

**Statement of
Senator Susan M. Collins**

**‘Follow the Money: State and Local Oversight of Stimulus
Funding’**

**Committee on Homeland Security and Governmental
Affairs**

April 23, 2009



The American Recovery and Reinvestment Act is vital legislation intended to boost our troubled economy and create jobs. If properly implemented and overseen, the law will improve our nation’s roads and bridges, prevent cuts in health care, and provide important investments in education and science, while helping to turn our economy around.

State and local governments will play a critical role in distributing, spending, and measuring the impact of Recovery Act funds. GAO estimates that state and local

programs will receive about \$280 billion. As a result, they must prepare themselves to handle the challenge of managing and overseeing these funds – a resource-intensive undertaking. This challenge is further compounded by the fact that many state and local governments are also facing major budget shortfalls that often leave them short-staffed.

The Recovery Act creates several important oversight mechanisms, including bi-monthly reports from the Government Accountability Office on the use of funds by selected states and localities. GAO is issuing its first of these reports today. We are eager to hear from GAO on the progress that state and local governments have made in developing plans and internal controls to ensure that Recovery Act funds are not lost to waste, fraud, and mismanagement.

Today's hearing will also explore the mandates for accountability and transparency placed on state and local governments by the Recovery Act.

I am pleased to welcome the National Governors Association and the National League of Cities to this hearing. These associations can provide useful insight into the innovative approaches state and local governments are taking to implement the Recovery Act, including how they plan to communicate funding opportunities to hospitals, fire departments, companies, schools, and non-profit organizations, to award infrastructure contracts effectively, and to ensure that taxpayer dollars are not wasted.

###