactor
1402 Demonstration Program's _ ARDP _ awardees, which was created
1403 by the Trump Administration, has partnered with Dow Chemical
1404 to supply heat and electricity for their facility on the
1405 Texas Gulf Coast, just south of my district. Wasteful
1406 spending at the Department of Energy could go towards
1407 innovative American nuclear projects like this one that
1408 actually give taxpayers a return on their investment.

1409 Mr. Black, I am coming to you. How will the
1410 Administration's Department of Energy support programs like
1411 the ARDP to ensure that they are successful in advancing the
1412 next wave of nuclear energy? I know you are leaving, but _

1413 *Mr. Black. Yeah. Unfortunately, I didn't come
1414 prepared to talk about the advanced nuclear energy program.
1415 Rather, my statement was prepared for the Loan Programs
1416 Office.

1417 *Mr. Weber. Okay.

1418 *Mr. Black. So I don't have any particular details to
1419 share with you about anything about the advanced nuclear.

1420 *Mr. Weber. Ms. Murley, do you have any details on
1421 that?

1422 *Ms. Murley. I do not.

1423 *Mr. Weber. Gomez, Mr. Gomez?

1424 *Mr. Gomez. I would defer to our director on energy,
1425 Frank.

1426 *Mr. Weber. Frank, you are up.

1427 [Laughter.]

1428 *Mr. Rusco. Thank you. Well, Congress does appropriate
1429 money to the Office of Nuclear Energy, and also there is some
1430 money in the Office of Clean Energy Development for nuclear
1431 projects. So I guess, yes, it would be incumbent on Congress
1432 to appropriate money specifically to support new nuclear
1433 technologies, and I think that's a _ would be well warranted.

1434 *Mr. Weber. Taxpayers are helping fund these innovative
1435 projects. But it is unfortunate that, with the Biden DoE and
1436 EPA, one hand has _ apparently, the left hand has not been
1437 talking to the right hand. I guess that is an appropriate
1438 political term, is it not?

1439 And so these CCS projects depend on access to carbon
1440 storage infrastructure and the ability to acquire an EPA
1441 class six permit in a timely fashion _ and key word there,
1442 "timely.'" Meanwhile, as the EPA was all hands on deck,
1443 shoveling billions of wasteful green spending out the door,
1444 they neglected to do their actual job here. The Trump
1445 Administration has now inherited a backlog _ are you ready
1446 for this _ of over 160 permits. Did you all know that? Did
1447 you know that, Ms. Murley?

1448 *Ms. Murley. I knew there was a _ we have ongoing work
1449 in the class six wells program, looking at the EPA's ability
1450 to meet its timelines and goals in permitting and getting
1451 permits for those wells.

1452 *Mr. Weber. Mr. Gomez, were you aware of that?

1453 *Mr. Gomez. I was not aware of that number, no.

1454 *Mr. Weber. Mr. Black?

1455 *Mr. Black. No, sir. That is not information that I've
1456 done oversight work on.

1457 *Mr. Weber. Frank? Mr. _ is it Rusco?

1458 *Mr. Rusco. Rusco.

1459 *Mr. Weber. Yes, okay. He kind of outed you.

1460 Is that a concern, Mr. Gomez, that _ all of the backlog
1461 of these permits?

1462 *Mr. Gomez. Yes. I think, as we were talking earlier,
1463 right, is that the backlogs can have an impact, right?

1464 And, you know, Frank was providing earlier an example of
1465 how not getting the reviews done can have impacts down the
1466 line, so _

1467 *Mr. Weber. Mr. Black, impact?

1468 *Mr. Black. Yeah, we have not done oversight work on
1469 NEPA applications at all lately, so I can't _

1470 *Mr. Weber. Can you define lately for me? Last six
1471 weeks? Six months? Six years?

1472 *Mr. Black. That I'm aware of, it is the _ yeah.

1473 And let me be clear. So I don't represent the OIG as a
1474 whole. I came here prepared to talk about the oversight work
1475 that the DoE OIG does with regard to the Inflation Reduction
1476 Act and IIJA Act. I can say that in my purview, in my
1477 portfolio of work, we have no ongoing work on NEPA
1478 applications and siting.

1479 *Mr. Weber. Mr. Rusco?

1480 *Mr. Rusco. We don't have ongoing work in that. We
1481 have recognized for years and years that permitting is a huge
1482 challenge. And so being able to do NEPA analysis in a timely
1483 fashion is important.

1484 *Mr. Weber. Let me come back to you, Mr. Black, and see
1485 _ do you agree that the efficient review _ if this was in
1486 your purview, do you agree that the efficient review of class
1487 six permits is critical for getting carbon management
1488 projects like those funded by DoE off the ground with the
1489 goal in mind that taxpayer dollars aren't being wasted?

1490 *Mr. Black. That would certainly seem to be a
1491 reasonable statement, absolutely.

1492 *Mr. Weber. And could we add the _ to the end of that
1493 statement the fact that we want those businesses to be
1494 successful and get off _ get up and running, off the ground,
1495 as it were, and to be able to actually capture more carbon
1496 sequestration _ carbon and store it underground? Would that
1497 be a good goal?

1498 *Mr. Black. I personally would find no fault with that
1499 statement.

1500 *Mr. Weber. I don't understand why that hasn't been a
1501 priority, Mr. Chairman. I yield back.

1502 *Mr. Palmer. I thank the gentleman. The chair now
1503 recognizes the gentleman from New York, my friend Mr. Tonko,
1504 for five minutes for his questions.

1505 *Mr. Tonko. Thank you, Mr. Chair, and let me
1506 congratulate the _

1507 [Audio malfunction.]

1508 *Mr. Tonko. _ team for their assignment to _

1509 *Voice. Microphone.

1510 *Mr. Tonko. _ subcommittee, and look forward to working
1511 with you.

1512 We have never seen a president encourage lawlessness or
1513 inflict pointless suffering on Americans at the scale we are
1514 seeing today. Nor have committee Republicans failed more
1515 egregiously at holding the president accountable than they
1516 are doing right now. That failure threatens Americans'
1517 access to safe drinking water and even our national security.

1518 Every American deserves safe drinking water. That is
1519 why Democrats made historic investments in our water systems.
1520 Right now that money is being used to bolster drinking water,
1521 wastewater, and stormwater infrastructure across our great
1522 country. In my district this funding is helping to replace

1523 thousands of lead pipes that pose a tremendous risk to
1524 people's drinking water. I have always enjoyed that working
1525 relationship with the Fed EPA and the state DEC.

1526 Even as some funds begin to flow again, Donald Trump's
1527 chaotic funding freeze and mixed messages from EPA have
1528 created pointless uncertainty, uncertainty for states and for
1529 families. Last year, GAO published a report on its priority
1530 recommendations to EPA that had not yet been addressed. Many
1531 of these recommendations focused on EPA's efforts to make
1532 certain that Americans have access to safe drinking water.
1533 Since Donald Trump took office there have been dozens of
1534 reports about mass terminations of Federal employees on short
1535 notice, including the staff at EPA.

1536 So, based on GAO's past work, would drastic workforce
1537 reductions impact EPA's ability to manage drinking water and
1538 wastewater systems? Anybody?

