Money for Nothing

Senator Tom Coburn, M.D.

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Dear Taxpayer,

Nearly every challenge facing our nation conjures up the same old response from Washington politicians—spending more money.

Trying to spend away our problems, however, has never worked. After committing millions, billions, and even trillions of dollars, government largess has failed to resolve any number of issues, whether unemployment, hunger, or health care. In many cases the problems have grown worse in spite, or perhaps as a result, of this spending.

While conducting oversight of the Gulf Coast recovery efforts after Hurricane Katrina, my office uncovered such a pattern. Homelessness was *increasing* years after the storm despite massive commitments of federal aid.[1] It did not take long to discover billions of dollars of federal aid had been sitting unused for years, never reaching those who lost their homes and still very much in need of help. Some former federal employees involved with the recovery effort even claim delays may be intentional.[2]

This is not an anomaly.

Students in Detroit, Michigan, scored the lowest performance test results ever recorded, yet the school system has been sitting on tens of millions of dollars intended to boost the city's worst schools.

Maryland imposed a new sales tax to provide services to thousands of severely disabled residents languishing on waiting lists for the care, while the state's Developmental Disabilities Administration (DDA) left unspent $38 million, including $12 million of federal funds. The new tax raised $15 million—less than half the amount the agency had sitting unused.

More than one in four of the nation's bridges are either structurally deficient or functionally obsolete.[3] Yet, $13 billion in federal funds earmarked by Congress for highway projects idles unspent.

Several government programs, including the Department of Energy's Initiatives for Proliferation Prevention and the Department of Justice's Bulletproof Vest Partnership, hold more in unspent funds than their actual annual budget.

The Government Accountability Office (GAO) identified nearly $1 billion of federal funds left unused at the end of last year. This includes $802 million in expired grant accounts plus $126 million in another government payment system for which there has been no activity in years.

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[1] Katy Reckdahl, "Homeless population in New Orleans rises 70 percent since Hurricane Katrina," The Times-Picayune, June 2, 2011; http://www.nola.com/politics/index.ssf/2011/06/homeless_population_in_new_orl.html .
[2] Armen Keteyian, "FEMA's 'Toxic Bureaucracy,'" CBS News, February 28, 2009; http://www.cbsnews.com/8301-500690_162-4828884.html?tag=contentMain;contentBody .
[3] "2009 Report Card for America's Infrastructure," American Society of Civil Engineers website, accessed April 3, 2012; http://www.infrastructurereportcard.org/fact-sheet/bridges.

Over $110 million has sat unspent for more than five years with nearly $10 million unspent for more than a decade. These unspent dollars are spread across numerous federal agencies and more than 400 programs.[4] But these GAO estimates only include funds that were available for a set period of time which has expired.

In total, the federal government is projected to end 2012 with more than $2 trillion in unexpended funds that will be carried over to next year, according to the White House Office of Management and Budget. While more than two-thirds of this amount is obligated for specific purposes, $687 billion remains unobligated, meaning it is essentially money for nothing.[5]

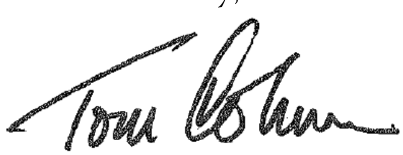
While it is laudable and encouraged for federal agencies to find efficient ways to accomplish goals without overspending, it is often a sign of mismanagement or a lack of need when agencies and recipients are stock piling millions of dollars from taxpayers.

This oversight report, "Money for Nothing," finds unspent money can often result in increased, unnecessary, and wasteful spending. The report examines more than $70 billion remaining unspent years after being approved by Congress. The causes include poorly drafted laws, bureaucratic obstacles and mismanagement, and a lack of interest or demand from the community.

The exception to the proverb "a penny saved is a penny earned" is the government, where an unspent dollar represents lost opportunities to reduce the debt or to assist an individual, a family, or a community. Whether fixing crumbling roads and bridges, assisting homeowners with mortgages, providing health care to patients in need, or protecting the security of our nation, this report demonstrates the real challenge is not finding more resources but better managing the available resources. A dollar taken from taxpayers left unspent is a dollar not needed by the government or a dollar that did not go to someone in need. It represents a failure to budget wisely, to set priorities responsibly, and to be a good steward of taxpayer dollars.

This report demonstrates how the federal government could improve services while *reducing* spending. It also serves as a reminder that the next time politicians in Washington propose spending more money or creating a new program to solve a problem, taxpayers should first question if federal funds have already been approved to fix that particular problem and if those dollars have been spent wisely or spent at all.

Sincerely,



[4] "GRANTS MANAGEMENT: Action Needed to Improve the Timeliness of Grant Closeouts by Federal Agencies" (GAO-12-360), U.S. Government Accountability Office, April 2012.
[5] "Balances of Budget Authority; Budget of the U.S. Government Fiscal Year 2012," White House Office of Management and Budget, page 8; http://www.gpo.gov/fdsys/pkg/BUDGET-2012-BALANCES/pdf/BUDGET-2012-BALANCES.pdf .

Money for Nothing

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Introduction: Money for Nothing

Everyone entrusted with public funds—whether government employees, government grant recipients and contractors, or members of Congress—have an obligation and responsibility to be good stewards of taxpayer dollars. This means meeting goals in the most efficient manner possible and returning any funds that are not absolutely needed.

Those of us in Congress must demonstrate leadership by committing to do more with less. Since 2005, my office has returned over $3 million to taxpayers. This is more than the entire budget for my office in 2012.[6] Over this period, my office personally answered tens of thousands of letters from constituents in Oklahoma, drafted hundreds of amendments to bills, and issued over 25 oversight reports—such as this one—identifying billions of dollars government waste and mismanagement.

Other federal agencies and offices are also making efforts to reduce unnecessary spending.

For example, the Government Accountability Office (GAO) plans to reduce spending by more than $44 million this year by reducing the size of its staff, cutting contractor positions, curtailing travel, canceling some projects, and postponing other expenditures, such as a replacement of employees' laptop computers.[7] "These are difficult times," GAO Comptroller General Gene Dodaro conceded in a message to employees, but pledged that even with the spending reductions the agency would be "able to continually provide an incredibly valuable service to the Congress and to our nation."[8]

The Department of Justice (DOJ) also announced it will save more than $130 million by consolidating and reducing office space, freezing new hiring, limiting "travel, training and conference spending to only those needs that are essential." According to Attorney General Eric Holder, DOJ "is seeking ways to do more with less while we maintain our commitment to our critical law enforcement mission and our most important public safety priorities."[9]

These efforts will not solve our budget crisis but they demonstrate we can do more with less when we try. Unfortunately, too often in government there is a "use it or lose it" mentality, where agencies rush to spend funds before the money expires rather than return what was unspent or not needed. "As a result, average spending is higher and average quality is lower at

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[6] The total amount returned from Fiscal Year 2005 to 2011 is $3,068,553.75. The office budget in FY 2012 is $3,008,876.00.

[7] Stephen Losey, "GAO avoids layoffs but may furlough employees," The Federal Times, October 19, 2011; http://www.federaltimes.com/article/20111019/DEPARTMENTS05/110190302/1018/DEPARTMENTS .

[8] Ed O'Keefe, "Budget cuts at GAO may force furloughs," The Washington Post, October 20, 2011; http://www.washingtonpost.com/blogs/federal-eye/post/budget-cuts-at-gao-may-force-furloughs/2011/10/19/gIQAuWoI0L_blog.html .

[9] "Justice Department Announces More Than $130 Million in Cost Saving and Efficiency Measures to Utilize Resources More Effectively; Department Will Continue to Look for Ways to Reduce Costs and Streamline Operations," Department of Justice Office of Public Affairs, October 5, 2011; http://www.justice.gov/opa/pr/2011/October/11-ag-1320.html .

the end of the year," according to a recent study conducted by professors at Harvard University and Stanford University.[10]

The inability to spend federal funds in a timely manner can also result in wasteful spending.

City workers in Detroit, Michigan, for example, were paid overtime to spend the millions of dollars of federal aid set to expire that they were lax in distributing during their regular work hours.[11]

Likewise, Niles, Michigan, is rushing to spend a languishing Community Development Block Grant before it expires. The price for a sidewalk "project is likely to be elevated since the contractor will be on a tight deadline," according to the city's public works director.[12]

This rush to spend not only increases the costs of completing a project, but too often results in unnecessary purchases.

The York, Pennsylvania school district recently misspent nearly $1 million of 21st Century Community Learning Center funds to avoid returning money to the federal government. An investigation by the Pennsylvania Auditor General found "after it became apparent that the school district had vastly overestimated the number of students who would be participating in the taxpayer-funded grant program, rather than reduce the budget and return unneeded grant funds, the district needlessly spent more than $834,000 at the end of grant period. Investigators also found that a state Dept. of Education program officer insisted that the district spend all the grant funds by the end of the grant periods instead of urging the district to return the money."[13]

The wasteful purchases included equipment sitting unused in storage areas, more than $15,000 for video game systems, and $6,000 in tickets to Hershey Park that were not used before the expiration date.

[10] A study "using data on all federal contracts from 2004 through 2009" conducted by Jeffrey B. Liebman with the Kennedy School of Government at Harvard University and Neale Mahoney with the Department of Economics at Stanford University documented "spending spikes in all major federal agencies during the 52nd week of the year as the agencies rush to exhaust expiring budget authority. Spending in the last week of the year is 4.9 times higher than the rest-of-the-year weekly average." Additionally, the study found the "average project quality falls at the end of the year."
Jeffrey B. Liebman and Neale Mahoney, "Do Expiring Budgets Lead to Wasteful Year-End Spending? Evidence from Federal Procurement," Harvard University John F. Kennedy School of Government website, November 19, 2010; http://www.hks.harvard.edu/jeffreyliebman/LiebmanMahoneyExpiringBudgets.pdf .
[11] Steve Neavling, "Detroit faces loss of cash from federal block grants," Detroit Free Press, March 6, 2012; http://www.freep.com/article/20120306/NEWS01/203060325/Detroit-faces-loss-of-cash-from-federal-block-grants.
[12] "Federal money languishes amid community inertia," Niles Daily Star, March 14, 2012; http://www.nilesstar.com/2012/03/14/federal-money-languishes-amid-community-inertia/ .
[13] "Auditor General Jack Wagner's Special Investigation Finds $834,000 Wasted by York City School District & PA Dept. of Education," The Pennsylvania Department of the Auditor General, November 15, 2011; http://www.auditorgen.state.pa.us/Department/Press/YorkSD21stCentury.html.

The Auditor General noted "With Pennsylvania, and the nation, mired in its greatest economic downturn since the Great Depression, school districts and government agencies should be focused on saving taxpayer money, not wasting it," Wagner said. "This investigation provides a perfect illustration of the bureaucratic empire-building mentality that contributes to hidden waste in government programs at all levels. It is deplorable that $834,000 of taxpayer money was squandered on unneeded equipment and supplies for no other reason than to avoid having to return the money to the federal government." [14]

The Pennsylvania Department of Education insisted a local school district spend all of its unused federal grant money rather than returning it, according to an investigation by the state auditor. As a result nearly $1 million intended for education were misspent on wasteful purchases including video game systems and Hershey Park tickets, which were not used before their expiration date.

Another problem wasting taxpayer dollars, ironically, is *not* spending money. Instead of being returned to the Treasury, the government ended last year with nearly $1 billion in federal funds remaining in expired grant accounts[15] and will end this fiscal year with $687 billion that has been approved but not obligated to be spent.[16]

[14] "Auditor General Jack Wagner's Special Investigation Finds $834,000 Wasted by York City School District & PA Dept. of Education," The Pennsylvania Department of the Auditor General, November 15, 2011; http://www.auditorgen.state.pa.us/Department/Press/YorkSD21stCentury.html.

[15] "GRANTS MANAGEMENT: Action Needed to Improve the Timeliness of Grant Closeouts by Federal Agencies" (GAO-12-360), U.S. Government Accountability Office, April 2012.

[16] "Balances of Budget Authority; Budget of the U.S. Government Fiscal Year 2012," White House Office of Management and Budget, page 8; http://www.gpo.gov/fdsys/pkg/BUDGET-2012-BALANCES/pdf/BUDGET-2012-BALANCES.pdf .

While this money is not being thrown away on frivolous and unnecessary purchases, it is still costing taxpayers in a number of ways. These include:

- Every month taxpayers are charged finance fees to maintain the accounts for unspent grants;

- Because the funding may not be reaching the intended beneficiaries, Congress extends the life and increases the cost of the program or creates new programs in an attempt to address the same problems;

- The government borrows more money to pay for the increased spending on the new and existing programs; and

- Governments increase or create new taxes to pay for the increased spending.

There are other consequences extending beyond these financial costs, which include:

- Lost opportunities to assist those in need;

- Resources siphoned away from other priorities;

- Availability of services is reduced; and

- Potential job losses.

A recent example of a program launched with much fanfare by Congress that failed to spend most of the money provided, thereby failing those in need, is the Emergency Homeowners Loan Program (EHLP).

As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act passed by Congress in 2010, $1 billion was set aside to help unemployed homeowners avoid foreclosure through EHLP.[17] The program was expected to help as many as 30,000 households. Even though 100,000 applied for the assistance—only 11,832 were conditionally approved before the program ended.[18] Yet, EHLP disbursed just $432 million of the $1 billion approved by Congress.[19]

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[17] "Emergency Homeowner Loan Program – Summary," Department of Housing and Urban Development website, accessed March 22, 2012; http://www.hud.gov/offices/hsg/sfh/hcc/msgs/EHLP100810.pdf .

[18] Julie Schmit, "$1B foreclosure aid program ends with $568 million unspent," USA Today, October 6, 2011; http://www.usatoday.com/money/economy/housing/story/2011-10-06/foreclosure-aid-program/50680758/1 .

[19] Julie Schmit, "$1B foreclosure aid program ends with $568 million unspent," USA Today, October 6, 2011; http://www.usatoday.com/money/economy/housing/story/2011-10-06/foreclosure-aid-program/50680758/1 .

Now, lawmakers and federal housing officials are pointing fingers at each other for the program's failure to spend more than half-a-billion dollars to assist thousands of struggling homeowners.

Officials with the Department of Housing and Urban Development (HUD) blamed the program's performance to the way it was set up by Congress.[20] Todd M. Richardson, director of the emergency loan program, said "no one could have anticipated how difficult the statutory requirements would make it to qualify homeowners."[21] "We understand that there is disappointment that the program is not reaching more families," said Carol Galante, HUD's acting assistant secretary for housing.

The author of the legislation, Congressman Barney Frank of Massachusetts, said the program's failings were a result of poor administration. [22] "They dragged and dragged their feet," according to Congressman Frank and "they're just trying to cover up their embarrassment."[23]

This program represents a good case study in how unspent funds are often a symptom of larger problems plaguing government programs.

The case studies in this report identified a number of systemic causes that are the root of failure to properly spend money. These include:

- The laws setting up a program or directing funds to a program were poorly drafted by Congress;
- Incompetence, mismanagement, procrastination, or indifference by grant administrators and/or recipients;
- Burdensome regulations and rules, and other obstacles put in place by federal, state or local governments;
- Congress failed to conduct oversight to ensure an agency is administering funds properly;

[20] Cara Buckley, "U.S. Mortgage-Aid Program Is Shutting Down, With Up to $500 Million Unspent," New York Times, September 28, 2011; http://www.nytimes.com/2011/09/29/nyregion/emergency-homeowners-aid-ending-with-up-to-500-million-unspent.html .

[21] Cara Buckley, "U.S. Mortgage-Aid Program Is Shutting Down, With Up to $500 Million Unspent," New York Times, September 28, 2011; http://www.nytimes.com/2011/09/29/nyregion/emergency-homeowners-aid-ending-with-up-to-500-million-unspent.html .

[22] Cara Buckley, "U.S. Mortgage-Aid Program Is Shutting Down, With Up to $500 Million Unspent," New York Times, September 28, 2011; http://www.nytimes.com/2011/09/29/nyregion/emergency-homeowners-aid-ending-with-up-to-500-million-unspent.html .

[23] Cara Buckley, "U.S. Mortgage-Aid Program Is Shutting Down, With Up to $500 Million Unspent," New York Times, September 28, 2011; http://www.nytimes.com/2011/09/29/nyregion/emergency-homeowners-aid-ending-with-up-to-500-million-unspent.html .

- Congress has provided too much money, which cannot be spent in a timely manner; or
- The intended communities or recipients do not want or need the money.

Because it is nearly impossible to ascertain the total value of federal funds that remain unspent sitting in government accounts or held by recipients of funds, this report relies on new data provided by GAO, which identified nearly $1 billion in expired and inactive grant accounts, as well as a series of case studies of billions of dollars in funds sitting unspent in the accounts of government contractors, grant recipients, or federal accounts. Each case study examines the costs, causes, and consequences of the unspent federal funds.

SECTION 1. Nearly $1 Billion of Unspent Funds Lingers in Expired and Inactive Grant Accounts

The Government Accountability Office (GAO) has identified nearly $1 billion of undisbursed funds[24] in two different government accounts at the end of last year. This includes $802 million in expired grant accounts in the Payment Management System (PMS) plus $126 million for which there has been no activity in years in the Automated Standard Application for Payments (ASAP).

Undisbursed expired funds cost taxpayers financially by withholding funds that should be returned to the Treasury and allowing recipients to spend funds beyond the time set by law or contract. The failure to close out grants, according to GAO, also increases the risk of taxpayers being stuck with the tab for unallowable expenditures and reduces the ability to hold grant recipients accountable for how taxpayer funds were spent.

GAO explains: "Grant closeout is an important final point of accountability for grantees that helps to ensure they have met all the financial requirements and have provided final reports, as required. Closing out grants also allows agencies to identify and redirect unused funds to other projects and priorities as authorized or to return unspent balances to the Treasury. Conversely, failure to close out grants could allow grantees to draw down funds after the agreed upon date. Federal regulations generally require that financial records and other documents pertinent to a grant be retained for a period of three years from the date of submission of the final report. If a grant account is not closed out within this time frame, there is the risk that agencies may not be able to obtain the documents needed to make the necessary financial adjustments and collect any unallowable costs or erroneous payments."[25]

Audits over the years have suggested failure to close out grants in a timely manner is a long standing problem for federal agencies. In 2008, for example, GAO identified about $1 billion in unspent, undisbursed, and expired funds remaining in expired grant accounts.

Of the amounts found in the current audit, over $110 million has sat unspent for more than five years with nearly $10 million older than a decade. These unspent dollars are spread across numerous federal agencies and more than 400 programs.[26]

Other highlights of GAO's report "GRANTS MANAGEMENT: Action Needed to Improve the Timeliness of Grant Closeouts by Federal Agencies" include:

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[24] GAO explains "undisbursed balances are funds that the federal awarding agency has obligated by entering into a grant agreement, but the grantee has not drawn down, or the federal awarding agency has not 'disbursed.' Once the grant's period of availability to the grantee has expired, the grant can be closed out and the funds deobligated by the awarding agency."

[25] "GRANTS MANAGEMENT: Action Needed to Improve the Timeliness of Grant Closeouts by Federal Agencies" (GAO-12-360), U.S. Government Accountability Office, April 2012.

[26] "GRANTS MANAGEMENT: Action Needed to Improve the Timeliness of Grant Closeouts by Federal Agencies" (GAO-12-360), U.S. Government Accountability Office, April 2012.

