



For immediate release: Friday, March 5, 2009

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## **California Field Hearing Opening Statement Chairman Edolphus “Ed” Towns, D-NY**

### *“Tracking the Money: Assessing the Recovery Act’s Impact on the State of California”*

Good afternoon. I want to thank all of the Members of Congress, witnesses, local government officials, and interested citizens for being here today.

Today, the Committee on Oversight and Government Reform joins with Chairwoman Diane Watson’s Subcommittee on Government Management, Organization, and Procurement to continue its ongoing oversight of the American Recovery and Reinvestment Act of 2009 (Recovery Act). This is the fifth in a series of hearings, which the full Committee began immediately after the passage of the Act, to examine this extraordinary effort to rescue our troubled economy. This is also the second in a series of field hearings, which the Committee embarked upon to observe exactly how the Recovery Act is performing in states, cities, and neighborhoods across the country. We began on the east coast in my home State of New York, and we now move 3000 miles across the country to the west coast and the State of California.

Early last year, from coast to coast, it was drastically evident that our economy was in trouble. The nation was experiencing a nearly unprecedented level of job loss, foreclosures, and state and local budget deficits. As with every other state in our union, the outlook in California was bleak. It was clear that immediate and decisive action was necessary to slow the freefall of the economy.

Congress acted decisively in passing the Recovery Act, the largest economic stimulus program since the New Deal. Recent news reports indicate that California is now showing signs of economic stabilization. Recovery Act spending may well be making a significant contribution to that stabilization. According to the Recovery Board, California has been awarded over \$21 billion and received almost \$8 billion in Recovery funds so far. With those dollars, California reported just over 70,000 jobs funded by the Act between October 1<sup>st</sup> and December 31<sup>st</sup>, 2009.

We are here today to make sure that the Recovery Act is working, -- and that Recovery Act dollars are properly accounted for. California will receive more Recovery Act funds than any other state in the nation. It is critical that we make sure those dollars

flow rapidly, effectively, and efficiently from the Federal government to the State, from the State to the locality, from a local government to the contractors, and from the contractors to the paychecks of hardworking Californians trying to put food on the family table.

In that regard, I have concerns about several key issues. There are reports that certain state agencies have failed to provide proper cash management, provide proper sub-recipient monitoring, and abide by Federal reporting guidelines. We will explore these and related issues in today's hearing.

We are not here today to lay blame and point fingers. We are here to work constructively to ensure that taxpayer dollars are properly used and accounted for.

Today, we want to better understand how Recovery Act dollars are being used in California and its cities. What are the unique obstacles, statewide and locally, to the use and tracking of Recovery funds? Are we effectively preventing waste, fraud, and abuse of Recovery Act funding? If not, what further steps need to be taken? Finally, I hope that we can identify areas in which we can improve the way in which the Federal Government, states, and cities work together toward rebuilding our nation's economic strength.

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

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