1539 *Mr. Gomez. I'm going to start this answer, and perhaps
1540 I'll turn it over to the IG from EPA.

1541 So yes, the _ as you said, Congressman Tonko, a big
1542 infusion of funds to the State Revolving Funds, there has
1543 been a demonstrated need across the country for funds for
1544 utilities to make sure that they're upgrading their systems
1545 and their systems are in working order.

1546 So those monies go to the states that EPA provides, and
1547 the states themselves revolve the monies down to the water

1548 utilities to make sure that those are working well. So, yes,
1549 our work has found that it's important for those State
1550 Revolving Funds to be working, and that the folks that work
1551 to provide that are there. But it's really then the states
1552 and the local utilities that are doing the work, right, for
1553 all of us to ensure that we have clean drinking water.

1554 *Mr. Tonko. But getting those dollars out in an
1555 effective and efficient way _

1556 *Mr. Gomez. Is important.

1557 *Mr. Tonko. With the states is important.

1558 *Mr. Gomez. Yes.

1559 *Mr. Tonko. And lesser people means longer time in
1560 getting that work done, as the situation continues to exist
1561 or a number of communities require that assistance from EPA.

1562 Ms. Murley, were you going to say something?

1563 *Ms. Murley. Yes, that's correct. And it is _ the
1564 Office of Inspector General, it's our responsibility to make
1565 sure the taxpayer dollars are being used as Congress
1566 intended, that they're going to the people that, you know,
1567 that need the money, and the money is getting out.

1568 *Mr. Tonko. Well, could abruptly firing hundreds of EPA
1569 staff, as we have seen in past weeks, made it more difficult
1570 for EPA to conduct the data verification audits that GAO
1571 recommends?

1572 *Ms. Murley. I think that's a question for you.

1573 *Mr. Gomez. I mean, yes, that _ I do agree with that
1574 statement, right? If these are the people that are supposed
1575 to do the job, and if they're not, they're _ the job _ that
1576 job _

1577 *Mr. Tonko. Right.

1578 *Mr. Gomez. _ isn't being done.

1579 *Mr. Tonko. These are answers that I tried to get by
1580 going to EPA, but not a welcome wagon there.

1581 It is not just EPA or our drinking water infrastructure
1582 that is at risk with these pointless firings. Two weeks ago
1583 Elon Musk, empowered as he is, fired more than 300 people
1584 from the National Nuclear Security Administration. The NNSA
1585 is responsible for safeguarding our nuclear weapons
1586 stockpile. But Elon Musk still thought it made sense to fire
1587 16 percent of its staff overnight. We don't know what the
1588 calculus was, what the awareness was. We have got inspectors
1589 general that can advise, but I guess they are being let go,
1590 too.

1591 So even though Administration officials quietly scaled
1592 back the purge and _ NSA's importance to our national
1593 security is not something we can afford for someone to learn
1594 about through trial and error. This whole episode is even
1595 more concerning because NNSA has long been included on GAO's
1596 high-risk list, and GAO reports have identified workforce
1597 recruitment and retention as a significant challenge that the

1598 agency faces.

1599 So Mr. Rusco, can NNSA effectively address any of the
1600 challenges the GAO has identified by sowing chaos and
1601 confusion in its workforce?

1602 *Mr. Palmer. The gentleman's time is almost expired.

1603 Mr. Rusco, you may answer the question.

1604 *Mr. Rusco. I can't speak directly to NNSA, but it is
1605 important to have _ to strategically look at your workforce
1606 and, if you're going to fire people or hire people, hire and
1607 fire the right people.

1608 *Mr. Tonko. That sounds like what efficiency is all
1609 about. So I hope we do finally get to efficiency as a model
1610 here.

1611 Thank you, and with that I yield.

1612 *Mr. Palmer. The chair now recognizes the gentleman
1613 from Georgia, Mr. Allen, for five minutes for his questions.

1614 *Mr. Allen. Thank you, Chair Palmer, for holding this
1615 important oversight hearing today, and I want to appreciate
1616 the witnesses for testifying.

1617 This body has a duty to conduct oversight. All the
1618 money sent out through the Infrastructure Investment and Jobs
1619 Act and so-called Inflation Reduction Act is _ it is
1620 imperative that we do our due diligence to see just where
1621 that money went.

1622 It is also important to understand, you know, what

1623 people _ their job roles, what they are doing, and actually
1624 what they are producing, which seems to get lost in all this.
1625 These laws added to our out-of-control government spending.
1626 And as we have seen in prior hearings, some of this funding
1627 went to special interest groups. With billions of dollars
1628 being given out rapidly, it is critical that we see where
1629 American taxpayer dollars are going and that they are
1630 properly vetted.

1631 There are a lot of questions surrounding EPA's 27
1632 billion Greenhouse Gas Reduction Fund program, particularly
1633 its decision to use a financial intermediary to hold program
1634 funding, how that differs from other award mechanisms, how
1635 EPA will monitor these funds, and whether Americans will be
1636 able to see what these organizations receiving billions of
1637 dollars are using their money for.

1638 Mr. Gomez, to your knowledge, has the Government
1639 Accountability Office ever seen a structure where a financial
1640 intermediary has been used for grant-making within EPA or any
1641 Federal agency?

1642 *Mr. Gomez. So within EPA we're not aware of that. The
1643 Federal Government has used these financial agents for a
1644 variety of different activities. In fact, GAO did a report
1645 on it a number of years ago. But I believe for EPA _ and I
1646 know that the IG is here, she can confirm _ I believe that
1647 that's a new funding model at EPA.

1648 *Ms. Murley. Yes, that's correct.

1649 *Mr. Allen. Yes. Ms. Murley, when the EPA Office of
1650 Inspector General became aware of EPA's plan to use a
1651 financial intermediary to hold program funds, what concerns
1652 did your office raise, and what rationale did EPA provide?

1653 *Ms. Murley. It was at a meeting that we had where we
1654 were introduced to the program, and we asked questions about
1655 the due diligence process that would be put into place, the
1656 vetting. And because it was new to the EPA, it was new to us
1657 as an oversight agency. So we had questions about the whole
1658 process.

1659 We still have _ we're still looking into that and the
1660 questions that we had.

1661 *Mr. Allen. So it has not been conclusive as to, you
1662 know, what _ if this is the right way to do things here?

1663 *Ms. Murley. It was, for us, how do we conduct
1664 oversight of _

1665 *Mr. Allen. Yes.

1666 *Ms. Murley. _ such a new program _

1667 *Mr. Allen. Exactly.

1668 *Ms. Murley. _ and something that we were not familiar
1669 with.

1670 *Mr. Allen. Okay. Did they give you a reason why they
1671 are doing this?

1672 *Ms. Murley. I don't have that _

1673 *Mr. Allen. It wouldn't be that they have something to
1674 hide or anything like that, or they don't want you to know
1675 what is going on, or anything like that. Okay.

1676 You know, the committee has been examining the risk
1677 associated with EPA's environmental justice grant programs.
1678 On October 16, 2024 your office announced that it was
1679 conducting an audit of EPA's fiscal year 2021 Environmental
1680 Justice Collaborative Program Solving Cooperative Agreement
1681 Program, in which 34 recipients were awarded funding. Under
1682 the 2023 program, however, EPA selected 98 recipients to
1683 receive funding. That is almost 3 times the number of awards
1684 made in 2021.

