

**COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY
U.S. HOUSE OF REPRESENTATIVES**

HEARING CHARTER

***Management and Spending Challenges within the Department of Energy's
Office of Energy Efficiency and Renewable Energy***

February 5, 2020

10:00 a.m.

2318 Rayburn House Office Building

PURPOSE

The purpose of the hearing is to assess the Department of Energy's (DOE) Office of Energy Efficiency and Renewable Energy (EERE) use of taxpayer funds to advance clean energy research and development. The Committee will discuss EERE's ability to spend its grant funding in a responsible and timely manner and maintain adequate staffing levels to oversee its broad portfolio of work, given recent management and spending challenges within the office.

WITNESSES

Panel 1

- **Mr. Daniel Simmons**, Assistant Secretary, Department of Energy's Office of Energy Efficiency and Renewable Energy

Panel 2

- **Dr. Charles Gay**, Member, Sandia National Laboratories Energy and Homeland Security External Advisory Board; former Director of the Solar Energy Technologies Office, Department of Energy's Office of Energy Efficiency and Renewable Energy
- **Mr. Anthony M. Reardon**, National President, National Treasury Employees Union
- **Mr. Arjun Krishnaswami**, Policy Analyst, Climate & Clean Energy Program, Natural Resources Defense Council

KEY QUESTIONS

- What are general principles for spending and staffing that will allow EERE to be as productive and efficient as possible?
- Does EERE have adequate staff to administer its growing budget authority?
- Why was Topic 1 of the FY2018 SETO FOA cancelled after completion of DOE's merit review and selection process for applications, and what can be learned from this incident?

- How is EERE working to ensure annual appropriations are obligated and disbursed in a timely manner?

BACKGROUND

EERE serves as the leading Federal office for research & development (R&D) to advance energy efficiency and renewable energy technologies. EERE invests in innovative research projects through Funding Opportunity Announcements (FOA) that award grants to universities, national labs, and companies through a rigorous merit review process. DOE categorizes EERE funding into four main areas: sustainable transportation, energy efficiency, renewable energy, and corporate support (e.g., program administration). Through its investments in clean energy innovation programs, EERE has been instrumental in accelerating deployment of technologies to help the United States address the climate crisis while continuing to meet our nation's energy needs.¹

Managing Grant Funding in a Responsible and Timely Manner

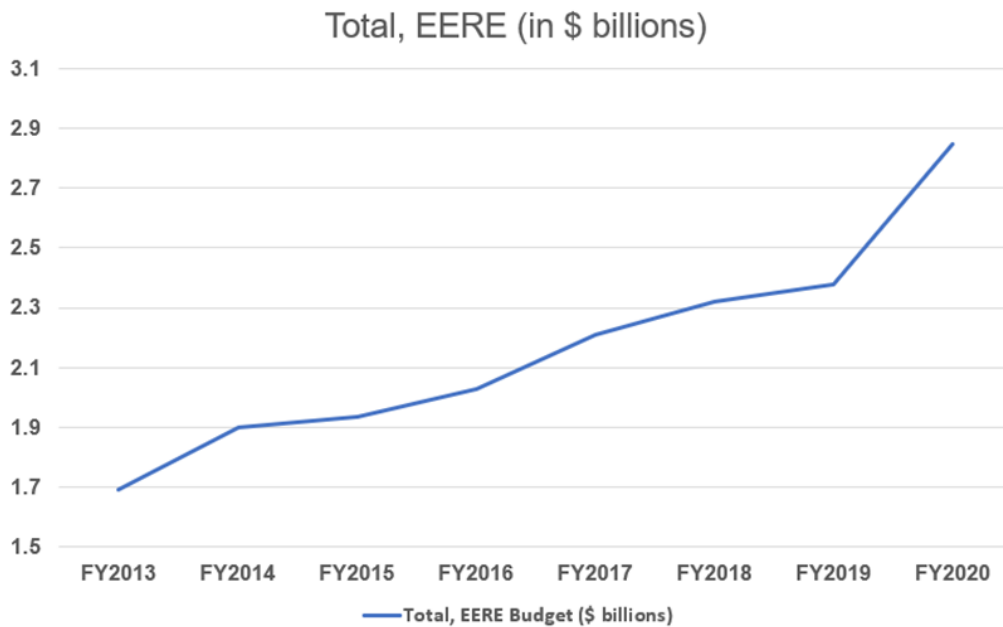
Since taking office, President Trump has proposed large cuts to energy R&D programs, including a proposal in the Fiscal Year (FY) 2020 request to reduce EERE's budget by more than 80%.² Despite this, EERE received \$2.8 billion in FY20 funding, an increase of \$411 million above the FY19 level and \$2.5 billion above the request.³ EERE's overall budget has increased by nearly 70% since FY13:

