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IN THIS ISSUE

Federal Budget **[OMB Watch Launches FedSpending.org](#)**

Nonprofit Issues **[Treasury Releases Third Version of Anti-Terrorist Financing Guidelines](#)**

OMB Watch Launches FedSpending.org

For the first time, itemized information on the more than \$12 trillion disbursed by the federal government between FY 2000 and FY 2005 is now available to the public on a user-friendly, searchable Web site. [FedSpending.org](#), a project of OMB Watch launched Oct. 10, provides citizens with a detailed look at how the government sets national priorities and allocates federal resources.

FedSpending.org allows users to search and aggregate contract and grant information in a number of ways: by individual recipient, by agency, by congressional district and by state, and allows citizens to see exactly where their tax dollars are being spent. There is data going back to FY 2000 so that comparisons over time can be made.

With the click of a mouse, visitors to FedSpending.org can learn that:

- The Defense Department issued the largest amount of contracts in FY 2005 (\$272.9 billion or 71.5 percent of all contracts);
- Florida's 14th Congressional District (represented by Rep. Connie Mack (R)) received the most federal assistance in FY 2004, driven primarily by money from flood insurance coming into his district;
- Lockheed Martin, the largest contractor in FY 2005, received \$24.8 billion, of which only one-third was awarded through full and open competition

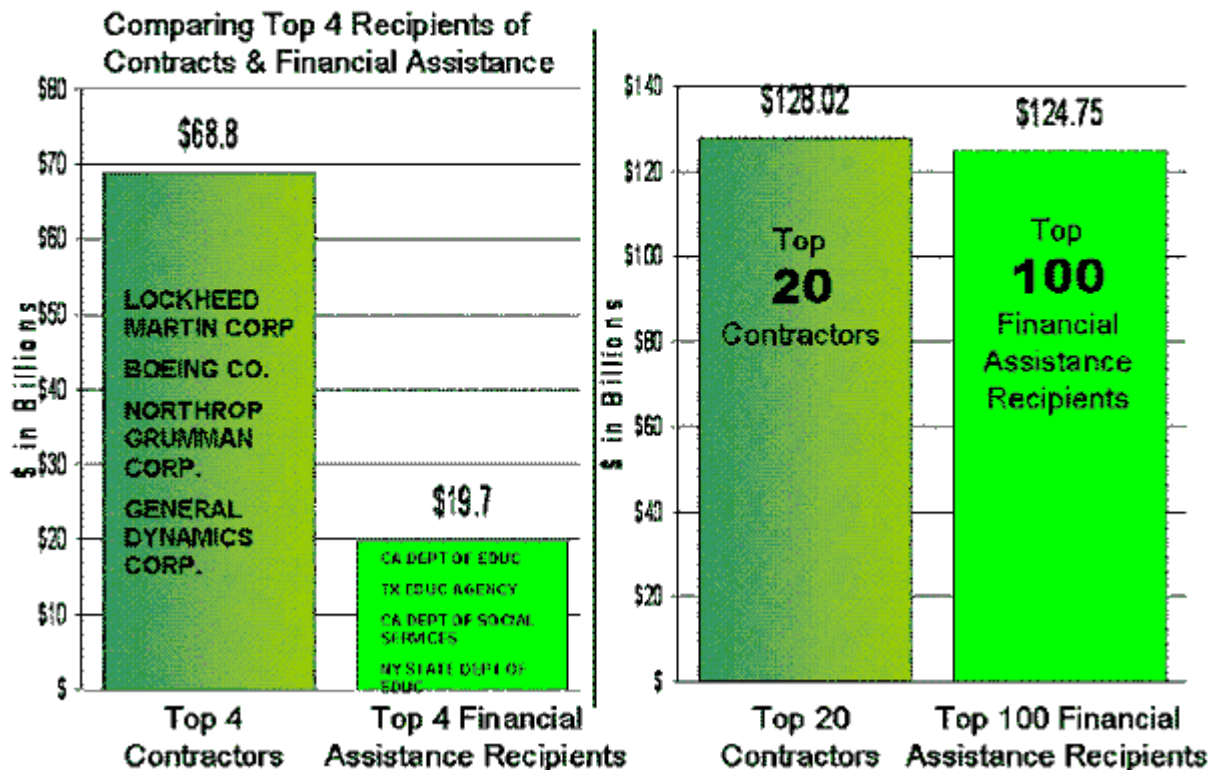
With a little digging and basic knowledge of spreadsheets, the public can now discover that spending on federal contracts jumped \$173 billion -- or 83 percent -- since FY 2000, pushing procurement spending to \$381.9 billion. It is now the fastest growing part of discretionary spending, with nearly 40 cents of every discretionary dollar being spent on contracts with private companies.