1685 Ms. Murley, are you concerned about EPA's ability to
1686 monitor so many different recipients and awards?

1687 *Ms. Murley. I'm not familiar with the additional
1688 program, but we would always _ we always are concerned that
1689 there's risks when you have _ there's been systematic
1690 challenges that I raised with data, but also with grants
1691 management on both the _ getting out the grants and then the
1692 proper monitoring of grant recipients. So that's continued.
1693 That's a theme for us in our oversight work of the EPA.

1694 *Mr. Allen. Yes, and, you know, I would just like to _
1695 each one of you, if you have seen, you know, these dollars go
1696 out rapidly to these grant programs, I mean, what are your
1697 concerns?

1698 And I will start, Ms. Murley, with you. I have got
1699 about 44 seconds. I mean, this is unprecedented as far as we
1700 know, particularly with the end of one administration and
1701 beginning of another administration, obviously with \$36
1702 trillion in debt. And, of course, my friends on the other
1703 side are questioning, you know, what are you all doing?
1704 Well, we are trying to solve this issue. So what concerns do
1705 you have about what you have seen?

1706 *Ms. Murley. Our concerns, when you have such a large
1707 volume of money getting out the door with such tight
1708 statutory deadlines, are what processes and internal controls
1709 were in place for that money going out. Were the processes
1710 followed? What structures were in place? And so that's
1711 always what we would call a situation of risk, right?

1712 *Mr. Allen. Yes.

1713 *Ms. Murley. Where there's risk involved when those
1714 factors are in play.

1715 *Mr. Allen. All right. I am out of time, but if you
1716 would _ you all would respond, I mean, you know, I would like
1717 to know if you all follow where the money actually goes. In
1718 other words, you know, how the money goes and where it ends
1719 up.

1720 *Mr. Palmer. The gentleman's time has expired.

1721 *Mr. Allen. I yield back.

1722 *Mr. Palmer. The chair now recognizes the gentlewoman

1723 from Massachusetts, Mrs. Trahan, for five minutes for her
1724 questions.

1725 *Mrs. Trahan. I thank you, Mr. Chairman, and thank you
1726 to our witnesses here today.

1727 At a Commerce, Manufacturing, and Trade Subcommittee
1728 hearing earlier this month I spoke about how important it is
1729 for the government to be a stable and reliable partner in our
1730 public-private partnerships. Businesses that partner with
1731 the Federal Government need to be able to trust that the
1732 government will follow through on their side of the deal.

1733 But the Trump Administration is not delivering stability
1734 or reliability for the American people. They are only
1735 providing confusion and chaos. One day Federal workers are
1736 fired. The next day the Trump Administration is desperately
1737 trying to rehire some subset of the people that they just
1738 fired. One day my district has the funds to address
1739 stormwater overflows. The next day those funds are
1740 suspended.

1741 And it is not just Democratic districts that are hurt by
1742 unilateral funding freezes. People in districts that my
1743 Republican colleagues represent are also being harmed.
1744 Unfortunately, we just aren't hearing Republicans reflect the
1745 concern and outrage voiced by their constituents.

1746 For example, there's a Bipartisan Infrastructure Law-
1747 funded cleanup of the toxic Peach Tree Orchard Road

1748 groundwater plume in Augusta, Georgia. The government made a
1749 commitment to help fund this cleanup and improve the lives of
1750 the people living in that community. But arbitrarily
1751 freezing the Bipartisan Infrastructure Law and IRA funding
1752 makes it harder for Americans to actually trust that the
1753 government will follow through on its commitments and not
1754 abandon these important projects.

1755 When Americans can trust the government to keep its word
1756 we can create powerful public-private partnerships and good-
1757 paying jobs. In my district a factory that's being built
1758 with Bipartisan Infrastructure Law funding that will produce
1759 low-cost green hydrogen, a project that improves our energy
1760 security, helps address rising energy costs, and creates
1761 family sustaining jobs _ if Republicans truly believed in an
1762 all-of-the-above approach to America's energy future, then
1763 this is exactly the kind of project that they should support.
1764 Investments in clean energy production can help cut costs for
1765 consumers and keep America competitive and resilient.

1766 I think it is important to recognize just how much time
1767 and effort it takes to build new factories and bring them
1768 online.

1769 Mr. Rusco, how important it is [sic] for the government
1770 to be a consistent and reliable partner in attracting private
1771 investment?

1772 *Mr. Rusco. Well, it is important. It is important

1773 from the perspective of the private sector, when they enter a
1774 contract, that the terms of that contract remain the same
1775 throughout the process.

1776 *Mrs. Trahan. And when private partners are worried
1777 that the government might be inconsistent or unreliable, what
1778 effect does that have on projects and taxpayer investments?

1779 *Mr. Rusco. Well, once a once an award has been made
1780 for a public-private partnership, for example, if there are
1781 delays, that can threaten the project.

1782 *Mrs. Trahan. And cause rising costs.

1783 Last year the GAO published a report on the Department
1784 of Energy's Office of Clean Energy Demonstrations. This
1785 office does the important work of partnering with the private
1786 sector to deliver clean energy projects at scale. We are
1787 talking about major projects like clean hydrogen and advanced
1788 nuclear reactors, including in rural communities where the
1789 energy and the infrastructure that is delivered through just
1790 costs more.

1791 Mr. Rusco in that report GAO made two recommendations to
1792 improve OCED's approach to workforce planning and program
1793 management. Both recommendations remain open. Do you think
1794 that the massive layoffs we have seen at DoE will improve the
1795 agency's ability to address either of those recommendations?

1796 *Mr. Rusco. OCED spent over a year trying to build the
1797 workforce in order to make the awards that it did, and now

1798 that that _ a lot of that money is out the door, it is time
1799 to, you know, invest in the monitoring staff. They were
1800 already on that path. And I do know that, in some cases,
1801 some of the recent events that had cost a contract that was
1802 designed explicitly to monitor awards that had gone out the
1803 door.

1804 *Mrs. Trahan. Thank you. If the Federal Government is
1805 unwilling to invest in America's future, if there is a fear
1806 that a so-called pause will continue indefinitely or recur,
1807 why would businesses ever take the risk to invest alongside
1808 the government?

1809 For decades, the Federal Government has been a reliable
1810 partner, but this Administration is proving that it cannot be
1811 counted on. If the government cannot be trusted to keep its
1812 word, it will lead to missed opportunities, a slowing economy
1813 with fewer jobs and wasted tax dollars.

1814 Thank you, I yield back.

1815 *Mr. Palmer. The gentlelady yields. The chair now
1816 recognizes the gentleman from Idaho, Mr. Fulcher, for his
1817 questions.

1818 *Mr. Fulcher. Thank you, Mr. Chairman. Thank you for
1819 the hearing today. This is going to go to Mr. Gomez and Mr.
1820 Rusco, and it has to do with reporting.