- At the end of fiscal year 2011, $801.8 million in funding remaining in expired grant accounts—accounts that were more than 3 months past the grant end date and had no activity for 9 months or more— was identified in PMS.[27]

- There were 10,818 expired grant accounts in PMS as of September 30, 2011. These accounts are spread across numerous federal agencies and more than 400 programs. Roughly three-fourths of all undisbursed balances in expired grant accounts were from grants issued by the Department of Health and Human Services (HHS).[28]

- 1,058 expired grant accounts containing $112.7 million were more than 5 years past the grant end date. Of these, 118 expired grant accounts containing roughly $9.6 million remained open more than 10 years past the grant end date.[29]

- Millions of dollars of undisbursed balances remained in some grant accounts five or more years past their expiration date. About $113 million in undisbursed funding remained unspent more than 5 years past the grant end date and $9.6 million remained unspent for 10 years or more.[30]

- There has been no activity for two years or more for $126 million in ASAP, including $11 million that remained inactive for 5 years or more.[31]

Again, these totals identified by GAO represent only represent funds in grant accounts that have expired or have been inactive for years. These amounts only represent a fraction of the larger unknown amount of federal funds that have remained unspent, often for years, that have not expired (not all funds have an expiration date) or remain active.

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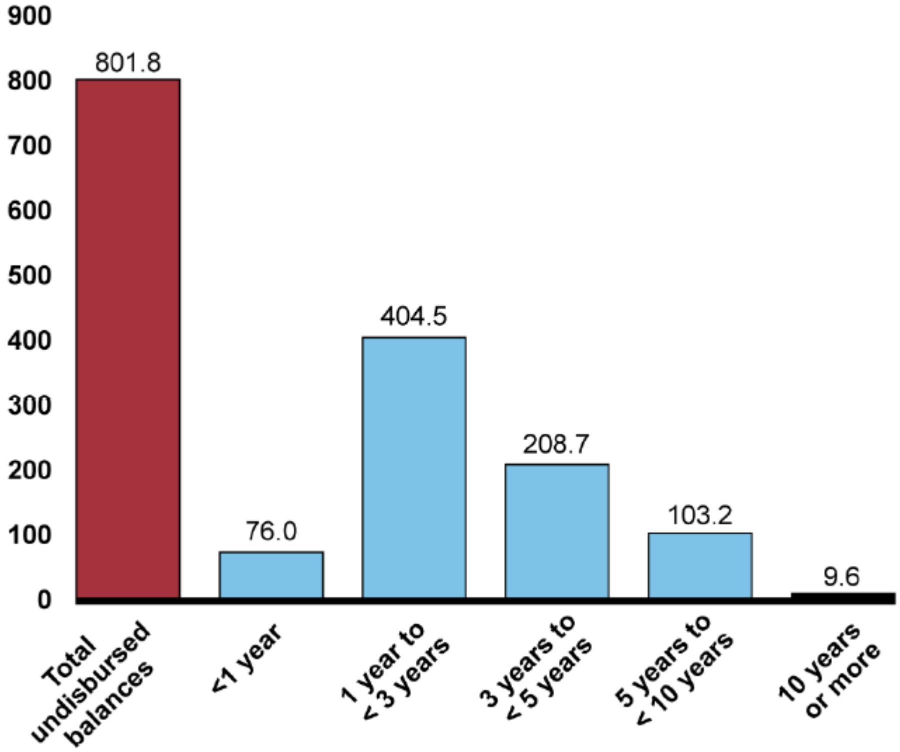
[27] "GRANTS MANAGEMENT: Action Needed to Improve the Timeliness of Grant Closeouts by Federal Agencies" (GAO-12-360), U.S. Government Accountability Office, April 2012.
[28] "GRANTS MANAGEMENT: Action Needed to Improve the Timeliness of Grant Closeouts by Federal Agencies" (GAO-12-360), U.S. Government Accountability Office, April 2012.
[29] "GRANTS MANAGEMENT: Action Needed to Improve the Timeliness of Grant Closeouts by Federal Agencies" (GAO-12-360), U.S. Government Accountability Office, April 2012.
[30] "GRANTS MANAGEMENT: Action Needed to Improve the Timeliness of Grant Closeouts by Federal Agencies" (GAO-12-360), U.S. Government Accountability Office, April 2012.
[31] "GRANTS MANAGEMENT: Action Needed to Improve the Timeliness of Grant Closeouts by Federal Agencies" (GAO-12-360), U.S. Government Accountability Office, April 2012.

Amount and Aging of Undisbursed Balances in Expired Grant Accounts in PMS as of September 30, 2011

Dollars in millions



Number of years past grant expiration date

Source: GAO analysis of HHS Payment Management System data.

Millions of dollars of federal funds have sat idle in expired grant accounts for more than a decade, according to a new Government Accountability Office report.

SECTION 2. Poorly Drafted Legislation Results in Billions of Dollars of Unspent Funds

Much like a procrastinating college student, Congress waits until the last minute to do its work, like passing legislation to extend the authorization of important programs, or does not do its homework, including reading or reviewing bill text, before rushing through far reaching legislation. The result is often shoddy written laws that are difficult to interpret or carry out as intended, sometimes leaving millions or billions of dollars sitting unspent for decades.

The Emergency Homeowners Loan Program (EHLP), discussed in the introduction of this report, is one example where statutory requirements written by Congress were blamed by administrators for the failure to disburse more than a half of the program's $1 billion budget even as thousands of those eligible for assistance were denied aid.[32]

The case studies in this report identified a number of ways in which poorly drafted laws written by Congress resulted in the inability to spend billions of dollars of federal funds. These include:

- Prescribing overly vague or narrow eligibility requirements;
- Earmarking funds to non-existent locations or projects;
- Earmarking funds to a specific project that was later canceled or abandoned;
- Appropriating too much money for a program; and
- Extending the authority to spend the money indefinitely.

The consequences of these legislative blunders include:

- Billions of dollars of federal funds left in a state of budgetary limbo;
- Funds being diverted from other priorities, including deficit reduction;
- Billion dollar bails outs for the same program holding billions of dollars in unspent funds;
- Increased spending;
- Taxpayers are not receiving the services they paid for;

[32] Julie Schmit, "$1B foreclosure aid program ends with $568 million unspent," USA Today October 6, 2011; http://www.usatoday.com/money/economy/housing/story/2011-10-06/foreclosure-aid-program/50680758/1 .

- Impact on jobs;
- Loss of faith in government institutions.

Congress Earmarks Funds to Projects that Do Not Exist or Have Been Abandoned

Until an earmark moratorium was put in place last year, members of Congress steered billions of dollars to pork projects in their states and districts annually. Funding for each of these projects was highly touted in press releases to demonstrate lawmakers' effectiveness bringing back federal funds for local needs. Yet recent analyses of earmarks funded through just two agencies—the Department of Transportation and Environmental Protection Agency—identified more than $13.1 billion in unspent federal dollars.[33]

If not for the careless manner in which Congress wrote the laws, each of these dollars could be redirected towards higher priority projects to improve transportation and the environment or returned to the Treasury to reduce the national debt.

Transportation Earmarks

Over the last five years, Congress bailed out the highway trust fund three times at a total cost of $29.7 billion and its uncertain finances are stalling re-authorization of the program.[34] "The main obstacle to passage of a new multi-year bill during the past two years has been the disparity between projected spending and the much lower projections of the revenue flows to the highway trust fund (HTF)," according to an analysis by the non-partisan Congressional Research Service (CRS).[35] Greater problems loom for the trust fund. In March 2012, the Congressional Budget Office projected a shortfall of $4.6 billion for the highway trust fund at the end of FY 2013.[36] While CRS notes "Consequently, authorizers face a dilemma: how to pass a bill without cutting infrastructure spending, raising the gas tax, or increasing the budget

[33] *USA Today* identified $13 billion in unspent transportation earmarks and the Environmental Protection Agency Office of Inspector General found more than $122 million in unspent EPA earmarks.
Cezary Podkul and Gregory Korte, "'Earmarks to nowhere: States losing billions," USA Today, January 4, 2011; http://www.usatoday.com/news/washington/2011-01-04-earmarks_N.htm .
"Compendium of Unimplemented Recommendations as of March 31, 2011," U.S. Environmental Protection Agency Office of Inspector General, report No. 11-N-0212, page 4, April 29, 2011; http://www.epa.gov/oig/reports/2011/20110429-11-N-0212.pdf .
[34] Robert S. Kirk, "Surface Transportation Reauthorization Legislation in the 112th Congress: MAP-21 and H.R. 7, Major Provisions," Congressional Research Service, March 30, 2012.
[35] Robert S. Kirk, "Surface Transportation Reauthorization Legislation in the 112th Congress: MAP-21 and H.R. 7, Major Provisions," Congressional Research Service, March 30, 2012.
[36] Robert S. Kirk, "Surface Transportation Reauthorization Legislation in the 112th Congress: MAP-21 and H.R. 7, Major Provisions," Congressional Research Service, March 30, 2012.

deficit,"[37] overlooked in the debate is that $13 billion[38] is floating in limbo as a result of the manner in which Congress wrote previous transportation bills over the past two decades.

Nearly 1 in 3 highway dollars earmarked for highway projects since 1991 had not been spent as of 2011. In total, these unspent highway earmarks, referred to by some as "disappearmarks,"[39] account for about $13 billion as of last year.[40] Ironically, contrary to the bravado of the politicians who sponsored these projects, these earmarks have actually *taken away* funds that could have been spent on local road repairs.

There are a number of reasons why these earmarks remain unspent.

Primarily, poorly drafted legislation directed dollars towards projects and places that do not even exist.

A 1998 congressional earmark of $375,000 "to improve State Road 31" in Columbus, Indiana remains frozen in a state of budgetary limbo because there is no State Road 31 in Columbus.

A congressional earmark contained in the 1998 highway bill, for example, set aside $375,000 "to improve State Road 31" in Columbus, Indiana. The problem is "there is no State Road 31 that travels through Columbus, only U.S. 31," according to a spokesman for the Indiana Department of Transportation. "The error hurt all of Indiana and has wrapped the earmark in red tape to this day."[41] Because the money for the non-existent road project is taken out of the state's share of federal gas tax revenue, the earmark reduced the amount Indiana could have otherwise spent on real highways.

This "botched attempt at earmarking is one of more than 7,374 congressionally directed highway projects in which at least some money that lawmakers set aside remains unspent," a 2011 *USA Today* analysis found. "Not a single dollar has

[37] Robert S. Kirk, "Surface Transportation Reauthorization Legislation in the 112th Congress: MAP-21 and H.R. 7, Major Provisions," Congressional Research Service, March 30, 2012.
[38] Cezary Podkul and Gregory Korte, "'Earmarks to nowhere: States losing billions," USA Today, January 4, 2011; http://www.usatoday.com/news/washington/2011-01-04-earmarks_N.htm .
[39] Sarah Dorsey, "Disappearmarks: Billions set aside for earmarks remain unspent," Sunlight Foundation Reporting Group, July 19 2010; http://reporting.sunlightfoundation.com/2010/disappearmarks-billions-set-aside-earmarks-remain-unspent/ .
[40] Cezary Podkul and Gregory Korte, "'Earmarks to nowhere: States losing billions," USA Today, January 4, 2011; http://www.usatoday.com/news/washington/2011-01-04-earmarks_N.htm .
[41] Cezary Podkul and Gregory Korte, "Earmarks to nowhere: States losing billions," USA Today, January 4, 2011; http://www.usatoday.com/news/washington/2011-01-04-earmarks_N.htm .

gone toward its intended purpose" on more than 3,640 of these projects, "sometimes because of simple, sloppy mistakes."[42]

Over the past two decades, these earmarks reduced the amounts states would have received in federal highway funding by about $7.5 billion that "could have used to replace obsolete bridges, repair aging roads and bring jobs to rural areas."[43]

These "earmarks to nowhere" cost New York $607.3 million, Pennsylvania $392 million, California $567.9 million, and Oklahoma $123.9 million.[44]

Other examples of unspent transportation earmarks include:

- In 2005, Illinois lawmakers earmarked nearly $2 million for a highway underpass in Franklin Park. While a press release at the time boasted "securing this funding for the Grand Avenue Underpass is the result of the Illinois delegation working together in a bipartisan manner to put the interests of the people of Illinois first," the result was the exact opposite. The funding could not be used for the designated project because "State and local governments already had started building the underpass with other funding before the lawmakers inserted their earmarks. Earmarks cannot be used after a project has already been approved." As a result, the "$1.9 million in earmarks came out of the Illinois share of federal highway funding."[45]

- In 1998, a Virginia congressman earmarked $29 million for an interchange in Newport News. The state abandoned the project after its cost skyrocketed. The lawmaker who sponsored the earmark passed away in 2000 but the money remains unspent.[46]

- In 2005, Congress earmarked $510,000 for the construction of the Upper Delaware Scenic Byway (UDSB) Visitor Center to be located in Cochecton, New York. In 2010, local officials decided to build the visitors center in Narrowsburg instead. At a May 2011 Upper Delaware Council meeting, Larry H. Richardson, the chair of the Operations Committee, explained "the UDSB Visitor Center is in jeopardy again. The federal transportation funding that would provide construction monies is still there but UDSB, Inc. has learned that the legislation still has Cochecton as the project location rather than the change to Narrowsburg that UDSB, Inc. and Sullivan County had approved.

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[42] Cezary Podkul and Gregory Korte, "Earmarks to nowhere: States losing billions," USA Today, January 4, 2011; http://www.usatoday.com/news/washington/2011-01-04-earmarks_N.htm .
[43] Cezary Podkul and Gregory Korte, "Earmarks to nowhere: States losing billions," USA Today, January 4, 2011; http://www.usatoday.com/news/washington/2011-01-04-earmarks_N.htm .
[44] Cezary Podkul and Gregory Korte, "Earmarks to nowhere: States losing billions," USA Today, January 4, 2011; http://www.usatoday.com/news/washington/2011-01-04-earmarks_N.htm .
[45] Cezary Podkul and Gregory Korte, "Obama, Emanuel 'orphan earmark' costs state road funds," Chicago Sun-Times, January 8, 2011; http://www.suntimes.com/news/nation/3189550-418/earmarks-money-orphan-federal-earmark.html .
[46] Cezary Podkul and Gregory Korte, "Earmarks to nowhere: States losing billions," USA Today, January 4, 2011; http://www.usatoday.com/news/washington/2011-01-04-earmarks_N.htm .

That had been considered a technical change that would not be a problem but now it is. Any change to the language is considered a new earmark bill and Congress is not approving any new earmarks right now." The meeting's minutes note "This is a stumbling block."[47] And the funds may remain in limbo indefinitely as the congressman who requested the original earmark has announced he is retiring at the end of this year.[48]

- South Dakota is still holding more than $43 million for two projects earmarked by Congress in 2005. Sioux Falls received $40 million to remove a downtown rail switching yard. Nearly seven years later, about $35.1 million remains unspent. Of $9 million earmarked to pave 12 miles of a gravel road in the Black Hills, $8 million still remains unspent. Both projects "are in the midst of lengthy environmental reviews." The Federal Highway Administration division administrator in South Dakota said "those are two that obviously are not going to be spent any time in the near future."[49] Congress also earmarked $676,000 to create a new rail spur in Brookings, South Dakota, but the city manager said the city "is giving up on spending it" because "it is no longer needed."[50]

- Nearly $3 million from a 1991 earmark approved "for various transportation improvements in connection with the 1996 Olympics" in Atlanta, Georgia remains unspent. "The city has $2.7 million left that, by law, could be spent only on an event that ended" more than 15 years ago.[51]

One prime example where Congress placed $45 million in limbo forever by repeatedly making drafting errors in legislation is the 2005 earmark to develop a futuristic train that would whisk passengers across the Mojave Desert to Las Vegas.

In 2005, Congress earmarked millions of dollars to begin laying the groundwork for the passenger train between Las Vegas, Nevada, and Disneyland in California which was expected to cost up to $16 billion in federal funding.[52] The train would be propelled by magnetic

[47] "OPERATIONS COMMITTEE MEETING MINUTES," Upper Delaware Council, May 24, 2011; http://www.upperdelawarecouncil.org/minutes/pdfs/ops05242011.pdf .
[48] Fritz Mayer, "Upper Delaware Scenic Byway Visitor Center to feature roof with a view," The River Reporter, January 26, 2012; http://www.riverreporteronline.com/news/14/2012/01/25/upper-delaware-scenic-byway-visitor-center-feature-roof-view .
[49] Jonathan Ellis, "Sioux Falls isn't alone trying to save federal earmark cash; Delays with switching yard typical of woes for S.D. cities," Argus Leader, April 24, 2012; http://www.argusleader.com/article/20120425/NEWS/304250050/Sioux-Falls-isn-t-alone-trying-save-federal-earmark-cash .
[50] Jonathan Ellis, "Sioux Falls isn't alone trying to save federal earmark cash; Delays with switching yard typical of woes for S.D. cities," Argus Leader, April 24, 2012; http://www.argusleader.com/article/20120425/NEWS/304250050/Sioux-Falls-isn-t-alone-trying-save-federal-earmark-cash .
[51] Cezary Podkul and Gregory Korte, "Earmarks to nowhere: States losing billions," USA Today, Januar y 4, 2011; http://www.usatoday.com/news/washington/2011-01-04-earmarks_N.htm .
[52] "High Speed Passenger Rail: Future Development Will Depend on Addressing Financial and Other Challenges and Establishing a Clear Federal Role," United States Government Accountability Office, March 2009, http://www.gao.gov/assets/290/287206.pdf .

Nearly $3 million remained unspent from a 1991 earmark approved for the 1996 Olympics in Atlanta, an event that ended more than 15 years ago.

levitation (Maglev) and travel at a speed faster than 240 miles an hour. The speed of spending the money on the project has gone at a much slower pace. In fact, it has been stuck in park for nearly seven years and may never move due to a combination of the poorly drafted language authorizing the project and the misguided parochial interests that inspired it.

Congress earmarked $45 million for the project in August 2005 as part of the Safe, Accountable, Flexible, Efficient Transportation Equity Act—A Legacy for Users (SAFETEA-LU) Act.[53] The legislation authorized a total of $90 million for magnetic levitation train deployment for between fiscal years 2005 and 2009, of which 50 percent is for a Maglev project between Las Vegas and Primm, Nevada.[54]

In addition to this earmark, the Maglev project received "more than $9 million over the years, spending most of it on design plans, ridership projects and other studies."[55] Las Vegas area transportation planners "have drafted environmental and ridership analyses" since 2004, but eight years later have still "not produced a completed environmental impact statement necessary to secure federal approvals" for the project to get underway.[56]

However, the funds never reached the Maglev project for a number of reasons.

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[53] The provision was contained within the Safe, Accountable, Flexible, Efficient Transportation Equity Act—A Legacy for Users (SAFETEA-LU) Act, the same bill in which $10 million was secretly inserted for the now infamous Coconut Road earmark *after* the bill passed both chambers of Congress and before it was sent to the President for his signature.
"Key events in the Coconut Road earmark," The Anchorage Daily News, April 30, 2008; http://www.adn.com/2008/04/30/392274/key-events-in-the-coconut-road.html#storylink=cpy .
[54] John W. Fischer, "Safe, Accountable, Flexible, Efficient Transportation Equity Act—A Legacy for Users (SAFETEA-LU or SAFETEA): Selected Major Provisions," Congressional Research Service, October 18, 2005.
[55] Erica Werner and Kathleen Hennessey, "300-mph train would whisk travelers from Vegas to Disneyland," USA Today, February 25, 2008; http://www.usatoday.com/travel/news/2008-02-25-vegas-disneyland-train_N.htm .
[56] Dug Begley, "SOUTHERN CALIFORNIA: Maglev gone, but high-speed rail remains," The Press-Enterprise, January 21, 2012; http://www.pe.com/local-news/transportation-headlines/20120121-southern-california-maglev-gone-but-high-speed-rail-remains.ece .

