

THE WHITE HOUSE  
Office of the Vice President

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March 3, 2010

**Statement from Vice President Biden on Government  
Accountability Office's Report on Recovery Act Implementation**

"I'm pleased to hear that the Government Accountability Office has found what we have been hearing from people across the country: overall Recovery Act programs and projects are working effectively to create jobs and drive economic growth. As GAO notes, Recovery Act investments have been critical for preventing massive budget cuts to programs like education and Medicaid, and because we're delivering on-time - and in many cases under-budget - on Recovery Act projects, we've been able to get maximum bang for the employment buck on our infrastructure investments."

"Both public and private forecasters now say the Recovery Act is already responsible for about 2 million jobs, so it's clear that our work over the last year is delivering results. Because the Recovery Act is an unprecedented program, we are constantly looking for ways to improve its implementation and appreciate some of the new recommendations GAO has made today. As we have with previous reports, we have asked agencies to look at how they can act on the new guidance to sharpen management of the program even further."

"One year in, there is growing consensus that the Recovery Act has worked to pull us back from the brink of economic disaster and lay a foundation for recovery - we're pleased to hear today that GAO agrees."

**FACT SHEET**

*GAO Report Key Findings*

**Payments Will Shift from Rescue to Rebuild, Best is Yet to Come**

*GAO: "However, by fiscal year 2012, investments in highways, transit, high-speed rail, and other transportation infrastructure will be the largest share of state and local Recovery Act funding... Thus, across the years, spending shifts from a primary focus on recovery to a primary focus on reinvestment."*

- • The Administration agrees and expects outlays for projects will double in the first two quarters of this year. As the weather begins to thaw, thousands of construction projects funded in late 2009 are expected

to break ground across the country. And work is beginning on major project investments like broadband, health IT, smart grid and weatherization that were made last year.

### **Recovery Funds Helped Fill State Budget Shortfalls, Avoid Dangerous Cuts**

**GAO:** *“Given enrollment growth, most states reported that the increased FMAP funds were integral to their efforts to maintain current eligibility levels, benefits and services, and to avoid further program reductions. For example, Georgia reported using these funds to avoid reductions in eligibility and optional benefits, and Colorado reported using the funds to reduce planned cuts to provider payment rates.”*

- • Approximately \$130 billion in Recovery Act funds have now gone to states to provide budget relief in areas like Medicaid and education to help keep people employed and assist those most in need. An additional \$85 billion in funds have gone to states to administer other programs for a total \$215 million to-date that is helping address state budget shortfalls.

### **Recovery Funds Spent Wisely**

**GAO:** *“While many officials noted that they selected projects that could be started quickly, states and transit agencies have used the considerable latitude they have under the existing federal surface transportation structure to address a variety of state and local goals.”*

- • More than 55,000 projects across the country have already been funded through the Recovery Act ranging from green building retrofits and highway improvement projects to construction of renewable energy manufacturing facilities and establishment of a nationwide smart energy grid. It’s clear from GAO’s assessment that the projects selected for Recovery funding are not only meeting immediate infrastructure needs and creating jobs up-front, but laying a new foundation for long-term economic growth.

### **Cost Savings Lead to Additional Job-Creating Projects**

**GAO:** *“Many highway contracts were awarded for less than the original cost estimates. These ‘bid savings’ allowed states to fund more projects with the Recovery Act funding than were initially anticipated.”*

- • As GAO notes, Recovery Act cost-savings are always reinvested in additional projects to create even more jobs and drive even more economic growth. GAO recognizes the Department of Transportation for

regularly having projects come in under-budget, but this accomplishment is not limited to transportation projects. For example, in August, the Department of Homeland Security was able to quickly reallocate \$240 million in bid savings on current projects to new in-line baggage screening projects at ten additional airports across the country.

### **GAO Recognizes Improvements in Recipient Reporting**

*GAO: “[T]he second round of reporting appears to have gone more smoothly as recipients have become more familiar with the reporting system and requirements. GAO expects that the simplified jobs reporting guidance and reporting system enhancements will ultimately result in improved data quality and reliability.”*

- • Because this level of recipient reporting is unprecedented, it is a constantly evolving process and we are pleased to hear that GAO recognizes the progress made with the most recent round of reporting. We appreciate GAO’s continued input on strengthening the process and agree that both the process and the data quality will become even better with each reporting period.

### **GAO Recommends Improvements to Agency Implementation of Some Programs**

*GAO: “The Secretary of Transportation should gather timely information on the progress states are making in meeting the maintenance-of-effort requirements and report preliminary information to Congress within 60 days of the certified period.”*

*“[W]e recommend that the Secretary of Housing and Urban Development develop a management plan to determine the adequate level of agency staff needed to administer both the Recovery Act funds and the existing Capital Fund program going forward... We recommend that the Secretary of Housing and Urban Development instruct housing agencies to discontinue use of the jobs calculator provided by HUD in the first round of recipient reporting for subsequent rounds of reporting to ensure the correct job calculation is used.”*

*“[W]e recommend that the Secretary of the Department of Education(Education) and the Director of the Office of Management and Budget (OMB) provide clarifying guidance to recipients on how to best calculate FTEs for education employees during quarters when school is not in session.”*

- • The White House has directed agencies to assess GAO’s concerns and consider possible improvements.

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