

# Comprehensive Report

## MMB Implementation Efforts of The American Recovery and Reinvestment Act 2009



December 5, 2011



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## List of Acronyms (alphabetical order)

**AMT** - Alternative Minimum Tax

**ARRA** - American Recovery and Reinvestment Act

**CCR** - Central Contractor Registration

**CDFA** - Catalog of Federal Domestic Assistance

**COBRA** - Consolidated Omnibus Budget Reconciliation Act

**DHS** - Minnesota Department of Human Services

**DUNS** - Data Universal Numbering System

**FFATA** - Federal Funding Accountability and Transparency Act

**FMAP**- Federal Medical Assistance Program

**FY** - Fiscal Year

**IHE** - Institutions of Higher Education

**LEA** - Local Educational Agency

**MDE** - Minnesota Department of Education

**MMB** - Minnesota Management and Budget

**MNGIO**- Minnesota Geospatial Information Office

**MNSCU** - Minnesota State Colleges and Universities

**NASACT** - National Association of State Auditors, Comptrollers, and Treasurers

**NASBO** - National Association of State Budget Officers

**NGA** - National Governors Association

**OMB** - Office of Management and Budget

**RATB** - Recovery Accountability and Transparency Board

**RIO** - Recovery Implementation Office

**SFSF** - State Fiscal Stabilization Fund

**SWCAP** - Statewide Cost Allocation Plan

**TANF** - Temporary Assistance for Needy Families

**U of M** - University of Minnesota

**USDE** - United States Department of Education

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# **Chapter 1: History of the Act**

## **I. Economic Circumstances Leading to Legislation**

In 2008, an economic recession hit the United States. A banking crisis led to frozen credit markets which, in turn, stifled the growth of business in the United States. Homeowners were foreclosing on homes and other properties at an unprecedented rate contributing to the decline of real property values and causing devastating losses for families, banks and government alike.

Concurrently, the U.S. auto industry battled labor issues and the loss of consumer confidence. Eventually these issues led to the declaration of bankruptcy by some of the country's largest companies including General Motors. Many believed that failure of the largest U.S. auto maker would have far-reaching economic consequences due to the great number of other industries connected to the supply chain of the auto manufacturer.

Under these circumstances, among others, the U.S. Federal Government was prompted to take action in an attempt to curtail the negative impact of the economic recession.

## **II. Passage of the American Recovery and Reinvestment Act (ARRA)**

In response to the economic circumstances, Congress passed ARRA in early 2009 and the bill was signed into law on February 17, 2009. Similar in nature to the New Deal policies implemented by President Franklin Delano Roosevelt following the stock market crash in 1929 and subsequent depression, ARRA, also referred to as the Recovery Act, was an attempt to create jobs and promote investment and consumer spending through use of budget deficit spending.

ARRA outlines three immediate goals:

- *Create new jobs and save existing ones*
- *Spur economic activity and invest in long-term growth*
- *Foster unprecedented levels of accountability and transparency in government spending*<sup>1</sup>

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<sup>1</sup> [http://www.recovery.gov/About/Pages/The\\_Act.aspx](http://www.recovery.gov/About/Pages/The_Act.aspx)

### III. Types of Funding Included in Act

ARRA investments were initially valued at approximately \$787 billion. These investments were classified in three parts, each with unique objectives.

#### 1) *Tax Cuts and Benefits*

Tax cuts and benefits were provided to individuals and businesses in order to ease financial concerns, spur consumer spending and incentivize retaining employees. These included individual tax cuts and similar payments, a tax cut associated with the adjustment of the Alternative Minimum Tax (AMT)<sup>2</sup> and business tax incentives.

#### 2) *Government Services and Entitlement Programs*

A substantial increase in the Federal Government's matching percentage for Medicaid spending, the Federal Medical Assistance Program (FMAP) and formula grants to state governments for education through the State Fiscal Stabilization Fund (SFSF) allowed states to directly offset state spending with federal funds. Aid to those directly impacted by the recession included the increase and extension of unemployment benefits, increased funds for nutritional assistance and increases in the Temporary Assistance to Needy Families (TANF) program. Similarly, the government's subsidy of continuing health insurance benefits under COBRA<sup>3</sup>, a business tax reduction, is treated as aid to directly impacted individuals.

#### 3) *Contracts, Grants and Loans for Public Investments*

Funds were made available for infrastructure investments such as business development, health information technology, research on renewable energy and other forms of direct spending. Also included were tax credits for particular types of private spending, such as weatherization, advanced energy manufacturing, and research and experimentation.

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<sup>2</sup> The Alternative Minimum Tax is a tax imposed by the Federal Government requiring upper income earners to pay a minimum tax on a portion of earnings as an alternate to paying income tax at the standard rate. This was initially imposed to prevent upper income earners from avoiding income taxation through exemptions and deductions on assets.

<sup>3</sup> Consolidated Omnibus Budget Reconciliation Act

## IV. Implementation (Recovery Implementation Office)

Vice President Joe Biden, by directive of the president, was tasked with overseeing the administration's implementation of ARRA provisions. This led to the creation of the Recovery Implementation Office (RIO) under the direct oversight of Vice President Biden. The Implementation Office initially facilitated collaboration among federal agencies and between federal, state and non-governmental associations. Vice President Biden also worked with cabinet members, governors and mayors to coordinate the implementation of the ARRA.

## V. Accountability and Transparency Requirements

ARRA included unprecedented requirements and expectations for transparency and accountability of the funds. These requirements were intended to decrease fraud, waste and abuse of government funds and allow citizens to better gauge the impact of government spending. Transparency efforts included the creation of the Recovery Accountability and Transparency Board (RATB) as well as Recovery.gov, a public website with information on contracts, grants, loans and the location of specific projects.

### 1. Recovery Accountability and Transparency Board (RATB)

RATB was created in ARRA and charged with providing oversight, ensuring transparency and preventing and detecting fraud, waste and mismanagement of ARRA-related funds. The responsibilities of RATB included:

- ▶ Establishing a recovery operations center at which staff analyzed data related to recovery awards and worked to detect fraud and abuse
- ▶ Creating the Recovery.gov website acting as the portal for access to data relating to ARRA awards to meet transparency requirements
- ▶ Working in conjunction with the Office of the Inspector General to investigate fraud, waste and abuse cases

### 2. Power and Functions of RATB

The Recovery Board was granted specific powers and functions under ARRA. These powers included:

- Audit and review spending on its own or in collaboration with federal inspectors general
- Issuing subpoenas to carry out audit and review responsibilities
- Referring instances of fraud, waste and mismanagement to federal inspectors general
- Holding public hearings and compelling testimony through subpoenas
- Entering into contracts with public agencies and private entities
- Reviewing whether there were sufficient and qualified personnel overseeing ARRA funds
- Submitting quarterly and annual reports to the president and Congress
- Making recommendations to federal agencies on measures to prevent fraud, waste and mismanagement of funds

## **Chapter 2: Federal Guidance and Reporting**

### **I. Office of Management and Budget (OMB) Guidance**

OMB, the central budget and reporting office in the Federal Government, took the lead as the central oversight and regulatory agency of ARRA guidance and reporting. OMB first issued implementation guidance on February 18, 2009. This initial guidance included information on the process for awarding grants and contracts to sub-recipients as well as outlined reporting requirements. Due to the accelerated timeline for implementation, this initial guidance was incomplete and required updates as more information became available relating to issues identified by states and federal agencies. OMB facilitated collaboration between federal agencies, gathered information about the implementation and reporting process and modified procedures as necessary.

#### **OMB Guidance included:**

- **M-10-34, Updated Guidance on the ARRA (September 24, 2010)**
- **M-10-17, Holding Recipients Accountable for Reporting Compliance under the ARRA (May 4, 2010)**
- **M-10-14, Updated Guidance on the ARRA (March 22, 2010)**
- **M-10-08, Updated Guidance on the ARRA – Data Quality, Non-Reporting Recipients and Reporting of Job Estimates (December 18, 2009)**
- **M-10-05, Improving Compliance in Recovery Act Recipient Reporting (November 30, 2009)**
- **M-10-03, Payments to State Grantees for their Administrative Costs for Recovery Funding - Alternative Allocation Methodologies (October 13, 2009)**
- **M-09-30, Improving Recovery Act Recipient Reporting (September 11, 2009)**
- **M-09-21, Implementing Guidance for the Reports on Use of Funds Pursuant to the ARRA of 2009 (June 22, 2009)**
- **Supplement 1, List of Programs Subject to Recipient Reporting**
- **Supplement 2, Recipient Reporting Data Model**
- **M-09-18, Payments to State Grantees for Administrative Costs of Recovery activities (May 11, 2009)**
- **M-09-16, Interim Guidance Regarding Communications With Registered Lobbyists About Recovery Act Funds (April 7, 2009)**
- **M-09-15, Updated Implementing Guidance for the ARRA (April 3, 2009)**
- **M-09-10, Initial Implementing Guidance for the ARRA (February 18, 2009)**

## 1. Overview of 1512 Reporting Requirements

A specific section of ARRA, Section 1512, outlined reporting requirements for recipients and addressed transparency and accountability issues.

Prime recipients were required to report quarterly on grants and contracts. Reporting requirements include names of award recipients and sub-recipients, amount of funds received and the amount spent on projects and activities such as:

- Project description
- Completion status
- Estimates on jobs created or retained
- Details on sub-awards and other payments

Recipients were able to report electronically on [FederalReporting.gov](http://FederalReporting.gov) and templates for 1512 grant and contract reporting were available on this site<sup>4</sup>. The templates allowed the reporter to fill in the fields on the report template, save it as a file and submit it through an online system. In Minnesota, prime recipients consisted mostly of executive branch agencies. Even though OMB allowed prime recipients to delegate the responsibility for reporting to sub-recipients, MMB advised agencies against making this delegation and no agencies elected to delegate reporting. State agencies were required to create specific reporting instructions and procedures for sub-recipients.

It is important to note that not all of the programs funded by ARRA fell under the jurisdiction of Section 1512. Most programs that were not subject to Section 1512 reporting requirements were entitlement programs. Two examples in Minnesota include the enhanced federal matching rate for the state's Medicaid program, Medical Assistance (MA) and unemployment insurance.

## 2. Minnesota Management & Budget (MMB) Role in Data Collection and Reporting

### A. 1512 Reports

In order to ensure accurate reporting, MMB developed a system for gathering 1512 reporting data from all agencies, checking the data for accuracy and completeness, and keeping records of the data for purposes of transparency and accountability.

### B. Project Level Detail Reports

Although the 1512 reports were satisfactory for the federal reporting requirements, public expectations on transparency resulted in MMB requiring agencies to provide additional information. In addition to 1512 reports, state agencies were required to fill out quarterly project level detail reports. These reports included more detailed descriptions of projects and geographic identifiers (such as county or workforce area) that allowed MMB to report and map information on where and how funds were spent within the state.

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<sup>4</sup> View templates at <https://www.federalreporting.gov/federalreporting/home.do>

### **C. Guidance/Instructions**

Prior to preparation of reports for an upcoming reporting period, MMB issued guidance to agencies relating to the process for reporting. Besides clarifying timelines for the specific reporting period, this document included any special instructions including changes in federal guidance or changes in the procedure.

### **D. Certifications**

MMB required that all agencies submit certifications of quarterly report submissions to MMB. These certifications ensured that agencies had done due diligence in validating accurate data and proper procedures.

### **E. Reporting Roster**

Agencies were asked to submit rosters to MMB of each award received before each quarterly reporting period. These rosters were used to compile a comprehensive tracking of all awards received by state agencies which in turn was used to reconcile 1512 and project level detail reports.

### **F. Information Management Systems<sup>5</sup>**

#### ***Data Engine***

The MMB ARRA team worked with the Business Intelligence and Agency Applications team to develop a database query system that allowed all 1512 and project level detail reports to be checked for reporting accuracy. This system drew reports from a dedicated source on the system hard drive and pointed out any inconsistencies in the data set. MMB or agencies would then correct any inconsistencies before submitting final reports through [FederalReporting.gov](http://FederalReporting.gov).

#### ***Microsoft (MS) Access***

An MS Access database was created to store all information about awards from 1512 and project level detail reports. From the Access database, queries could be made to draw data relating to awards and develop statewide totals.

#### ***Oracle Database/IA Warehouse***

From the MS Access database award data was pushed into a data repository referred to as the Information Access (IA) Warehouse. The IA Warehouse allowed for storage of data in a secure location and also allowed for the data to be accessed via the [recovery.mn](http://recovery.mn) website through the .Net reporting system<sup>6</sup>.

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<sup>5</sup> See appendix 1 for a flowchart detail of Minnesota's ARRA reporting framework

<sup>6</sup>.NET is a development environment. Within a .NET framework, one can develop a web tool using different programming languages such as Visual Basic. See Chapter 4: Transparency, Part V. Partner Roles and Responsibilities in Transparency Efforts

## II. Support from National Organizations

Due to the rapid implementation of ARRA, standards for reporting along with guidance lines for distribution and use of funds were not immediately well defined. Collaboration between the Federal Government and other stakeholders became essential to ensure that rules were established, communicated to all stakeholders and enforced. Professional associations played a major role in facilitating collaboration among their constituent members and communicating federal rules and standards. The following are examples of organizations that played a primary role in the dissemination of information and formation of policy relating to federal guidance and reporting.

### 1. National Association of State Budget Officers (NASBO)

NASBO is a professional membership organization for state finance and budget officers. It is an organization that promulgates state budget policies and advocates on behalf of its members.

NASBO played a significant role in helping to refine the implementation and reporting process as well as communicate new rules and guidance to its members at the state level. NASBO was also a member of the working group that included the RIO, RATB, NGA, NASACT<sup>7</sup> and OMB to refine the process for ARRA implementation, voice concerns of state financial management officials and keep them apprised of new reporting rules and guidelines. NASBO distributed weekly updates from discussions of these meetings to its members and any other interested state officials.

Additionally, they served to provide information and forward concerns from state agencies to federal cognizant agencies and oversight agencies.

### 2. National Governor's Association (NGA)

The National Governor's Association acted on behalf of state governors in primarily an advocacy role. NGA communicated with members of Congress and the president to ensure that implementation of ARRA was not detrimental to state executive branches and concerns were being addressed.

NGA played a significant role in lobbying Congress to include state countercyclical funding as part of ARRA. Additionally, they advocated for discretion for governors to spend Government Services Funds under the SFSF in areas where they saw it having the greatest impact.

NGA set up ARRA implementation working groups among oversight agencies and other professional organizations to refine the implementation process and clarify guidelines and rules relating to reporting, and develop the process for reporting and fund disbursement. Weekly meetings were set up between NGA, the RIO, RATB, OMB and NASBO.

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<sup>7</sup> National Association of State Auditors, Comptrollers and Treasurers

Additionally, NGA directed a data practices task force to:

- Identify data elements that would benefit from being defined at the federal agency level and recommend a standard template for all agencies to use
- Identify data elements that needed additional guidance for upcoming reporting period
- Complete an analysis of how states were implementing
- Make recommendations for standard guidance
- Propose recommendations regarding best polices for data accounting and reporting related to ARRA

In addition to a data practices task force, NGA also established other task forces and work groups related to the reporting of jobs, ARRA communications and state gubernatorial transitions.

### **3. National Association of State Auditors, Comptrollers and Treasurers (NASACT)**

National Association of State Auditors, Comptrollers and Treasurers (NASACT) is a group representing state officials who deal with the financial management of state government. NASACT's membership is comprised of officials who were elected or appointed to the Offices of the State Auditor, State Comptroller or State Treasurer.

NASACT had a notable role in advocating for public finance professionals during the implementation process and disbursing information. They advocated for states to have the ability to recover centralized reporting and oversight costs. They helped some states develop a model supplement to the Statewide Indirect Cost Allocation Plan (SWCAP<sup>8</sup>) in order to recover administrative costs.

## **III. Collaborative Efforts - National and State Entities**

### **A. National Meetings/Trainings**

Implementation of ARRA and reporting of funds required a great deal of collaboration between federal and state officials as well as among officials from all states. Numerous meetings were held by federal officials to ensure proper administration of these funds. Listed on the next page are some of the prominent national meetings and collaborative efforts related to ARRA.

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<sup>8</sup> Chapter 3: Minnesota's ARRA Implementation Efforts, Part VIII Statewide Cost Allocation Plan (SWCAP) and Federal Administrative Cost Sharing

**Figure 1 National Meetings Relating ARRA Implementation**

<b>Host /Meeting Title</b>	<b>Meeting Description</b>
<b>Recovery Implementation Office (RIO)</b>	In the initial period following the passage of ARRA, the RIO gathered all state officials responsible for oversight and implementation of funds at the state level. These officials were also known as stimulus czars. <sup>9</sup> During this training, czars were briefed on the expectations of the Federal Government in regard to oversight and administration of these funds. Additional focus was put on the accountability and transparency requirements surrounding ARRA.
<b>Midwest Recovery Roundtable</b>	On July 29, 2009 Recovery coordinators and state officials from around the country gathered in Iowa to discuss efforts related to ARRA and information sharing. As a result of these discussions, weekly calls were coordinated among all state workers involved in the implementation to discuss compliance and oversight of ARRA funds. These calls offered states an opportunity to discuss matters relating to ARRA reporting, funding and oversight.
<b>National Governor's Association – Task Forces</b>	In November of 2009, NGA hosted a conference for all states to debrief on the first 1512 reporting process. Attendees included RATB, OMB, RIO and federal agencies. Many changes to OMB guidance and FederalReporting.gov were instituted for subsequent reporting quarters as a result of this conference.
<b>National Governor's Association</b>	In March 2010, the NGA held another ARRA meeting for state czars/staff to discuss issues related to ARRA implementation, disadvantage business contracting, reporting problems and administrative cost recovery among other issues.
<b>RATB and RIO Training</b>	In June of 2010, states were invited to Denver, Colorado to meet with federal officials and to receive specific training to assist with the ongoing requirements associated with ARRA. Key elements of this training included audit requirements as well as mitigating fraud, waste and abuse.
<b>Lessons Learned</b>	In November 2010, RATB, OMB and RIO invited states to join them in Washington DC to discuss lessons learned from ARRA and the impact of the new FFATA requirements.

<sup>9</sup> See Chapter 3: Minnesota's ARRA Implementation Efforts, Part II Stimulus Czar

## B. Webinars

OMB made use of webinars to communicate reporting procedures for prime recipients, sub-recipients and contactors.<sup>10</sup> Additionally, webinars were made available for federal agencies and recipients of ARRA funding on how to comply with their reporting responsibilities.<sup>11</sup>

Many federal agencies as well as the RATB maximized the use of webinars to communicate requirements and provide technical assistance on ARRA. The following are examples of webinars that took place.

- U.S. Department of Education (USDE) hosted conference calls and webinars regarding the application process, requirements and report processes for the SFSF<sup>12</sup>
- U.S. Department of Transportation (USDOT) hosted conference calls and webinars regarding the utilization of reports to meet the 1512 reporting requirements
- U.S. Department of Energy (DOE) and many other federal agencies hosted conference calls and webinars regarding the requirements of the programs administered by their agencies
- RATB hosted a webinar regarding the data change request feature of FederalReporting.gov<sup>13</sup> which allowed prime recipients to update past reports after the reporting window had been closed

## C. Weekly State Organized Calls

States across the nation collaborated (at the Midwest Recovery Roundtable) to organize weekly calls among state ARRA coordinators to create a forum for information to be shared regarding policies and experiences. These weekly calls were a successful medium for state coordinators and participation was very high within the first phase of ARRA implementation.