1821 And if I understand correctly, at least from the written
1822 testimony, inspector generals from both DoE and the EPA have

1823 _ are citing lack of data as being problematic, lack of data
1824 from potential recipients, sub-recipients in _ under IIJA.
1825 And it looks like that has led to complications when it comes
1826 to the funding component.

1827 And first of all, I want you to tell me. Am I reading
1828 this right? And if so, you know, some of the reporting is
1829 pretty complex for some of these small municipalities and so
1830 on, especially in the arena of water and whatnot, water
1831 purity. Am I reading that right? And if so, talk to me
1832 about the reporting and what can be done potentially to
1833 improve that or maybe identify the specific data that's
1834 needed.

1835 *Mr. Gomez. Sure, and thank you for that question. So
1836 generally, what we found is that, like, for small utilities
1837 across the country, rural utilities, they usually lack the
1838 technical expertise, the financial support. And so they're
1839 usually looking for ways to simplify, right? Sometimes we
1840 have duplicative reporting, which we've said needs to be done
1841 away with, and they're trying to improve that, right?

1842 So that _ you know, yeah, they have to do engineering
1843 reports, for example. But there's usually _ there's
1844 duplicative reporting or applications to apply for different
1845 water programs, for example. So that is an area that we see
1846 where communities across the country could benefit if there
1847 is not duplicative reporting or if they have the technical

1848 support to help them.

1849 *Mr. Fulcher. Mr. Rusco, your comments. And if that is
1850 in line with your thoughts, what do we do?

1851 *Mr. Rusco. I would defer to Alberto on that specific
1852 _ sorry. Is that on?

1853 *Mr. Fulcher. Yes.

1854 *Mr. Rusco. I would defer to Alfredo on that specific
1855 thing.

1856 Obviously, for monitoring you need quality information
1857 from recipients, and you also need the appropriate staff to
1858 evaluate that in a timely fashion.

1859 *Mr. Fulcher. So to that end, we did follow up _ my
1860 staff helped _ we followed up with some of our
1861 municipalities, and the feedback we get is it is not the
1862 monitoring or the reporting. As long as they can get the
1863 data, the specifics, it is not the monitoring that they are
1864 unwilling to do or _ inconsistent with their objectives,
1865 because they have to worry about lawsuits and all of that
1866 type of thing, too.

1867 But it is who they are interacting with sometimes, and
1868 where that data is going, and who is responding to them. And
1869 DEQ, for example, Department of Environmental Quality in our
1870 state, is a much-preferred channel to interact with for
1871 especially the smaller municipalities. Once again, I would
1872 like to get input from Mr. Gomez, Mr. Rusco.

1873 How can we improve that relationship so that perhaps the
1874 local is more involved, as opposed to EPA?

1875 *Mr. Gomez. Sure. So _ and again, in the water sector,
1876 usually it's the EPA regional offices, right? Like for
1877 example, Idaho, I believe, belongs to region 10. Is that
1878 right?

1879 *Mr. Fulcher. I believe so, yes.

1880 *Mr. Gomez. In Washington. So it's those regional EPA
1881 staff that are working with the State of Idaho, that
1882 department, for example, but also reach out to the small
1883 utilities in those towns.

1884 There's also a group called Circuit Riders that actually
1885 help these small communities get the data that they need, put
1886 together engineering reports.

1887 So it's just making sure those communication channels
1888 perhaps are open between the regional people at EPA, the
1889 state people, and then coming down to the local staff.

1890 *Mr. Fulcher. Okay.

1891 *Mr. Gomez. I mean, we go out and talk to these water
1892 districts ourselves to learn from them and to find out what
1893 is it that they're struggling with, what do they need help
1894 in.

1895 *Mr. Fulcher. Okay. Mr. Rusco, I would like your take
1896 with this one added comment. In my state, as is not uncommon
1897 in the West, the scope is so much bigger because the Federal

1898 footprint is so large. Two-thirds of our land mass, for
1899 example. Your thoughts? And we have only got about 20
1900 seconds left, I apologize.

1901 *Mr. Rusco. Well, my expertise is on the energy side
1902 for energy awards, Federal energy awards. Typically, the
1903 recipients are private-sector companies. They don't have
1904 trouble coming up with the information as long as the
1905 contract is clear, sort of what information is required.

1906 When _ it's not so much funds going out to communities
1907 as it is in the water situation.

1908 *Mr. Fulcher. Okay. Thank you, Mr. Rusco.

1909 Mr. Chairman, I yield back.

1910 *Mr. Palmer. The chair now recognizes the gentlelady
1911 lady from Virginia, Ms. McClellan, for five minutes for her
1912 questions.

1913 *Ms. McClellan. Thank you, Mr. Chairman, and I thank
1914 you for holding this very important hearing.

1915 I want to thank the witnesses for being here this
1916 morning. Your work, as we have discussed, is very critical
1917 to making sure we ensure the transparency and integrity of
1918 our government, and so thank you for your work.

1919 And some of my questions may have already been touched
1920 on, but these are very important issues of concern, and I
1921 want to make sure that I have a chance to put on the record
1922 because my constituents have raised a lot of concerns about

1923 what has been happening over the past month, where I had a
1924 town hall meeting with, you know, double the number of folks
1925 participating as usual.

1926 And I was deeply concerned when the president fired
1927 inspector generals from across 17 agencies, including the
1928 EPA. As we have discussed today, the job of an inspector
1929 general is to be an independent, non-partisan watchdog, and
1930 it is a vital role in investigating ethics violations,
1931 exposing corruption, and protecting taxpayer dollars. And
1932 the decision to remove the EPA inspector general is
1933 particularly troubling, since EPA regulators settled multiple
1934 lawsuits with Tesla over violations of the Clear [sic] Air
1935 Act and hazardous waste laws.

1936 And so, Ms. Murley and Mr. Black, I wonder if you could
1937 further elaborate on the role your offices play in ensuring
1938 that government programs are free from corruption and
1939 conflicts of interest?

1940 *Ms. Murley. Our office is _ has a staff of dedicated
1941 oversight professionals that are committed to the mandate
1942 that Congress gave us, which is to prevent and detect waste,
1943 fraud, and abuse, and to promote economies and efficiencies
1944 at the EPA programs. And that is what _ and we are very
1945 cognizant that that's our mission, and that's what we show up
1946 to work to do every day. Thank you.

1947 *Ms. McClellan. And I thank you for that.

1948 Mr. Black, do you want to add anything?

1949 *Mr. Black. Yeah, certainly. The role of the OIG is to
1950 identify gaps and opportunities for improvement and changes
1951 to the internal control structure of the Department, its
1952 programs, and its operations, and to _ by doing so, to
1953 improve and _ prevent fraud, waste, and abuse.

1954 And if I may, I know there's a lot of buzz in the media
1955 and in the Congress about, you know, what risk there is to
1956 having had the inspector generals removed. I want to add
1957 some assurance that the Department of Energy's Office of
1958 Inspector General has a deep and well-trained and experienced
1959 staff of professionals who will continue to do the
1960 appropriate oversight to make sure that the risk for fraud,
1961 waste, and abuse is _ continued to be covered, continue to be
1962 addressed, and I can offer some assurance that we are
1963 continuing to do our duties as written in the IG Act. And
1964 with or without a head, we've still got a deep and
1965 experienced cadre of leaders who are going to make sure that
1966 this mission continues to be addressed.

