



Audit Finds States Using Stimulus to Stay Afloat

Hoped-for education boost takes back seat as states use stimulus to stay afloat

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The Obama administration hoped spending \$787 billion in stimulus would jump-start the economy, build new schools and usher in an era of education reform. So far, government auditors say, many states are setting aside such grand plans and simply trying to stay afloat.

The Government Accountability Office, in a report to be released Wednesday, says the stimulus is keeping teachers off the unemployment lines, helping states make greater Medicaid payments and providing a desperately needed cushion to state budgets.

But investigators found repeated examples in which, either out of desperation or convenience, states favored short-term spending over long-term efforts such as education reform.

In Flint, Mich., for example, new schools haven't been built in 30 years but the school superintendent told auditors that he would use federal money to cope with budget deficits rather than building new schools or paying for early childhood education.

Also, the GAO said about half the money set aside for road and bridge repairs is being used to repave highways, rather than building new infrastructure. And state officials aren't steering the money toward counties that need jobs the most, auditors found.

President Barack Obama pitched the stimulus as more than just a lifeline to states. Yes, it would save teaching jobs, he said, but it would also lead to lasting education reform. Old schools would be replaced, new science labs would be constructed.

"We can use a crisis and turn it into an opportunity," Obama said while promoting the stimulus in February. "Because if we use this moment to address some things that we probably should have been doing over the last 10, 15, 20 years, then when we emerge from the crisis, the economy is going to be that much stronger."

The 400-page stimulus includes provisions for long-term growth, such as high-speed rail and energy efficiency, but their effects will be seen later.

The report was scheduled to be released on Wednesday to the House Committee on Oversight and Government Reform, which has been investigating the effectiveness of the stimulus.

Ed Deseve, the White House budget official in charge of the stimulus, said the GAO report showed that

the stimulus "is working to deliver the results promised on the timeline promised."

He said the White House is already working on improving transparency and meeting other recommendations of the GAO report.

Since Obama signed the stimulus bill in February, the economy has shed more than 2 million jobs. Unemployment now stands at 9.5 percent, the highest in more than a quarter century.

On the Net:

House Committee on Oversight and Government Reform: <http://oversight.house.gov/>

Stimulus spending: <http://www.recovery.gov/>

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