



“THE DEPTH OF THE SWAMP”

Hillsdale College National Leadership Seminar Presentation
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The Ivy League and the federal government might sound like strange bedfellows. However, I know of no other connection that more powerfully illustrates the depth of the swamp in D.C. In 2017, our organization at OpenTheBooks.com investigated and found that during a six-year period, the eight colleges of the Ivy League reaped \$42 billion in U.S. taxpayer subsidies, special tax breaks, and federal payments on contracts and grants.

It's no wonder the Ivy League has been called “a hedge fund with classes.”

In fact, the Ivy League's federal contracting business exceeded its educational mission. School officials collected \$25 billion in federal grants and contracts and only \$22 billion in undergraduate student tuition.

To make matters worse, many of the Ivy League grants were loaded with taxpayer abuse. Cornell University received \$1 million for a study titled, “Where It Hurts the Most to Be Stung by a Bee.” Columbia University received \$5.6 million to create fake voicemails from the future describing the world after it's been decimated by climate change. The Ivy League received so much federal money for these kinds of projects that it out-ranked 16 states on the direct receipt of federal funds.

The Ivies don't need taxpayer help. Their collective \$120 billion endowment is more than enough to function without money from working- and middle-class taxpayers.

Swampy politicians don't just live in D.C. I'm from Illinois or, as I like to call it, the Super Bowl of Corruption. Illinois is so corrupt that recently four of nine governors were convicted and sent to federal prison. In 2013, two Illinois governors found themselves in jail at the same time – one from each party: Republican George Ryan and Democrat Rod Blagojevich.

It doesn't get much better at the local level.

In 2011, Rahm Emanuel ran for mayor and promised to end the historic pay-to-play system in City Hall by which contractors acquire lucrative deals by providing campaign cash to politicians. When he was elected, Emanuel issued an executive order: city contractors were prohibited from giving him campaign cash.

In 2015, Rahm ran for re-election, and I got a call from Emmy Award winning journalist John Stossel. Stossel asked if we could fact check Emanuel's campaign promises. I agreed, and we found that 600 city vendors gave Emanuel \$7 million in campaign cash and received \$2 billion in city payments.

In God we trust; our politicians we must audit.

In America, the citizen is sovereign. We have been given a gift unique in the last 5,000 years of human history: a constitution that secures inalienable rights for each citizen – rights that come from God and not government. In order to hold government accountable, our founders enshrined the right to transparency in our founding document.

Article I, Section 9 of the United States Constitution states, “... a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.” Today, in the age of the Internet and big data, there’s a clear interpretation of this clause: post ‘Every Dime. Online. In Real Time.’

In other words, Open The Books!

I founded the nonpartisan, public charity, OpenTheBooks.com on that vision: to capture and post online, every dime, taxed and spent at every level of government, federal, state, and local. We aspire to empower citizens with the information to hold the political class accountable for tax and spend decisions. Our Hon. Chairman is Dr. Tom Coburn, the legendary former U.S. Senator from Oklahoma. In 2013, Time listed Coburn as one of the 100 most influential people in the world, and we are privileged to fight alongside a man of his stature and integrity.

We have built the world’s largest private database of public-sector expenditures. We’ve captured all federal spending since the year 2001 along with 49 out of 50 state checkbooks. Last year, for the first time in U.S. history, we captured the salary and pension records of virtually every public employee at every level of government.

In 2017, our organization launched an oversight report called, “Mapping The Swamp, A Study of the Administrative State.”

We found that the federal bureaucracy costs taxpayers \$1 million per minute and \$500 million per day. In the 78 largest agencies, the average salary exceeds \$100,000, and 400,000 federal bureaucrats “earn” six-figure salaries. Thirty thousand civil service employees out-earned every state governor. One million federal bureaucrats received \$1.1 billion in performance bonuses due to the fact that 99.6 percent of all federal bureaucrats are rated “fully successful.”

I’ll let you judge whether that rating sounds reasonable.

