



NEW YORK STATE SENATOR

James L. Seward

## Federal Stimulus Accountability Needed

JAMES L. SEWARD

The \$787 billion American Recovery and Reinvestment Act of 2009 (ARRA) was signed into law on February 17 by President Barack Obama. This unprecedented relief package includes a total of approximately \$24.6 billion in federal aid for New York state over 25 months – representing one of the largest intergovernmental transfers of funding in the history of our nation. According to federal officials, the funding is designed to help stabilize the economy, create jobs, prevent tax increases and prevent dramatic cuts in key government programs.

We need a open process to ensure that money is being distributed fairly and jobs are being created. My colleagues and I have proposed a comprehensive reform plan that will maximize job creation and ensure greater openness, transparency and accountability for use of the federal stimulus money here in New York. Without the openness and accountability we are proposing, taxpayers and the public won't know how the stimulus money is being spent.

The key measures, many of which have been advocated by a wide array of good government groups, include the following:

- **Strict Fiscal Reporting and Monitoring:** The initiative would provide the State Comptroller, as the state's chief fiscal officer, with broad new powers to actively monitor the flow of federal stimulus funding. By giving the comptroller specific and direct oversight responsibilities for these monies, the public will be better assured that no funding will be

lost to waste or misuse;

- **Job Creation Tracking and Results:** To bolster existing federal job tracking guidelines, the plan would empower the State Comptroller to obtain detailed information from the State Department of Labor and the Empire State Development Corporation regarding specific job creation and retention numbers that are tied directly to the expenditure of stimulus funding. These figures would be certified by the comptroller for accuracy, publicly released on a monthly basis, and made available on a new website to be established by the Comptroller's Office;
- **Combating Fraud, Waste and Abuse:** The unprecedented size and scope of the federal stimulus funding creates a tremendous new potential for fraud, waste and abuse – both in the decision-making process, as well as in the actual implementation of related government contracts and programs. The new initiative would provide the Attorney General's Office with the power to investigate and prosecute cases involving the misuse of stimulus-related funding;
- **“Taxpayers Right to Know” Provisions:** In order to heighten public awareness of, and involvement in, the allocation and use of federal stimulus funds, the current decision-making process must be moved out from behind closed doors and into the public realm. (The newly enacted State Budget, which was negotiated entirely in secret by Governor Paterson, Assembly Speaker Sheldon Silver and Senate Majority Leader Malcolm Smith, reportedly spends nearly \$11 billion dollars in federal stimulus funding.) To address this

problem, all future meetings regarding the disbursement of these funds should take place in open, public meetings. These meetings should be webcast live, and the minutes should be made publicly available afterwards. Supporting documents should be placed online in advance of such meetings;

- **Plain Language Budgeting:** At the present time there is a significant amount of public information regarding the federal stimulus funding on various government websites, but there is no simple breakdown that provides the public with information regarding where the stimulus funding is going, and how much is currently being held in reserve by state leaders. The plan will empower the State Comptroller's Office to establish clearly articulated "plain language" guidelines to track the flow of the federal stimulus funding;
- **New Federal Stimulus Lobbying Provisions:** The plan strengthens the state's lobbying oversight and regulation by putting in place the same guidelines President Obama has already established for federal agencies that disburse stimulus money. These measures would apply to all stimulus funding disbursed at the state level, and to all government contracts let at the state level, that are associated with the federal stimulus funding. The measure would apply to all lobbying of state agencies, public authorities and the governor's office, that relates to the federal stimulus package;
- **Preventing Conflicts of Interest:** The initiative includes provisions to encourage competitive bidding of contracts to the maximum extent possible, as well as prohibitions against public officials working to direct funds toward firms in which they, their family members

or their business associates have any financial interest or employment connection;

- **Federal Stimulus Whistleblower Provisions:** Any government employee or private citizen who brings to light cases of fraud, waste or abuse involving federal stimulus funding would enjoy full and complete protection from any retribution.

We are dealing with billions of dollars in taxpayer money. New Yorkers should have the right to follow the money trail from the federal government right down to the ground level.