

ONE HUNDRED ELEVENTH CONGRESS
Congress of the United States
House of Representatives
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Opening Statement
Ranking Member Darrell E. Issa
Hearing on “Preventing Stimulus Waste and Fraud: Who Are the Watchdogs?”
March 19, 2009

Mr. Chairman, thank you for holding this hearing. In response to the financial crisis we now face, Congress and the Administration have proposed trillions of dollars in bailouts, rescue packages, guarantees, and other efforts to pump more taxpayer dollars into the economy. Part of this spending binge is the President’s stimulus package, which will borrow \$787 billion, before interest payments, in an attempt to jump-start the economy. The Administration claims this spending will create or save 3.5 million jobs. Whether this plan succeeds or not, the unprecedented sum of money being spent with such haste makes this hearing a critical first step – but only a first step – in the work of this Committee to ensure the American people’s money does not fly out of the federal coffers without full transparency and accountability. If we don’t get this right, hundreds of billions of dollars could vanish in the blink of an eye, without the Administration, Congress, or the American people having any chance of knowing where the money went, who received it, and whether it actually created or saved jobs.

Last month, President Obama stood before this Congress and promised the American people a new era of transparency and accountability for this \$787 billion of government spending. He pledged that those entrusted with this money would be held accountable by him and by the American people “for every dollar they spend.” I applaud the President for his commitment to Americans’ right to know how the government is spending their money. Unfortunately, the Administration’s plans for fulfilling the President’s promise to America remain woefully incomplete.

A month ago, President Obama signed the stimulus into law. Money is already flowing out the door, though how much has already been spent, and on what, is unknown. The Congressional Budget Office says that by the end of this fiscal year, \$120 billion will have already been spent. This Committee has a responsibility to the American people to ensure that all appropriate steps are taken to provide complete transparency and accountability now.

Today we will hear from Earl Devaney, Chairman of the Recovery Accountability and Transparency Board and the President’s point man for combating waste, fraud and abuse of stimulus dollars. I’ve worked with Earl for many years and I know him to be an honorable and supremely capable man. He will also tell it like it is. So I was extremely distressed to read in the Washington Post yesterday that Mr. Devaney’s honest assessment is that the President’s much-touted Recovery.gov web site, which is supposed to provide Americans with complete transparency for stimulus dollars now, won’t be up to his standards of transparency for at least a year. That is simply unacceptable.

Equally disturbing is that recent guidance from the Administration to federal agencies tells them they only have to follow the money they dole out as far as the state and municipal level. After that, the money trail runs cold. Under this plan, there will be ZERO accountability for any contractors, lobbyists or special interests that get taxpayer money.

Let's be clear about what this means: the state of Illinois will receive a lump payment of billions of dollars, and then pass on a large portion of that money to the city of Chicago. Under the Administration's guidance, that's all any of us would ever know. We won't know if the city leaders in Chicago choose to award the money to reputable companies or politically-connected special interests. We won't know if the contracts are awarded in fair competitions or through sole-source sweetheart deals. And we won't know what is actually accomplished, at the ground level with the federal dollars. Not to pick too much on Chicago, but I'd say that in the town that has perfected pay-to-play for everything from trucking contracts to Senate seats, this is absolutely unacceptable and it certainly doesn't fulfill the President's promise to follow "every dollar." The American people deserve better.

Fortunately, the revolution in information technology now provides the ability to bridge the gap between what President Obama has promised and what his Administration's plans envision. By implementing a standardized and universal system of reporting, we can allow every interested American to contribute his or her own ingenuity and superior knowledge of local projects to the critical job of watching this money. Ordinary Americans can become citizen-regulators, greatly enhancing our efforts to bring transparency and accountability to government spending. All that's required is for the Administration to show the political will and leadership to provide all of the stimulus data in a centralized, uniform, and structured format.

The federal government has experience with efforts to make federal spending transparent, but unfortunately its track record is poor. In 2007, the Office of Management and Budget launched USAspending.gov, which was the result of bipartisan legislation spearheaded by then-Senator Obama. Its purpose was to allow the public to "Google the Government" by creating a searchable database of federal grants, contracts, and other financial assistance. Reports from government investigators and ordinary Americans, however, show that the web site is plagued by incomplete, inaccurate, and untimely data. Real oversight and transparency is impossible if the underlying data is corrupt.

In addition, the Bush Administration failed to comply with the Obama legislation's January 1st, 2009, deadline to post spending data on USAspending.gov down to the contractor and subcontractor level. Since taking office, President Obama has failed to provide this information on the web site as well.

I understand that creating a new database with information on such staggering sums of money and from such a wide array of federal agencies is a difficult task. But the President has promised full transparency for stimulus spending, and he was right to do so. Was this promise by President Obama just an overextended selling point to pass the stimulus package? Or will the taxpayers be able to truly understand how their money is spent? We need to make sure this promise becomes more than rhetoric and actually delivers the transparency and accountability that the American people deserve.

Mr. Chairman, as I said, we have our work cut out for us. It is our responsibility to this Congress and to the American people to ensure that the Administration lives up to its promise that this massive amount of funding is fully transparent and that as little taxpayer money as possible is lost to waste, fraud, and abuse.

I now yield back the remainder of my time.