1967 *Ms. McClellan. And I am glad to hear that, and that is
1968 true of so many of our Federal agencies and so many of our
1969 civilian Federal workforce, our military Federal workforce,
1970 who are dedicated to upholding their oath of office and
1971 helping us uphold ours to preserve, protect, and defend the
1972 Constitution of the United States.

1973 And yet _ including over 300,000 Federal employees in
1974 Virginia, where I represent. And yet, ever since President
1975 Trump and Elon Musk started taking a chainsaw to our Federal
1976 agencies, again, constituents have flooded my office with
1977 thousands of calls about the consequences of these reckless
1978 actions, including the wholesale firing of the Federal
1979 workforce, even in cases where the people firing them had no
1980 clue what they did, like protect our nuclear stockpile.

1981 And these are professionals who have served faithfully
1982 under both Democratic and Republican administrations, just
1983 like those in your Department. But now an unelected
1984 billionaire and his DOGE bros who have no idea what many of
1985 these agencies or what many of these employees, including
1986 probably you, do are making decisions and forcing employees
1987 to justify their very existence.

1988 Firing probationary employees? That doesn't just gut
1989 our Federal workforce, it helps to destroy our entire talent
1990 pipeline. And as you just said, you have a cadre of
1991 professionals. Probably some of them are probationary or
1992 once were probationary. And having them summarily fired
1993 makes it very difficult to keep that talent pipeline going.

1994 And so Ms. Murley and Mr. Black, have your offices found
1995 any evidence that the mass firing of civil servants at any
1996 agency like EPA or the DoE have actually benefitted our
1997 country in the past month?

1998 [No response.]

1999 *Ms. McClellan. And you may _ we may not have time for
2000 you to answer here, so I will ask you to submit your answer
2001 on the record afterwards, please.

2002 [The information follows:]

2003

2004 *****COMMITTEE INSERT*****

2005

2006 *Ms. McClellan. And I yield back.

2007 *Mr. Black. We will be happy to do so.

2008 *Mr. Palmer. The gentlelady's time has expired. The
2009 chair now recognizes the gentlewoman from Colorado, Ms.
2010 DeGette, for five minutes for her questions.

2011 *Ms. DeGette. Thank you very much, Mr. Chairman, and I
2012 apologize that we haven't been able to be here for the entire
2013 hearing. Mr. Carter and I _ he is the ranking _ he is the
2014 chair and I am the ranking member of the Health Subcommittee.
2015 We are in the middle of a hearing downstairs, but we have
2016 been following what has been happening, and we appreciate all
2017 of you coming today.

2018 I particularly want to thank Mr. Black and Ms. Murley
2019 for coming today from the offices of inspectors general at
2020 DoE and the EPA, because it is your offices that hold our
2021 agencies accountable to prevent waste, fraud, and abuse. I
2022 think it is a shame that former EPA Inspector General
2023 O'Donnell and former DoE Inspector General Donaldson can't
2024 add to this conversation since they were unceremoniously
2025 fired by President Trump. But I am glad, Mr. Black, to hear
2026 you say that the law is still going to be enforced by the
2027 people who are left.

2028 I want to talk about waste, fraud, and abuse, though,
2029 however, because I want to talk about that.

2030 Now, Mr. Black, did any point in the last Congress, when

2031 we had 20 oversight and investigations hearings, did _ at any
2032 point did the former DoE inspector general present at this
2033 committee guidance of waste, fraud, or abuse as it relates to
2034 the grants?

2035 *Mr. Black. We have been performing a great deal of
2036 oversight work on grant activities funded by the IIJA and the
2037 IRA.

2038 *Ms. DeGette. Yes.

2039 *Mr. Black. And we've certainly identified some
2040 internal control gaps that warrant some improvement. And we
2041 do, in fact, have some investigations that _

2042 *Ms. DeGette. So let me ask. Let me ask the question
2043 again.

2044 *Mr. Black. Okay.

2045 *Ms. DeGette. Did the inspector general present any
2046 evidence of waste, fraud, or abuse in these grants to this
2047 committee ast Congress, yes or no?

2048 *Mr. Black. I do not believe that the written
2049 statements included specific instances.

2050 *Ms. DeGette. Thank you. Now, Ms. Murley, did the
2051 former EPA inspector general present any evidence of waste,
2052 fraud, or abuse to this committee as it relates to this _
2053 these grants?

2054 *Ms. Murley. I would have to submit for the record his
2055 past testimonies. I don't have them _

2056 *Ms. DeGette. Are you aware of any?

2057 *Ms. Murley. In the reports that I cite in our _ in my
2058 testimony, that _ there are instances of _ that we found
2059 waste or funds that could be put to better use in some of the
2060 reports that we've done.

2061 *Ms. DeGette. Okay. Do you know that _ and you don't
2062 know whether that was presented to this committee, is that
2063 what you are saying?

2064 *Ms. Murley. I don't, but I can _

2065 *Ms. DeGette. Okay.

2066 *Ms. Murley. _ follow up.

2067 *Ms. DeGette. I would appreciate if you supplement your
2068 answer.

2069 Now, over \$262 million in funding from this Clean School
2070 Bus Program, airport infrastructure grants, energy efficiency
2071 upgrades, and other grants have been frozen in Denver, which
2072 is my district. The projects in jeopardy were announced and
2073 put in motion between 2022 and the first half of 2024, well
2074 before the election and despite the claim that the Biden
2075 Administration "was throwing gold bars off the Titanic."

2076 So I want to talk for a minute about this in the context
2077 of waste, fraud, and abuse. One month into the Trump
2078 Administration, all of these grants were frozen. I would
2079 call that abuse because all the grants have been frozen and
2080 taxpayer money is just not being used.

2081 So Ms. Murley, I want to ask you a question. Could
2082 define legal court orders to release the funds already
2083 obligated and allocated constitute an abuse of power?

2084 *Ms. Murley. I think that's a question better directed
2085 to the agency, and I can speak to _

2086 *Ms. DeGette. So if they already gave the funds, and
2087 then there was _ then the funds were blocked, and then a
2088 court said release them and they didn't, wouldn't that be an
2089 abuse of power?

2090 *Ms. Murley. I think that's a question for the agency.

2091 *Ms. DeGette. Okay. I guess I can understand why you
2092 wouldn't want to answer it.

2093 Now, since EPA _ Zeldin was confirmed, over 1,000 EPA
2094 employees have also been fired or placed on leave. Ms.
2095 Murley, isn't this reduction in workforce antithetical to
2096 your office's own 2022 report recommending that EPA should
2097 enhance its grants oversight workforce?

2098 *Ms. Murley. Our reports have recommended that EPA
2099 enhance its grants workforce, as has our top management
2100 challenges identified that as a problem for the agency.

2101 *Ms. DeGette. Great, thanks.

2102 I yield back.

2103 *Mr. Palmer. The chair now recognizes the gentleman
2104 from Georgia, Mr. Carter, for his _ five minutes for his
2105 questions.

