ARRA Funding Recipients Meet First Reporting Deadline

By Barrie Tabin Berger

Following the first deadline for reporting how ARRA money was spent, several governors are asserting that the act has in fact achieved its intended result.

For state and local governments, one of the conditions of receiving funding under the American Resource and Recovery Act (ARRA) is the obligation to report to the public each quarter on how the money awarded — taxpayer dollars — is being spent. Beginning October 1, 2009, and officially ending on October 10, 2009, prime and sub-recipients of this funding, which included states and localities, were required to meet their first reporting deadline. Recipients filed a total of 130,362 reports to FederalReporting.gov, the password-protected government Web site created specifically to collect this data from recipients. The reports included the total amount of ARRA funds each prime and sub-recipient received between February 17, 2009, and September 30, 2009 (the reporting period); the total amount of the funds expended; and a description and location of the project. The public can now access this information on a state-by-state basis at Recovery.gov.

In the next reporting period, prime and sub-recipients will be required to report on the total amount of ARRA funds received from October 1, 2009, through December 31, 2009. The next reporting period runs from January 1, 2010, to January 10, 2010. From January 11 to January 21, relevant federal agencies will review the data, and from January 22 to January 29, recipients will be able to make any necessary changes.

HELP WITH REPORTING

The Office of Management and Budget (OMB) and the Recovery Act and Transparency Board created and compiled several resources to assist recipients with their reporting requirements. A Recipient Reporting Overview, the first in a series of tutorial reporting videos addressing initial steps to be taken regarding registration and reporting requirements, was developed. In addition, several sets of frequently asked questions (FAQs) were compiled to address uncertainties recipients had regarding the reporting process. The FAQs attempt to clarify much of the guidance issued by the OMB over the past several months and touch on issues such as what is necessary to begin reporting, who is the correct reporting recipient, what is the correct way to calculate job creation, how to correct reporting errors, and how the reported information will be used. According to the FAQs, any errors found after the October 30, 2009, reporting date will be corrected during the next reporting cycle (January 1, 2010, to January 10, 2010).

WHAT REPORTING REVEALED

The promise of the ARRA (enacted in February 2009) was that the infusion of federal tax dollars to both the public and private sectors would boost the flailing economy, help to preserve and create jobs, and alleviate the need for deep cuts in state and local government budgets. The reporting data provided to FederalReporting.gov showed that a total of 640,329 jobs were created or saved: 30,908 by federal contracts, 607,919 by grants, and 1,503 by loans.

Several governors are asserting that the ARRA has in fact achieved its intended result. In Kentucky, the governor reported that the federal stimulus program was pumping hundreds of millions of dollars into the state's economy and helping it maintain jobs and programs in education, health care, and public safety, saving the state from having to pursue crippling budget cuts. Kentucky is expected to receive $3 billion in stimulus funding between 2009 and 2011.

In Wisconsin, the governor's office provided a similar analysis, noting that because of ARRA funding, the state averted a $550 million cut in the education budget that would have caused numerous layoffs and created the need for significant tax increases. In particular, the Milwaukee Public Schools reported that 996 jobs were saved as a result of the $75.8 million it received in state stabilization money.

In Michigan, which has the country's highest unemployment rate at 15.3 percent, the reporting shows that ARRA funding saved or created 2,600 positions in local governments, universities, businesses, and nonprofit associations throughout the state.

According to the data reported and analyzed on Recovery.gov, California, New York, Washington, Florida, and North Carolina reported the highest number of jobs created or saved, with California leading at 110,185. This is especially important because in August, 14 states and the District of Columbia reported having unemployment rates of 10 percent or greater.

However, the stimulus initiative and the reporting process still have their critics. Several national watchdog groups such as OMB Watch and Citizens Against Government Waste argue that Recovery.gov is not providing sufficient information to monitor the stimulus plan's progress. These groups also question the accuracy of the data provided on the Web site, especially regarding the creation of jobs.

In response to these criticisms, many state representatives have expressed a certain degree of confidence in the accuracy of the information they have provided to the federal government and argue that this reporting tool has allowed an unprecedented level of transparency and accountability regarding the use of taxpayer dollars. They also note that while some reporting errors may be uncovered, they will have a chance to correct these errors during the January reporting period. According to the OMB, the bureau and President Obama understand that the reporting initiative was a "first-of-its-time endeavor spanning every corner of the country, and mistakes may be made." Further, both state and federal representatives maintain that the accuracy of the data provided will improve during the next reporting period as individuals responsible for entering data on behalf of their governments or entities become more familiar with the operation of the Web site.