The 2005 SAFETEA-LU limited the path of the train to less than 50 miles within the borders of Nevada and another "drafting error left the project subject to the appropriations process,"[57] thereby not guaranteeing the availability of the funds. "House and Senate aides say that language was inadvertently omitted when Congress drafted the 2005 highway law, making the project compete for annual appropriations that it did not receive."[58] A Senate supporter of the earmark admitted "there was a mistake made and there wasn't language put in (the highway bill) to allow contract authority. So that's the technical correction."[59]

The SAFETEA Technical Corrections Act passed in 2008 extended the route to Anaheim, California[60] and added language to ensure the funds would become available. The corrections bill also stipulated "the funds shall not be transferable and shall remain available until expended,"[61] thereby ensuring the money remains available until spent or for eternity for no other purpose except the Maglev project.

But the correcting legislation was not enough to get the money or the train moving.

In 2010, the then-governor of Nevada blamed what he "politely" called "bureaucratic delays in obtaining the release of federal funding for this most important project — funding that was specifically mandated by Congress in 2005 and again in 2008.[62]

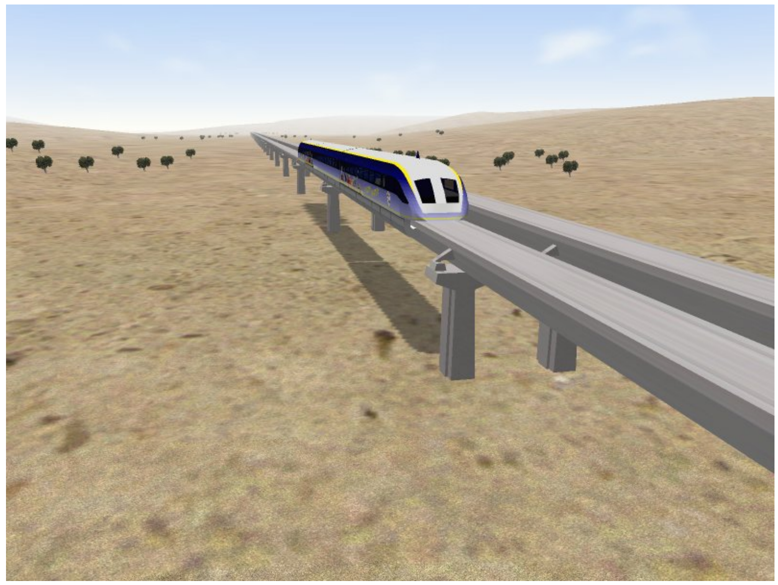
"With no federal funding, the project stalled and opened the door for a rival company, DesertXpress Enterprises, to move forward with plans" for a different passenger train project essentially in the same direction.[63] DesertXpress is privately funded and would travel between Victorville, California—which is to the northeast of Los Angeles—and Las Vegas at 125 miles per hour. Because DesertXpress would be diesel-electric powered, "its project would cost $3 billion to $5 billion—compared with $12 billion or more for Maglev—and would be privately financed."[64]

In 2008, a senator supporting Maglev dismissed critics of the earmark saying they "didn't understand the issue," predicting "magnetic levitation is going to come to this country big

[57] Colby Itkowitz, "Reid Supports Conventional Rail Line to Las Vegas Over Maglev Proposal," Congressional Quarterly Today Print Edition, June 10, 2009.
[58] Manu Raju, "Debate intensifies over Nevada rail projects," The Hill, September 18, 2007; http://thehill.com/leading-the-news/debate-intensifies-over-nevada-rail-projects-2007-09-18.html .
[59] Colby Itkowitz, "Senate To Begin Debate on Highway Bill," Congressional Quarterly Today Online News, April 15, 2008.
[60] SAFETEA Technical Corrections Act, Public Law 110-244, Section 102, June 6, 2008.
[61] SAFETEA Technical Corrections Act, Public Law 110-244, Section 102, June 6, 2008.
[62] Richard N. Velotta, "Nevada officials seek answers on maglev funds," Las Vegas Sun, May 7, 2010; http://www.lasvegassun.com/news/2010/may/07/nevada-officials-seek-answers-maglev-funds/ .
[63] Manu Raju, "Debate intensifies over Nevada rail projects," The Hill, September 18, 2007; http://thehill.com/leading-the-news/debate-intensifies-over-nevada-rail-projects-2007-09-18.html .
[64] Erica Werner and Kathleen Hennessey, "300-mph train would whisk travelers from Vegas to Disneyland," USA Today/Associated Press, February 25, 2008; http://www.usatoday.com/travel/news/2008-02-25-vegas-disneyland-train_N.htm .

time."[65] A year later, that very senator pulled his support for Maglev "after a thorough review of the two proposals"[66]

California officials also walked away from the effort and "11 years after Maglev made its debut in the regional transportation plan for Southern California, the agency overseeing the road and transit plan has deleted most of the Anaheim-to-Vegas route once proposed, saying Maglev is not moving forward and is falling behind a competing project. As a result, the 2012 transportation plan under consideration by the Southern California Association of Governments does not include the $12.1 billion California-Nevada Super-Speed Train. Without being in the plan, even as a concept, the project cannot receive federal funds to even study Maglev as a possibility between the two states."[67]



"What happens in Vegas stays in Vegas": Las Vegas hit the jackpot when Congress earmarked $45 million to develop a futuristic passenger train connecting the city with Disneyland, but the train—and the money—are unlikely to ever leave the station. According to the law, the money "shall remain available until expended," which is likely to be never.

Today, the money still remains unspent and there is a growing likelihood a passenger train between Los Vegas and southern California will not be built. "A train that ran between L.A. and Vegas wouldn't guarantee financial success," some noted, pointing out that "Amtrak's Desert Wind between the two cities was canceled in 1997 because of low ridership."[68]

Now the congressional supporters of the failed project are seeking to revise the law, once again, to "essentially allow Nevada to keep the money and use it as a slush fund for other "unspecified"

65 Colby Itkowitz, "Senate To Begin Debate on Highway Bill," Congressional Quarterly Today Online News, April 15, 2008.
66 "Reid drops support for levitating train to Vegas," Associated Press, June 10, 2009; http://www.businessweek.com/ap/financialnews/D98NTGOG0.htm .
67 Dug Begley, "SOUTHERN CALIFORNIA: Maglev gone, but high-speed rail remains," The Press-Enterprise, January 21, 2012; http://www.pe.com/local-news/transportation-headlines/20120121-southern-california-maglev-gone-but-high-speed-rail-remains.ece .
68 Erica Werner and Kathleen Hennessey, "300-mph train would whisk travelers from Vegas to Disneyland," USA Today/Associated Press, February 25, 2008; http://www.usatoday.com/travel/news/2008-02-25-vegas-disneyland-train_N.htm .

transportation projects.[69] Making no mention of Nevada or Maglev whatsoever, language buried in section 1516 of S. 1813 passed by the Senate in March 2012 states:

> Certain Allocations- Notwithstanding any other provision of law, any unobligated balances of amounts required to be allocated to a State by section 1307(d)(1) of the SAFETEA-LU (23 U.S.C. 322 note; 119 Stat. 1217; 122 Stat. 1577) shall instead be made available to such State for any purpose eligible under section 133(c) of title 23, United States Code.[70]

But the unspent millions on this train may still never leave the station, giving a new meaning to the phrase "what happens in Vegas stays in Vegas." This time, what does not happen in Vegas, stays in Vegas.

Some in Congress are arguing that "letting Nevada hold onto the money would violate the spirit, if not the letter, of the current earmark bans in both chambers."[71] In the House of Representatives, earmark foes "are waiting to ambush" the provision and ensure it "is not in any bill passed by the House." *Congressional Quarterly Today* predicted the opponents in the House "may not have to work very hard. House Republican leaders have been unable to round up enough votes to pass a long-term transportation measure and now plan to move the latest in a series of short-term extensions of existing spending authority."[72] And that is exactly what happened in March when Congress passed a bill extending surface transportation authorization for highway, transit and road-safety programs through the fiscal year ending September 30, 2012 without any provision related to the $45 million for Maglev.

Canceling these "disappearmarks" would prevent another transportation bail out in the near future and also free up billions of dollars for critical infrastructure and transportation needs without increasing taxes.

EPA Earmarks

The Environmental Protection Agency (EPA) was holding more than $122 million earmarked for Special Appropriation Act Projects (SAAP) by Congress more than five years earlier, according to a report issued in April 2011 by the EPA Office of Inspector General (OIG).[73]

[69] Alan K. Ota and Niels Lesniewski, "PULSE OF CONGRESS: House GOP Works to Strike Reid's Bid to Let Nevada Keep Rail Funds," Congressional Quarterly Today Print Edition, March 22, 2012, pages 1 and 12.
[70] S. 1813, Moving Ahead for Progress in the 21st Century Act or the MAP-21, as passed by the Senate, March 14, 2012.
[71] Alan K. Ota and Niels Lesniewski, "PULSE OF CONGRESS: House GOP Works to Strike Reid's Bid to Let Nevada Keep Rail Funds," Congressional Quarterly Today Print Edition, March 22, 2012, pages 1 and 12.
[72] Alan K. Ota and Niels Lesniewski, "PULSE OF CONGRESS: House GOP Works to Strike Reid's Bid to Let Nevada Keep Rail Funds," Congressional Quarterly Today Print Edition, March 22, 2012, pages 1 and 12.
[73] "Compendium of Unimplemented Recommendations as of March 31, 2011," U.S. Environmental Protection Agency Office of Inspector General, report No. 11-N-0212, page 4, April 29, 2011; http://www.epa.gov/oig/reports/2011/20110429-11-N-0212.pdf .

The OIG noted there are no procedures to collect or reallocate the unspent money and the result was millions of dollars that could be spent to improve the environment were instead being lost to projects that may never get started or finished.

The OIG found "frequently, either earmark recipients could not obtain the matching funds required to obtain the grants, or the projects were complex and required extensive planning. As of April 2009, there were 84 earmarks that Congress appropriated before fiscal year 2004 with unobligated funds totaling over $28 million."[74]

The EPA is holding more than $122 million for projects earmarked by Congress that may never get started, while other efforts that could improve the environment go unfunded.

"Additionally, as of April 2009, there were 119 SAAP grants that EPA awarded prior to fiscal year 2004 that had total funds remaining of over $122 million. In many cases, funds were not completely spent because the recipient had to make changes to the work plan, or the recipient was required to comply with various state and local regulations, thereby delaying the project," according to the EPA OIG report.[75]

"EPA established the goal of completing SAAP projects within 5 years of grant award. However, EPA does not believe it has the authority to take action or require corrective action for delayed SAAP earmarks or grants. EPA has no defined process for its regions to contact sponsoring Members of Congress about reallocating unused SAAP funds. EPA needs a policy that specifies time limits and procedures for addressing earmarks that remain unobligated. It should also address steps to be taken when projects are delayed. Currently, unless Congress initiates a rescission, millions of dollars are available for projects that may never get started, while other projects that could improve the environment are not funded," concluded the EPA OIG.[76]

[74] "Compendium of Unimplemented Recommendations as of March 31, 2011," U.S. Environmental Protection Agency Office of Inspector General, report No. 11-N-0212, page 4, April 29, 2011; http://www.epa.gov/oig/reports/2011/20110429-11-N-0212.pdf .
[75] "Compendium of Unimplemented Recommendations as of March 31, 2011," U.S. Environmental Protection Agency Office of Inspector General, report No. 11-N-0212, page 4, April 29, 2011; http://www.epa.gov/oig/reports/2011/20110429-11-N-0212.pdf .
[76] "Compendium of Unimplemented Recommendations as of March 31, 2011," U.S. Environmental Protection Agency Office of Inspector General, report No. 11-N-0212, page 4, April 29, 2011; http://www.epa.gov/oig/reports/2011/20110429-11-N-0212.pdf .

Congress Appropriates More Funding for a Program Than Is Needed Or Can Be Spent

For the fourth consecutive year, the federal budget deficit in 2012 is projected to exceed $1 trillion.[77] Likewise, the government is projected to carry forward more than $2 trillion in unexpended funds for the third straight year, according to the White House Office of Management and Budget (OMB).

While more than two-thirds of the 2012 unspent balances is obligated for specific purposes, $687 billion remains unobligated.[78]

Regardless, the amount not spent is twice the amount being borrowed, which begs the question: Why we are borrowing any money at all since the government has not even spent trillions of dollars already taxed or borrowed?

Congress appears to operate under the adage that a rising tide of federal funds lifts all ships, but to the contrary, the rising tide of red ink created by this borrow and spend mentality is actually threatening to submerge the entire nation.

If Congress paid more attention to how programs and agencies spend money, the deficit could be significantly reduced or eliminated altogether by simply providing no more than was needed or could be spent in a twelve month period. But politicians are more enamored with taking credit for increasing the budgets of popular programs than doing the hard work of conducting oversight to measure the real impact of that spending.

As part of the deal to increase the federal government's borrowing authority in the Budget Control Act of 2011 (Public Law 112-25), Congress included a budget mechanism known as sequestration in which government spending is automatically cut, generally across the board. However, some exemptions to sequestration were included in the law including "unobligated balances of budget authority carried over from prior fiscal years, except balances in the defense category, shall be exempt from reduction under any order."[79] Essentially, this puts national priorities, such as defense, on the chopping block for cuts while unspent funds remain protected and untouched by the budget ax.

[77] David Jackson, "Budget deficit to top $1 trillion for 4th straight year," USA Today, April 12, 2012; http://content.usatoday.com/communities/theoval/post/2012/04/budget-deficit-to-top-1t-for-4th-straight-year/1#.T4ciePtYtUQ .

[78] "Balances of Budget Authority; Budget of the U.S. Government Fiscal Year 2012," White House Office of Management and Budget, page 8; http://www.gpo.gov/fdsys/pkg/BUDGET-2012-BALANCES/pdf/BUDGET-2012-BALANCES.pdf .

[79] Karen Spar, "Budget 'Sequestration' and Selected Program Exemptions and Special Rules," Congressional Research Service, April 27, 2012.

TOTAL OBLIGATED AND UNOBLIGATED BALANCES, CARRIED FORWARD, BY AGENCY, FY 2012 BUDGET
(in millions of dollars)

	Start of 2010		End of 2010		End of 2011		End of 2012	
	Obligated	Unobligated	Obligated	Unobligated[1]	Obligated	Unobligated[1]	Obligated	Unobligated[1]
Legislative Branch	1,269	2,064	1,417	936	1,312	953	949	1,146
Judicial Branch	986	1,246	940	1,334	834	1,390	854	1,441
Department of Agriculture	31,657	20,877	35,827	14,569	32,367	13,597	30,445	14,089
Department of Commerce	7,779	16,520	12,648	12,033	10,830	651	7,827	720
Department of Defense--Military Programs	374,318	111,601	374,298	128,596	401,217	85,007	382,332	78,398
Department of Education	95,482	35,830	94,697	5,668	55,822	14,199	47,487	19,110
Department of Energy	37,440	25,692	47,005	8,377	34,495	7,433	21,771	5,560
Department of Health and Human Services	164,891	38,348	175,216	51,268	171,731	40,166	165,402	40,241
Department of Homeland Security	45,160	14,132	46,567	12,941	48,036	6,884	44,900	7,163
Department of Housing and Urban Development	68,473	34,667	64,267	16,638	57,936	17,949	49,564	23,812
Department of the Interior	7,827	9,577	9,295	7,672	8,402	8,122	7,814	6,702
Department of Justice	15,607	3,241	15,900	3,231	15,825	2,303	13,804	1,944
Department of Labor	16,126	16,303	19,879	17,729	17,497	17,023	16,218	18,123
Department of State	19,169	10,048	23,589	11,855	26,551	9,691	26,974	8,704
Department of Transportation	106,382	57,707	111,068	58,663	126,581	41,339	162,635	45,097
Department of the Treasury	122,864	418,429	136,746	302,628	100,508	255,447	87,714	226,085
Department of Veterans Affairs	16,710	10,494	20,090	23,118	18,390	7,066	24,899	5,236
Corps of Engineers--Civil Works	7,963	17,332	10,029	10,894	10,486	4,661	10,391	1,291
Other Defense Civil Programs	4,011	93	4,684	173	4,971	117	5,080	114
Environmental Protection Agency	15,213	3,399	13,436	4,407	12,275	4,364	11,558	3,977
Executive Office of the President	439	35	244	69	211	72	196	81
General Services Administration	1,723	10,760	3,947	7,877	3,194	6,072	2,000	5,682
International Assistance Programs	155,636	154,571	162,477	47,497	183,661	45,684	194,865	44,973
National Aeronautics and Space Administration	7,534	1,125	7,956	470	7,409	426	7,905	423
National Science Foundation	11,412	791	12,300	108	11,328	0	11,220	0
Office of Personnel Management	9,498	49,289	9,698	51,604	9,912	53,461	10,032	55,125
Small Business Administration	614	1,487	675	1,690	797	1,049	781	837
Social Security Administration	83,386	2,070	83,776	1,576	86,525	509	89,804	604
Allowances	0	0	0	0	7,500	0	11,000	0
Other Independent Agencies	34,239	53,924	32,231	81,489	40,323	71,920	46,787	70,365
TOTAL	1,463,808	1,121,652	1,530,902	885,110	1,506,926	717,555	1,493,208	687,043

The federal government is projected to end 2012 a deficit of more than $1 trillion but it will also hold onto more than $2 trillion in unexpended funds.[80]

There are numerous examples throughout the government where the federal government has provided more funding from a project than the recipient seems capable of spending. Some examples include:

- Massachusetts received $135 million in federal funds for bike and pedestrian projects since 1991. Little more than $51 million of this had been spent by 2009, meaning nearly two-thirds of the funds provided in the last two decades by Congress to the state for such projects remained unspent.[81]

- San Diego, California has received so much Community Development Block Grant funding from the Department of Housing and Urban Development it has been unable to

[80] "Balances of Budget Authority; Budget of the U.S. Government Fiscal Year 2012," White House Office of Management and Budget, page 8; http://www.gpo.gov/fdsys/pkg/BUDGET-2012-BALANCES/pdf/BUDGET-2012-BALANCES.pdf .
[81] Alan Wirzbicki, "$80m in US funds for bike projects unspent in Mass.; State ranks last, tapping 37% of grants since 1991," The Boston Globe, April 14, 2009; http://www.boston.com/news/nation/washington/articles/2009/04/14/80m_in_us_funds_for_bike_projects_unspent_in_mass/ .

spend it. "Last year the city got more than $16 million—but it didn't spend it. Some of the grant money has been sitting on the books for nearly 20 years," according to a KPBS Public Broadcasting report entitled "An Unlikely Problem For San Diego: Too Much Money."[82]

- In Sioux City, Iowa, $386,429 of a federal Urban Development Action grant awarded in the 1980s remains unspent. "Money in the fund has not been used for five or six years," according to *The Sioux City Journal*.[83]

- About $5 billion of the estimated $19.5 billion during the eRate program's first nine years was not spent, according to a 2009 report from the Government Accountability Office (GAO). Some of these funds, intended for schools and libraries, dated back as far as 1998.[84]

This section analyzes two popular government initiatives—providing law enforcement with body armor and controlling the proliferation of weapons of mass destruction—and how laudable goals have resulted in saturation of funding. In the case of the non-proliferation program, the excessive money Congress provided for the program may actually be spent recruiting new weapons scientists in Russia, in direct contradiction to the intent of the program.