2106 *Mr. Carter of Georgia. Thank you, Mr. Chairman. I
2107 appreciate you giving me the opportunity to waive on, and I
2108 thank all of our witnesses for joining us today as we look to
2109 examine the Biden Administration's energy and environmental _
2110 environment spending, a series of decisions that drastically
2111 increase waste, fraud, and abuse in our already bloated
2112 bureaucracy.

2113 In my own state, the State of Georgia, the Biden EPA
2114 handed out 2 billion _ that is B, billion _ dollars to the
2115 Stacey Abrams-backed group Power Forward Communities in April
2116 of 2024. Power Forward Communities received this money, even
2117 though it was founded only a couple of months earlier, in
2118 late 2023, and it never managed anywhere, anywhere near the
2119 grants dollar figure it reported. In fact _ listen to this
2120 now _ just \$100 _ \$100 _ in total revenue during its first
2121 three months in operation. It went from \$100 to \$2 billion.
2122 If that's not waste, fraud, and abuse, I don't know what is.

2123 But nevertheless, Ms. Murley, let me ask you. If a
2124 concern about conflict of interest or ethics was brought
2125 before the EPA Office of Inspector General, how would your
2126 office handle that?

2127 *Ms. Murley. It would depend on the circumstances
2128 involving the complaint that was brought to our office. But
2129 we would look at _ if we were talking about the conflict of
2130 interest involved with EPA employees, we would look at the

2131 ethics agreements involved, the financial disclosures of
2132 those individuals.

2133 And then, if we're talking about the _

2134 *Mr. Carter of Georgia. So you do look at the financial
2135 disclosures.

2136 *Ms. Murley. Yes, in the situation _

2137 *Mr. Carter of Georgia. Of the group, or the
2138 individuals, or both?

2139 *Ms. Murley. Well, in that situation I was talking
2140 about the individuals.

2141 *Mr. Carter of Georgia. Okay.

2142 *Ms. Murley. But we would do _ there's two different
2143 scenarios. There's the EPA employees who are working on a
2144 program, and then the conflicts of the recipients of the
2145 Federal funds.

2146 *Mr. Carter of Georgia. Okay. Would it stroke your
2147 interest if you saw where a group had only had \$100 in
2148 revenue for the first three months, and then all of a sudden
2149 was being given a grant of \$2 billion?

2150 *Ms. Murley. That would be something that we would be
2151 interested in _

2152 *Mr. Carter of Georgia. Sure.

2153 *Ms. Murley. _ looking at.

2154 *Mr. Carter of Georgia. Okay. Have you heard of this
2155 grant that was given to Power Forward Communities in a _

2156 before? Have you heard about this? I am sure you have.

2157 *Ms. Murley. I have _ not specifically that one, but _
2158 I don't recall.

2159 *Mr. Carter of Georgia. You don't recall? Okay.

2160 *Ms. Murley. There's been a lot.

2161 *Mr. Carter of Georgia. There has been a lot. But in
2162 the State of Georgia, this is, as you can imagine, of
2163 interest to us.

2164 So can I just ask you, would you commit here that you
2165 will ensure that these funds were properly allocated? In
2166 other words, will you please look at what happened with Power
2167 Forward?

2168 *Ms. Murley. Yeah. Yes, we are initiating work in the
2169 IRA space at this point in time to look at the EPA's _

2170 *Mr. Carter of Georgia. You were a little hesitant. I
2171 mean, is that a yes?

2172 *Ms. Murley. Yes.

2173 *Mr. Carter of Georgia. Yes. Thank you, thank you.
2174 All right, let me ask you this. How can EPA be sure that
2175 programs are spending money wisely and not giving their
2176 friends at these organizations free reign over American tax
2177 dollars?

2178 I assume this is what you were speaking to earlier when
2179 you say you are looking at the disclosures of the EPA
2180 officials as well as the group itself.

2181 *Ms. Murley. Well, you look at all of it. When you _
2182 we conduct audits or evaluations, we look at how the program
2183 was set up, the internal controls in place, what checks that
2184 they have.

2185 *Mr. Carter of Georgia. Did you look at this, do you
2186 know?

2187 [No response.]

2188 *Mr. Carter of Georgia. Before this money went out, did
2189 you all look at it?

2190 *Ms. Murley. I don't know, off the top of _ I would
2191 have to get that for the record.

2192 *Mr. Carter of Georgia. Can you get that for me?

2193 *Ms. Murley. Yeah.

2194 *Mr. Carter of Georgia. For the record. You know, what
2195 was looked at and what concerns were expressed, if any.

2196 *Ms. Murley. Yes.

2197 *Mr. Carter of Georgia. Thank you, I appreciate that.

2198 Mr. Black, let me ask you this. In your opening
2199 statement you mentioned the fast nature in which funds moved
2200 at the Department of Energy, and \$46 billion in loans
2201 completed between December of 2024 and January of 2025,
2202 that's got to be a record. Wow.

2203 *Mr. Black. Yes, that is incredibly fast. For example,
2204 15 years ago, during the American Recovery and Reinvestment
2205 Act, the Department of Energy Loan Program Office issued

2206 about \$40 million _ don't quote me on the number _
2207 approximately over five years. So _

2208 *Mr. Carter of Georgia. Over five years.

2209 *Mr. Black. So this _

2210 *Mr. Carter of Georgia. And yet in one month we had \$46
2211 billion. Did that raise any _

2212 *Mr. Black. Oh, yeah, that is of concern to us. And we
2213 are definitely looking into the facts and circumstances
2214 surrounding the pace with which those loans have been signed.

2215 *Mr. Carter of Georgia. Mr. Chairman, I really do
2216 appreciate this hearing, and thank you for holding this.

2217 Come on. We need help here. Ms. Murley, we really do
2218 need help. I look forward to your answers to my questions.

2219 Thank you, Mr. Chairman. I appreciate your opportunity
2220 to waive on, and I yield back.

2221 *Mr. Palmer. I thank the gentleman. The chair now
2222 recognizes the gentlewoman from Michigan, Mrs. Dingell, for
2223 five minutes for her questions.

2224 *Mrs. Dingell. Thank you, Mr. Chairman, and I love my
2225 colleague from Georgia. He and I are working on many things
2226 together.

2227 I hope you have that same standard of ethics at a whole
2228 lot of other things that are going on right now, too, that we
2229 need to be looking at conflicts of interest.

2230 And I happen to be someone who thinks that this is a

2231 very important program and that we need to be spending the
2232 money wisely. And importantly, not one penny should be
2233 misappropriated in any way. And I will join my colleague. I
2234 think that should be a standard across the government.

2235 We have a moral obligation to invest in clean energy.
2236 Clean energy investments do not just help us meet our energy
2237 needs while protecting the environment, they also represent a
2238 great economic opportunity. Unfortunately, Republicans seem
2239 too busy attacking clean energy investments to notice the
2240 jobs that those investments are creating for American workers
2241 and, even more importantly, how they are lowering the costs
2242 for working families.

2243 Even, you know, our new EPA administrator has also
2244 attacked the Greenhouse Gas Reduction Fund. And I want to
2245 make sure people are getting the right facts, that they are
2246 not getting misinformation. So I want to set the record
2247 straight again.