At the same time no-bid and other noncompetitive contracts have skyrocketed 115 percent over the last five years (from \$67.5 billion to \$145 billion). This should raise questions about

potential cronyism, and, even if no special favors are being granted, it is an open door to potential problems. This is the stuff of waste, fraud and abuse.

FedSpending.org also shows 35 percent of all contract money awarded in FY 2004 was awarded to just 20 corporations. The amount of money they received was just slightly more than the top 100 recipients of financial assistance (such as grants, loans, and insurance). See the graph below for a comparison of contractors to recipients of financial assistance. This concentration of resources in the hands of a few companies raises the need for vigilant oversight.

Contracts Concentrated in Few Companies



FedSpending.org makes available much of the information that the recently passed Federal Accountability and Transparency Act will require the Office of Management and Budget to provide to the public by Jan. 1, 2008. FedSpending.org will function not only as a tool for the public and journalists to find out about government spending, but also as a prototype against which to measure the success of OMB's endeavor.

The Oct. 10 Launch

FedSpending.org was supported with a grant from the Sunlight Foundation, which hosted an event at the National Press Club in Washington. At the same event, the Center for Responsive Politics (CRP) announced several expansions of its pioneering government transparency Website, OpenSecrets.org. The first allows users to see overviews of congressional members' net worth and holdings. The second gives updated information on trips taken by members and their staffs that are financed by third parties -- in many cases special interests with business before Congress. Finally, CRP unveiled a work-in-progress database that will track the "revolving door" between positions in government and lucrative jobs at lobbying firms that members and staff often rotate through.

At the event, OMB Watch's Executive Director Gary Bass noted that "when you or I buy something at a store, we get a receipt. FedSpending.org is America's receipt for federal government spending."

More than 300 people joined the launch through a live online video stream. An archived copy of the webcast is available [here](#). It includes presentations by the Sunlight Foundation's Ellen Miller, OMB Watch's Gary Bass, and the Center for Responsive Politics' Sheila Krumholz. Following are short demonstrations of FedSpending.org by OMB Watch's Sean Moulton and of CRP's new databases by Krumholz.

Information about FedSpending.org presented at the release event is available [here](#). In addition, seven short videos, ranging from 2 1/2 to 9 minutes, on how to use FedSpending.org are also available in the Website's [tutorial section](#).

FedSpending.org's design is very flexible, allowing users to get to information quickly. The navigation bar on the left hand side runs throughout the site, so that users can easily switch back and forth to get information on either grants and contracts. See the homepage below which is linked to FedSpending.org.

FedSpending.org a project of OMB Watch

contracts grants

click on the tabs above to select a database

Please take a very brief survey to help us improve the site

Home
About OMB Watch
About This Site
Frequently Asked Questions
Tutorials
About the Data
Glossary
Site Map
Contact

Welcome to FedSpending.org

You have a right to know how the federal government spends its money.

This website, created by OMB Watch, is a free, searchable database of federal government spending. To begin searching, select either the Grants or Contracts tab at the top left side of this page. You can easily switch back and forth as you search.

The data below on total federal spending was taken directly from the FedSpending.org database. With over \$12 trillion in federal spending, this more open and accessible tool for citizens to find out where federal money goes and who gets it is long overdue. We believe this website is a good first step toward providing that access.

Summary of Federal Spending: Financial Assistance and Procurement in Billions of Dollars

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005* (partial year)
Contracts	\$208.84	\$223.73	\$262.59	\$294.81	\$330.26	\$381.93
Grants	\$294.50	\$330.70	\$406.20	\$487.70	\$450.40	\$272.70
Loans	\$108.00	\$141.80	\$210.80	\$210.80	\$154.80	\$90.60
Insurance	\$379.80	\$416.60	\$454.20	\$464.00	\$402.80	\$352.70
Direct Payments (e.g. Social Security)	\$768.30	\$839.60	\$841.50	\$947.40	\$983.10	\$770.70
Other	\$2.80	\$2.70	\$0.20	\$0.70	\$0.40	\$0.10
Total	\$1,762.24	\$1,955.13	\$2,181.49	\$2,406.31	\$2,411.76	\$1,869.73

We hope you will explore this site. But mostly we hope you will use the data to hold our elected leaders and government agencies accountable for their actions.

