

Difficult to Track Jobs Created or Saved, Stimulus Money Spent, GAO Reports

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President Barack Obama (AP Photo)

(CNSNews.com) – Determining how many jobs federal stimulus money will create or save, and even tracking how the money is being spent will be difficult under current conditions, according to an assessment from the Government Accountability Office (GAO).

The \$787-billion American Recovery and Reinvestment Act, intended to revive the troubled economy, was passed by Congress and signed into law by the president in February. President Barack Obama's chief selling point for the package was that it would create or save 3 million jobs across the country.

"In general, states are adapting systems, issuing guidance and beginning to collect data on jobs created and jobs retained, but questions remained about how to count jobs and measure performance under Recovery Act-funded programs," the [GAO report](#) said.

The Office of Management and Budget (OMB) has provided guidelines to state and local government, which are supposed to file quarterly reports on stimulus funds that include the money's impact on jobs.

These jobs would come largely through grants from the Department of Transportation, the Department of Justice, and the Department of Energy that are part of the stimulus package.

The economic stimulus package has come under intensified scrutiny in recent weeks, as the nationwide unemployment rate has climbed to 9.5 percent, prompting Republicans to say the stimulus is not working. Some Democratic leaders in Congress have even said there may be a need for a second stimulus.

Last week, Vice President Joe Biden argued that the legislation has prevented police officers, school teachers, and other local government employees from getting laid off.

Yet Senate Minority Leader Mitch McConnell (R-Ky.) said the GAO report should be of no surprise to anyone.

“According to the report, assurances on transparency were off base, as was the promise that we’d be able to accurately track jobs,” McConnell said in a statement.

“The GAO report should add to growing public concerns about the administration’s tendency to rush and to over-promise on results when it comes to spending taxpayer dollars and increasing the national debt. But it shouldn’t surprise anyone who followed the debate,” McConnell added.

As of June 19, the Treasury Department had spent about \$29 billion of the estimated \$49 billion in stimulus funds allocated for fiscal year 2009. More than 90 percent of that \$29 billion has gone to the State Fiscal Stabilization Fund (SFSF) administered by the Department of Education, and the Medicaid Federal Medical Assistance Percentage (FMAP), according to the GAO report.

There could be a means of determining the effect on jobs by the time the first quarterly reports are made in October, said Jeanette M. Franzel, managing director of financial management and assurance with the GAO.

“Right now, OMB is working with a methodology developed with the Council of Economic Advisors,” Franzel told CNSNews.com. “There are certainly methodologies to put together and estimate numbers of jobs.”

At least at the local level, the counting of jobs would not likely be exaggerated, as the GAO report says that guidelines strictly say only jobs directly created through federal stimulus funds should be counted – not jobs indirectly created, such as jobs that might result from suppliers to a road builder.

But to determine both the jobs impact and how the money is spent, states must engage in effective auditing, which is a challenge precisely because of the bad economy the stimulus is supposed to fix.

“Some of the states are actually furloughing employees and laying off employees. Other

states are fortunate enough not to be doing that,” Franzel said.

“Even states that aren’t experiencing those type of problems, we’re talking about significantly increased federal expenditures being pumped through the states, and there are federal compliance requirements, federal audit requirements,” Franzel added.

“So even in a case where audit shops aren’t being cut, basically, the workload that is associated with auditing federal funds will very likely increase,” Franzel said.

A survey by the National State Auditors Association showed that state auditors say they need relief because their offices are overburdened with new auditing requirements of the federal dollars.

“Certainly, the administration is pledging unprecedented accountability and transparency,” Franzel continued. “A part of the accountability piece includes good and timely auditing to help deter any fraud, waste, and abuse and detect any potential problems.”

The GAO report states that the OMB auditing guidelines do “not achieve the level of accountability needed to effectively respond to Recovery Act risks” and that “state auditors need additional flexibility and funding” to adequately audit the use and effectiveness of stimulus funds.

“Without action now, audit coverage of Recovery Act programs will not be sufficient to address Recovery Act risks and the audit reporting that does occur will be after significant expenditures have already occurred,” the GAO report said.

The House has already passed a bill to give state and local governments flexibility to set aside a portion of their stimulus funds for auditing and investigation of waste, fraud and abuse.

The Enhanced Oversight of State and Local Economic Recovery Act was sponsored by Reps. Edolphus Towns (D-N.Y.) and Darrell Issa (R-Calif.), respectively, chairman and ranking member of the House Oversight and Government Reform Committee.

During a committee hearing last week, acting Comptroller General Gene Dodaro, head of the GAO, endorsed the legislation.

Towns said that should put some pressure on the Senate to pass the bill.

"I hope that one result of today's hearing and release of the GAO report is that it will reinforce the message to the Senate that this bill needs to be enacted as soon as possible," Towns said in a statement. "I hope we can find ourselves in conference with the Senate prior to the August recess."