

United States Senate  
WASHINGTON, DC 20510

July 28, 2023

**VIA ELECTRONIC TRANSMISSION**

The Honorable Rodney E. Hood  
Board Chair  
NeighborWorks America

Marietta Rodriguez  
President & CEO  
NeighborWorks America

Dear Chair Hood and Ms. Rodriguez:

The Government Accountability Office (GAO) recently released a report of their review of NeighborWorks of America's (NeighborWorks) internal oversight and whistleblower policy.<sup>1</sup> Their findings raise serious concerns about your organization's ability to properly investigate whistleblower allegations and protect whistleblowers from retaliation.

Established by Congress in 1978, NeighborWorks is a congressionally-chartered non-profit with around 350 employees and provides operational grants, technical assistance, and community development training to NeighborWorks affiliated groups (affiliates) around the country.<sup>2</sup> For FY 2023, NeighborWorks received an annual appropriation of \$166 million, which accounted for a majority of its funding.<sup>3</sup> In addition to congressional appropriations, NeighborWorks receives federal grant money from federal agencies such as the Department of Housing and Urban Development (HUD).<sup>4</sup>

According to GAO, because NeighborWorks receives federal grant money, it must comply with all regulatory requirements of the federal award, which includes compliance with

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<sup>1</sup> U.S. Gov't Accountability Off., GAO-23-105944, *Community Redevelopment: Significant Improvements in Policies and Procedures are Needed at NeighborWorks America*, at 4 (Jun. 14, 2023) <https://www.gao.gov/assets/gao-23-105944.pdf>.

<sup>2</sup> *Id.* at 1,4 (NeighborWorks is overseen by a Board of Directors. The makeup of the Board is defined by statute, 42 U.S.C. § 8103, and consists of the head of the Department of Housing and Urban Development, Federal Deposit Insurance Corporation, National Credit Union Administration, Board of Governors of the Federal Reserve System, and the Office of the Comptroller of the Currency).

<sup>3</sup> Public Law No 117-328; NeighborWorks of America, *2022 Annual Report*, <https://annualreport.neighborworks.org/>

<sup>4</sup> U.S. Gov't Accountability Off., *supra* note 1, at 5.

statutory whistleblower protection requirements.<sup>5</sup> However, GAO found that NeighborWorks has no formal procedures for handling or investigating whistleblower complaints, no antiretaliation policy, and does not fully inform its employees of their whistleblower protection rights.<sup>6</sup>

GAO found that NeighborWorks whistleblower policy does not include any guidance for supervisors on how to log and process whistleblower complaints and ensure complaints are independently investigated and resolved.<sup>7</sup> The guidance in the whistleblower policy is so lacking, there are no standards for who in the organization should conduct the investigation or how the investigation should be conducted.<sup>8</sup> GAO concluded that because there are no procedures for handling and investigating whistleblower complaints, your organization lacks reasonable assurances that all whistleblower complaints have been appropriately investigated and resolved, causing your employees to be less likely to come forward.<sup>9</sup> This substantially increases the risk that violations of law, wrongdoing, misconduct, and abuse of taxpayer dollars will remain unreported and unresolved.<sup>10</sup>

GAO also found that your organization lacked adequate procedures to prevent retaliation against whistleblowers who try to do the right thing by reporting wrongdoing.<sup>11</sup> Of the current and former NeighborWorks employees interviewed by GAO, a majority of them said that they would not report misconduct out of a fear of retaliation and concerns about remaining anonymous.<sup>12</sup> GAO interviewed two whistleblowers who stated they experienced retaliation in the form of intimidation and wrongful termination by their supervisors.<sup>13</sup> Other current and former employees reported to GAO that they either witnessed retaliation or experienced retaliation themselves for blowing the whistle.<sup>14</sup> Moreover, GAO found that your organization places the burden on the whistleblower to follow-up and stay informed of the status of their own complaint, and whistleblowers receive no follow-ups or status updates about their complaints.<sup>15</sup>

