

Michaud Pushes for Transparency and Accountability in Stimulus Funding

Monday, January 12 2009

WASHINGTON, DC – Today, Congressman Mike Michaud joined his colleagues in sending a letter to Speaker Pelosi, Minority Leader Boehner, House Appropriations Chairman Obey and Ranking Member Lewis requesting strong reporting and tracking requirements for all federal funding in the economic stimulus package. “It is critical that Congress improve transparency and accountability in all federal spending,” said Michaud. “With potentially hundreds of billions of dollars on the line, the American taxpayer deserves nothing less.”

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The GAO recently recommended that a systematic fund-tracking system be established for the Troubled Asset Relief Program (TARP) funds. Technologies currently exist to track disbursements and measure the impacts of economic stimulus funds.

“I voted against the Wall Street bailout because it did not contain the necessary safeguards to ensure that taxpayers were repaid or that the funding was being spent in the best possible way,” said Michaud. “With an equally massive package, like the economic stimulus efforts that are being discussed, it is extremely important that we get this right.”

The letter that Michaud and his colleagues sent in below.

January 12, 2009

The Honorable Nancy Pelosi	The Honorable John Boehner
Speaker	Minority Leader
U.S. House of Representatives	U.S. House of Representatives
H-232, U.S. Capitol	H-204, U.S. Capitol
Washington, DC 20515	Washington DC 20515

The Honorable David R. Obey	The Honorable Jerry Lewis
Chairman	Ranking Member
House Appropriations Committee	House Appropriations Committee
1016 Longworth HOB	1016 Longworth HOB

Washington, DC 20515

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Dear Speaker Pelosi, Minority Leader Boehner, Chairman Obey, and Ranking Member Lewis:

We urge you to include language in the upcoming economic stimulus package that will ensure transparency and accountability for any included federal funding. Specifically, we hope you will consider requirements to track and measure the impact of federal dollars, ensure spending efficacy and thorough reporting, and make certain that projects eligible for funding through the package have the widest possible exposure to qualified contractors.

As you know, significant progress has been made to improve visibility into federal contracts and grants since the 2006 passage of the Federal Funding Accountability and Transparency Act (FFATA) and the creation of www.USAspending.gov. The requirements of this law have yet to be fully implemented, however, and the tracking and reporting mechanisms do not extend to the state and local levels. We are concerned that, if funds in the upcoming stimulus package are appropriated in the form of block grants or other accounts to be distributed by individual states and local governments, the absence of transparency mechanisms will present the potential for both waste and fraud. We are also concerned that it is exceedingly difficult to determine the actual impact of economic stimulus funds on job creation and regional economies.

State and local government inclusion in tracking mandates is crucial for any federal economic stimulus program to be viewed as successful; otherwise a protracted forensic exercise will be required to identify where the funding went and how effective it was. Recent technology innovations have made more effective tracking possible, and we should take full advantage of them. In order to ensure transparency and accountability in the stimulus package spending, we urge you to include provisions to:

- 1) Track in detail how stimulus funds are spent by state, county and municipal entities, with project visibility from start to finish, and compliance reporting, while placing as little burden as possible on the recipient entities;
- 2) Report the resulting economic impacts down to the local level so the effectiveness of funding can be measured and future funding can be allocated with maximum impact;
- 3) Provide qualified businesses across the United States a simple method to access federally-funded stimulus projects as soon as they are let out for bid, at no cost to businesses.

The inclusion of these mechanisms would allow funds to be put to use at a much faster pace in local economies and ensure that projects reach the broadest possible set of qualified contractors. Additionally, taxpayer dollars would go further as the costs of goods and services would be reduced as a result of increased competition among a larger pool of contractors.

The expected beneficiaries of stimulus funds are a diverse group of mostly small and medium businesses, and economists agree that the "flywheel effect" of job creation from stimulus funds will happen principally at this level. Without a mechanism to track the use and impact of the stimulus spending by such entities, however, it will be nearly impossible to gauge the effectiveness of the spending.

Congress has a finite amount of time during which we can ensure these funds are put to their intended use with

maximum economic impact. Without a comprehensive tracking program in place as part of this legislation and prior to disbursement of funds, stimulus dollars will only be tracked in the aggregate, making it difficult to ensure a responsible use of taxpayer dollars. We therefore urge you to include tracking mechanisms along the lines outlined above.

Thank you for consideration of this important request.

Sincerely,

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