



## **ARRA Implementation Conference**

**Thursday, March 12, 2009**

**Eisenhower Executive Office Building**

**1600 Pennsylvania Avenue, Washington, D.C.**

### **Summary**

States and other related organizations were invited by Vice President Biden to an all day conference held at the Eisenhower Executive Office Building (EEOB). The conference was attended by State Recovery Act coordinators from 49 of the 50 states. Several national associations were also invited – NGA, NCSL, NASBO, NASCIO, NASACT and NASPO.

Vice President Biden was introduced by Energy Secretary Chu. The Vice-President, charged to oversee the administration's implementation of the Recovery Act, led off the conference by stressing the focus on accountability and transparency provisions.

The conference was followed by presentations from each of the major cabinet agencies receiving Recovery Act funds. The presentation from the Department of Energy was followed by an unannounced visit from President Obama. The President stressed that every dollar spent and every job created or retained, be done in a transparent manner. He stressed the importance of "getting it right" and fully informing the American public of the progress on the Recovery.gov website.

The conference concluded with a remarks by Gene Dodaro, Acting Comptroller General, General Accountability Office (GAO), and Earl Devaney, Chairman of the Recovery Act Transparency and Accountability Board. Dodaro provided an overview of GAO roles and responsibilities outlined in the ARRA, their performance auditing approach and engagement with the state officials. Devaney noted the challenges with starting a board from scratch, general timelines and his expectations from the states.

After closing remarks, additional time was allotted for a question and answer session with Danny Werfel, Office of Management and Budget (OMB). The general theme of state questions related to fund accounting requirements, clear guidance on the approach for state reporting, lack of communication directly to the governors and timelines for compliance with provisions of the ARRA. Additional guidance on implementation of many of the provisions within the Recovery Act, as well as the reporting requirements that will apply to local governments, school districts and other public and non-profits agencies that may receive funds directly, is expected from OMB within the next month. The GAO announced that its auditors will travel to 16 states beginning this month to begin up front controls and accountability provisions that will be in place throughout the allocation of the funds to the states and other entities.

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**Vice President of the United States (VPOTUS)**

Joe Biden

- VPOTUS is responsible for overseeing implementation of the recovery act.
- 49 of the 50 states are represented here.
- “All that is legal is not acceptable.”
- Regulations will be issued the week of March 16 discussing what the states are prohibited from spending money.
- So it really is important -- I know you know it better than we do, because you are there, you are the ones that are facing these high unemployment rates. Some of your states, some of the poorer states in the nation have the highest unemployment rate, and some wealthy states have even higher unemployment rates. This is a crisis. This is a crisis. And I know you feel as I do, that it requires a exercise of discipline and accountability and transparency like nothing we have ever done in terms of federal-state relations. And I am not kidding about that -- and I know you're not either -- but this is a big deal. The work you're doing is going to be critical to the economic well-being of the country.
- Let me point out one other thing. If we don't get this right, folks, this is the end of the opportunity to convince the Congress that anything should go to the states. Your state legislatures are struggling. Your governors are struggling. The members of the House and Senate are struggling. They don't want to take up one another's burden. Everyone in this room, I hope you are, in the best sense of the word, good politicians, as well as having very sharp pencils. So I hope you'll understand the dynamic at play here.
- So if this -- six months from now, if the verdict on this effort is that we've wasted the money, we built things that were unnecessary, or we've done things that are legal but make no sense, then, folks, don't look for any help from the federal government for a long while. They're going to make sure -- the folks in the House and in the Senate are going to make sure you wear the jacket, not them.

**Office of Management and Budget (OMB)**

Rob Nabors, Deputy Director

Danny Werfel, Deputy Controller, the Office of Federal Financial Management (OFFM)

- Funds need to reach recipients quickly.
- \$15 billion has been allocated for Medicaid and states have drawn 1/3 of the money.
- OMB wants to hear about problems that the states are having with implementation.

- OMB is having regular meetings and conversations with state based organization such as budget officials, CIOs, auditors, and procurement officials.
- OMB stated the upcoming guidance will address the following questions:
  - Is the state responsible for overseeing locality funds?
  - What are the standards for collecting the data and how is it going to be collected?
  - How states are supposed to estimate jobs?
  - Will OMB provide states with a scheduled of deadlines and milestones they need to meet?
  - Will OMB, GAO, IGs and the Accountability Board coordinate?
  - Will the OMB guidance address the single audit and A-133?
  - Will OMB inform the governors of funding before releasing it to the agencies and notification to the press?
  - Will states get a template for reporting?
  - Can OMB centralize grants information instead of each state having to visit each agencies website?
  - Is there any money up for state audit cost or setting up stimulus teams to track implementation?
  - Will the draft guidance include single audit?
  - Can the governor's certification represent certification for all programs instead of states having to submit certificates for the different recovery grants?
  - Is OMB the agency to contact for cross cutting issues?

