

The Biden Administration's \$20 Billion 'Green' Slush Fund Scandal

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By James Varney



When the Biden administration announced \$27 billion in environmental grants last April, it set the clock ticking on a predicament: how to get the

unprecedented sums for the President's envisioned NetZero future out the door before the fiscal year ended on Sept. 30?

The task was complicated by the fact most of the money – \$20 billion – would go to just eight nonprofits that, like the Environmental Protection Agency itself, had never handled such gargantuan grants.

In hindsight, it's easy to suspect that corners were cut, or laws were broken, or, at the very least, extraordinary measures were taken.

Those possibilities are clearly on the mind of EPA Administrator Lee Zeldin as he tries to unravel what happened to Inflation Reduction Act spending that the Biden White House's Office of Management and Budget and the EPA decided to expedite before the November election – an effort that included moving the roughly \$20 billion to a private institution, Citibank, away from oversight of the Treasury Department.

On Wednesday, Zeldin moved to terminate the arrangements as the enriched nonprofits have filed lawsuits looking to protect their grants. The battle has thrust into the spotlight what had been a rather quiet attempt by the Biden administration to spend the \$27 billion.

The money was put into the Greenhouse Gas Reduction Fund, a new entity born in 2022's Inflation Reduction Act, which Democrats pushed through Congress without any Republican support.

“This bold investment will not only deploy clean energy and combat the climate crisis but also improve health outcomes, lower energy costs, and create high-quality jobs for Americans,” Biden's EPA declared when seeking applications for the grants, “all while strengthening our country's economic competitiveness and ensuring energy security.”

The grants, unveiled April 4, 2024, came with its built-in deadline to push the money out just months away. So a political deal was struck between the White House's Office of Management and Budget and EPA, current agency officials told RealClearInvestigations. As a hedge against future administration attempts to curb the program, the deal classified the now-suspect \$20 billion in a novel way making it hard to track.

Zeldin has asked the EPA's inspector general and the Department of Justice to investigate the unorthodox arrangement.

“I think it will be an uphill battle to recover the money, but it’s impressive to see Trump and Zeldin running with it,” said Daren Bakst of the conservative Competitive Enterprise Institute, which has labeled the Greenhouse Gas money “slush funds.”

“Even if you look past the entities that receive the money, or how they figured out how to get the money to them, this is a setup that is prone to corruption, abuse and cronyism regardless of party,” Bakst said. “The whole thing looks questionable.”

The process began before the April 4 announcement. In December 2022, Jahi Wise, an executive with the Coalition for Green Capital, joined EPA as a senior adviser. In July 2023, the EPA published a request for proposals from applicants to the Greenhouse Gas Reduction Fund.

The fund was broken into three parts. The two largest, the National Clean Investment Fund (NCIF) and the Clean Communities Investment Accelerator (CCIA), received huge sums, totaling \$20 billion. Notably, as RCI reported last October, grants went to nonprofits that had paltry assets, had been granted their nonprofit status only the month before, or had people associated with them who had previously served various federal or state Democratic administrations. For example, the Coalition for Green Capital, Wise’s former outfit, was awarded \$5.1 billion.

Three weeks later, an arrangement was made between OMB and EPA in which the money was designated “non-exchange” rather than “exchange” – a first for EPA funds, according to current officials. That label allowed for the money to be moved to recipients in lump funds rather than parceled out over the length of the deals with the nonprofits, which in most cases were slated to run until 2029, 2030, or later, records show. It also called for an outside financial institution to manage the money, in part because the agency had zero experience in handling grants of this size.

Although the language in the Inflation Reduction Act dealing with the Greenhouse Gas funds does not use “shall,” the word Congress usually employs to indicate that something is required, the law did impose a deadline of Sept. 30 – the end of the fiscal year – EPA officials and legal experts agree.

On June 27, as the EPA was making its deals with the nonprofits, Biden had his disastrous debate with Donald Trump, and on July 21 Biden ended his re-election campaign and threw his support to then-Vice President Kamala Harris. The Greenhouse Gas fund money remained unobligated at that point, according to EPA officials.

The deals were finally completed and the National Clean Investment Fund and the Clean Communities Investment Accelerator money was obligated to the nonprofits on Aug. 16, according to a timeline provided to RCI. That left \$7 billion, the portion that comprised the third component of the fund, Solar For All.

At that point, the \$20 billion, though obligated, remained with the Treasury, officials said. A memorandum of understanding between EPA and the Treasury Department on moving the mountain of cash was not signed until Sept. 6.

Two weeks later, the Republican-led House Energy and Commerce Subcommittee held a hearing to learn more about EPA funding oversight, calling the agency's inspector general Sean O'Donnell to testify. O'Donnell made clear he had never seen the maneuvers the EPA was making with the Greenhouse Gas Reduction Fund, and said neither he nor his staff would be able to stay on top of it.

"I can't say enough about how complex this system will be," O'Donnell testified. "It's like they created an investment bank. It's fantastically complex. I think it's unusual."

Yet it was not until Nov. 12, three working days after Trump beat Harris in the 2024 election, that the EPA began talks with Citibank about taking control of the \$20 billion, Trump administration officials told RCI. During those negotiations, on Dec. 5, Project Veritas released an undercover video of an EPA official laughing about what he considered an extraordinary process, likening it to "throwing gold bars off the deck of the Titanic."