The Department of Justice's Bulletproof Vest Partnership

Body armor is credited with saving the lives of over 3,000 law enforcement officers nationwide, and Congress has provided hundreds of millions of dollars for "a number of initiatives to support body armor use by state and local law enforcement, including funding, research, standards development, and testing programs."[85] Perhaps more than is needed or that can even be spent.

Nearly $100 million made available to local law enforcement agencies for body armor by the Department of Justice's Bulletproof Vest Partnership (BVP) program has not been spent.[86] The

[82] Joanne Faryon, "An Unlikely Problem For San Diego: Too Much Money," KPBS Public Broadcasting, February 2, 2011; http://www.kpbs.org/news/2011/feb/02/unlikely-problem-sd-too-much-money-bank/ .

[83] Lynn Zerschling, "Museum gets $150K city grant to replace panels," Sioux City Journal, November 16, 2010; http://www.siouxcityjournal.com/news/local/govt-and-politics/article_55664001-4d1d-5d82-a5ca-cbb047a57b27.html .

[84] Dennis Pierce, "Unused eRate funding totals billions; More than 25 percent of funding commitments are not claimed, GAO says," eSchool News, May 19, 2009; http://www.eschoolnews.com/news/top-news/index.cfm?i=58762 .

[85] "LAW ENFORCEMENT BODY ARMOR; DOJ Could Enhance Grant Management Controls and Better Ensure Consistency in Grant Program Requirements" (GAO-12-353), Government Accountability Office, February 2012, highlights page; http://www.gpo.gov/fdsys/pkg/CPRT-110HPRT39564/html/CPRT-110HPRT39564-DivisionB.htm.

[86] "LAW ENFORCEMENT BODY ARMOR; DOJ Could Enhance Grant Management Controls and Better Ensure Consistency in Grant Program Requirements" (GAO-12-353), Government Accountability Office, February 2012, highlights page; http://www.gpo.gov/fdsys/pkg/CPRT-110HPRT39564/html/CPRT-110HPRT39564-DivisionB.htm.

unspent $93 million is more than four times what Congress appropriated for the program's annual budget this year.

BVP funding is administered by the Bureau of Justice Assistance (BJA) under "no-year authority," meaning the money remains available for obligation for an indefinite time. State and local jurisdictions are given two years to spend the BVP funds they are awarded on a reimbursable basis.[87]

From fiscal year 1999 through November 2011, "the BVP program had awarded—or obligated—approximately $340 million to grantees. Of this amount, the program disbursed about $247 million to grantees through reimbursements. The $93 million difference reflects funds that BJA has awarded but for which grantees have not sought reimbursement."[88]

Of the $93 million in undisbursed funds:

- $14 million was deobligated because grantees never claimed the money;

- $27 million should be deobligated because the grant was awarded more than two years ago and is no longer eligible for reimbursement; and

- $52 million is for active awards for which grantees can still submit payment requests and receive reimbursement.[89]

GAO notes "once a grant's term has ended, a granting agency typically closes out the grant and deobligates the funds" and the "grant closeout is an important final point of accountability for grantees, ensuring that they have met all program requirements. Closing out grants also allows agencies to identify and redirect funds to other projects and priorities or return the funding to the Treasury. In the case of the BVP program, since Congress appropriates its funds though no-year appropriations, DOJ does not have to return deobligated BVP funds to the Treasury. Instead, it could enhance its management of BVP funding through its grants closeout process by, for example, redirecting any funds from closed grants to grantees in future award cycles or reducing the amount it requests in new appropriations."[90]

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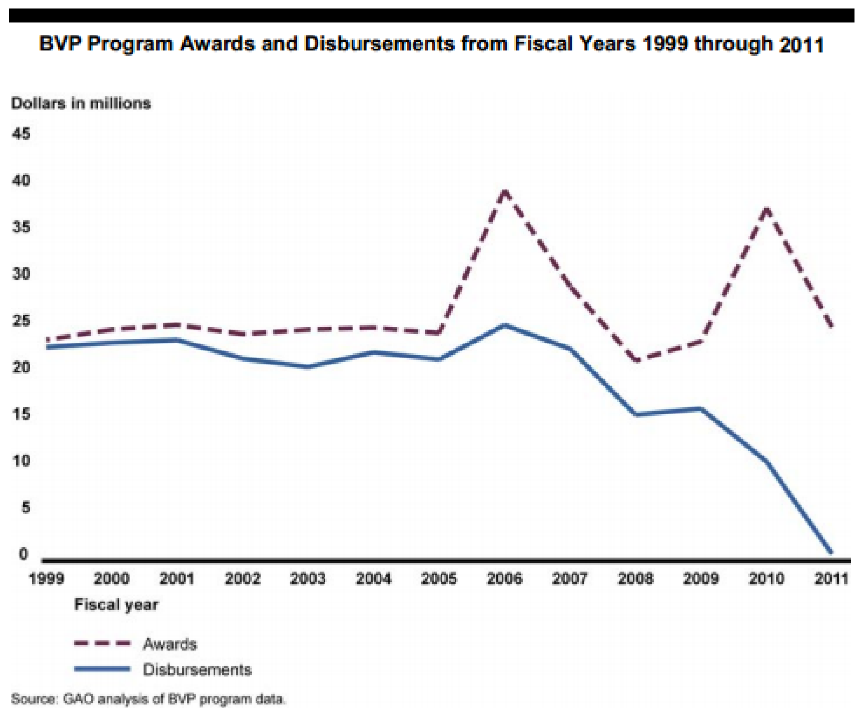
[87] "LAW ENFORCEMENT BODY ARMOR; DOJ Could Enhance Grant Management Controls and Better Ensure Consistency in Grant Program Requirements" (GAO-12-353), Government Accountability Office, February 2012, page 6; http://gao.gov/assets/590/588573.pdf .
[88] "LAW ENFORCEMENT BODY ARMOR; DOJ Could Enhance Grant Management Controls and Better Ensure Consistency in Grant Program Requirements" (GAO-12-353), Government Accountability Office, February 2012, page 18; http://gao.gov/assets/590/588573.pdf .
[89] "LAW ENFORCEMENT BODY ARMOR; DOJ Could Enhance Grant Management Controls and Better Ensure Consistency in Grant Program Requirements" (GAO-12-353), Government Accountability Office, February 2012, page 19; http://gao.gov/assets/590/588573.pdf .
[90] "LAW ENFORCEMENT BODY ARMOR; DOJ Could Enhance Grant Management Controls and Better Ensure Consistency in Grant Program Requirements" (GAO-12-353), Government Accountability Office, February 2012, pages 20- 21; http://gao.gov/assets/590/588573.pdf .

The BVP program received about $23 million in fiscal year 2012, which GAO notes is less than the amount the program would have to spend if it deobligated the $27 million in unspent, expired BVP funds. Deobligating these unspent funds "could have significant benefits."[91]

Agency officials are "in the process of examining the $27 million available for possible deobligation and considering how to use it," according to GAO. A final decision, however, on what to do with the unspent funds is not likely until September 2012.[92] As for the $14 million already deobligated, $8 million was used to offset a 2009 rescission in DOJ's budget and the balance was used to provide additional BVP program awards.[93]

There are multiple DOJ programs providing funding for body armor for local law enforcement. In addition to BVP, for example, the Edward Byrne Memorial Justice Assistance Grant (JAG) program "has provided nearly $4 billion from fiscal years 2006 through 2011, but BJA does not know how much of this amount grantees have spent on body armor because it is not required to track expenditures for specific purposes."[94]



Regardless of the amount of Department of Justice's Bulletproof Vest Partnership (BVP) funds awarded over the past twelve years, the amount disbursed has steadily declined and, as a result, there is $93 million in program funds unspent—four times the annual budget of the program.

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[91] "LAW ENFORCEMENT BODY ARMOR; DOJ Could Enhance Grant Management Controls and Better Ensure Consistency in Grant Program Requirements" (GAO-12-353), Government Accountability Office, February 2012, page 21; http://gao.gov/assets/590/588573.pdf .

[92] "LAW ENFORCEMENT BODY ARMOR; DOJ Could Enhance Grant Management Controls and Better Ensure Consistency in Grant Program Requirements" (GAO-12-353), Government Accountability Office, February 2012, page 20; http://gao.gov/assets/590/588573.pdf .

[93] "LAW ENFORCEMENT BODY ARMOR; DOJ Could Enhance Grant Management Controls and Better Ensure Consistency in Grant Program Requirements" (GAO-12-353), Government Accountability Office, February 2012, page 19; http://gao.gov/assets/590/588573.pdf .

[94] "LAW ENFORCEMENT BODY ARMOR; DOJ Could Enhance Grant Management Controls and Better Ensure Consistency in Grant Program Requirements" (GAO-12-353), Government Accountability Office, February 2012, highlights page; http://www.gpo.gov/fdsys/pkg/CPRT-110HPRT39564/html/CPRT-110HPRT39564-DivisionB.htm.

An example of a specific excessive award is the $1.65 million earmarked for the Bastrop, Louisiana Police Department by Congress as part of the 2008 Consolidated Appropriations Act[95] for the purchase of bulletproof vests and body armor. "Bulletproof vests only cost about $700-800, however, so $1.6 million would appear to be overkill," noted the Louisiana newspaper *The Bastrop Daily Enterprise*.[96] Detective Curtis Stephenson concurred, stating, "there's no way we'd need that kind of money just to put all our people in vests."[97] The entire Bastrop Police force at the time consisted of 23 officers.[98]

The Department of Energy Initiatives for Proliferation Prevention

A Department of Energy (DOE) program to prevent the proliferation of weapons of mass destruction (WMD) has more money than it can spend—carrying more over annually than Congress appropriates for its budget—and may actually be recruiting new scientists for Russian weapons institutes, contrary to the intent of the program.[99]

The Initiatives for Proliferation Prevention (IPP) program was created following the collapse of the Soviet Union to ensure out of work weapons scientists and engineers were placed in private sector nonmilitary employment to ensure these experts were not hired by terrorist groups or rogue nations to assist in the development of WMD.[100] The program has spent more than $300 million since it was created in 1994.

The Government Accountability Office (GAO) found the IPP program "has annually carried over large balances of unspent program funds. Specifically, in every fiscal year from 1998 through 2007, DOE carried over unspent funds in excess of the amount that the Congress provided for the program in those fiscal years. For example, as of September 2007, DOE had carried over about $30 million in unspent funds—$2 million more than the $28 million that the Congress had appropriated for the IPP program in fiscal year 2007. In fact, for 3 fiscal years—2003

[95] Consolidated Appropriations Act, 2008, H.R. 2764/Public Law 110-161; Division B -- Commerce, Justice, Science, and Related Agencies Appropriations Act, http://www.gpoaccess.gov/congress/house/appropriations/08conappro.html .
[96] Jason Stuart. "Senate considers earmark for BPD," Bastrop Daily Enterprise, July 26, 2007.
[97] Jason Stuart. "Senate considers earmark for BPD," Bastrop Daily Enterprise, July 26, 2007.
[98] Nathan Stubbs. "Pork Plate," The Independent Weekly, July 2, 2008; http://www.theind.com/index.php?option=com_content&task=view&id=2752&Itemid=73 .
[99] Statement of Government Accountability Office Natural Resources and Environment Managing Director Robert A. Robinson, "Nuclear Nonproliferation: DOE Needs to Reassess Its Programs to Assist Weapons Scientists in Russia and Other Countries," testimony before the U.S. House of Representatives Committee on Energy and Commerce, Subcommittee on Oversight and Investigations, January 23, 2008; http://www.gao.gov/new.items/d08434t.pdf .
[100] Statement of Government Accountability Office Natural Resources and Environment Managing Director Robert A. Robinson, "Nuclear Nonproliferation: DOE Needs to Reassess Its Programs to Assist Weapons Scientists in Russia and Other Countries," testimony before the U.S. House of Representatives Committee on Energy and Commerce, Subcommittee on Oversight and Investigations, January 23, 2008; http://www.gao.gov/new.items/d08434t.pdf .

through 2005—the amount of unspent funds was more than double the amount that the Congress appropriated for the program in those fiscal years."[101]

GAO blamed "lengthy review and approval processes for paying former Soviet weapons scientists and delays in implementing some IPP projects" for the reoccurring problem.[102]

DOE concedes this program is duplicative as "several other U.S. Government initiatives are also aimed at preventing weapons of mass destruction proliferation."[103]

GAO also identified a number of other problems with the program. "Officials from 10 Russian and Ukrainian weapons institutes told GAO that the IPP program helps them attract, recruit, and retain younger scientists and contributes to the continued operation of their facilities. This is contrary to the original intent of the program, which was to reduce the proliferation risk posed by Soviet-era weapons scientists."[104] DOE has overstated accomplishments on the number of scientists receiving DOE support and the number of jobs created. More

The Department of Energy's Initiatives for Proliferation Prevention program is intended to help out of work former Soviet-era weapons scientists find private sector nonmilitary employment. The program is instead providing the finances for Russian weapons institutes to "attract, recruit, and retain younger scientists," according to GAO which notes "this is contrary to the original intent of the program."

[101] Statement of Government Accountability Office Natural Resources and Environment Managing Director Robert A. Robinson, "Nuclear Nonproliferation: DOE Needs to Reassess Its Programs to Assist Weapons Scientists in Russia and Other Countries," testimony before the U.S. House of Representatives Committee on Energy and Commerce, Subcommittee on Oversight and Investigations, January 23, 2008; http://www.gao.gov/new.items/d08434t.pdf .

[102] Statement of Government Accountability Office Natural Resources and Environment Managing Director Robert A. Robinson, "Nuclear Nonproliferation: DOE Needs to Reassess Its Programs to Assist Weapons Scientists in Russia and Other Countries," testimony before the U.S. House of Representatives Committee on Energy and Commerce, Subcommittee on Oversight and Investigations, January 23, 2008; http://www.gao.gov/new.items/d08434t.pdf .

[103] "International Nonproliferation Program," Department of Energy website, accessed March 21, 2012; http://www.y12.doe.gov/missions/nonproliferation/inp/gipp/initiativesprevention.php.

[104] Statement of Government Accountability Office Natural Resources and Environment Managing Director Robert A. Robinson, "Nuclear Nonproliferation: DOE Needs to Reassess Its Programs to Assist Weapons Scientists in Russia and Other Countries," testimony before the U.S. House of Representatives Committee on Energy and Commerce, Subcommittee on Oversight and Investigations, January 23, 2008; http://www.gao.gov/new.items/d08434t.pdf

than half of those assisted did not claim to possess any weapons-related experience. Furthermore, the program appears to be outdated as "officials from the Russian government, Russian and Ukrainian institutes, and U.S. companies raised questions about the continuing need for the program. Importantly, a senior Russian Atomic Energy Agency official told GAO that the IPP program is no longer relevant because Russia's economy is strong and its scientists no longer pose a proliferation risk. DOE has not developed criteria to determine when scientists, institutes, or countries should 'graduate' from the program."[105]

[105] Statement of Government Accountability Office Natural Resources and Environment Managing Director Robert A. Robinson, "Nuclear Nonproliferation: DOE Needs to Reassess Its Programs to Assist Weapons Scientists in Russia and Other Countries," testimony before the U.S. House of Representatives Committee on Energy and Commerce, Subcommittee on Oversight and Investigations, January 23, 2008; http://www.gao.gov/new.items/d08434t.pdf .

SECTION 3. Bureaucratic Obstacles and Mismanagement Prevents Billions of Dollars of Assistance from Reaching Those in Need

Whether assisting the survivors of a deadly storm like Hurricane Katrina or helping those living with disabilities, Americans are always generous—opening their pockets, hearts and even homes—to those in need. Likewise, the federal government has also been generous with taxpayers money to finance programs to assist those facing nearly any challenge or tragedy. While built on good intentions, too often the government safety net for those in need becomes a web of bureaucracy, incompetence and even greed.

Take the HIV/AIDS epidemic, which the U.S. spends more than $23 billion annually to address,[106] as an example.

As a physician who has cared for patients living with HIV/AIDS, I was shocked to learn patients with HIV were dying on waiting lists for life saving treatment. I am not referring to the mysterious deaths in the early days of the epidemic when the disease was not well understood and largely untreatable or occurring in poor nations overseas where medicine is still difficult to obtain. These deaths occurred here in the United States— in South Carolina,[107] Kentucky[108] and West Virginia[109]— *now* in the 21st century.

While advocates were quick to blame funding shortages, an audit found during the period the deaths occurred, about $60 million in federal funds intended for HIV/AIDS care went unspent. The Department of Health and Human Services Office of Inspector General concluded the government could have redirected more than $61.7 million in surplus Ryan White Comprehensive AIDS Resources Emergency (CARE) Act funds to providing treatment to those patients on treatment waiting lists but did not use its authority to do so.[110]

In the nation's capital—just blocks from the U.S. Capitol—the District of Columbia government cut nearly $3 million from HIV/AIDS programs at the same time it left more than $3 million for such services unspent. The city's HIV/AIDS Administration "was unable to spend at least $3 million of its budget due to what appears to be internal, administrative problems," according to an investigation. While bureaucratic problems may have been stopping the payment of

[106] Judith A. Johnson, "AIDS Funding for Federal Government Programs: FY1981-FY2009," Congressional Research Service, April 23, 2008.
[107] Shaila Dewan, "Waiting List for AIDS Drugs Causes Dismay in South Carolina," New York Times, December 29, 2006; http://query.nytimes.com/gst/fullpage.html?res=9C07E7D91F31F93AA15751C1A9609C8B63&pagewanted=all .
[108] Eric Flack, "AIDS Medication Out Of Reach For Many," WAVE 3 News, September 24, 2003; http://www.wave3.com/global/story.asp?s=1456209&ClientType=Printable.
[109] John Heys, "Funding shortfall means long wait for AIDS drugs," Charleston Gazette, September 3, 2003, page 1C.
[110] "Review of the Management of Unobligated Funds Provided By Title II of the Ryan White CARE Comprehensive AIDS Resources Emergency Act," Department of Health and Human Services Office of Inspector General, May 2007; http://oig.hhs.gov/oas/reports/region6/60400060.pdf .

HIV/AIDS services for those impacted by the disease, the HIV/AIDS Administration did spend about $450,000 to produce and videotape World AIDS Day events and $59,300 to cater a World AIDS Day cocktail party and reception attended by 200 people, which comes to nearly $296 per person for the single event. [111]

Nearly 500 patients living with HIV/AIDS in Florida are currently on waiting lists for lifesaving AIDS medication while year after the year the state fails to spend a half-a-million dollars or more provided by the AIDS Drug Assistance Program (ADAP).

The Florida ADAP waiting list was instituted June 1, 2010[112] and a total of 439 patients were on list as of April 20, 2012.[113] In addition to the waiting list for medicine, the ADAP formulary was also reduced in August 2010 to limit the drugs patients could receive.[114]

During this time, "potentially millions of federal dollars" intended for HIV/AIDS services in Florida were unused. There were "pools of money left unspent" including about $500,000 last year and $1.8 million over the past five years.

