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House of Representatives

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June 24, 2010

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

Dear Chairman Devaney:

The passage of the \$787 billion American Recovery and Reinvestment Act (the "stimulus") has provided an opportunity for the Obama Administration to claim political credit for the various projects around the country that have been funded by this redistribution of taxpayer dollars. For example, a number of federal agencies have issued guidance that has strongly encouraged or even required stimulus recipients to post signs, logos and emblems intended to publicly identify the expenditure of stimulus funds. This has generated controversy because of the common perception that taxpayer funds are being wasted on what amounts to political propaganda on behalf of the Obama Administration. I am writing to request that the Recovery Act Transparency and Accountability Board (the "RAT Board") conduct an investigation of this matter.

The most high profile example of stimulus dollars used for politically advantageous signage has been road signs advertising stimulus projects funded through the Department of Transportation ("DOT"). These signs cost anywhere from a few hundred dollars each to as much as \$10,000 for a sign posted at Dulles Airport outside Washington, D.C.¹ In response to negative public and media reaction, a number of states have decided to stop posting signs at transportation projects completely.² However, the Federal Highway Administration continues to "strongly encourage" stimulus recipients to

¹ Staff interview, Metropolitan Washington Airports Authority, (February 16, 2010).

² See e.g., Michelle Breidenbach, "Highway signs identifying federal stimulus projects cost thousands of dollars each," *The Post-Standard (Syracuse, NY)*, (July 5, 2009); Matthew Waller, "Texas opts not to spend stimulus funds on road signs," *The Dallas Morning News*, (July 16, 2009); Sean Ryan, "Wisconsin Dept. of Transportation not posting stimulus signs," *The Daily Reporter (Milwaukee, WI)*, (September 18, 2009); Richard Ecke, "Recovery signs stimulate debate," *Great Falls Tribune (Great Falls, MT)*, (September 24, 2009); "Nevada opts not to post recovery road work signs," *Associated Press*, (October 16, 2009).

use taxpayer money for stimulus signs.³ The impact of DOT pressure on recipients' decisions whether or not to post signs advertising the use of stimulus funds on road projects is unclear but raises troubling questions about Administration pressure on state and local governments.

Perhaps the most overtly political guidance on stimulus advertising comes from the Department of Housing and Urban Development ("HUD"), which provided recipients a suggested sign template informing the public that projects have been "Funded By: American Recovery and Reinvestment Act, Barack Obama, President."⁴ Furthermore, there is evidence which suggests that HUD may have initially forced recipients of its Native American Housing Block Grant and Indian Community Development Block Grant Recovery Programs to sign contracts obligating them to post these politicized signs as a prerequisite for receiving stimulus funds.⁵ Although this requirement was subsequently reversed, I am concerned that a federal agency could have ever imposed such a politicized *quid pro quo* on recipients of taxpayer dollars. Similarly, guidance from the Department of Commerce requires recipients to post signs bearing the "Primary Emblem" of the stimulus in order to identify the expenditure of taxpayer funds:

All projects which are funded by the Recovery Act shall display signage that features the Primary Emblem throughout the construction phase. The signage should be displayed in a prominent location on site.⁶

Since 1952, Congress has typically included language in annual appropriations legislation which prohibits the use of funds by federal agencies for "publicity and propaganda."⁷ According to the Government Accountability Office, the prohibition extends to "the use of appropriated funds solely for partisan purposes."⁸ The American people understand that self-congratulatory stimulus signs are inherently political. One commentator in a left-wing political journal, who wants the Obama Administration to do more to take credit for stimulus spending, thinks a failure to do so would be "a huge mistake [which] ought to be fixed ASAP (i.e. well before [the] November [elections])."⁹ The use of taxpayer funds to post signs advertising the stimulus clearly violates the spirit

³ Federal Highway Administration, American Recovery and Reinvestment Act Sign Guidance, *accessed May 25, 2010 at* <http://www.fhwa.dot.gov/economicrecovery/arrasignguidance.htm>.

⁴ Office of Native American Programs, Office of Public & Indian Housing, "Program Guidance, Native American Housing Block Grant and Indian Community Development Block Grant Recovery Act Programs," (September 9, 2009), *accessed May 25, 2010 at* <http://www.hud.gov/offices/pih/ih/codetalk/nahasda/2009/2009-08.pdf>.

⁵ *Id.*

⁶ U.S. Department of Commerce, American Recovery and Reinvestment Act Award Terms, *accessed May 25, 2010 at* <http://oamweb.osec.doc.gov/docs/ARRA%20DOC%20Award%20Terms%20Final%205-20-09PDF.doc.pdf>. See also National Telecommunications and Information Administration, BroadbandUSA Logo and Signage Guidance, *accessed May 25, 2010 at* <http://www2.ntia.doc.gov/signage>.

⁷ See e.g., Pub. L. No. 107-67, 115 Stat. 514, 552 (2001).

⁸ Government Accountability Office, "Medicare Prescription Drug, Improvement, and Modernization Act of 2003 – Use of appropriated funds for flyer and print and television advertisements," (March 10, 2004).

⁹ Kevin Drum, "Marketing the Stimulus," *Mother Jones*, (May 12, 2010), *accessed May 25, 2010 at* <http://motherjones.com/kevin-drum/2010/05/marketing-stimulus>.

of Congress' long-standing opposition to the use of appropriations for political propaganda.

Not only are stimulus signs inherently political but they also waste millions of dollars of taxpayers' money. Signs advertising the stimulus add no economic value to the projects they accompany. On the contrary, the cost for expensive signs touting politicians' role in passing the stimulus come out of a project's total budget, reducing the amount of money available for the project's stated goal. For example, the \$10,000 spent on the sign at the Dulles Airport project reduced the amount of funds available for runway resurfacing by \$10,000.¹⁰ It ought to be bad enough that the stimulus has failed to deliver the promised economic growth at a price tag, with interest, that will well exceed \$1 trillion.¹¹ Adding insult to injury by wasting taxpayers' money on self-aggrandizing political propaganda is unacceptable.

In order to assist the Committee in determining the scope and impact of the Obama Administration's guidance to recipients on politicized stimulus advertising, I respectfully request that the RAT Board complete an investigation and report its findings no later than August 1, 2010. I ask that your investigation include:

1. A complete accounting of all guidance issued by any federal agency to recipients of stimulus funds, including federal, state and local agencies, on the posting of signs, logos or emblems intended to publicly identify the source or expenditure of stimulus funds;
2. Whether any federal agency requires, or has required, stimulus recipients to post signs, logos or emblems identifying the source or expenditure of stimulus funds and whether such agency had statutory authority to do so;
3. If any federal agency has relaxed a requirement that recipients post signs, logos or emblems identifying the source or expenditure of stimulus funds, an explanation of the decision to do so;
4. An assessment of the total cost to the taxpayers from the posting of signs, logos or emblems identifying the source or expenditure of stimulus funds.

The Committee on Oversight and Government Reform is the principal oversight committee of the House of Representatives and has broad oversight jurisdiction as set forth in House Rule X. Thank you for your cooperation in this matter.

¹⁰ Staff interview, Metropolitan Washington Airports Authority, (March 4, 2010).

¹¹ On the cost of debt service resulting from the stimulus, *see* Congressional Budget Office, letter to the Hon. Paul Ryan, (January 27, 2009). On the total cost of the stimulus, *see* Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2010 to 2020*, (January 2010) at 98.

The Honorable Earl Devaney
June 24, 2010
Page 4 of 4

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Darrell Issa", is written over a light blue rectangular background.

Darrell Issa
Ranking Member

cc: The Honorable Edolphus Towns, Chairman