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September 16, 2010

The Honorable Earl Devaney
Chairman
Recovery Act Transparency and Accountability Board
1849 C Street, SW
Mail Stop 4428
Washington, DC 20204

Dear Chairman Devaney:

Thank you for your response to Ranking Member Issa's June 24 letter requesting information on the cost of the Administration's self-congratulatory signs advertising stimulus spending projects.¹ Unfortunately, the cost estimates provided by federal agencies fall short of the information you requested in response to his inquiry and raise serious questions about the ability of the Recovery Act Transparency and Accountability Board (RAT Board) to obtain the information necessary to bring transparency and accountability to the expenditure of stimulus funds. When you testified before this Committee in March 2009, you said one of your two goals for the RAT Board was to provide the American people with "historic levels of transparency."² We are writing to ask you what additional authorities or resources Congress can provide you to enable you to hold government agencies accountable for their stewardship of taxpayer dollars.

On July 15, you directed the Departments of Commerce (DOC), Defense (DOD), Housing and Urban Development (HUD), and Transportation (DOT), as well as the General Services Administration (GSA) and the Environmental Protection Agency (EPA), to provide their "total cost assessment" for stimulus signs, logos and emblems.³ Unfortunately, the agencies failed to comply with your request.

For example, EPA refused to provide *any* information directly, and instead relied on an ad hoc study conducted by its Inspector General, which surveyed just nine of one

¹ Letter from Earl Devaney to Darrell Issa, September 9, 2010.

² Testimony of Earl Devaney before the House Oversight and Government Reform Committee, March 19, 2009, *available at*

<http://republicans.oversight.house.gov/images/stories/Hearings/pdfs/20090319Devaney.pdf>.

³ Email from Linda Wittenhagen, Executive Assistant to the Chairman, Recovery Accountability and Transparency Board to federal agencies, July 15, 2010.

group of 4,687 EPA-managed stimulus projects, and then certified that this flawed estimate represented EPA's total cost assessment.⁴ As you may know, sample sizes of at least twenty randomly selected and unbiased data points are typically required to produce an estimate that contains any meaningful information about a given population.⁵ GSA provided an estimate of its spending on signs based only on a subset of its total stimulus projects, which does not constitute an accurate assessment of total cost.⁶ DOT reported a figure for total cost which is obviously an estimate but which provides no insight at all into the methodology used to obtain this number.⁷

In summary, the agencies failed to provide you with an accurate total assessment of the cost for stimulus signs. We are dismayed that federal agencies which spend hundreds of billions of dollars in taxpayer money are unable or unwilling to provide you with the information you requested. The President promised the American people that he would hold stimulus recipients accountable for "every dollar" of spending; a promise he cannot keep if his own departments cannot tell the RAT Board or Congress how much taxpayer money is being wasted on self-congratulatory signs or other wasteful spending plaguing stimulus projects.⁸ Many Americans are voicing concerns about their money being wasted; nearly 50,000 have already voted to stop the posting of, and recoup the money wasted on, stimulus signs through Project YouCut, which empowers citizens to identify wasteful federal spending programs.

When you were first appointed to head the Administration's oversight of the stimulus, you noted that typically around 7% of the money spent on government programs is lost to fraud.⁹ Given that the Congressional Budget Office now estimates the price tag of the stimulus at \$814 billion, if your prediction holds true, \$57 billion of taxpayer money will be lost to fraudulent activity.¹⁰ At a time of 9.6% unemployment and with the stimulus having failed to create jobs as advertised, it is even more imperative to minimize waste, fraud and abuse.

We want to do everything we can to ensure the independence of federal inspectors general and empower them to provide real transparency and accountability for the American people for all federal spending, including the stimulus. It is deeply concerning, however, that currently the RAT Board is unable to provide basic cost breakdowns of

⁴ Letter from Craig E. Hooks, Assistant Administrator, EPA to Earl Devaney, September 3, 2010.

⁵ Wooldridge, Jeffrey M., Introductory Econometrics: A Modern Approach, 3rd Edition (2006), at Appendix C.

⁶ Letter from Stephen R. Leeds, Senior Counselor to the Administrator, GSA to Earl Devaney, September 3, 2010.

⁷ Letter from Joel Szabat, Deputy Assistant Secretary for Transportation Policy, DOT to Earl Devaney, September 3, 2010.

⁸ Remarks of President Barack Obama, Address to Joint Session of Congress, February 24, 2009.

⁹ Earl Devaney, "Transcript: Early Devaney," The Wall Street Journal, March 8, 2009, available at <http://online.wsj.com/article/SB123620496160033243.html>.

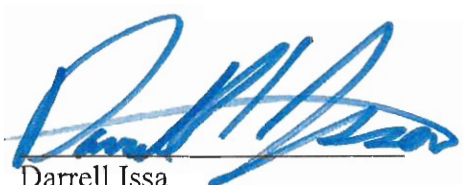
¹⁰ Congressional Budget Office, "Estimated Impact of the Stimulus Package on Employment and Economic Output," August 24, 2010, available at <http://cboblog.cbo.gov/?p=1326>.

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September 16, 2010
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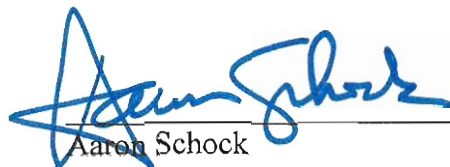
implementing the stimulus. Therefore, please let us know what additional authorities or resources you require to carry out your responsibilities effectively.

If you have any questions regarding this request, please contact Christopher Hixon or Brien Beattie of the Committee staff at (202) 225-5074.

Sincerely,



Darrell Issa
Ranking Member



Aaron Schock
Member of Congress

cc: The Honorable Edolphus Towns, Chairman