We also found serious transparency problems. Performance bonuses are shielded from disclosure by the union contracts. Federal retiree pension payouts are also shielded, even though taxpayers help fund and guarantee them. In 2016, the Obama administration redacted 3,500 names from the federal payroll. In 2017, 255,000 names were redacted, and the 2018 payroll has 350,000 names redacted. All of these redactions mean that approximately \$30 billion in salary and bonuses is hidden in the swamp.

Bottom line? We have a lot of work to do.

But there’s more bad news: the biggest swamps are in our own back yards. State and local governments dwarf the federal swamp. Of the two million public employees earning more than \$100,000 per year, 1.6 million are employed by state and local governments.

In Florida, a city attorney in Dania Beach out-earns the president of the United States with annual compensation of \$436,000. In Chicago, the tree trimmers make more than \$100,000. In New York City, the school district janitors out-earn the principals at up to \$200,000, and In LA County, the lifeguards make up to \$365,000. There are 10,000 employees within California higher education making more than \$200,000.

It’s time to hold our local officials accountable for tax and spend decisions. And we made it easy. Our Open The Books app is free for Apple and Android and allows anyone to see what their tax dollars are funding.

We can’t complain about Washington, D.C., if we can’t hold our local officials accountable. It’s time to fact check our politicians and their promises, and that’s exactly what we’ve been doing.

In San Francisco, Mayor London Breed promised to solve her city’s homelessness and public defecation disaster. After her first year in office, we mapped the San Francisco human waste challenge by placing a brown colored pin in each location where human waste had been reported. We found a brownout in the Bay Area. In 2011, there were 5,500 reports. In 2015, that number increased to 13,326. In 2017, there were 20,668 reports, and in 2019 there were 31,000. Over this nine-year period, there were 140,000 reports - a human health catastrophe.

Each year in all 50 states we file a Freedom of Information Act request for state checkbooks. In 49 states, we get line-by-line state expenditures. Only California Controller Betty Yee rejected our request. She claimed (incredibly) that she couldn’t locate any of the transactions. Yee admits to paying 49 million individual bills last year and spending \$320 billion, yet she won’t provide a single transaction record. So, last month, we sued California to begin the process of forcing open state expenditures.

This isn’t our first rodeo. In 2013, we sued Illinois Republican Comptroller Judy Baar Topinka for state spending. Nine months later, we had compelled the state to disclose seven years of line-by-line state checkbook transactions.

In 2018, Wyoming Republican State Auditor Cynthia Cloud said it would take years and years to produce a state checkbook. We sued, and ten months later we had six years of line-by-line state spending.

We’ve never lost a state checkbook transparency fight, and when we open the books in California, we’ll start by cross-referencing Governor Galvin Newsome’s campaign donor disclosures with the state checkbook vendor list.

We did this in Oregon and discovered that Governor Kate Brown solicited 557 state vendors for \$2.6 million in campaign cash—and those vendors reaped \$4.4 billion in state payments.

We also investigated New York Governor Andrew Cuomo and found that he solicited 337 state vendors for \$4.6 million in campaign cash—and those vendors reaped \$6.3 billion in state payments. We'll release our full findings soon.

We believe that transparency is revolutionizing U.S. public policy and politics, and there's no more pressing need for transparency than in our federal programs. We've investigated some of the nation's largest programs and discovered an inexcusable pattern of waste, fraud, and abuse.

Farm Subsidies: Tens of millions of dollars in farm subsidies flow into urban areas where there are no farms: Chicago, Washington, D.C., and New York City. For example, Minister Louis Farrakhan received \$317,000 in farm subsidies mailed directly to his home in Hyde Park, Chicago, over a 17-year period.