¹ Danielson, David. Testimony for hearing entitled "Department of Energy Oversight: Office of Energy Efficiency and Renewable Energy." Mar 24, 2015. Accessed at <https://science.house.gov/imo/media/doc/Danielson%20HSST%20Testimony%20FINAL%203-20.pdf>.

² Congressional Research Service. "Energy and Water Development: FY2020 Appropriations." Nov 25, 2019, accessed here: https://www.crs.gov/Reports/R45708#_Toc25599014.

³ Funding for EERE is provided in the annual Energy and Water Development Appropriations bill, FY20. Accessed here: <https://appropriations.house.gov/sites/democrats.appropriations.house.gov/files/BILLS-116HR1865SA-RCP116-44%20%281%29.PDF>.

EERE Overall Budget FY2013-FY2020



While it is typical for DOE program offices to carry forward some prior year funds to use for the same purpose in a future year, the amount of funds EERE has carried over from previous years has been on an upward trend, as summarized by the Congressional Research Service (CRS)^{4,5}:

FY2012 - FY2020 Start of Year Unobligated Balance for EERE

(in millions of current dollars)

Year	Unobligated Balance brought forward October 1
FY2012	118.9
FY2013	328.7
FY2014	107.8
FY2015	386.1
FY2016	641.0
FY2017	764.6
FY2018	565.5
FY2019	656.4
FY2020	823.8

Source: OMB, *SF 133 Report on Budget Execution and Budgetary Resources* for DOE for FY2012-FY2020.

Notes: Unobligated balances reported in table pertain to funds that do not have a fiscal year expiration date.

⁴ Congressional Research Service. Memo to House Science, Space and Technology Committee Staff. Jan 21, 2020.

⁵ Notably, in its FY20 budget request, DOE proposed applying \$353 million of prior-year unobligated funds to cover over half of its proposed FY20 EERE budget instead of spending those funds as directed by Congress.

EERE shared documentation with Committee Staff on December 13, 2019 that showed a carryover balance for the beginning of FY20 of \$810 million, slightly lower than the value identified by CRS. EERE estimated that of that figure, \$572 million is carryover in FY19 funds, \$112 million is from FY18, and \$126 million is from FY17 & prior Appropriations.

Not all factors affecting the size and source of carryover balances are within an agency's control. Regardless, the Government Accountability Office reported that reviewing such balances and asking key questions about them can help provide insights into why a balance exists, what size balance is appropriate, and what opportunities (if any) for savings exist.⁶ Effectively managing these funds can also help EERE better estimate future needs and respond to unexpected events, like disruptions in funding.⁷

Abrupt Cancellation of a Multi-Million Dollar Funding Opportunity

EERE itself is divided into several program offices, including the Solar Energy Technologies Office (SETO), which aims to make solar energy resources in the United States more affordable, accessible, and reliable for Americans. In FY20, SETO accounts for \$280 million of EERE's \$2.8 billion budget. Starting in 2018, SETO has issued a single office wide FOA each year, which integrates the funding opportunities of its sub-programs into one document.

In April 2018, former Secretary of Energy Rick Perry announced⁸ that SETO's FY18 FOA would fund about 70 awards for a total investment of \$105.5 million.⁹ Awards were to be separated into four distinct topic areas, including Topic 1 which focused on Advanced Solar Systems Integrations Technologies (ASSIST). EERE estimated \$46 million would be awarded under Topic 1 across approximately 14 projects.

Originally, award finalists were to be announced on September 3, 2018. However, on August 31, despite already having completed a rigorous merit review and selection process for applications to this FOA, EERE cancelled Topic 1 at the direction of the Acting Assistant Secretary for EERE at the time, Ms. Cathy Tripodi. EERE sent applicants a notice saying the office planned to revise and reissue Topic 1 as a separate FOA and that they needed to submit a new proposal to compete

⁶ Government Accountability Office. "Budget Issues: Key Questions to Consider when Evaluating Balances in Federal Accounts." Sep 30, 2013. Accessed here: <https://www.gao.gov/assets/660/658340.pdf>.

