

Testimony of Robert L. Nabors
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U.S. Senate Committee on Homeland Security and Governmental Affairs
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Chairman Lieberman, Ranking Member Collins, distinguished Members of the Committee, thank you for inviting me to testify about the implementation of the Recovery Act. Today, I would like to talk about the progress we have made since the last hearing in addressing our shared goal – to implement the Recovery Act as wisely and as quickly as possible.

I'll start by talking about where we are with respect to spending Recovery Act funds.

As of yesterday, Federal agencies had obligated about \$40 billion—up from about \$15 billion a month ago. While just two agencies had issued notices of obligation at the beginning of March, an additional 13 have done so since then.

Most notably, the Department of Transportation has obligated nearly \$5 billion for improvements to highways, transit, and railroads. The Department of Housing and Urban Development has obligated more than \$4 billion for programs including Public Housing and Project-Based Rental Assistance. The Department of Labor has obligated \$3.4 billion for job training, services for dislocated workers, youth activities, and community service. The Department has also begun obligating funds for States to modernize their unemployment insurance programs. And, recipients of unemployment insurance will now benefit from \$25 extra each week.

On Medicaid, States and territories have now drawn over two-thirds of the \$15.7 billion in grant awards for the first two quarters of FY 2009, and another \$8.6 billion was just obligated for the third quarter.

In addition to obligations, there is other evidence of accelerating activity. Agencies have announced nearly \$151 billion in formula and block grants that will be made available to States. These allocations enable States to foresee important increases to their budgets, and can influence State decision-making and benefit the economy even before they are technically obligated.

- Nearly 500 Recovery Act contracting opportunities and notices are posted.
- 71 Recovery Act grant opportunities have been posted on Grants.gov, up from just ten postings last month.
- And as of yesterday, the Making Work Pay tax cuts were fully implemented for 95 percent of working families.

Getting funds into the economy is important, it is critical to do so a responsible and transparent way. This remains a priority for the Administration and the American people, who continue to monitor the government actions through Recovery.gov. The site has had a total of about 300 million hits, about double the number last month.

Speaking on behalf of OMB, I can tell you that we are taking numerous steps towards effective implementation of the Recovery Act.

We are reviewing numerous agency spend plans to ensure that funds are invested appropriately. We have facilitated the launch of Recovery websites at all major agencies, which are linked at Recovery.gov. We have worked with Federal agencies to improve the timeliness and completeness of their financial reports that are publicly available through Recovery.gov. And, perhaps most importantly we are preparing to release tomorrow additional guidance to enhance agency reporting requirements and clarify recipient reporting.

In order to get the most up-to-date information possible, the updated Guidance requires agencies to report more frequently and in more detail.

We will ask agencies to provide significant funding announcements to OMB as they occur, in order to provide a better "real-time" sense of what projects are being funded, where they are, and how much funding they are receiving.

- We will define agency and program plan requirements with a detailed template geared towards performance and oversight into agencies' use of Recovery Act funds.
- We will eliminate the transition to a monthly financial report that was included in the original guidance. The monthly report was originally intended to provide a more detailed level of reporting, but instead we will continue the weekly financial reports so that more up-to-date information will remain available for the public, Congress, and Federal managers.

To further ensure that the recovery funds are tracked and monitored to the sub-recipient and project levels, the updated guidance also provides significantly more detail on recipient reporting, and establishes data collection methods, standard data definitions, and a process in which the recipient information will flow into Recovery.gov. This guidance will clarify several points.

- For instance, our guidance will establish that the Administration will be able to track the vast majority of Recovery Funding to the sub-recipient and project levels. For contracts—which total about \$60 billion—we will be able to track Federal contracts awarded, how prime contractors are using the funds, and information on any sub-contracts they award. For the approximately \$300 billion in grants that are subject to recipient reporting requirements, we will be able to collect detailed information on Federal grants awarded and sub-awards from the primary recipient. In about 95 percent of cases, this information will reach down to the project level. In the 5 percent of cases where it does not, we are working to expand the reporting model.
- Recipient data collection will be centralized. OMB will oversee the development of a central collection system for recipient reporting, which will lower government-wide system modification costs, improve the consistency and availability of data, and alleviate reporting burden for the recipients by establishing a central collection point.

- Limited Exemptions will be considered, in order to allow some agencies with current systems capabilities to collect and potentially review the recipient data.
- Recovery Act reporting will be standardized via Terms & Conditions for Federal grants, loans, contracts and other awards. These will also assist the agencies in implementing the Davis-Bacon and Buy American provisions.

Finally, OMB is interested in public views of the guidance and will be accepting feedback through April 17. After this date, OMB plans to issue another update to the guidance based upon comments from stakeholders including Federal agencies, Congress, State and local government officials, grant and contract recipients, and citizens.

These are a few examples of how our new guidance takes important steps towards ensuring transparency and accountability, but OMB will continue taking proactive measures with respect to these priorities.

In response to our discussion last month, I have asked OMB staff to work with key stakeholders to determine how the Single Audit process can maximize accountability and transparency for Recovery activities. By the end of April, OMB will publish an update to the Compliance Supplement for OMB Circular A-133. This will clarify the coverage of Single Audit for Recovery Act programs, highlight the significant accountability requirements for Recovery dollars, and help ensure that appropriate Recovery programs are designated as high-risk and audited as "major programs."

To address another issue raised last month, we need to facilitate a partnership across levels of government in order to implement the Recovery Act successfully.

We are working hard to maintain an open dialogue with stakeholders at the Federal, State, and local levels. The Vice President has spoken about Recovery Act implementation in at least ten separate venues across the country, including two meetings at the White House for State and local leaders. I have participated with the Vice President in some of these events, as well as in meetings with the National Governors Association, the National Council of State Legislatures, and the Urban League.

OMB also holds regular meetings and conference calls with groups representing state auditors, comptrollers, treasurers, chief information officers, budget and procurement officials, and other stakeholders. For example, we participated in several town hall meetings and forums over the past several weeks to discuss issues and ideas that have been incorporated into OMB guidance materials.

We have also reached out to states to ensure that governors understand the legal constraints of the Recovery Act certification requirements. To date, all but two governors have certified, and we have reached out to their offices to remind them that the certification deadline is tomorrow.

To point to one other issue raised by members of this Committee, the Administration is committed to ensuring that agencies have the skills and capacity to plan effectively, award and administer contracts, and carry out programs funded by the Recovery Act.

Per the advice of this Committee, we are reviewing the use of a government-wide contingency contracting corps in limited circumstances. However, given the likelihood that the activities of the Recovery Act will require many agencies to handle an increased workload over an extended period of time, we are also encouraging agencies to use various existing authorities and options such as the direct hire authority or coordinated interagency recruitment efforts.

We are looking at all available personnel authorities that are currently available. For example, on March 17, the Office of Personnel Management (OPM) authorized the Government-wide use of excepted service appointments so agencies can quickly hire additional staff without sacrificing veterans' preferences.

We also reviewed a bill introduced on March 18 by Senator Collins and co-sponsored by Senators Kohl and Voinovich which would authorize Federal agencies to reemploy retired Federal employees on a limited basis without offsetting the annuity from salary. Employing retirees could be a promising means of building capacity for Recovery Act implementation and we generally support the kinds of additional flexibilities proposed by these Senators.

With that, I'll conclude by reiterating that all levels and branches of government have been entrusted with a great responsibility of helping to lead this nation out of an economic crisis.

We share the burden of living up to the expectations of the American people, and delivering the transparency, accountability, and performance that we promised.

Thank you, and I look forward to your questions.

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