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Chairman Lieberman, Ranking Member Collins, distinguished Members of the Committee, thank you for inviting me to testify before you once again about the implementation of the American Recovery and Reinvestment Act.

Since I testified last month, the Administration has continued to advance the President's and Congress' commitment to move Recovery Act funds quickly and wisely, and with unprecedented levels of transparency and accountability to the public. We have also made strides in coordinating our efforts across all levels of government and in identifying and addressing the human capital needs created by this massive undertaking.

Today, I will talk about our progress in these key areas of Recovery Act implementation and the actions we have taken to address questions and concerns raised by this Committee last month.

I will begin with an update on our recent efforts to spend Recovery Act funds quickly and effectively, and on the activities that are underway to ensure that spending continues over the coming weeks and months.

Agencies are making steady progress in both announcing programs and obligating funds as quickly as possible. At the time of my last testimony, Medicaid accounted for almost all of the funds obligated. As of the end of March, Federal agencies had obligated over $28 billion—nearly twice the amount as a month ago.

While just two agencies had issued notices of obligation at the beginning of March, an additional ten have done so in the interim. Most notably:

- The Department of Transportation (DOT) has obligated nearly $4 billion for improvements to highways, transit, and railroads;
- The Department of Housing and Urban Development (HUD) has obligated more than $4 billion for programs including Public Housing and Project-Based Rental Assistance; and
- The Department of Labor has obligated $3.4 billion to support job training, services for dislocated workers, youth activities, and community service. The Department has also begun to obligate funds to States to modernize their unemployment insurance programs. In addition, recipients of unemployment insurance across States will now get an additional $25 added to their checks every week.

In the case of Medicaid, States and territories have now drawn down about $8.6 billion of the $15.4 billion in Medicaid grant awards for the first two quarters of FY 2009—up from about $3.3 billion a month ago.

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. As these allocations enable States to foresee important increases to their budgets, they can influence State decision-making and benefit the economy even before they are technically obligated;
- Nearly 500 Recovery Act contracting opportunities, requests for information, and related notices are posted on the website "FedBizOpps"—and are easily identified through a search feature devoted specifically to the Recovery Act; and,
- 67 Recovery Act grant opportunities have been posted on Grants.gov, up from just ten last month. Current grant opportunities are valued at about $23 billion.

To highlight some notable announcements, recipients of Social Security and Supplemental Security Income benefits can expect to receive $250 Recovery Act payments beginning in early May and continuing throughout the month—which will inject over $13 billion into the economy. And April 1 marked the deadline for employers to institute lower withholdings for their employees under the Making Work Pay tax credit—the tax reduction center piece of the Recovery Act.

But it is insufficient to simply move money quickly. Therefore, the Administration is taking steps to spend Recovery Act funds with an unprecedented level of transparency and accountability.

This remains a priority for the Administration, as well as for the American people, whose commitment to monitoring their government is apparent in the significant usage of Recovery.gov—which now has had a total of about 300 million hits, about twice as many hits as a month ago.

Speaking on behalf of OMB, I can tell you that our team is working extraordinarily hard to meet the accountability and transparency objectives of the Act. Although we have a heavy workload ahead, our progress over the past month has been significant. We have:

- Initiated the issuance of over 200 new, separate Treasury Appropriation Fund Symbols so Recovery dollars can be tracked and monitored separately;
- Reviewed numerous Federal agency spend plans to ensure that planned activities are prudent and well aligned with the programmatic and economic objectives of the Recovery Act;
- Worked closely with the Recovery Board to ensure a smooth transition of responsibility for Recovery.gov and to establish roles and responsibilities that ensure that OMB is best positioned to support the Board's mission;
- Facilitated the launch of Recovery websites at all major agencies, all of which are accessible through Recovery.gov; and
- Made significant inroads in tracking and publicizing financial data.

On this last point, when I testified before you a month ago, agencies had just begun to submit weekly reports on the obligation and disbursement of funds, as well as block grant allocations and major communications and announcements—per the initial OMB guidance. Since then, OMB has collected and reviewed incoming reports and worked extensively with the agencies to make them more comprehensive, as well as available to the public through Recovery.gov.

In response to input from this Committee, government officials at all levels, grant and contract recipients, and citizens, OMB is also taking further measures to clarify and enhance reporting requirements, and respond to developing needs for more data. In the next few days, we will be issuing an update to the initial guidance that we sent to the agencies on February 18. The update covers a broad range of areas, including program planning, data collection, and oversight.

Given the concerns expressed by this Committee about ensuring transparency for both primary and sub-recipients of funds, we have worked to expand our ability to drill down on specific projects or activities. The new guidance clarifies that for the approximately $60 billion in Federal contract dollars under the Recovery Act, detailed information will be available on Federal contracts awarded, as well as subcontracts awarded from the prime contractor. Similarly, more than $300 billion in grants are subject to recipient reporting requirements, and detailed information on the use of funds will be available on Federal grants awarded and sub-awards from the primary recipient.