⁷ Government Accountability Office. "2013 Sequestration and Shutdown: Selected Agencies Generally Managed Unobligated Balances in Reviewed Accounts, but Balances Exceeded Target Levels in Two Accounts." Oct 30, 2015. Accessed here: <https://www.gao.gov/products/GAO-16-26>.

⁸ U.S. DOE. "U.S. Secretary of Energy Rick Perry Announces \$105 Million in New Funding to Advance Solar Technologies." Apr 17, 2018. Accessed here: <https://www.energy.gov/articles/us-secretary-energy-rick-perry-announces-105-million-new-funding-advance-solar-technologies>.

⁹ U.S. DOE. "Funding Opportunity Announcement: FY2018 Solar Energy Technologies Office." Accessed here: <https://www.energy.gov/eere/solar/funding-opportunity-announcement-fy-2018-solar-energy-technologies-office>.

for funding. EERE officially announced its revised ASSIST FOA on October 15, 2018 and selected 10 award finalists on March 25, 2019 to receive a total of \$36 million.¹⁰¹¹

EERE told Committee Staff that the original ASSIST FOA was cancelled because it lacked adequate focus on grid resilience and cybersecurity.¹² However, agency documentation obtained under the Freedom of Information Act suggests that Ms. Tripodi initiated a rewrite because she did not understand the FOA language.¹³ Documentation further shows that Ms. Tripodi kept EERE career staff out of the cancellation, rewrite, and reissuance process.

According a career official in SETO, the entire cancellation and reissuance process cost approximately \$1 million.¹⁴ Yet even with the added references to grid resilience and cybersecurity, experts in solar energy technology development have informed Committee Staff that the final ASSIST FOA is substantially similar to the original Topic 1.

If potential grantees do not think that EERE is a reliable partner or doubt that the competitive process is fair, they are less likely to engage with DOE in the future. It is vital that DOE's innovation mission remain independent of political motivation and respectful of the time and money that prospective grantees invest in working with EERE.

Maintaining Adequate Staffing Levels to Manage a Growing Portfolio

EERE must be adequately staffed to administer and oversee its research portfolio and grantees. The Office of Management and Budget and the Government Accountability Office contend that agencies should take steps to assess and, as appropriate, restructure, retrain, and resize full-time equivalent (FTE) levels to achieve their missions as effectively and efficiently as possible.¹⁵ It is critical that EERE's workforce can adequately and successfully support R&D to develop energy efficiency and renewable energy technologies.

As outlined above, annual budgets for EERE overall have increased substantially over the past decade. The EERE Program Direction (PD) budget is the funding line that provides for employee

¹⁰ U.S. DOE. "Funding Opportunity Announcement: Advanced Systems Integration for Solar Technologies (ASSIST)." Accessed here: <https://www.energy.gov/eere/solar/funding-opportunity-announcement-advanced-systems-integration-solar-technologies-assist> and here: <https://eere-exchange.energy.gov/FileContent.aspx?FileID=e4a2ddcf-36c2-45cb-989e-9067e1a91c8b>.

¹¹ U.S. DOE Solar Energy Technologies Office. "Advanced Systems Integration for Solar Technologies (ASSIST): Situational Awareness and Resilient Solutions for Critical Infrastructure." Accessed here: <https://www.energy.gov/eere/solar/advanced-systems-integration-solar-technologies-assist-situational-awareness-and>.

¹² EERE Briefing to House Science, Space and Technology Committee Staff on Dec 13, 2019.

¹³ E&E News. "Solar grant costs 10 times more than agency claimed – emails." Aug 8, 2019. Accessed here: <https://www.eenews.net/stories/1060881569>.

¹⁴ Id.

¹⁵ U.S. Office of Management and Budget. Preparation, Submission, and Execution of the Budget, OMB Circular No. A-11. July 2016. See also U.S. Government Accountability Office. "Grants Management: EPA Partially Follows Leading Practices of Strategic Workforce Planning and Could Take Additional Steps." Jan 9, 2017. Accessed here: <https://www.gao.gov/products/GAO-17-144>.

salaries, travel, and other support services. PD budgets reached a high-water mark of \$165 million in FY20.¹⁶ However, EERE staff levels have fallen about 20% in the last three years.

