



# BEHIND OPEN DOORS

States are using stimulus websites and “czars” to let citizens know how their tax money is being spent.

BY PAMELA M. PRAH

**W**hat do an FBI fraud team, a showdown between a governor and the legislature, and a sophisticated online system called geographic information systems have in common?

All are part of states’ efforts to ensure that billions in federal stimulus money are spent wisely within their borders.

More than a third of the \$787 billion federal economic stimulus package that President Obama signed into law in February goes to or through states. The biggest pot of money distributed to states so far was for health care—about two-thirds of the \$49 billion in stimulus money that states got during FY 2009 helped offset states’ share of Medicaid, the joint state-federal health insurance program for the poor and disabled. More than \$100 billion in additional funds for a variety of programs will arrive in states in FY 2010.

*Pamela M. Prah is a staff writer for Stateline.org, a non-profit, nonpartisan online news site ([www.stateline.org](http://www.stateline.org)) that reports on emerging trends and issues in state policy and politics. It is a project of the Pew Center on the States.*

Taxpayers expect—and the federal stimulus law guarantees—that they easily will be able to track where and how money from the largest public works program since the Great Depression is being used. But states have wide latitude in deciding how they’ll make that happen.

“This really is an unprecedented opportunity for the states,” says Jill Satran, who is responsible for overseeing federal stimulus money in the state of Washington. States must prove to citizens that “they are getting a bang for the buck.”

The first big test of states’ oversight efforts comes this October when they must file the initial quarterly reports with the federal government on how they have spent those funds. Come November, the reports will appear on [www.recovery.gov](http://www.recovery.gov), the federal government’s website.

The federal law doesn’t require states to name point people or spell out their duties. But the Obama administration, which has czars for health care, energy, illegal drugs and even for cities, has asked states to name “implementation czars” to keep an eye on

their share of the federal stimulus package.

Governors are free to tap whomever they want for the post—if anyone at all. Alaska, Arkansas, Louisiana, Maryland and Texas have opted not to name a person.

## CALIFORNIA SHINES

California went one step further. In addition to naming Cynthia Bryant, the governor’s deputy chief of staff, as the stimulus czar, Governor Arnold Schwarzenegger named Los Angeles City Controller Laura Chick as the first-in-the-nation state stimulus “inspector general” to also serve as a watchdog.

Chick’s mission is to deter, detect and disclose any waste, fraud or abuse of the estimated \$50 billion in federal stimulus money the state expects to receive over two years.

Chick, who built her reputation as a fraud-buster in her eight years in Los Angeles, is convening a series of meetings across the state with federal and state prosecutors, inspectors general, local organizations and even the FBI to demonstrate “the oversight family standing shoulder-to-shoulder as a

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team” and to ward off con artists and scams.

With advice from the FBI, the California team has developed a three-hour fraud awareness training program that is available to interested states. It is aimed at preventing what experts predict could be fraud losses of between 7 percent and 10 percent of stimulus money. In the aftermath of Hurricane Katrina, some 17 percent of federal rescue money was lost to fraud, Chick’s office said.

