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6 HOLDING THE BIDEN-HARRIS EPA ACCOUNTABLE

7 FOR RADICAL RUSH-TO-GREEN SPENDING

8 THURSDAY, SEPTEMBER 19, 2024

9 House of Representatives,

10 Subcommittee on Environment, Manufacturing,

11 and Critical Materials,

12 Committee on Energy and Commerce,

13 Washington, D.C.

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17 The subcommittee met, pursuant to call, at 10:01 a.m.,
18 Room 2123, Rayburn House Office Building, Hon. Buddy Carter
19 [Chairman of the Subcommittee], presiding.

20

21 Present: Representatives Carter, Palmer, Pence,
22 Crenshaw, Joyce, Weber, Allen, Balderson, Pfluger, Miller-
23 Meeks, Rodgers (ex-officio); Tonko, DeGette, Schakowsky,
24 Sarbanes, Clarke, Ruiz, Peters, Barragan, and Pallone (ex-
25 officio).

26 Staff Present: Sarah Burke, Deputy Staff Director;
27 Marjorie Connell, Director of Archives; Jerry Couri, Deputy

28 Chief Counsel; Nick Crocker, Senior Advisor and Director of
29 Coalitions; Sydney Greene, Director of Operations; Christen
30 Harsha, Senior Counsel; Nate Hodson, Staff Director; Calvin
31 Huggins, Staff Assistant; Tara Hupman, Chief Counsel; Daniel
32 Kelly, Press Assistant; Emily King, Member Services Director;
33 Mary Martin, Chief Counsel; Brandon Mooney, Deputy Chief
34 Counsel; Kaitlyn Peterson, Clerk; Karli Plucker, Director of
35 Operations (shared staff); Peter Spencer, Senior Professional
36 Staff Member; Dray Thorne, Director of Information
37 Technology; Johanna Wells, Staff Assistant; Timia Crisp,
38 Minority Professional Staff Member; Austin Flack, Minority
39 Professional Staff Member; Waverly Gordon, Minority Deputy
40 Staff Director and General Counsel; Nadiya Green, Minority
41 Intern; Tiffany Guarascio, Minority Professional Staff
42 Member; Anthony Gutierrez, Minority Professional Staff
43 Member; Caitlin Haberman, Minority Staff Director,
44 Environment, Manufacturing, and Critical Minerals; Sanjana
45 Miryala, Minority Intern; Emma Roehrig, Minority Staff
46 Assistant; Kylea Rogers, Minority Policy Analyst; Andrew
47 Souvall, Minority Director of Communications, Outreach, and
48 Member Services; Rebecca Tomilchik, Minority Junior
49 Professional Staff Member; and Caroline Wood, Minority Policy
50 Analyst.

51

52 *Mr. Carter. The subcommittee will now come to order,
53 and I recognize myself for five minutes for an opening
54 statement.

55 I am pleased to welcome our sole witness today, the
56 inspector general of the Environmental Protection Agency,
57 Sean O'Donnell. Mr. O'Donnell has held the position of
58 inspector general since early 2020, and is here to testify
59 before this subcommittee on the spending and activities of
60 the agency, especially those connected to the Infrastructure
61 Investment and Jobs Act, or IIJA, and the misnamed Inflation
62 Reduction Act, or IRA.

63 For context, the Environmental Protection Agency's
64 entire non-IIJA, non-IRA annual budget for fiscal year 2024
65 is \$10.136 billion. This amount reflects an increase of 10.4
66 percent over EPA's fiscal year 2021 funding level of 9.085
67 billion. The IIJA alone provided EPA \$60 billion over 5
68 fiscal years, or \$12 million in annual appropriations to EPA.
69 Not only was it the single largest appropriation ever
70 provided to EPA, but it also more than doubled annual
71 spending at the agency during the Biden-Harris
72 Administration.

73 The IRA later came along and gave EPA another \$41.5
74 billion in new and expanded programs at EPA. That is 2 bills,
75 an additional \$101.5 billion, and roughly 10 times the amount
76 of money normally dropped off at EPA to spend. This is a

77 massive infusion of funding, an outrageous level of spending
78 and pressure on our national debt, particularly for many of
79 my Republican colleagues who represent almost two-thirds of
80 congressional districts in America where the average median
81 income is below the national average, and whose children will
82 be asked to pay for this spending.

83 Regardless of if you voted for these bills, though, I
84 hope you will agree with me that it is imperative that
85 Congress conducts robust oversight of all this money given to
86 EPA and the other agencies. It is the right thing to do.

87 That said, I realize that there may be some limits on
88 how much information the inspector general has for us today
89 and may be able to get for us in the future. Congress clearly
90 directed his office to oversee IIJA funding, and gave his
91 office \$53 million a year to do it. Unfortunately, IRA
92 provided the IG no requirements to police that spending, and
93 Congress has approved no funding to do it. Regardless,
94 fulfilling these directives, or lack thereof, are dependent
95 upon the willingness of EPA to allow real oversight to occur.

96 The Committee has had uneven results in its own
97 investigating of these programs. Sometimes we have had
98 success, sometimes we have met resistance, and usually we
99 have been made to wait a long time to find out which it is.
100 When Administrator Regan testified earlier this year, he
101 assured us that he talks with the IG all the time when we ask

102 him if he was fully cooperating on the oversight. I look
103 forward to finding out if the inspector general's experience
104 has been different than the committee's. If his experience is
105 less than satisfactory, I would like to know what legal
106 constraints he faces and what he needs from EPA to be
107 successful.

108 I also think it is important to find out if EPA
109 implemented any lessons that it should have learned from its
110 spending experiences with the American Recovery and
111 Reinvestment Act and, if EPA made any changes based on this
112 experience, what difference, if any, they made.

113 We should know more about how much of the allocated IRA
114 funding has already been spent; what type of quality control
115 EPA and its grantees are placing on this, on the disbursement
116 and use of this funding, including by third-party vendors on
117 the use of the money; and what objective measures are being
118 used to measure the results.

119 Finally, I hope we are able to explore some of EPA's
120 interactions with the states, which also have a significant
121 burden with these funds. This is especially important in
122 light of the aggressive regulatory push by this
123 Administration and its non-governmental ideological allies.

124 I look forward to an insightful discussion with our
125 witness.

126

127 [The prepared statement of Mr. Carter follows:]

128

129 *****COMMITTEE INSERT*****

130

131 *Mr. Carter. And I yield back the rest of my time. I
132 now recognize the gentleman from New York, my friend,
133 Representative Tonko, for five minutes for an opening
134 statement.

135 *Mr. Tonko. Thank you, Mr. Chair.

136 And Inspector General O'Donnell, welcome back to the
137 committee. I value the important role that inspectors general
138 play in conducting oversight and protecting against waste,
139 fraud, and abuse. And Mr. O'Donnell, I want to assure you
140 that I support providing your office with the resources
141 necessary for you to carry out your duties.

142 I understand, based on your testimony, that you have
143 some concerns about EPA's ability to manage the historic
144 funding. It has been provided under the Infrastructure
145 Investment and Jobs Act and the Inflation Reduction Act.

146 The reality is that, whether it is in the public sector,
147 the private sector, or even in our personal lives, doing
148 anything new and ambitious can indeed be challenging. But we
149 should be working to rise to meet those challenges. And in
150 this instance Congress can continue to provide support to EPA
151 to ensure its success because, yes, the investments being
152 made under the IIJA and the IRA are historically large, but
153 that is because the congressional supporters of those laws
154 felt the scale of our nation's infrastructure, environmental,
155 and public health challenges required an historically large

156 response.

157 Make no mistake, these investments are massively
158 improving the lives of Americans. This includes more than \$35
159 billion to repair our drinking water infrastructure and
160 replace dangerous lead pipes; \$5 billion to remediate
161 brownfields and Superfund sites; \$5 billion to deploy clean
162 school busses; and billions more for clean energy and
163 pollution-reducing investments with a focus on underserved
164 communities. Undoubtedly, these investments will improve
165 public health and create tremendous economic development
166 opportunities.

167 I would be the first to admit that these programs
168 deserve appropriate oversight. No one wants money to be spent
169 ineffectively when it can be doing such good for the American
170 people. But proper oversight should not equate to hoping or
171 actively seeking to undermine these Federal programs, and
172 that is why I take issue with the majority's hearing title,
173 which claims that today is about holding EPA accountable for
174 green spending.

175 I would remind my colleagues that the EPA is merely
176 following the laws that were written -- proudly, I might add
177 -- in large part by Democrats on this committee, and
178 supported by a majority of Members in both chambers of
179 Congress. Frankly, we would need to hold EPA accountable if
180 they were failing to follow the law by not spending this

181 money.

182 My colleagues across the aisle have not been shy about
183 their dislike for these infrastructure, remediation, and
184 pollution reduction investments, and they are well within
185 their rights to continue their crusade to repeal major
186 sections of these laws, as they have tried and failed to do
187 on numerous occasions over the past two years, regardless of
188 how many benefits will be provided to the American people.

189 I know we have got into the habit of inviting Inspector
190 General O'Donnell to the committee and asking, often
191 prematurely, about all of the potential problems, both real
192 and imagined, that could occur with the administration of
193 these funds. But I would encourage my colleagues across the
194 aisle to take up their ideological issues about the IIJA and
195 the IRA with us, House Democrats, and I would certainly
196 welcome everyone across the aisle telling the American people
197 that congressional Democrats are to blame for getting the
198 lead pipes out of their drinking water, for getting their
199 kids off of polluting school busses, and for finally cleaning
200 up those brownfields that have been eyesores in their
201 neighborhoods for years.

202 So Mr. Inspector General, I thank you again for being
203 here, and I do want to reiterate that I want these programs
204 to be successful. I want them to be administered effectively.
205 Any dollar being wasted is a dollar not helping the American

206 people as intended by the supporters of these laws. But I
207 also want us to have a fair-minded conversation about the
208 legitimate administrative challenges that EPA may be dealing
209 with.

210 [The prepared statement of Mr. Tonko follows:]

211

212 *****COMMITTEE INSERT*****

213

214 *Mr. Tonko. And with that I thank you, Mr. Chair, and I
215 yield back.

216 *Mr. Carter. The gentleman yields. I now recognize the
217 chair of the full committee, Chair Rodgers, for five minutes
218 for an opening statement.

219 *The Chair. Thank you, Mr. Chairman.

220 American families are struggling to make ends meet. The
221 Biden-Harris Administration's radical rush-to-green energy
222 policies have fueled out-of-control inflation, which has
223 driven up prices by more than 20 percent and destroyed the
224 economic stability American families deserve. While American
225 families are increasingly worried about unaffordable costs,
226 the Biden-Harris Administration is working relentlessly to
227 expand its radical energy agenda.

228 Today we will examine the EPA, the most radical EPA to
229 date, and its rush-to-green spending spree, as well as how we
230 can hold them accountable for the American people.

231 In November of 2021 the Biden-Harris Administration
232 signed into law the so-called Infrastructure Investment and
233 Jobs Act, authorizing 1.2 trillion in spending. Sixty billion
234 of the -- of taxpayer dollars was provided to the EPA, the
235 single largest grant of funding ever at one time to an
236 agency, doubling their overall budget for five straight
237 years. Not even one year later, in August of 2022, the
238 Administration provided another 41.5 billion to the EPA in

239 the so-called Inflation Reduction Act. As Republicans warned,
240 the Inflation Reduction Act did not lower inflation. It made
241 already surging inflation worse. Recently, President Biden
242 admitted that the goal of the bill was to fund his radical,
243 rush-to-green agenda, calling it "The most significant
244 climate change law ever."

245 Spending at this pace and scale for any agency should
246 raise concerns, but especially for an agency like EPA with
247 their known track record of waste, fraud, and abuse. Fifteen
248 years ago the Obama Administration doled out seven and
249 eighty-seven billion in taxpayer money to pay for a slew of
250 programs and pet projects. The EPA was awarded at that time
251 7.2 billion, nearly doubling its budget at the time. Even at
252 that level, the EPA was not able to responsibly manage the
253 spending. The inspector general at the time found funding
254 that violated various Federal requirements, poor guidance
255 from the agency to states and recipients of the money, and
256 problems with managing, monitoring, and verifying where the
257 money was being spent. And that is why it is incredibly
258 alarming that, since President Biden took office, the EPA has
259 been given 109 billion in additional funding and grown its
260 workforce to over 15,000 employees.

261 The amount of funding and scope of these laws demand
262 consistent and rigorous oversight by Congress and independent
263 bodies like the inspector general, especially considering

264 failures of the past. Anything less is a disservice to
265 taxpayers.

266 EPA cannot continue to fund the most radical parts of a
267 rush-to-green agenda, one that puts America on a dangerous
268 path, threatens our economic and national security, and
269 enriches our adversaries like China. Take, for example, the
270 EPA's Greenhouse Gas Reduction Fund, which is just a \$27
271 billion slush fund of taxpayer money that is vulnerable to
272 waste, fraud, and abuse. At an oversight subcommittee hearing
273 we held earlier this year, the EPA could not confirm whether
274 or not the Chinese Communist Party could receive money from
275 this fund.