2248 The Greenhouse Gas Reduction Fund was established by the
2249 Inflation Reduction Act and based on original bipartisan
2250 legislation with Republicans and Democrats. I admit I was
2251 one of them, but it was a bipartisan group. The Greenhouse
2252 Gas Reduction Fund was on track to invest \$27 billion to make
2253 clean energy financing more accessible for working-class
2254 communities, the same communities that have borne the brunt
2255 of environmental pollution, robbing them of their health and

2256 economic opportunities.

2257 I have long been a vocal supporter of creating a clean
2258 energy accelerator because of its potential to make and
2259 manage investments in ambitious, clean energy that benefits
2260 working families. The Greenhouse Gas Reduction Fund
2261 represents the culmination of these efforts, empowering us to
2262 attack the climate crisis head on. The fund is even designed
2263 to leverage private capital by uniting the public and private
2264 sector around the shared goals of decarbonizing our country
2265 and creating jobs for American workers _ American workers _
2266 all while lowering energy costs for families.

2267 EPA was labor _ laser focused on making sure every
2268 dollar is reached, that products would not have otherwise
2269 been built [sic]. But now it seems as if they are only
2270 focused on making it impossible for the Greenhouse Gas
2271 Emission Reduction Fund to succeed. It doesn't have to be
2272 this way.

2273 I know Republicans spent the last two years
2274 investigating EPA's implementation of the IRA, including the
2275 agency's rigorous process of selecting, vetting, and issuing
2276 final awards to the Greenhouse Gas Fund's recipients. If you
2277 had found anything, I am certain that you would have shared
2278 it with us instead of waiting for President Biden to leave
2279 office. So I am just questioning how we seem to have found
2280 money that was never missing, especially given intense

2281 scrutiny that began as soon as the IRA was signed into law,
2282 not when President Trump became president.

2283 I know everybody wants the Greenhouse Gas Reduction Fund
2284 to fail on the Republican side, and that makes me sad. It
2285 would be terrible for American workers and working families.
2286 The Greenhouse Gas Reduction Fund Solar for All program was
2287 on track to support residential solar deployment efforts in
2288 every state that can save families 20 percent or more on
2289 their energy bills.

2290 Meanwhile, the National Clean Investment Fund and Clean
2291 Communities Investment Accelerator were designed to work
2292 together to leverage private investments supporting clean
2293 energy projects while ensuring the benefit of those
2294 investments go directly to communities where investments are
2295 made. Instead of working to make sure that the Greenhouse
2296 Gas Reduction Fund succeeds, you all just want to keep
2297 betting against it. And looks like this Administration is
2298 doing the same thing.

2299 The Greenhouse Gas Reduction Fund, by design, is
2300 intended to reach red and blue states and their districts.
2301 We cannot let the promised benefits of the Greenhouse Gas
2302 Reduction Fund slip away because some would rather play some
2303 political games than support investments in all communities
2304 and get us energy security and reduce consumers working _
2305 those hard-working people who say they want to pay less in

2306 their bills. So let's stop trying to make sure that it is
2307 going to fail.

2308 I am almost out of time, so I didn't get to ask you all
2309 any questions, but I think this Greenhouse Gas Reduction Fund
2310 makes a difference, it lowers cost. And I would ask my
2311 colleagues here, I think it's simply too important to let
2312 fail _

2313 *Mr. Palmer. The gentlewoman's time has expired.

2314 *Mrs. Dingell. _ and I yield back.

2315 *Mr. Palmer. The chair now recognizes the gentlewoman
2316 from Florida, Ms. Castor, for five minutes for her questions.

2317 *Ms. Castor. Thank you, Mr. Chairman, and thank you all
2318 for being here today.

2319 Just a couple of days into this new administration the
2320 president illegally fired 19 inspectors general, including
2321 the IG from the EPA and the Department of Energy. These are
2322 vital public servants. They are the cops on the beat that
2323 help us root out, waste, fraud, and abuse and make non-
2324 partisan recommendations to Congress to act upon.

2325 I would like to know, Ms. Murley, has the illegal firing
2326 of the EPA IG delayed your oversight responsibilities in your
2327 office?

2328 *Ms. Murley. It has not.

2329 *Ms. Castor. Has it complicated it? Has it taken time
2330 and energy away from the tasks at hand?

2331 *Ms. Murley. Any change in any organization brings a
2332 period of time where things have to settle and _

2333 *Ms. Castor. Yes.

2334 *Ms. Murley. But _

2335 *Ms. Castor. Have _ go ahead.

2336 *Ms. Murley. But I will say, and I'll echo my
2337 colleague's point, we have a dedicated staff of
2338 professionals, oversight _ professional oversight
2339 professionals who are committed to the mission of the OIG.

2340 *Ms. Castor. I _ and I appreciate them.

2341 Have _ how many people have been fired or left out of
2342 EPA IG's office?

2343 *Ms. Murley. We have not had any firings or people
2344 leave. We do _ we did have about 32, I believe, individuals
2345 _ I need to get that exact number _ who were in the process
2346 of being hired that are caught up in the hiring freeze, and
2347 we had about 23 individuals take the deferred resignation
2348 program.

2349 *Ms. Castor. They _ okay.

2350 And for Mr. Black, same questions. Has the firing of
2351 the inspector general taken time away? As Ms. Murley said,
2352 sometimes it takes time to settle when there are changes.

2353 *Mr. Black. Yes. I work in the front office, and I
2354 work directly with and for the inspector general as her chief
2355 advisor. And there was certainly some disruption when Terry

2356 Donaldson was removed. However, like I said in a previous
2357 line of questioning, there's a cadre of professionals of 300-
2358 plus IG accountants, auditors, inspectors, lawyers that
2359 continue to serve the taxpayer by preventing fraud, waste,
2360 and abuse _

2361 *Ms. Castor. Thank you.

2362 *Mr. Black. _ and we will continue to do so.

2363 *Ms. Castor. And then what was _ what has been the
2364 change in personnel from the beginning of the year to today?

2365 *Mr. Black. We have _ the organization had 39 people
2366 accept the deferred resignation program, including myself.
2367 So my last day is going to be close of business Friday this
2368 week. And that's the only number that I have come here
2369 prepared with.

2370 *Ms. Castor. How long have you worked at the IG's
2371 office?

2372 *Mr. Black. Thirty-three years.

2373 *Ms. Castor. Thirty-three years. Okay.

2374 You know, the other illegal activity has been _ at the
2375 outset of this administration _ the shutdown and/or freeze on
2376 funding. Has the EPA IG's office _ are you keeping track of,
2377 you know, especially now that Federal courts have ruled that
2378 those freezes on grants and loans are illegal, are you
2379 keeping track of how much money now is being illegally
2380 withheld that should be, you know, part of the course of

2381 doing business?

2382 *Ms. Murley. I don't know if that's a number we're
2383 tracking.

2384 *Ms. Castor. Okay. And do you have any information on
2385 that account?

2386 *Ms. Murley. I do not, and I think those questions
2387 would be better directed at the agency.

2388 *Ms. Castor. Okay. Mr. Black?