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<sup>10</sup> Webinars can be accessed at <https://www.federalreporting.gov/federalreporting/downloads.do#webinars>

<sup>11</sup> <http://www.whitehouse.gov/Recovery/WebinarTrainingMaterials/>

<sup>12</sup> See Chapter 6: State Fiscal Stabilization for further information

<sup>13</sup> See Chapter 4: Transparency, Section II Federal Reporting Requirements

## **Chapter 3: Minnesota's ARRA Implementation Efforts**

### **I. Governor Certification (1511)**

Within ARRA, state governors were granted certain authorities and responsibilities. An initial responsibility of state governors was to file a Section 1511 certification<sup>14</sup> for the receipt of ARRA funds in the state that were to be spent on infrastructure investment funds to certify that their infrastructure investment had received the full review and vetting required by law. Section 1511 Certifications were signed by the fiduciary agent (governor, commissioner, czar) acknowledging responsibility of ARRA funds and providing a description of the investment, estimated total cost and amount of ARRA funds to be used.

### **II. Stimulus Czar**

In April 2009, OMB issued guidance<sup>15</sup> related to state's responsibilities with the respect to administration, oversight and reporting associated with ARRA. This led many state governors to appoint ARRA czars to be accountable for these responsibilities. In 2009, Minnesota Governor Tim Pawlenty appointed MMB Commissioner Tom Hanson as the state's ARRA czar. This position was later transitioned to Commissioner Jim Schowalter under Governor Mark Dayton in 2010.

### **III. Governor's Subcabinet**

In addition to the appointment of a state czar, the governor formed a subcabinet of commissioners of state agencies receiving a large portion of ARRA funding. This included the commissioners of the following state agencies: Human Services (DHS), MMB, Transportation (MNDOT), Housing Finance (HFA), Employment and Economic Development (DEED), Public Safety (DPS), Administration (MDA) and Education (MDE).<sup>16</sup> Subcabinet meetings initially were convened by the governor's chief of staff and occurred on a weekly basis. Efforts were focused on making funds available quickly and ensuring the accountability and transparency expectations of ARRA were met. As implementation of ARRA proceeded in Minnesota, subcabinet meetings were convened by the state's czar on an as needed basis.

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<sup>14</sup> Appendix 2: 1511 Certification Form

<sup>15</sup> View guidance at [http://www.whitehouse.gov/omb/recovery\\_default/](http://www.whitehouse.gov/omb/recovery_default/)

<sup>16</sup> Appendix 3 – List of ARRA Sub-Cabinet Members

## IV. Agency Coordinators

MMB created a statewide ARRA coordination team, located within the Budget Services Division, to work across state agencies and manage the unique responsibilities associated with the SFSF. Each state agency commissioner receiving or expecting to receive ARRA funds was instructed to appoint an ARRA coordinator within their agency with responsibility for overseeing the administration of ARRA programs.<sup>17</sup>

## V. Legislative Advisory Committee

In addition to the governor's subcabinet for ARRA, the ARRA czar convened a legislative advisory committee comprised of members of both the majority and minority parties in both bodies of the legislature as well as legislative staff. Key members of this committee included chairs of the Finance, Ways and Means and State Government Committees. This committee provided initial guidance to the approach of administering ARRA funds in Minnesota as well as informed the manner in which MMB met the transparency expectations of the legislature and constituents.

## VI. Legislative Approval of Spending

Minnesota Statute 3.305 (Subd. 2) requires legislative review of all federal funds before agencies can administer funds. The statute states:

'A state agency shall not expend money received by it under federal law for any purpose unless a request to spend federal money from that source for that purpose in that fiscal year has been submitted by the governor to the legislature as a part of a budget request...'

Within days of the passage of the act, MMB asked state agencies to put together summary information regarding the ARRA awards they were expecting to receive. This information was compiled and submitted to the legislature during the 2009 Legislative Session to request initial approval to spend dollars.<sup>18</sup>

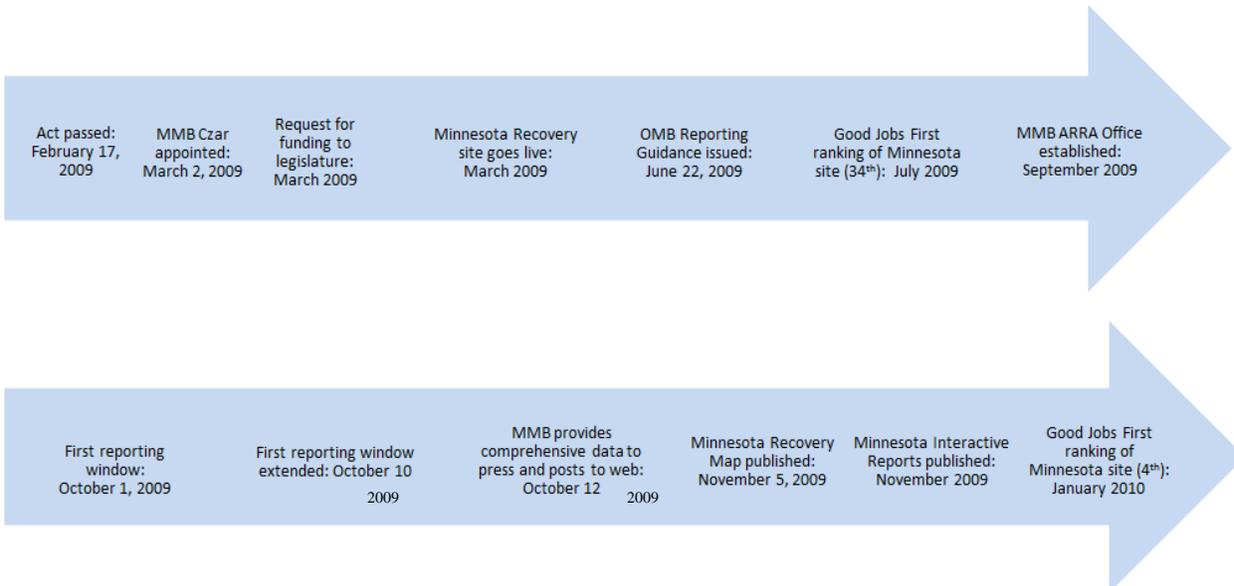
In certain cases, ARRA funds were flexible enough to allow the legislature the ability to target or appropriate the resources. This was true for the SFSF<sup>19</sup> energy programs, weatherization and Energy Efficiency and Conservation Block Grant (EECBG).

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<sup>17</sup> Appendix 4: ARRA Agency Coordinators List

<sup>18</sup> For additional information on which programs received appropriated funds upon legislative review, see Appendix 5: ARRA Federal Funds Table and Appendix 6: ARRA Federal Funds Requests

<sup>19</sup> Chapter 6: State Fiscal Stabilization Fund (SFSF)

**Figure 2 Timeline for ARRA Implementation Activities**

## VII. Public Financial Management (PFM) Report and Agency Preparedness

MMB contracted with Public Financial Management to take the lead on preparing the state for the implementation of ARRA. Guidance from the Federal Government regarding the role of state agencies in reporting was not well defined at this point in the process. PFM acted as an information repository, met with agencies to determine agency preparedness and created a reporting and data quality checklist for agencies and MMB to use in preparation for the 1512 reporting requirements of ARRA.

PFM produced the following to assist the state in administering and reporting on ARRA:

1. Agency interviews
2. Reporting checklists (A long form for the initial reporting period and a shorter form for all the subsequent reporting periods)<sup>20</sup>
3. Agency preparedness assessment
4. Procedures for working with agencies at risk of not meeting reporting requirements

<sup>20</sup> Appendix 7: PFM Reporting Readiness Checklists

## VIII. Statewide Cost Allocation Plan (SWCAP) and Federal Administrative Cost Sharing

Although ARRA provided funds for federal agencies such as OMB, GAO, OIG and RATB to perform centralized oversight and reporting at the federal level, no method was designated for reimbursement on the state level for performing these functions. The Federal Government, after consultation with organizations such as NGA, NASACT and NASBO recognized that a mechanism was needed to provide reimbursement for states to do the work of central agencies related to ARRA reporting, oversight and compliance. It was determined that states could recover central administration costs through the supplemental Statewide Cost Allocation Plan, or SWCAP. This allows states to shift a portion (up to 0.5%) of the programmatic federal funds they receive to cover the cost of administering those funds. The OMB issued Memorandum M-09-18 outlining the process for recovering administrative costs through supplemental ARRA SWCAP addendums.

Significant problems arose for states in the process for recovering these funds. The process for recovering these costs was cumbersome; however, Minnesota pursued cost recovery when possible. Although OMB approved the model, there were circumstances under which federal agencies limited access to funds. In addition, there was also an issue about the availability of ARRA funds to recover the costs due to the timetable of when the costs were recovered. Minnesota needed to act quickly in regard to the administration of ARRA funds and there was no guarantee that costs would be recovered through this process at a later date.

## **Chapter 4: Transparency**

One of the primary objectives of ARRA was to “foster unprecedented levels of accountability and transparency in government spending.” States were required to implement transparency requirements particularly that award reports be posted online on a webpage within an existing site along with links to Recovery.gov.

### **I. Recovery.gov**

The creation of a central website for information on ARRA awards was an explicit directive noted in the act. This was the impetus for the creation of Recovery.gov, a comprehensive website that provided information and analysis on all stimulus awards. Created and operated by the RATB, Recovery.gov went live on February 17, 2009, the day President Obama signed the act into law.

The site's primary objective was to allow citizens, media and interest groups to track ARRA spending and project details in an easy to use format such as charts, graphs and maps that provide data for nearly any political geographic unit.

In addition, the site intended to increase the dialogue between citizens and the Federal Government. Recovery.gov also offered a venue to report suspected fraud, waste and abuse of taxpayer funds.

### **II. Federal Reporting Requirements**

Prime recipients of funds (those receiving funds directly from a federal agency) were required to report to FederalReporting.gov. Prime recipients could also delegate reporting duties to first-tier sub-recipients, but ultimately, it was the prime recipient's duty to have reporting controls in place to ensure accuracy of reporting. Some notable exceptions for reporting included recipients of mandatory programs such as Medicaid, recipients of loan guarantees, awards to individuals and other programs such as TANF listed in Division B of the act. Section 1512 of the act outlines the required reporting information which includes<sup>21</sup>:

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<sup>21</sup> Chapter 2: Federal Guidance & Reporting: Section II. 1512 and other Reporting Requirements

Prime Recipient Requirements	Sub-recipient Requirements	Vendor Requirements
<ul style="list-style-type: none"> <li>• Number of job created/retained</li> <li>• Total amount of funds received; amount spent on projects/activities</li> <li>• Project descriptions</li> <li>• Completion status</li> <li>• Details on sub-awards and other payments</li> <li>• Federal Funding Agency Name</li> <li>• Award identification</li> <li>• Recipient D-U-N-S</li> <li>• Parent D-U-N-S</li> <li>• Recipient CCR information</li> <li>• CFDA number, if applicable</li> <li>• Recipient account number</li> <li>• Project/grant period</li> <li>• Award type, date, description</li> <li>• Amount of ARRA funds expended to projects/activities</li> <li>• Activity code and description</li> <li>• Project description and status</li> <li>• Job creation narrative and number</li> <li>• Infrastructure expenditures and rationale, if applicable</li> <li>• Primary place of performance</li> <li>• Recipient area of benefit</li> <li>• Recipient officer names and compensation</li> <li>• Aggregation of sub-awards &lt; \$25K</li> </ul>	<ul style="list-style-type: none"> <li>• Sub-recipient D-U-N-S</li> <li>• Sub-recipient CCR information</li> <li>• Sub-recipient type</li> <li>• Amount received by sub-recipient</li> <li>• Amount awarded to sub-recipient</li> <li>• Sub-award date</li> <li>• Sub-award period</li> <li>• Sub-recipient place of performance</li> <li>• Sub-recipient area of benefit</li> <li>• Sub-recipient officer names and compensation (Top 5)</li> </ul>	<ul style="list-style-type: none"> <li>• D-U-N-S or name and zip code of</li> <li>• Headquarters (HQ)</li> <li>• Expenditure amount</li> <li>• Expenditure description</li> </ul>

### III. MMB Role

Federal transparency requirements also mandated that all 1512 report information be available and posted on a public site. Many states chose to develop a comprehensive website that serves as an information repository for this information. MMB took the lead to ensure that these requirements were being met and Minnesota's transparency efforts were considered among the best in the nation.

MMB gathered all relevant information from 1512 reports submitted by state agencies. In addition, MMB required agencies to fill out project level detail reports capturing additional information for purposes of transparency efforts. This information was then stored in a single database and extracted for purposes of transparency which included access to data via MMB's website.

Recovery.mn was the site created by MMB as a resource to provide information relating to ARRA awards to citizens, media and award recipients. The site acted as a central portal for Minnesota ARRA information and included links to other relevant sites, as well as award data in various formats. Recovery.mn included an interactive mapping and report features that allowed users to gather information in a format that was convenient to their use.

#### IV. Recovery.mn

No federal rule or regulation existed which required each state to create a separate website for the purpose of transmitting ARRA information; only, that links to the information on Recovery.gov be made available on a public website including 1512 reports and 1511 infrastructure reports. However, it became clear that there was an expectation that states make an effort to create and maintain a website devoted to ARRA transparency. OMB issued guidance M-10-08 pinpointing the creation of a website as a best practice for state's implementation of ARRA. Most states chose to dedicate resources and staff to the development and maintenance of an ARRA website.

Under these circumstances, Recovery.mn was launched with three primary components of transparency:

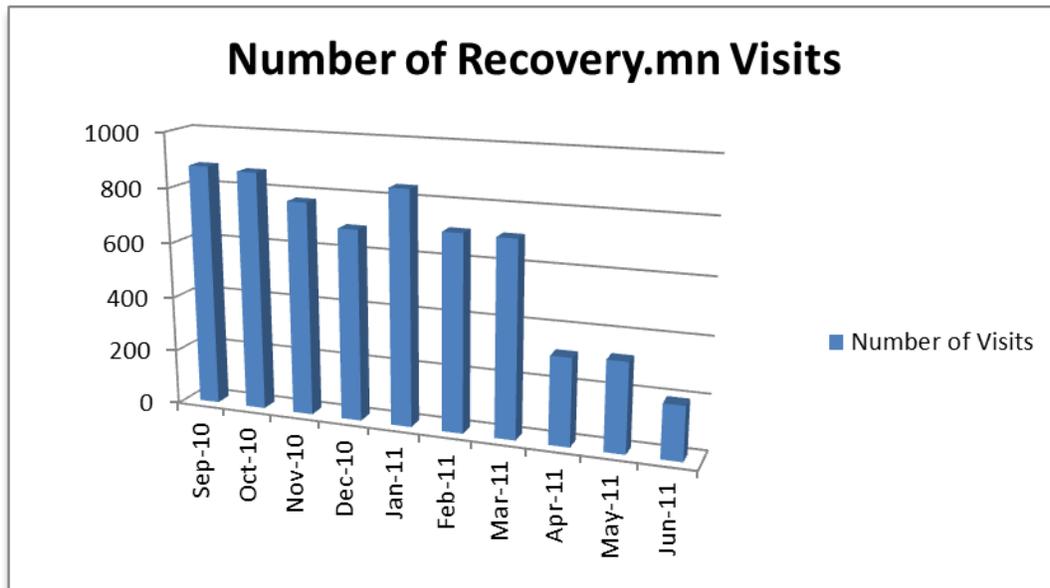
- interactive reports
- interactive mapping
- charts graphs/data sets

Lack of specific requirements relating to the creation of state recovery websites caused the quality and quantity of data to vary greatly between states. Initially, some states only provided links and summary information while others decided to dedicate resources to providing maps and interactive data.

MMB made a strong effort to make data available in all formats for the benefit of users. Data was available in text format, MS Excel data file, charts and graphs as well as interactive mapping and reports.

The Information and Communications (InfoComm) Team at MMB began monitoring website activity in September 2010. The chart below displays the number of exclusive visits made by users up to June 2011. The numbers also exclude internal users with IP addresses linked to the state of Minnesota.

**Figure 3 Website Visits to Recovery.MN Site**



## V. Partner Roles and Responsibilities in Transparency Efforts

### 1. Minnesota Geospatial Information Office (MNGIO)

MMB worked with Minnesota Geospatial Information Office (MNGIO) and the Minnesota Department of Administration to create the interactive mapping feature on Recovery.mn. In addition, they were responsible for hosting on their servers which then were linked to the recovery.mn website.

### 2. InfoComm Team

MMB's Information and Communication (InfoComm) Team was responsible for updating the website on a quarterly basis with new charts and graphs, text and interactive reports (until January 2011). They also facilitated the capability for data spreadsheets to be downloaded from the website. The ARRA team worked in partnership with them to develop news archives and hosting of various documents and certifications (1511) as provided by law.

### 3. Business Intelligence and Agency Applications (BIAA)

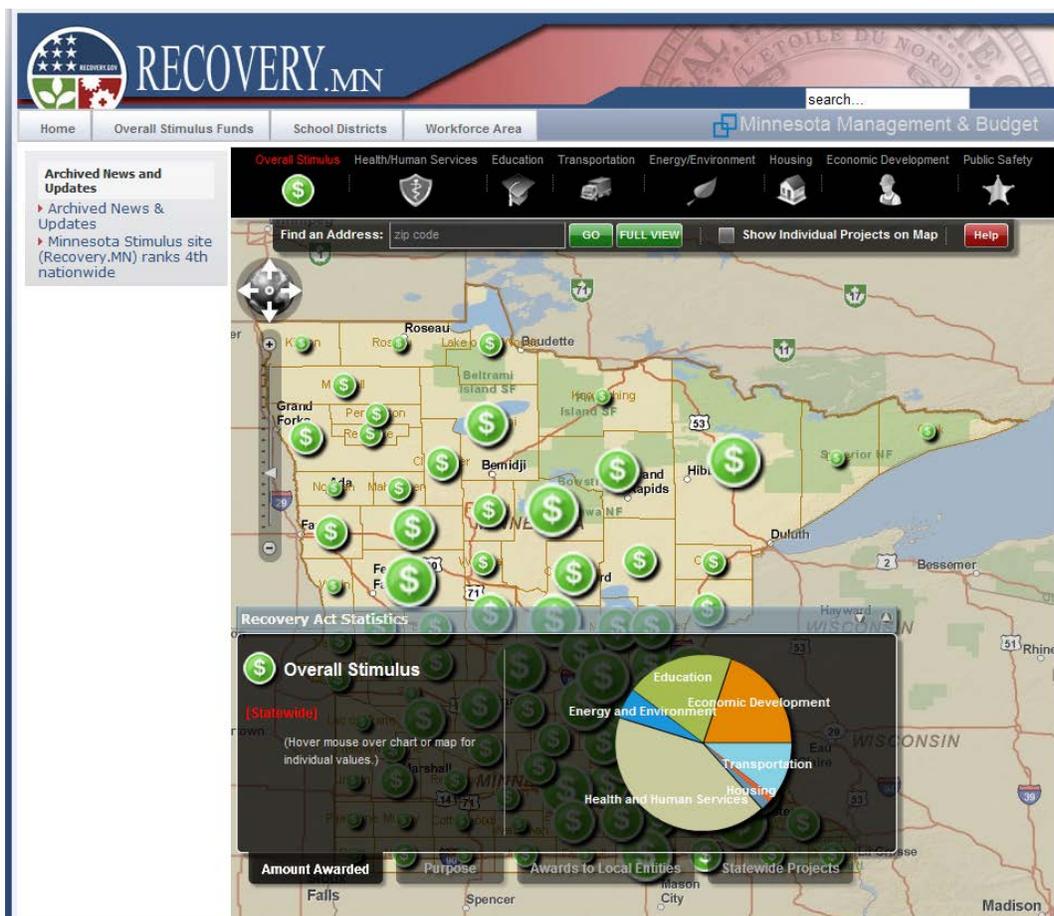
The BIAA team developed new interactive reports on the website using the .Net format. Additionally, they developed the data systems used to validate, store, analyze and extract ARRA award data.<sup>22</sup>

<sup>22</sup> Chapter 4: Transparency, Section VII. Interactive Reports and Data

## VI. Interactive Mapping

Interactive maps allowed users to view the distribution of ARRA awards and search for award information within a geographic unit and by issue area. Awards were displayed by county, school district, or workforce area and users were able to drill down to find information relating to a specific award. Additionally, users could view the distribution of awards in particular issue areas such as health and human services, education, transportation, energy/environment, housing, economic development, or public safety. Figure 2 shows the format of the interactive map.