276 Additionally, EPA has issued stringent and burdensome
277 regulations on coal and natural gas-fired power plants, while
278 also dragging their feet in processing carbon capture permits
279 which are needed to comply with these power plant
280 regulations. EPA is imposing harsh government mandates and
281 making it even harder for plants to adjust to the new rules.
282 There are countless examples of EPA's radical, rush-to-green
283 spending and regulatory policies like these.

284 It is troubling that the Inflation Reduction Act did not
285 provide the Office of Inspector General, the office that
286 ensures accountability and integrity at EPA, funding, no
287 funding to conduct necessary oversight.

288 In addition to greater accountability and transparency,

289 the EPA also must return to its core statutory functions,
290 which do not include undermining the economic prosperity of
291 the United States or driving up costs across the board for
292 Americans.

293 Sunshine is the best disinfectant, and I look forward to
294 shining the light on what is happening at the EPA during
295 today's hearing.

296 [The prepared statement of The Chair follows:]

297

298 *****COMMITTEE INSERT*****

299

300 *The Chair. Thank you, and I yield back.

301 *Mr. Carter. The gentlelady yields back. The chair --
302 will now recognize the ranking member of the full committee,
303 my friend from New Jersey, Mr. Pallone, for five minutes for
304 an opening statement.

305 *Mr. Pallone. Thank you, Mr. Chairman.

306 Democrats delivered historic wins for the American
307 people last Congress by passing both the Bipartisan
308 Infrastructure Law and the Inflation Reduction Act, and these
309 laws are creating hundreds of thousands of new, good-paying
310 jobs, cutting costs for working families, and strengthening
311 America's energy independence by expanding homegrown clean
312 energy. But that is not the story that Republicans will
313 attempt to tell at today's hearing.

314 Unfortunately, this hearing is another transparently
315 political attempt to undermine the EPA and announce so-called
316 rush-to-green policies under the guise of oversight. And time
317 and again Republicans have made clear that they are not
318 interested in effective implementation of EPA programs or
319 constructive oversight. Instead, they are fixated on
320 undermining these laws, as directed by Trump's extreme
321 Project 2025.

322 Trump's Project 2025 is a manifesto that lays out a plan
323 for consolidating power in the White House, gutting checks
324 and balances, and eliminating the independence of our Federal

325 agencies like EPA. It specifically calls for repealing the
326 Inflation Reduction Act, completely eliminating vital EPA
327 offices, rescinding longstanding authorities that allow EPA
328 to fulfill its mission, and undermining science by wholly
329 dismantling the agency's independent scientific advisory
330 boards. All in all, Trump's Project 2025 would politicize the
331 EPA and completely starve the agency of resources, making it
332 nearly impossible for the agency to fulfill its mission of
333 protecting public health and the environment.

334 Now, my Republican colleagues have spent this entire
335 Congress trying to implement Trump's Project 2025 plans. For
336 example, H.R. 1, the polluter over peoples act, undercuts
337 EPA's authority and aim to fully repeal key EPA programs like
338 the Greenhouse Gas Reduction Fund. So my Republican
339 colleagues can't in good faith now claim that they want
340 programs like the Greenhouse Gas Reduction Fund to succeed
341 when they have tried to repeal it three times before it was
342 even fully implemented.

343 They are also unfairly targeting programs like the Clean
344 School Bus program, which, by the way, has been so popular
345 that demand for this funding has consistently outpaced supply
346 in every round of funding. Schools, parents, and students
347 across the country want cleaner, healthier air, and EPA is
348 delivering. Deployment challenges always arise with new
349 programs, and EPA's Office of the Inspector General

350 identified opportunities for improvements. The good news is
351 EPA has already implemented or is in the process of
352 addressing those recommendations. So it should be no surprise
353 that the majority's recent staff report on the Clean School
354 Bus program failed to expose any waste, fraud, or abuse,
355 contrary to their hyperbolic press release.

356 So while I appreciate the opportunity to hear from the
357 inspector general about his office's work, I believe the
358 Republican majority is holding this hearing essentially in
359 bad faith. Committee Republicans claim to care about
360 oversight, but they make it clear that their true intention
361 is to smear and tear down programs that do not fit in with
362 their polluters over people agenda. And we can't confuse
363 fearmongering with good faith, constructive oversight.

364 So EPA takes its obligation in administering its
365 programs very seriously, especially as the first line of
366 defense against waste, fraud, and abuse. And I don't want us
367 to lose sight of the fact that there are hard-working people
368 at EPA ensuring every dollar is spent fulfilling the agency's
369 mission to protect human health and the environment. And
370 throughout the Biden-Harris Administration EPA has
371 consistently demonstrated a strong commitment to working with
372 the OIG to improve programs and address concerns. As
373 Inspector General, O'Donnell notes, EPA Administrator Regan
374 is, and I quote, "setting the tone at the top regarding

375 cooperation between the agency and the OIG.''

376 Democratic -- I should say Democrats -- remain committed
377 to conducting constructive oversight that will help programs
378 succeed and complement the IG's important oversight work. In
379 fact, we provided nearly \$270 million for the EPA's OIG in
380 the Bipartisan Infrastructure Law. What is more, the Biden-
381 Harris Administration has requested increases in funding to
382 support the EPA OIG's work. That additional funding the
383 Republicans have roundly rejected, by the way.

384 So I believe constructive congressional oversight can
385 enhance EPA's efforts to mitigate program risk and make
386 certain that every dollar has the greatest possible impact.
387 Unfortunately, I haven't witnessed much constructive
388 oversight from my Republican colleagues.

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

390

391 *****COMMITTEE INSERT*****

392

393 *Mr. Pallone. And with that, Mr. Chairman, I yield back.

394 *Mr. Carter. The gentleman yields. We now conclude with
395 member opening statements. The chair would like to remind
396 members that, pursuant to committee rules, all members'
397 opening statements will be made part of the record.

398 Ladies and gentlemen, our witness for the day is the
399 Honorable Sean W. O'Donnell, inspector general of the U.S.
400 Environmental Protection Agency.

401 Welcome, Mr. O'Donnell. Inspector General O'Donnell, you
402 are recognized for five minutes.

403

404 STATEMENT OF THE HON. SEAN W. O'DONNELL, INSPECTOR GENERAL,
405 U.S. ENVIRONMENTAL PROTECTION AGENCY

406

407 *Mr. O'Donnell. Thank you. Good morning, Chair Rodgers,
408 Chairman Carter, Ranking Members Pallone and Tonko, and
409 members of the subcommittee. I am Sean O'Donnell, the
410 inspector general of the U.S. Environmental Protection
411 Agency. I would like to thank the committee for inviting me
412 to testify about my office's oversight relating to the more
413 than \$100 billion that the Infrastructure Investment and Jobs
414 Act and the Inflation Reduction Act appropriated to the EPA.

415 Oversight is vital to ensuring the EPA and its grantees
416 and contractors are responsible stewards of American tax
417 dollars. With the resources Congress provided us for IIJA
418 oversight, we have focused on fraud prevention, the
419 strengthening of internal controls, and focused on the
420 operations of IIJA programs. Thus far, we have identified at
421 least two systemic issues, namely the use of data in managing
422 grants and the operation of fraud prevention internal
423 controls.

424 The EPA must leverage relevant, timely data to ensure
425 effective program operations, particularly as it manages an
426 unprecedented level of funding under the IIJA and the IRA.
427 However, the agency faces significant challenges that limit
428 the usefulness of its data.

429 The EPA's use of disparate systems and incompatible data
430 formats causes significant delays in gathering information,
431 results in redundant reporting, and hampers the ability to
432 track programs. As an example, the EPA's initial reporting of
433 its fiscal year 2022 spending in USAspending.gov was
434 incomplete and inaccurate, leading to the under-reporting of
435 billions of dollars of obligations and outlays. This was
436 caused in part from a lack of procedures to detect errors and
437 ensure the reporting of complete and accurate data.

438 At the same time, the EPA needs to ensure that internal
439 controls related to fraud prevention and detection are
440 implemented and working appropriately. One of the most
441 important -- and it is hardly surprising that an inspector
442 general thinks this -- is audit. The EPA, however, has been
443 inconsistent and incorrect regarding the guidance that it
444 gives to recipients and sub-recipients on the use of audits
445 related to IIJA programs. For example, we recently discovered
446 that the EPA incorrectly told states that they do not have to
447 review single audits of non-Federal entities that borrow
448 money from state revolving funds. This contradicted statutory
449 and regulatory requirements, creating risk that the states
450 may not be using single audit reports to evaluate the risk
451 for or detect fraud, waste, or abuse. This is particularly
452 concerning because in 2022 the EPA finalized a rule that
453 relieved the SRFs from regulatorily required sub-recipient

454 monitoring requirements.

455 Another important internal control is the reporting of
456 suspected fraud, waste, and abuse. I am pleased that
457 Administrator Regan has set a positive tone from the top,
458 including annual reminders to EPA staff to cooperate with the
459 OIG in our shared fight against fraud, waste, and abuse.
460 Despite this, we have seen a disturbing trend of failure to
461 do just that. For example, the EPA's Criminal Investigation
462 Division has repeatedly withheld allegations of fraud that it
463 has received or placed conditions on its disclosure to the
464 OIG.

465 The EPA has continued to resist the OIG's important
466 oversight role in protecting scientific integrity at the EPA.
467 Just this week we issued a series of reports on alleged
468 retaliation for expressing differing scientific opinions.
469 These reports underscore the indispensable role of the OIG in
470 protecting scientific integrity, yet the EPA will not revise
471 coordination procedures between the OIG and its scientific
472 integrity program to require, among other things, the prompt
473 reporting of political interference or related misconduct by
474 senior agency officials to the OIG.

475 The issues I have outlined so far are critical areas of
476 concern in the -- in EPA programs, as they play a pivotal
477 role in ensuring the agency's ability to track program
478 performance and mitigate the risk of fraud, waste, and abuse.

479 My written testimony illustrates how these affect three major
480 IIJA programs: the State Revolving Funds, the Clean School
481 Bus, and Superfund.

482 My office has shown that, when properly funded, we
483 provide some of the most effective oversight in the Federal
484 Government. Unfortunately, our oversight more broadly and
485 specifically with respect to the IRA faces significant
486 challenge. I have warned in the past that the pace of IRA
487 spending, when conducted by new programs and received by new
488 recipients, significantly increases fraud vulnerabilities.
489 Given what we have seen in the EPA's IIJA spending, I have no
490 reason to believe that the IRA spending will be immune to the
491 challenges we see in IIJA spending. Despite this, the IRA
492 fails to provide any funds for our oversight. This, along
493 with over a decade of flat or declining OIG budgets, leaves
494 our office without sufficient capacity to effectively oversee
495 the EPA's spending of more than \$40 billion in taxpayer
496 money.

497 Again, I thank the committee for inviting me to speak
498 with you today, and I look forward to answering your
499 questions.

500 [The prepared statement of Mr. O'Donnell follows:]

501

502 *****COMMITTEE INSERT*****

503

504 *Mr. Carter. The gentleman yields. We will now begin
505 questioning, and I will recognize myself for five minutes.

506 Mr. O'Donnell, Administrator Regan testified here this
507 past May on the EPA's fiscal year 2025 proposed budget. When
508 asked about EPA's transparency and willingness to have
509 oversight conducted, he said you all talk all the time. Yet
510 your written testimony says EPA has continued to resist the
511 OIG's oversight role in certain areas that ultimately led to
512 poor management outcomes.

513 I take it that you have good relations with senior EPA
514 leadership, and -- but that is not really the issue with EPA
515 managing spending, is it?

516 *Mr. O'Donnell. No.

517 *Mr. Carter. So is EPA providing the guidance and
518 collecting the information it needs to adequately ensure
519 grants and funding are used effectively?

520 *Mr. O'Donnell. We have issued a series of reports and
521 I, on the side, make it a point to meet with stakeholders --
522 states, industry, and the like -- regarding EPA guidance on
523 IIJA spending. And I think there is a felt need across the
524 board for better guidance, whether it is BABA or American
525 iron, steel, or any of these types of requirements.

526 *Mr. Carter. So what does it say about the agency's
527 ability to safeguard taxpayer spending?

528 *Mr. O'Donnell. I think the concerns that we raised

529 repeatedly, if I were to summarize it, I do believe that the
530 men and women at the EPA are sincere in their beliefs that
531 they are achieving good outcomes. Our concern is the follow-
532 through in ensuring that the dollars actually are spent
533 appropriately.

534 *Mr. Carter. Now, let me go ahead and get this out here.
535 You keep on saying the IIJA. Are you doing any oversight at
536 all on the IRA? I mean, I know there were no funds
537 appropriated to you, and you got to be careful about what you
538 are using the funds for. But are you doing anything on the
539 IRA?

540 *Mr. O'Donnell. So I would like to say first -- and I
541 know Representative Tonko mentioned it, as well -- we are
542 fortunate the EPA sees the value of effective oversight, and
543 has supported both our budget and reprogramming. They support
544 it here before the committee, they have supported publicly,
545 they tell me this. But truth be told, unfortunately, there
546 are two houses in Congress, and this one has supported us and
547 that is where it has ended.

