

**Opening Statement of the Honorable Cliff Stearns
Chairman, Subcommittee on Oversight and Investigations
Oversight of DOE Recovery Act Spending
March 17, 2011**

We convene this hearing of the Subcommittee on Oversight and Investigations today to gather information concerning the Department of Energy's stimulus spending. This is the first oversight hearing focusing on DOE's role in the stimulus program since the American Recovery and Reinvestment Act of 2009 was signed into law by President Obama just over two years ago.

We will hear today from the Department of Energy, and from the DOE Inspector General and the U.S. Government Accountability office – the two chief overseers of the Department's spending, which have produced 50 reports on DOE stimulus between them. This happens to be the first time both the IG and GAO have testified together on DOE stimulus spending as well.

In 2009, DOE was appropriated about \$36 billion under the Recovery Act to increase taxpayer spending on energy efficiency, environmental clean-up, loan guarantees, and various energy-related research, development and deployment projects and activities. The appropriation was in addition to the DOE's annual funding of about \$28 billion and represented an unprecedented expansion of taxpayer spending by DOE.

This unprecedented spending was accompanied by promises that the program would stimulate economic growth, create jobs, clean the environment, and transform our energy infrastructure. I, along with all of my Republican colleagues, was strongly against the Act's massive government spending. This was not the way to stimulate the economy and create jobs.

So how are things going? Let's review some of the information to date:

The agency hit its own targets generally for allocating funds, but today, over two years later, only about \$12 billion of the \$33 billion allocated has actually been spent. The whole point of the Democrat's stimulus bill was to spend billions of dollars in the hope that such spending would stimulate the economy and create jobs. It doesn't appear that this massive increase in spending has done either – most of the money still hasn't been spent and unemployment still stands at almost 9%.

While the Department had existing weatherization and energy efficiency programs, there was nothing "shovel ready" about expanding this on the scale dreamed up by the Administration. As the GAO has documented, efforts to safeguard taxpayer funds, clear up wage requirements and state and local infrastructure issues slowed the promised \$12 billion in spending considerably. Only recently, nearly three years after the financial crisis, has DOE even reached the half-way point of the 580,000 homes it promises to eventually weatherize under the program.

In addition, questions of cost-effectiveness and performance remain. For example, with regard to the weatherization program:

- the GAO informed staff of one instance in which contractors were hired to install new windows on every house on a Houston neighborhood street – without any clear measure of whether this was the most cost-effective way to help the homes save energy.
- In an Illinois program, a DOE Inspector General audit found 12 of 15 weatherized homes visited failed inspections because of substandard workmanship.
- Tennessee conducted its own state audit and found in 45% of 84 weatherized homes that “contractors had not performed weatherization measures, had not properly completed weatherization measures, or had performed work that was not allowable under the program.”

Clearly, there is need for close oversight scrutiny of these projects.

Furthermore, the DOE stimulus funded upwards of 10,000 jobs with the \$6 billion allocated for environmental clean-up. But contractors are already finishing some of the work and announcing the end of some 2,000 jobs. It is good that the funds helped keep some people working during tough economic times. Yet when the spending ends, can the agency show that this work reduced environmental risks or future clean up costs? Or that these stimulus funds are doing any more than just creating short-term, temporary jobs? Is DOE even tracking how the clean-up spending achieves long term environmental clean-up goals? GAO reported this past summer that DOE’s alleged future savings from the Recovery Act’s accelerated clean up spending overestimated taxpayer savings by 80%.

This Committee’s oversight responsibility requires that we hold the DOE accountable for measuring its Recovery Act spending in a way that we can evaluate whether or not it was cost-effective, in terms of policy goals and just good fiduciary sense.

With that, I welcome the witnesses, and yield to the gentle lady from Colorado for the purposes of an opening statement.

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