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Towns Works with Obama Administration to Increase Recovery Act Funding in Economically Distressed Areas

Washington, DC – United States Representative Edolphus “Ed” Towns (D-NY), Chairman of the House Committee on Oversight and Government Reform, today announced that the United States Department of Transportation (DOT) made critical changes to American Recovery and Reinvestment Act (Recovery Act) guidance, ensuring that stimulus funds will be effectively directed to transportation projects in “economically distressed areas” (EDAs).

The move by the Department follows a series of meetings and negotiations Chairman Towns requested with DOT officials this summer after he learned that the agency awarded some transportation projects stimulus funds without considering whether they were located in EDAs.

The Government Accountability Office (GAO) first brought attention to this issue when GAO Acting Comptroller General Gene Dodaro testified at a July 8, 2009, Oversight Committee hearing. During his testimony, Mr. Dodaro stated that DOT’s Recovery Act dollars were being allocated in a manner inconsistent with the spirit and intent of the law.

“Some states were failing to award projects in economically distressed areas. As a result, opportunities for essential job creation, business development and economic reinvestment were missed in areas like Brooklyn,” said Chairman Towns. “Based on our hearing, it became clear that current federal guidance needed to be adjusted in order to ensure that Recovery Act dollars are targeted to areas in distress.”

In July 2009, Chairman Towns met with Secretary of Transportation Ray LaHood, Federal Highway Administration (FHWA) Administrator Victor Mendez, and Office of Small and Disadvantaged Business Utilization Director Brandon Neal to ensure that project funding for EDAs are appropriately prioritized and awarded throughout the nation. DOT also agreed to hold workshops in Towns’ congressional district, NY-10, to educate small and disadvantaged businesses on DOT contracting opportunities.

The new DOT guidance will: (1) target Recovery Act funds to areas suffering significant economic hardship; (2) explain how to prioritize EDAs; (3) ensure that states apply due

diligence in selecting and giving priority to projects located in EDAs; (4) ensure that DOT staff provide direct assistance to states in identifying and making EDA project selections; (5) establish a “special need” provision to ensure that all communities suffering from substantial business closures, declared natural disasters, or other severe economic problems are eligible for funding.

Towns concluded, “The new guidance issued by the Department of Transportation fulfills the purpose of the Recovery Act by preserving and creating jobs and promotes economic recovery in communities most impacted by the recession.”

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