548 I can say that we will do reactive work with respect to
549 IRA, so criminal investigations, and we have some preliminary
550 criminal investigations ongoing. And then we have some small
551 amount of IRA when it is connected to other things. But truth
552 be told, with a budget that was cut this last year, it is
553 hard just to keep up with the core functions of the EPA.

554 *Mr. Carter. I am disappointed to hear that.

555 You mentioned in your testimony that states don't have
556 the capacity to manage funds. I am curious what this
557 indicates about non-governmental recipients. In the IRA EPA
558 was given just 2 years and \$27 billion -- \$27 billion -- to
559 create and fund a new type of green finance industry, yet
560 Congress appropriated only 30 million to develop and oversee
561 the program.

562 I also understand that most of the EPA's selectees for
563 this green bank funding seem to have virtually no experience
564 with these kinds of awards. For instance, Coalition for Green
565 Capital, or CGC, received a 5 billion -- \$5 billion -- award,
566 yet the organization has never issued a grant and never made
567 a loan. They have never run or even started a green bank.
568 CGC's entire budget for 2022 was less than \$2 million,
569 according to their tax filing. CGC hardly seems prepared for
570 this kind of spending, and other recipients seem similarly
571 inexperienced.

572 Does this mismatch between organizational capacity, the
573 size of the grants awarded under the program, and the very
574 limited oversight funding raised potential concerns?

575 *Mr. O'Donnell. I think, yes, that we have concerns, and
576 I know that the EPA has concerns.

577 For us, if I can analogize again, we speak to the
578 capacity of the State Revolving Funds who have been in

579 existence and doing this thing for some time. And they
580 themselves tell us, or in the course of our oversight work we
581 see financial, operational, professional capacity. So I would
582 assume, if you are new to the game, you are going to have
583 capacity issues.

584 *Mr. Carter. We just can't simply ignore the fact that
585 they are going to be getting a \$5 billion award, and yet last
586 year they only spent \$2 million.

587 *Mr. O'Donnell. I would -- so the EPA has been proactive
588 in meeting with us to discuss the programs. And most recently
589 they discussed the -- their use of a private bank as pay
590 agent for these programs. I have to tell you that I
591 prosecuted financial crimes involving banks, and I found it
592 fantastically complex. So I can only imagine what it is going
593 to be like for the EPA to --

594 *Mr. Carter. Okay, well, I certainly hope you are going
595 to pay close attention to this, and I know you will.

596 I have run out of time. I now recognize Ranking Member
597 Tonko for five minutes of questioning.

598 *Mr. Tonko. Thank you, Mr. Chair.

599 Scientific integrity is an integral part of the robust,
600 science-based decision-making we expect from agencies like
601 EPA. Unfortunately, there have been instances of bad actors
602 disregarding scientific integrity. Inspector General
603 O'Donnell, I know you are familiar with an instance when

604 Trump Administration appointees at EPA interfered to weaken
605 the toxicity assessment of a dangerous chemical, PFBS. Mr.
606 O'Donnell, that assessment was pulled, amended, and later
607 republished. Is that correct?

608 *Mr. O'Donnell. That is my understanding, yes.

609 *Mr. Tonko. I think that is an important point and a
610 good example of EPA's scientific integrity policy and a
611 policy that is working well.

612 Career scientists felt political appointees had changed
613 the report's scientific findings. A complaint was made
614 through the agency's process and the report was taken
615 offline, reviewed, amended, and finally republished within a
616 three-week period. Of course, ideally, that initial violation
617 would not have happened, but I commend EPA for taking quick
618 action to remedy the interference. It highlights the
619 importance of having strong scientific integrity, culture,
620 and procedures within any agency.

621 Preserving EPA employees' options to seek advice and
622 file complaints through numerous different channels,
623 including the OIG, the GAO, and the agency's scientific
624 integrity official, and even Congress is critically important
625 to ensuring that these issues can be raised in a manner that
626 employees feel most comfortable and protected.

627 Yesterday your office issued five reports regarding
628 whistleblower complaints received from EPA staff. I

629 appreciate you investigating these allegations. When the
630 complaints were first reported I, along with Ranking Members
631 Pallone and DeGette, sent a letter to the agency expressing
632 our concerns. According to these reports, the whistleblowers
633 alleged retaliation by EPA for raising differing scientific
634 views, violating EPA's scientific integrity policy. While the
635 reports did not substantiate all of the allegations, the OIG
636 did substantiate allegations from three of the five
637 whistleblowers.

638 So Mr. O'Donnell, unfortunately, these reports are
639 heavily redacted, and the timing of events and whether
640 allegations were substantiated is not entirely clear. So it
641 appears that all of the substantiated allegations are related
642 to incidents that occurred under the last Administration. Is
643 that correct?

644 *Mr. O'Donnell. The retaliatory acts with respect to
645 those three individuals occurred, I think, in 2020, yes.

646 *Mr. Tonko. Okay. And I also understand that you did
647 not substantiate allegations of retaliation by EPA under the
648 current Administration. Is that correct?

649 *Mr. O'Donnell. We did not substantiate any allegations
650 of direct retaliation after 2020.

651 *Mr. Tonko. Thank you. And Inspector General O'Donnell,
652 I respect the work of your office and your statutory role to
653 promote proper management of the agency. I also think it is

654 important to acknowledge the many steps EPA's current
655 leadership has taken to restore scientific integrity over the
656 past four years, specifically in the Office of Chemical
657 Safety. This includes prioritizing more resources, securing
658 more personnel, and creating a science policy advisor
659 position.

660 I will not suggest that every issue has been fully
661 solved. But it is clear that this Administration is indeed
662 committed to making improvements in safeguarding scientific
663 integrity. It is a stark contrast to the several instances of
664 political interference that have been reported earlier under
665 a different administration, specifically the Trump
666 Administration. So I thank you for your responses.

667 And with that, Mr. Chair, I yield back.

668 *Mr. Carter. The gentleman yields. The chair now
669 recognizes the gentleman from Alabama, Mr. Palmer, for five
670 minutes of questioning.

671 *Mr. Palmer. I thank the witness for being here.

672 Mr. O'Donnell, you made a comment about EPA's criminal
673 division. Will you be a little more specific about the issues
674 there?

675 *Mr. O'Donnell. There has long been a hostility by the
676 Criminal Investigation Division against the work of the
677 Office of Inspector General in its criminal and civil fraud
678 investigations. Just as a sort of point of reference, we --

679 our antiquity is of greater length than theirs. We have,
680 since 1978, been leaders in fighting fraud at the EPA.
681 Unfortunately -- and this sometimes plays into a law
682 enforcement trope -- we have jurisdictional issues that might
683 be raised, whether they are real or not.

684 My philosophy since the day I got here -- and I had been
685 a prosecutor before coming here -- is disagreements between
686 law enforcement agencies is silly, and it doesn't get us to
687 where we need to go. But unfortunately for us, we see
688 interference in our criminal and civil investigations, almost
689 every aspect of our work, whether it is the facilities that
690 we have, interference with our personnel, or interference
691 with our law enforcement operations.

692 *Mr. Palmer. My concern about the EPA's criminal
693 division is that they are as heavily armed as some military
694 units, and they have amphibious vehicles, they have drones,
695 they have weapons, some heavy weapons, night vision.

696 I mean, I asked former Administrator Gina McCarthy why
697 they had that, and she said to defend the environment, and I
698 asked, "To defend it against whom?" I don't know anybody --
699 I don't see any reason why they would need anti-tank weapons.

700 Have you asked them to provide an inventory of the
701 weapons and military-style equipment that they have at the
702 criminal division? I would like to see that, if they still
703 have all that.

704 *Mr. O'Donnell. I have not, but I believe Senator
705 Grassley did and got a response on that. I don't recall what
706 the answer was.

707 I would say, if you want to look at the differences
708 between, say, us and the criminal investigative division, we
709 are part of a larger IG community. So we are subjected to
710 peer reviews every three years. We investigate according to
711 standards, our UC operations are reviewed by a committee of
712 CIGIE. None of these things exist for the --

713 *Mr. Palmer. It concerns me, though, that there is that
714 much resistance from a Federal agency to the oversight
715 responsibilities of the inspector general. And I really
716 respect the fact that you continue to assert your right to
717 exercise oversight over all of the EPA.

718 In that regard, the EPA went into the banking business.
719 They set up a \$27 billion Green New Deal bank, and there is
720 some real issues with that because of the timelines involved.
721 And this is where you really start to waste money. And I am
722 just wondering, there is \$14 billion that is -- some of it is
723 being allocated to three non-profits. And I know we saw this
724 with gain of function research with NIH, that they didn't
725 make those type grants directly, but the grantee did sub-
726 grants. Are you able to exercise oversight over sub-grants?

727 *Mr. O'Donnell. We would be able to do that, yes.

728 *Mr. Palmer. That is encouraging. They also are

729 allocating \$6 million to 5 institutions to create hubs for
730 funding. And the timelines that are required here are
731 disturbing to me, that they are pushing an agenda and not
732 pursuing science. They are not pursuing clear engineering
733 strategies for addressing the issues that the EPA is supposed
734 to be addressing. And I think it is more about a political
735 agenda than anything else.

736 So I am not going to ask you to comment on that in
737 particular, but they are pushing programs like the EPA Clean
738 Bus Program and -- even in the so-called Inflation Reduction
739 Act. I call it the income reduction act. And I do take
740 exception to people alleging that we have a polluters over
741 people act, as though there is legislation. That is a lie,
742 that is a Marxist strategy. But we hear it all the time on
743 this committee, so we have kind of gotten used to it.

744 But you had an opportunity to speak about the EPA's
745 Clean Bus Program, and the American public has been exposed
746 to the issues plaguing this program. So in your semi-annual
747 report you noted that, because the EPA does not have robust
748 verification mechanisms within that program for the rebates
749 and grant application process, it led to issues like
750 applicants not being transparent and third parties submitting
751 applications on behalf of unwitting school districts. In
752 other words, committing fraud. How many of these instances
753 did your office identify?

754 *Mr. O'Donnell. Well, obviously, there were the
755 instances in the evaluation. I believe we had a management
756 application report that identified an administrative school
757 district that had no students yet received money for a clean
758 school bus. And we have a forthcoming audit that I think will
759 illuminate on this more.

760 *Mr. Palmer. Well, everybody felt good about it, I
761 guess, at the EPA that they did a green bus program.

762 I yield back.

763 *Mr. Carter. The gentleman yields. The chair now
764 recognizes the gentlelady from Colorado, Representative
765 DeGette, for five minutes of questioning.

766 *Ms. DeGette. Thank you, Mr. Chairman.

767 Mr. O'Donnell, welcome. We are happy to have you here
768 today. I really believe the EPA inspector general does
769 important work to protect taxpayer funds, and that includes
770 conducting audits and investigations, issuing reports, and,
771 of course, like you are here today, testifying in front of
772 Congress to highlight concerns or other findings.

773 And even when that work does not include recommendations
774 or produce any findings of waste, fraud, or abuse, it is
775 really a tool to highlight that the risks EPA might face,
776 especially considering some of the recent influxes of cash.
777 That is why I really think it would have been helpful -- I
778 was the chair of the Oversight Subcommittee of Energy and

779 Commerce for some years, and the ranking member in other
780 years, and I always found it helpful to have the agency here
781 to talk about their response when we have the IG here,
782 because, of course, many of the things that you have
783 identified are issues that the agency needs to address.

784 However, I noticed that this hearing is entitled,
785 "Holding the Biden-Harris EPA Accountable for Radical Rush-
786 to-Green Spending," and of course the elections about five-
787 and-a-half weeks away, so I guess that is really not the
788 purpose of this hearing.

789 Mr. Chairman, I would welcome having people from the
790 agency. We have had Administrator Regan in here before, but
791 not to address these specific allegations, and I think it
792 would be really useful, perhaps in a lame duck session or in
793 the next -- in the 119th Congress. We would love to have you
794 come back and help really address some of these concerns,
795 because we want to avoid waste, fraud, and abuse. Sadly, that
796 doesn't seem to me to be the purpose of this hearing.

797 So I want to ask you just a couple of questions. Last
798 year you testified that EPA could face supply chain or
799 production issues that could cause delays in administering
800 the Clean School Bus program, and that an initial audit
801 examining those programs was ongoing. So the audit, as it
802 turns out, did not find any evidence that had -- that
803 significant supply chain issues or production delays had

804 impacted the 2022 Clean Bus School Bus rebate program. Is
805 that correct?

806 *Mr. O'Donnell. We found issues and supply chain issues
807 with respect to the chargers.

808 *Ms. DeGette. Okay, but page 5 of the 2023 audit says,
809 "There were no significant supply chain issues or production
810 delays.'" Is that --

811 *Mr. O'Donnell. For the busses, that is right.

812 *Ms. DeGette. That is correct. Now, while the report
813 mentioned the potential for other delays that were out of the
814 scope of the audit, you made no recommendations made to --
815 related to supply chain issues or the production delays in
816 your report after completing the audit. Is that correct?

817 *Mr. O'Donnell. That is right.

818 *Ms. DeGette. Now, I think it is really important to
819 clarify that because earlier this week the committee
820 Republicans published a report that appears to take a
821 different message from your initial audit and from your past
822 testimony.