Figure 4 Interactive Map Graphic



## VII. Interactive Reports and Data

Interactive reports were a ‘user-friendly’ option that allowed those seeking information on awards to find it with the ease of clicking a few buttons on the screen. This was a unique feature of Recovery.mn as most other states did not create reports that allow the user to drill down to the award level. Due to issues related to compatibility and accuracy, MMB utilized several different formats before finding the most functional .Net format.

Options Considered include:

**1. Analytics Software Reporting Tool Incompatibility**

Initially, business analytics software was considered to organize information on the site and deliver information to users. However, it was later determined that this tool could not be used as a reporting tool because it was incompatible with Macintosh computer hardware systems.

**2. Interactive Data Reports**

MMB's Information and Communication (InfoComm) Team designed interactive reports that could be utilized instead of the business analytics tool, however, this was very labor intensive as it required manual entry of cells into a comprehensive database and then linked to the site. Most links worked with the exception of a few awards; some displayed incorrectly and others would display blank pages. As the result of an Internal Controls review and findings relating to these shortcomings, these interactive reports were discontinued in December 2010.

**3. .Net Reporting Tool**

After consultation and collaboration with the BIAA team, MMB moved forward the development of an in-house interactive reporting tool using manual input. This system utilized a software data tool referred to as .Net. In this system, the data would be fed to the recovery website from an internal data storage program known as the IA Warehouse, a comprehensive and secure internal database that housed all ARRA reporting data. Similar to the previous interactive reports designed by InfoComm, the interface was displayed as a grid with links that allowed users to drill down further from a funding category or state agency. Additionally, the .NET function allowed the user to gather data from any reporting period spanning the entire life of ARRA. Not only did this system lead to greater functionality for the user, but it removed most of the manual processes performed by InfoComm and eliminated errors.

Figure 5 Example of .NET Interactive Reports

Award Name	Award Description	Quarterly Jobs Created/Retained Description	Project Allocate Amount	Project Expenditure Amount	Quarterly Jobs Created/Retained	Project Status
<a href="#">Appliance Rebate</a>	State Energy Efficient Appliance Rebate Program (SEEARP)	Call center and data entry personnel were hired to manage rebate requests.	\$5,009,001	\$4,939,787	0.05	Completed 50% or more
<a href="#">Energy Assurance</a>	Recovery Act - Energy Assurance Planning - State of Minnesota	Energy Assurance Coordinator position interacting with various entities involved in energy assurance planning and grants administration.	\$678,986	\$13,090	0.15	Less than 50% completed

#### 4. Charts/Graphs/Data Sets

ARRA data was made available in a variety of formats to suit the needs of people who would like to access the data for different purposes.

- Pie charts and bar graphs displayed the breakdown of funding or jobs in each major issue area and gave a high level view of spending and impact
- Graphs were created to display spending and employment trends over time
- Comprehensive data sets were made available in an Excel format for data analysis

Figure 6 Example of Pie Chart Displaying FTE Employment Data

**Jobs Created/Retained by Category**

[printable version of this graph](#)

[Text only version](#)

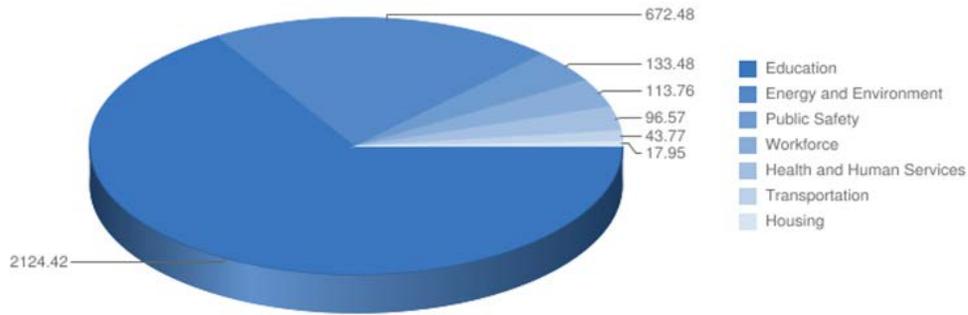


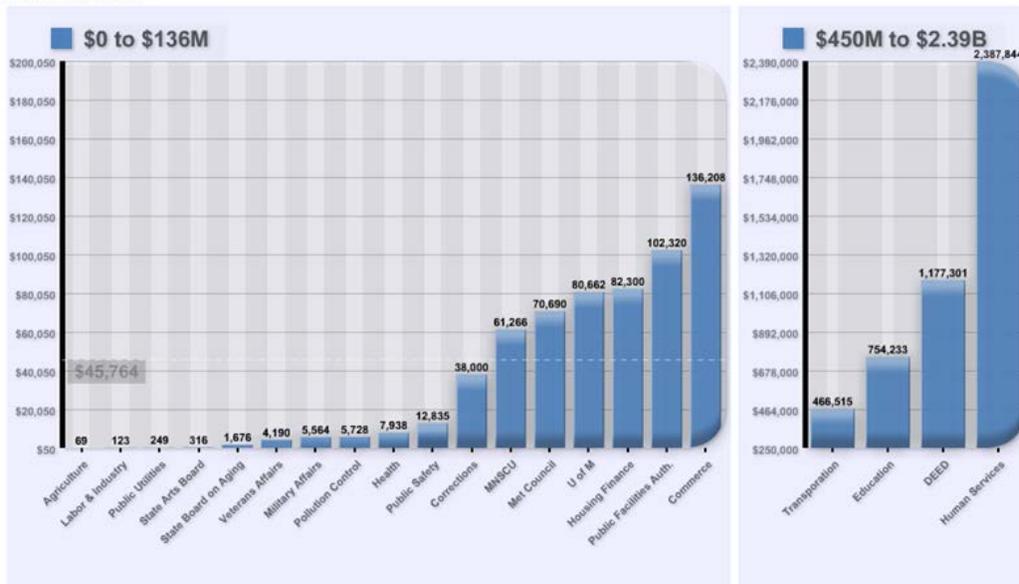
Figure 7 Example of Bar Chart Displaying Expenditure Data

[For a Printable Version of this chart](#)

**Amount Expended by State Agency**

Data as reported in ARRA 1512 Reports and Including MMB Data for Reports Not Subject to 1512

(Dollars in Thousands)



## VIII. Public Scrutiny of Minnesota Transparency Efforts

### 1. Initial Distribution of Data for Public Use

Significant expectations for data relating to ARRA awards accompanied the release of October 2009 data on Recovery.mn. Public criticism of ARRA led to significant interest in data on ARRA awards and heightened expectations for transparency efforts. Due to the expediency with which the awards were disbursed and reporting was required, MMB was not able to design a functional website that could accommodate all data requests. Inquiries from interest groups, media and citizens led to the distribution of CDs with the data to all interested parties the day after data was due to FederalReporting.gov. Shortly after, MMB was able to publish a comprehensive spreadsheet of all data to the Recovery.mn site.

### 2. Good Jobs First Ranking

Government watchdog groups were also monitoring the use of funds. Good Jobs First, an economic development accountability organization based in Washington, D.C. analyzed each state's ARRA website and ranked them according to transparency efforts. Two rankings took place: one in July 2009 and the next in January 2010. Subsequently, a press release was sent to major media outlets announcing the findings.

States were ranked on a score of 0 to 100 for their ARRA websites and then again for high profile spending such as public infrastructure.

Minnesota did not fare well in the initial rankings, tying for 34th among all states and the District of Columbia. The low ranking was due to the user's inability to display the data according to issue area or geographic unit, or drill down the data to view project details for each award.

These initial shortcomings were addressed through the addition of the interactive reports, mapping and charts and graphs features added in the following months.

In January 2010 a second review of the websites was conducted and Minnesota improved to rank 4th with a score of 72. Good Jobs First Still noted that:

"Minnesota's Recovery Act website has undergone a significant improvement, but it is still lacking features such as access to contract award documents and comparisons of spending distribution to patterns of need. It would also be beneficial to disclose the quality of ARRA jobs (much like existing TIF legislation already does in Minnesota) as well as the demographics of workers whose jobs funded by ARRA"<sup>23</sup>

A new evaluation was scheduled for the summer 2011 in which the same criteria were to be used for scoring ARRA websites. However, this has yet to happen as of the writing of this report. Minnesota has improved the site to address the concern related to displaying spending distributions according to 'patterns of need' by adding a mapping function that overlays award spending with characteristics including poverty and unemployment.

For more information on the Good Jobs First transparency rankings visit

<http://www.goodjobsfirst.org/stimulusweb>

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<sup>23</sup> <http://www.goodjobsfirst.org/sites/default/files/docs/pdf/minnesotawebjan10.pdf>

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## **Chapter 5: MMB Organization**

### **I. Legislative Appropriation of Funds for Oversight and Transparency**

Although Minnesota chose to decentralize the reporting and administrative functions of ARRA awards, centralized functions relating to oversight, accountability and transparency were still required.<sup>24</sup> Initially, ARRA and OMB guidance did not provide for a mechanism to recover funds for these purposes. In order to act quickly to meet reporting, oversight and transparency requirements of ARRA, the Minnesota Legislature allotted 1.2 million in funding to MMB in the biennial budget for FY 2010-2011 for this purpose.

### **II. MMB's Role with Agencies**

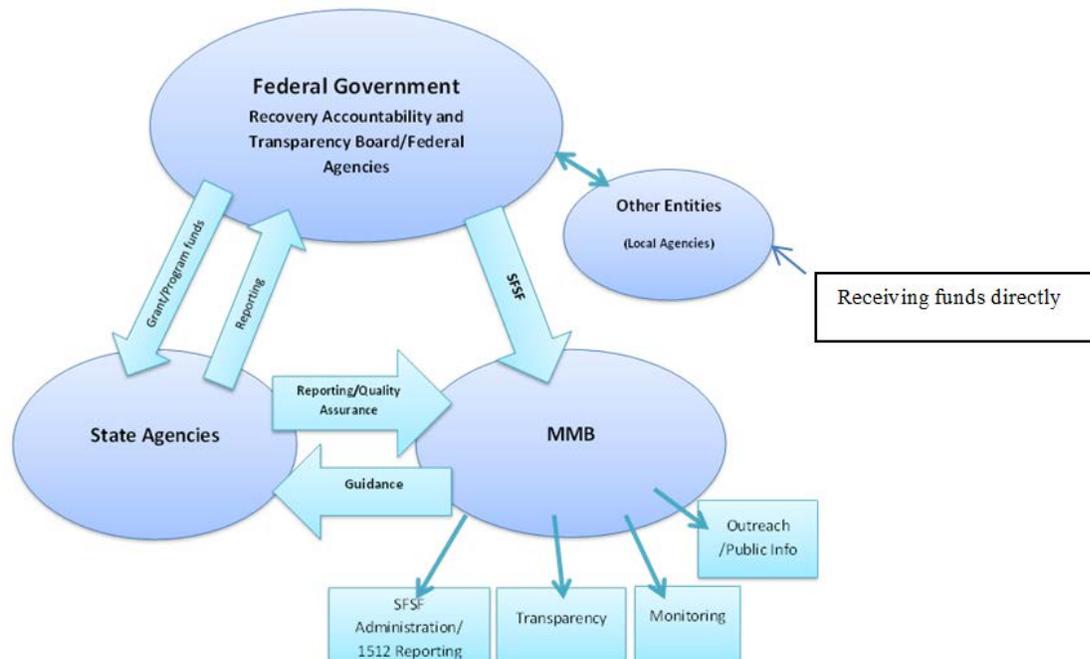
MMB took responsibility for ensuring that all agencies were meeting their reporting responsibilities. Prior to the reporting period every quarter, MMB conducted the following responsibilities:

- Gathered reporting rosters of all awards and created a master list
- Received 1512 report drafts and verified that information was acceptable for submission
- Received project level detail reports with additional award information and verified completeness
- Worked with agencies to resolve any issues related to reporting or report errors
- Relayed OMB guidance and acted as intermediary between agencies and the RATB.
- Gathered and archived award certifications from state agencies
- Hosted quarterly ARRA coordinators meetings to update agencies on policy and procedure changes

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<sup>24</sup> See section X: Decentralization vs. Centralization

Figure 8 MMB Role Flow Chart



### III. ARRA Team within MMB

MMB staff played a crucial role in the implementation of ARRA and compliance with reporting and transparency requirements. Michelle Weber joined the team in September 2009 as the statewide ARRA coordinator. The statewide ARRA coordinator was responsible for overseeing operations for reporting, transparency, SFSF oversight and accountability for all ARRA programs.

Britta Reitan and Ryan Baumtrog, executive budget officers in the Budget Services Division, were instrumental in helping to implement business processes, ensure reporting compliance and guide the development of Minnesota's transparency website, Recovery.mn.

Stacy D'Andrea transferred from DHS to an analyst role under which she led monitoring policies and procedures, oversaw and coordinated SFSF funding and requirements, interpreted federal guidance and developed reporting improvement strategies.

Ken Savary and Kent Hranicka joined the team for the final year of implementation and led all MMB ARRA related activities as initial staff transitioned to other responsibilities.

Funding for staff to provide oversight, reporting coordination and transparency was not renewed by the Minnesota Legislature in the FY 2012-2013 budget; therefore, MMB discontinued ARRA coordination activities in July 2011.

# **Chapter 6: State Fiscal Stabilization Fund (SFSF)**

## **I. Overview of SFSF**

### **1. Government Services vs. Education**

The SFSF was a component of ARRA awarded to state governors (through a funding formula) to enhance state and local budgets and minimize reductions in education and other essential services. The SFSF was divided into two components: 1) Education Stabilization Fund, and 2) the Government Services Fund. ARRA required that 81.8 percent of a state's total SFSF be allocated under the Education Stabilization Fund and the remaining 18.2 percent be allocated under the Government Services Fund. MMB served a unique role in SFSF, in acting on behalf of the governor as custodian of the funds; however, funds were expended by other agencies. For the Government Services Fund, MMB had a primary reporting (1512)<sup>25</sup> and monitoring responsibility even though the agency did not receive the money directly as described below.

### **2. Education Stabilization Fund**

Education stabilization funding was allocated in exchange for a commitment to advance essential education reforms including:

- Increasing teacher effectiveness and addressing inequities in the distribution of highly qualified teachers
- Establishing and using pre-K-through-college and career data systems to track progress and foster continuous improvement
- Making progress toward rigorous college- and career-ready standards and high-quality assessments
- Supporting targeted, intensive support and effective interventions to turn around schools identified for corrective action and restructuring

In addition, states were prohibited from spending in certain areas such as religious institutions or infrastructure investments for sports arenas. Funds were intended to ensure that local educational agencies (LEAs) and public institutions of higher education (IHEs) had the resources to avert cuts, retain teachers and professors, and continue operating efficiently in the future.

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<sup>25</sup> Chapter 2: Federal Guidance and Reporting, Section II. 1512 and Other Reporting Requirements

### 3. Government Services Fund

As outlined in Section 14002(b) of ARRA, Government Services Funds were authorized for use on “public safety and other government services.” The Government Services Fund was also referred to as the governor’s discretionary fund due to the flexibility provided to governors in determining its use.

### 4. Funding for SFSF

SFSF awards to Minnesota totaled \$816,489,000 from the Education Fund and the total Government Services Fund combined. These funds were used to directly offset general fund spending for the same purpose. Remaining dollars from the Education Fund were used to restore FY 2009 levels of funding to institutions of higher education.

Governor Pawlenty made recommendations for the use of these funds; however, state statute requires legislative review of all federal funds before agencies can administer funds. The legislature ultimately chose to appropriate the funds differently than the governor’s initial recommendations. The chart below outlines the breakdown of funding to agencies under legislative appropriation.

**Figure 9 SFSF Legislative Appropriation**

	Human Services	Corrections	U of M	Total
<b>Government Services</b>	\$110,000,000	\$ 38,000,000	\$601,000	\$148,601,000
	MDE	U of M	MnSCU	Total
<b>Education Stabilization Fund</b>	\$ 500,000,000	\$ 88,722,000	\$79,166,000	\$667,888,000

### 5. Role of State Agencies

Governor Pawlenty delegated reporting and oversight authority for SFSF to MMB.<sup>26</sup> Interagency agreements were created between MMB and all agencies receiving SFSF dollars. Agreements were created between MMB and DHS, MDE, DOC, U of M and MNSCU. These agreements outlined the responsibilities of MMB and the agencies receiving the funds.

<sup>26</sup> Chapter 3: Minnesota’s ARRA Implementation Efforts Part II. Stimulus Czar

## II. Oversight and Monitoring of SFSF

### 1. Reporting Responsibilities defined

Due to the relative size and scope of the Education Stabilization Fund, MDE was responsible for the administration, reporting and monitoring of awards for school districts and charter schools under SFSF. MMB maintained these responsibilities for the Government Services Fund as well as the awards made to MNSCU and the U of M under SFSF. MMB had three sub-recipients under the Government Services Fund and two higher education institutions to monitor. MDE has close to 500 sub-recipients to monitor. This difference in size and scope requires that MMB and MDE develop unique monitoring protocols.

To meet the high standards imposed by ARRA, each agency implemented monitoring methodologies tailored to ensure adequate oversight based on the resources available. Both monitoring methodologies relied on communication, training, scheduled monitoring activities and targeted risk assessment. Both MDE and MMB received a desk review, and expect to receive an on-site review by the USDE.

### 2. SFSF Application

The governor, in partnership with MMB and MDE was required to submit a two phase application. The Phase I application secured the initial 67% of the SFSF designated for Minnesota with the Phase II application being for the remaining 33% of funding. On May 17, 2010 a letter from USDE confirmed that Minnesota had been awarded 100% of SFSF funds for which it was eligible to receive. Amendments to the Phase I and Phase II application were submitted in January 2011 and March 2011 respectively.

