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Highlights

Highlights of GAO-10-497T, a testimony before the Committee on Energy and Natural Resources, United States Senate

March 4, 2010

RECOVERY ACT

Factors Affecting the Department of Energy's Program Implementation

Why GAO Did This Study

The American Recovery and Reinvestment Act of 2009 (Recovery Act)—initially estimated to cost $787 billion in spending and tax provisions—aims to promote economic recovery, make investments, and minimize or avoid reductions in state and local government services. The Recovery Act provided the Department of Energy (DOE) more than $43.2 billion, including $36.7 billion for projects and activities and $6.5 billion in borrowing authority, in areas such as energy efficiency and renewable energy, nuclear waste clean-up, and electric grid modernization.

This testimony discusses (1) the extent to which DOE has obligated and spent its Recovery Act funds, and (2) the factors that have affected DOE's ability to select and start Recovery Act projects. In addition, GAO includes information on ongoing work related to DOE Recovery Act programs. This testimony is based on prior work and updated with data from DOE.

View GAO-10-497T or key components.
For more information, contact Patricia A. Dalton at (202) 512-3841 or daltonp@gao.gov.

What GAO Found

As of February 28, 2010, DOE reported it had obligated $25.7 billion (70 percent) and reported expenditures of $2.5 billion (7 percent) of the $36.7 billion it received under the Recovery Act for projects and activities. For context, as of December 31, 2009, DOE reported that it had obligated $23.2 billion (54 percent) and reported expenditures of $1.8 billion (4 percent). The percentage of Recovery Act funds obligated varied widely across DOE program offices and ranged from a high of 98 percent in the Energy Information Administration to a low of 1 percent for the Loan Guarantee Program Office. None of DOE's program offices reported expenditures of more than a third of their Recovery Act funds as of February 28, 2010.

Recovery Act Funding, Obligations, and Expenditures (Cumulative) Reported by Department of Energy as of February 28, 2010

Dollars in millions

Recovery Act	Funding	Obligations	Percentage Obligated	Expenditures	Percentage Expended
DOE	$36,710	$25,652	70%	$2,514	7%

Source: GAO analysis of DOE data.

Officials from DOE and states that received Recovery Act funding from DOE cited certain federal requirements that had affected their ability to implement some Recovery Act projects. For example:

- *Davis Bacon Requirements.* Officials reported that Davis-Bacon requirements had affected the start of projects in the Weatherization Assistance Program because the program had previously been exempt from these requirements.
- *National Environmental Policy Act (NEPA).* DOE officials told us that NEPA may affect certain projects that are likely to significantly impact the environment, thereby requiring environmental assessments or environmental impact statements.
- *National Historic Preservation Act (NHPA).* Officials from the Michigan Department of Human Services told us that about 90 percent of the homes scheduled to be weatherized under the Weatherization Assistance Program would need a historic review.

Additionally, DOE and state officials told us that other factors also affected the timing of project selection or starts. For example:

- *Newness of programs.* In some cases, because some Recovery Act programs were newly created, officials needed time to establish procedures and provide guidance before implementing projects.
- *Staff capacity.* DOE officials also told us that they experienced challenges in hiring new staff to carry out Recovery Act work. Also, District of Columbia officials told us they needed to hire 6 new staff members to oversee and manage the weatherization program.
- *State, local, or tribal issues.* The economic recession affected some states' budgets, which also affected states' ability to use some Recovery Act funds, such as difficulty providing matching funds.