823 And so I just want this for the record, Mr. Chairman. In
824 multiple OIG reports the IG did not identify any waste,
825 fraud, or abuse within the school -- Clean School Bus
826 program. Apparently, committee Republicans appear to have
827 misunderstood those reports because they have spent months
828 writing a report that is clearly meant to undermine the Clean

829 School Bus program and mislead the public about the findings
830 in the reports.

831 This is exactly why -- what my Democratic colleagues and
832 I were warning, Mr. O'Donnell, when you testified last year.

833 So I just want to say the work that EPA OIG does is, as
834 I said at the beginning, it is essential to constructive
835 oversight of the EPA. But I really think it is important not
836 to misconstrue the agency's testimony.

837 And one thing that you said I am concerned about and I
838 think we need to investigate further is this lack of
839 coordination with the criminal division. I don't know about
840 that.

841 And so, Mr. Chairman, again, perhaps we can have
842 somebody come in and talk to us about that coordination, and
843 see what the agency's perspective is.

844 Again, thank you for coming today, such that it is. I
845 look forward to continuing to work with you in the future.

846 And I yield back.

847 *Mr. Carter. The gentlelady yields back. The chair now
848 recognizes the gentleman from Pennsylvania, Dr. Joyce, for
849 five minutes of questioning.

850 *Mr. Joyce. Thank you, Mr. Chairman.

851 First I want to thank you, Chairman Carter, for holding
852 today's hearing, and you, Mr. O'Donnell, for testifying on
853 the critical issue of oversight of potential waste at the

854 EPA.

855 During the Biden-Harris Administration, the EPA's budget
856 has grown from a little over \$9 billion to \$10.1 billion, an
857 increase of 10 percent in just 4 years.

858 On top of this, the IIJA and the IRA greatly increased
859 the resources that EPA has to distribute. The IIJA gave the
860 EPA 60 billion in taxpayers' money over 5 years, and that was
861 the single largest appropriation for EPA ever. The IRA
862 followed with allocating EPA 41.5 billion of taxpayers' money
863 to distribute over 10 years. The EPA is already struggling
864 with managing the large influx of funding for existing
865 programs like the State Revolving Funds, let alone the
866 entirely new programs for which the EPA has no experience and
867 even the recipients may have no experience.

868 Given the vast amount of funds that the EPA has now been
869 flooded with, it is critical that there is strong oversight.
870 Quite honestly, your job got tougher. The IG's office at the
871 EPA needs to be active and aggressive in attacking abuse and
872 fraud. Mr. O'Donnell, would you elaborate on the challenges
873 that the EPA faces to safeguard the taxpayers' money?

874 *Mr. O'Donnell. Well, I think you have heard from the
875 agency on personnel issues, and it is an issue that we often
876 find is there is a shortage of workforce for the purposes of
877 grant management, data management --

878 *Mr. Joyce. In your office do you have workforce issues

879 right now?

880 *Mr. O'Donnell. In my office -- you talk about how the
881 EPA's budget has increased by 10 percent. My office, since
882 2011, has decreased by perhaps 20 percent.

883 *Mr. Joyce. Are there open positions in your office for
884 the oversight that we all know is necessary?

885 *Mr. O'Donnell. Only to fill people who have left. We
886 have shrunk. We have had to shrink our workforce, our core
887 workforce, over the last year.

888 *Mr. Joyce. Mr. O'Donnell, we have already discussed the
889 Greenhouse Gas Reduction Fund. Do you have confidence, based
890 on your experience with other established programs, that the
891 EPA has the data and the experience to monitor this massive
892 spending?

893 *Mr. O'Donnell. I think I have concerns about it. Those
894 concerns, I think the EPA has as well, given the breadth and
895 the scope of the -- and the complexity. I cannot say enough
896 about how complex these programs are going to be. It is as if
897 the agency is funding an investment bank that will do equity,
898 it will do fixed income, it will do complex financial
899 transactions. As I said yesterday, the agency was kind enough
900 to give us a presentation on how they will use a private bank
901 --

902 *Mr. Joyce. Should the agency be an investment bank? I
903 am perplexed by that response.

904 *Mr. O'Donnell. Well, the -- it is -- I think it is
905 unusual.

906 *Mr. Joyce. I think it is more than unusual. I think we
907 should be looking at this quite seriously, because these are
908 taxpayer dollars that need to be used in a really judicious
909 manner to be able to understand. And your responsibilities
910 are to make sure that those guardrails are in place to see
911 that there is a responsible stewardship of those taxpayer
912 dollars.

913 In your talk -- in your testimony about the general
914 resistance of EPA to bring examples of waste and fraud to
915 your attention, can you elaborate on this and what it means
916 for holding recipients accountable?

917 *Mr. O'Donnell. We have had instances where the EPA is
918 aware of attempts to defraud them or actually defraud them.
919 And instead of bringing those to our attention, they ignore
920 them, or will wait for many months and, in doing so, really
921 undermine our ability to refer a criminal or civil case.

922 *Mr. Joyce. How do you get that line of communication so
923 there is not long time gaps before this is brought to your
924 attention, these months that you are talking about?

925 *Mr. O'Donnell. It has got to be a cultural thing at the
926 EPA. Their first --

927 *Mr. Joyce. Can you change that culture at the EPA from
928 your leadership? Do you have the capabilities of doing that?

929 *Mr. O'Donnell. We try, we try. We have a program to
930 reward agency whistleblowers who identify waste, fraud, and
931 abuse that we actually can recover.

932 *Mr. Joyce. Are there examples where these
933 whistleblowers have stepped forward, and then you have had to
934 take the necessary steps?

935 *Mr. O'Donnell. We have not yet paid anyone out. I am
936 waiting to, but we have not. No one has come to us yet.

937 *Mr. Joyce. My time is expiring, but I do have a request
938 that the follow-up occurs, that when there are these cases
939 that occur, when whistleblowers -- when your internal
940 guardrails come into play -- because as of yet they are not -
941 - would you please let this committee know? Because I think
942 it is important because of the significant funds that are now
943 turned into the EPA's hands, because of the taxpayer dollars
944 which have now been transferred to the EPA, we need to make
945 sure that waste, fraud, and abuse is not rampant.

946 Mr. Chairman, my time has expired and I thank you for
947 being here today.

948 *Mr. Carter. The gentleman yields back. The chair now
949 recognizes the gentleman from Maryland, Representative
950 Sarbanes, for five minutes of questioning.

951 *Mr. Sarbanes. Thanks, Mr. Chairman.

952 Thank you, Mr. O'Donnell, for being here. You said a
953 moment -- again, I think you have been emphasizing that, you

954 know, this is complex. And it reminded me of this quote from
955 President Kennedy when he said, "We do things not because
956 they are easy, but because they are hard, because that goal
957 will serve to organize and measure the best of our energies
958 and skills because that challenge is one that we are willing
959 to accept, that we are unwilling to postpone, and one we
960 intend to win.''

961 So I would put this effort in that category, trying to
962 do hard things because they make a difference and they will
963 take us to a different level.

964 Safe, reliable drinking water is a fundamental right.
965 Unfortunately, our nation's drinking water infrastructure is
966 aging and underfunded. This means frequent leaks, potential
967 drinking water contamination, and inefficient water
968 management, which can drive up family's utility bills and
969 threaten public health. IIJA, as we have discussed, is
970 investing \$50 billion to improve our nation's water
971 infrastructure, a long-overdue downpayment helping
972 communities make needed improvements to their water systems,
973 create good-paying jobs, put money back into Americans'
974 pockets. It is largely allocated, as we know, through the
975 State Revolving Funds, or SRFs.

976 You recently issued a Management Implication Report on
977 SRFs that said, "States may voluntarily conduct annual
978 independent audits,' ' of drinking water SRFs, but are not

979 required to do so. The report also says, "States that do not
980 perform voluntary audits are subject to periodic EPA OIG
981 audits.'"

982 While I understand the majority of states do in fact
983 perform voluntary audits -- some don't -- my question is, are
984 you performing periodic audits of drinking water SRFs for
985 states that are not performing voluntary annual audits?

986 *Mr. O'Donnell. My office has not done that, probably
987 for 15 years.

988 *Mr. Sarbanes. How long?

989 *Mr. O'Donnell. Fifteen years. A decision was made by a
990 previous acting IG that we would no longer participate in
991 this, but I felt it part of our responsibility under the
992 regulation and, of course, as overseers of these funds, to
993 return ourselves to this.

994 So what you are talking about, that Management
995 Implication Report, was us reintroducing ourselves to the
996 SRFs, reminding them that they are required to submit these
997 if they are doing them, so we can review them, make the
998 decision with respect to the drinking water, whether we need
999 to do something about it on ourselves. And then that
1000 Management Implication Report is the, if you will, the result
1001 of that request. How many could actually get us -- and it was
1002 both the clean water and drinking water -- how many could
1003 respond to us?

1004 *Mr. Sarbanes. We are all, including EPA, obviously,
1005 committed to ensuring that this critical investment is
1006 getting to the communities who need it. And the benefit of
1007 using the SRFs to administer the funds is that it leverages
1008 EPA's decades of experience.

1009 While a mature program even isn't immune from waste,
1010 fraud, and abuse, the drinking water SRF has a track record
1011 as an effective funding mechanism for critical water
1012 infrastructure projects. It has been successful in offering
1013 low-interest loans and other financial assistance tools that
1014 allow communities to tackle large-scale projects. To that
1015 end, IIJA also provided \$15 billion in dedicated funding to
1016 identify and replace lead service lines distributed through
1017 the drinking water SRF. The lead funding included in IIJA
1018 provides a historic opportunity to help communities get the
1019 lead out once and for all.

1020 For the first time, America's Water Infrastructure Act
1021 of 2018 required EPA to gather information about lead service
1022 lines. This information allowed EPA to allocate funds based
1023 on the estimated need to replace lead pipes, rather than on
1024 the overall water infrastructure needs of a state.

1025 Your office also issued a management alert about the
1026 lead service line allocations to states, and I understand an
1027 audit related to that alert is still being conducted. Can you
1028 give us an update on when we can expect the evaluation?

1029 *Mr. O'Donnell. I believe the draft report is with the
1030 agency, so probably in the next 30, 60 days.

1031 *Mr. Sarbanes. How --

1032 *Mr. O'Donnell. The next 30 to 60 days.

1033 *Mr. Sarbanes. Okay. We know there is no safe level of
1034 lead, and exposure is preventable. Far too many Americans
1035 have been and continue to be exposed to toxic lead from their
1036 pipes. Democrats and the Biden-Harris Administration are
1037 committed to providing communities the tools and resources
1038 needed to remove all lead pipes, once and for all.

1039 While many communities lack comprehensive inventories,
1040 water systems have been working to fill those gaps, and this
1041 crucial funding can be used to support those efforts. In the
1042 meantime, EPA has mechanisms in place like reallocations that
1043 can be used if states do not have enough eligible projects.
1044 However, based on the many estimates that have been
1045 published, I imagine the need is great and, in fact, more
1046 resources will be required to address this problem.

1047 I yield back, Mr. Chairman.

1048 *Mr. Carter. The gentleman yields. The chair now
1049 recognizes the chair of the full committee, Representative
1050 McMorris Rodgers, for five minutes of questioning.

1051 *The Chair. Mr. O'Donnell, welcome back to the
1052 committee.

1053 The scale and pace of new spending for the EPA only

1054 underscores our concerns about their ability to effectively
1055 manage this spending. You have indicated that EPA is not
1056 collecting the right information. Last year you testified
1057 that EPA lacks an internal audit function. To your knowledge,
1058 has EPA taken steps to establish an internal audit function
1059 since last year?

1060 *Mr. O'Donnell. I am not aware of any steps that they
1061 are taking at this point.

1062 *The Chair. I have introduced legislation to set up a
1063 pilot internal audit function by requiring EPA to provide for
1064 an independent audit of EPA's activities and spending,
1065 including grants for its Clean Air Act activities. Eighteen
1066 state attorney generals came out and supported the AUDIT Act.

1067 And I would like to submit a letter of support for the
1068 record.

1069 *Mr. Carter. Without objection.

1070 [The information follows:]

1071

1072 *****COMMITTEE INSERT*****

1073

1074 *The Chair. From your experience, Mr. O'Donnell, do you
1075 think EPA conducting internal audits would improve
1076 transparency and help protect taxpayer interests?

1077 *Mr. O'Donnell. I think it would be an incredible tool
1078 to assist management in making good decisions and be able to
1079 track the performance of their programs.

1080 *The Chair. Thank you. As a follow-up to some of the
1081 questions related to the \$27 billion so-called National Clean
1082 Investment Fund that is being managed like an investment
1083 fund, is the person in charge of managing this a banker, or
1084 do they have any kind of financial experience?

1085 *Mr. O'Donnell. There have -- there are people there who
1086 -- that I believe are -- I don't know their status at the
1087 EPA, but have had some experience in investment banking that
1088 are --

1089 *The Chair. Okay.

1090 *Mr. O'Donnell. There are a couple.

1091 *The Chair. Okay. We will keep looking into that.

1092 The committee highlighted numerous concerns about the
1093 Clean School Bus program and the report released earlier this
1094 week.

1095 Without objection, I would like to enter that into the
1096 record.

1097 *Mr. Carter. Without objection.