**Figure 10 SFSF Phase Applications**

SFSF Application Objectives	
Phase I	<ul style="list-style-type: none"> <li>• Maintenance of Effort (MOE) requirements and distribution of Funds</li> <li>• Certify progress for:               <ul style="list-style-type: none"> <li>Achieving equity in teacher distribution</li> <li>Improving collection and use of data</li> <li>Enhancing the quality and standards of assessment</li> <li>Supporting struggling schools</li> </ul> </li> </ul>
Phase II	<ul style="list-style-type: none"> <li>• The reaffirmation of data for Phase I MOE requirements</li> <li>• A comprehensive plan assessing Minnesota's ability to fully collect and publicly report on data related to the assurance areas discussed in Phase I</li> <li>• Updated MOE effort data concerning FY 2009, 2010 and 2011 public support for elementary education, secondary education and public institutions of higher education</li> </ul>

### 3. USDE Desk Review

The complex nature and amount of funding contained within the Education Stabilization fund required the USDE conduct a comprehensive review of state monitoring protocols. MMB and the MDE were required to submit a monitoring plan to the USDE regarding use of SFSF dollars. Following submission of the monitoring plans, states were notified that the USDE would either complete a desk review or a site visit in 2010. During the week of May 10, USDE announced that Minnesota would receive a desk review during 2010 and an on-site review during 2011. The desk review took place September 7-10, 2010. All desk review materials, data and supporting documentation were due to the USDE by August 9, 2010.

MMB Coordinated efforts among state agencies, the U of M, MNSCU and school districts for the USDE desk review. Below is an overview of major activities associated with the desk review:

**Figure 11 Desk Review Timeline**

Date	Task
<b>June 23, 2010</b>	USDE desk review planning meeting
<b>July 12 – July 23, 2010</b>	MMB completes on-site visits of IHE and Government Services Fund recipients (U of M, MNSCU, DHS, DOC)
<b>July 26, 2010</b>	Master Protocol Document, relevant agency Monitoring Protocol Attachment and required supporting documentation complete. LEAs submit all documents to MDE. IHEs and Government Services recipients submit all documents to MMB
<b>August 2, 2010</b>	MMB collection and review of materials
<b>August 9, 2010</b>	MMB centrally submits desk review materials to USDE
<b>September 7 – 10, 2010</b>	USDE desk review
<b>November 2010</b>	USDE monitoring letter indicating no findings

MMB, MDE and all recipient agencies followed applicable federal and state policies for grant administration.

Monitoring procedures were tailored by agencies to mitigate and prevent instances of unallowable expenditures and instances of fraud, waste and abuse. MMB and MDE developed a model monitoring plan that is posted on the USDE website.<sup>27</sup>

<sup>27</sup> <http://www2.ed.gov/programs/statestabilization/mon-plan.pdf>

#### **4. Reporting Protocols and Requirements**

Both the Education and Government Services Stabilization Fund possessed the same 1512 reporting requirements. Due to the complex nature of the funding distribution, MMB lead the 1512 reporting efforts for the Government Services Stabilization Fund. MMB compiled the fiscal, sub-recipient and jobs data of the DOC, UMN and DHS into a single 1512 report for review by an executive budget officer. Following the financial reconciliation process, MMB submitted the 1512 report to [FederalReporting.gov](http://FederalReporting.gov).

MMB played a smaller role in the assembly of the Education Stabilization Fund 1512 report. The U of M and MNSCU submitted fiscal, sub-recipient and jobs data directly to MMB for executive budget officer review. Executive budget officers combined the data with MDE K-12 data submitted to MMB into a single 1512 report. If no discrepancies were discovered during the financial reconciliation process MDE was provided the clearance to upload the 1512 report to [FederalReporting.gov](http://FederalReporting.gov).

Additional Education and Government Services Stabilization Fund data was collected by MMB through the submission of project level detail sheets for use in conjunction with the quarterly update of [Recovery.mn](http://Recovery.mn). The request for this data went above and beyond the requirements of ARRA but provided a greater level of transparency to all funds administered by state agencies.

## **Chapter 7: ARRA Oversight**

### **I. Background**

ARRA took two major steps to minimize the occurrence of fraud, waste and abuse. The first was to mandate quarterly reporting of ARRA expenditures on a federal website. The second was the allocation of significant resources to the Government Accountability Office (GAO) and various federal agency inspectors general to oversee the expenditure of the funds.

From the start, a recurring theme in guidance from OMB was the importance of internal controls in the administration of ARRA funds. Federal agencies were required to:

- Conduct and document risk assessments for each program
- Group programs according to risk
- Take actions to mitigate identified risks based on the probability of occurrence and potential impact if risks were not mitigated

The assessment and mitigation of risks was required to be a continuous process over the period of availability of the funds.

At the state executive branch level there were three sources of oversight.

#### **1. State Agencies**

The first and primary source of oversight was within the recipient state agency. All ARRA funds except for SFSF appropriations were distributed directly to state agencies by the cognizant federal agency. SFSF funds were distributed to state governors who in turn distributed these funds to specified recipients, e.g., MDE.

#### **2. Governor**

A second source of oversight is with the governor of each state. In Minnesota, the MMB commissioner was appointed ARRA czar by the governor and was delegated oversight responsibilities. Because the ARRA czar does not directly control the funds, most of the czar's efforts were focused on ensuring compliance with ARRA reporting requirements and providing guidance to agencies on internal controls to prevent fraud, waste and abuse.

#### **3. Office of the Legislative Auditor**

Finally, in Minnesota a third source of oversight was the Offices of the Legislative Auditor and the State Auditor, each being responsible for conducting audits of ARRA funds as a part of their single audits of federal funds.

## II. MMB's Internal Controls & Accountability Unit (ICAU)

### 1. ICAU's Role

From the start, Minnesota understood the importance of transparency and accountability related to ARRA funds. As a result, the state took a number of steps to ensure that adequate internal controls were in place over programs receiving ARRA funds. The ARRA Coordination Team, in the Budget Services Division, worked with ICAU<sup>28</sup> on a number of issues, including:

- Structuring SFSF agency agreements
- Reviewing quarterly 1512 reporting
- Preparing for an ARRA desk review<sup>29</sup> by the USDE

### 2. Dissemination of Information to Agencies

In addition to ongoing consultation with the ARRA Coordinating Team, ICAU met with all agencies receiving ARRA funding. In these meetings, ICAU members presented an overview of agency responsibilities concerning ARRA funds and offered assistance, if needed, in assessing and improving controls over ARRA programs. Agenda topics included the need for risk assessments over ARRA programs, documentation expectations and a discussion of the federal criteria auditors would use to ultimately evaluate ARRA programs.

### 3. ARRA Reporting Process Review

Finally, ICAU performed three formal reviews of ARRA activities. The first two were reviews of the 1512 reporting process for two separate reporting quarters. These reviews were performed to assist the ARRA Coordination Team by conducting a high level process and documentation review of 1512 reporting with the goal of providing suggestions for improvement. These reviews resulted in conclusions and recommendations to the ARRA Coordination Team for improvements. The third was a review of the completeness and integrity of data presented on Minnesota's Recovery.mn website.

## III. Federal Oversight

### 1. Government Accountability Office (GAO)

ARRA required the Government Accountability Office (GAO) to conduct bimonthly reviews of the use of ARRA funds by selected states and localities. In addition, ARRA tasked GAO with conducting targeted reviews in certain areas such as small business lending, education and trade adjustment assistance.

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<sup>28</sup> ICAU was formed as a result of the 2009 legislation to coordinate the design, implementation and maintenance of an effective system of internal controls for all executive branch agencies (Minn. Stat. Section 16A.057).

<sup>29</sup> Chapter 6: State Fiscal Stabilization Fund (SFSF), Part: Oversight and Monitoring of SFSF, #3 USDE Desk Review

GAO selected a core group of 16 states and the District of Columbia (the “selected states”) to follow over two years to provide an ongoing longitudinal analysis of the use of funds under ARRA. The selected states contained about 65% of the U.S. population and were expected to receive approximately two-thirds of the intergovernmental funds available under ARRA. The selected states were:

Arizona	Michigan
California	Mississippi
Colorado	New Jersey
Florida	New York
Georgia	North Carolina
Iowa	Ohio
Illinois	Pennsylvania
Massachusetts	Texas

In its bimonthly reports GAO focused on several areas including those listed below. These programs were selected because together they were expected to account for over 90% of ARRA FY 2009 spending by states and localities.

- Increased FMAP Funding
- Highway Infrastructure Investment
- SFSF Expenditures
- Weatherization Assistance Program
- Accountability

Initially GAO focused on how the ARRA funds were tracked, guidance provided by OMB and internal controls the selected states intended to place around ARRA funds. Later, the GAO’s focus shifted to the quality of data reported and whether OMB’s (or agency specific) guidance was effective.

ICAU tracked GAO ARRA reports and made summaries of the recommendations available to state ARRA coordinators. In total, GAO made over 60 recommendations to federal agencies, five recommendations for consideration by the U.S. Congress, and two recommendations each for the states of North Carolina and Mississippi. Most of the recommendations to federal agencies involved providing improved guidance to ARRA recipients on reporting and oversight. The recommendations to Congress included potential changes to the Single Audit Act and providing the Internal Revenue Service with additional enforcement flexibility. The recommendations to the states related to weatherization programs.

## 2. Offices of the Inspectors General

Under ARRA, Congress appropriated over \$200 million for oversight by 29 Offices of Inspectors General (OIG). As with the states, federal OIGs provided a secondary level of oversight. Program managers in the federal agencies disbursing ARRA funds had primary responsibility for oversight of funds. The OIGs conducted numerous reviews and the following are some statistics compiled by Recovery Accountability and Accountability Board on OIG activity:

<b>Total complaints received</b>	<b>4,809</b>
<b>Active investigations</b>	<b>522</b>
<b>Convictions, settlements, pleas</b>	<b>22</b>

All underlying audit reports are available on the respective OIG websites.

## 3. Other Federal Oversight Agencies

Minnesota also received training in the form of seminars with representatives from the Anti-Trust Division of the Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI). The DOJ presentation was aimed at avoiding contracting issues while the FBI presentation focused on prompt reporting of suspected incidences of fraud.

## 4. ARRA and the Single Audit

Under the Single Audit Act of 1996, non-federal entities receiving a total of \$500,000 or more in federal awards were required to have an annual audit. Annually, the OMB, which oversees this process, publishes guidelines to assist auditors in selecting programs for audit. The audit reports were due nine months after the end of the recipient's fiscal year. The Office of the Legislative Auditor (OLA) conducts single audits for Minnesota state agencies.

The flow of ARRA funds significantly increased the programs subject to single audits. This was especially the case for FY 2010, the first fiscal year subject to ARRA funding for the entire 12 months. In Minnesota, the increased work load was a key cause for the late delivery of the 2010 single audit report.

OLA findings for FYs 2009 and 2010 related to ARRA programs were summarized for internal review.<sup>30</sup> These findings and associated recommendations were discussed in more detail in *Minnesota's Financial and Compliance Report on Federally Assisted Programs* for the years ended June 30, 2009 and 2010.

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<sup>30</sup> Appendix 8: ARRA Audit Findings

## **Chapter 8: Lesson Learned**

### **I. Challenges**

#### **➤ Tight Reporting Timelines**

ARRA contained an unprecedented expectation for agencies to report on awards within ten calendar days following the close of a quarter. Reporting within this period proved exceptionally difficult as agencies had to coordinate accurate expenditure data from a variety of sources and report it on a system with which they were unfamiliar. After the first few reporting quarters, RATB demonstrated that they recognized the difficulty in meeting this deadline by continuously issuing extension deadlines.<sup>31</sup>

#### **➤ More Data Needed to Inform the Public**

The collection of additional information (beyond the Section 1512 reports) was necessary to meet public transparency expectations. Agencies were required to fill out project level detail reports with additional data elements in order to show where the money was really going, communicate descriptions of specific projects and provide geographic information for mapping.

#### **➤ Ensuring Compliance with Evolving Federal Guidance**

Since ARRA had no precedent, implementation guidance was not immediately available and it continued to evolve as issues with reporting and transparency became more apparent. This made it difficult for state agencies to get a concrete definition of the standards by which they were expected to report and responsibilities related to transparency and accountability.

#### **➤ Difficulty in Data Formatting and Reconciliation**

Having a standard method for displaying information (such as mapping) was not sufficient to satisfy all expectations for data usage. Depending on need for data, different formats were made available including raw data, interactive maps and interactive reports. It became cumbersome to reconcile all of these formats to ensure that information was accurate.

#### **➤ Political Consequences of Eliminating Transparency Efforts**

Maintaining transparency efforts and living up to the public expectations regarding transparency efforts are difficult to maintain. Removing or altering transparency materials is a difficult task as public expectations were raised and it becomes challenging to justify changes in accessibility to information. Once transparency efforts were implemented it was expected that they will continue for the foreseeable future or until all data is exhausted; however, the loss of resources made it impossible to continue to update data after July 2011.

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<sup>31</sup> Appendix 9: RATB Reporting Timeline

➤ **Transitioning from Reporting Responsibilities**

ARRA reporting responsibilities were designated to existing agency staff that made it a major priority in their work in the initial reporting periods. As public scrutiny subsided and agency resources became tight, agency staff transitioned back to their initial responsibilities, diverting attention from ARRA reporting.

## II. Successes

➤ **Expectations led to a Quick Response to Implementation**

Due to the short window between passage of ARRA and the implementation and reporting timeline, it was necessary to put together a system for administration and reporting of funds, without a great deal of guidance from the Federal Government. Minnesota responded quickly by awarding funds to vendors and sub-recipients in a timely manner.

➤ **National, State and Legislative Prioritization of Implementation Efforts Made a Difference**

The economic circumstances, along with the scale of federal spending, placed a great deal of public scrutiny on representatives from all levels of government to administer funds responsibly and expeditiously. The president, vice president, state legislators, governors and agency commissioners made work on ARRA among their top priorities.

➤ **Standard Data Elements Added Value to Transparency Efforts**

Standardized data elements allowed for the utilization of data in new ways. Standard data sheets allowed for the compiling of data into a comprehensive database and made it available in various formats. Additionally, the data elements such as expenditures and jobs allowed for analysis of impact of the awards.

➤ **Partnerships Allowed for Effective Implementation**

Communication between federal agencies and state agencies (as well as among states) was open and feedback from states often guided changes in federal policy. Minnesota agencies also shared information and worked together to meet requirements of ARRA.

➤ **Creative Thinking Contributed to Strong Collaborations**

Greater expectations for transparency and accountability required the creation of new systems to store, reconcile and communicate data. The MMB Budget Division worked with the InfoComm Team, BIAA and MNGIO to identify information needs and build computer applications to meet these needs.

➤ **Criticism/Expectations Forced the State to React**

Having MMB take on responsibility for transparency efforts and public inquiries ensured that the expectations of ARRA were met and a system was put in place to ensure timely, accurate reporting.

➤ **Decentralization of Reporting Responsibilities was Effective**

Some states chose to centralize all reporting functions into a single state agency or office directed by the governor. In Minnesota, the governor chose to delegate oversight responsibilities to the commissioner of MMB. In turn, the decision was made to delegate reporting responsibilities to state agencies receiving funds and set up a system for oversight at MMB. Delegating direct reporting responsibilities to state agencies was beneficial because it allowed Minnesota to realize efficiencies in technology, staffing and transparency efforts. Also, as centralized funds were no longer available at MMB, it allowed for a smooth transition of full responsibilities to the state agencies.

➤ **Partnership with ICAU led to Strong Controls**

Expectations relating to accountability of ARRA funds, public scrutiny and lack of clarity in federal guidelines made partnering with MMB ICAU essential. ICAU helped to provide guidance relating to the structure of MMB's oversight functions and transparency efforts. Additionally, they provided invaluable input in establishing controls and preparation for audits and monitoring reviews.

### III. Different Approach

While Minnesota succeeded in many ways with respect to ARRA, a few things could be considered in future efforts.

➤ **Limit Reliance on External Resources**

External consultants/contractors were brought in to assist in the development of processes for reporting and oversight in state agencies. Although the product was valuable, it may have been more cost effective to leverage MMB staff with comparable expertise to perform this work.

➤ **Secure Funding for Ongoing ARRA Responsibilities Up Front**

MMB estimates that over 200 quarterly reports continue to be submitted at least through January 2012. Many awards will continue reporting into 2013 and 2014. Because ARRA continues to be a high risk program and audits continue to occur in future years, concern exists about pulling back efforts related to ARRA coordination, oversight and technical assistance in the coming years.

➤ **Limit Reliance on Federal Funding to Fill State Deficits**

The use of SFSF and FMAP funding, in addition to one time state actions, to offset state spending during the 2010-2011 biennium resulted in the state facing a funding cliff going into FY 2012.

## V. Future Implications

Many of the successes listed above can be implemented for use on future projects. The work relating to ARRA can be used as a road map for future projects including:

- Working to develop data systems within MMB
- Partnering with ICAU to develop reporting processes and assist agencies with oversight requirements
- Using mapping and interactive reports for future financial transparency efforts
- Developing partnerships among national organizations/states and within the state
- Continuing transparency in relation to state and federal funds

## **Chapter 9: Impact**

Measuring outcomes was an important component of ARRA. Outcomes were intended to measure the impact of ARRA programs and awards on those who it was intended to benefit. However, objectives of ARRA were multi-faceted and in some cases, lacked quantifiable standards for measurement. One of the primary objectives was to create and retain jobs and save existing ones. The other major goal of ARRA was to spur economic activity and invest in long-term growth.

These objectives have proven difficult to measure and instructions for calculating jobs changed after the first quarter. In the initial reporting quarter, sub-recipients and contractors were required to assess whether or not a job would have existed “but for” the existence of ARRA. In addition, jobs were supposed to be aggregated across all reporting quarters to determine a total. Since this proved difficult to measure objectively, the calculation measures were adjusted following the October 2009 reporting quarter to measure only those jobs that were directly funded by ARRA, and only jobs funded within the reporting quarter.<sup>32</sup> The impact of ARRA on economic activity and long-term growth is less easily quantified and the extent to which it achieved these objectives has yet to be fully realized.

### **I. Employment Impact in Minnesota**

Not all ARRA awards created a significant funding of full-time equivalent positions (FTEs). Much of these awards went to entitlement programs such as Unemployment Insurance or Medical Assistance.

Additionally, it was difficult to quantify the full impact of ARRA on job creation and retention in Minnesota because the number of FTEs in 1512 reports was not mutually exclusive from those calculated in previous quarters. In other words, the same jobs could be calculated across quarters so aggregation of the number of FTEs to calculate a total count was not possible.