### **Department of Energy (DOE)**

Matt Rogers, Senior Advisor to the Secretary of Energy for Recovery Act Spending

- States should visit DOE's recovery website to see how much is state is going to receive under the ARRA.
- DOE is overseeing 150 programs under the stimulus.
- This funding is expected to be a down payment on renewable energy for the future of the country and to make the US energy efficient.
- DOE will be releasing \$8 billion in state and local weatherization and energy efficiency efforts as part of the President's American Recovery and Reinvestment Act. With an investment of about \$5 billion through the Weatherization Assistance Program and about \$3 billion for the State Energy Program, the Department of Energy is releasing the first installment of the funding – about \$780 million.
- The State Energy Program funding will be available for rebates to consumers for home energy audits or other energy saving improvements; development of renewable energy projects for clean electricity generation and alternative fuels; promotion of Energy Star products; efficiency upgrades for state and local government buildings; and other innovative state efforts to help save families money on their energy bills.

- The DOE's Weatherization Assistance Program allows low-income families to reduce their energy bills by making their homes more energy efficient.
- DOE will review state energy plans on a quarterly basis and will scrutinize states plans.
- DOE will be working with HUD on the home weatherization program.
- DOE is establishing training centers to train the work force on weatherization.
- DOE will explore to see if information technology will be included in infrastructure. It fits into some programs.

### **Department of Health and Human Services (HHS)**

Richard Turman, Deputy Assistant for Budget; Acting Assistant Secretary for Resources and Technology

Dennis Williams, Deputy Assistant Secretary for Recovery Act Coordination

- HHS is holding a conference call on Tuesday, March 17, 2009 at 2 pm (Eastern Time) that will allow officials from states, the Department and other interested parties to learn more about HHS's work to implement the ARRA. Officials from the Centers for Medicare and Medicaid Services, the Administration on Aging, the Administration for Children and Families and the Health Resources Services Administration will participate. Watch the Webinar live at [www.hhs.gov/recovery](http://www.hhs.gov/recovery).
- HHS as of February 23, has released \$137 billion for FMAP and 1/3 of the states have drawn down.
- HHS has \$18 billion to get providers to switch to EHR including \$2 billion for infrastructure to convert by 2011.
- HHS received funding to improve their cyber security.
- HHS Chief of Staff holds a meeting every week to go through HHS recovery programs to mitigate risks to prevent waste and fraud. Broken into three subgroups health IT, prevention and comparative effectiveness.
- HHS has established a recovery office.
- The HIT group is looking at how to structure the funding.
- HHS ONC is looking at how to structure funding, develop standards and timeframes.

### **Department of Education**

Tony Miller, Chief Operating Officer

- Four principles guide the distribution and use of ARRA funds:
  1. Spend funds quickly to save and create jobs
  2. Improve student achievement through school improvement and reform.
  3. Ensure transparency, reporting and accountability.
  4. Invest one-time ARRA funds thoughtfully to minimize the "funding cliff."
- Timing for release of funds posted on [www.ed.gov](http://www.ed.gov)

- State Fiscal Stabilization Fund (SFSF) program is a new one-time appropriation of \$53.6 billion:
  - 61% of a state's allocations will be on the basis of their relative population of individuals aged 5 to 24, and 39 percent will be based on relative shares of total population.
  - will award SFSF funds to governors in two phases. To receive its initial SFSF allocation, a state must submit to the Department an application that provides (1) assurances that the state is committed to advancing education reform in four specific areas (described below); (2) baseline data that demonstrates the state's current status in each of the four education reform areas; and (3) a description of how the state intends to use its stabilization allocation.
- Department of Education will award governors approximately \$48.6 billion by formula under the SFSF program in exchange for a commitment to advance essential education reforms with 4 assurances:
  - college- and career- ready standards and high-quality,
  - valid and reliable assessments for all students;
  - development and use of pre-K through post-secondary and career data systems; increasing teacher effectiveness and ensuring an equitable distribution of qualified teachers;
  - and turning around the lowest-performing schools.
- \$44 billion released over the next 30-45 days
- Statewide data systems - \$270 million funding available
- For Title I, Part A has significant new funding. ARRA provides \$10 billion in additional Fiscal Year (FY) 2009 Title I, Part A funds to local education agencies.
- Significant new funding for Individuals with Disabilities Education Act (IDEA). IDEA recovery funds are provided under three authorities: \$11.3 billion is available under Part B Grants to States; \$400 million is available under Part B Preschool Grants; and \$500 million is available under Part C Grants for Infants and Families.
- \$5 billion for education incentive funds. Competitive grants including \$4.35 billion for “Race to the Top”
- \$650 million for investing in “Invest in What Works and Innovation” – closing gaps in education with a focus on the 4 assurances. Competitive grants
- Funds expected to save teacher jobs
- States must use 18.2 percent of the SFSF funds for education, public safety, and other government services. This may include assistance for early learning, elementary and secondary education, and IHEs. In addition, states may use these funds for modernization, renovation, or repair of public school and public or private college facilities. States have broad latitude in how these funds can be used.
- SFSF – streamlined application available by end of March. FAQs posted by end of March.
- Dept of Education will hold weekly calls with state education officials and webinars on implementation timelines
- Questions regarding line of reporting and accountability from local school districts for Title I and IDEA funding.