1098

1099 [The information follows:]

1100

1101 *****COMMITTEE INSERT*****

1102

1103 *The Chair. In December of 2022 your office reported
1104 that potential delays in utilities constructing charging
1105 stations could limit recipient school districts' ability to
1106 have their busses up and running in a timely manner.

1107 Your report also noted, "The impact of utility issues on
1108 the program will not be fully known until the 2022 selectees
1109 close out their rebates, and that is not scheduled until
1110 October of 2024.''

1111 We wrote to the EPA administrator last -- or just this
1112 past April, asking as of that date how many selectees under
1113 the program had received their busses, and how many have
1114 started using them. The EPA declined to answer that question,
1115 stating it will have more information after October.

1116 Do you have a sense of whether most recipients will meet
1117 the October 24 deadline to close out this process?

1118 *Mr. O'Donnell. I am not certain. I know we have an
1119 ongoing audit, and I don't want to -- it is near finished --
1120 on the status of those funds and how they are being expended,
1121 and I think that will help to illuminate your question.

1122 *The Chair. Do you know how many charging stations have
1123 been built?

1124 *Mr. O'Donnell. No, I don't.

1125 *The Chair. Okay. Earlier this year your office
1126 recommended that, if an applicant requested funding for
1127 electric school busses, the EPA should establish procedures

1128 to verify that this type of bus is even suitable for that
1129 school district. The EPA declined to implement that
1130 recommendation. What is your view of EPA's management of the
1131 program?

1132 *Mr. O'Donnell. Well, I think our reports speak to it,
1133 that there is room for improvement.

1134 *The Chair. So this is a \$5 billion program. Fifty
1135 percent of it was to go to electric school busses and fifty
1136 percent were to go to other clean options. What is your
1137 understanding as to how many school busses have qualified
1138 under this program?

1139 *Mr. O'Donnell. My understanding is that most of the
1140 money, 50 percent, as you say, go to the electric school
1141 busses. And with respect to the other 50 percent, the
1142 majority of that tends to be the electric school busses, as
1143 well.

1144 *The Chair. Yes. And you will find in our report that I
1145 submitted to the record that the electric school busses are
1146 three to four times other clean alternatives, and yet the EPA
1147 is focusing on those -- on the busses, on only funding -- or
1148 largely, as like 95, 98 percent of the busses that they are
1149 funding are the electric school busses.

1150 We are also having challenges manufacturing those busses
1151 or having charging stations that are actually available to
1152 the school districts. I appreciate the work that you are

1153 doing.

1154 Can you speak to when EPA was authorized by Congress to
1155 begin with?

1156 *Mr. O'Donnell. Well, the EPA was created by an
1157 executive order from President Nixon.

1158 *The Chair. Has it ever been authorized? Has the EPA
1159 ever been authorized by Congress?

1160 *Mr. O'Donnell. Not directly. The environmental laws
1161 are the organic statutes, if you will, of the EPA.

1162 *The Chair. Well, thank you for being here again. We
1163 will keep asking more questions.

1164 I yield back.

1165 *Mr. Carter. The gentlelady yields back. The chair now
1166 recognizes the ranking member of the full committee, Mr.
1167 Pallone, for five minutes of questioning.

1168 *Mr. Pallone. Thank you, Mr. Chairman. I want to thank
1169 the inspector general for testifying.

1170 And I appreciate your years of oversight work,
1171 particularly on the Superfund sites.

1172 Ensuring programs' benefits from constructive oversight
1173 should be a bipartisan goal. But unfortunately, Republicans
1174 have taken a different path this Congress, engaging in
1175 political theater to undermine critical Inflation Reduction
1176 Act programs that they opposed, even as these same programs
1177 are benefitting their districts. And frankly, this

1178 partisanship is not based on reality. After all, many
1179 programs are just getting off the ground and funds are just
1180 starting to flow in some cases.

1181 But let me get to the question. Inspector General
1182 O'Donnell, yes or no, to date have you issued any reports
1183 that found waste, fraud, abuse -- or abuse in the Inflation
1184 Reduction Act programs?

1185 *Mr. O'Donnell. No, I think we have only issued one, but
1186 no, not in that one.

1187 *Mr. Pallone. Oh, you mean you have only issued one
1188 report?

1189 *Mr. O'Donnell. One report. That is --

1190 *Mr. Pallone. But nothing that indicates waste, fraud,
1191 or abuse so far. Correct?

1192 *Mr. O'Donnell. In reports. That is right.

1193 *Mr. Pallone. Okay. Now, I wanted to -- you know,
1194 obviously, I support the funding that the OIG uses to conduct
1195 oversight, and I support your work. But what I don't want to
1196 see, as I have mentioned, is the politicization of oversight
1197 to attack programs such as the Greenhouse Gas Reduction Fund,
1198 the Environmental Justice Grants programs.

1199 You know, these are things that my Republican colleagues
1200 simply don't like, and so they say, well, they are not being
1201 conducted properly. But the politicization of EPA oversight
1202 is of concern because we saw the same thing during the last

1203 Administration, during the Trump Administration.

1204 In 2019 this committee received a seven-day letter from
1205 your office about a senior Trump political appointee who was
1206 obstructing OIG oversight by refusing to cooperate with an
1207 OIG investigation, as required by law and EPA policy. Now, my
1208 understanding is that these seven-day letters are one of the
1209 most powerful tools that Congress gave to inspector generals
1210 to draw attention to flagrant problems at an agency that
1211 created a risk of waste or fraud or abuse.

1212 So let me ask you, Inspector General O'Donnell, have you
1213 issued any seven-day letters since January 2021, yes or no?

1214 *Mr. O'Donnell. No.

1215 *Mr. Pallone. Okay.

1216 *Mr. O'Donnell. But like you said, they are so rare that
1217 --

1218 *Mr. Pallone. Right.

1219 *Mr. O'Donnell. I don't think anyone has issued one
1220 since then, any IG.

1221 *Mr. Pallone. Well, that is good. But what I think it
1222 shows you that, under the Democrats, we are not politicizing
1223 the OIG like the Republicans did under President Trump.

1224 What is your threshold to consider using or issuing a
1225 seven-day letter, if I could ask, what is the threshold?

1226 *Mr. O'Donnell. For me personally, it would be
1227 extraordinarily high.

1228 *Mr. Pallone. Okay. So again, you have not identified
1229 any issues at EPA that rise to that threshold.

1230 I think the problem I have -- and I always go back to
1231 this playbook, Trump's Project 2025, that would, in my
1232 opinion, reinvigorate these previous attempts to politicize
1233 the EPA, eliminate the independence of the EPA, starve it of
1234 resources, eliminate programs that do not support
1235 Republicans' agenda. I mean, I don't know if that Trump -- if
1236 Project 2025 just says let's get rid of the EPA, but they
1237 certainly do -- would do everything possible to get rid of
1238 the EPA or to make it completely ineffective. And I think
1239 that is a clear difference between the Trump and the Biden-
1240 Harris Administrations, in terms of their support -- or lack
1241 of support, in the case of the Republicans -- of the EPA.

1242 And what I think is so important, and what bothers me
1243 the most is that we have got to put scientific integrity,
1244 oversight, transparency, you know, at the forefront. And, you
1245 know, if we want to ensure that EPA fulfills its mission to
1246 protect public health and the environment, you know, there is
1247 nothing wrong with talking about the science and doing the
1248 oversight and having more transparency, but I don't see that
1249 happening here.

1250 I think everything on the Republican side is pursuant to
1251 this Trump Project 2025 playbook that essentially tries to,
1252 you know, eliminate the EPA's independence, starve its

1253 resources, and eliminate programs that the Republicans don't
1254 support, and I just don't want to go back to that again the
1255 way we did under the four years when Trump was President.

1256 But thank you, thank you, Mr. O'Donnell, I appreciate --

1257 *Mr. O'Donnell. I would just say I agree with you with
1258 respect to scientific integrity and the importance of it, and
1259 this is why for us it is so important that the EPA put into
1260 procedures that we are the appropriate reporting mechanism,
1261 because we are the only entity in the EPA that can protect
1262 the confidentiality of the whistleblowers.

1263 *Mr. Pallone. And that is true for the inspector
1264 generals in all the agencies --

1265 *Mr. O'Donnell. That is exactly --

1266 *Mr. Pallone. So I appreciate that. Thank you.
1267 I yield back, Mr. Chairman.

1268 *Mr. Carter. The gentleman yields. The chair now
1269 recognizes the gentleman from Texas, Mr. Weber, for five
1270 minutes of questioning.

1271 *Mr. Weber. Thank you, sir.

1272 Mr. O'Donnell, in your written testimony you
1273 acknowledged that the EPA has a history of challenges while
1274 distributing grants and quoting, and I quote, "The EPA has
1275 struggled to establish and maintain efficient operations for
1276 distributing billions of dollars in grants. The challenge has
1277 been magnified by the IIJA and IRA funds flowing through the

1278 EPA to non-Federal entities, which is not a good sign.'

1279 With the shot clock to distribute billions of taxpayer
1280 dollars allocated by the IRA by the end of this fiscal year,
1281 do you know how many days that is from now?

1282 *Mr. O'Donnell. Days.

1283 *Mr. Weber. It is --

1284 *Mr. O'Donnell. Two weeks or less.

1285 *Mr. Weber. It is 11.

1286 *Mr. O'Donnell. Yes.

1287 *Mr. Weber. It is 11 days into the fiscal year. What
1288 assurances do we have that the -- well number one, my
1289 question is going to be, what assurances do we have that the
1290 EPA will ensure that the recipients of this money will
1291 actually be responsible for acting in accordance with the
1292 laws and regulations?

1293 Does it concern you that we are this close to the end of
1294 a fiscal year, and that is a problem?

1295 *Mr. O'Donnell. Well, I have been very clear on this.

1296 And I want to add I have not only been clear about this,
1297 but the agency has. Zealan Hoover came and testified, and
1298 spoke about our indispensable role in ensuring exactly what
1299 you said, that the funds are given out appropriately and laws
1300 and regulations are followed. But unfortunately, it is at
1301 this point very difficult for us to fulfill that role that
1302 the agency --

1303 *Mr. Weber. So if it is difficult, what actions can you
1304 take? And I have got -- your office. And I have got several
1305 questions: Who tracks it? For how long? Who reports that to
1306 who? And when, especially in the light of the next question,
1307 where in January 2024 your office issued a report identifying
1308 the EPA's initial reporting of its fiscal year 2022 spending
1309 in USAspending.gov was incomplete and inaccurate?

1310 How can we know for sure that you are getting good
1311 information, that something is actually going to be done to
1312 support -- I mean to protect -- taxpayers' investment? How
1313 can we -- how can you guarantee us that?

1314 *Mr. O'Donnell. I think we have done a good job with
1315 IIJA because we were given money for oversight, and I think
1316 the EPA recognizes if we were involved you would have more
1317 assurance that that money was being spent appropriately.

1318 *Mr. Weber. It doesn't give me a lot of hope.

1319 Mr. Chairman, I am going to yield some time to the
1320 gentleman from Alabama, if I may.

1321 *Mr. Carter. The gentleman from Alabama is recognized.

1322 *Mr. Palmer. I thank the gentleman for yielding.

1323 I want to go back to an answer that you gave me that I
1324 got the impression that was refuted by my colleagues on the
1325 other side of the aisle about a misappropriated grant to a
1326 school district. Could you clarify that?

1327 *Mr. O'Donnell. Yes. So in our Management Implication

1328 Report we talk about a school district that was an
1329 administrative entity, and it was a -- it was -- we could
1330 determine this through open source information. And they
1331 received money to buy a clean school bus, but they don't have
1332 any students. They don't report having any students.

1333 *Mr. Palmer. Okay, and do you have any instances where
1334 applicants are being awarded funding despite violating the
1335 program requirements in the application?

1336 *Mr. O'Donnell. We have seen that, yes. We see that at
1337 the EPA.

1338 *Mr. Palmer. Does the Clean School Bus program present
1339 opportunities for communities to double dip into these funds?

1340 *Mr. O'Donnell. That is something that we are concerned
1341 about. I think that our forthcoming audit will be a starting
1342 point for us.

1343 *Mr. Palmer. Okay. I think it is important to find out
1344 who the individual is who is managing this investment bank
1345 for the EPA, and as to whether or not they have banking
1346 experience.

1347 I know Mr. Hoover came in and testified, but his -- he
1348 has a double major in political science, peace, war, and
1349 defense, which -- he may be pretty good at managing his
1350 personal finances, but I have some questions about whether or
1351 not he can manage a \$27 billion Green New Deal investment
1352 bank.

1353 So I just think that this is something extremely
1354 important to the American people. We can argue about the
1355 science. We can argue about whether or not it is politics --
1356 it is climate politics or climate science. I tend to think it
1357 is climate political science, honestly, and we are going in
1358 the wrong direction, but that is an issue for another day.

1359 I do appreciate the gentleman yielding time to me, and I
1360 yield back to the gentleman from Texas.

1361 *Mr. Weber. I thank the gentleman.

1362 Continuing what the ranking member was insinuating -- in
1363 fact, no, he wasn't implying, he was stating that, you know,
1364 Republicans want to do away with the EPA, and they don't care
1365 about all this stuff, and blah, blah, blah, blah, blah. But
1366 the point of the matter is we are talking about taxpayer
1367 money here.