Local officials claim "none of those unspent federal funds are being returned to Washington but are instead carried over into the next year's local budget."[115] But AIDS activists blame complex reviews for tying up the funds that are very much needed to aid those in need.

These failures were not due to financial shortages. To the contrary, each was a failure to manage the available resources properly.

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[111] Lou Chibbaro, Jr., "$3 million left unspent at HAA amid service cuts; Officials defend AIDS Day spending, $59,000 catering bill," The Washington Blade, March 11, 2005.

[112] "WAITING LIST," Florida Department of Health website, accessed April 30, 2012; http://www.doh.state.fl.us/disease_ctrl/aids/care/waiting_list.html .

[113] "AIDS DRUG ASSISTANCE PROGRAM WAITING LIST REPORT," Florida Department of Health website, April 20, 2012; http://www.doh.state.fl.us/disease_ctrl/aids/care/waiting_list/Weekly_Waiting_List_Report4_20_12.pdf .

[114] "WAITING LIST," Florida Department of Health website, accessed April 30, 2012; http://www.doh.state.fl.us/disease_ctrl/aids/care/waiting_list.html .

[115] David Damron, "AIDS care money goes unspent, activists say," Orlando Sentinel, August 30, 2011; http://articles.orlandosentinel.com/2011-08-30/health/os-aids-unspent-funds-20110830_1_aids-activists-aids-patient-federal-funds .


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Our Mission

To Provide Life Saving Medications, Disease Management Training & Information to our Clients in a Cost Effective Way.

Get the facts: In Florida

1 in 42 Black Males
1 in 63 Black Females
1 in 113 Hispanic Males
1 in 438 Hispanic Females
1 in 205 White Males
1 in 1139 White Females

...were infected with HIV/AIDS in 2009.

Medicare Part D
Do you have Medicare Part D? ADAP may be able to assist.

WAITING LIST

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439 ADAP applicants
have been placed on the waiting list as of
April. 20 , 2012
Current ADAP Waiting List Report
This information is updated weekly.

ADAP Waiting List **Monthly Report** (PDF,83KB)
As of 2-29-12

As you are aware, we are facing uncertain economic times which have contributed to a record increase in client enrollment. The lingering economic downturn has forced us to take cost containment measures to ensure currently-enrolled clients continue to receive their medications without disruption in medical treatment.

Beginning June 1, 2010 the Florida AIDS Drug Assistance Program (ADAP) has instituted a waiting list. The purpose of the waiting list is to ensure availability of HIV treatment medications for all ADAP clients currently enrolled. Also, effective **August 1, 2010** the ADAP formulary will be reduced to Antiretroviral (ARV) and Opportunistic Infection (OI) medications.

The Florida Department of Health AIDS Drug Assistance Program website says "our mission" is "to provide life saving medications" but also notes 439 patients are on waiting lists for those drugs and the medications covered have been restricted.[1] Meanwhile, more than half-a-million dollars in ADAP funds goes unspent year to year in the state.

Consider the case of Indianapolis, Indiana, where the Department of Public Safety is $15 million in debt just three months into the budget year, leading to threats of literally shutting off the lights at some city police districts. Yet, the department is sitting on millions of dollars in unspent federal grants, some dating back to 2007. "City officials said that they have been successful in requesting extensions to expiring grants," but are "facing an end of April deadline to spend money." Unfortunately, the public safety of the city is being put at risk, as well as potentially the jobs of law enforcement personnel, due to the failure to properly manage resources.[116]

The case studies identify a number of ways in which bureaucratic obstacles and mismanagement is preventing billions of dollars of federal assistance from reaching those in need and being left unspent. These include:

- Bureaucratic rules, regulations, and red tape;
- Administrative costs;
- Lack of leadership;
- Failure to coordinate; and
- Corruption.

The consequences of these bureaucratic bungles include:

- Recipients not receiving services;
- Increased spending;
- Increased costs of programs;
- Funds diverted from other priorities, including deficit reduction;
- Higher taxes;
- Impact on jobs;
- Billions of dollars of federal funds left in a state of budgetary limbo;
- Loss of faith in government institutions; and

[116] Russ McQuaid, "Critics claim city missing out on millions of dollars in federal grant money; Questions arise as public safety and sheriff $31 million in debt," Fox 59 WXIN, April 16, 2012; http://www.fox59.com/news/wxin-critics-claim-city-missing-out-on-millions-of-dollars-in-federal-grant-money-20120416,0,2884324.column .

- Conflict of interests and fraud.

Hurricane Katrina Recovery Efforts Leave Money Unspent and More Homeless Now Than Before the Storm

More than 350,000 homes were severely damaged by Hurricanes Katrina and Rita in 2005[117] and entire communities were destroyed. More than six years later, the homeless population of New Orleans is 70 percent higher than *before* Hurricane Katrina.[118] For a homeless population to continue to grow years after a disaster is unprecedented, according to the executive director of the National Coalition for the Homeless, who said "being the victim of a natural disaster is no longer a guarantee that the government is coming to your rescue."[119]

Whether or not it came to the rescue can be debated, but the government did respond and did so very generously. In fact, taxpayers provided tens of billions of dollars to help rebuild homes and communities in New Orleans and all along the Gulf Coast.

Bewildered by the slow pace of the recovery effort, in 2010 I asked the Department of Housing and Urban Development (HUD) where all of this money went. I learned more than one-fourth of the $19.7 billion of federal community development disaster recovery funds provided remained unspent five years after the storms.[120]

Upon further investigation, it turned out this was not the only disaster aid still in limbo. Almost $96 million in hurricane-recovery money for Southern University at New Orleans, for example, was still unspent as of last year due to "years of haggling between state officials" and the Federal Emergency Management Administration (FEMA) over a number of issues, including the location of the campus. "There's concern that we're fighting against the clock here," according to the President of the Southern University System President, who worries "the tools we need to give the state a quality higher education product are being inhibited" by the delay.[121]

Local officials blamed federal bureaucracy and red tape for the spending delays and for needlessly wasting money. In Mississippi, $355 million for water and sewerage repairs have been held up by FEMA and local officials "say that FEMA keeps changing the rules on the project" and the delays will likely increase costs. East Biloxi Mayor A. J. Holloway says working

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117 "The Face of Recovery; The American Red Cross Response to Hurricanes Katrina, Rita and Wilma," The American Red Cross, page 2; http://www.redcross.org/www-files/Documents/pdf/corppubs/face_of_recovery.pdf .

118 Katy Reckdahl, "Homeless population in New Orleans rises 70 percent since Hurricane Katrina," The Times-Picayune, June 2, 2011; http://www.nola.com/politics/index.ssf/2011/06/homeless_population_in_new_orl.html .

119 Rick Jervis, "Homeless still feel Katrina's wrath," USA Today, March 18, 2008; http://www.usatoday.com/news/nation/2008-03-16-homeless_N.htm .

120 Correspondence from Peter A. Kovar, Assistant Secretary for Congressional and Intergovernmental Relations of the Department of Housing and Urban Development, to Senator Tom A. Coburn, M.D., regarding unspent disaster recovery funding for the Gulf Coast from the hurricanes of 2005, May 28, 2010.

121 Jan Moller, "SUNO holds almost $96 million in unspent hurricane-recovery money," The Times-Picayune, February 3, 2011; http://www.nola.com/politics/index.ssf/2011/02/suno_holds_almost_96_million_i.html .

with FEMA "has been a disaster."[122] Another project to help rebuild small rental properties was held up for months.[123]

Some FEMA employees blame the delays on more than just red tape.

More than a dozen current and former FEMA employees point to the FEMA office in downtown New Orleans responsible for distributing the money. The employees "say the way the office is managed is itself a disaster," according to CBS News.

Nearly 80 employment-related complaints had been filed by FEMA staff at the New Orleans office, including more than 30 complaints filed against the chief of staff[124] (who has since been reassigned[125]). "The harassment, the equal rights violations that are currently taking place over there, this office is slowing down the recovery in this region," said one former FEMA employee.

Local FEMA employees were told to expect the recovery effort to last for as long as 15 years. Some former employees believe the delay is intentional, with one noting the senior managers were being paid six figure salaries plus a pension.[126] [127]

Even with billions of dollars of hurricane aid left unspent and unobligated after five years, "leaders of Gulf states still have requests pending before Congress for more federal dollars" for other hurricane related projects.[128]

Millions Go Without Treatment While Billions of Dollars Intended for HIV/AIDS Care Stuck for Years in "Inefficient Bureaucracies"

More than 60 million people have been infected with HIV since the epidemic began. As many as 34 million people worldwide are living with the virus, and the toll continues to increase by more than two million annually.[129] While there is no cure or vaccine, antiretroviral therapy (ART) has transformed HIV/AIDS from a certain death sentence to a chronic condition for many.

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[122] Geoff Pender, "A quarter of Katrina aid money still unspent," McClatchy Newspapers, August 27, 2010; http://www.mcclatchydc.com/2010/08/27/99669/a-quarter-of-katrina-aid-money.html .

[123] Geoff Pender, "A quarter of Katrina aid money still unspent," McClatchy Newspapers, August 27, 2010; http://www.mcclatchydc.com/2010/08/27/99669/a-quarter-of-katrina-aid-money.html .

[124] Armen Keteyian, "FEMA's 'Toxic Bureaucracy,'" CBS News, February 28, 2009; http://www.cbsnews.com/8301-500690_162-4828884.html?tag=contentMain;contentBody .

[125] Gwen Filosa, "Douglas Whitmer out as chief of staff at Louisiana's FEMA office," The Times-Picayune, February 28, 2009; http://www.nola.com/news/index.ssf/2009/02/us_rep_anh_joseph_cao_stands_b.html .

[126] Armen Keteyian, "FEMA's 'Toxic Bureaucracy,'" CBS News, February 28, 2009; http://www.cbsnews.com/8301-500690_162-4828884.html?tag=contentMain;contentBody .

[127] "LRA, FEMA Leaders Pull In Six-Figure Salaries," WDSU 6, July 4, 2007; http://www.wdsu.com/r/13621399/detail.html .

[128] Geoff Pender, "A quarter of Katrina aid money still unspent," McClatchy Newspapers, August 27, 2010; http://www.mcclatchydc.com/2010/08/27/99669/a-quarter-of-katrina-aid-money.html .

[129] Alexandra E. Kendall, "U.S. Response to the Global Threat of HIV/AIDS: Basic Facts," Congressional Research Service, January 5, 2012.

In 2003, the U.S. government launched the President's Emergency Plan for AIDS Relief (PEPFAR) to help save the lives of millions of those suffering from HIV/AIDS. The Office of the U.S. Global AIDS Coordinator (OGAC) at the Department of State oversees the numerous agencies throughout the federal government involved in the PEPFAR program which receives more than $5 billion from Congress annually.[130]

This substantial commitment makes PEPFAR the largest humanitarian effort by any nation to combat a single disease in history.[131]

Despite the dire number of people in need of treatment, federal officials recently revealed that billions of PEPFAR dollars have been left unspent.

"Of the $37.9 billion authorized to fight AIDS, $28.9 billion was spent by March 2012, leaving $9 billion in the pipeline, according to figures provided by the U.S. Office of the Global AIDS Coordinator. And of that $9 billion, roughly $7.6 billion is earmarked for programs or is within the acceptable range of 12 to 18 months worth of money in reserve for overseas development programs, State Department officials said. But the $1.46 billion has been sitting too long — U.S. officials called it a 'bad pipeline,'" according to the *Global Post*. "To put this in perspective, $1.46 billion is roughly three times the annual amount the US government spent on AIDS globally a decade ago."[132]

The money has been "stuck in the pipeline for 18 months or more" due to "inefficient bureaucracies," according to the United States Global AIDS Coordinator. "His office has been aware of a growing pipeline of unspent money for the last two years," but "has not spoken publicly about the backlog until now in part because of internal concerns that Congress could cut future budgets because such a large amount was being delayed in the pipeline."[133]

Congress has been very generous with this program, and for a reason—lives are at stake. It costs PEPFAR about $431 to treat an adult patient and $489 to treat a child for an entire year.[134] The unspent PEPFAR funds "stuck in the pipeline" could provide lifesaving treatment to more than 3.3 million adults or nearly three million children who are now going without treatment for an entire year.

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[130] Alexandra E. Kendall, "U.S. Response to the Global Threat of HIV/AIDS: Basic Facts," Congressional Research Service, January 5, 2012.
[131] "About PEPFAR," the Office of U.S. Global AIDS Coordinator website, accessed April 20, 2012; http://www.pepfar.gov/about/index.htm .
[132] John Donnelly, "US reveals nearly $1.5 billion in unspent AIDS money; Massive backlog accumulates as recipient countries prove unable to spend funding," Global Post, April 17, 2012; http://www.globalpost.com/dispatches/globalpost-blogs/global-pulse/us-reveals-nearly-15-billion-unspent-aids-money .
[133] John Donnelly, "US reveals nearly $1.5 billion in unspent AIDS money; Massive backlog accumulates as recipient countries prove unable to spend funding," Global Post, April 17, 2012; http://www.globalpost.com/dispatches/globalpost-blogs/global-pulse/us-reveals-nearly-15-billion-unspent-aids-money .
[134] "Report to Congress on Costs of Treatment in the President's Emergency Plan for AIDS Relief (PEPFAR)," PEPFAR website, page 4, July 2010; http://www.pepfar.gov/documents/organization/144993.pdf .

"Inefficient bureaucracies" are being blamed for billions of dollars of U.S. assistance not reaching those living with HIV/AIDS around the world, thereby denying lifesaving treatment to millions in desperate need.

In Kenya, where $502 million of PEPFAR funds sits unspent,[135] only 500,000 of the estimated 1.5 million people living with HIV/AIDS are receiving treatment.[136] AIDS activists in Kenya said "treatment coverage was even lower for children, currently standing at 34 percent of those in need."[137]

Kenya has "had trouble spending the money because of inefficiencies in its two ministries of health," U.S. officials in Washington and Nairobi have said.[138]

[135] John Donnelly, "US reveals nearly $1.5 billion in unspent AIDS money; Massive backlog accumulates as recipient countries prove unable to spend funding," Global Post, April 17, 2012; http://www.globalpost.com/dispatches/globalpost-blogs/global-pulse/us-reveals-nearly-15-billion-unspent-aids-money .

[136] Catherine Karongo, "Kenya: State On the Spot Over Unspent HIV Billions," AllAfrica Global Media, April 23, 2012; http://allafrica.com/stories/201204240148.html .

[137] Catherine Karongo, "Kenya: State On the Spot Over Unspent HIV Billions," AllAfrica Global Media, April 23, 2012; http://allafrica.com/stories/201204240148.html .

[138] John Donnelly, "US reveals nearly $1.5 billion in unspent AIDS money; Massive backlog accumulates as recipient countries prove unable to spend funding," Global Post, April 17, 2012; http://www.globalpost.com/dispatches/globalpost-blogs/global-pulse/us-reveals-nearly-15-billion-unspent-aids-money .

The result of these "inefficient bureaucracies" is millions of men, women, and children in desperate need are denied treatment that literally could be the difference between life and death as billions of dollars of aid taken from the pockets of taxpayers sits unspent.

"It's a tragedy that money goes unused while Kenyans with HIV get sick and die because they don't receive treatment," said Jacque Wambui of Health GAP Kenya.[139] This same tragedy is being repeated in other countries, including here in the U.S.

Nearly One-Fourth of Homeland Security Disaster Grants Unspent

Nearly one-fourth of the $35 billion the Department of Homeland Security (DHS) has awarded to state and local governments over the past nine years "to prevent, protect against, prepare for, respond to and recover from disasters of all kinds" has not been spent, according to Elizabeth Harman, Assistant Administrator of the Grant Programs Directorate at the Federal Emergency Management Agency (FEMA). More than $8 billion of the $35 billion awarded by the Homeland Security Grant Programs remained unspent as of January 2012.[140]

Delays caused by "a body of federal regulations" and state and local rules are responsible for this money sitting around unused, according to FEMA. The agency blames a number of specific government obstacles, including:

- Grantees must "comply with a body of federal regulations, including rules on the timing and frequency with which grant dollars can be drawn from the Treasury and pre-disbursement requirements such as environmental and historic reviews;

- "State laws and regulations governing the allocation of federal grant dollars to state agencies, including those that impact procurement and hiring activities, may also contribute to delays in spending. Often, agencies cannot enter into contracts until award or sub-awards are in hand. Once funds are in hand, contracting processes may take significant time and are subject to state/local procurement laws or to state and local officials who approve budgets/projects but who may meet infrequently.

- "In addition to federal, State and local procurement and contracting rules, the nature of the project also can impact the spending of grant dollars.

[139] Catherine Karongo, "Kenya: State On the Spot Over Unspent HIV Billions," AllAfrica Global Media, April 23, 2012; http://allafrica.com/stories/201204240148.html .
[140] Statement of Elizabeth M. Harman, Assistant Administrator of the Grant Programs Directorate at the Federal Emergency Management Agency of the U.S. Department of Homeland Security, before the U.S. House of Representatives Committee on Homeland Security's Subcommittee on Emergency Preparedness, Response, and Communications, March 20, 2012; http://homeland.house.gov/sites/homeland.house.gov/files/Testimony-Harman%20Gruber.pdf .

- "Budget reviews and environmental and historic reviews, impacted a grantee's ability to spend funds."[141]

These bureaucratic obstacles delaying the use of billions of dollars of federal funding for efforts to prevent, prepare for and respond to terrorist attacks and natural disasters may be placing lives and property at risk.

Los Angeles County, California, has been sitting on over $12 million in unspent, unneeded Federal Emergency Management Agency (FEMA) public assistance (PA) grant funds for over seven years. This money is left over from 79 completed projects. Local officials blame the paperwork required for returning the money for being too costly and time consuming, according to an ongoing audit by the U.S. Department of Homeland Security (DHS) Office of Inspector General (OIG).[142]

The county received a total of $54.9 million "for disaster recovery work related to storms, flooding, debris flows, and mudslides during the period of December 27, 2004, through January 11, 2005." At least $16.1 million of this amount remains unspent and is "unneeded and should immediately be deobligated," according to the DHS OIG Office of Emergency Management Oversight. The federal share of the unspent funds equals $12,052,303.[143]

County and California Emergency Management Agency (Cal EMA) officials "disagreed that the funds should be deobligated at this time on the basis that it would not be cost-effective for Cal EMA." Local officials told the Office of Emergency Management Oversight "that although they agree that the projects we identified were completed—and that a significant amount of unneeded funding remains obligated—they have chosen not to submit the necessary documentation to FEMA at this point because they feel that there would be unnecessary financial, time-, and effort-related costs associated with doing so." However, "Cal EMA is paid an administrative allowance to process the completed projects in a timely manner and in accordance with federal criteria."[144]

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[141] Statement of Elizabeth M. Harmon, Assistant Administrator of the Grant Programs Directorate at the Federal Emergency Management Agency of the U.S. Department of Homeland Security, before the U.S. House of Representatives Committee on Homeland Security's Subcommittee on Emergency Preparedness, Response, and Communications, March 20, 2012; http://homeland.house.gov/sites/homeland.house.gov/files/Testimony-Harman%20Gruber.pdf .

