

**Testimony of Chris Keeley, Associate Director of Common Cause/NY**  
Oversight: The Impact of the Federal Economic Stimulus Package on New York City  
March 5, 2009

Good afternoon. My name is Chris Keeley and I am the Associate Director of Common Cause/New York, a non-partisan, non-profit citizens' lobby and a leading force in the battle for honest and accountable government.

Common Cause/ New York is the lead organizer the NYS Stimulus Oversight Working Group, which consists of organizations large and small, local and national, representing a range of interests, including groups with education, health care, and housing interests; dealing with budget, environmental and government oversight; and fighting for worker, media, consumer and economic justice.

**Members of the Stimulus Oversight Working Group represent many different viewpoints and do not necessarily agree on how the stimulus money should be spent. Members do, however, share *Common Principles for Transparency and Accountability* and seek to provide full disclosure of stimulus-related investments at all levels of government. This would serve to fill massive transparency void left behind by the federal stimulus package.**

The elements outlined in the Common Principles for Transparency and Accountability include:

- **Fairness** in awarding contracts and distributing funds. No community or company should be in line for stimulus dollars simply because they have influence with policymakers or have hired politically-connected lobbyists. New York must institute protections against special-interest meddling by publicly disclosing selection criteria used in awarding stimulus funds, all projects and programs considered, and those projects and programs chosen to receive stimulus funds.
- **Effectiveness** through the accountable investment of taxpayer money where it will have a maximum public benefit. In determining projects and priorities, the city must ensure that investments will create or retain jobs, address identified public needs, and achieve long-term policy goals.
- **Ethical and Honest Use** of stimulus funds. Among other steps, contracts should be competitively bid to the maximum extent possible, and all discussions and decisions regarding the allocation and use of stimulus funds should take place in open meetings, with information readily accessible to the public through online reporting tools.

Taken together, these principles form the 'Taxpayer's Right to Know,' requiring across-the-board reporting for all federal funds spent in New York State in a uniform, easy-to-understand format, with all information being available in a single, centralized website that should be compatible with the federal recovery.gov website. Undoubtedly, there is public interest in meaningful transparency and oversight of the stimulus investments and the Council should work to ensure public's confidence is maintained by providing such disclosures publicly.

On February 18, the Director of the U.S. Office of Management and Budget sent a memo to the heads of all agencies and departments in the federal government describing the implementation procedures for the

stimulus package. It included a description of the disclosure requirements for how the money would be used for many contracts. The memo stated: “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.”

In other words, the reporting requirements for many recipients of federal stimulus money do not extend all the way to the ground to include the companies contracted to actually do the work. This is a potentially huge loophole in terms of public disclosure of the use of stimulus money and whether or not it is having the intended effect on the economy.

The public should be able to follow the money from the U.S. Treasury, where the funds are initially doled out, all the way down to the sub-contracting or sub-granting level, where the money is finally spent. To achieve this goal, the City Council must take action to ensure comprehensive and timely oversight is provided not only for those contractual investments that will fall under the federal “two tier” reporting requirement for grantees and sub-grantees, but tracking and disclosure must also “drill down” to every level of sub-contractor. Transparency measures and accountability standards must also be extended to cover all other investments made possible by stimulus funding, such as education and health care investments.

**We are encouraged by today’s hearing, as the Council should participate in this investment process at its earliest possible moments, maintain ongoing oversight, and provide long-term accountability for those stimulus-related investments in the city. This means shining sunlight on all contracts, grants, and investments as early in the process as possible, and providing ongoing oversight to ensure that primary, secondary and other intended benefits of stimulus-driven investments are met. The Common Principles for Transparency and Accountability offers standards the Council should consider when designing such a system of oversight.**

To effectively accomplish the goals of transparency and accountability, the Council should work with the Mayor’s Office, the Comptroller’s Office, and consider legislative remedies to best attain and make information publicly available at various points in the investment process, including providing information to the public:

1. **At The Point of Application**, when a city agency applies to state or federal agencies for funding;
2. **At The Point of Approval**, when a city agency is approved for stimulus-related funding;
3. **At The Point of Disbursement**, when a city agency receives the funding itself; and
4. **At The Point of Reporting**, when a city agency reports to the state or federal agency regarding program progress and goals met.

The federal government has already created a website, [recovery.gov](http://recovery.gov), which will track a great deal of stimulus-related investment. This is a positive step but it is not comprehensive. It does not cover all types and it does not cover all levels of expenditures. The City could be well served by a single, centralized website that is fully compatible with [recovery.gov](http://recovery.gov), therefore increasing the accessibility and impact of the data at hand.

Thank you once again for this opportunity to testify here today, and we look forward to working with the Council to ensure full transparency and meaningful oversight of the stimulus funds in New York City.

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