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November 13, 2009

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

Dear Chairman Devaney:

According to the web site of the Recovery Act Transparency and Accountability Board ("RATB"), www.recovery.gov, government spending from the American Recovery and Reinvestment Act (the "stimulus") has "created/saved" 640,329 jobs as of October 30, 2009. Based on numerous reports, however, this number appears to be grossly inaccurate. As Ranking Member of the Oversight and Government Reform Committee, I am therefore concerned that the RATB web site may be spreading inaccurate and misleading information to the American people. This is especially important given the news that 3.8 million Americans have now lost their jobs since President Obama took office, pushing the unemployment rate up to 10.2 percent.¹

Media reports in recent days have highlighted serious inaccuracies with the jobs "created/saved" figure on the RATB web site. For example, the California State University system ("CSU") claims that 26,156 jobs were saved by stimulus funds, more than half its statewide workforce.² Does anyone seriously believe the university would have fired half its workforce without the stimulus? In fact, according to a CSU spokeswoman, "This is not really a real number of people. It's like a budget number [emphasis added]."³ Similarly, in Columbus, Ohio, the local school district reported that 65 percent of its 212.5 stimulus jobs were "saved," including 36 principals and assistant

¹ See Bureau of Labor Statistics, U.S. Department of Labor, "Employment Situation Summary" (November 6, 2009), available at <http://www.bls.gov/news.release/empsit.nr0.htm>.

² See Phillip Reese, "Many California jobs 'saved' by stimulus funds weren't in jeopardy," *The Sacramento Bee* (November 6, 2009), available at <http://www.sacbee.com/topstories/story/2309303.html>.

³ *Id.*

principals. However, according to a school district official quoted in the media, these principals were in fact in no danger of losing their jobs.⁴

Wildly inaccurate job creation numbers are not confined to education. According to *USA Today*, the recipient of a \$26,174 stimulus roofing contract in Texas reported that 450 jobs were “created/saved” by the project when in fact only six jobs were created.⁵ In Plymouth, Connecticut, the police department, which employed just 22 officers last year, claimed to have created 108 jobs using only \$15,355 of stimulus money.⁶ In Georgia, a “community action council” employing about 500 people reported 935 jobs created with \$1.3 million in stimulus funds.⁷

Quite apart from these high-profile inaccuracies in individual recipient reports, www.recovery.gov misleads the public by presenting the results of theoretical full-time-equivalent (“FTE”) calculations as real-life jobs. For example, Department of Transportation (“DoT”) officials informed my staff that some of its stimulus recipients simply calculated the number of worker-hours for each project, divided that by the number of full-time hours in the quarter, and reported the result as jobs “created/saved.”⁸ DoT’s recipients did the math but did not consult their contractors’ payroll data.⁹ As a result, many of DoT’s – and probably other agencies’ – job numbers are theoretical, yet www.recovery.gov inaccurately reports them as real-life employees who were actually hired or rescued from termination.

The end result of these inaccuracies is that the American people and even Obama Administration officials appear to be confused as to the actual number of jobs “created/saved” by the stimulus. For example, Arne Duncan, the Secretary of Education, recently said at an event that the 325,000 educators whose jobs were allegedly “created/saved” by the stimulus “would literally not be in the classroom today if not for these funds.”¹⁰ Unfortunately, Secretary Duncan appears to have himself been the victim of the inaccurate information reported by his own agency and reproduced on www.recovery.gov.¹¹

⁴ See Bill Bush, “Not all jobs ‘saved’ by stimulus were in danger,” *The Columbus Dispatch* (November 3, 2009), available at http://www.dispatchpolitics.com/live/content/local_news/stories/2009/11/03/copy/stimulus_jobs.ART_ART_11-03-09_B1_RDFIAA5.html?adsec=politics&sid=101.

⁵ See Brad Heath and Matt Kelley, “Analysis finds stimulus confusion,” *USA Today* (November 2, 2009), available at http://www.usatoday.com/news/washington/2009-11-02-stimjobs_N.htm.

⁶ *Id.*

⁷ *Id.*

⁸ Committee staff interview with Department of Transportation officials (November 3, 2009).

⁹ *Id.*

¹⁰ See note 5, *supra*.

¹¹ See discussion of Columbus, Ohio school district in note 4, *supra*.

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As you know, President Obama came into office pledging to inaugurate “an unprecedented level of openness in Government.”¹² While I understand that RATB is obligated to report the jobs “created/saved” numbers as transmitted by federal agencies, I am concerned that, given the manifest inaccuracies in the data, the aggregate number of jobs as currently reported on www.recovery.gov constitutes the promulgation of inaccurate and misleading information by the federal government. This is not consistent with the principles of accountable government advocated by the President. In order to assist the Committee with its investigation of this matter, please provide responses to the following questions no later than Thursday, November 19, 2009 at 10:00 a.m.:

1. Are you able to certify personally that the number of jobs reported as “created/saved” on www.recovery.gov is accurate and auditable?
2. If you are unable to do so, will you commit to incorporating some kind of qualifying information such as an asterisk or footnote to accompany the presentation of this information, warning visitors to the web site that the information is not accurate and auditable?
3. Does the RATB have access to a master list of all federal stimulus funding recipients who are required to submit quarterly data reports to www.federalreporting.gov and, if not, how does the RATB know whether all recipients of stimulus funds actually reported on their use of funds?

Thank you for your cooperation in this matter. 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 E. Issa
Ranking Member

cc: The Honorable Edolphus Towns, Chairman

¹² See President Barack Obama, Memorandum for the Heads of Executive Departments and Agencies, “Transparency and Open Government” (January 21, 2009), available at http://www.eda.gov/PDF/Memo_PresidentObama_FOIA.pdf.