Models of Accountability and the American Recovery and Reinvestment Act

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The Recovery Act used several different models of accountability in an attempt to ensure that funds were spent properly, efficiently, and effectively. These models were overlaid on each other generally without considerations of the tensions that they create. Addressing—or at least acknowledging--these tensions is important to drawing the best set of lessons going forward.
U.S. Federalism in Practice

Sources: GAO based on U.S. Census Bureau’s Lists & Structure of Governments (last revised: June 08, 2010) and Urban institute’s National Study of Nonprofit-Government Contracting Survey Results (2009).
American Recovery & Reinvestment Act
(The Recovery Act)

- Signed February 17, 2009
- Purposes:
  - Preserve/create jobs and promote recovery
  - Assist those most hurt by the recession
  - Invest in infrastructure
  - Stabilize state and local government budgets
- Total cost (tax and spending): $812 billion, including over $626 billion in additional spending (CBO estimate). About $280 billion is intergovernmental assistance.
Projected Versus Actual Federal Outlays to States and Localities Under the Recovery Act

Outlays in billions of dollars

- **Estimated**
- **$213.2 Billion in Actual Federal Outlays, as of May 6, 2011**

Source: GAO analysis of data from CBO, Recovery.gov and Federal Funds Information for States.
Recovery Act Challenges for Officials at All Levels of Government

- Expectations for an unprecedented level of transparency and accountability
- Qualified personnel need to implement proper controls and accountability at all levels of government
- Close and ongoing coordination needed among federal, state and local governments
- Accountability community: special responsibility to ensure collective efforts are well-coordinated
Models of Accountability and the Recovery Act

- Program integrity and safeguards against waste, fraud, and abuse
- Transparency
- Outputs, funding streams, and project selection
- Outcomes, jobs “created and retained”, expected results from reinvestment
Program Integrity and Safeguards Against Waste, Fraud, and Abuse

• Vice President “Sheriff Joe” Biden’s oversight

• Role of the “Accountability Community”: GAO, federal Inspectors General, State and Local Auditors, the Recovery and Transparency Board

• Single Audit Act reforms and the related focus on “real time audits”
Transparency

- Recipient reporting through Recovery.gov
- “Citizen IGs” as the central early public justification of reporting
- Emerging focus on place-based performance measurement and opportunities for citizen information and engagement
www.recovery.gov
Outputs, Funding Streams, and Project Selection

- Mix of new programs, existing programs where Recovery Act funds were easily integrated into existing structures, and existing programs where the nature of the program was fundamentally changed
- Federal efforts to control project selection differed among programs
  - Medicaid FMAP
  - Education SFSF
  - Federal highways and “shovel ready”
  - Weatherization
Composition of State and Local Recovery Act Funding: 2009 Actual and 2012 Estimated

Fiscal Year 2009

1% 2% 3%

60% 28%

Fiscal Year 2012

1%

19%

16%

17%

30%

Source: GAO analysis of CBO and FFIS data. Data reflect estimated and actual federal outlays for a select set of Recovery Act-funded programs administered by states and localities. The Supplemental Nutrition Assistance Program (Food Stamps) and Unemployment Compensation payments are not included.
Outcomes, Jobs “Created and Retained,” Expected Results From Reinvestment

- Isolating influence of Recovery Act from other factors and the counterfactual (what would have happened in the absence of the Recovery Act)

- Competing Goals—immediate “recovery” (stimulus) vs. longer term “reinvestment” (economic modernization)

- Employment: Recipient reporting and jobs created and retained, vs. jobs funded, vs. CEA and CBO analysis.

- Program outcomes: Absence of results-oriented performance measures. For example,
  - Number of transportation projects funded vs. improved mobility and decreased congestion
  - Number of homes weatherized vs. amount of energy saved
Going Forward

“Through the Recovery Act, we've proved that the government can move quickly and get the job done and do it right. We're going to need to follow these lessons in future budget and implementation efforts if we're going to live up to what we've done in Recovery Act.”

Vice President Biden

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