*Note: FY 2005 only includes first three quarters of the year for all data except contracts (which is the full year). We will present data for the final quarter as soon as possible after it is released by the government.

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Treasury Releases Third Version of Anti-Terrorist Financing Guidelines

On Sept. 29, 2006 the U.S. Department of the Treasury released the third version since 2002

of its [Anti-Terrorist Financing Guidelines: Voluntary Best Practices for U.S.-Based Charities](#). The new Guidelines come after Treasury requested public comments on the Dec. 2005 revision of the original Guidelines. In an annex to the latest version, Treasury provides an unconvincing explanation of its perception that abuse of charities by terrorists is a substantial problem. Treasury also uses the latest version to place greater emphasis on the voluntary nature of the guidelines. However, the fundamental problems that lead the nonprofit sector to call for withdrawal of the Guidelines remain unchanged.

A Treasury [press release](#) announcing the revised Guidelines notes public comments but ignores the sector's request that the Guidelines be withdrawn. Treasury did issue a [response to public comments](#) submitted on the Dec. 2005 version that acknowledges the call for withdrawal. It explains Treasury's position that voluntary use of the Guidelines will not adversely impact the sector, and its belief that Treasury "is uniquely positioned to provide recommended measures to the charitable sector that are particularly relevant for combating the ongoing and pervasive terrorist abuse and exploitation of charities." This sweeping claim of abuse is not substantiated by any evidence.

Part I: Introduction

A lengthy introductory footnote repeats Treasury's position that the Guidelines are meant to assist legitimate charities, and are not intended to address the problems raised by sham charities acting as fronts for terrorist organizations. It adds a sentence to the 2005 version requested by commentators: "Non-adherence to these Guidelines, in and of itself, does not constitute a violation of existing U.S. law." However, the remaining language also makes it clear that following the Guidelines offers no legal protection from Treasury sanctions. With the Guidelines providing no safe harbor, we believe legal reforms are needed to provide nonprofits acting in good faith with effective recourse against Treasury's power to seize and freeze organizational assets if it believes anyone "associated with" the nonprofit has in turn been "associated with" a terrorist organization.

In addition to a clear statement that the Guidelines are voluntary, the Introduction does a better job of recognizing that a "one-size fits all approach is untenable and inappropriate due to the diversity of the charitable sector" so that the Guidelines "will not be applicable to every charity, charitable activity or circumstance" and each charity should apply them to a degree commensurate with its own risk of "abuse and exploitation" by terrorists.

The revised Introduction now states, "Investigations have revealed terrorist abuse of charitable organizations, both in the United States and worldwide, to raise and move funds, provide logistical support, encourage terrorist recruitment or otherwise cultivate support for terrorist organizations and operations." It also maintains that "[t]he goal of these Guidelines is to facilitate legitimate charitable efforts and protect the integrity of the charitable sector and good faith donors by offering the sector ways to prevent terrorist organizations from exploiting charitable activities for their own benefit" (new language underlined).

This significantly expands Treasury's goals beyond blocking terrorist financing and compliance with existing sanctions programs to include vague and undefined goals of preventing "abuse" and "exploitation" or action that will "otherwise cultivate support" for terrorist operations. This appears to exceed Treasury's statutory authority, which is limited to preventing diversion of resources to designated entities and individuals.

Part II: Fundamental Principles of Good Charitable Practice

The Guidelines provide a short list of four very general principles: that charities should 1) follow the law, 2) exercise due care in performing their duties, 3) maintain fiscal responsibility, and 4) consider precautions that are above and beyond legal requirements. The Treasury Guideline Working Group, a group of U.S. charities and foundations, asked Treasury to include two principles from its [Principles of International Charity](#) that were not in the 2005 version. These state that the charitable sector is independent of government, and must safeguard relationships with the communities it serves "in order to deliver effective programs." In response, Treasury added to the first principle, "Charities are independent entities and are not part of the U.S. Government."