## **Department of Transportation**

Adm. Thomas Barrett, Deputy Secretary

- Guiding principles – can't afford to fail with this recovery funding
- Certifications from the Governors for all projects – critical for meeting timelines and getting funding. DOT issued certification guidance on February 27.
- No fundamental changes in the program rules for allocations
- New data will be required from the states – job creation is very important
- States need to develop risk mitigation strategies and force internal controls to prevent fraud, waste and abuse.
- DOT risk management plans include:
  - visible monitoring – unscheduled checking of processes and documentation
  - enhanced financial oversight – on time, on budget, demonstrated outcomes and jobs data
  - communication and outreach best practices
- ARRA provided a total of \$48.1 billion for DOT
- \$34.1 billion of DOT ARRA allocation released to the states only 2 weeks after bill signed
- Highways – \$27.5 billion released to the states already (by March 3)
  - 50% of unobligated funds must be redistributed with 120 days after apportionment
- Transit - \$8.4 billion
- High Speed Passenger Rail - \$8 billion
- Amtrak - \$1.3 billion
- Airports - \$1.1 billion
  - 50% funds available in 120 days
  - Priority to projects completed with 2 years
- FAA Facilities and Equipment - \$200 million
- Shipyards - \$100 million
- Office of the Secretary - \$1.5 billion in discretionary infrastructure grants with rules:
  - Competition criteria within 90 days
  - Applications from states within 180 days of publication
  - Minimum of \$20 million and maximum of \$300 million per grant
  - Equitable distribution and balance of urban/rural
- DOT intends to implement all required data collection and reporting by deadlines
- Broad outreach with web site, FAQs, help desk e-mail and regular communication updates

## **United States Department of Agriculture (USDA)**

Carole Jett, Deputy Chief of Staff

- \$22 billion dispersed through 9 agencies for 22 programs
- Food and Nutrition - \$19.7 billion to increase the monthly amount of nutrition assistance to 31.8 million people (extra benefits for Supplemental Nutrition Assistance Program (SNAP – former food stamp)

- \$146 million allocated to the states for administrative expenses and support. Funding to support IT modernization is eligible as part of this allocation
- \$3.8 billion - expanded opportunities for broadband loans and grants to rural communities
- Rural Utility Services (RUS) to administer broadband grants in cooperation with NTIA broadband opportunities funding:
  - National Telecommunications and Information Administration (NTIA) and the U.S. USDA Rural Utility Services (RUS) will work jointly on recovery funds for broadband expansion. Joint Request for Information and Notice of Public Meetings (RFI), which invites comments from interested parties on the Broadband Technology Opportunities Program (BTOP) and the RUS grants and loans program established in ARRA.
  - Schedule of public meetings from March 16-24. Opportunity to discuss how NTIA and the Rural Utility Service should design and implement these programs. Each of these meetings will feature a roundtable discussion and an opportunity for public comment.
  - request for information seeks comment on the creation of a national broadband map. All of these efforts should help inform the cross-agency work on the national broadband plan that will shortly be initiated by the FCC.
- Expands funding opportunities to develop water and waste facilities
- Provides funding to protect and conserve the nation's forests and farm land
- Natural Resources Conservation Service - \$340 million for 3 major programs:
  - Watershed rehabilitation - \$50 million
  - Watershed operations - \$145 million
  - Floodplain easements - \$145 million

### **Department of Justice**

Laurie Robinson, Acting Assistant Attorney General at the Office of Justice Programs  
 Catherine L. Pierce, Acting Director, Office on Violence Against Women  
 Timothy J. Quinn, Acting Director, Office of Community Oriented Policing Services (COPS)

- DOJ has \$4.6 billion under ARRA including \$2.7 billion to be administered by the Bureau of Justice Programs, \$225 million for the Office on Violence Against Women and \$1 billion for COPS. \$2 billion for the Byrnes grant, \$47.5 million for state crime victim compensation program, and \$47.5 million for victim assistance formula grants.