Small Business Administration (SBA): The SBA is supposed to lend to mom-and-pop businesses on Main Street. But in a five-year period, \$117 million flowed to Beverly Hills, CA: a French wine importer secured a \$1.75 million loan, their limousine company received \$2.1 million, a designer eyewear company secured \$2.2 million, and an exclusive diamond broker received \$3.9 million. Since 2007, we found that \$280 million in SBA loans flowed to country clubs, golf clubs, swim clubs, beach clubs, and yacht clubs across America. Over \$12 billion went to Wall Street, not Main Street.

We should never demonize success in America, but we shouldn't use taxpayer money subsidize it, either.

Veterans Affairs (VA): The 2014 VA scandal left up to 1,000 veterans dead while waiting to see a doctor due to a shortage of physicians. The scandal started in Phoenix at a facility where there were 3,100 employees but only 226 doctors.

Since then, Congress has thrown billions of dollars at the VA and added 36,000 new positions. However, only 3,000 of those positions were doctors, and veterans are still waiting more than 70 days to see a physician.

This can't be the end of the story. Our veterans deserve basic healthcare. They fought for us and we must fight for them.

An OpenTheBooks.com forensic audit revealed that during the 2014 scandal, the VA spent \$20 million on a high-end, luxury art portfolio, \$21,000 on 27-foot Christmas trees, and \$700,000 on two fancy sculptures for a facility serving blind veterans.

After Good Morning America and ABC World News Tonight reported our findings, U.S. Senator Chuck Grassley wrote a scathing oversight letter to then-VA Secretary Robert McDonald. Thirty-four days later, McDonald apologized for the purchases and issued new rules to stop the practice on a go-forward basis.

We'll never make America great if we can't make it accountable—accountable both to this generation as well as future generations.

The national debt exceeds \$23 trillion. We're adding \$1 trillion in budget deficits each year and \$4 billion each day. President Donald Trump has signed three budgets adding another \$4.6 trillion to our national debt, but appropriations bills start in the Congress. Too many times, patronage Republicans in Congress joined Democrats to drain the U.S. Treasury and rob our children and grandchildren before they even start paying taxes.

So, we investigated Congress. Last fall, we launched our oversight report, “Congressional Favor Factory.”

We found eight powerful members of Congress - four Democrats and four Republicans - soliciting campaign donations from federal contractors based in their district.

Here's one example. Tennessee Congressman Jim Cooper sits on the powerful House Oversight and Government Reform Committee and the Budget Committee. His top donors are the University of Vanderbilt's executives, VIP's, and employees, who donated \$135,261 to his campaign. Vanderbilt is based in Cooper's district, and the university has received \$2.6 billion from the U.S. Treasury over the last five years. Vanderbilt also employed Cooper as an adjunct professor for a twelve-year period and paid him a total of \$250,000.

It's perfectly legal for a large federal contractor based in a congressman's district to fund the congressman's campaigns, employ the congressman, and reap billions of federal dollars from the treasury. But just because it's legal doesn't mean it's right. Congress needs to end these taxpayer-funded conflicts of interest. Today.

Clearly, we have a problem. OpentheBooks.com has a solution, but it will require bold leadership from Washington.

President Donald Trump has vowed that America will never be a socialist country, and here's how the president can lead on government spending.

Six times in The Wall Street Journal and USA Today, our organization published an Open Letter To President Donald Trump accompanied by 100 examples of outrageous taxpayer abuse. We encouraged the president as commander-in-chief to embrace the Transparency Revolution, wage War on Waste, and defend the American taxpayer by cutting waste, fraud, corruption, and taxpayer abuse.

We outlined a simple, four-point strategy: 1) Open and audit the books; 2) Declare war on waste; 3) incentivize every government employee to blow the whistle on government waste; and 4) report the progress to the American people.

Cutting waste is what’s known in the military as a “target-rich environment.” For example:

1. Federal grants – these are subsidies and giveaways. Last year the federal government spent over \$700 billion on grants. We published an oversight report called “Where’s the Pork?” and here’s what we found:

- \$200,000 funded a mobile app to teach Chinese children how to cross busy streets.
- \$700,000 funded tai chi classes at a senior center outside Boston, MA.
- \$1 million was spent by NASA to “prepare the nations religions for the discovery of extra-terrestrial life.”
- \$1.4 million went from Health & Human Services to fund sex education for California prostitutes.
- \$20 million in grants from the Department of Transportation went to the airport at Martha’s Vineyard—the playground of the east coast moneyed elites and the Hollywood stars.

