

Study Finds that Recovery Act Funds Go to Companies Prepared to Receive Them

Written by Administrator
Tuesday, 04 August 2009 09:33

A study conducted by Government Executive magazine, using data from the website www.USAspending.gov, revealed what should have been obvious: roughly 25 percent of American Recovery and Reinvestment Act (ARRA) funds have gone to a small group of 17 "large, well-connected" government contractors, as reported by www.govexec.com.

The study showed that, \$1.6 billion of the roughly \$7 billion issued through July 15, 2009 has gone to 17 companies previously ranked among the Top 100 government contractors -- including such familiar names as Lockheed Martin, URS Corporation, Hewlett-Packard, Jacobs Engineering, CH2M Hill, and the Bechtel Group. In comparison, the study reports that the amount of ARRA funds issued to 1,137 small businesses in various socioeconomic categories was \$1.45 billion.

The study further reports that much of the ARRA funds received by the large contractors are being issued by the Department of Energy (DOE) in order to accelerate environmental clean-up at former nuclear weapons sites. In fact, GovExec reports that the DOE plans to spend more than \$39 billion in ARRA funds over the next two years, a figure "greater than its annual appropriation." The funds will likely continue to flow to large businesses instead of small businesses, as the DOE's needs (as well as the ability to pay for liability protection at the nuclear sites) favor "one-stop shops".

Although the news report claims ARRA funds are being disproportionately issued to large companies, creating a situation where "the rich are getting richer," in fact the statistics reported above should surprise nobody. The large government contractors know how to do business with the Federal government, they understand how to prepare proposals and grant applications, and they have the project management and accounting-related control systems to effectively manage the funds and meet mandatory reporting requirements. Compliance with the complex rules and regulations has always been a barrier to entering the Federal marketplace, and the ARRA legislation did nothing to bring down those barriers. To the contrary, ARRA funds carry with them additional and somewhat onerous reporting requirements that may prove difficult for those companies new to the Federal arena to comply with.

The lesson, once again, is that companies willing to invest in themselves will reap the rewards of contract and grant awards, while companies who fail to understand what is required (or to ignore those requirements) will see very little, if anything.

See the entire Govexec.com story [here](#).

Study Finds that Recovery Act Funds Go to Companies Prepared to Receive Them

Written by Administrator

Tuesday, 04 August 2009 09:33