2389 *Mr. Black. So two days ago I met with the top
2390 leadership of the Department's Loan Programs Office, and they
2391 clarified that although new loan closures are paused, the
2392 disbursements for those loans that have been closed that are
2393 active, disbursements are being made after leadership
2394 reviews, individual transactions, and disbursements are being
2395 made.

2396 *Ms. Castor. What grants and loans are being frozen
2397 right now?

2398 *Mr. Black. That's a question best asked to the
2399 Department, but I'm aware _ and there's, I mean, literally
2400 hundreds of grant programs and five loan programs. But _ so
2401 that's a complex question with a lot of moving parts. But
2402 they _ I'm informed by Department leadership that there is a
2403 process in place to make disbursements for programs on a
2404 case-by-case basis, as situations _

2405 *Ms. Castor. But I think the Federal courts have ruled

2406 that they don't have the authority to make _ they don't, that
2407 that is an illegal action to withhold the grants and loans
2408 that are congressionally directed. So you are saying that
2409 the agency has told you they are still freezing, they are
2410 still holding back funds?

2411 *Mr. Black. That is not what I am saying at all. I am
2412 informed by Department leadership that disbursements are
2413 being made after leadership review.

2414 *Ms. Castor. Thank you.
2415 I yield back.

2416 *Mr. Palmer. I thank the gentlelady. I will now
2417 recognize myself for five minutes for my questions, and I
2418 want to point out that we are holding this hearing to address
2419 concerns about hundreds of billions of dollars in fraud and
2420 improper payments that are now about \$240 billion per year.
2421 That is why a freeze would be appropriate to do the needed
2422 investigations to attempt to stop the abuse of American
2423 taxpayers.

2424 First of all, Mr. Black, thank you for your service.

2425 The ranking member claimed that my majority colleagues
2426 and I wasted time conducting oversight to these programs.
2427 Considering that we are sending out \$240 billion a year in
2428 improper payments, would you all agree that oversight of
2429 hundreds of billions of dollars in Federal funding under
2430 these programs is a waste of time? Just a yes or no.

2431 Ms. Murley, is this a waste of time?

2432 *Ms. Murley. No.

2433 *Mr. Palmer. How about you, Mr. Gomez?

2434 *Mr. Gomez. No.

2435 *Mr. Palmer. How about you, Mr. Black?

2436 *Mr. Black. Absolutely not. The more oversight, the
2437 better.

2438 *Mr. Palmer. How about you, Mr. Roscoe?

2439 *Mr. Rusco. No.

2440 *Mr. Palmer. Rusco, I should say, not Roscoe.

2441 Also, Mr. Guthrie, Chairman Guthrie, and Mr. Carter both
2442 raised this question about these grants that went to two
2443 relatively small entities. In particular, the one Mr. Carter
2444 mentioned had \$100 in revenue and then suddenly got \$2
2445 billion. Doesn't that raise some serious questions about
2446 capacity?

2447 I mean, aside from any allegations or suspicions or
2448 considerations about the possible _ possibility of fraud or
2449 misuse of the funds, wouldn't that be a major capacity issue?

2450 Mr. Black?

2451 *Mr. Black. Capacity is a concern, and the capacity to
2452 appropriately manage the vast funds from the IIJA and the IRA
2453 has been identified as a risk by the OIG in the past, and it
2454 remains our _ one of our _

2455 *Mr. Palmer. Shouldn't we be looking at where the money

2456 went? Because if you go from \$100 to \$2 billion, that should
2457 raise some serious questions about the capacity of the
2458 organization to handle that amount of money, and maybe raise
2459 some questions about pass-throughs, these entities being set
2460 up as pass-through vehicles, which I think we will look into
2461 at a later date.

2462 Ms. Murley, my colleagues also expressed concern about
2463 staffing at the EPA Office of Inspector General, but they
2464 were not as concerned when they decided not to provide any
2465 funding for its oversight work in the IRA. Did that pose any
2466 challenges for your organization to _ when you had this
2467 massive amount of money flowing in?

2468 *Ms. Murley. It does pose challenges because of
2469 resource constraints with our staffing. You know, we did
2470 receive funding for IIJA oversight, and I think the work that
2471 we've done there demonstrates the good work that we can do
2472 and our ability to provide results when we're given the funds
2473 to do sufficient oversight.

2474 With the IRA we are constrained to our core budget, and
2475 about 40 percent of our audit work is mandatory. So that's
2476 what's done by _ what we have to do by statute. So we are
2477 constrained in the ability to do a more robust oversight of
2478 the IRA. That said, we are looking at our core resources and
2479 doing the best we can in that area.

2480 *Mr. Palmer. Okay. Mr. Black, in December your office

2481 reported that the DoE LPO is administrating more than \$385
2482 billion in new loan authority without ensuring a regulatory
2483 and contractually compliant and effective system to manage
2484 the organizational conflicts of interest.

2485 In the interim findings report, the IG stated that the
2486 Loan Program Office seems to be asserting that as long as it
2487 does not compile, track, update, or reconcile relationships,
2488 it maintains a 100 percent compliance rate across the Loan
2489 Programs Office, also referring to it as trust but don't
2490 verify. Can you explain the concerns stemming from this lack
2491 of systemic management of organizational conflicts of
2492 interest?

2493 *Mr. Black. Certainly. So the finding that we are _
2494 have identified and issued in that report concerned the lack
2495 of appropriate controls to document and do the cross-
2496 checking, and make sure that the _ all known parties on both
2497 sides of the transaction are properly identified, and
2498 disclosures are made with regard to who's representing who,
2499 who has relations to who, and stuff like that.

2500 The Department responded _ the prior administration
2501 responded by disagreeing with the severity of the impact, the
2502 magnitude of the lack of these conflict of interest controls.
2503 And they, as part of their defense, noted that there have
2504 been no published findings of serious conflicts of interest.
2505 And our response was that the notion that you hadn't

2506 identified these things was simply because _ was primarily
2507 because you didn't have the mechanisms in place, the controls
2508 in place to have those comparisons and identifications of
2509 related parties identified.

2510 *Mr. Palmer. You said something in your testimony that
2511 I took note of, and there was something also said by the
2512 inspector general that I took note of, that the inspector
2513 general referred to it as they treat it like monopoly money.
2514 And _ but you said something in your testimony about a
2515 tolerance for risk. And I think that is why we are holding
2516 this hearing, why we are going to continue to dig into this.
2517 And I fully anticipate that we will be inviting people back
2518 in to meet with us again.

2519 With that, I will yield back and I would like to thank
2520 all the witnesses for being here today.

2521 Members may have additional written questions for all of
2522 you. I will remind members that they have 10 business days
2523 to submit additional questions for the record, and I ask that
2524 the witnesses do their best to submit responses within 10
2525 business days upon receipt of the questions.

2526 And Mr. Black, since Friday is your last day, you should
2527 have time to answer them if anyone submits them.

2528 So I ask unanimous consent to insert in the record the
2529 documents included on the staff hearing documents list.

2530 Without objection, that will be the order.

2531 [The information follows:]

2532

2533 *****COMMITTEE INSERT*****

2534

2535 *Mr. Palmer. Without objection, the subcommittee is
2536 adjourned.

2537 [Whereupon, at 12:38 p.m., the subcommittee was
2538 adjourned.]