The Citibank arrangement effectively removing direct EPA oversight, and with interest on the \$20 billion going to the grant recipients, was signed on Dec. 27, agency officials told RCI. The deal thus represents a carve-out for the two aspects of the Greenhouse Gas Reduction Fund that accounted for the \$20 billion; the \$7 billion comprising Solar For All remains with

Treasury. The Trump administration has frozen that money, although some of it has already been distributed, according to federal records. Critics of the spending said the timeline smacks of shady politics.

Steve Milloy, a skeptic of apocalyptic global warming, said he has received a government grant and his experience was profoundly different than the one enjoyed by Greenhouse Gas Reduction Fund winners. His process was an uncomfortable one that lasted 10 months, he said.

“They crawled up my ass, and that was for a small grant,” he said.

The contrast is striking, in his opinion.

“I’ve never seen anything like this,” he said. “It is fishy ... I think they thought they would win reelection and panicked when they lost. It seems like all of this is being done without due diligence or accountability.”

‘Tip of the Iceberg’

Picking up on the “gold bars off the deck of the Titanic” video, Zeldin cited the Greenhouse Gas Reduction Fund as a dubious operation during his confirmation hearing Jan. 17, and he has been outspoken against it since becoming administrator. On March 2, he wrote to the EPA inspector general, urging him to look into the deals.

“These examples are the tip of the iceberg and suggest a deeply entrenched pattern of political favoritism, lack of qualifications, and other possibly unlawful allocation of taxpayer funds,” he wrote. “Disturbingly, these cases likely represent only a fraction of broader issues.”

Beyond questions about the money, questions also remain about the work it is meant to pay for, according to Zeldin and other EPA officials. None of the recipient nonprofits contacted by RCI, including the Climate United Fund, which got the biggest award of \$7 billion, responded to requests for comment.

One stipulation of the Greenhouse Gas funds was that winners attract \$7 of private investment for every \$1 in federal money. The EPA told RCI that recipients submitted detailed plans in their applications, but could not say if that included specific financing arrangements. Former EPA Special Adviser Zealan Hoover told RCI last year that the goal was to create a market for these green banks through the size of the grants.

While it remains early in the process, it does not appear the groups will be able to hit that target. The Appalachian Community Credit Corporation, for instance, is supposed to get \$500 million through the CCIA. On its [website](#), however, it says it will use the money to create a \$1.6 billion loan pool, which would be an investment ratio little better than 3-to-1.

The Virginia-based corporation did not respond to requests for comment. It remains unclear how much money remains in the Citibank accounts and how successful Zeldin may be in recovering the money. Citibank declined comment.

‘The Whole Thing Seems Incestuous’

Some outside observers believe there are mechanisms to claw back the funds. An EPA official told RCI there is boilerplate language in agency contracts that allows “termination for a change in agency priorities,” and Milloy said federal agencies terminate contracts “all the time.”

In this particular case, while it does appear Zeldin could claw back money, the EPA may be legally bound to simply give it to another private financial institution rather than return it to the Treasury, said David Super, professor of law and economics at Georgetown University Law Center.

In addition, Super said, there is that deadline of Sept. 30, 2024.

“There, as here, there was both an appropriation and a deadline for getting the money out the door,” Super said, citing a 1975 Supreme Court ruling.

“Any competent lawyer would have told EPA that, unless it wanted to go through the procedures of the Impoundment Control Act, it would be an unlawful impoundment of funds if it failed to spend all the money – and, if it was going to do that, it had to do so by September 30, 2024.”

Other groups that received enormous grants also did not respond to RCI’s questions or requests for comment, including the Climate United Fund, which got the single biggest award: \$7 billion up front for an arrangement that is supposed to last through June 2029, federal records show.

Climate United Fund has announced spending \$311 million of its grant, all of it on three projects last October and November. The largest of those was \$250 million to buy electric trucks, according to the group’s website.

Previously, RCI reported on ties between some of the nonprofits’ key figures and the Biden or Obama administrations, and more of those have

come to light since Zeldin pushed the issue into the spotlight last month. Many outlets have zeroed in on failed Democratic gubernatorial candidate Stacey Abrams, who was lead counsel for a group known as Rewiring America. That group, in turn, is one of the main components of a new group known as Power Forward Communities, an outfit with listed assets of \$100 that obtained its tax-exempt status last March, just weeks before it was named the winner of a \$2 billion grant.

Trump mentioned Abrams and the EPA award in his congressional speech last week, and liberal “fact check” groups sprang to action to label his comment false because the money did not go directly to Abrams. Abrams acknowledged being a part of Rewiring America, however, and said the group bought energy-efficient appliances for people in Georgia.

Power Forward Communities, which did not respond to multiple requests for comment, lists scores of other partners. One of those, the Green Door Initiative in Michigan, is led by Donele Wilkins, whom Biden appointed as a member of his Environmental Justice Advisory Council last June. In other cases, Power Forward Communities is partnered with groups that also have other public revenue streams, such as the Nevada Clean Energy Fund, which is funded also by the Nevada governor’s office and has received nearly \$850,000 of its separate \$155.7 million grant via Solar For All.

Similar ties have surfaced between the Biden administration and the Coalition for Green Capital.

“The whole thing seems incestuous,” said Bakst of the Competitive Enterprise Institute. “When you see these short deadlines it really makes everything questionable, because when you rush something like this there will almost certainly be problems with it.”