### **Department of Interior**

Chris Henderson, Senior Advisor to the Secretary for Strategic Planning and Management  
 Pam Haze, Deputy Director, Office of the Secretary, Office of Budget

- \$ 3 billion for their programs under ARRA. DOI will have a website using GIS technology for citizens to see and comments on how the money was used in their community.
- will provide \$1 billion to the Bureau of Reclamation, which provides water supplies and produces hydropower in the West.
- \$750 million will be used by the National Park Service to preserve and protect national icons and historic landscapes, improve energy efficiency and renewable energy use at park units throughout the nation, remediate abandoned mines sites on park units, and provide historic preservation funding to protect and restore buildings at historically black college.
- \$500 million for the Bureau of Indian Affairs will be used to replace and upgrade Indian schools and 130 to 170 million in loans to spur Indian economies.
- \$280 million for the U.S. Fish and Wildlife Service will improve energy efficiency and renewable use at refuges.
- \$320 million for the Bureau of Land Management will be used to remediate abandoned mines.
- \$140 million will be used by the U.S. Geological Survey to restore and rehabilitate laboratories and research facilities and improve their energy efficiency and renewable use.

### **Department of Housing and Urban Development**

Peter Grace, Special Assistant to the Secretary for Strategic Planning and Management

Bruce Katz, Vice President at the Brookings Institution, founding Director of the Brookings Metropolitan Policy Program

- HUD receive \$13.61 billion to support 3 main themes across the departmental program:
  - Promoting energy efficiency and creating green jobs
  - Unlocking the credit markets & supporting “shovel-ready” projects
  - Mitigating the effects of foreclosures and preventing community decline.

### **Department of Labor**

Raymond Uhalde, Senior Advisor, Office of the Secretary

- Distributing \$500 million for state administrative cost to UI for technology and hiring of staff.
- \$7 billion for states to modernize their UI systems. On February 28, DOL issued guidance on how to get funding and 19 states applied. States need to modify or enact provision to obtain funding.
- \$3.95 billion for the workforce investment act.

### **Environmental Protection Agency**

Craig Hooks, Acting Assistant Administrator

- \$7.2 billion for EPA programs under ARRA including \$4 billion for clean water and drinking water, \$100 million for brownfields, \$600 million for superfund, \$200 million for leaking underground storage tanks, \$300 million for diesel emissions reduction program.

## **Department of Homeland Security**

Brian DeVallance, Senior Counselor to the Secretary, Senior Accountable Officer

- St. Elizabeths/DHS Headquarters Consolidation:
  - \$650 million (\$200 million to DHS; \$450 million to GSA)
- U.S. Customs and Border Protection (CBP):
  - \$720 million for construction at land ports of entry (\$300 million GSA; \$420 million CBP)
  - \$100 million for Non-Intrusive Inspection (NII) technology
  - \$100 million for border technology on the southwest border
  - \$60 million for tactical communications equipment and radios
- U.S. Immigration and Customs Enforcement (ICE):
  - \$20 million for ICE automation modernization and tactical communications
- Transportation Security Administration:
  - \$1 billion for explosives detection systems and checkpoint screening equipment
- U.S. Coast Guard:
  - \$142 million for Alteration of Bridges program
  - \$98 million for construction, which may include the following:
    - Shore facilities and aids to navigation facilities
    - Vessel repair/acquisition (includes High Endurance Cutter, National Security Cutter)
- Federal Emergency Management Agency:
  - \$100 million for Emergency Food and Shelter Program
  - \$150 million for transit and rail security grants
  - \$150 million for port security grants, no non-federal match required
  - \$210 million for Assistance to Firefighter (AFG) grants for firehouse construction; maximum grant is \$15.0M
  - \$5 million expansion in authority for FEMA Community Disaster Loans
  - Requires the establishment of an arbitration panel to resolve Katrina/Rita public assistance disputes
  - Requires FEMA to accept additional applications for Katrina/Rita public assistance
  - All non-federal matching requirements for SAFER grants waived for FY 2009-2010
- DHS Office of Inspector General:
  - \$5 million to conduct related oversight and audits

## **Transparency & Accountability**

Gene Dodaro, Acting Comptroller General, General Accountability Office

Earl Devaney, Chairman, Recovery Act Transparency and Accountability Board

- GAO is assigned several duties under ARRA.
- GAO has to submit quarterly reports to Congress.
- GAO will start visiting 16 states with 4-5 person team the week of March 16.
- GAO will visit the localities in each of the assigned states.
- Will coordinate with Accountability Board and IG.
- Will focus on the use of funds, the type of controls placed around the funding and if states met the objectives for the funding under ARRA.
- The Accountability Board will meet for the first time at the end of the month and consist of ten inspector generals.
- The Board will oversee recovery.gov and conduct oversight ARRA implementation.
- The Board is concerned about data quality, estimating the number of jobs and how to mitigate the risk for waste/fraud.
- The Board will use lessons learned from oversight of Katrina funds.