1368 And so, because if we are making sure that when you have
1369 got a report from the EPA in 2022 that is inaccurate and
1370 incomplete, and we have a problem with that and the other
1371 side has a problem with us wanting to make sure that taxpayer
1372 dollars are being spent for what they were meant for
1373 efficiently and effectively and as reasonably as possible,
1374 call us guilty as charged. We are looking out for taxpayers.

1375 Mr. Chairman, I yield back.

1376 *Mr. Carter. The gentleman yields. The chair now
1377 recognizes Representative Clarke for five minutes of

1378 questioning.

1379 *Ms. Clarke. Good morning, and thank you, Chairman
1380 Carter and Ranking Member Tonko, for holding this hearing
1381 today. And I thank Inspector General O'Donnell for being here
1382 to testify.

1383 Exhaust from diesel-burning school busses poses serious
1384 threats to the health of children, bus drivers, and
1385 surrounding communities. This pollution has been linked to
1386 asthma, cancer, and cognitive development impacts. Through
1387 the Bipartisan Infrastructure Law, House Democrats delivered
1388 a historic \$5 billion to EPA for the deployment of zero and
1389 low-emission school busses to address this alarming threat to
1390 public health.

1391 Your office recently released a report on the Clean
1392 School Bus program titled, "The EPA Needs to Improve Internal
1393 Controls for Selecting Recipients of Clean School Bus Program
1394 Funds.'" I was initially concerned by the title of the
1395 report, but was pleased to discover that the EPA met six out
1396 of seven of the requirements. You made four recommendations,
1397 three of which EPA agreed with and has taken action to
1398 address. And I would like to get some clarity on your fourth
1399 recommendation, that the EPA should establish procedures to
1400 verify the zero-emission school busses are suitable for
1401 applicants.

1402 In EPA's response to your recommendations on

1403 suitability, EPA stated that fleet owners are best positioned
1404 to know their own unique needs. That sounds reasonable to me.
1405 The schools and school administrators in my district
1406 definitely understand the needs of the community better than
1407 someone far removed from the students they serve, and
1408 Congress was clear in the law about who is eligible to
1409 receive funding and what technology is eligible to receive
1410 funding. This concept of suitability does not appear.

1411 Inspector General, can you please point to where you
1412 found language requiring that the EPA verify that zero-
1413 emission school busses are suitable for applicants in the
1414 statute?

1415 *Mr. O'Donnell. I seem to recall there is a requirement
1416 that suitability be consideration for a grant under the
1417 program.

1418 *Ms. Clarke. Well, I want to thank you for that, but I
1419 will tell you it is not in the statute. While I value the
1420 important work that you do and will continue to support
1421 giving the EPA OIG additional resources for oversight, I want
1422 to make certain that your findings and recommendations are
1423 clear, especially when it comes to overwhelmingly popular
1424 programs like the Clean School Bus program. If your reports
1425 are not clear, I worry that some readers may misunderstand
1426 your findings, which would harm EPA's ability to manage
1427 programs that are already working well. I know we both want

1428 the EPA to succeed, so I strongly encourage you to keep this
1429 in mind for future reports.

1430 With that, I yield back.

1431 *Mr. Carter. The gentlelady yields back. The chair now
1432 recognizes the gentleman from Georgia, Mr. Allen, for five
1433 minutes of questioning.

1434 *Mr. Allen. Thank you, Chairman Carter, for holding this
1435 important hearing.

1436 And I want to thank you, Inspector General, for your
1437 work, for being here today to testify.

1438 You know, I will start by saying that I have been very
1439 concerned by the overreach of the Environmental Protection
1440 Agency under the Biden-Harris Administration. It has been the
1441 most extreme EPA, with their spending and regulatory
1442 policies. The EPA regulatory agenda has made things harder,
1443 for example, for farmers in my district, especially with
1444 access to important chemicals used by our farmers which are
1445 being restricted, like dicamba.

1446 Additionally, the emission rule for heavy-duty vehicles
1447 and the final rule to designate PFOA and PFOS, the two common
1448 PFAS substances, as hazardous materials under the
1449 Comprehensive Environmental Response, Compensation, and
1450 Liability Act hamstrings my farmers who are trying to feed
1451 and clothe our nation.

1452 This brings up questions regarding the scientific

1453 decisions the EPA makes, and I bring this up -- you know, we
1454 have got one of the finest research universities in the
1455 country. They are in Athens, Georgia. And, you know, they
1456 are doing research every day to provide us with the most
1457 efficient, most abundant food supply in the world. A lot of
1458 talent there. And the EPA is being funded far beyond what we
1459 are funding research universities.

1460 But what I am hearing is -- and I am hearing this -- is
1461 that EPA can't recruit the talent to actually know the
1462 science behind these things. Obviously, we are sitting here
1463 today. We are -- you know, in the last 365 days we have run
1464 up about 2.4 trillion more in debt and, you know, we can't
1465 continue that. And so we are saying, hey, where is the money
1466 going here, and what is the expertise?

1467 I mean, we hear all these statistics. Where is the
1468 actual scientific data by actual trained researchers? I mean
1469 people who have the credentials to do the research in this.
1470 We are a nation governed by laws, not by unelected
1471 bureaucrats. This Administration's EPA has made much of
1472 promoting its scientific integrity policy, but a true defense
1473 of robust, unbiased scientific assessments and conclusions,
1474 which I support, is different than using political science to
1475 deflect poor statutory compliance achieved with similar
1476 resources as other administrations.

1477 Please speak about your recent findings on EPA's

1478 Scientific Integrity Policy and the Biden EPA forwarding
1479 complaints -- compliant identities to senior career managers,
1480 as well as the manager named in the complaint.

1481 *Mr. O'Donnell. Our reports note that managers -- and
1482 truth be told, I know that this can seem like a partisan
1483 volleyball, but all of this occurred with respect to the
1484 career staff at the 15 -- GS-15 level and below. But after
1485 the complaints were filed, those were circulated among the
1486 staff. And I have to tell you, as a matter of best practice,
1487 that has a real chilling effect on the willingness of
1488 whistleblowers, subsequent whistleblowers, to come forward,
1489 which is why we raised it in our reports.

1490 *Mr. Allen. Why has the agency resisted OIG oversight on
1491 this -- of this policy, including report claims of
1492 retaliation, retribution, or reprisal?

1493 *Mr. O'Donnell. I don't know why.

1494 *Mr. Allen. Why has EPA delayed corrective actions of
1495 scientific integrity activities?

1496 *Mr. O'Donnell. I don't know why.

1497 *Mr. Allen. Earlier this year EPA proposed and then
1498 finalized adjustment factors to so-called FEM, Federal
1499 Equivalent Method, monitors that were approved for use by the
1500 EPA in 2016 as a substitute for the air monitors
1501 traditionally used to measure PM 2.5 concentrations. I don't
1502 expect you to be familiar with this, but when you hear about

1503 data inaccuracies -- and your testimony is talking about data
1504 and inaccuracies across EPA's programs -- do you think an
1505 audit of EPA's practices relating to air monitoring could be
1506 warranted?

1507 *Mr. O'Donnell. Well, I am happy to report that we just
1508 announced an audit of money spent under ARPA and the IRA on
1509 these community-based air monitors.

1510 *Mr. Allen. Well, this raises several troubling issues
1511 over the process taken by this agency and the accuracy of the
1512 data. And it certainly -- this is not political, this is
1513 Congress's responsibility. Oversight is our responsibility.
1514 We are a guardian of the American people.

1515 Thank you, and I yield back.

1516 *Mr. Carter. The gentleman yields. The chair now
1517 recognizes the gentlelady from California, Representative
1518 Barragan, for five minutes of questioning.

1519 *Ms. Barragan. Thank you, Mr. Chairman.

1520 The Inflation Reduction Act includes an unprecedented
1521 investment to our -- protect our most vulnerable communities
1522 from environmental harm. Protect -- rather, through the
1523 historic \$3 billion in climate and environmental justice
1524 block grants. This historic program will deliver the
1525 resources that environmental justice communities have long
1526 needed but never received.

1527 Inspector General O'Donnell, to date you have not issued

1528 any report that finds waste, fraud, or abuse in the Climate
1529 and Environmental Justice Block Grant program established in
1530 the Inflation Reduction Act. Correct?

1531 *Mr. O'Donnell. We have not done any audits or
1532 evaluations related to the environmental justice program.

1533 *Ms. Barragan. Well, thank you. I mean, it is critical
1534 that -- to ensure oversight that protects the integrity of
1535 these funds meant to support EJ communities while also
1536 helping new grantees navigate their responsibilities as
1537 recipients of the funding.

1538 For some marginalized and historically disadvantaged
1539 communities, this is the first time they have applied for a
1540 Federal grant. It can be intimidating to work with the
1541 Federal Government. It is important that EPA works with them
1542 to provide the necessary technical assistance to implement
1543 grant funding. It is also important to make certain that, as
1544 oversight is conducted, these communities are not
1545 unintentionally stigmatized or discouraged from seeking
1546 Federal assistance they need and are eligible to receive.

1547 Mr. O'Donnell, what steps are you taking to ensure that
1548 your efforts to provide oversight do not unintentionally
1549 discourage low-income communities and communities of color
1550 from seeking Federal assistance from the Inflation Reduction
1551 Act programs or future Justice40 investments made by
1552 Congress?

1553 *Mr. O'Donnell. So for us -- and I think this is in line
1554 with what you were saying -- when we look at the dollars
1555 spent, our focus isn't on the recipient. It is not on that
1556 applicant, it is on the beneficiaries. We want to make sure -
1557 - and I think this is a matter of environmental justice --
1558 that the recipients pass through that money, and that the
1559 beneficiaries are the ones, those communities are the ones
1560 that receive the benefit.

1561 *Ms. Barragan. Yes, but are you taking any steps to make
1562 it less intimidating for some, maybe, who are working with
1563 the Federal Government for the first time?

1564 *Mr. O'Donnell. Well, we wouldn't facilitate the
1565 application for a loan or those sorts of things. We, of
1566 course, encourage the agency to have strong internal controls
1567 with respect to this. I think the agency is mindful of the
1568 concerns that you have raised, but I would let them speak to
1569 that.

1570 *Ms. Barragan. Well, thank you. A concern -- I think
1571 constructive oversight is key to ensuring programs succeed,
1572 and it is important for us to make sure that this oversight
1573 of EPA's programs is proportional to the size and the
1574 capacity of the recipient organizations, especially non-
1575 profits or small cities with maybe less Federal -- less
1576 experience in Federal funding.

1577 Mr. O'Donnell, in the audits you plan to conduct on the

1578 Inflation Reduction Act programs, will you assess how
1579 effectively EPA provides technical assistance to recipient
1580 organizations in Justice40 communities to ensure they have
1581 the tools they need to manage and implement their grants?

1582 *Mr. O'Donnell. So we -- I don't know that we have that
1583 specific audit, but it is something we would be interested
1584 in.

1585 And I want to add to my previous -- if you will, one
1586 thing that we do, that we continue to do even though we are
1587 not funded, is we do a great deal of outreach to recipients
1588 and communities to try and, in an appropriate, clear-language
1589 way, explain to them what the red flags are for fraud
1590 indicators and, you know, kind of put a personal face on the
1591 OIG.

1592 *Ms. Barragan. Okay. Is there any follow-up that is
1593 done to make sure the implementation of the grant is done as
1594 it should be done, or any tools that they are given,
1595 technical assistance?

1596 *Mr. O'Donnell. Well, that would be an important part of
1597 our work, closeout -- grant closeout and the like.

1598 *Ms. Barragan. Okay, thank you.

1599 Now, unfortunately, my Republican colleagues have spent
1600 this entire Congress searching for any reason to justify cuts
1601 to investments in environmental justice communities.
1602 Constructive oversight could help these programs succeed and

1603 mitigate identified risks. But what committee Republicans
1604 have done for the last two years has been more about
1605 obstructing progress than effective oversight.

1606 I urge my colleagues to support and protect these
1607 historic investments in environmental justice communities
1608 instead of relentlessly attacking them. We should be forced -
1609 - rather, focused on ensuring these programs fulfill their
1610 promise, not trying to limit EPA's ability to deliver
1611 results. And I can tell you that, you know, there has been
1612 conversation about taxpayers and taxpayer-funded dollars, and
1613 this is really about helping communities. It is about making
1614 sure that they can move toward getting cleaner air and
1615 getting the resources that they need.

1616 And I think, even in red parts of this country and in
1617 Republican areas, they would appreciate that cleaner air and
1618 cleaner ability to breathe, the better ability to breathe,
1619 because that is not a Democrat or Republican issue. And I
1620 think this really is something we should continue to work on,
1621 to work on together, so that we can provide this progress.

1622 Thank you so much, and I yield back.

1623 *Mr. Carter. The gentlelady yields back. The chair now
1624 recognizes the gentlelady from Iowa, Dr. Miller-Meeks, for
1625 five minutes of questioning.

1626 *Mrs. Miller-Meeks. Thank you, Mr. Chairman, and I want
1627 to thank our witness for testifying before the committee

1628 today.

