



HOUSE COMMITTEE ON
OVERSIGHT & GOVERNMENT REFORM

CHAIRMAN EDOLPHUS TOWNS

OPENING STATEMENT

HEARING

“TRACKING THE MONEY: HOW RECOVERY ACT
RECIPIENTS ACCOUNT FOR THEIR USE OF STIMULUS
DOLLARS”

NOVEMBER 19, 2009

Good morning and thank you all for being here.

Today, the Committee continues its oversight of the largest spending bill in our nation’s history -- the American Recovery and Reinvestment Act of 2009 (Recovery Act). Nine months ago, it appeared that our national economy was spiraling out of control with nothing to slow the freefall. Now,

with the help of the Recovery Act, our economy may be on the brink of recovery.

This is the fourth in a series of hearings that examines the unprecedented rescue plan to jump start our economy, heal the hemorrhaging labor market, prevent drastic cuts in state budgets, and provide much needed assistance to our nation's working families.

With nearly \$790 billion in taxpayer money on the line, the Recovery Act mandated extraordinary accountability and transparency provisions. Among these requirements, Section 1512 of the Act obligates recipients to report on their use of certain Recovery funds. On October 30th, the Recovery Accountability and Transparency Board (Recovery Board) released the first recipient reports. And today, the Government Accountability Office (GAO) will release its first report analyzing the reporting process and results.

The recipient reports indicate that the Recovery Act has directly created or saved approximately 640,000 jobs. And about 400,000 of those jobs are in education or construction.

In my home state of New York over 40,000 jobs reportedly have been created or saved by Recovery Act funding. And in New York City, job placements in the third quarter were up 60 percent from last year with 3,043 job placements in Brooklyn alone. In downtown Brooklyn, the long stalled revitalization project, City Point, has been resurrected and will generate more than 300 construction jobs and 100 permanent jobs. Additionally, Recovery Act funds are being used to build nearly 740 affordable homes in Harlem and Brooklyn, generating 2,800 new jobs.

While stories like this are very encouraging, I am gravely concerned that the unemployment rate is now 10.2 percent – the highest in 26 years. It is even higher for African Americans and Hispanic Americans. For people who have lost their jobs, it is not very comforting to say we are making progress.

Nevertheless, the experts tell us that employment recovery historically lags behind economic recovery. Moreover, according to Federal Reserve Chairman Ben Bernanke, if the stimulus package did not exist, our nation's unemployment situation would be far worse. And on the

positive side, in the third quarter of this year we saw the first growth in GDP in over a year.

That being said, today's hearing confronts the question, "How do we know the Recovery Act is working?"

The truth of the matter is that while recipient reports provided for an unprecedented level of transparency, we must be able to rely on the reported data. At this point it is clear that errors found by GAO and others should be corrected immediately, not months later, no matter how difficult. Recipient reporting should be subject to strict quality control.

The American taxpayer expects reporting to be done, and done well. And \$787 Billion weighing in the balance is certainly far from pocket change.

Taken as a whole, the big picture seems to indicate that the job trend is positive. Overall, there are some signs that jobs are finally being created, both as a direct and indirect result of Recovery Act spending. But while we are on the brink of recovery, we have a long way to go.

The important message that I get from these recipient reports is that we need to spend Recovery Act money on projects that actually create jobs, we need to get the money out there faster, and we need to make sure it is targeted on economically distressed areas. And we certainly need to make sure it is properly accounted for.

I'm looking for assurance from today's witnesses that there is a sense of urgency to do that.

In addition, I think the Congress, working with the President, really needs to focus on the need for further job creation over the next several weeks. The American people are really hurting.

Again, I want to thank our witnesses for appearing today, and I look forward to their testimony.

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