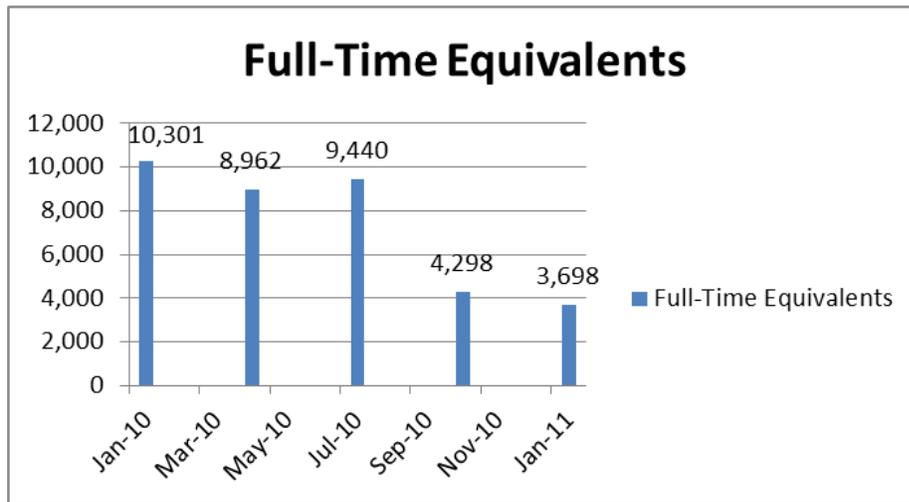
The number of FTEs funded within each quarter was captured and the following conclusions can be made.

- The number of funded FTEs was highest in the first reporting period; however a number of factors might have contributed to this number including 1) the reporting period captured three additional months of expenditures and, 2) a different methodology for recording FTE data was used in the following quarter.
- A slight increase in funded FTEs occurred in the summer of 2010 reflecting an increase in spending on construction and infrastructure development
- Funded FTEs noticeably drop off in the final quarter of FY 2011 in correlation with funds related to SFSF being expended

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<sup>32</sup> See OMB Guidance M-10-08 Updated Guidance on the American Recovery and Reinvestment Act – Data Quality, Non-Reporting Recipients and Reporting of Job Estimates

**Figure 12 FTE Jobs Reporting Under ARRA**

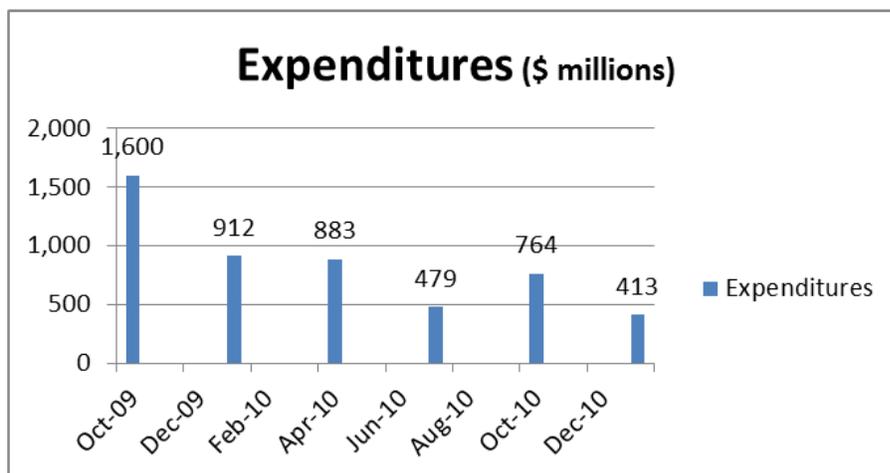


## II. ARRA Expenditures in Minnesota

As of April 1, 2011, Minnesota has expended over \$5.396 billion of ARRA award money.

There was a spike in expenditures in the first reporting quarter of October 2009. This is a reflection of the first reporting period covering the previous nine months rather than the previous quarter (a three month period). Beyond this, expenditures stayed relatively steady over the next four reporting periods.

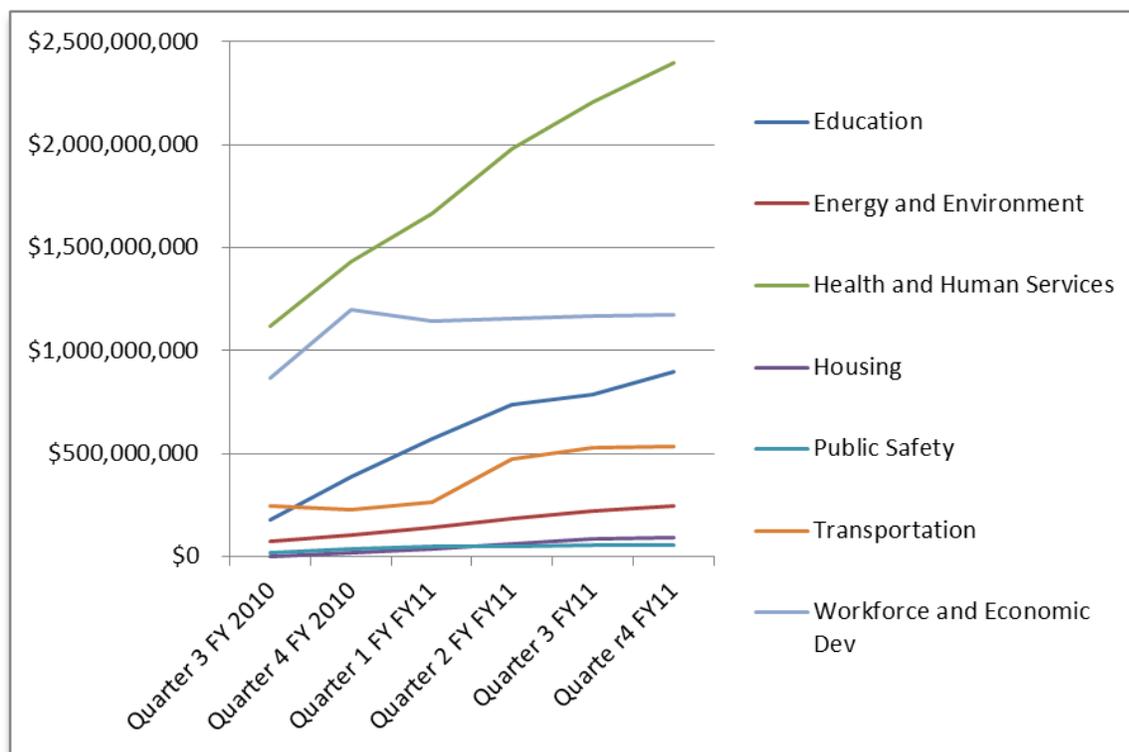
**Figure 13 Expenditure of ARRA Funds by Quarter**



When breaking down expenditures by area/activity<sup>33</sup> a number of other trends related to expenditures can be inferred.

- Health and human services were the most significant portion of ARRA spending and continued to be spent at a consistent rate through April 2011
- Workforce and Economic Development was next most substantial spending, with most spent within the first few of quarters
- Funding for education continued to be expended beyond April 2011, but the rate slowed somewhat
- Transportation funding saw an initial spike in the first quarter and another in the summer of 2010
- Public Safety and Housing received the least amount of awards and expenditures appear to have leveled off

**Figure 14 ARRA Award Expenditures by Area (Cumulative) - Graph<sup>34</sup>**



<sup>33</sup> See Figure 3 and 4 for details relating to expenditures by issue area

<sup>34</sup> Graph and table only reflect spending by state agencies.

**Figure 15 ARRA Award Expenditures by Area (Cumulative) – Table**

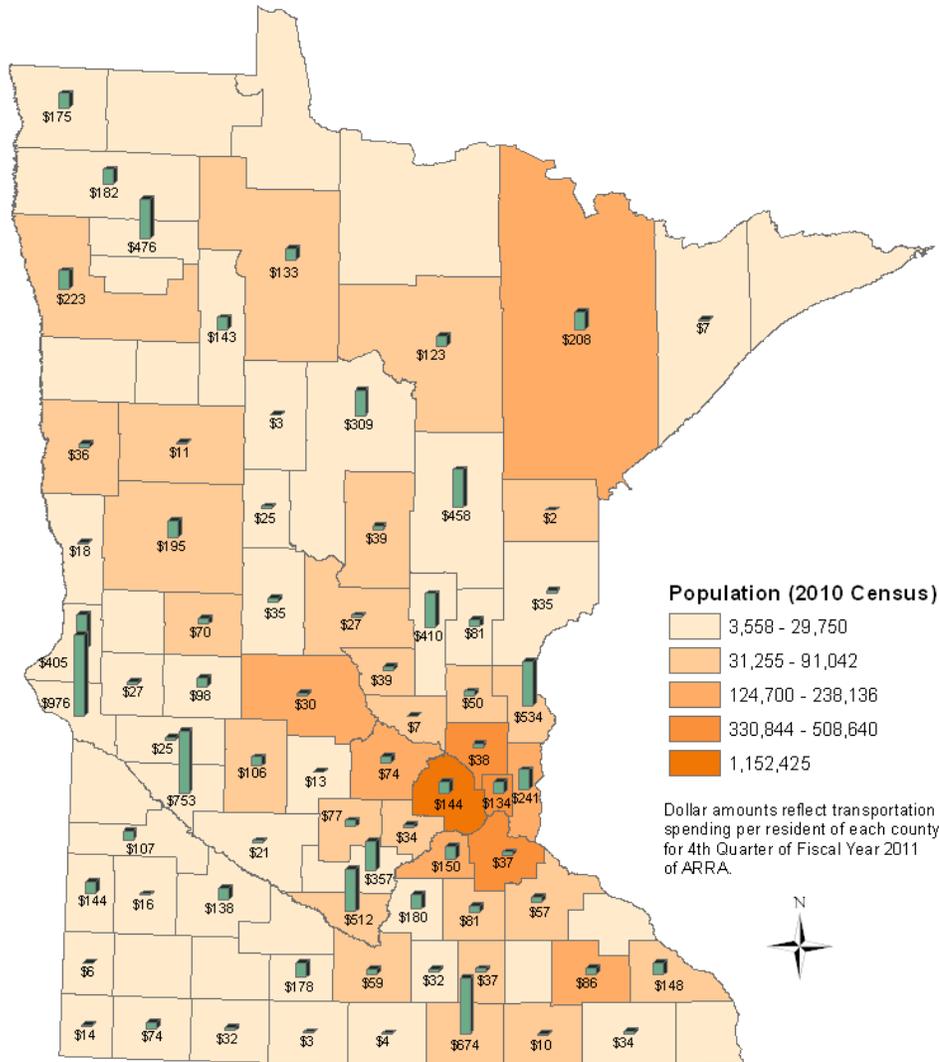
	10-Jan	10-Apr	10-Jul	10-Oct	11-Jan	11-Apr
<b>Education</b>	\$181,208	\$385,324	\$572,318	\$737,059	\$788,821	\$896,162
<b>Energy and Environment</b>	\$71,845	\$102,969	\$142,498	\$185,480	\$218,925	\$244,791
<b>Health and Human Services</b>	\$1,121,008	\$1,429,794	\$1,664,792	\$1,976,095	\$2,206,616	\$2,397,527
<b>Housing</b>	\$3,464	\$15,889	\$37,012	\$60,419	\$86,060	\$91,023
<b>Public Safety</b>	\$20,022	\$34,717	\$48,205	\$51,655	\$54,465	\$56,848
<b>Transportation</b>	\$245,073	\$226,134	\$265,536	\$470,547	\$525,876	\$536,541
<b>Workforce and Economic Development</b>	\$869,048	\$1,199,891	\$1,143,600	\$1,156,317	\$1,169,738	\$1,173,135

### III. Expenditures and Correlation with Need for Services

**Figure 16 Key Observations**

- Some rural counties received no transportation award funding while others received a substantial amount. Many of the transportation projects had regional benefits and funding could only be allocated to one county.
- Hennepin, Ramsey and St. Louis Counties receive a substantial amount of allocated awards. However, it should be noted that infrastructure in metropolitan areas such as the Twin Cities and Duluth are utilized by more people because they are major regional workforce centers. Additionally, transportation infrastructure needs to accommodate the greater amount of commercial activity taking place

## Transportation Allocations per Capita and Populations per County

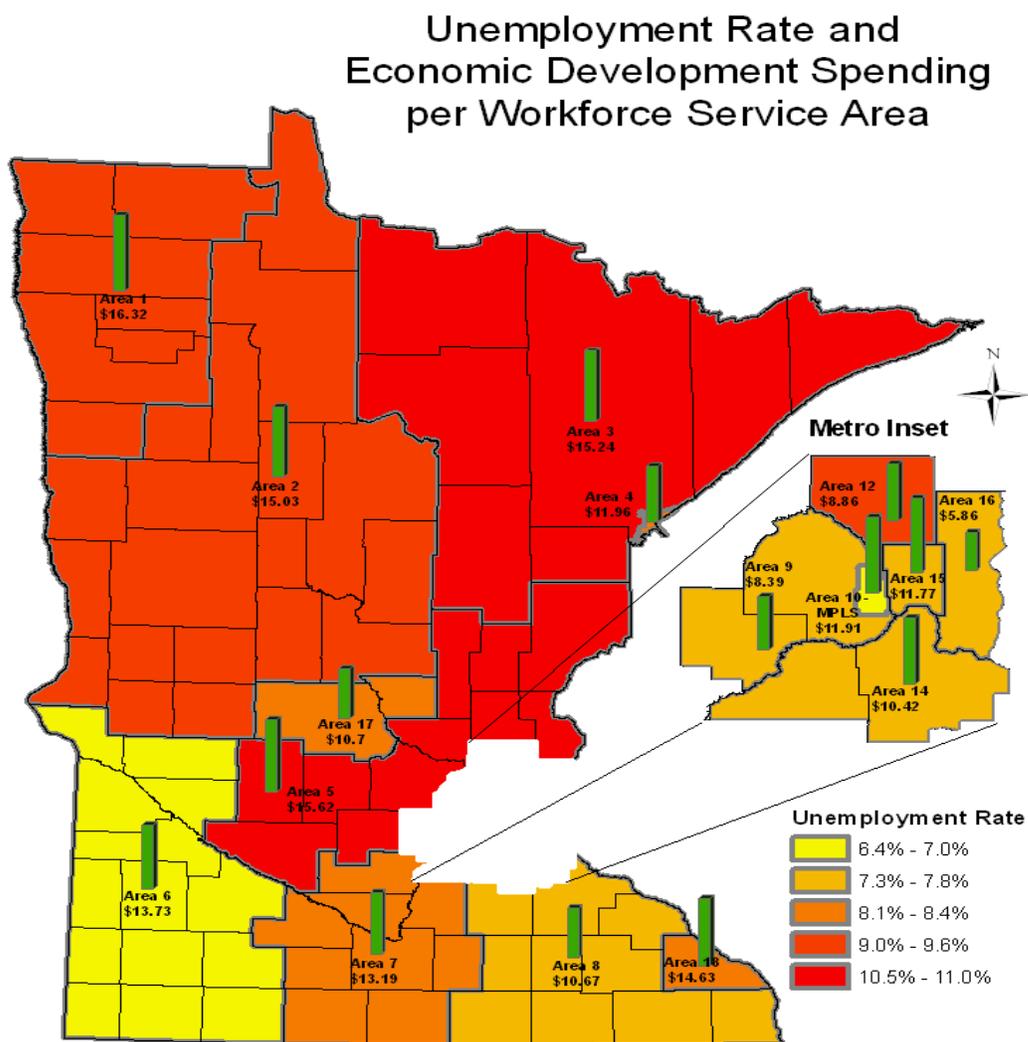


More information relating to specific ARRA projects can be found at [www.mmb.state.mn.us/recovery/](http://www.mmb.state.mn.us/recovery/). Simply click on the recovery map or interactive reports icons, or click on the link entitled 'Data, Data, Data.'

Data is from reporting period ending March 30, 2011

Figure 17 Key Observations

- Unemployment rates were relatively lower in the Southern portion of the state. These workforce areas are primarily reliant upon agriculture production. This is in contrast to other rural areas in the north that have a greater reliance on other industries such as mining and tourism. Additionally, Southeast Minnesota has a strong health care sector.
- It is apparent that the amount of funding for economic development programs correlates with the unemployment rate in each workforce area.
- Areas 15 and 10, a majority of which are the cities of Minneapolis and Saint Paul, have a significantly higher funding per capita than the surrounding workforce area composed mostly of suburbs.



Dollar amount reflects economic development spending per resident of each Workforce Service Area in the 4th Quarter of Fiscal Year 2011 of ARRA. More information relating to specific ARRA projects can be found at [www.mmb.state.mn.us/recovery/](http://www.mmb.state.mn.us/recovery/). Simply click on the recovery map or interactive reports icons, or click on the link entitled 'Data, Data, Data.'

Unemployment numbers are reflective of the rate determined by the Minnesota Department of Employment and Economic Development for the month of April, 2009. April 2009 was chosen because it falls within an extended period of time when unemployment rates were peaking throughout Minnesota. Also, the rate does not include many seasonal employees.

Data is from reporting period ending March 30, 2011

## VI. Impact to State Budget: FMAP and SFSF

The purpose of the SFSF and FMAP was to provide financial relief to states and local entities to address a substantial decline in financial resources. The SFSF and increased FMAP funding provided flexibility to replace state funding for education, medical assistance and government services. Federal programs typically prohibit the swapping out of state funds for federal funds; however, these requirements did not exist. Overall, the SFSF and FMAP allowed Minnesota to partially offset considerable general fund reductions in FY 2010 and FY 2011.

ARRA provided enhanced FMAP and SFSF aid that offset general fund spending reductions for FY 2009 – 2011. Enhanced FMAP funding in Medical Assistance (MA) was approximately \$2 billion for FY 2009 – 2011. State Stabilization funding used in K-12 education, higher education, human services and corrections was \$816 million for FY 2009 – 2011.<sup>35</sup>

**Figure 18 ARRA Enhanced FMAP and State Stabilization Funding (\$ in millions)**

	<b>FY 2009</b>	<b>FY 2010-11</b>	<b>Total</b>
K-12 Education	\$0	\$500	\$500
Higher Education	\$30	\$138	\$168
Medical Assistance	\$471	\$1,292	
Other Human Services	0	\$110	\$110
Corrections	0	\$38	\$38
<b>Total</b>	<b>\$501</b>	<b>\$2,078</b>	<b>\$2,579</b>

FMAP matching rates before passage of ARRA were at 50% of state expenditures. ARRA increased this rate to 61.59%. Rates were subsequently decreased on January 1, 2011 to 57.31% and were lowered to 50% on July 1, 2011.

The SFSF was treated as “non-federal funds,” allowing them to be combined with state funds and used in education funding formulas. The SFSF did include maintenance of effort requirements that K-12 and higher education budgets remain equal to the level of spending in 2005 – 06 in FY 2009, 2010 and 2011. Additionally, governors were allowed similar flexibility with the allocation of Government Services Fund dollars in that it was permissible to use funds for employee compensation in addition to program costs.

The original budget for FY 2010 – 11 was submitted to the legislature on January 27, 2009. The budget closed an estimated \$4.847 billion deficit for which a placeholder of \$920 million dollars in stimulus money was used despite, not having been awarded at that time.

The governor’s budget submission was revised in March 2009. At that time the amount of federal stimulus money available to offset general fund spending was known and an updated forecast for FY 2010 – 11 was available. The general fund forecast included the anticipation of \$1.359 billion in additional federal FMAP funding, which directly offset general fund spending in Minnesota. As a result, the estimate of the deficit was reduced to \$4.6 billion.

<sup>35</sup> Minnesota Management and Budget Economic Forecast, November 2009

The governor's original budget submission included a placeholder for \$920 million in additional FMAP dollars; the remainder of the original budget solution amounted to \$3.9 billion in savings. The gap between that original submission amount of \$3.9 billion and the new forecast deficit of \$4.6 billion was \$700 million. A total of \$786 million in SFSF funds were used to offset general fund spending included in the original budget in order to close the gap in the revised budget without a tax increase.