Whistleblowers play a vital role in rooting out waste, fraud, and abuse. It is in your organization's and the taxpayer's best interest to embrace transparency, openly support whistleblowers and properly investigate their claims, and hold those accountable for

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<sup>5</sup> U.S. Gov't Accountability Off., *supra* note 1, at 6-7 ("Because NeighborWorks receives federal grants, its employees are protected from discharge, demotion, or other forms of discrimination as a reprisal for disclosing certain legal or ethical violations (such as gross waste of federal funds or a violation of law, rule, or regulation related to a federal contract.)"); *See* 41 U.S.C. § 4712.

<sup>6</sup> U.S. Gov't Accountability Off., *supra* note 1, at 28-33.

<sup>7</sup> *Id.* at 29.

<sup>8</sup> *Id.* at 30.

<sup>9</sup> *Id.* at 31.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 32.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* at 33.

whistleblower retaliation. As GAO noted, whistleblowers play a crucial part in saving taxpayer dollars by exposing wrongdoing and the mismanagement of government funds. Without having the adequate policies in place that encourage whistleblowers to come forward and protect whistleblowers from retaliation, NeighborWorks is at serious risk that mismanagement, violations of law, and the waste of taxpayer dollars will go unreported and unresolved.<sup>16</sup> Accordingly, so Congress may conduct objective and independent oversight over the expenditure of taxpayer dollars with respect to your organization, please provide answers to the following no later than August 11, 2023.

1. What is the status of NeighborWorks' implementation of GAO's recommendation regarding its whistleblower policy and the protections they must be afforded? Provide all records with respect to that implementation.
2. What changes, policies, and guidance has NeighborWorks implemented to address whistleblower retaliation at the organization? Provide all records with respect to that implementation.
3. What changes, policies, and guidance has NeighborWorks implemented to better track, investigate, and handle whistleblower complaints? Provide all records with respect to that implementation.
4. What changes, policies, and guidance has NeighborWorks implemented to better inform its employees, grantees, and affiliates of their whistleblower rights and where to report allegations of waste, fraud, abuse, and mismanagement to your organization? Provide all records with respect to that implementation.
5. How does NeighborWorks conduct investigations of internal employee and external grantee and affiliate whistleblower complaints? Provide all records illustrating that process and procedure.
6. Since 2018, how many whistleblower complaints did your organization investigate, what was the outcome of those investigations, what corrective actions, if any, were taken, and in circumstances where whistleblowers were retaliated against, what disciplinary actions were taken against the retaliating employee?
7. The Consolidated Appropriations Act of 2023, which directly provided NeighborWorks \$166 million in taxpayer dollars, prohibits funds appropriated from the Act to be used to implement or enforce a nondisclosure or similar agreement if it does not contain specific "anti-gag" language notifying the employee of their

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<sup>16</sup> See *Id.* at 31.

whistleblower rights.<sup>17</sup> Has NeighborWorks required its employees to sign nondisclosure or similar agreements without the inclusion of the anti-gag provision? If yes, how many times? Provide a copy of that nondisclosure or similar agreement.

Thank you for your attention to this important matter. If you have any questions, please contact my Committee staff at (202) 224-0642.

Sincerely,



Charles E. Grassley  
Ranking Member  
Committee on the Budget

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<sup>17</sup> See Public Law No 117-328, Title VII § 743 (No funds may be used to enforce a nondisclosure policy, form, or similar agreement unless it contains the following provision: “These provisions are consistent with and do not supersede, conflict with, or otherwise alter the employee obligations, rights, or liabilities created by existing statute or Executive order relating to (1) classified information, (2) communications to Congress, (3) the reporting to an Inspector General of a violation of any law, rule, or regulation, or mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety, or (4) any other whistleblower protection. The definitions, requirements, obligations, rights, sanctions, and liabilities created by controlling Executive orders and statutory provisions are incorporated into this agreement and are controlling.”).