



Fraud Rampant in Obama Weatherization Program

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A \$5 billion plan pushed by President Barack Obama to help lower-income homeowners reduce their energy bills is rife with mismanagement, waste, and fraud, a government audit has found.

Widespread Problems

A recently released audit by the U.S. Department of Energy's Office of Inspector General found weatherization officials disregarded federal program rules, gave special treatment to family members who were accepted into the program, and performed subpar work on homes in some states.

"We found problems in the areas of weatherization workmanship, financial management, prioritization of applicants for weatherization services and compliance with laws and regulations," DOE Inspector General Gregory Friedman wrote in a statement accompanying the audit. "Unless the weaknesses identified in this report are addressed ... the risks of fraud, waste and abuse remain at unacceptable levels."

Numerous States Involved

The weatherization program began decades ago. But Obama spent stimulus funds—\$5 billion of them—to ramp up weatherization efforts while selling the public on his green jobs stimulus plan. Fraud, however, has been widespread under the ramped-up program.

In Delaware, for example, inspectors found problems with hundreds of home repairs and retrofits. Repairs to improperly retrofitted homes could cost Delaware taxpayers \$7.5 million, according to some estimates, and that's more than half of the entire federal stimulus package the state received in 2009.

The report found other states have also experienced fraud and waste in the program, including Florida, Illinois, Pennsylvania, Tennessee, Virginia, Texas, and New Jersey.

Auditors are also looking at West Virginia. In 2009, the state received \$38 million for weatherization efforts. Yet only 1,800 of 3,500 homes targeted for upgrades, repairs, and retrofits have received the necessary work.

Fraud Not a Surprise

Sterling Burnett, a senior fellow with the National Center for Policy Analysis, says the reports of waste and fraud in the weatherization program come as no surprise.

“This isn’t uncommon,” Burnett said. “That’s the nature of government programs whenever there are appropriations involved. Once government gets in the business of telling us what products to use and subsidizing those products, standard accounting practices go out the window.”

Common sense and fiscal responsibility would put the entire weatherization program on hold, at least to allow the economy time to improve, he said.

“One would think in a time of fiscal austerity this would be one of the programs that go by the wayside real quick,” Burnett said. “I’ll wager that many of the upgrades took place on people’s houses who could afford it without the subsidy. That’s what happened with solar subsidies.... Programs like this are generally welfare for the well-to-do and moderately well-to-do.”