

Tracking Stimulus Dollars: An Incomplete Plan

An Oversight and Government Reform Committee Republican Staff overview of the divide between promised and implemented transparency

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President Obama's Commitment: To Follow "Every Dollar" of Stimulus

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act ("Recovery Act") into law. This legislation committed to borrow \$787 billion of taxpayer money, before interest, to be spent by the government in an attempt to stimulate the U.S. economy. President Obama has promised the American people an unprecedented level of transparency which will let every American follow "every dollar" of this spending in order to hold those who receive it accountable. However, the Administration's plans for actually creating this promised transparency and accountability remain incomplete. The House Oversight and Government Reform Committee has a responsibility to ensure that appropriate steps are taken to provide complete transparency of and accountability for all stimulus spending.

Whether government stimulus actually works in practice remains a hotly debated question among economists. To his credit, however, President Obama has promised the American people to follow every dollar of the \$787 billion that he will spend. For example, during his address to Congress last month, the President assured the American people that he has "told each of [his] Cabinet, as well as mayors and governors across the country, that they will be held accountable by me and the American people for every dollar they spend." A critical component of this transparency and accountability is the web site www.recovery.gov ("Recovery.gov"), which the President promised will allow "every American [to] find out how and where their money is being spent."¹

The Obama Administration's Plans Do Not Live Up to the President's Commitment

Despite these assurances, however, guidance from the Office of Management and Budget (OMB) appears to be inconsistent with the President's commitment to the American people to account for every dollar of the stimulus:

Reporting requirements only apply to the prime non-Federal recipients of Federal funding, and the subawards (i.e., subgrants, subcontracts, etc.) made by these prime recipients. They do not require each subsequent subrecipient to also report. For instance, a grant could be given from the Federal government to State A, which then gives a subgrant to City B (within State A), which hires a contractor to

¹ Remarks by President Barack Obama, Address to Joint Session of Congress, February 24, 2009.

construct a bridge, which then hires a subcontractor to supply the concrete. In this case, State A is the prime recipient, and would be required to report the subgrant to City B. However, City B does not have any specific reporting obligations, nor does the contractor or subcontractor for the purposes of reporting for the Recovery.gov website.²

This OMB guidance will not provide adequate transparency or accountability, nor will it allow “every American [to] find out how and where their money is being spent.”³

The Administration released revised guidance on April 3, 2009.⁴ While the Administration has made some progress in requiring disclosure of contractor data from recipients of direct federal funding, the Administration remains unwilling to require disclosure of contractor and subcontractor data when stimulus money is funneled through states and localities. When stimulus funds “go from a Federal agency to a State, and then to a local government or other local organization,” the government will “not track funds to subsequent recipients beyond these local governments or other organizations.”⁵ While “OMB plans to expand the reporting model in the future,”⁶ the current requirements will reveal only lump-sum stimulus payments to local governments, at which point the money trail will run cold. This will prevent meaningful oversight by Congress, the Administration, and the American people.

In addition, the Administration’s revised guidance requires only quarterly reports from recipients of federal stimulus funding, and the first report is not due until October 10, 2009.⁷

The inadequacy of the Administration’s plans to deliver this transparency and accountability, therefore, ought to be of paramount concern to the House Oversight and Government Reform Committee. Fortunately, modern technology can bridge the gap between what the President has promised and what his Administration’s plans currently provide. It is only a question of political will to implement the necessary steps.

² Memorandum to the Heads of Departments and Agencies from Peter R. Orszag, Director, OMB, on Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009, available at http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-10.pdf.

³ See note 1, *supra*.

⁴ Memorandum to the Heads of Departments and Agencies from Peter R. Orszag, Director, OMB, on Updating Implementing Guidance for the American Recovery and Reinvestment Act of 2009, available at <http://www.recovery.gov/sites/default/files/m09-15.pdf>.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*