SFSF Education Funds had a proportionality requirement that directed funds to be used first, to restore state K-12 and higher education funding up to greater than FY 2006 level, or, if higher, up to existing state formula levels. Any funds remaining after these uses were to be sent to local school districts in the same proportion as would be received under current funding formulas.

# **Chapter 10: Future of Oversight/Reporting**

## **I. State Role Moving Forward**

ARRA provided a unique opportunity for MMB to assess its current role with respect to federal funds and funding provided by the Minnesota Legislature allowed for a system to be established to provide statewide coordination, oversight and technical assistance to state agencies. In the absence of dedicated resources, and an environment that necessitates administrative reductions, it becomes challenging to provide comprehensive services beyond those that are explicitly required in law.

### **1. Reporting Responsibilities**

Nearly half of the states in the nation elected to provide centralized administration and reporting of ARRA funds, under the assumption that the expectations associated with ARRA would become a standard practice with all federal funding in the future. These states dedicated a multitude of staff, invested significant resources in technology systems and in some cases created new offices to oversee and meet the reporting requirements associated with ARRA. As of the writing of this report, almost all of these offices have undone the work they did to take on these responsibilities in a centralized manner. The technology they invested in and designed has limited applicability for future use and staff transitioned back to previous jobs or moved on to new roles/priorities.

### **2. Transparency Efforts**

While ARRA provided many successes in terms of transparency, quick utilization of resources and few cases of fraud, waste and abuse, the complexity of reporting standard data elements across a variety of federal programs with differing outcomes was a challenge and has not yet been transferred to other federal programs in a meaningful way. The Federal Funding Accountability and Transparency Act (FFATA)<sup>36</sup> which was passed prior to ARRA, but implemented after ARRA, took several steps backwards in terms of the usefulness of information reported on federal awards. The implementation of FFATA attempted to build on important lessons learned in streamlining federal reporting requirements, such as prepopulating data elements the Federal Government had available to them; however, the inconsistency being applied at the federal level and within states did not produce the rich access to information that was provided through ARRA. The public awareness of FFATA was significantly less than the public awareness/interest in ARRA.

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<sup>36</sup> <http://ffata.org/ffata/ffataact.html>

The RATB, RIO and OMB have all indicated an interest in capturing the lessons learned on ARRA and duplicating the success that was achieved in administering a new federal program of the size, scope and complexity of ARRA. A big challenge to this would be recreating or encapsulating the human behaviors that were associated with these successes. The president made the implementation of ARRA a top priority. Governors in nearly every state prioritized this program and dedicated state resources in the absence of federal funds targeted toward this effort. States recognized how federal funds such as the SFSF and the FMAP would alleviate current state fiscal constraints and deficits. Therefore, states made compliance with the requirements and expectations of ARRA a high priority.

## II. Potential for Mapping in the Future

One of the most tangible outcomes from MMB's role relating to transparency and accountability was the creation maps to communicate award information. Mapping provided a tool that allowed users to interact with the data in a meaningful way by visually representing award information specific to geographic areas. Award information was displayed by county, school district, or workforce area. Future mapping could include other geographic units such as cities, watershed districts, legislative districts, or census tracts.

Figure 19 Example of Map Display



MNGIO now has the tools and system in place for mapping financial data throughout the state. Because of this, the potential exists to utilize a mapping function for other purposes in the future. Not all spending can or should be mapped. Limitations with data or usefulness should be factored in decisions relating to future mapping.

Some of the potential uses for mapping include:

- Specific projects outlined in the capital budget, and/or approved legislative bonding bills
- Federal award information (non-ARRA related) received by state agencies in accordance with FFATA or other potential federal requirements for transparency and accountability
- State funded grants or contracts

Using a mapping function for these purposes would be dependent upon a number of factors including legislative priorities, federal mandates or guidance and agency resources. Efforts should be made to ensure that any work in this area does not duplicate similar efforts at the federal level.

### III. Other Federal Legislation

#### 1. Federal Funding Accountability and Transparency Act (FFATA)

The FFATA was signed into law on September 26, 2006. The intent of the legislation was to empower Americans to hold government accountable for spending decisions and grant distribution. The creation of the FFATA Sub-Award Reporting System (FSRS.gov) was used to capture and report sub-award and executive compensation data from federal prime awardees. Greater transparency was achieved with the creation of USASpending.gov, which acted as a portal for all FFATA data. FFATA reporting in Minnesota did not begin immediately due to a staggered reporting timeline that did not require Minnesota prime awardees to begin reporting until October 2010:

- **Phase 1:** Reporting subcontracts under federally awarded contracts and orders valued greater than or equal to \$20,000,000, initial implementation
- **Phase 2:** Reporting subcontracts under federally awarded contracts and orders valued greater than or equal to \$550,000, reporting started October 1, 2010
- **Phase 3:** Reporting subcontracts under federally awarded contracts and orders valued greater than or equal to \$25,000, reporting started March 1, 2011

Unlike ARRA, FFATA did not have significant public scrutiny and therefore, public demand for FFATA data was very low. State agencies continue to struggle to obtain clear guidance from federal agencies regarding FFATA reporting expectations. Additionally, the OMB has issued limited guidance regarding FFATA and has not assumed a leadership role similar to the role they assumed within ARRA reporting. Federal officials have yet to release any information regarding the penalties associated with non-compliance of FFATA.

#### 2. Digital Accountability and Transparency Act (DATA)

On June 16, 2011 Representative Darrell Issa, R-CA, Chairman of the House Committee on Oversight and Government Reform introduced the Digital Accountability and Transparency Act (DATA). This legislation proposes establishment of an independent body to track federal spending, including grants, contracts, loans, and agencies' internal expenses on a single electronic platform. DATA would also establish universal reporting standards and data identifiers.

Building on the success of the RATB, DATA will create a permanent successor entitled the Federal Accountability and Spending Transparency Board (FAST Board) ensuring that all federal spending would be transparent to the public. Additionally, the FAST Board would be charged with collecting all agency expenditure data and combining it with the recipient reported data. A successor to Recovery.gov will hold and display the data. Additionally, a new electronic reporting repository could be developed, utilizing the technical infrastructure of FederalReporting.gov.

As of this report DATA has bi-partisan support in both legislative bodies and the executive branch. However, details of the act will need to be debated between legislative leaders and the administration. If passed Minnesota would be expected to comply with any new reporting or transparency requirements.

### **3. Executive Order 13576 – Creating a Permanent Government Accountability and Transparency Board**

On June 13, 2011 President Obama signed an executive order to Create a Permanent Government Accountability and Transparency Board. This is an extension of the work being done by the RATB relating to ARRA. The president directed OMB to develop implement guidelines within six months of the executive order; however, details relating to the responsibilities and operation of the board have yet to be made public.

## Conclusion

Overall, state agencies received over \$6 billion in ARRA awards. The legislature appropriated \$1.2 million (of which \$718,054 was expended over FY 2010 – 11) to MMB for oversight and transparency efforts related to ARRA.

**Figure 20 MMB ARRA Expenditures (FY2010-11)**

Year	Staff	Operations	Total
<b>2010</b>	\$ 271,227	\$ 218,013	<b>\$ 489,240</b>
<b>2011</b>	\$ 189,570	\$ 39,244	<b>\$ 228,814</b>

As a result, Minnesota was recognized for exceeding expectations in accountability and transparency of ARRA funds.

ARRA changed state government operations in some fundamental ways. MMB took on new responsibilities relating to ARRA, specifically publically displaying financial information and delivering information on federal grant responsibilities to state agencies. Agencies adapted to new reporting requirements and developed new processes for reporting on federal awards, resulting in streamlined reporting procedures and guidelines for future federal reporting. Initiatives including the DATA Act and Executive Order 13576 are pushing to make permanent the transparency and oversight efforts related to ARRA, though whether or not states will continue to have central offices dedicated to these efforts is yet to be determined. Due to declining resources, Minnesota, like many other states, has turned responsibilities for federal oversight and reporting back to the individual state agencies.

It is generally acknowledged that ARRA had a significant impact on the U.S. economy, but its benefit and the effectiveness by which it met objectives continues to be debated. According to the Office of the Council of Economic Advisors “as of May 2011, from the employment trough in February 2010, private payroll (employment) has increased by 2.1 million” and has increased “as of the first quarter of 2011, relative to what it otherwise would have been, by between 2.3 and 3.2 percent.”<sup>37</sup> The Office of the Council of Economic Advisors also estimated that ARRA had increased employment in Minnesota by approximately 61,000 jobs as of March 2011.<sup>38</sup> It is expected that the full impact of ARRA has not yet been realized and will continue to be studied well into the future.

<sup>37</sup> [http://www.whitehouse.gov/sites/default/files/cea\\_7th\\_arra\\_report.pdf](http://www.whitehouse.gov/sites/default/files/cea_7th_arra_report.pdf)

<sup>38</sup> <http://www.whitehouse.gov/sites/default/files/microsites/20110318-cea-arra-report.pdf>

# Minnesota's ARRA Reporting Framework

## Appendix 1

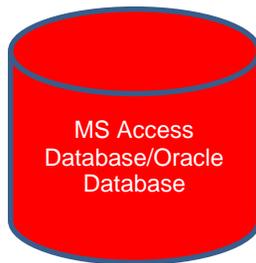
### 1. Collect



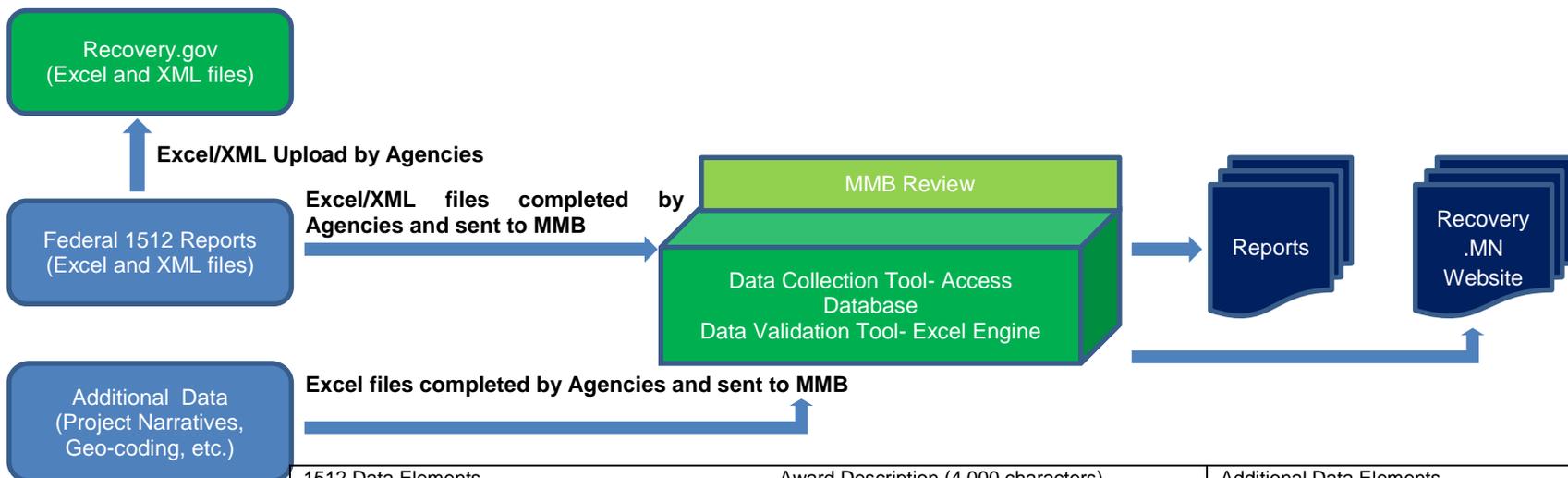
### 2. Process



### 3. Store



### 4. Report



-  Source Data
-  Data Collection Tools
-  Data Storage
-  Data Access Tools

<p><u>1512 Data Elements</u></p> <ul style="list-style-type: none"> <li>Award Number</li> <li>Recipient DUNS Number</li> <li>Recipient Account Number (optional)</li> <li>Recipient Congressional District</li> <li>Federal Agency Code</li> <li>Awarding Agency Code</li> <li>Award Date</li> <li>Amount of Award</li> <li>CFDA Number</li> <li>Government Contracting Office Code</li> <li>Program Source (Treasury Account Symbol)</li> <li>Sub-Account Number (Treasury Account Symbol)</li> <li>Total Number of Subawards to Individuals</li> <li>Total Amount of Subawards to Individuals</li> <li>Total Number of Subawards &lt; \$25,000/award</li> <li>Total Amount of Subawards &lt; \$25,000/award</li> </ul>	<ul style="list-style-type: none"> <li>Award Description (4,000 characters)</li> <li>Project Status</li> <li>Total ARRA Funds Received/Invoiced</li> <li>Number of Jobs</li> <li>Description of Jobs Created (4,000 characters)</li> <li>Quarterly Project Description (2,000 characters)</li> <li>Activity Code</li> <li>Place of Primary Performance</li> <li>List of Highly Compensated Officers</li> </ul>	<p><u>Additional Data Elements</u></p> <ul style="list-style-type: none"> <li>Recipient State Agency</li> <li>ARRA Award Number</li> <li>Descriptive Award Name</li> <li>Total Amount Awarded</li> <li>Funding Category</li> <li>Project, Sub-recipient Name, Use of Funds</li> <li>Use of Funds Narrative Description</li> <li>Dollars Allocated</li> <li>Dollars Dispersed</li> <li>Start and End Dates</li> <li>Geo-graphic identifier</li> </ul>
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**Appendix 2****CERTIFICATION UNDER SECTION 1511 OF  
THE AMERICAN RECOVERY AND REINVESTMENT ACT:**

Pursuant to Title XV, Subtitle A, section 1511 of the American Recovery and Reinvestment Act (Pub. L. 111-5, Feb. 17, 2009) ("ARRA"), I Commissioner Thomas K. Sorel, hereby certify that the attached infrastructure investments funded with amounts appropriated by ARRA under the headings: "Highway Infrastructure Investment" to the Federal Highway Administration, or "Transit Capital Assistance," "Fixed Guideway Infrastructure Investment," and "Capital Investment Grants" to the Federal Transit Administration, have received the full review and vetting required by law and that I accept responsibility that such investments are appropriate uses of taxpayer dollars. I further certify that the specific information required by section 1511 concerning each such investment (a description of the investment, the estimated total cost, and the amount of ARRA funds to be used) is provided on the Minnesota Statewide Transportation Improvement Program and is available to the public at [www.dot.state.mn.us/planning/program](http://www.dot.state.mn.us/planning/program) and linked to [Recovery.gov](http://Recovery.gov).

I understand that my State or local agency may not receive ARRA infrastructure investment funding unless this certification is made and posted.

---

Thomas K. Sorel  
Commissioner  
MnDOT

Signed this \_\_\_th day of \_\_\_\_\_, 2009

ATTACHMENT

**Appendix 3****ARRA Subcabinet Members**

<i>Name</i>	<i>Agency</i>
Alice Seagrean	Minnesota Department of Education
Bob Schroeder	Governor's Office
Cal Ludeman	Department of Human Services
Chris DeLaForest	Governor's Office
Dan Bartholomay	Housing Finance Agency
Tom Hanson	Minnesota Management and Budget
Dan McElroy	Department of Employment and Economic Development
Michael Campion	Department of Public Safety
Sheila Reger	Department of Administration
Thomas Sorel	Department of Transportation

## Appendix 4



**ARRA Agency Coordinators  
State of Minnesota**

Agency	Name		Phone	Email
Administration	Lenora	Madigan	651-201-2563	<a href="mailto:Lenora.Madigan@state.mn.us">Lenora.Madigan@state.mn.us</a>
Agriculture	Marie	Peterson	651-201-6088	<a href="mailto:Marie.Peterson@state.mn.us">Marie.Peterson@state.mn.us</a> ;
Arts Board	Sue	Gens	651-215-1604	<a href="mailto:Sue.Gens@state.mn.us">Sue.Gens@state.mn.us</a> ;
Commerce	Alberto	Quintela	651-297-2117	<a href="mailto:Alberto.Quintela@state.mn.us">Alberto.Quintela@state.mn.us</a> ;
Corrections	Lisa	Ogroske	651-361-7260	<a href="mailto:Lisa.Ogroske@state.mn.us">Lisa.Ogroske@state.mn.us</a>
Education	Lisa	Mueller	651-582-8225	<a href="mailto:Lisa.Mueller@state.mn.us">Lisa.Mueller@state.mn.us</a> ;
Employment & Economic Development	Paul	Moe	651-259-7111	<a href="mailto:Paul.A.Moe@state.mn.us">Paul.A.Moe@state.mn.us</a> ;
Enterprise Technology	Sara	Schlauderaff	651-556-8026	<a href="mailto:Sara.Schlauderaff@state.mn.us">Sara.Schlauderaff@state.mn.us</a> ;
Health	Barb	Juelich	651-201-3947	<a href="mailto:Barb.Juelich@state.mn.us">Barb.Juelich@state.mn.us</a> ;
Health	Jim	Golden	651-201-4819	<a href="mailto:James.Golden@state.mn.us">James.Golden@state.mn.us</a> ;
Health	Terry	Smith	651-201-4643	<a href="mailto:Terry.Smith@state.mn.us">Terry.Smith@state.mn.us</a> ;
Higher Ed	Mark	Misukanis	651-259-3960	<a href="mailto:Mark.Misukanis@state.mn.us">Mark.Misukanis@state.mn.us</a> ;
Housing Finance Agency	Tonja	Orr	651-296-9820	<a href="mailto:Tonja.Orr@state.mn.us">Tonja.Orr@state.mn.us</a> ;
Human Rights	James	Kirkpatrick	651-296-8882	<a href="mailto:James.Kirkpatrick@state.mn.us">James.Kirkpatrick@state.mn.us</a> ;
Human Services	Jayne	Rankin	651-431-3432	<a href="mailto:Jayne.Rankin@state.mn.us">Jayne.Rankin@state.mn.us</a>
Iron Range Resources	Dick	Walsh	800-765-5043 Ex. 345	<a href="mailto:Dick.Walsh@state.mn.us">Dick.Walsh@state.mn.us</a> ;
Labor & Industry	Cecelia	Jackson	651-284-5528	<a href="mailto:Cecelia.Jackson@state.mn.us">Cecelia.Jackson@state.mn.us</a> ;
Management & Budget	Michelle	Weber	651-201-8007	<a href="mailto:Michelle.Weber@state.mn.us">Michelle.Weber@state.mn.us</a> ;
Mediation Services	Carol	Clifford	651-649-5423	<a href="mailto:Carol.Clifford@state.mn.us">Carol.Clifford@state.mn.us</a> ;
Met Council	Tom	Weaver	651-602-1723	<a href="mailto:Tom.Weaver@metc.state.mn.us">Tom.Weaver@metc.state.mn.us</a> ;
Military Affairs	Terry	Palmer	651-268-8948	<a href="mailto:Terry.Palmer@mn.ngb.army.mil">Terry.Palmer@mn.ngb.army.mil</a> ;
Natural Resources	Denise	Anderson	651-259-5561	<a href="mailto:Denise.Anderson@state.mn.us">Denise.Anderson@state.mn.us</a> ;
Pollution Control	Vicky	Cook	651.757.2289	<a href="mailto:Victoria.Cook@state.mn.us">Victoria.Cook@state.mn.us</a> ;
Public Safety	Mary	Ellison	651-201-7173	<a href="mailto:Mary.Ellison@state.mn.us">Mary.Ellison@state.mn.us</a> ;
Public Safety	Jeri	Boisvert	651-201-7305	<a href="mailto:Jeri.Boisvert@state.mn.us">Jeri.Boisvert@state.mn.us</a> ;
Public Utilities Commission	Marsha	Battles-Jenks	651-201-2219	<a href="mailto:Marsha.Battles-Jenks@state.mn.us">Marsha.Battles-Jenks@state.mn.us</a> ;
Public Utilities Commission	Burl	Haar	651-201-2222	<a href="mailto:Burl.Haar@state.mn.us">Burl.Haar@state.mn.us</a> ;
Revenue	Dan	Ostdiek	651-556-4059	<a href="mailto:Dan.Ostdiek@state.mn.us">Dan.Ostdiek@state.mn.us</a> ;
Transportation	Khani	Sahebjam	651-366-4807	<a href="mailto:Khani.Sahebjam@dot.state.mn.us">Khani.Sahebjam@dot.state.mn.us</a> ;
Transportation highway projects	Jon	Chiglo	651-366-4826	<a href="mailto:Jon.Chiglo@state.mn.us">Jon.Chiglo@state.mn.us</a> ;
Veterans Affairs	Patty	Ryan	612-728-7353	<a href="mailto:Patty.Ryan@state.mn.us">Patty.Ryan@state.mn.us</a> ;

## Appendix 5



## Status of American Recovery and Reinvestment Act Federal Funds Requests

### Approved ARRA Requests

The following federal funding requests for ARRA programs have been approved through either: the Legislative Advisory Commission process, specific legislation passed in the 2009 Legislative Session, or existing statutory authority that allows for program expenditures. The table does not provide a comprehensive total of the amount of funds Minnesota will receive from the American Recovery and Reinvestment Act, but rather represents what has been approved by the State of Minnesota.