2. Improper and Mistaken Payments – Improper and mistaken payments either went to the wrong person, were cut for the wrong amount, or were provided under the wrong rule.

- Federal agencies admitted to paying \$1 billion last year to people with death certificates on file.
- Social Security admitted to \$10 billion in overpayments last year. There are six million active social security numbers for people over the age of 112, but there are only 40 people in the world over the age of 112.
- Medicare and Medicaid admitted to overpayments of \$67 billion in 2018.
- Last year, the Internal Revenue Service admitted that \$1 of every \$4 paid out on the Earned Income Tax Program was improperly or mistakenly paid to a tune of \$18.4 billion.
- Since 2004, the 20 largest federal agencies admit to mistaken and improper payments of \$1.4 trillion.

This government is not run by technocrats. It’s institutionalized bureaucratic incompetence with tenure.

3. Use-It-Or-Lose-It Year-End Spending Spree: Each September, federal agencies spend the remainder of their budgets (rather than saving taxpayer money) so that Congress will appropriate the same or more money next year. In 2018, 67 federal agencies spent nearly \$100 billion in the final 30 days of the fiscal year. Here are some of those expenditures:

- \$750,000 on golf carts.
- \$300 million on cars, trucks, motorcycles, motor scooters, and snowmobiles.
- \$460 million on furniture and redecorating.
- \$500 million on public relations, promotion, marketing, and advertising. (In other words, federal agencies spent taxpayer money to convince taxpayers to spend more taxpayer money to increase the size and scope of federal agencies.)
- \$62 billion by the Department of Defense on (among other things) a \$9,300 club leather chair, a \$1 million sponsorship of the Professional Bull Riders Association, and a \$4.6 million order of lobster tail and snow crab.

In the final month of the year, the DOD spent roughly 25% of its contract dollars for the entire year.

However, the defense agency can't pass an audit. Recently, 1,200 auditors spent 12 months and \$400 million auditing the Pentagon, and they flunked. Here's yet another example of military waste: \$350,000 spent on coffee cups costing \$1,200 each. We published this finding in The Wall Street Journal and U.S. Senator Chuck Grassley got the program stopped.

Last week, the White House called me. It was the Executive Office of the President - Office of Management and Budget, and they told me that, for the first time in history, the President's Budget To Congress included a chapter targeting "Wasteful Spending." Our oversight was an inspiration for the chapter.

The president recognized: "a bloated Federal government with duplicative programs and wasteful spending is a threat to America's future."

We called for a Transparency Revolution, and the president committed to more oversight in all federal program. We called for a War on Waste, and the president declared war on waste. We called for a five percent cut to spending in the agencies, and the president's budget adopted that cut. We called on the President to stop improper and mistaken payments, and the president adopted that goal. We called for an end to the Use-It-Or-Lose-It Year-End Spending Spree, and the President's budget cited OpenTheBooks.com by name, bullet-pointed our findings, and provided a hyperlink to our report.

We believe that transparency is revolutionizing U.S. public policy and politics, but we can't do it alone. Visit OpentheBooks.com to join us and support the Transparency Revolution!

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Adam Andrzejewski is the CEO of OpenTheBooks.com, a public charity he founded. Today, OpenTheBooks.com is the world's largest private repository of public-sector expenditures. He is a senior policy contributor at Forbes and his works have been featured at Good Morning America, ABC World News Tonight, Fox News, The Wall Street Journal, USA Today, the Drudge Report, and many other media. Recently, his work was cited in the President's Budget to Congress. He is a graduate of Northern Illinois University and has run the Chicago Marathon seven times.