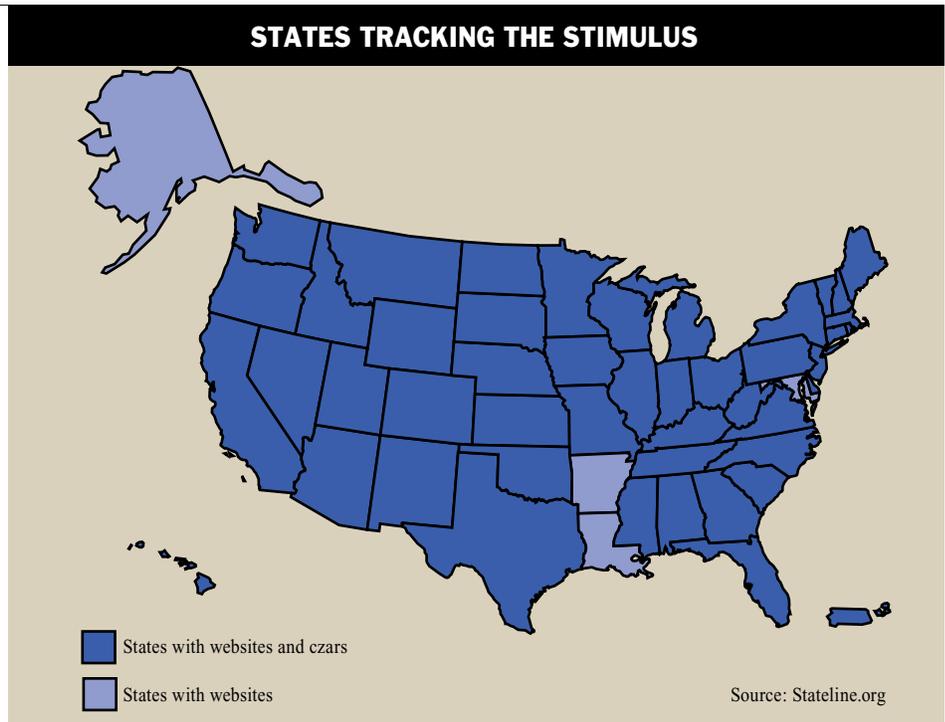
“If you are thinking about messing with these precious dollars, know that we will find you, and you will be brought to justice,” Chick says.

California, the eighth-largest economy in the world, is one of 16 states where the General Accountability Office is sending teams of investigators to see how funds are being tracked and distributed. The watchdog arm of Congress posts online bimonthly reports on these scrutinized states—Arizona, California, Colorado, Florida, Georgia, Illinois, Iowa, Massachusetts, Michigan, Mississippi, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Texas—and the District of Columbia.

California Assemblyman V. Manuel Pérez, who chairs the Assembly Task Force on Stimulus, Economic Recovery and Jobs, hopes Chick’s office also will work with local governments and nonprofits on proper accounting methods and best practices in contracting and oversight. “The inspector general can really set the process on solid ground by setting clear standards and encouraging regional training opportunities to teach to the standards,” Pérez says.

#### **NAMING RIGHTS**

In Florida, Governor Charlie Crist appointed Don Winstead as the state’s stimulus czar. He’s teamed up with the U.S. Department of Justice, the governor’s chief inspector general, the Florida attorney gen-



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eral’s office and the Justice Department’s Antitrust Division to provide training on collusion and antitrust issues in contracting and procurement. The program already has trained more than 400 procurement, contract management, auditing and investigative staff throughout the state to ensure they have the latest information on how to safeguard against fraud, Winstead said.

In Nevada, the question of naming someone to track the state’s share of stimulus money created a standoff between Republican Governor Jim Gibbons and Democrats who control the Legislature. Democrats wanted the responsibility to go the state controller’s office, which is headed by Kim Wallin, a Democrat.

The governor, however, said the federal stimulus law clearly gave him the authority, and he issued an executive order allowing him to name an oversight czar. If legislators don’t like his plans, “let them sue me,” the governor said during an August news conference.

The governor’s handling of stimulus over-

sight has ruffled some feathers in Texas as well.

Representative Jim Dunnam was named by Texas House Speaker Joe Straus to chair the House Select Committee on Economic Stimulus. Dunnam faulted Governor Rick Perry for not naming a stimulus czar and for leaving it to the state controller to come up with a website.

“We could do a better job,” he says.

He also said Perry was “playing politics” because he was one of a handful of governors who threatened to turn down some of the stimulus money.

But relations between the governor and state lawmakers over the stimulus are not always acrimonious. Vermont Representative Janet Ancel says stimulus discussions and oversight “have not taken a partisan cast” because Governor Jim Douglas has let his stimulus czar, Tom Evslin, “be the face of the stimulus.”

“We have a very positive working relationship,” Ancel says.

Governors in Connecticut, Kentucky,



**REPRESENTATIVE**  
**JANET ANCEL**  
**VERMONT**



**DELEGATE**  
**SHEILA ELLIS HIXSON**  
**MARYLAND**



**SENATOR**  
**JEAN M. HUNHOFF**  
**SOUTH DAKOTA**

Michigan, Mississippi, New Jersey, New York, Rhode Island and Virginia have turned to their own executive staffs to head the stimulus efforts.

