



COMMITTEE ON
SCIENCE, SPACE, & TECHNOLOGY
Lamar Smith, Chairman

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Statement of Oversight Subcommittee Chairman Darin LaHood (R-Ill.)
Risky Business: The DOE Loan Guarantee Program

Chairman LaHood: Good morning and welcome to today's Oversight and Energy Subcommittee hearing reviewing the Department of Energy's Loan Program.

Today we intend to discuss and evaluate the DOE loan guarantee program.

Today's hearing will also provide an opportunity to examine one of the ways the previous administration used taxpayer dollars to fund massive green energy initiatives. In the Department of Energy's Loan Guarantee Program, over \$28 billion taxpayer dollars were used to support the Loan Program's portfolio of 30 projects. Too often, loan guarantees were handed out based on political favoritism instead of merit.

Problems with loan program arose when DOE's first approved project, Solyndra, defaulted on its loan after receiving a \$535 million loan guarantee. Four additional projects defaulted on their loans, representing \$807 million taxpayer dollars lost to date.

So it's no surprise that the Loan Program Office has faced strong criticism from Congress. Rigorous oversight should be expected when billions of taxpayer dollars are at stake – especially when politics can influence how dollars are spent. This Committee, the Energy and Commerce Committee, and the Oversight and Government Reform Committee have held many hearings outlining concerns with the program.

In addition to Congressional oversight, the DOE Inspector General and the non-partisan Government Accountability Office have repeatedly raised concerns about mismanagement and accountability in the loan program.

The DOE inspector general described the DOE Loan Program office as “attaching a garden hose to a fire hydrant.” Had Congressional Committees not drawn attention to the problems with the Loan Program Office, the losses could have been far greater. As part of Congress' oversight mandate, we have a responsibility to ensure that the proper transparency is in place to ensure DOE is not putting taxpayer dollars at undue risk.

While this is my first hearing as the Oversight Subcommittee Chairman, my colleagues on this Committee led efforts last Congress to ensure that the DOE loan guarantee

program was effectively managed and transparent. I'm committed to maintaining oversight of this program in the 115th Congress.

The loss of taxpayer dollars in the DOE loan program raises significant questions about the overall effectiveness of the program, and what steps Congress may need to take to ensure taxpayer dollars are no longer put at risk.

We can't keep putting American tax dollars on the line when loan guarantee recipients are in danger of default. And we can't automatically expect the federal government to be better than the private sector when it comes to investment and what makes a technology successful in the commercial market.

Today's hearing is intended to analyze the future of the DOE loan guarantee program – how can and should it be improved. Is the risk to the taxpayers worth the benefits gained? Are the taxpayers truly benefiting from the Loan Program Office? Is the DOE loan guarantee program operating within its intended purpose, to close the gap between innovative technologies and private investment? Or is federal government intervention crowding out other innovative technologies in the energy marketplace?

All of these are important questions that require the kind of thorough discussion I hope we can have here today. It's our job in Congress to ensure responsible management of federal resources, and determine the best path forward for the DOE Loan Program.

We have a number of excellent witnesses here today that will help this Committee answer some of these questions, and provide recommendations on next steps for the DOE loan guarantee program. I would like to thank our witnesses for joining us today and I look forward to your testimony. With that I yield back to the chairman.

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