

**Opening Statement for Chairman Joseph Lieberman  
Homeland Security and Governmental Affairs Committee  
“Follow the Money: State and Local Oversight of Stimulus Funding”  
Washington, DC  
April 23, 2009**

**AS PREPARED FOR DELIVERY**

**Good morning and welcome to this fourth in a continuing series of hearings this Committee will hold on the American Recovery and Reinvestment Act to monitor how effectively and efficiently the money is being spent and make sure it is doing the job we intended it to do – breath life back into the economy.**

**Since we are barely 60 days into the stimulus package, it’s hard to draw any firm conclusions, but I think the initial signs are hopeful on both counts.**

**As of mid-April, nearly \$60 billion has already been made available for grants and projects that are putting people to work and giving a boost to local economies.**

**That’s about \$1 billion a day – an astounding figure, but the kind of jolt a \$14 trillion economy needs to get moving again and save or create 4 million jobs.**

**Also, 2,400 transportation construction projects have been approved in all 50 states, with \$7.5 billion already out the door and more expected to be contracted as the spring and summer construction season kicks off.**

**This will not only create jobs but leave us with a stronger system of roads, rails and bridges that will itself be an aid to the economy when we come out of this recession.**

**But the speed of spending is as important as the amount if the stimulus is to be effective. That \$60 billion figure represents about 12 percent of the nearly \$500 billion in non-tax relief stimulus funds, which puts us ahead of schedule to meet our goal of spending 70 percent of those funds by the summer of 2010.**

**Besides the money targeted to direct spending, 110 million Americans are getting \$27 billion in direct tax relief through the Making Work Pay tax credit in their paychecks. That's extra money for 95 percent of all families.**

**While I know it's too soon to draw conclusions, I believe we are seeing glimmers of hope in the economy. March was the best month for the stock markets in years.**

**According to the Vice Chairman of the Federal Reserve, consumer spending seems to be steady and contraction of the housing market has slowed.**

**In my home state of Connecticut, a survey of small businesses reported that they were finding it easier to get the credit they need to make payroll and finance inventory.**

**But unemployment – now at 8.5 percent – is expected to rise to more than 10 percent and it will take time to bring that down to full-employment levels again.**

**If we get the Recovery Act right, along with the other efforts being pursued by the Federal Reserve and the Treasury, we will stabilize the system and restore confidence so that the private sector can once again start creating new jobs.**

**I look forward to this morning's testimony from Acting Comptroller General Gene Dodaro of the Government Accountability Office as he presents GAO's first report on State and local spending as required by the Recovery Act.**

**We also will hear reports from the front lines from Mr. Ray Scheppach of the National Governors Association and Ms. Carolyn Coleman of the National League of Cities.**

**As impressive as the amounts distributed to date are, most of the stimulus money has yet to hit the street. Much of the work of state and local governments right now is in preparing to comply with the rules governing applying for, implementing and monitoring stimulus spending.**

**Remember that the Recovery Act imposes rigorous new requirements for accountability and transparency of stimulus funds. Officials at all levels of government are being asked to do more – and in record time.**

**Last week we held a field hearing in Connecticut and the state Secretary of Policy Management testified that the federal government has reacted swiftly to answer questions and keep red tape to a minimum.**

**However, during that hearing we learned that important implementation challenges exist. In particular, we need to give the state and local government's clear direction on whether some of the Recovery Act money can be used to help pay for administrative and oversight costs.**

**The Recovery Act included \$250 million for federal inspectors general to hire experienced auditors and investigators for their agencies.**

**But about \$300 billion of the stimulus spending will be under the supervision of cash-strapped state and local governments that may be forced to lay off the very personnel needed to oversee Recovery Act spending so we can avoid the kinds of waste, fraud, abuse or theft that could discredit the program.**

**Vice President Biden has assured Sen. Collins and me that his office is working on this and has sent a letter to that effect that I will later place into the record.**

**But, I am particularly pleased that in the letter the Vice President has committed to issuing new guidance through OMB that will give new flexibilities for States to cover administrative costs associated with the Recovery Act.**

**In addition, I also want to note that there will be a week-long national on-line forum beginning Monday on the Recovery.gov web site on technology solutions to improve the monitoring of Recovery Act funds.**

**This will be an excellent opportunity for the public, potential recipients, state and local governments, and IT companies to weigh in on how the web site should be set up.**

**I look forward to hearing the results of that dialog.**

**Another problem I see is the need to bring harmony to the twin goals of the Recovery Act – the immediate goal of saving jobs and rejuvenating the economy but also bringing about major reforms to our education and health care information systems.**

**I liken it to a leaky dike. You can stick your fingers into the leaks to keep the dike from collapsing but now your hands are busy and you can't do what you really need to do – build a new dike.**

**We heard about this during our hearing in Connecticut, especially regarding the education reforms that are part of the Recovery Act. School districts that are just scraping by will find it a challenge to meet the reforms envisioned by the Recovery Act while trying to avoid major layoffs.**

**But those education reforms, which I support, are ultimately crucial to the putting the economy back on a sound, long-term footing by giving our children an education that will allow them to grow up and compete with young men and women from any nation in the world.**

**I look forward to hearing GAOs testimony on how effective the Recovery Act has been to date and how we solve some of the questions I've just raised.**

**Sen. Collins.**