\$ in Thousands

Agency/Federal Grant Title	FY 2009	FY 2010	FY 2011	Total (FY09-11)
<b>Board of the Arts</b>				
The Arts and the American Recovery and Reinvestment Act	0.0	316.2	0.0	316.2
<b>Department of Commerce</b>				
State Energy Program	5,417.2	21,668.8	27,086.0	54,172.0
Weatherization	13,200.0	52,800.0	66,000.0	132,000.0
Energy Efficiency and Conservation Block Grant	0.0	10,644.0	0.0	10,644.0
<b>Department of Corrections</b>				
State Stabilization Fund	0.0	38,000.0	0.0	38,000.0
<b>Department of Education</b>				
Title 1, Part A	0.0	94,900.0	0.0	94,900.0
School Improvement Funds	0.0	27,000.0	0.0	27,000.0
IDEA (Part 611B, Part 619B, Part C)	204,600.0	0.0	0.0	204,600.0
McKinney Vento	612.0	0.0	0.0	612.0
School Lunch Equipment Grants	1,270.6	0.0	0.0	1,270.6
Education Technology State Grants	0.0	6,166.0	0.0	6,166.0
State Incentive Grants	0.0	250,000.0	0.0	250,000.0
Teacher Incentive Fund	0.0	8,561.8	15,561.8	24,123.6
Statewide Data Systems	0.0	3,000.0	4,000.0	7,000.0
State Stabilization Fund	0.0	500,000.0	0.0	500,000.0
<b>Department of Employment and Economic Development</b>				
Basic Vocational Rehabilitation	1,057.4	5,287.5	0.0	6,344.9
Basic Support Vocational Rehabilitation-				
Blind	232.1	1,160.7	0.0	1,392.8
Independent Living Part B	33.2	166.0	0.0	199.2
Independent Living Part C	200.0	1,000.0	0.0	1,200.0
Independent Living - Older Blind	97.7	488.6	0.0	586.3
State Independent Living Services- Blind	7.3	36.4	0.0	43.7
Unemployment Insurance Administration	100.0	6,127.0	3,063.2	9,290.2
Unemployment Insurance Trust Fund	130,063.6	0.0	0.0	130,063.6
Employment Services (Wagner-Peyser)	1,451.6	4354.8	1,088.7	6,895.1

<b>Agency/Federal Grant Title</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>Total (FY09-11)</b>
Workforce Investment Act (WIA) – Adult	5,909.2	1,042.8	0.0	6,952.0
Workforce Investment Act (WIA) – Youth	12,000.0	5,789.2	0.0	17,789.2
Workforce Investment Act (WIA) – Dislocated Worker	14,963.3	6,000.0	0.0	20,963.3
Small Cities Development Program (SCDP)	3,000.0	2,561.4	0.0	5,561.4
Senior Community Service Employment Program	565.0	61.1	0.0	626.1
National Emergency Grants (NEGs)	2,000.0	8,000.0	0.0	10,000.0
Trade Adjustment Assistance (TAA)	2,000.0	8,000.0	0.0	10,000.0
Brownfields	0.0	5,400.0	0.0	5,400.0
National Emergency Grants – Energy Efficiency / Renewable (Green) and High Growth/Emerging Jobs	2,000.0	18,000.0	0.0	20,000.0
<b>Department of Health</b>				
Immunization and Vaccines for Children Grants	1,000.0	1,000.0	0.0	2,000.0
WIC IT	130.0	2,000.0	1,170.0	3,300.0
Grants to States for EHR Loan Programs	0.0	20,000.0	0.0	20,000.0
State Grants to Promote HIT	0.0	2,800.0	2,800.0	5,600.0
State Loan Repayment Program Temporary Increase	0.0	148.0	0.0	148.0
<b>Department of Human Services</b>				
FMAP	463,627	862,319	496,525	1,822,471
Child Support Enforcement Incentives Match	17,475.0	23,300.0	5,825.0	46,600.0
FEMA Emergency Food and Shelter	2.5	.0	0.0	2.5
State Stabilization Fund	0.0	110,000.0	0.0	110,000.0
TEFAP	361.2	361.2	0.0	722.4
Title IV-E Foster Care Adoption Assistance FMAP Increase	2,800.0	3,800.0	1,900.0	8,500.0
Community Services Block Grant	12,000.0	0.0	0.0	12,000.0
Emergency Shelter Grant Program (ESGP)	10,800.0	0.0	0.0	10,800.0
CCDF Quality	3,400.0	0.0	0.0	3,400.0
Home Delivered Senior Nutrition Services	0.0	410.3	102.6	512.9
Congregate Senior Nutrition Services	0.0	830.0	211.9	1,041.9
<b>Minnesota Housing Finance Agency</b>				
HOME Tax Credit Gap Funding	0.0	10,000.0	11,325.0	21,325.0
Public Housing Capital	0.0	6,700.0	0.0	6,700.0
Tax Credit Exchange	0.0	40,000.0	40,000.0	80,000.0
Neighborhood Stabilization Program	0.0	20,000.0	10,000.0	30,000.0
<b>MN State Colleges and Universities</b>				
State Stabilization Fund	15,273.0	63,893.0	0.0	79,166.0
<b>Department of Natural Resources</b>				
Wildland Fire Management	500.0	2,250.0	2,250.0	5,000.0
<b>Pollution Control Agency</b>				
Water Quality Management Planning	0.0	727.6	0.0	727.6
Minnesota Clean Diesel Campaign	14.0	1,570.0	146.0	1,730.0
Leaking Underground Storage Tank (LUST)	1,536.2	1,277.5	1,277.5	4,091.2
Protecting Source Water Wetlands on North Shore Streams	100.0	800.0	100.0	1,000.0

<b>Agency/Federal Grant Title</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>Total (FY09-11)</b>
<b>Public Facilities Authority</b>				
Clean Water Revolving Fund	25,000.0	49,564.0	8,000.0	82,564.0
Drinking Water Revolving Fund	6,000.0	15,577.0	3,000.0	24,577.0
<b>Department of Public Safety</b>				
STOP VOCA	169.0	507.0	169.0	845.0
Justice Assistance Grant (JAG)	100.0	9,000.0	6,000.0	15,100.0
VOCA Victim Compensation	0.0	369.9	0.0	369.9
STOP VAWA	200.3	1,202.0	1,000.9	2,403.2
<b>Department of Transportation</b>				
Grants-In-Aid/Airports	10,000.0	10,000.0	0.0	20,000.0
Highway Funding	510,000.0	0.0	0.0	510,000.0
Transit	25,000.0	0.0	0.0	25,000.0
<b>Met Council</b>				
Transit Capital Grants - Urban	0.0	70,600.0	0.0	70,600.0
<b>University of Minnesota</b>				
State Stabilization Fund	15,273.0	74,050.0	0.0	89,323.0
<b>Total ARRA Requests Approved</b>	<b>1,521,541.4</b>	<b>2,491,588.8</b>	<b>708,602.6</b>	<b>4,721,732.8</b>

## Appendix 6

**ARRA Audit Findings****Minnesota Management and Budget (MMB)**Date Released – May 6<sup>th</sup>, 2011

The Department of Management and Budget's internal controls to ensure the complete and accurate reporting of funds related to the American Recovery and Reinvestment Act did not identify an error in one Section 1512 report submitted by the Minnesota Department of Health.

OLA Report

[Summary](http://www.auditor.leg.state.mn.us/fad/2011/f1114.htm) (http://www.auditor.leg.state.mn.us/fad/2011/f1114.htm)[Full Report](http://www.auditor.leg.state.mn.us/fad/pdf/fad1114.pdf) (http://www.auditor.leg.state.mn.us/fad/pdf/fad1114.pdf)**Minnesota Department of Education (MDE)**Date Released – April 29<sup>th</sup>, 2011

The department did not adequately monitor subrecipient compliance with federal program requirements for the Special Education Grants to States (CFDA 84.027 and 84.391A), Special Education Preschool Grants (CFDA 84.173 and 84.392A). CFDA numbers designated with "A" are ARRA related.

OLA Report

[Summary](http://www.auditor.leg.state.mn.us/fad/2011/f1114.htm) (http://www.auditor.leg.state.mn.us/fad/2011/f1114.htm)[Full Report](http://www.auditor.leg.state.mn.us/fad/pdf/fad1112.pdf) (http://www.auditor.leg.state.mn.us/fad/pdf/fad1112.pdf)**Minnesota Department of Health (MDH)**Date Released – April 22<sup>nd</sup>, 2011

The department did not accurately report to the federal government the amount of American Recovery and Reinvestment Act (ARRA) funds received and expended for the quarter ended June 30<sup>th</sup>, 2010. For Immunization and Vaccines for Children Grants Program (CFDA 93.712), the department erroneously reported \$113,426 (the same amount it reported for the quarter ended March 31, 2010), instead of \$247,214, the correct amount for the quarter ended June 30, 2010.

OLA Report

[Summary](http://www.auditor.leg.state.mn.us/fad/2011/f1109.htm) (http://www.auditor.leg.state.mn.us/fad/2011/f1109.htm)[Full Report](http://www.auditor.leg.state.mn.us/fad/2011/f1109.htm) (http://www.auditor.leg.state.mn.us/fad/2011/f1109.htm)

# 1. State of Minnesota ARRA Reporting Checklist

## Appendix 7

Revised 12/21/09

Check	Activity	Task	Assigned To:	Status (not started, in progress, completed)	in Completion Date
<b>Assimilate Background Information</b>					
<input type="checkbox"/>	1.	<p><b>Download and Read OMB Memorandum M-09-21</b>  <i>Covers key areas – basic principles and requirements of reporting, the process, data quality requirements, and reporting jobs creation estimates by recipients</i></p> <p><b>Download and Read OMB Memorandum M-10-08</b>  <i>This document revises some of the initial guidance from OMB, including the jobs calculation.</i></p>			
<input type="checkbox"/>	2.	<p><b>Identify Agency Programs Requiring 1512 Reporting</b>  <i>Provides a list of programs that are subject to ARRA Section 1512 Reporting, by the responsible federal agency and CFDA number</i></p>			
<input type="checkbox"/>	3.	<p><b>Obtain the data elements that must be reported from the data dictionary</b>  <i>Identifies mandatory fields, the federal controlling reference, the type of data element (number, date, string of information), maximum length and other useful information. Key elements include number of jobs, total federal amount of expenditure, and names of highly compensated officers.</i></p>			
<input type="checkbox"/>	4.	<p><b>Review, as needed, OMB webinar recordings and slides on reporting</b>  <i>There are seven webinars. Each of them runs for about two hours. It may be sufficient to review the slides, which summarize key points unless there is a specific topic of extreme interest. The webinars cover:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> a. General Overview Audio</li> <li><input type="checkbox"/> b. Responsibilities of recipients of ARRA funding</li> <li><input type="checkbox"/> c. Technical solutions and required data elements</li> <li><input type="checkbox"/> d. Federal Agency perspective on reporting</li> <li><input type="checkbox"/> e. Prime recipient reporting responsibilities</li> <li><input type="checkbox"/> f. Sub-recipient key reporting aspects</li> <li><input type="checkbox"/> g. Procedures to ensure data quality</li> </ul>			
<input type="checkbox"/>	5.	<p><b>Review the OMB Reporting Process FAQs</b>  <i>These cover key topics, including:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Registration</li> <li><input type="checkbox"/> User Account</li> <li><input type="checkbox"/> Point of Contact, DUNs Administrator</li> <li><input type="checkbox"/> Reporting</li> </ul>			

Check	Activity	Task	Assigned To:	Status (not started, in progress, completed)	Completion Date
<input type="checkbox"/>	6.	<b>Download the current reporting template</b> <i>There are versions both for Excel and for XML. Most departments will be using the Excel. The Excel version downloads a zip file, which, when extracted, contains two separate templates – one for contracts and one for loans and grants. These must be reported separately. The XML version contains folders with both documentation and the XML Schema.</i>			
<input type="checkbox"/>	7.	Collect, review and retain agency specific guidance from your federal cognizant agency. Also, retain documentation of guidance received through verbal or email communications.			
<b>Complete and Maintain the MMB Roster</b>					
<input type="checkbox"/>	8.	Complete the MMB roster.			
<input type="checkbox"/>	9.	Report any ch			
<b>Catalogue All Federal ARRA Reporting Requirements</b>					
<input type="checkbox"/>	10.	Identify from ARRA grant letters programs listed in task 2.			
<input type="checkbox"/>	11.	Contact federal agencies to identify other ARRA program reporting requirements (for example, ARRA section 1201 details transportation reporting requirements)			
<b>Register for Federal Reporting</b>					
<input type="checkbox"/>	12.	Determine your department's DUNS number or obtain one. <i>The DUNS (Dun and Bradstreet Universal Numbering System) number associated with the Federal award is necessary to complete the registration in steps 10 and 11. If you do not have a DUNS number, <a href="http://fedgov.dnb.com/webform">they can be obtained, free of charge, here (http://fedgov.dnb.com/webform)</a>.</i>			
<input type="checkbox"/>	13.	If not already done, register with CCR (Central Contractor Registration) <i>This is the primary registrant database for the federal government. If you have not already registered with CCR, you can do so, free of charge. You will need your DUNS number to complete registration. <a href="https://www.bpn.gov/ccupdate/NewRegistration.aspx">Registration can be done here (https://www.bpn.gov/ccupdate/NewRegistration.aspx)</a>.</i>			

Check	Activity	Task	Assigned To:	Status (not started, in progress, completed)	Completion Date
<input type="checkbox"/>	14.	<p><b>Register for Section 1512 Reporting</b>  <i>This is required to do the actual reporting on FederalReporting.gov. The following information is necessary to complete the report:</i>  Personal information (name, valid email address, phone number)  DUNS Number  CCR Registration</p> <p><i>Note that there can be more than one person per department who are registered with FederalReporting.gov. When the first user with a given DUNS number registers on FederalReporting.gov, it identifies the individual(s) listed in CCR as the Government Business Primary Point of Contact and the Electronic Business Primary Point of Contact for that DUNS number as the FederalReporting.gov Point of Contact user(s) for the organization. These are automatically registered as the Point of Contact user(s) in FederalReporting.gov.</i></p>			
<b>Prepare for Sub-recipient and Vendor Reporting to the Prime Recipient</b>					
<input type="checkbox"/>	15.	<p><i>For internal control purposes, the State has determined that the preferred method is to not delegate reporting on FederalReporting.gov to sub-recipients. For that reason, the following reporting steps should be provided to all sub-recipients and vendors.</i></p>			
<input type="checkbox"/>	16.	<p>Establish specific points of contact for all recipients, sub-recipients and vendors, including name, address, phone number, fax number and email address. Each sub-recipient should also designate and provide contact information for an alternate contact person.</p>			
<input type="checkbox"/>	17.	<p>Compile a master contact list and disseminate to all staff with ARRA responsibilities.</p>			
<input type="checkbox"/>	18.	<p>Communicate to all sub-recipients and vendors key reporting elements required of them and timeframes for reporting.</p> <p><i>Key required elements are:</i></p> <p><b>Sub-recipients:</b> <i>DUNS number, CCR registration, Total sub-award funds disbursed, jobs created and retained (expressed as FTEs), indication of applicability of reporting 'high 5' most highly compensated officers, and, if applicable the names and total compensation of these officers.</i></p> <p><b>Vendors:</b> <i>DUNS number (or vendor name and headquarters zip+4 if DUNS not available), product and service description, payment amount, and jobs created and retain (expressed as FTEs).</i></p>			

Check	Activity	Task	Assigned To:	Status (not started, in progress, completed)	Completion Date
<b>Prepare for Prime Recipient Reporting</b>					
<input type="checkbox"/>	19.	Identify back-ups for all Department staff with reporting responsibilities and provide that information to MMB.			
<input type="checkbox"/>	20.	<p>Coordinate with other State Departments on shared ARRA programs and identify the Prime Recipient for reporting purposes.</p> <p><i>In instances where one State Department receives an ARRA award and passes it along to another Department for program implementation, there must be coordination so that only one Department is reporting that award on FederalReporting.gov. According to the OMB, all state agencies must be considered prime recipients; however, contact your specific federal funding agency for clarification. Unless there is a compelling reason, the Department that receives the ARRA award should maintain reporting responsibility as the Prime Recipient.</i></p>			
<input type="checkbox"/>	21.	<p>Determine method for capturing Recipient reporting data</p> <p><i>For many departments and programs, MAPS will be the primary data source for reporting financial data. For some programs, reports will be generated from sub-systems. Identify for each program reported under ARRA the primary source for reporting.</i></p>			