WHERE THE DOLLARS HAVE GONE

A few federal agencies, in particular, have credited the release of stimulus

Red Flag Rule Enforcement Delayed Until June 1, 2010

At the request of members of Congress, the Federal Trade Commission (FTC) is delaying enforcement of its Red Flag Rules until June 1, 2010. To combat the growing problem of identity theft, the FTC issued red flag rules that apply to all municipalities that have utility accounts such as water, sewer, or electricity, or other operations that defer payment for services on a recurring basis. The rules now require that covered municipalities have written programs in place by June 1, 2010, to identify, detect, and respond to patterns, practices, or specific activities — red flags — that could indicate identity theft. Legal counsel should be consulted immediately regarding compliance with the FTC rules, including what types of operations and transactions are covered, as there could be significant consequences for noncompliance. Additional information about the rule's application to municipalities can be found on the GFOA Web site at http://www.gfoa.org/downloads/redflagrules.pdf.

funds with having a significant impact for states and localities.

The U.S. Department of Education revealed that as of September 30, 2009, $67 billion in grants were delivered to the states to avert shortfalls in education budgets. The largest portion of the ARRA funds, $35.4 billion, was delivered through the State Fiscal Stabilization Fund. According to the data now available on Recovery.gov, the Education Department has reported that approximately 325,000 education-related jobs have been retained or created in states and localities as a result of these grants.

The U.S. Department of Housing and Urban Development (HUD) has also distributed significant ARRA funding to provide assistance to states and local governments. This summer, HUD released several million dollars under the Neighborhood Stabilization Program directly to local communities to assist with the purchase, rehabilitation, and resale of foreclosed properties in especially hard-hit neighborhoods. In addition, HUD has released nearly $1 billion of ARRA funds to 1,200 state and local governments through the agency's long-standing Community Development Block Grant (CDBG) program. CDBG funding is directed toward the rehabilitation of affordable housing for low- to moderate income individuals and families living in counties, cities, and towns.

The U.S. Environmental Protection Agency has also provided assistance to states and localities through allocations of ARRA funding. Localities in 46 states received nearly $40 million in stimulus funding to cleanup and revitalize brownfield sites, property that may have been contaminated by hazardous chemicals or pollutants. The revitalization of these sites not only reduces threats to human health and the environment but also attracts investment in local neighborhoods and creates jobs.

According to a July 2009 announcement, the Office of Community Oriented Policing Services (COPS), a component of the U.S. Department of Justice, awarded $1 billion in ARRA funding through its COPS Hiring Recovery Program to state, local, and tribal law enforcement authorities. This funding created or retained almost 5,000 law enforcement positions throughout the country and enabled some law enforcement authorities to increase their community policing capacity and crime prevention efforts.

NEXT STEPS

As state and local government funding recipients prepare for the January reporting period, considerable attention will be paid to several important reporting guidelines noted by OMB. These include making a good faith effort to get quality data, providing the data in a way that is transparent, and making sure the data gathering process is documented.

Other details regarding the reporting process, new grant initiatives, and additional agency guidance are likely to be revealed as the next reporting deadline approaches. The GFOA's ARRA Resource Center, available on the GFOA's Web site at www.gfoa.org (click the Federal Government Relations tab on the left side of the page), will continue to provide members with up-to-date information on the continued implementation of this act.

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President Signs Law Extending Home Buyers Tax Credit

President Obama signed the Worker, Homeownership, and Business Act in early November to allow first-time homeowners to continue to take advantage of an $8,000 first-time home buyer tax credit through April 30, 2010. The law would also create a new $6,500 tax credit for current homeowners who want to purchase a new primary residence, so long as they have lived in their current home for five consecutive years. Income eligibility for the credits would increase to $125,000 for individuals and $225,000 for couples (the current law credit phases out for individuals with income starting at $75,000 and for joint filers with income starting at $150,000). Homes must be sold for less than $800,000 to be eligible for the credit. The objective in extending the tax credit — to spur both home buying and home building — also remains a priority for localities that have been plagued by significant losses in tax revenues from home foreclosures and the costs associated with policing and maintaining abandoned housing.