

# Eliminate the Advanced Research Projects Agency–Energy (ARPA-E) Program

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
\$284	\$285	\$286	\$289	\$296	\$302	\$309	\$317	\$323	\$329	\$1,440	\$3,020

## Heritage Recommendation:

Eliminate the Advanced Research Projects Agency–Energy (ARPA-E) program. This proposal saves \$284 million in 2016, and \$3 billion over 10 years.

## Rationale:

The Advanced Research Projects Agency–Energy (ARPA-E) is another energy program designed to fund high-risk, high-reward projects on which the private sector would not embark on its own. ARPA-E also has the goal of reducing energy imports, increasing energy efficiency, and reducing energy-related emissions, including greenhouse gases.

The problem is that ARPA-E does not always seem to follow its own clear guideline: The federal government has awarded several ARPA-E grants to companies and projects that are neither high-risk nor something that private industry cannot support. These problems with ARPA-E were recently identified by the Government Accountability Office (GAO), the Department of Energy’s Inspector General (DOE IG), and the House Science, Space, and Technology Committee staff. Of the 44 small and medium-size companies that received an ARPA-E award, the GAO found that 18 had previously received private-sector investment for a similar technology. The GAO found that 12 of those 18 companies planned to use ARPA-E funding to either advance or accelerate prior-funded work.

High-risk, high-reward programs are not necessary, especially when there is a bias to fund technologies that have already received funding to make the program appear successful. Congress should restructure the DOE to conduct the basic research that the private sector would not undertake and create a system that allows the private sector, using private funds, to tap into that research and commercialize it. Federal labs should allow basic research to reach the market organically.

## Additional Reading:

- Nicolas Loris, “Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus,” Heritage Foundation *Backgrounder* No. 2668, March 23, 2012, <http://www.Heritage.org/research/reports/2012/03/departments-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus>.
- Matthew Stepp, Sean Pool, Jack Spencer and Nicolas Loris, “Turning the Page: Reimagining the National Labs in the 21st Century Innovation Economy,” The Information Technology & Innovation Foundation, June 19, 2013, <http://www.itif.org/publications/turning-page-reimagining-national-labs-21st-century-innovation-economy>.

## Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels as found in page 123 of House of Representatives, 113th Congress, 2nd Session, “Energy and Water Development Appropriations Bill, 2015,” <http://appropriations.house.gov/uploadedfiles/hrpt-113-hr-fy2015-energywater.pdf>. The FY 2014 enacted spending was increased at the same rate as discretionary spending for 2016–2025, according to the CBO’s most recent August 2014 baseline spending projections.