1629 This November will mark three years since the
1630 Infrastructure Investment and Jobs Act was signed into law.
1631 The supplemental appropriations under the IIJA doubled EPA's
1632 typical appropriations for each year of the five-year funding
1633 period. The IRA, which just turned two years old,
1634 appropriated over 41 billion to the EPA over a decade, with
1635 massive funding levels going to ill-defined programs such as
1636 the Greenhouse Gas Reduction Fund and Environmental Justice
1637 Block grants, as we just heard.

1638 The Administration and my Democrat colleagues are
1639 throwing a lot of money toward so-called energy transition
1640 without a real sense of how these programs and the EPA's
1641 regulatory actions will impact economic well-being and net
1642 global emissions. For example, the EPA is trying to force
1643 closure of existing power plants with the Clean Power Plan
1644 2.0 rule without a subsequent plan in place to meet growing
1645 electricity demand, especially with AI and data centers
1646 coming on board.

1647 While Iowa is powered by 60 percent renewable energy and
1648 we are a net energy exporter of clean energy, it is important
1649 to remember that, nationwide, coal and natural gas are still
1650 60 percent of our nation's electricity generation, and
1651 globally, 600,000 people die of heat or cold, the vast
1652 majority of cold from not having affordable energy for their

1653 homes. So we risk creating energy poverty.

1654 So I think it is important that we are accounting for
1655 where these billions of dollars are going and if the funds
1656 are actually helping to improve the environment and address
1657 the increasing energy demand.

1658 Mr. O'Donnell, what is the status of your IIJA oversight
1659 plan?

1660 And do you have a future work plan for IIJA oversight
1661 beyond what is described in the latest oversight plan?

1662 *Mr. O'Donnell. We try and -- we take seriously the
1663 requirement that we keep Congress and the administrator
1664 currently fully informed. Plans are malleable, they grow. So
1665 what we try and focus on is what we are going to do as far as
1666 specific projects for one year, and then we look on the out
1667 years and talk about general areas. And I think with respect
1668 to our plan, we have talked about things like grant closeout
1669 and the like.

1670 *Mrs. Miller-Meeks. And the status is on track, or --

1671 *Mr. O'Donnell. Oh, yes, yes.

1672 *Mrs. Miller-Meeks. Thank you.

1673 *Mr. O'Donnell. And if I may, just very quickly, there
1674 were -- and I have done a disservice to my evaluators.

1675 When we publish a report, it goes through a very
1676 rigorous review and quality assurance process. So when our
1677 reports say something is this or that, I have unimpeachable

1678 confidence in that. So --

1679 *Mrs. Miller-Meeks. Thank you. On December 7, 2022 the
1680 OIG published a review of 28 prior reports on EPA's use of
1681 7.2 billion under the American Recovery and Reinvestment Act
1682 of 2009. In it the OIG reported on three lessons that the EPA
1683 should consider to mitigate risks and reduce the likelihood
1684 of fraud, waste, and abuse of IIJA funds. What are those
1685 three factors?

1686 *Mr. O'Donnell. Oh, boy. I don't recall. Can I -- yes,
1687 we will get back to you on that one.

1688 *Mrs. Miller-Meeks. Well, I am surprised you can't
1689 recall, but my follow-up question was going to be how is the
1690 EPA following those recommendations?

1691 But if you are not aware of what those recommendations
1692 are, that is a little bit --

1693 *Mr. O'Donnell. I remember some of them, I don't want to
1694 remember all --

1695 *Mrs. Miller-Meeks. That is a little bit problematic.
1696 So what level of confidence should Congress have in the
1697 agency's ability to handle such a significant amount of money
1698 and requirements, including from the additional items in the
1699 IIJA and IRA?

1700 *Mr. O'Donnell. So we will -- we are in the process of
1701 planning a follow-up to that to see where they have -- how
1702 they have responded from that roll-up into two or three years

1703 into the program.

1704 *Mrs. Miller-Meeks. It is not very confidence-inspiring
1705 that you don't know what the recommendations were.

1706 Is the EPA's data management proficiency a challenge in
1707 managing the new grant programs created through the IIJA or
1708 the IRA?

1709 *Mr. O'Donnell. Yes, yes, that has been a -- we have
1710 identified that as a top management challenge to the EPA.

1711 *Mrs. Miller-Meeks. And do you have a plan for how to
1712 meet that management challenge?

1713 *Mr. O'Donnell. Yes, we have ongoing oversight work in
1714 that area.

1715 *Mrs. Miller-Meeks. All right, thank you very much.
1716 I yield back.

1717 *Mr. Carter. The gentlelady yields back. Before you
1718 yield back, can you yield me some time?

1719 *Mrs. Miller-Meeks. Yes, sir, I am more than happy to
1720 you.

1721 *Mr. Carter. Thank you.

1722 Let me ask you something. Earlier, Representative Palmer
1723 asked you about sub-grants, and then Representative Barragan
1724 also touched on this. How far do you follow the money? Do
1725 you follow it all the way until it is spent?

1726 I mean, does the EPA have to give a grantee permission
1727 to give a sub-grant?

1728 *Mr. O'Donnell. I believe that is part of the terms and
1729 conditions of the grant. There will be the notion of a sub-
1730 recipient.

1731 *Mr. Carter. So when they propose their program for a
1732 grant, does it include that we are going to give a sub-grant
1733 to this person or to this --

1734 *Mr. O'Donnell. Well, it depends on the program. You
1735 know, for us, I think this is the context of -- well, one was
1736 in the context of, I think, the TikToks that the EPA calls
1737 them. And for our earlier discussions it was with respect to
1738 the SRFs, which --

1739 *Mr. Carter. Okay.

1740 *Mr. O'Donnell. -- by their nature are -- have sub-
1741 recipients.

1742 *Mr. Carter. Right, and I thank the lady for yielding,
1743 and --

1744 *Mrs. Miller-Meeks. I yield back.

1745 *Mr. Carter. -- the gentlelady yields back.

1746 Is she ready?

1747 The chair now recognizes the gentlelady from Illinois,
1748 Representative Schakowsky, for five minutes of questioning.

1749 *Ms. Schakowsky. Thank you, Mr. Chairman.

1750 The good news that we have had over the Biden
1751 Administration is that the -- what we have seen has been
1752 enormous amount of investment from the Bipartisan

1753 Infrastructure Law, and then the -- also the Inflation
1754 Reduction Act that has really provided opportunities for
1755 commerce and for jobs all across the country. And it seems to
1756 me that that has been a big benefit for the environment and,
1757 as I say, for workers and for business.

1758 So I wanted to ask Mr. O'Donnell, have we -- have you
1759 done a report on exactly really what has been done?

1760 And will you do that -- if you have not -- that talks
1761 about the number of jobs that have been created, the success
1762 of the legislation that has been passed?

1763 *Mr. O'Donnell. We have started to look at that --

1764 *Ms. Schakowsky. Talking about these -- this issue.

1765 *Mr. O'Donnell. Yes, I think we have issued a report on
1766 -- a very recent report on the EPA's compliance with the
1767 Justice40 program. Are they meeting the goals of that
1768 program, along the lines of what you said? And we found that
1769 they are meeting the goals of that program -- overstating the
1770 benefits slightly, but they are meeting the goals.

1771 And we will continue to do that as this money progresses
1772 out.

1773 *Ms. Schakowsky. I think it is really important that
1774 people understand what actually -- the legislation that
1775 passed, and I say that the infrastructure was a bipartisan
1776 bill -- how much it really did for them.

1777 We have over and over again had hearings from the

1778 majority party, from the Republicans to go after the
1779 Environmental Protection Agency, things like trying to make
1780 the air cleaner, help people breathing -- like in Chicago,
1781 where asthma is such a problem in so many communities. And it
1782 just -- I don't understand why there has been such a attack
1783 over and over again on the Environmental Protection Agency
1784 when I think we have so many things that can be put out to
1785 the public that have directly benefitted them all over the
1786 country, the things that have been happening.

1787 So we need to be mindful, I think, of getting that
1788 information out. I have raised that before at a hearing that
1789 we had, and I would like to see that kind of report.

1790 With that, I am going to yield back.

1791 *Mr. Carter. The gentlelady yields back. The chair now
1792 recognizes the gentleman from Pennsylvania -- from Ohio,
1793 Representative Balderson, for five minutes of questioning. My
1794 apologies.

1795 *Mr. Balderson. No worries, Mr. Chairman. My dear
1796 friend from Pennsylvania is right next door.

1797 Thank you, Chairman Carter, for holding this hearing
1798 today and, Mr. O'Donnell, for you being here today and help
1799 us conduct some oversight in an out-of-control EPA.

1800 First I would like to echo a sentiment you expressed in
1801 your testimony. I strongly agree that the \$100 billion in new
1802 funding for the EPA from the IIJA and the IRA doesn't belong

1803 to the EPA. It is taxpayer money. And we must ensure the EPA
1804 is managing this funding in accordance with Federal laws.

1805 Mr. O'Donnell, we have talked a little bit about some of
1806 the concerns with the money, but you also discussed your
1807 concerns with the data quality issues with the EPA's regional
1808 offices. Can you expand on why better data management is
1809 needed to ensure program performance and track the success of
1810 the grants that the EPA has issued?

1811 *Mr. O'Donnell. These grants are intended for outcomes,
1812 and the only way the EPA can really measure across the
1813 enterprise of whether they are meeting those outcomes is from
1814 good data.

1815 *Mr. Balderson. Okay, thank you. Any response to your
1816 whistleblower report that was issued this week? The EPA said,
1817 "Since day one, the Biden-Harris Administration has restored
1818 scientific integrity as the cornerstone of its work to
1819 protect public health and the environment, including
1820 reinstating key whistleblower protections that empower
1821 employees to share their own differing scientific opinions.'"

1822 It is my understanding that your report found that many
1823 of these retaliatory actions occurred in 2021 and 2022. So
1824 would you agree with the statement from the EPA?

1825 *Mr. O'Donnell. I think I have read that statement one
1826 time. I believe that the retaliatory acts occurred in 2020.
1827 Our concern in 2021 and 2022 was the circulating of the names

1828 of whistleblowers. For us, the confidentiality of
1829 whistleblowers is paramount, and that was lost when those
1830 names were circulated.

1831 *Mr. Balderson. Okay, thank you. This past July your
1832 office issued a report on the clean or zero-emission school
1833 bus program. The report found that the EPA did not require
1834 funding applicants to provide sufficient program eligibility
1835 documentation. However, as noted in the report, the EPA's
1836 guidance on that \$5 billion program states that it will
1837 conduct random reviews of applications and post-award
1838 documentation.

1839 Mr. O'Donnell, I know we have discussed the school bus
1840 program a little bit today, but can you expand on why these
1841 random reviews are insufficient to adequately prevent waste,
1842 fraud, and abuse of the program?

1843 *Mr. O'Donnell. When I had my confirmation hearing, now
1844 many years ago, I really -- I reflected on this notion that
1845 Justice Holmes said that we are expected to cut square
1846 corners in dealing with the government. And I think that it
1847 is very important that the EPA ensure that everyone who comes
1848 to them is cutting those square corners, because they are
1849 really getting the benefit of the American taxpayer dollar.

1850 *Mr. Balderson. Doesn't this mean that, in some cases,
1851 the funding would have already been distributed to the
1852 recipient by the time the EPA detects a problem?

1853 *Mr. O'Donnell. It could.

1854 *Mr. Balderson. Thank you very much.

1855 Mr. Chairman, I yield back.

1856 *Mr. Carter. The gentleman yields back. The chair now
1857 recognizes the gentleman from California, Mr. Peters, for
1858 five minutes of questioning.

1859 *Mr. Peters. Thank you, Mr. Chairman.

1860 Thanks, Mr. O'Donnell, for being here.

1861 We do need robust oversight to ensure that when Congress
1862 creates programs we can make sure every dollar is spent as we
1863 intended. And the problem I have with today's hearing is that
1864 in some respects the majority isn't walking the walk. Every
1865 time Mr. O'Donnell expresses the need for funding for proper
1866 oversight, which he has at three hearings now, the majority
1867 introduces a dead-on-arrival funding bill that does not
1868 include the necessary funding for that oversight. This will
1869 not ensure that taxpayer dollars are spent properly, and it
1870 is not going to get money into Mr. O'Donnell's office.

1871 Mr. Inspector General, it is my understanding that EPA's
1872 fiscal year 2025 budget request called for an additional \$20
1873 million for your office. Is that your understanding?

1874 *Mr. O'Donnell. Yes.

1875 *Mr. Peters. And does the latest CR from House
1876 Republicans include those additional funds to meet EPA's
1877 budgetary needs?

1878 *Mr. O'Donnell. I am sorry, I haven't seen -- I haven't
1879 read the CR.

1880 *Mr. Peters. I don't -- the answer is no, but that is my
1881 problem with today's hearing.

1882 I think oversight is a bipartisan issue. We can and
1883 should work together to make sure we aren't wasting taxpayer
1884 dollars.

1885 I talked to you also about something we can -- we might
1886 agree on in terms of getting the benefit out of IRA and the
1887 infrastructure bill, which is permanent reform to make things
1888 go faster and avoid delays. That is not specifically your
1889 issue, but it is one of the concerns I have about waste in
1890 deploying these bills, which I think are worthy efforts. But
1891 I would appreciate the opportunity to work in a bipartisan
1892 way to fully fund the OIG, and it doesn't have to be
1893 partisan.