[142] Memorandum from D. Michael Beard, Assistant Inspector General of the Office of Emergency Management Oversight, to Nancy Ward, Regional Administrator of Region IX of the Office of Emergency Management Oversight, "Interim Report on FEMA Public Assistance Grant Funds Awarded to Los Angeles County, California," U.S. Department of Homeland Security Office of Inspector General, FEMA Disaster Number 1577-DR-CA, Audit Report Number DS-12-06, March 14, 2012; http://www.oig.dhs.gov/assets/GrantReports/OIG_DS-12-06_Mar12.pdf .

[143] Memorandum from D. Michael Beard, Assistant Inspector General of the Office of Emergency Management Oversight, to Nancy Ward, Regional Administrator of Region IX of the Office of Emergency Management Oversight, "Interim Report on FEMA Public Assistance Grant Funds Awarded to Los Angeles County, California," U.S. Department of Homeland Security Office of Inspector General, FEMA Disaster Number 1577-DR-CA, Audit Report Number DS-12-06, March 14, 2012; http://www.oig.dhs.gov/assets/GrantReports/OIG_DS-12-06_Mar12.pdf .

[144] Memorandum from D. Michael Beard, Assistant Inspector General of the Office of Emergency Management Oversight, to Nancy Ward, Regional Administrator of Region IX of the Office of Emergency Management Oversight, "Interim Report on FEMA Public Assistance Grant Funds Awarded to Los Angeles County, California,"

"County officials believed that the unneeded funds could be used to cover cost overruns for their other (in-process) large projects," but the Office of Emergency Management Oversight "explained to them that federal rules prohibit such action."[145]

Detroit, Michigan Fails to Spend Over $100 Million in Federal Aid including Education Assistance to Help Students in the Worst Performing Schools in the Nation

Detroit, Michigan, has been slow to spend about $100 million of federal funds intended for everything from education to weatherization of homes to community development. The city was forced to return $9.2 million of unspent funds intended for weatherization, nearly $10 million intended for Head Start, an early childhood education program, and may soon have to return aid intended to improve failing schools.

The city has been unable to spend millions to bolster education even though the Detroit Public Schools posted the worst scores ever recorded on the Trial Urban District Assessment, a national test developed by the Governing Board, the National Center for Education Statistics of the U.S. Department of Education and the Council of the Great City Schools.[146]

On the math test, 69 percent of fourth grade students "scored at a below basic level. In terms of performance levels in the eighth grade in Detroit, 77 percent were below basic. In May 2010, Detroit Public Schools announced the district posted the lowest scores ever among big-city school districts on the reading portion of the National Assessment of Educational Progress/Trial Urban District Assessment administered in early 2009."[147]

"There is no jurisdiction of any kind, at any level, at any time in the 30-year history of NAEP that has ever registered such low numbers," said Michael Casserly, executive director of the Council on Great City Schools, a coalition of urban school districts. "They are barely above what one

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U.S. Department of Homeland Security Office of Inspector General, FEMA Disaster Number 1577-DR-CA, Audit Report Number DS-12-06, March 14, 2012; http://www.oig.dhs.gov/assets/GrantReports/OIG_DS-12-06_Mar12.pdf .

145 Memorandum from D. Michael Beard, Assistant Inspector General of the Office of Emergency Management Oversight, to Nancy Ward, Regional Administrator of Region IX of the Office of Emergency Management Oversight, "Interim Report on FEMA Public Assistance Grant Funds Awarded to Los Angeles County, California," U.S. Department of Homeland Security Office of Inspector General, FEMA Disaster Number 1577-DR-CA, Audit Report Number DS-12-06, March 14, 2012; http://www.oig.dhs.gov/assets/GrantReports/OIG_DS-12-06_Mar12.pdf .

146 Ryan Beene, "Detroit's public schools post worst scores on record in national assessment," Crain's Detroit Business, December 8, 2009; http://www.crainsdetroit.com/article/20091208/FREE/912089997/detroits-public-schools-post-worst-scores-on-record-in-national-assessment# .

147 "DPS shows progress on rigorous NAEP, being only one of six districts nationally to show increases in student test scores, while beating state's gains on math and reading," Detroit Public Schools website, December 7, 2011; http://detroitk12.org/content/2011/12/07/dps-shows-progress-on-rigorous-naep-being-only-one-of-six-districts-nationally-to-show-increases-in-student-test-scores-while-beating-state%E2%80%99s-gains-on-math-and-reading/ .

would expect simply by chance, as if the kids simply guessed at the answers," he said.[148]

"It's been clear that the district has had a financial and operational emergency but these numbers underscore the fact that the district has an academic emergency," Casserly said.[149]

Despite this emergency, the district failed to spend $5.4 million of the federal funds received in 2010 to turn around its lowest performing schools.[150] DPS spent only 22 percent of the $6.9 million federal School Improvement grant.

"We are in an era when schools are in such desperate need of funding and it's disappointing to see, in some cases, the money not utilized," said Mark Coscarella, with the Michigan Department of Education's Office of Education Improvement and Innovation.[151]

Detroit is now in jeopardy of losing more than $20 million of unspent Community Development Block Grants (CDBG) from the Department of Housing and Urban Development (HUD) if the money is not spent by May. In total, the city, which receives about $33 million in CDBG funds every year, is sitting on nearly $70 million of unspent CDBG funds that accumulated over the years.[152]

Detroit's failure to spend the money will actually add unnecessary costs to taxpayers who will have to pay city workers overtime to do the very work they failed to do. "Detroit Mayor Dave Bing is paying workers extra to embark on a spending spree of sorts," reported *The Detroit Free Press*. To beat the deadline to spend more than $20 million, Bing's administration is requiring employees of the city's Planning and Development Department to work on furlough days—Mondays—to decide how to use the money. The city will use some of the CDBG money to pay employees for the extra work, which is allowable under the law as an administrative fee."[153]

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[148] Ryan Beene, "Detroit's public schools post worst scores on record in national assessment," Crain's Detroit Business, December 8, 2009; http://www.crainsdetroit.com/article/20091208/FREE/912089997/detroits-public-schools-post-worst-scores-on-record-in-national-assessment# .

[149] Ryan Beene, "Detroit's public schools post worst scores on record in national assessment," Crain's Detroit Business, December 8, 2009; http://www.crainsdetroit.com/article/20091208/FREE/912089997/detroits-public-schools-post-worst-scores-on-record-in-national-assessment# .

[150] Jenifer Chambers, "DPS fails to spend $6.9M grant," The Detroit News, April 3, 2012; http://www.detroitnews.com/article/20120403/SCHOOLS/204030355/DPS-fails-spend-6-9M-grant?odyssey=mod%7Cnewswell%7Ctext%7CFRONTPAGE%7Cp .

[151] Jenifer Chambers, "DPS fails to spend $6.9M grant," The Detroit News, April 3, 2012; http://www.detroitnews.com/article/20120403/SCHOOLS/204030355/DPS-fails-spend-6-9M-grant?odyssey=mod%7Cnewswell%7Ctext%7CFRONTPAGE%7Cp .

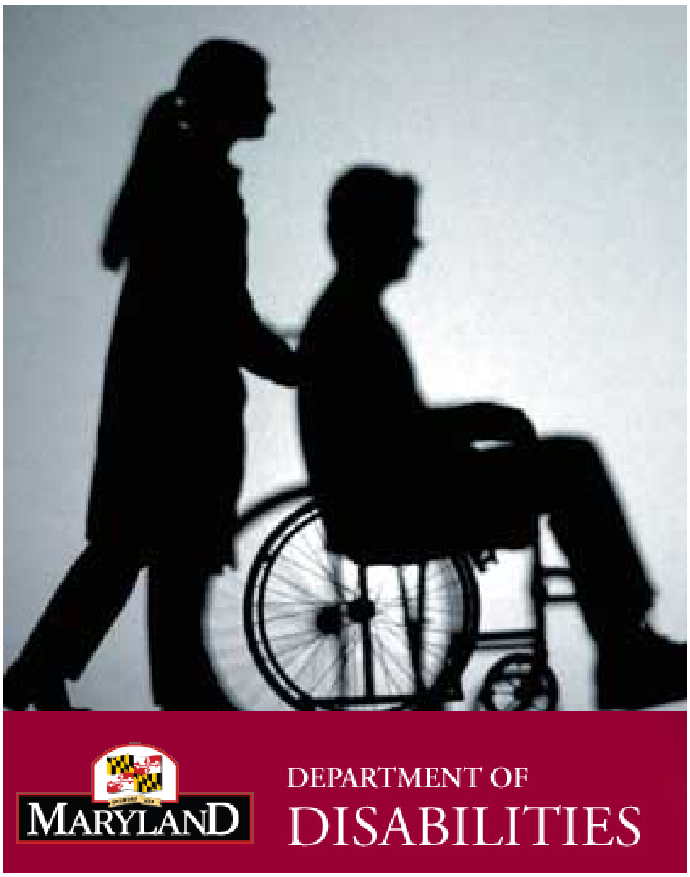
[152] Steve Neavling, "Detroit faces loss of cash from federal block grants," Detroit Free Press (Michigan), March 6, 2012; http://www.freep.com/article/20120306/NEWS01/203060325/Detroit-faces-loss-of-cash-from-federal-block-grants .

[153] Steve Neavling, "Detroit faces loss of cash from federal block grants," Detroit Free Press (Michigan), March 6, 2012; http://www.freep.com/article/20120306/NEWS01/203060325/Detroit-faces-loss-of-cash-from-federal-block-grants .

Councilman Ken Cockrel Jr. called the last minute effort to spend the money before the city loses it "a plan that has been scrambled together to meet a deadline, and it seems like we're rewarding bad behavior."[154]

Taxes Increased to Assist Thousands of Severely Disabled Maryland Residents While the State Sat on Tens of Millions of Dollars Intended for Disability Care

Thousands of severely disabled Maryland residents languished on waiting lists for care while the state's Developmental Disabilities Administration (DDA) sat on $38 million. The unspent amount included $12 million of federal Medicaid funds. Another $25 million in state funding went unspent over a two year period and was returned to the state's general fund. The funds were intended to assist those with physical and mental disabilities, including many unable to care for themselves.[155]



Thousands of severely disabled Maryland residents languished on waiting lists for care while the state's Developmental Disabilities Administration sat on $38 million.

Laura Howell, executive director of the Maryland Association of Community Services and chair of the Maryland Developmental Disabilities Coalition was horrified to learn care was being denied at the same time funds were being returned because they went unspent. Howell noted "people with developmental disabilities depend on the state for critically important services and those services have been underfunded for many years. To learn that funds were unspent in light of that underfunding was just devastating to both people who receive services and their families and the agencies that support them."[156]

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[154] Jonathan Oosting, "Use it or lose it: Detroit scrambles to spend $18 million in federal grant money by end of April," MLive Detroit, March 22, 2012; http://www.mlive.com/news/detroit/index.ssf/2012/03/use_it_or_lose_it_detroit_scra.html .
[155] Len Lazarick, "Maryland disabilities agency leaves $38M unspent," The Daily Record, November 9, 2011; http://thedailyrecord.com/2011/11/09/maryland-disabilities-agency-leaves-38m-unspent/ .
[156] Len Lazarick, "Maryland disabilities agency leaves $38M unspent," The Daily Record, November 9, 2011; http://thedailyrecord.com/2011/11/09/maryland-disabilities-agency-leaves-38m-unspent/ .

Advocates were successful pushing for a new sales tax on alcohol to increase DDA's budget by $15 million—less than half the amount the agency left unspent. Nancy Pineles, developmental disabilities managing attorney with the Maryland Disability Law Center, lamented "what's very hard to swallow is that at the same time that the services were underfunded, we were advocating our support for the alcohol tax."[157]

Many small business owners are concerned about the impact of the higher taxes on jobs, including their own. "Unfortunately, it's going to cost people some jobs, and hopefully not mine," said Robert Murray, the co-owner of a store near state's border with Delaware.[158]

While Maryland residents are now paying higher taxes as a result of this bureaucratic incompetency, the impact on the lives of each of the individuals who were denied care is impossible to measure.

With Disproportionately High Rate of HIV/AIDS, Federal Prevention Funds Caught in Georgia's Tangled Web of Bureaucracy

The Georgia Department of Public Health's HIV unit, which "has been plagued with a stifling bureaucracy, massive turnover and questionable management of federal money" for years, has failed to spend millions of dollars intended for HIV testing and prevention, despite the state's disproportionately high rate of the disease.[159]

More than 40,000 people in Georgia were living with HIV/AIDS in 2010 and the state has the sixth highest number of cumulative reported AIDS cases in the nation.[160] These alarming numbers represent just those who have been diagnosed with the disease and not all of those who are unaware that they are infected. The Centers for Disease Control and Prevention (CDC)—which is headquartered in Atlanta—estimates 21 percent of the 1.1 million people living with HIV in the United States do not know they are infected. As a result, these individuals are not receiving life saving treatment and are at higher risk of infecting others.[161]

For years, the HIV unit "has been slow to pass along federal prevention grants to nonprofits to conduct HIV tests. Those delays have resulted in nonprofits rushing to spend grant money or risk losing it. The state's tangled bureaucracy has given back more than $2 million in unspent

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157 Len Lazarick, "Maryland disabilities agency leaves $38M unspent," The Daily Record, November 9, 2011; http://thedailyrecord.com/2011/11/09/maryland-disabilities-agency-leaves-38m-unspent/ .

158 Alexander Jackson, "Maryland liquor stores prep for July 1 alcohol tax increase," Baltimore Business Journal, June 27, 2011; http://www.bizjournals.com/baltimore/news/2011/06/27/maryland-liquor-stores-prep-for-july-1.html?page=all .

159 Chris Joyner, "Georgia Investigating Its HIV Unit," The Atlanta Journal Constitution, July 16, 2011; http://www.ajc.com/news/georgia-politics-elections/state-investigating-its-hiv-1020480.html .

160 "FACT SHEET: HIV/AIDS Surveillance," Georgia Division of Public Health HIV/AIDS Epidemiology Section, January 2012; http://health.state.ga.us/pdfs/publications/factsheets/HIV_AIDS_Surveillance.pdf .

161 Renee Stein, Tanisha S. Grimes, Robert Malow, Dale Stratford, Freya Spielberg, David R. Holtgrave, "Monitoring and Evaluation of HIV Counseling, Testing and Referral (CTR) and HIV Testing Services," AIDS Education and Prevention, 23(3), Supplement, 1–6, 2011; http://www.cdc.gov/hiv/topics/evaluation/pdf/AEAP2011.pdf .

money to the federal government since 2006,"[162] according to an investigation by *The Atlanta Journal-Constitution.*[163]

State officials acknowledged the department has been "hampered by an inefficient and overly bureaucratic culture that slowed the spending of federal HIV prevention dollars while Georgia's HIV problem got worse."[164]

"Dozens of nonprofits waited weeks or months to receive money for HIV prevention that had already been awarded to them." The money was so late, HIV prevention counselors were facing potential layoffs, even though millions of dollars were going unspent.[165]

Mark Douglas, founder of a HIV/AIDS outreach organization and co-chair of a state HIV advisory panel, "said the state is so disorganized that millions more in grant funding has been returned to the feds unspent over the past several years or wasted on nonessential expenses at the end of the year." He said the state finds "other, creative ways to spend the money — conferences, condoms and things like that — instead of it going out to the prevention community."[166]

While the department claims it is making progress with the state returning only about $148,000 in unspent grants in 2010 compared to $1.4 million returned in 2006,[167] the lax approach to utilizing millions of dollars in federal assistance likely resulted in untold prevention and treatment opportunities being missed.

More Than $1 Billion of Transportation Funds Idling

In the United States, the average commuter spends 34 hours a year stuck in traffic. The cost of this congestion is estimated to be about $750 for every commuter, with the time and cost lost to traffic increasing.[168]

While traffic jams are a commuter's nightmare, in some states the expenditure of millions of dollars intended to improve the gridlock appear to be stuck in park. Unspent transportation

[162] Chris Joyner, "Georgia Investigating Its HIV Unit," The Atlanta Journal Constitution, July 16, 2011; http://www.ajc.com/news/georgia-politics-elections/state-investigating-its-hiv-1020480.html .
[163] Chris Joyner, "Georgia Investigating Its HIV Unit," The Atlanta Journal Constitution, July 16, 2011; http://www.ajc.com/news/georgia-politics-elections/state-investigating-its-hiv-1020480.html .
[164] Chris Joyner, "Georgia Investigating Its HIV Unit," The Atlanta Journal Constitution, July 16, 2011; http://www.ajc.com/news/georgia-politics-elections/state-investigating-its-hiv-1020480.html .
[165] Chris Joyner, "Georgia Investigating Its HIV Unit," The Atlanta Journal Constitution, July 16, 2011; http://www.ajc.com/news/georgia-politics-elections/state-investigating-its-hiv-1020480.html .
[166] Chris Joyner, "Georgia Investigating Its HIV Unit," The Atlanta Journal Constitution, July 16, 2011; http://www.ajc.com/news/georgia-politics-elections/state-investigating-its-hiv-1020480.html .
[167] Chris Joyner, "Georgia Investigating Its HIV Unit," The Atlanta Journal Constitution, July 16, 2011; http://www.ajc.com/news/georgia-politics-elections/state-investigating-its-hiv-1020480.html .
[168] David Schrank, Tim Lomax, and Bill Eisele, "2011 Urban Mobility Report," Texas Transportation Institute at the Texas A&M University System, September 2011; http://tti.tamu.edu/documents/mobility-report-2011.pdf .

funds in just three states—Virginia, Georgia, and Maryland—exceed $1 billion and highlight a lack of budget accountability of how transportation dollars are being managed.

Two years ago, Virginia Governor Bob McDonnell ordered an independent financial and performance audit of the Virginia Department of Transportation (VDOT), which found $500 million in unspent funds.

The audit noted:

> "There is an increasing trend of not using maintenance allocations in the year budgeted. The unused allocation is referred to as carryover funds. The carryover balance has grown from an average of under $40 million prior to 2007 to $529 million at the end of June 2010. A portion of the $529 million balance is a result of relatively minor delays in project spending as evidenced by outstanding contracts of $318 million. However, at least $200 million of the carryover balance has yet to be committed to a contract. Given the condition of Virginia's roads and bridges and the need for jobs in today's economy, putting every public dollar to work is essential. Based on the economy statistics published by the Federal Highway Administration (FHWA), the $500 million in unspent allocation balances could 1) generate or sustain 15,000 jobs, 2) create or sustain $1 billion in economic activity and 3) return $36 million to the state in additional revenues in the form of taxes and fees."[169]

Prior to the audit, Virginia was "letting hundreds of millions of transportation dollars languish while the state cut road maintenance, construction and driver services last year."[170] The audit "identified a lack of budget accountability from 2006-2009 within the maintenance program as the primary reason funds were not being spent in a timely fashion." Also, "burdensome internal processes and financial controls for project development" were among the "major contributing factors" identified for the spending delays.[171]

Prior to an audit ordered by Governor Bob McDonnell, Virginia was "letting hundreds of millions of transportation dollars languish while the state cut road maintenance, construction and driver services."[1]

[169] "Performance Audit of Significant Operations of the Virginia Department of Transportation," Cherry, Bekaert & Holland, L.L.P., pages vi- vii, August 2010; http://www.governor.virginia.gov/tempContent/CBH_Performance_Audit_Report-VDOT.pdf .

[170] "VDOT audit shows $500M went unspent," WTOP, September 23, 2010; http://www.wtop.com/?nid=&sid=2060345 .