In Idaho, Illinois, Maine, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota, Tennessee and Washington the budget or chief operating officer serves that role.

**STATE WINNERS**

State websites for tracking stimulus money vary as much as the czars. Colorado and Maryland are heralded as having among the best. They are the first sites with interactive maps showing spending totals for each county and the location of specific projects.

In Maryland, Governor Martin O'Malley is a proponent of using geographic information systems, or GIS, that allow users to see data in many ways that show relationships or patterns. For instance, transportation stimulus projects can be displayed against a backdrop showing those parts of the state where a high percentage of people don't own cars.

Maryland's is the only state with a stimulus website that allows users to correlate where the stimulus money is being spent with patterns of unemployment and home foreclosure rates, according to Good Jobs First, a nonprofit group in Washington, D.C., that recently graded the stimulus websites of all 50 states.

Colorado and Maryland also are among only 10 states that provide contractor names and dollar amounts on their sites and among four states that provide information about the number of jobs individual stimulus projects have created.

"Our website is very impressive," says Maryland Delegate Sheila Ellis Hixson, who credits O'Malley for the website's wealth of details. Hixson, chair of the House Ways and Means Committee, says O'Malley is the de facto stimulus czar since the governor hasn't appointed one. "We certainly are getting enough information."

In South Dakota, Senator Jean M. Hunhoff checks her state's stimulus website every day. "That's how you track those dollars; where they are going and how they are being used," she says. "I see the dollars coming in every day."

Many state websites, however, miss the mark, says Philip Mattera, research director of Good Jobs First. "Given the recovery act's high profile, we expected better results, but most state [stimulus] sites simply do not measure up."

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**"NOT AN OPTION TO FAIL"**

In Ohio, state auditor Mary Taylor has gone one step beyond the state's stimulus website. She developed the "Ohio Stimulus Tracker" to help people understand how federal stimulus money is being spent. The site also prominently displays how to call or report fraud.

Joshua M. Culling, who specializes in state tax issues at the National Taxpayers Union, said he was encouraged that people automatically assume that federal and state governments will be held accountable. "But just how effective they are in doing that is another question," he says.

States are under intense scrutiny to show they are wisely spending federal money at the same time their own budgets are being squeezed because of falling revenues.

"It's not an option to fail to provide oversight," says Evslin, who heads Vermont's stimulus program. "The question is what else might get starved while you are doing it?"

State officials are working hard to avoid mismanagement, but some say people may not fully understand the vastness of the stim-

ulus package.

"There is a perception that there is one pot of money or a couple pots of money," says Florida's Winstead. In fact, the stimulus involves some 300 different programs with different requirements.

**MORE MONEY COMING**

While billions in federal stimulus money already is flowing into state coffers, most of it—some \$108 billion—will arrive in FY 2010, which began Oct. 1 for the federal government.

Last fiscal year, the money largely went to states' health care and education programs to help forestall cuts and avoid layoffs. The National Conference of State Legislatures, in a survey released in July, asked state officials what broad actions they took to balance their budgets. Twenty-four of the 25 states providing information reported that stimulus money represented at least 20 percent of their budget-closing actions.

The oversight effort will have plenty of money to keep an eye on in the next couple of years, especially when it comes to federal infrastructure stimulus money that is in the pipeline, but being disbursed more slowly. The package was designed so that investments in highways, high-speed rail, broadband technologies, clean water and energy efficiency would come later.

By FY 2012, transportation and energy projects will make up about two-thirds of the approximately \$23 billion in stimulus funds states and localities will have for that year, according to the GAO.

For state lawmakers, oversight will not be the biggest problem two years down the line when the money stops coming, says Delegate Hixson of Maryland.

"It's the big elephant in the room," she says. "We have to come up with a plan." ■

**CHECK OUT** NCSL's resources on state stimulus oversight efforts at [www.ncsl.org/magazine](http://www.ncsl.org/magazine).