Check	Activity	Task	Assigned To:	Status (not started, in progress, completed)	Completion Date
<input type="checkbox"/>	22.	<p>Develop and communicate clear parameters and definitions for reporting jobs created and retained  <i>OMB has provided guidance in several places on reporting jobs created and retained. It should be noted that federal agencies were also directed to provide guidance, and many have done so. Departments should contact their federal departments and ask about supplemental guidance.</i></p> <p><i>Among the key aspects of jobs reporting:</i></p> <ul style="list-style-type: none"> <li>▪ <i>There is both a requirement to report numbers of jobs and a description of the types of jobs</i></li> <li>▪ <i>The number of jobs is a combination of jobs created and retained. For validation purposes, worksheets should split them out separately</i></li> <li>▪ <i>Jobs are expressed in full time equivalents (FTEs), a number of hours worked per year as defined by the recipient or federal contractor</i></li> <li>▪ <i>For purposes of calculating the number of FTEs created or retained, it is the total number of hours worked divided by the number of hours in a full time schedule over the reporting quarter.</i></li> <li>▪ <i>Jobs created or retained are direct jobs only. Indirect job calculations are being done separately by an outside third party and should not be reported here.</i></li> <li>▪ <i>For a detailed description and example of an FTE calculation, go to <a href="http://www.whitehouse.gov/omb/assets/memoranda_2010/m10-08.pdf">http://www.whitehouse.gov/omb/assets/memoranda_2010/m10-08.pdf</a>.</i></li> <li>▪ <i>Jobs guidance was revised on December 18, 2009.</i></li> </ul>			
<input type="checkbox"/>	23.	<p>Develop and communicate a clear understanding of ARRA expenditures.  <i>The State is choosing to report ARRA expenditures on a cash basis. For reporting purposes, the Reporting Data Model, Version 3.0, Data Dictionary explains that ARRA expenditures are “the cumulative total for the amount of Federal fund expenditures. For reports prepared on a cash basis, expenditures are the sum of cash disbursements for direct charges for property and services; the amount of indirect expense charged; the value of third-party in-kind contributions applied; and the amount of cash advance payments and payments made to subcontractors and sub-awardees.”</i></p>			
<b>Ensure that Sub-recipients and Vendors are Prepared for Reporting</b>					
<input type="checkbox"/>	24.	<p>Provide all necessary fields for reporting to sub-recipients and vendors  <i>These are detailed in the data dictionary, which breaks these down by required information for recipients, sub-recipients and vendors.</i></p>			

Check	Activity	Task	Assigned To:	Status (not started, in progress, completed)	Completion Date
<input type="checkbox"/>	25.	<p>Determine that the specific requisites for reporting are available.</p> <p>For sub-recipients:  <i>The DUNS (Dun and Bradstreet Universal Numbering System) number is necessary to complete the sub-recipient reporting. If they do not have a DUNS number, <a href="http://fedgov.dnb.com/webform">they can be obtained, free of charge, here</a> (<a href="http://fedgov.dnb.com/webform">http://fedgov.dnb.com/webform</a>)</i></p> <p>Registration with the CCR is necessary to complete the sub-recipient reporting. If they are not registered with CCR, <a href="#">they can do so, free of charge, here</a></p> <p>For vendors:  <i>Vendors do not need to obtain a DUNS number. While they may report with a DUNS number if they have one, vendor headquarters zip code+4 and vendor name are sufficient.</i></p>			
<input type="checkbox"/>	26.	<p>Develop and communicate clear parameters and definitions for reporting jobs created and retained</p> <p><i>OMB has provided guidance in several places on reporting jobs created and retained. It should be noted that federal agencies were also directed to provide guidance. Departments should contact their federal departments and ask about supplemental guidance. OMB officially revised jobs reporting guidance on December 18<sup>th</sup>, 2009. That revised guidance can be found here: <a href="http://www.whitehouse.gov/omb/assets/memoranda_2010/m10-08.pdf">http://www.whitehouse.gov/omb/assets/memoranda_2010/m10-08.pdf</a></i></p> <p><i>Among the key aspects of jobs reporting:</i></p> <ul style="list-style-type: none"> <li>▪ <i>There is both a requirement to report numbers of jobs and a description of the types of jobs</i></li> <li>▪ <i>The number of jobs is a combination of jobs created and retained. For validation purposes, worksheets should split them out separately</i></li> <li>▪ <i>Jobs are expressed in full time equivalents (FTEs)</i></li> <li>▪ <i>For purposes of calculating the number of FTEs created or retained, it is the total number of hours worked divided by an FTE number of hours for the reporting quarter.</i></li> <li>▪ <i>Jobs created or retained are direct jobs only. Indirect job calculations are being done separately by an outside third party and should not be reported here.</i></li> </ul> <p><i>It is important that sub-recipients and vendors create work sheets for both jobs created and retained and submit those with their jobs numbers. Retain all supporting data for jobs data submitted by sub-recipients and vendors.</i></p>			

Check	Activity	Task	Assigned To:	Status (not started, in progress, completed)	Completion Date
<input type="checkbox"/>	27.	<p>Provide specific guidance on determining requirements for reporting and reporting of 'high five' highly compensated officers  <i>There is a three-part test for sub-recipients for whether they must report on highly compensated officers (page 19 of the data dictionary):</i></p> <ul style="list-style-type: none"> <li>▪ <i>In the preceding fiscal year, sub-recipient received eighty percent or more of its annual gross revenues from Federal contracts, AND</i></li> <li>▪ <i>\$25 million or more in annual gross revenues from Federal contracts, AND</i></li> <li>▪ <i>The public does not have access to information about the compensation of the senior executives through periodic SEC reports or section 6104 of the IRC of 1986.</i></li> </ul> <p><i>If reporting is required, they will need the names of the 5 most highly compensated officers and their total aggregate compensation.</i></p>			
<input type="checkbox"/>	28.	<p>Provide specific guidance on determining Place of Performance  <i>This includes zip code, city and congressional district. Where it is done in multiple places, the predominant location should be listed.</i></p>			
<input type="checkbox"/>	29.	<p>Provide an opportunity for sub-recipients and vendors to ask questions and get answers to reporting questions. Retain all data submitted by sub-recipients and vendors for reporting.</p>			
<b>Complete Recipient Pre-Reporting</b>					
<input type="checkbox"/>	30.	<p>Ensure that the Department is registered at <a href="http://www.FederalReporting.gov">http://www.FederalReporting.gov</a></p>			
<input type="checkbox"/>	31.	<p>Re-check the list of programs subject to Section 1512 reporting.  <i>The list has changed multiple times, so it would be prudent to check it again in the next month to make sure it has not been revised. If there are revisions, modify the department list in task 7 and notify MMB of the modifications.</i></p>			
<input type="checkbox"/>	32.	<p>Compile a list of vendor payments greater than \$25,000</p> <ul style="list-style-type: none"> <li>• <i>The requirements allow you to report in the aggregate vendor payments of less than \$25,000. This is based on individual invoices and is not aggregated. Thus, a vendor could have multiple invoices of \$20,000 and may still be aggregated.</i></li> <li>• <i>Some of this will have to wait for final reporting and some will have to come from sub-recipients, but it is good to start the list ahead of the reporting period.</i></li> <li>• <i>Sub-recipient vendor payments of less than \$25,000 should not be included in the aggregate reporting on the prime recipient tab. This aggregation is for prime recipient vendor payments only.</i></li> </ul>			

Check	Activity	Task	Assigned To:	Status (not started, in progress, completed)	Completion Date
<input type="checkbox"/>	33.	<p>Populate all fields in the template that do not require quarter end data for reporting  <i>Each program requires a separate template. Most of the information in the template can be filled in prior to the reporting period. The only fields that cannot are those that require data as of quarter end. Given the short timeframe for reporting, the more of this that can be done prior to the reporting period the better.</i></p>			
<input type="checkbox"/>	34.	<p>Obtain sub-recipient and vendor information for all fields in the template that do not require quarter end data for reporting.  <i>As with task 27, much of this data can be obtained prior to the reporting period, including sub-recipient names, DUNS numbers, subaward numbers, subaward amounts, place of performance, and high five officer information, if applicable</i></p>			
<b>Agency Control Plan Is In Place</b>					
<input type="checkbox"/>	35.	<p><i>There are two primary areas of focus by OMB:</i></p> <p><b>Material Omissions</b>  <i>“Instances where required data is not reported or reported information is not otherwise responsive to the data requests resulting in significant risk that the public is not fully informed as to the status of a Recovery Act project or activity.”</i></p> <p><b>Significant Reporting Errors</b>  <i>“Instances where required data is not reported accurately and such erroneous reporting results in significant risk that the public will be misled by the recipient report in question.”</i></p>			
<input type="checkbox"/>	36.	<p>Establish and document a broad array of control data and information  <i>Much of this will be developed in prior tasks. This should include:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Master list of programs subject to reporting</i></li> <li>▪ <i>Master list of sub-recipients and vendors required to submit 1512 information</i></li> <li>▪ <i>Consistent method for determining jobs and ARRA expenditures</i></li> <li>▪ <i>Total dollars allocated to projects and programs</i></li> <li>▪ <i>Estimate of preliminary quarterly expenditure totals for each program</i></li> </ul>			
<input type="checkbox"/>	37.	<p>Establish a data review protocol that identifies incongruous results  <i>This could include situations where:</i></p> <ul style="list-style-type: none"> <li>▪ <i>The number of submissions is greater than the control number</i></li> <li>▪ <i>The amount of awards is greater than the control number</i></li> <li>▪ <i>Sub-recipient report expenditures greater than the total amount of the sub-award</i></li> <li>▪ <i>Reported values show a decrease from a prior reporting period</i></li> </ul>			

Check	Activity	Task	Assigned To:	Status (not started, in progress, completed)	Completion Date
<input type="checkbox"/>	38.	Establish and maintain a repository of ARRA supporting documentation. Ensure your agency is maintaining documents and communications including, but not limited to, financial and job creation/retention data reported for 1512 reports. Relevant documentation should include communications and documents sent to and from your state agency from both sub-recipients and federal agencies.			
<b>Receive Sub-recipient final reports</b>					
<input type="checkbox"/>	39.	Acquire information and work paper documentation from sub-recipients and vendors for all mandatory fields <i>Primarily those requiring cumulative reporting, as well as place of performance</i>			
<b>Conduct data quality review of sub recipient and vendor data</b>					
<input type="checkbox"/>	40.	Ensure that reports have been received from all sub-recipients and vendors. Retain all data submitted by sub-recipients and vendors to support information reported on 1512 reports.			
<input type="checkbox"/>	41.	Ensure that all required mandatory reporting fields are completed			
<input type="checkbox"/>	42.	Ensure that all sub-recipients and vendors provided work documentation of jobs created/retained			
<input type="checkbox"/>	43.	Examine sub-recipients against the data review protocol			
<input type="checkbox"/>	44.	Examine sub-recipient and vendor data for outliers on a normal distribution curve <i>Examples could include expended amounts by sub-recipients that are significantly over or under anticipated amounts; number of jobs falls outside the number of jobs created by awards for a similar value or purpose</i>			
<input type="checkbox"/>	45.	Continue to review data for consistency, aggregate program spending totals, outliers on expenditures, disbursements, job creation and/or retention			
<input type="checkbox"/>	46.	Document inconsistencies and obtain explanations from sub-recipients and vendors			
<input type="checkbox"/>	47.	Require resubmissions for sub-recipients and vendors as necessary			

Check	Activity Task	Assigned To:	Status (not started, in progress, completed)	Completion Date
<b>Complete Recipient Data Reporting</b>				
<input type="checkbox"/>	48. Enter data into all fields that have not been populated to date <i>The goal for each department should be that this will only require aggregating of sub-recipient and vendor data and entry of this and recipient data that requires quarter end data for reporting – all else should be in place prior to the reporting period.</i>			
<input type="checkbox"/>	49. Conduct internal control tests on aggregate data <i>This should include:</i> <ul style="list-style-type: none"> <li>▪ <i>Determine that all mandatory fields have been populated</i></li> <li>▪ <i>Determine that subsystem expenditure totals reconcile to MAPS, where applicable</i></li> <li>▪ <i>Determine that data totals reasonably align with preliminary estimates</i></li> </ul>			
<input type="checkbox"/>	50. By the date specified for MMB submission, send completed data and alert for outstanding issues to MMB			
<input type="checkbox"/>	51. With MMB approval, upload the data to FederalReporting.gov by the 10 <sup>th</sup> day of the reporting month.			
<b>Conduct Post-October 10<sup>th</sup> Additional Data Review and Reporting</b>				
<input type="checkbox"/>	52. Continue to review data for consistency, aggregate program spending totals, outliers on expenditures, disbursements, job creation and/or retention			
<input type="checkbox"/>	53. Document inconsistencies and obtain explanations from sub-recipients and vendors			
<input type="checkbox"/>	54. Require resubmissions from sub-recipients and vendors as necessary			
<input type="checkbox"/>	55. Submit additional information to MMB			
<input type="checkbox"/>	56. Make corrections within the allowed window at FederalReporting.gov			

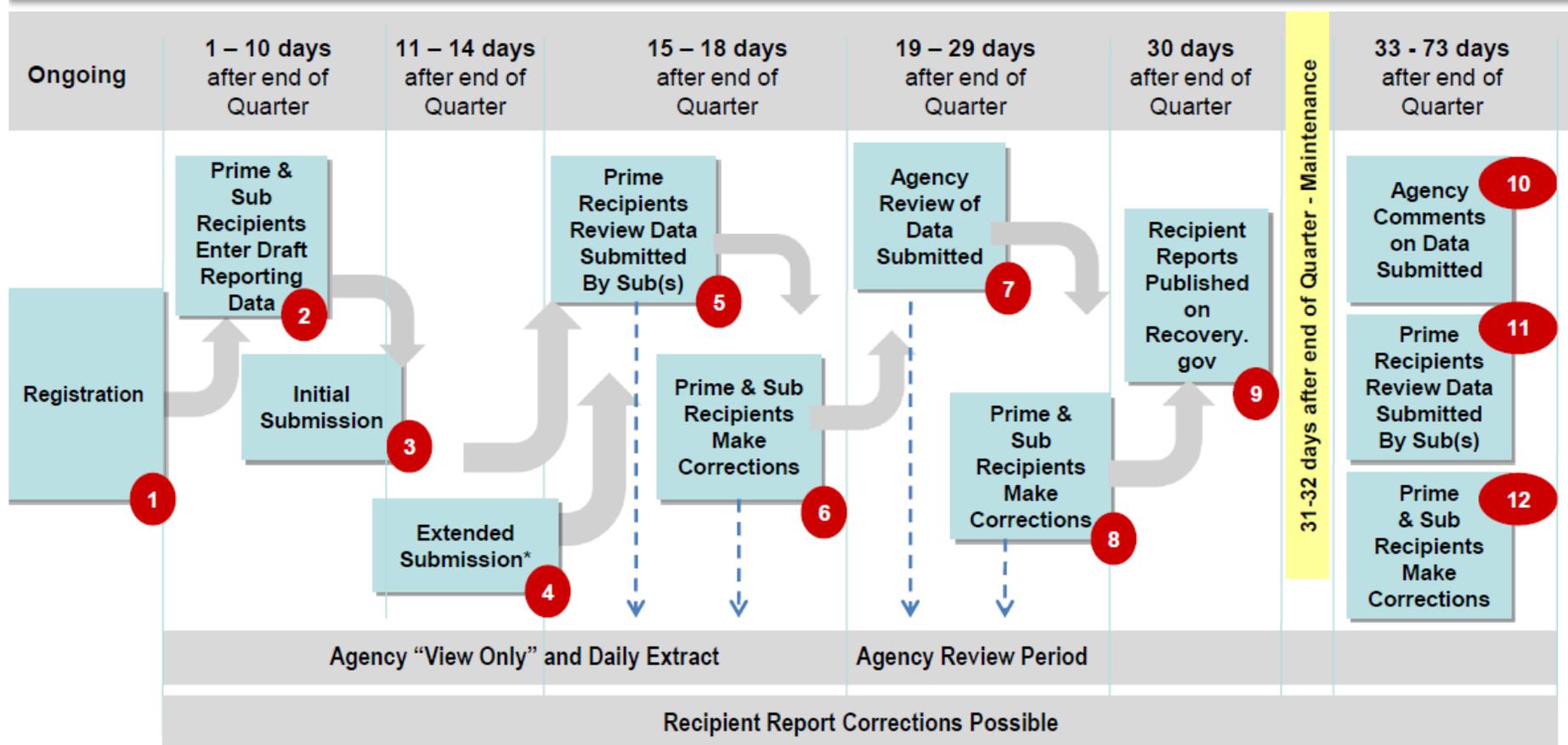
## 2. State of Minnesota Condensed ARRA Reporting Checklist

Check	Activity Task	Assigned To:	Status (not started, in progress, completed)	Completion Date
<input type="checkbox"/>	1. Identify grants awarded since the previous reporting quarter. <ul style="list-style-type: none"> <li>For new grants, identify whether the grant is subject to 1512 reporting. Listing of Programs Subject to 1512</li> <li>If your agency has not previously reported on ARRA funding, review the comprehensive ARRA Reporting Checklist.</li> <li>If your agency has previously reported on ARRA funding, review the portions of the comprehensive ARRA Reporting Checklist relevant to your new grants.</li> </ul>			
<input type="checkbox"/>	2. <a href="#">For existing grants, identify any new sub-recipients or vendors since the previous reporting quarter.</a> <ul style="list-style-type: none"> <li>For new sub-recipients and vendors, review the steps for ensuring sub-recipient and vendor preparedness in the comprehensive ARRA Reporting Checklist.</li> <li>Communicate ARRA requirements and expectations to those sub-recipients and vendors.</li> </ul>			
<input type="checkbox"/>	3. Review changes to OMB guidance and communicate those changes to your sub-recipients and vendors. OMB guidance was revised on December 18th and includes changes to jobs reporting.			
<input type="checkbox"/>	4. Review any newly issued or revised guidance from your federal granting agency. Retain and document all guidance from the federal granting agency or OMB, including guidance provided via email or telephone conversations.			
<input type="checkbox"/>	5. <a href="#">Update the MMB reporting roster.</a> <ul style="list-style-type: none"> <li>A copy of the most recent roster information MMB has on file will be sent to agencies. Please update this with additional or updated award or contact information and return to MMB.</li> <li>Report any additional changes to the roster information to MMB on an ongoing basis.</li> </ul>			
<input type="checkbox"/>	6. In advance of the reporting period, populate all fields in the template that do not require quarter end data for reporting.			

Check	Activity Task	Assigned To:	Status (not started, in progress, completed)	Completion Date
<input type="checkbox"/>	7. <a href="#">Ensure agency control plan for data quality is in place</a> <ul style="list-style-type: none"> <li>• Establish and document a broad array of control data and information</li> <li>• Establish a data review protocol to identify incongruous results</li> <li>• Review sub-recipient and vendor data for completeness and consistency</li> <li>• Retain sub-recipient and vendor reporting documentation including reported jobs and spending data</li> </ul>			
<input type="checkbox"/>	8. Update 1512 and MMB Project Level Detail reports to reflect data as of quarter end for the specific reporting period.			
<input type="checkbox"/>	9. By the date specified by MMB, send completed 1512 report and Project Level Detail report to MMB for review. Prior to submission to MMB, ensure that your 1512 reports pass the federal validation at <a href="http://www.federalreporting.gov">www.federalreporting.gov</a> .			
<input type="checkbox"/>	10. With MMB approval, upload the data to <a href="http://FederalReporting.gov">FederalReporting.gov</a> by the 10th day of each reporting quarter. Notify MMB that report was submitted successfully.			
<input type="checkbox"/>	11. Update and maintain supporting documentation. Ensure your agency is maintaining documents and communications including, but not limited to, financial and job creation/retention data reported for 1512 reports. Relevant documentation should include communications and documents sent to and from your state agency from both sub-recipients and federal agencies.			

Appendix 8

# October 2011 Recipient Reporting Timeline and Activities



All reporting phase changes will occur at midnight Eastern Time.



\* After Extended Submission period, reports may only be corrected, not submitted.