[171] "Governor's VDOT Performance and Financial Audit Identifies $1.45 Billion Available for Projects in 6 Year Transportation Program," Office of the Governor Robert F. McDonnell, Commonwealth of Virginia, September 23, 2010, http://www.governor.virginia.gov/news/viewRelease.cfm?id=397 .

The Georgia Department of Transportation (GDOT) held $1.2 billion in unspent highway funding as of June 30, 2011, according to state auditors.[172] "The amount of unspent cash in GDOT accounts has risen from none in 2008 to well over $1 billion last summer."[173] Contractors were growing impatient at the speed "at which the DOT has moved projects from the drawing boards into the field" and "say the holdup is also holding up lots of new jobs."[174]

In Maryland, the State Highway Administration (SHA) repeatedly requested millions of dollars from the Board of Public Works (BPW) for new contracts while concealing $26 million in unspent funds previously awarded for the same work and attempted to use the unexpended funds on unrelated projects and to hide overspending on other projects.[175]

"SHA and 10 architectural and engineering firms arranged to use unexpended balances of contracts for construction inspection services to pay for work that was outside the scope of those contracts," according to a report by the state's Office of Legislative Audits. The agency and the firms used $11.3 million "for unrelated projects, and/or conceal overspending on other contracts."[176]

SHA attempted to hide the money by extending nine contracts with unspent funds without BPW approval, according to the report, which noted "SHA does not have the authority to extend the terms of a contract without formal BPW approval." The contract periods were inappropriately extended a total of 19 times.[177]

The contracts were "funded, in part, with federal funds," according to the audit.[178]

State Comptroller Peter Franchot said he "would describe SHA's conduct as a conspiracy with its own contractors to cover up inappropriate spending by avoiding the oversight that is afforded by the BPW under law."[179]

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172 "Audit: Georgia DOT sitting on $1billion," WSBTV 2 Atlanta, December 23, 2011; http://www.wsbtv.com/news/news/local/audit-georgia-dot-sitting-1billion/nF8X9/ .
173 Richard Belcher, "Audit finds GDOT financial mismanagement," WSBTV 2 Atlanta, February 27, 2012; http://www.wsbtv.com/news/news/local/audit-finds-gdot-financial-mismanagement/nK6hh/ .
174 "Audit: Georgia DOT sitting on $1billion," WSBTV 2 Atlanta, December 23, 2011; http://www.wsbtv.com/news/news/local/audit-georgia-dot-sitting-1billion/nF8X9/ .
175 "Special Review: Department of Transportation State Highway Administration Construction Inspection Service Contracts," Maryland General Office of Legislative Audits, November 2011; http://www.ola.state.md.us/Reports/Hotline/SHA2Special11.pdf .
176 "Special Review: Department of Transportation State Highway Administration Construction Inspection Service Contracts," Maryland General Office of Legislative Audits, November 2011, page 6; http://www.ola.state.md.us/Reports/Hotline/SHA2Special11.pdf .
177 "Special Review: Department of Transportation State Highway Administration Construction Inspection Service Contracts," Maryland General Office of Legislative Audits, November 2011, page 9; http://www.ola.state.md.us/Reports/Hotline/SHA2Special11.pdf .
178 "Special Review: Department of Transportation State Highway Administration Construction Inspection Service Contracts," Maryland General Office of Legislative Audits, November 2011, page 7; http://www.ola.state.md.us/Reports/Hotline/SHA2Special11.pdf .

The scheme between the agency and its vendors to acquire more funds came at a time when the state's Transportation Trust Fund had dried up for which the governor proposed a 15-cent gasoline tax increase.[180]

"Furthermore," the Office of Legislative Audits noted, "these arrangements made between SHA and the firms are indicative of a less than arm's length relationship between those parties that, in turn, could raise questions regarding the integrity of the procurement and payment process for subsequent contracts involving these firms."[181] These findings followed a "scathing audit" that "outlined a 'revolving door' relationship between the highway agency and its contractors."[182]

"The most scandalous findings in the audit dealt with the appearance of self-dealing by top managers in the department. The audit found that one procurement manager had solicited funds for a golf tournament in which he had a financial stake from two companies that did business with the agency, and then expedited contracts for them. Another manager took a job with a construction management firm 12 days after retiring; his new employer happened to have received a $16 million contract he had helped arrange while still working for the state. In other cases, state officials asked construction companies to move money from one contract to another to conceal overspending from Board of Public Works oversight."[183]

After Languishing for Years, Michigan City's Rush to Spend Federal Dollars Increases Costs and Reduces Accountability of Projects

"Federal money languishes amid community inertia," announced a recent headline in Niles, Michigan. Local officials are blaming "poor planning and lack of follow-through on projects" and a lack of accountability for the failure to spend more than $100,000 of federal funds provided by the Department of Housing and Urban Development (HUD) in fiscal year 2010. The city received and budgeted all $408,500 of the Community Development Block Grant (CDBG) funds

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179 Michael Dresser, "Auditors say Md. highway agency concealed unspent funds as it asked for more; Agency failed to make required disclosures, report says," The Baltimore Sun, December 2, 2011; http://articles.baltimoresun.com/2011-12-02/news/bs-md-highway-audit-20111202_1_auditors-highway-agency-new-contracts .

180 Ben Giles, "Maryland highway officials hide millions of dollars, audit finds," The Washington Examiner, December 5, 2011; http://washingtonexaminer.com/local/maryland/2011/12/maryland-highway-officials-hide-millions-dollars-audit-finds/150864?category=103 .

181 "Special Review: Department of Transportation State Highway Administration Construction Inspection Service Contracts," Maryland General Office of Legislative Audits, November 2011, page 7; http://www.ola.state.md.us/Reports/Hotline/SHA2Special11.pdf .

182 Michael Dresser, "Auditors say Md. highway agency concealed unspent funds as it asked for more; Agency failed to make required disclosures, report says," The Baltimore Sun, December 2, 2011; http://articles.baltimoresun.com/2011-12-02/news/bs-md-highway-audit-20111202_1_auditors-highway-agency-new-contracts .

183 "Cracking down at SHA; Our view: Transportation officials seem to be taking seriously the need for culture change after a scathing audit, but more needs to be done," The Baltimore Sun, August 30, 2011; http://articles.baltimoresun.com/2011-08-30/news/bs-ed-sha-audit-20110830_1_audit-darrell-b-mobley-contracts .

it received in 2010, but $105,700 still remains unspent because the money was directed towards abandoned or incomplete projects.[184]

None of the $20,000 the city allocated for a "homeless intervention program" was ever spent.[185]

Another $13,000 was to be used for ornamental fencing as part of a downtown beautification project which was never was completed. Juan Ganum, the city's community development director, says "there's no accountability" for finishing the project.[186]

The historic Ferry Street Resource Center was awarded $15,000, but the project "never got off the ground due to lack of communication with the state Historic Preservation Office."[187]

Mayor Mike McCauslin said city official now understand "the work you have to go through to get the money spent."[188]

Because the money could be lost if it was not spent by May, the city was hoping to "unload" the unspent cash on a sidewalk project. Joe Ray, the city's Department of Public Works Director, said "the price for the project is likely to be elevated since the contractor will be on a tight deadline."[189]

The local newspaper, *The Niles Daily Star*, editorialized, "while we think it is a valuable project, it appears to be a 'Hail Mary' play by the city to unload this money by the deadline" and the "tight deadline will likely drive up the cost charged by the


Niles Daily Star

Federal money languishes amid community inertia

More than $100,000 in unspent federal Community Development Block Grant funds from 2010 is the result of poor planning and lack of follow-through on projects ... Read more

"Federal money languishes amid community inertia," proclaims a local newspaper headline in Niles, Michigan, which revealed more than $100,000 set aside more than two years ago remains unspent on abandoned or incomplete projects in the city.[1]

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184 "Federal money languishes amid community inertia," Niles Daily Star, March 14, 2012; http://www.nilesstar.com/2012/03/14/federal-money-languishes-amid-community-inertia/ .
185 "Federal money languishes amid community inertia," Niles Daily Star, March 14, 2012; http://www.nilesstar.com/2012/03/14/federal-money-languishes-amid-community-inertia/ .
186 "Federal money languishes amid community inertia," Niles Daily Star, March 14, 2012; http://www.nilesstar.com/2012/03/14/federal-money-languishes-amid-community-inertia/ .
187 "Federal money languishes amid community inertia," Niles Daily Star, March 14, 2012; http://www.nilesstar.com/2012/03/14/federal-money-languishes-amid-community-inertia/ .
188 "Federal money languishes amid community inertia," Niles Daily Star, March 14, 2012; http://www.nilesstar.com/2012/03/14/federal-money-languishes-amid-community-inertia/ .
189 "Federal money languishes amid community inertia," Niles Daily Star, March 14, 2012; http://www.nilesstar.com/2012/03/14/federal-money-languishes-amid-community-inertia/ .

contractor chosen for the project."[190]

Parking Lot Grant Stuck in Park for 13 Years

In 1999, the village of Glen Ellyn, Illinois received a $780,000 grant from the federal Congestion Mitigation and Air Quality program to build a new parking lot for Metra, the local commuter rail service. Thirteen years later, the village is still looking for a place to build the parking lot.[191]

The failure to spend the money is not based on a lack of demand for parking. "There's a two-year waiting list for first-available permit parking spaces and a seven-year waiting list for premium spots."[192]

"Now, Metra officials have told the village that the [grant] will expire if it isn't used soon."

So the village is rushing to obtain a property that the director of planning and development admits "is not a prime location." and therefore may ultimately only be utilized for "interim use."[193]

"Should some other type of development locate on that site, the commuter parking spaces would have to be relocated elsewhere in the downtown area at a site agreed upon by Metra and the Federal Transportation Authority."[194]

With Unemployment Exceedingly High, New Jersey Officials Blame Each Other for Failure to Spend Millions of Dollars Intended for Community Development

The unemployment rate of Paterson, New Jersey exceeds 16 percent, significantly higher than the rest of the state and nation.[195] The jobless rate has nearly doubled since 2006[196] which begs the question why the city has been sitting on millions of dollars of federal funds intended for community development over that same period of time.

[190] "Editorial: Grant should have been spent as planned," Niles Daily Star, March 14, 2012; http://www.nilesstar.com/2012/03/14/editorial-grant-should-have-been-spent-as-planned/ .
[191] Christopher Placek, "Glen Ellyn to buy property for commuter parking," Chicago Daily Herald, April 23, 2012; http://www.dailyherald.com/article/20120423/news/704249963/ .
[192] Christopher Placek, "Glen Ellyn to buy property for commuter parking," Chicago Daily Herald, April 23, 2012; http://www.dailyherald.com/article/20120423/news/704249963/ .
[193] Christopher Placek, "Glen Ellyn to buy property for commuter parking," Chicago Daily Herald, April 23, 2012; http://www.dailyherald.com/article/20120423/news/704249963/ .
[194] Christopher Placek, "Glen Ellyn to buy property for commuter parking," Chicago Daily Herald, April 23, 2012; http://www.dailyherald.com/article/20120423/news/704249963/ .
[195] Unemployment as of March 2011, "Paterson, New Jersey," city-data.com, accessed April 26, 2012; http://www.city-data.com/city/Paterson-New-Jersey.html#ixzz1tAitl08I .
[196] Unemployment by year, "Paterson, New Jersey," city-data.com, accessed April 26, 2012; http://www.city-data.com/city/Paterson-New-Jersey.html#ixzz1tAitl08I .

Local officials are blaming each other.

The mayor blames the City Council for not passing the resolutions necessary to reallocate the grants from their original projects to new ones. Council members say the administration waited until the last minute to propose ways to spend the money.[197]

Regardless of who is responsible, the city is sitting on about $2.55 million of Community Development Block Grant funds received from the Department of Housing and Urban Development, some as long ago as 2006.[198]

[197] Joe Malinconico, "Paterson at Risk of Losing $1.4 million in Federal Urban Development Funds," The Alternative Press, April 19, 2012; http://thealternativepress.com/towns/paterson/articles/paterson-at-risk-of-losing-1-dot-4-million-in-federa .

[198] Joe Malinconico, "Paterson at Risk of Losing $1.4 million in Federal Urban Development Funds," The Alternative Press, April 19, 2012; http://thealternativepress.com/towns/paterson/articles/paterson-at-risk-of-losing-1-dot-4-million-in-federa .

SECTION 4. Congress Creates Programs Providing Assistance with Little or No Demand

It may sound hard to believe, but the government is trying to give away tens of billions of dollars and no one wants it. In Florida, even an aggressive marketing campaign targeting homeowners failed to give away millions of dollars of free money.[199]

The case studies highlighted identified a number of ways in which billions of dollars of federal assistance are left unspent by programs lacking public support or interest:

- No one has applied for the aid and, in some cases, those eligible have declined it;
- Little or no demand for the aid;
- The community opposes the project;
- The amount of aid provided was excessive or more than needed;
- Other forms of government assistance for the same purpose or purposes exist; and
- Non-government providers already fulfilled the mission.

The consequences of this unwanted assistance include:

- Wasteful spending;
- Expenditure of resources to try to give away the money;
- Increased long-term costs;
- Billions of dollars of federal funds left in a state of budgetary limbo; and
- Funds being diverted from other priorities, including deficit reduction.

[199] Brittany Wallman, "Free cash for homeowners goes unclaimed; Grants were open to those with Hurricane Wilma damage," Sun Sentinel, March 16, 2012; http://articles.sun-sentinel.com/2012-03-16/news/fl-unspent-money-broward-20120316_1_mobile-homes-hurricane-wilma-homeowners .

Aggressive Marketing Campaign Fails to Give Away Millions of Dollars of Free Money

Hurricane Wilma, which hit Florida in October 2005, was "the most intense hurricane on record in the Atlantic."[200] Congress reacted by approving two emergency supplemental appropriations bills totaling $50 billion for recovery efforts related to the damage caused by Hurricane Wilma and Hurricanes Katrina and Rita (which also occurred in 2005).[201]

But nearly seven years later, $4 million of the funds distributed to cities in Broward County for recovery efforts remains unspent.

"Offered with no strings attached, the cash was meant for homeowners with Hurricane Wilma damage that wasn't covered by insurance or the Federal Emergency Management Agency (FEMA)," according to Florida's *Sun Sentinel* newspaper. But "Broward's cities had trouble finding homeowners who had damage that wasn't paid for" and so the county "took the money back from the cities, who could find no one else to take it."[202]

Ralph Stone, Broward director of Housing Finance and Community Development said "we worked with them to put notices in utility bills" and that the cities "pretty aggressively marketed it."[203]

Despite this aggressive marketing campaign to give away the money, $4 million still remains unclaimed. This means "most of the damage from the devastating storm was covered, and the grants weren't needed," according to Stone.[204]

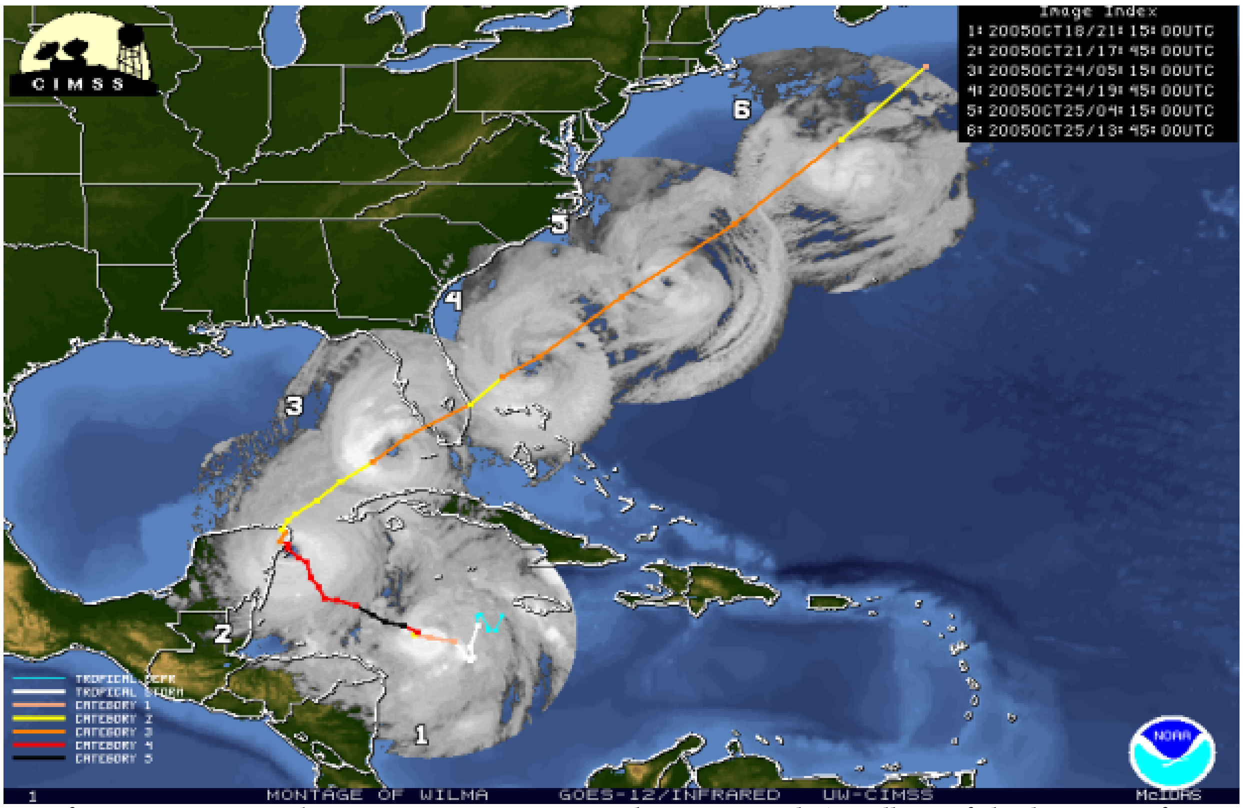
"Now the county's in a jam trying to spend it before an August 16 deadline" when the money remaining unspent must be returned to the state.[205]

Broward County officials are rushing to spend the funds, but on a project totally unrelated to Hurricane Wilma. Instead, the county would like to use the money to design and build new

[200] "Hurricane Wilma," National Oceanic and Atmospheric Administration National Climatic Data Center website, October 31, 2005; http://www.ncdc.noaa.gov/special-reports/wilma.html.
[201] Bruce R. Lindsay and Justin Murray, "Disaster Relief Funding and Emergency Supplemental Appropriations," Congressional Research Service, April 12, 2011 (R40708).
[202] Brittany Wallman, "Free cash for homeowners goes unclaimed; Grants were open to those with Hurricane Wilma damage," Sun Sentinel, March 16, 2012; http://articles.sun-sentinel.com/2012-03-16/news/fl-unspent-money-broward-20120316_1_mobile-homes-hurricane-wilma-homeowners .
[203] Brittany Wallman, "Free cash for homeowners goes unclaimed; Grants were open to those with Hurricane Wilma damage," Sun Sentinel, March 16, 2012; http://articles.sun-sentinel.com/2012-03-16/news/fl-unspent-money-broward-20120316_1_mobile-homes-hurricane-wilma-homeowners .
[204] Brittany Wallman, "Free cash for homeowners goes unclaimed; Grants were open to those with Hurricane Wilma damage," Sun Sentinel, March 16, 2012; http://articles.sun-sentinel.com/2012-03-16/news/fl-unspent-money-broward-20120316_1_mobile-homes-hurricane-wilma-homeowners .
[205] Brittany Wallman, "Free cash for homeowners goes unclaimed; Grants were open to those with Hurricane Wilma damage," Sun Sentinel, March 16, 2012; http://articles.sun-sentinel.com/2012-03-16/news/fl-unspent-money-broward-20120316_1_mobile-homes-hurricane-wilma-homeowners .

homes in the Town of Davie,[206] a project that has nothing to do with repairing damages caused by the hurricane nearly seven years ago. But to do this, the county commission had to waive requirements which can only be done in emergencies. "One of the defined emergencies is an identified 'substantial loss,'" county officials note and "in these cases the substantial loss would be the loss of up to $4,000,000 in Disaster Relief Initiative grant funding" for the county.[207]

Unable to give away the federal recovery assistance it held for over six years, the county now considers losing the unspent money an emergency.