EERE Appropriations & Staffing Levels								
(dollars in millions)								
	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Total, Program Direction	160.5	162.0	160.0	155.0	153.5	162.5	162.5	165.0
--Salaries and Benefits	104.9	102.8	105.7	105.7	104.4	103.7	103.7	-
Total Staff (FTE)	732 ¹⁷	707	697	645	680	605	553	-

Given the upward trend in overall EERE funding, the average budget authority per EERE FTE has increased substantially from \$3.25 million per employee in FY17 to \$5.15 million per employee in FY20.

Committee Staff requested information from the Department on declining staff levels in May 2019. EERE provided a formal report on July 18, 2019 showing that EERE had 554 total staff.¹⁸ EERE has pointed to steps it is taking to increase the staff count, including working to post new job announcements on USAJobs.com, participating in a career fair in July 2019, taking advantage of the Office of Personnel Management’s new direct hiring authority for Science, Technology, Engineering and Mathematics positions¹⁹, and finalizing selections and offers for vacant positions. However, EERE provided updated data to Committee Staff on December 13, 2019, which showed that staffing levels had not increased.²⁰

EERE On-Board Count by Office		
	As of Jul 18, 2019	As of Sep 30, 2019
EERE Sector		
Energy Efficiency	129	133
Renewable Power	61	64
Transportation	74	78

¹⁶ Program Direction is one category within EERE’s Corporate Support budget. “Program Direction” includes “Salaries and Benefits,” “Travel,” “Support Services,” and “Other Related Expenses.” The funding levels for these subcategories are provided by DOE in subsequent fiscal year annual budget requests; therefore, the FY20 Salaries and Benefits estimate would be in the FY21 budget request, which is not yet available.

¹⁷ Higher FTE count in 2013 may be attributed in part to funding made available by the American Reinvestment and Recovery Act.

¹⁸ FTEs are determined as an annual calculation of total hours worked in a single year. On Board Count (OBC) is the total number of people on board as a snapshot in time. EERE’s OBC as of July 18, 2019 was 554.

¹⁹ <https://chcoc.gov/content/announcing-government-wide-direct-hire-appointing-authorities>

²⁰ EERE’s OBC at the end of fiscal year FY19 was 553. Since its OBC was higher earlier in the year, EERE told Committee Staff that the projected FTE calculation for EERE was 558.

Operations and Front Office ²¹	254	244
EERE Total	518	519
NETL Reimbursable FTEs ²²	36	34
Grand Total	554	553

In its FY20 budget request, DOE sought to reduce EERE FTEs a further 25% from planned FY19 levels.”²³ The House and Senate Appropriations Committees have expressed bipartisan concerns over EERE’s low staffing levels. The final Report Language for the FY20 Omnibus funding agreement signed into law on December 20, 2019 included a direction to EERE²⁴:

Staffing.— The Department is directed to report to the Committees on Appropriations of both Houses of Congress not later than 30 days after enactment of this Act with a plan for reaching a staffing level of 675 to 700 full-time equivalents by the end of fiscal year 2020. Furthermore, not more than 50 percent of Working Capital Fund costs shall be paid out of the Program Direction account.²⁵

²¹ According to EERE, Operations and Front Office staff include EERE Management, Golden Field Office, HQ Operations (Budget, IT, Workforce Management) and Strategic Programs.

²² EERE funds the National Energy Technology Laboratory (NETL) through a reimbursable agreement to provide financial assistance program management and administration services for a few EERE offices.

²³ U.S. DOE. FY2020 Congressional Budget Request, Budget in Brief, Mar 2019, accessed here: https://www.energy.gov/sites/prod/files/2019/03/f60/doe-fy2020-budget-in-brief_0.pdf.

²⁴ U.S. DOE. Fiscal Year 2020 Budget Request. Accessed here: <https://appropriations.house.gov/sites/democrats.appropriations.house.gov/files/HR%201865%20-%20Division%20C%20-%20EW%20SOM%20FY20.pdf>

²⁵ Senate Committee on Appropriations, Energy and Water Development Appropriations Bill 2020 Report, Sep 12, 2019, accessed here: <https://www.congress.gov/116/crpt/srpt102/CRPT-116srpt102.pdf>.