1894 This hearing is not about the needs of OIG, and it isn't
1895 about oversight. It is just another opportunity for the
1896 majority to highlight programs they don't like and problems
1897 that we have a tough time solving together without evidence
1898 of waste, fraud, or abuse to back up those complaints. And I
1899 think we should focus on funding the government, meeting all
1900 of our obligations to the American people. And we should work
1901 to conduct real oversight and stop waste, fraud, and abuse in
1902 every form.

1903 I would love to support your office with the funding you
1904 need to do your part.

1905 With that I yield back.

1906 *Mr. O'Donnell. Thank you, and I appreciate that.

1907 *Mr. Carter. The gentleman yields back. The chair now
1908 recognizes the gentleman from Indiana, Representative Pence,
1909 for five minutes of questioning.

1910 *Mr. Pence. Thank you, Mr. Chairman, and thank you,
1911 Ranking Member Tonko.

1912 And thank you for appearing here today. Back in a former
1913 life I was chief deputy commissioner of the Indiana
1914 Department of Environmental Management, and that was a long
1915 time ago, and the dollars were much, much less than they are
1916 now.

1917 I have been raising alarms about the impacts of this
1918 Administration's rush to electrify our transportation and
1919 manufacturing industry. I have hosted probably about eight
1920 roundtables back in Indiana. I have the State of Indiana
1921 sitting there, utilities, research, universities, Purdue,
1922 Vincennes, parking and mobility experts, and charging station
1923 developers that have told me about lessons learned, where
1924 they were at, the grants they were applying for, the monies
1925 that the state has received. In these roundtables I have
1926 recently heard some troubling stories about the current state
1927 of the green transition. I will get into that in a second.

1928 Recently the governor of Indiana, Eric Holcomb, said,
1929 "Let's invest in innovation. Let's not set goals that are out
1930 of reach. I will continue to advocate for more investment
1931 like we are doing here in the State of Indiana to embrace
1932 alternative resources.'" So we are -- you know, we are pro-
1933 moving forward with all of the above.

1934 Inspector General, in your written testimony, and I
1935 quote, you said, "In my previous testimony I warned of some
1936 of the risks of managing such a massive influx resources
1937 create.'" And then just a second ago Chairman Carter asked
1938 you how it is going on the follow-up and seeing how this
1939 money is used. And then, when I walked in here you said
1940 something, and I really didn't hear it, but I think the gist
1941 was you are operating at a loss because --

1942 *Mr. O'Donnell. Yes.

1943 *Mr. Pence. -- the demand is -- far, far exceeds what
1944 you are supposed to inspect, regulate, oversee.

1945 I am here to share with you today that the State of
1946 Indiana, they got enormous sums of money in 2021, and they
1947 are just -- they can't do it. They can't do it because of the
1948 delays in permitting, the delays in how you actually can
1949 qualify for deploying the funds.

1950 There are companies that have set up, they are ready to
1951 do these things, regardless of what it is, develop
1952 alternative -- I have heavy-duty, Cummins Engine Company is

1953 in my hometown, which the EPA has been very generous with.
1954 But moving to -- moving forward with the science and the
1955 implementation just seems to be tremendously bogged down, and
1956 yet the dollars are out there. Am I misunderstanding
1957 something? Is that correct?

1958 *Mr. O'Donnell. I am not sure how much of the money the
1959 EPA has actually spent with respect to the IIJA. I believe it
1960 is 10 to 20 percent, but it is such an enormous amount of
1961 money that --

1962 *Mr. Pence. An enormous amount. And would you agree
1963 that it is actually not being deployed the way the intention
1964 of whatever the grant was? Would you agree with that?

1965 *Mr. O'Donnell. Well, I think we found that in our
1966 capacity review of New Mexico, that they were -- they had
1967 financial capacity issues that were not allowing them to move
1968 the money out the way that they were expected to.

1969 *Mr. Pence. I am sorry. Say that again. What didn't
1970 allow them to move the money out?

1971 *Mr. O'Donnell. Their financial capacity and the amount
1972 of money that came in -- they were not able to move IIJA
1973 money, SRF money out as fast as they were expected to.

1974 *Mr. Pence. Well, you know, sometimes I -- whether it is
1975 a state or it is a balance sheet of a company, are they just
1976 deploying it on their balance sheet to make them look a
1977 little better? You know what I am saying by that? I am a

1978 little suspicious of that.

1979 *Mr. O'Donnell. And that is something we definitely look
1980 at, as well. I --

1981 *Mr. Pence. Good, okay.

1982 *Mr. O'Donnell. It is a common fraud technique among
1983 grant recipients.

1984 *Mr. Pence. Yes. I am going to yield some time back to
1985 the chairman.

1986 *Mr. Carter. Again, I asked you earlier about how far
1987 down the line you follow the money.

1988 *Mr. O'Donnell. Yes.

1989 *Mr. Carter. And I am just not comfortable with the
1990 answer yet. I mean, do you follow it until it is spent?

1991 *Mr. O'Donnell. All right, so --

1992 *Mr. Carter. We have had a problem across the board, not
1993 just with EPA but in other agencies as well, where we grant
1994 and we give these grants, and then they give sub-grants, and
1995 we don't know what they are being used for.

1996 *Mr. O'Donnell. Yes. So I think maybe in the past my
1997 office has not, it has taken a more restrictive view. My view
1998 is that we follow every dollar until it is spent. And that
1999 includes not just to the sub-recipient, but to the sub-
2000 recipient's contractors.

2001 And these are the things we speak about when we talk
2002 about the need for audit, we talk about the need for better

2003 data at -- that the SRFs and the EPA collecting in order to
2004 know if there is, for example, bid rigging or collusion. So
2005 we will follow every dollar until it is spent.

2006 *Mr. Carter. And I know you can't speak for other IGs,
2007 but is that the normal practice of IGs?

2008 *Mr. O'Donnell. I can't speak for everyone. When I was
2009 at the Department of Justice I would work with some OIGs that
2010 -- we would follow the dollars all the way to the end.

2011 *Mr. Carter. Okay. All right, the gentleman yields
2012 back?

2013 *Mr. Pence. I yield back.

2014 *Mr. Carter. And the chair now recognizes the gentleman
2015 from Texas, Representative Crenshaw, for five minutes of
2016 questioning.

2017 *Mr. Crenshaw. Thank you to the chair. Thank you for
2018 helping me out as I run from another committee.

2019 Mr. O'Donnell, we are obviously very worried about the
2020 EPA's management of roughly \$100 billion in U.S. taxpayer
2021 funds received through the Infrastructure Investment and Jobs
2022 Act and the deceptively-labeled Inflation Reduction Act.

2023 Of all the dubious programs, and there are many, one of
2024 the most concerning is the \$30 billion for the EPA Greenhouse
2025 Gas Reduction Fund and Environmental Justice Block Grants,
2026 which funnels taxpayer funding directly to radical
2027 environmental groups. And shockingly -- I say that with

2028 extreme sarcasm -- some of these pass-throughs who are
2029 receiving IRA funding have direct ties to other organizations
2030 such as the Indigenous Environmental Network, which was
2031 responsible for the violent and illegal protests of the
2032 Dakota Access Pipeline.

2033 Moreover, many of these awarded IRA funds are directly
2034 connected to the Biden-Harris Administration or other
2035 Democrat organizations. One example is David Hayes, a former
2036 special assistant to the President who now sits on the board
2037 of the Coalition for Green Capital, which received \$5 billion
2038 in taxpayer money. It is hard not to read that and just -- it
2039 is hard to read that and not be infuriated by what seems to
2040 be just overt corporate cronyism.

2041 And then we have to ask ourselves, what tangible
2042 benefits do Americans actually get for any of this? I mean,
2043 if you can tell me that we are going to get decades of
2044 reliable, abundant energy, clean, emission-free energy at a
2045 low cost, then you know what? That wouldn't be a terrible
2046 investment. But I would say we are definitely not getting
2047 that. A lot of people are getting rich, but we are not
2048 getting that.

2049 They will have you believe that these non-profit groups
2050 are going to help prevent climate change, make our weather
2051 better, improve the environment. But the truth is, the EPA
2052 has little to any safeguards to ensure that this money is

2053 even spent appropriately.

2054 And, you know, I have to point out, if we were serious
2055 about reducing climate change and we had to spend \$100
2056 billion on it, then I think we would direct that money to
2057 reduce emissions by providing baseload power like new nuclear
2058 plants. It is unclear how much more gigawatts of energy we
2059 could build with \$100 billion, maybe 10. Whatever the number
2060 is, it is definitely more than what we are going to be
2061 creating with all of these pass-through programs, and that is
2062 assuming that solar energy actually worked all the time. Of
2063 course, it doesn't, because at night it just doesn't work. It
2064 is intermittent energy.

2065 So this is a very non-pragmatic approach to clean
2066 energy. I pointed that out a million times on this committee.

2067 Look, and I appreciate the work you all are doing at
2068 your office. But without additional oversight these funds
2069 just can't be efficiently managed. And based on your
2070 testimony, I think I am concerned about the culture at the
2071 EPA, which seems to be pretty resistant to transparency
2072 overall. I will just ask you a general question in our
2073 limited time here.

2074 You have highlighted the unprecedented funding flowing
2075 through new programs created by the Inflation Reduction Act.
2076 Has the agency done enough to ensure that funds distributed
2077 through the Greenhouse Gas Reduction Fund are managed

2078 responsibly? Are you funded to do that?

2079 *Mr. O'Donnell. We are not funded to do that. The EPA
2080 has given us what they call gold standard meetings. We have
2081 met with them. I know that the agency is concerned about
2082 this. They have stated their concern, but they have also said
2083 that they are relying on us to make sure -- they are relying
2084 on the OIG to make sure that these funds are expended
2085 appropriately, knowing that we aren't funded to do that.

2086 *Mr. Crenshaw. And what mechanisms do you have to
2087 actually look at subcontractees?

2088 I have seen a list of contractors, which are just a
2089 bunch of groups of non-profits that then get to spend the
2090 money how they see fit in many cases. Do you really have the
2091 ability to audit some of these subcontracts?

2092 *Mr. O'Donnell. Yes, we can do that.

2093 *Mr. Crenshaw. But you just said you are not funded to
2094 do that.

2095 *Mr. O'Donnell. Well, so we can, we have -- you know, we
2096 have the authorities to do it. Do we have the capacity to do
2097 it? No.

2098 *Mr. Crenshaw. Okay. And how much money would that
2099 take? I mean, they put \$100 billion into this, but they
2100 didn't put a dime into additional oversight for it. How much
2101 money would it take to --

2102 *Mr. O'Donnell. I believe that, as we have said before,

2103 a fraction of a penny for every dollar that the EPA sends out
2104 would be sufficient for us.

2105 *Mr. Crenshaw. Okay, well, there was a lot of dollars
2106 sent out. It is a lot of pennies.

2107 I mean, do you have concerns about the potential for
2108 taxpayer funding going to Chinese solar component
2109 manufacturers, even though it is explicitly said they should
2110 be American made, but the reality is the supply chain is
2111 largely held up by China?

2112 *Mr. O'Donnell. We have an abiding concern about the Buy
2113 American provisions across the board, including with respect
2114 to solar.

2115 *Mr. Crenshaw. Because? Why do you have a concern about
2116 that?

2117 *Mr. O'Donnell. Well, in part, for me it is always
2118 because there is a law that requires that these things be
2119 purchased from American sources. So, you know, there are, of
2120 course, concerns, national security concerns with respect to
2121 certain countries that manufacture it.

2122 *Mr. Crenshaw. I understand, but what are your concerns?
2123 What are your concerns about the provision --

2124 *Mr. O'Donnell. Oh, our concern is that the EPA's
2125 guidance and oversight of these is quite poor. I mean, as I
2126 have said earlier, if you talk to stakeholders, they find the
2127 guidance so nebulous that they are not -- they are deeply

2128 concerned that they are not complying with the BABA
2129 requirements, for example, that there is enough gray area in
2130 the guidance for people to come in and make money or to take
2131 over that industry where they themselves -- and I am speaking
2132 for the manufacturers -- have been pretty fastidious in
2133 trying to meet the spirit of BABA. So that is an example of
2134 where we have a concern because, ultimately, we are the ones
2135 who will have to bring these cases to the Department of
2136 Justice to prosecute.

2137 *Mr. Crenshaw. Understood.

2138 I yield back. Thank you.

2139 *Mr. Carter. The gentleman yields. That concludes all
2140 the questions that we have right now from members, Mr.
2141 O'Donnell. Thank you.

2142 I ask unanimous consent to insert into the record the
2143 documents included on the staff hearing documents list.

2144 Without objection, that will be the order.

2145 [The information follows:]

2146

2147 *****COMMITTEE INSERT*****

2148

2149 *Mr. Carter. I remind members that they have 10 business
2150 days to submit questions for the record, and I ask the
2151 witness to respond to the questions promptly.

2152 Without objection, the subcommittee is adjourned.

2153 [Whereupon, at 11:52 a.m., the subcommittee was
2154 adjourned.]