Even after an aggressive marketing campaign to give away the money, nearly $4 million in federal assistance for Broward County remains unspent nearly seven years after Hurricane Wilma struck Florida.

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[206] Minutes from the Broward County Commission Regular Meeting, Housing Finance & Community Development Division, March 20, 2012; http://205.166.161.204/agenda_publish.cfm?mt=all&get_month=3&get_year=2012&dsp=agm&seq=10810&rev=0&ag=295&ln=49900&nseq=&nrev=&pseq=&prev=#ReturnTo49900 .

[207] Minutes from the Broward County Commission Regular Meeting, Housing Finance & Community Development Division, March 20, 2012; http://205.166.161.204/agenda_publish.cfm?mt=all&get_month=3&get_year=2012&dsp=agm&seq=10810&rev=0&ag=295&ln=49900&nseq=&nrev=&pseq=&prev=#ReturnTo49900 .

Tens of Billions of Dollars Sit Unspent Due to Low Participation in Multiple TARP Housing Assistance Programs

The financial crisis of 2008 "grew out of an unprecedented housing boom that turned into a housing bust," according to the Congressional Research Service.[208] The Troubled Assets Relief Program (TARP) created by Congress that year included $45.61 billion for three programs intended to assist homeowners facing foreclosure. "Unlike most other TARP funds," there was "no expectation that these funds will be paid back of otherwise recouped."[209] There would be very little to recouped anyway since very little of it has actually been distributed.

The Hardest Hit Fund (HHF) provides federal funds to state housing programs in select states for foreclosure prevention programs. While $890 million was sent to states, only $216 million of the $7.6 billion allocated for this program has actually been spent.[210] "After two years, the Hardest Hit Fund has experienced significant delay in providing help to homeowners due to several factors, including a lack of comprehensive planning by Treasury and a delay and limitation in participation in the program by large servicers and the GSEs (Fannie Mae and Freddie Mac)," according to the Special Inspector General for TARP (SIGTARP).[211] "Several states delayed HHF programs because the large mortgage servicers were not participating. One great shortcoming in HHF's implementation was Treasury's lack of timely action to enlist large servicer support for and participation in state HHF programs," according to SIGTARP. Treasury officials say "they were rebuffed by the large servicers. Several HFAs told SIGTARP that their primary challenge with the implementation of HHF was the lack of participation by the large servicers, with one HFA official explaining that on a scale of one to 10, 'this was a 10.' Without the participation of the large servicers, the HFAs' programs could not reach a large portion of struggling homeowners."[212]

Of the $29.9 billion allocated to the Home Affordable Modification Program (HAMP), which pays mortgage servicers who modify mortgages to reduce the financial burden on homeowners, only $2.7 billion has been spent.[213]

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[208] Baird Webel, "Troubled Asset Relief Program (TARP): Implementation and Status," Congressional Research Service, December 1, 2011.

[209] "TARP: Ongoing Federal Support for Banks, Auto Companies, and Homeowners," Congressional Research Service seminar handout, page 13, April 11, 2012.

[210] "TARP: Ongoing Federal Support for Banks, Auto Companies, and Homeowners," Congressional Research Service seminar handout, page 15, April 11, 2012.

[211] "FACTORS AFFECTING IMPLEMENTATION OF THE HARDEST HIT FUND PROGRAM," Special Inspector General for the Troubled Assets Relief Program, page 38, April 12, 2012; http://www.sigtarp.gov/reports/audit/2012/SIGTARP_HHF_Audit.pdf .

[212] "FACTORS AFFECTING IMPLEMENTATION OF THE HARDEST HIT FUND PROGRAM," Special Inspector General for the Troubled Assets Relief Program, page 41, April 12, 2012; http://www.sigtarp.gov/reports/audit/2012/SIGTARP_HHF_Audit.pdf .

[213] "TARP: Ongoing Federal Support for Banks, Auto Companies, and Homeowners," Congressional Research Service seminar handout, page 14, April 11, 2012.

The Federal Housing Authority Short Refinance Program provides assistance to homeowners who owe more than their house is worth to refinance. Of the $8.1 billion obligated, about $60 million has been disbursed and only 750 homeowners have been assisted by the program.[214]

CRS notes "participation in most [of the TARP housing assistance] programs is less and originally anticipated"[215]and "has resulted in further criticism that the programs are ineffective."[216]

Summary of TARP Housing Assistance[217]

Program	Americans Assisted	Amount Obligated	Amount Disbursed	Percentage Disbursed
HAMP	452,000	$29.9 billion	$2.7 billion	9%
Hardest Hit Fund	31,000	$7.6 billion	$0.9 billion	12%
Short Refinance	750	$8.1 billion	$0.06 billion	0.7%
Total	484,000	$45.6 billion	$3.5 billion	7.5%

More Than a Decade after the 9/11 Terrorist Attacks, Billions of Dollars of Federal Assistance for New York City Remain Unused

In the aftermath of the terrorist attacks of September 11, 2001, Congress approved $11.3 billion in recovery assistance for New York City including direct aid and tax benefits.[218] A decade later, billions of dollars of this assistance—mostly tax expenditures and bonds—remain unused and unclaimed.

A recent audit by the city's Independent Budget Office found "the promised level of [federal] aid has been allocated to New York, although a large share of the $2.9 billion in tax breaks aimed at spurring hiring and business investment were not used." The analysis said "there is considerable uncertainty about how much of the $2.9 billion in anticipated tax expenditures were used."[219]

[214] "TARP: Ongoing Federal Support for Banks, Auto Companies, and Homeowners," Congressional Research Service seminar handout, page 16, April 11, 2012.
[215] "TARP: Ongoing Federal Support for Banks, Auto Companies, and Homeowners," Congressional Research Service seminar handout, page 17, April 11, 2012.
[216] Baird Webel, "Troubled Asset Relief Program (TARP): Implementation and Status," Congressional Research Service, December 1, 2011.
[217] "TARP: Ongoing Federal Support for Banks, Auto Companies, and Homeowners," Congressional Research Service seminar handout, page 16, April 11, 2012.
[218] "The Aftermath: Federal Aid 10 Years After the World Trade Center Attack," New York City Independent Budget Office, August 2011, page 1; http://www.ibo.nyc.ny.us/iboreports/wtc2011.pdf .
[219] "The Aftermath: Federal Aid 10 Years After the World Trade Center Attack," New York City Independent Budget Office, August 2011, page 3; http://www.ibo.nyc.ny.us/iboreports/wtc2011.pdf .

This is because "the actual usage of the tax break's was untracked, but is widely assumed to have been very low, potentially leaving most of the assistance unused."[220]

The limited demand for Liberty Bonds, which were intended to encourage commercial and residential development near the former World Trade Center, has resulted in wasteful spending and increased long term costs to taxpayers.

Originally scheduled to expire at the end of 2004, the bonds were slow to be used so the deadline was extended twice and will now expire December 2012, with $701.6 million of the $8 billion authorized yet to be issued.[221] This delay will increase the original projected cost of $1.2 billion in foregone revenue to the federal government over the lifetime of the bonds, according to New York's Independent Budget Office.[222]

Due to a lack of demand for federal Liberty Bonds in the area around Ground Zero, $701.6 million has remained unused for a decade and $820.8 million went to projects not located in Lower Manhattan. This includes the National Sports Museum which received $52 million in 2006 and then filed for bankruptcy in 2009

While the Liberty Bonds project was intended to support projects in the area around Ground Zero, the lack of demand has left the door open for the aid to be spent elsewhere. Three projects that received a total of $820.8 million of Liberty Bonds were not located in Lower Manhattan, the New York's Independent Budget Office found. This included $1.7 billion to support the construction of the headquarters of Goldman Sachs at Battery Park City's World Financial Center. The National Sports Museum received $52 million in Liberty Bonds and then filed for bankruptcy in 2009.[223]

[220] "The Aftermath: Federal Aid 10 Years After the World Trade Center Attack," New York City Independent Budget Office, August 2011, page 6; http://www.ibo.nyc.ny.us/iboreports/wtc2011.pdf .
[221] "The Aftermath: Federal Aid 10 Years After the World Trade Center Attack," New York City Independent Budget Office, August 2011, page 7; http://www.ibo.nyc.ny.us/iboreports/wtc2011.pdf .
[222] "The Aftermath: Federal Aid 10 Years After the World Trade Center Attack," New York City Independent Budget Office, August 2011, page 3; http://www.ibo.nyc.ny.us/iboreports/wtc2011.pdf .
[223] "The Aftermath: Federal Aid 10 Years After the World Trade Center Attack," New York City Independent Budget Office, August 2011, page 8; http://www.ibo.nyc.ny.us/iboreports/wtc2011.pdf .

In addition to the unused Liberty Bonds tax expenditures, millions of dollars of federal Community Development Block Grants (CDBG) intended to rebuild and develop the areas around the World Trade Center site have yet to be spent. Of the $3.5 billion in CDBG funding provided, $235.1 million "remains to be formally obligated to projects" and $28.7 million "are not yet budgeted" as of August 2011.[224]

Preferring Free Money Provided by Grants, No Businesses Have Requested Assistance from USDA's Loan Program in an Illinois Community

Five years ago, Spring Valley, Illinois, received a $99,000 grant from the U.S. Department of Agriculture (USDA) to establish a revolving loan program to assist local businesses finance improvements such as roof repairs or energy efficiency and equipment. However, the city's "economic development director Debb Ladgenski said no business owner has used the program since its establishment." She said the loans, which would have to be paid back, are not attractive to businesses that would prefer the free money provided by grants.

The executive director of North Central Illinois Council of Governments noted a lack of interest for similar loan programs in other communities.[225]

Millions of Dollars from Two Different Federal Programs for a Minnesota Project Opposed By Local Officials Go Unspent

In 1981, the state of Minnesota handed the Old Cedar Avenue Bridge over to the city of Bloomington. The bridge was closed to vehicles in 1993 and to pedestrians in 2002 and the city has considered demolishing it. But Bloomington received $1.1 million in federal money more than four years ago[226] to rehabilitate the steel bridge, which was built in 1920. Another $2 million in federal funds was also recently awarded for the bridge, even though there is little support for the project from local officials.[227]

City Manager Mark Bernhardson said "We never wanted this bridge in the first place. The state handed it to us, and we had no choice."[228]

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[224] "The Aftermath: Federal Aid 10 Years After the World Trade Center Attack," New York City Independent Budget Office, August 2011, page 4; http://www.ibo.nyc.ny.us/iboreports/wtc2011.pdf .

[225] Allison Ryan, "With no applications, Valley loan program could end," LaSalle News Tribune, February 23, 2012; http://www.newstrib.com/articles/business/business-daily/default.asp?Article=32539&aname=With+no+applications%2C+Valley+loan+program+could+end .

[226] Mary Jane Smetanka, "Should Bloomington bridge be replaced or renovated?," Star Tribune, July 12, 2008; http://www.startribune.com/local/west/24756284.html?page=2&c=y .

[227] Mary Jane Smetanka, "$2 million grant might not save old Bloomington bridge," Star Tribune, February 26, 2012; http://www.startribune.com/local/west/140516173.html .

[228] Mary Jane Smetanka, "$2 million grant might not save old Bloomington bridge," Star Tribune, February 26, 2012; http://www.startribune.com/local/west/140516173.html .

"This was a bridge that was foisted on us … so there's a definite limit in what the city is willing to invest," said Karl Keel, the city's director of public works. He added "It is likely the city will do nothing."[229]

The original $1.1 million was provided through the Metropolitan Council, a regional planning agency, and the U.S. Fish and Wildlife Service recently awarded another $2 million for the project.[230]

"We never wanted this bridge in the first place," said the city manager of Bloomington, Minnesota, which was awarded two grants totaling more than $3 million to rehabilitate the dilapidated Old Cedar Avenue Bridge which has been closed to pedestrians for a decade.[1]

Owners of Montana Buildings Damaged Three Years Ago by Gas Explosion Do Not Want Federal Restoration Funds

On March 5, 2009, a natural gas explosion destroyed half a block of downtown Bozeman, Montana, taking the life of a young woman and destroying some landmark buildings. The National Park Service gave the city a $150,000 Save America's Treasures grant.[231] The funds were intended "to help owners restore historic buildings damaged in the blast. But for various reasons, those owners did not use the grant money."[232] Now, three years later, the grant remains unspent because "the original recipient declined the money."[233]

Rather than returning the money to the U.S. Treasury, some are hoping to spend it to renovate a local museum which was not impacted by the blast. The Gallatin Historical Society would like

[229] Mary Jane Smetanka, "Old Cedar Av. bridge is Bloomington's albatross," Star Tribune, April 30, 2009; http://www.startribune.com/local/west/44030097.html .

[230] Mary Jane Smetanka, "$2 million grant might not save old Bloomington bridge," Star Tribune, February 26, 2012; http://www.startribune.com/local/west/140516173.html .

[231] Jodi Russell, "Pioneer Museum to launch fundraising campaign for building repairs," The Bozeman Daily Chronicle, March 22, 2012; http://www.bozemandailychronicle.com/news/county/article_d4fc7754-73ac-11e1-bbc2-001871e3ce6c.html .

[232] Jodi Russell, "Pioneer Museum to launch fundraising campaign for building repairs," The Bozeman Daily Chronicle, March 22, 2012; http://www.bozemandailychronicle.com/news/county/article_d4fc7754-73ac-11e1-bbc2-001871e3ce6c.html .

[233] Michael Tucker, "Gallatin County reluctant to sign off on grant for museum," The Bozeman Daily Chronicle, January 2, 2012; http://www.bozemandailychronicle.com/news/county/article_f4e6c076-34fd-11e1-9d7f-001871e3ce6c.html .

to use the money to replace the roof and repair windowsills and brick[234] at the Pioneer Museum, which features exhibits "portraying earlier days in the Gallatin Valley" of Montana.[235]

But some local officials are not ready to simply divert the funds to another project just to spend the money. Commissioner Bill Murdock, who noted the construction needs were not brought up until the city came knocking with leftover grant money" said "this is a solution looking for a problem."[236]

The National Park Service awarded Bozeman, Montana, a grant to help restore some historic buildings after a natural gas explosion in 2009. The buildings' owners did not want the money which remains unspent three years later. Now the local historical society would like to use the money to renovate the Pioneer Museum, which was not impacted by the explosion. One local official says this project "is a solution looking for a problem."[237]

[234] Michael Tucker, "Gallatin County reluctant to sign off on grant for museum," The Bozeman Daily Chronicle, January 2, 2012; http://www.bozemandailychronicle.com/news/county/article_f4e6c076-34fd-11e1-9d7f-001871e3ce6c.html .

[235] Gallatin Historical Society and Pioneer Museum website, accessed March 23, 2012; http://www.pioneermuseum.org/ .

[236] Michael Tucker, "Gallatin County reluctant to sign off on grant for museum," The Bozeman Daily Chronicle, January 2, 2012; http://www.bozemandailychronicle.com/news/county/article_f4e6c076-34fd-11e1-9d7f-001871e3ce6c.html .

[237] Michael Tucker, "Gallatin County reluctant to sign off on grant for museum," The Bozeman Daily Chronicle, January 2, 2012; http://www.bozemandailychronicle.com/news/county/article_f4e6c076-34fd-11e1-9d7f-001871e3ce6c.html .

SECTION 5. Recommendations and Conclusion

Even with the end of the fiscal year shopping spree documented throughout the federal government, tens of billions of dollars still remain unspent, often for years, sometimes decades. While this may sometimes indicate an agency is being a wise and careful steward of taxpayers dollars, it also can indicate a larger management problem. In an era of trillion dollar deficits, our nation needs every department, agency, office and employee of the federal government or recipient of federal funds to do more with less.

It may make good headlines and press releases for politicians, but simply throwing more and more money at a problem does not guarantee success. Based upon the analysis and case studies in this report, the following proposals would ensure a greater bang for the buck and put an end to money for nothing.

REWARD GOOD MANAGEMENT: Agencies should be rewarded for being frugal and finding ways to do more with less by being permitted to keep a fraction of any unspent money, but required to return the remainder.

REQUIRE TRANSPARENCY: Agencies should maintain a searchable public clearinghouse of grants providing the most up to date information on how much remains undisbursed by program updated at least twice a year.

ADD ACCOUNTABILITY: Before Congress appropriates or authorizes funding for any program, especially increases in funding, routine oversight should be conducted to ensure the money previously provided has been spent efficiently and effectively.

ENSURE HELP REACHES THOSE IN NEED: The administrators of programs that provide health care should routinely determine and report to Congress the number of eligible patients on waiting lists for services and the amount of unspent funds in such programs with recommendations for legislative remedies to ensure unspent funds can be redirected to meeting the needs of the patient population.

CANCEL INACTIVE AND EXPIRED ACCOUNTS: Agencies and the Office of Management and Budget must make greater efforts to close out inactive and expired accounts in a timely manner. Continued failure to do so will necessitate legislative fixes to ensure such actions take place automatically.

END BINGE SPENDING: Spikes in spending by agencies at the end of a fiscal year of by grant recipients near the expiration date of federal assistance should be routinely reviewed to ensure expenditures are allowable and necessary. Last minute no bid single source contracts should also be prohibited to ensure taxpayers rather than contractors get the best deal.

READ THE BILLS: Congress should allow at least 72 hours for members to review the text of bills before voting on final passage to provide time to identify drafting errors, clarify vague language, and debate the intention of legislation.

SET DEADLINES: Congress should no longer authorize funds to be spent "until expended" and set specific dates when dollars for every program will expire, at which time they should be canceled and returned to the Treasury. No funds should be authorized for more than five years, which would allow Congress to periodically re-evaluate whether to extend left over balances for a project or reassign surpluses for other priorities including debt reduction. Likewise, "No year" funds should also include an expiration date.

PREVENT DUPLICATION: Congress should first determine if other programs exist that already provide the same assistance or serve the same mission being passing legislation creating a new program with the same purpose.

TREAT AN EMERGENCY LIKE AN EMERGENCY: If Congress designates billions of dollars as "emergency spending," then the money should be directed to those in need as quickly as possible and not languish for years or decades. Further, amounts of funding that cannot be reasonably spent responsibly in a short period of time should not be designated as emergency.

PREVENT NEEDLESS BAIL OUTS: To avoid another imminent bailout of the highway trust fund, Congress should cancel all unspent funds earmarked for transportation projects and return the money to the trust fund.

STOP OVERSPENDING: It is obvious from the approximately $700 billion of unobligated funds the government holds at the end the year that Washington approves the expenditure of more money than it can reasonably be spend within a 12 month period. Congress and the president should re-evaluate the base lines of every program to prioritize funding based upon resources available, need and the rightful role of the federal government as enumerated in the U.S. Constitution.