To give you a sense of what this reporting system means in practical terms:

- Local organizations receiving the approximately $85 billion in competitive awards will report on any sub-recipients that receive funds;

- For the approximately $75 billion in Education grants, information will be available from both the State and the local school districts receiving funds;

- Local housing authorities will account for approximately $8 billion in housing funds by reporting on any entities that receive funds from them; and

- For all of the approximately $37 billion in highway and transit formula funding, grant recipients will be required to report on contractors they hire for various projects.

The Administration believes this level of reporting strikes the appropriate balance between transparency for Recovery Act spending and the burden that reporting imposes on recipients. But, ensuring transparency and accountability will remain an ongoing process, and OMB will continue taking proactive measures with respect to these priorities.

For example, in response to our discussion last month, I have asked OMB staff to work with the Government Accountability Office, Offices of Inspectors General, State auditors, and the American Institute of Certified Public Accountants to identify the best way to leverage the Single Audit process to maximize accountability and transparency for Recovery Act activities. By the end of April, OMB will publish an update to the Compliance Supplement for OMB Circular A-133 that will clarify the coverage of Single Audit for Recovery Act programs, highlight the significant accountability requirements for Recovery dollars, and help ensure that, when appropriate, Recovery programs are designated as high-risk and audited as “major programs.”

OMB plans to provide additional guidance to the auditors as more Recovery Act awards are made.

For FY 2009, the Annual Single Audits are now being conducted, covering initial Recovery Act activities. We are exploring the possibility of a review requirement that would provide early indicators of internal control breakdowns, requiring immediate corrective action. We believe we have general agreement from the audit community to partner Federal, State, and local audit resources in a coordinated manner that emphasizes the propriety of Recovery Act spending.

This leads to another issue raised last month regarding the 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. With the specific goal of collecting feedback and fielding questions and answers, OMB holds weekly conference calls with groups representing State Auditors, Comptrollers, Treasurers, Chief Information Officers, and budget and procurement officials. Representatives from OMB have also participated in the National State Auditors Association Conference, the National Association of State Treasurers Conference, the National Association of Counties Conference, and the Association of Government Accountants Conference. OMB has held "town hall" meetings with representatives from agencies, States, and localities to provide technical assistance, share best-practices, and collect feedback. Just last week, we held a town hall to discuss a draft of the new guidance. All of these communications have helped us to craft our additional guidance in a way we believe will help States and localities implement the Recovery Act appropriately, effectively, and quickly.

In addition to communications surrounding guidance, OMB has extended outreach to States concerning the requirement that governors certify receipt of Recovery Act funds. Over the past weeks, we have worked closely with individual governors to make absolutely clear that they understand the boundaries of what can and cannot be done under the legal constraints of the Act. To date, all but three governors have certified. We have reached out to the governors' offices of the remaining three States to remind them of tomorrow's deadline for certification.

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.

We are carefully reviewing a wide array of options to expand the capacity of agencies so they can meet the demands presented 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 (or "Schedule A" Hiring Authority) so agencies can quickly hire additional staff without sacrificing veterans' preferences. On a temporary basis of up to one year, agencies may use this authority to fill positions at any grade level in any geographic location to fill positions needed to carry out provisions of the Recovery Act. OPM also hosted an interagency forum last week, which provided participants with tools for recruitment and hiring.

The Administration has 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. The Administration generally agrees that employing retirees could be a promising means of building capacity within agencies for Recovery Act implementation and generally supports the kinds of additional flexibilities proposed by Senators Collins, Kohl, and Voinovich. I look forward to working with the leadership of OPM to fully engage with Congress on these and other hiring and human capital issues.

Relating to the issue of human capital, I will briefly speak to some recent developments regarding the structure of Recovery Act leadership and oversight.

Just two weeks ago, the Administration brought on board Ed DeSeve in a senior role supporting implementation of the Recovery Act. Ed previously served at OMB as Comptroller from 1994-1997, and then as Deputy Director for Management through 1999. He has most recently worked as Chairman of Strategies and Solutions LLP, and at the University of Pennsylvania's Fels Institute of Government. Ed will focus on interagency coordination and lead White House efforts to make sure that the Recovery Act is implemented quickly and effectively. His efforts within the White House work in parallel to, and will be closely coordinated with, the oversight work led by the independent Accountability and Transparency Board, chaired by Earl Devaney.

With these parallel and coordinated leadership structures, the Board and the Administration Recovery team are collectively responsible for shepherding the Recovery Act through successful implementation. Recovery.gov is at the nexus of this collaboration, as the Board has assumed full oversight of the site's content, while OMB will continue to oversee the collection of the underlying data, to be made available for posting at the Board's discretion.

This setup is intended to ensure that the site remains an objective, data-driven resource that can create transparency and accountability, and facilitate the kind of evidence-based decision making that we need for the success of the Recovery Act to continue.

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.