Part III - V: Governance Accountability and Transparency, Financial Accountability and Transparency, and Program Verification

Treasury has reorganized Parts III — V and given them new titles. In general, these sections address governance and transparency of charities and are outside the expertise of the Office of Foreign Assets Control (OFAC), the division of Treasury that wrote the Guidelines. They are not relevant to the goal of preventing diversion of funds to terrorists and will likely create confusion for nonprofits, who already must comply with Internal Revenue Service (IRS), state and local regulations. This is one reason nonprofits called on Treasury to withdraw the Guidelines. Although the ambiguity of these sections remains, some positive changes were made. For details see our [side-by-side comparison of the 2005 and 2006 versions](#).

Part VI: Anti-Terrorist Financing Best Practices

This section encourages charities to "apply a risk-based approach, particularly with respect to foreign recipients" but does not explain what factors indicate increased risk. In addition, it does not distinguish between foundation grants to charities and charitable aid provided to individuals. The Preface continues to cover both financial and in-kind resources. Despite this reference to the voluntary status of the Guidelines, this section makes frequent use of the word "should." In addition, the phrase "best practices" implies that other measures a charity might take to protect its assets from abuse would somehow fall short. This makes the Guidelines internally inconsistent, and will create confusion in the nonprofit sector over just how "voluntary" Treasury really intends the Guidelines to be.

Part VI lists information charities "should" collect from grantees. Because Treasury disagreed with comments maintaining that "the information-collection procedure are burdensome and of little utility," it left these provisions almost entirely intact. Although the definition of grantee remains vague, Treasury's response to comments says use of the word "is intended to clarify the information-collection recommendations by explaining what charities should do for immediate grantees versus downstream grantees. 'Grantee' is defined as an immediate grantee of charitable resources or services."

Treasury, however, encourages charities to apply safeguards in downstream sub-grantees "to the extent reasonably applicable" and cautions charities against working with grantees if there is doubt about their ability to "ensure safe delivery of charitable resources." The practicality of these suggestions is questionable, since even the federal government does not have sub-recipient information for its own grants and contracts.

Lengthy footnotes describe the government's various lists of designated terrorists and their supporters. Treasury's maintains its view that charities should function as government investigators when it suggests charities search public information about their key employees to "determine whether any of its key employees is suspected of activity relating to terrorism". It goes to state a charity should not employ someone "where any terrorist-related suspicions exist." This judges employees guilty based on mere suspicion. The Guidelines further suggest that charities report board members or key employees to OFAC if they find "any suspicious activity relating to terrorism, including terrorist financing or other support, which does not directly involve an OFAC [list] match."

Annex to Guidelines

Treasury responded to criticism that it failed to document its claims of widespread use of charities as conduits for terrorism by including a two-page annex to the Guidelines. The Annex does little to support Treasury's claims, instead clarifying Treasury's view of its mission, by saying the risk of terrorist abuse "cannot be measured from the important but relatively narrow perspective of terrorist diversion of charitable funds..." Rather, Treasury is also concerned, according to the Annex, with "exploitation of charitable services and activities to radicalize vulnerable populations and cultivate support for terrorist organizations and networks."

It then goes on to cite examples of exactly the type of organizations it says the Guidelines are not meant to address: front organizations, primarily operating overseas. In support of its position Treasury includes a lengthy footnote citing news reports about front organizations or the role of terrorist networks in areas affected by natural disasters. Its use of secondary sources implies that Treasury does not have its own hard evidence of terrorist abuse of charities.

In the Annex, Treasury attempts to justify its emphasis on charities by noting that 43 charities are on the OFAC list of designated terrorists and/or supporters. It fails to note, however, that only six of these are U.S.-based organizations, out of over 1 million charities recognized by the IRS. Treasury then adds 29 individuals associated with these 43 charities, to get a total of 72 charity-related designations on the SDN list, comprising 15 percent of the total SDN listings. However, Treasury does not provide dollar figures associated with this 15 percent of designations. Since the 9/11 Commission found that other types of enterprises provide the vast bulk of financing for terrorist organizations, the percent of actual dollars represented by charity-related designations is likely to be much smaller than 15 percent.

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