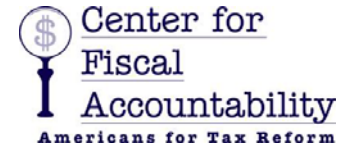




AMERICANS *for* TAX REFORM

Grover G. Norquist
President



December 16, 2008

The Honorable
Barack Obama
Presidential Transition Team
Washington DC, 20270

Dear President-Elect Obama,

Congratulations on your election victory.

We write to urge you to use the tools at your disposal to not only implement the Federal Funding Accountability and Transparency Act of 2006 you co-sponsored in letter and spirit, but to take this important tool to empower taxpayers to the next level upon assuming office.

You co-sponsored S. 3077, which would codify into law several features previously not required by law but voluntarily incorporated into www.USAspending.gov by the Office of Management and Budget, such as disclosing whether a contract was awarded competitively. The bill also requires more detailed information on the expenditure, giving taxpayers additional detail to put expenditures into context.

Most importantly, the bill requires the inclusion of a copy in both Portable Document Format and searchable text format of the request for proposals, the announcement of the award, the contract and the scope of the work performed.

In order to allow taxpayers to become true fiscal watchdogs, we recommend several additions:

- In its current form, the legislation extends the requirement to disclose the wording of contracts to all contracts, subcontracts, purchase orders, task orders, lease agreements and assignments and delivery orders. However, this provision could be strengthened by applying it to all federal awards as defined by this legislation and thus be extended to grants, subgrants, loans, awards, cooperative agreements and other forms of financial assistance. Adding in the explicit requirement to include the agreements or terms of any award would further help clarify this provision and enhance the level of disclosure.
- We furthermore recommend the elimination of the \$25,000 threshold for disclosure currently included in the 2006 law. There may not be many contracts under the amount of \$25,000 at the federal level. However, this is not the case at the state level, where this provision has been used as an excuse to set an unreasonably high disclosure threshold for spending transparency bills. Removing the federal threshold would have a strong symbolic meaning and could be instrumental in paving the way for greater fiscal transparency in the states.
- While the focus of the bill is to shed a light on recipients of federal spending rather than functions of federal spending, true and comprehensive fiscal transparency would warrant the extension of the disclosure requirements in the bill to agency outlays like salaries, office supplies and travel expenses searchable by obligation and object class, as well as budget function.
- Lastly, it would be advisable to incorporate in the website a separate tab for all earmarks requested by Members of Congress and signed into law, as well as for executive earmarks. This should include both appropriations and authorization earmarks. If an expenditure is the result of an earmark, this should be specified in the details given for the expenditure, and the sponsor of the earmark should be noted.

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You may be able to work with OMB and accomplish some, if not all of the improvements set forth in S. 3077 and listed above without having to wait for Congress to act, and we encourage you to provide taxpayers with greater transparency in government spending as swiftly as possible.

Recent developments in the financial markets and the series of government bailouts have reinforced the need for greater transparency in the way government operates, and in this area, too, it is paramount that every financial transaction made in relation to an impending deal should be made available for taxpayer scrutiny in a timely fashion – and the creation of USAspending.gov has shown it can be done.

This requirement is timely, because already, we're seeing reports on provisions of contracts relating to the bailout package being blacked-out. If taxpayers are put on the hook for absorbing the cost of a bailout, they deserve the same level of fiscal accountability regarding every tax dollar that is put on the line.

While forward-looking transparency on these transactions is key, more retroactive transparency is also warranted, and we encourage you to take appropriate steps:

- Since the government sponsored enterprises (GSEs) Fannie Mae and Freddie Mac bear a large share of the responsibility for the current financial panic, any bailout legislation must contain provisions that require full retroactive transparency for these enterprises.
- For the sake of transparency and accountability, all internal documents, written communications, personnel contracts and expenditures of Fannie Mae and Freddie Mac, for the entirety of the Clinton administration (1993-2000) and Bush administration (2001-2008) should be made available online for public scrutiny.

We look forward to working with you to further empower taxpayers to track their tax dollars at a mouse click.

Sincerely,

Grover Norquist
President
Americans for Tax Reform

Sandra Fabry
Executive Director
Center for Fiscal Accountability

Cc: Members of Congress