



# **New York State**

## ***ARRA Section 1512 Orientation Meeting***

June 29, 2009

# Agenda

- Welcome, Introductions, Session Ground Rules
- Session Objectives
- Overview of the American Recovery and Reinvestment Act (ARRA)
- New Section 1512 Guidance
- Section 1512 Items for Consideration
- Upcoming Section 1512 Events
- Expectations
- Question and Answer Session
- Contact Information

# Welcome, Introductions, Session Ground Rules

## Today's Presenters

- Tim Gilchrist, Senior Advisor Infrastructure and Transportation – Economic Recovery and Reinvestment Cabinet
- Anthony Monaco, Partner – KPMG
- Rory Costello, Senior Manager – KPMG
- Ravi Gupta, Director – KPMG

# Session Objectives

- ARRA Overview
- Orientation on Section 1512 Requirements
- Discussion of Upcoming Events
- Identification of Communication Channels

# ARRA Overview

## Signed into law by President Obama February 17, 2009: \$787 Billion in spending and tax relief

- Objectives:
  - Create/save 3.5 million jobs
  - Promote economic recovery
  - Assist those most impacted by the recession
  - Increase economic efficiency through investment in technological advances in science and health
  - Provide long-term economic benefits through investment in transportation, environmental protection and other infrastructure
  - Stabilize state and local budgets, minimize and avoid reductions in essential services and counterproductive state and local tax increases

### Of the \$787 Billion:

- \$580 Billion will be in direct spending
- \$280 Billion will be administered through the states

Source: recovery.gov; CQ House Action Reports – Fact Sheet No. 111-1

# ARRA Overview: Accountability Objectives

**ARRA requires a combination of speed, transparency, accountability, efficiency, and effectiveness**

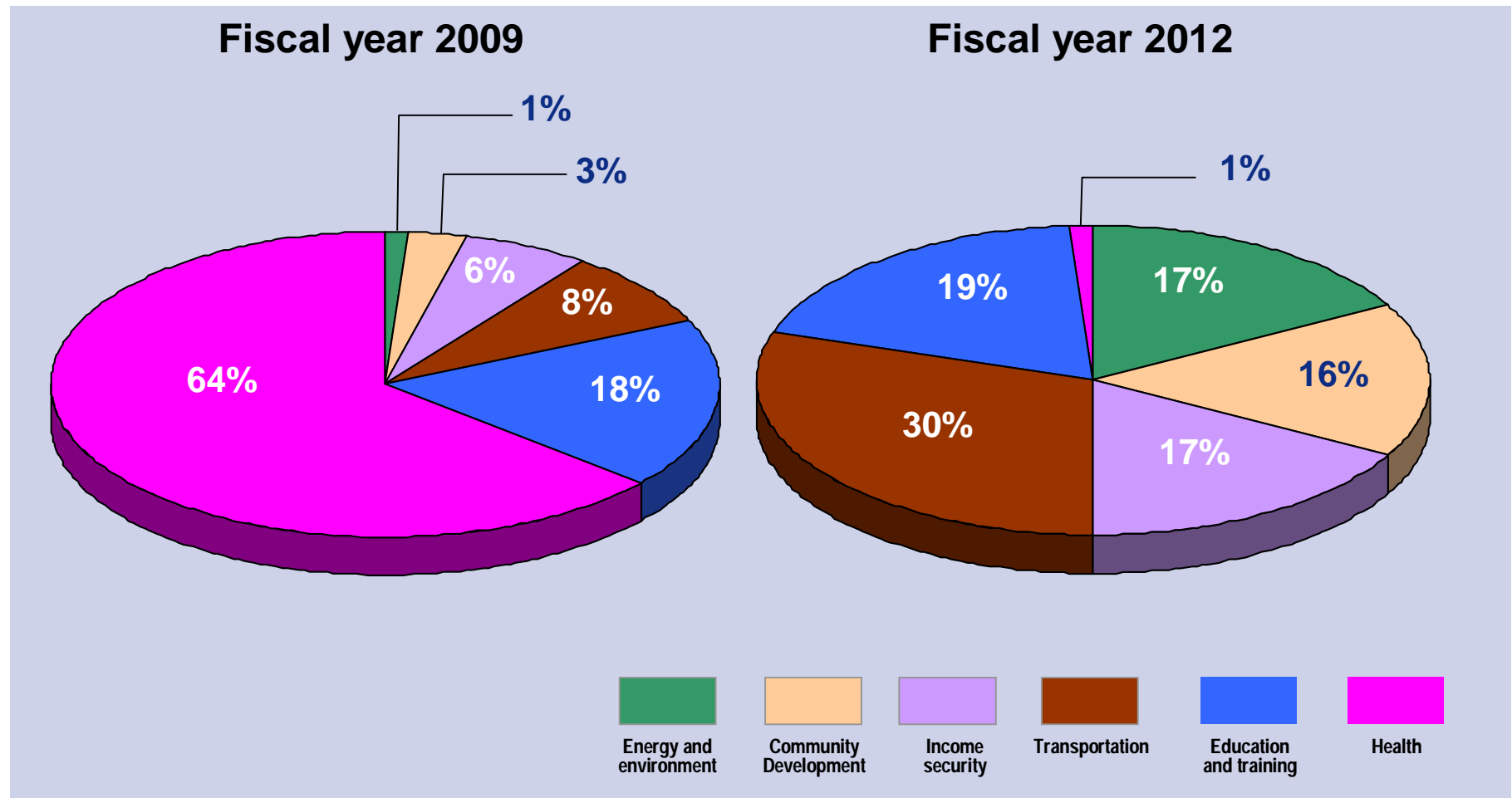
- Funds are awarded and distributed in a prompt, fair, and reasonable manner
- The recipients and uses of all funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately, and in a timely manner
- Funds are used for authorized purposes and instances of fraud, waste, error, and abuse are mitigated
- Projects funded under the Recovery Act avoid unnecessary delays and cost overruns
- Program goals are achieved, including specific program outcomes and improved results on broader economic indicators

Source: OMB Memo 2/28/09

# ARRA Overview: States by Stimulus Funding Level

Dollar Award Level	States
<b>\$20 Billion +: 3 states</b>	California, New York, Texas
<b>\$10 – 20 Billion: 6 states</b>	Florida, Illinois, Michigan, New Jersey, Ohio, Pennsylvania,
<b>\$5 – 10 Billion: 12 states</b>	Arizona, Georgia, Indiana, Maryland, Massachusetts, Minnesota, Missouri, North Carolina, Tennessee, Virginia, Washington, Wisconsin
<b>\$1 – 5 Billion: 24 states</b>	Alabama, Arkansas, Colorado, Connecticut, District of Columbia, Hawaii, Idaho, Iowa, Kansas, Kentucky, Louisiana, Maine, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Mexico, Oklahoma, Oregon, Rhode Island, South Carolina, Utah, West Virginia
<b>Under \$1 Billion: 6 states</b> Source: recovery.gov	Alaska, Delaware, North Dakota, South Dakota, Vermont, Wyoming

# ARRA Overview: Composition of State and Local Recovery Act Funding - *FY 2009 vs FY 2012*



Source: GAO analysis of CBO and FFIS data.

# New Section 1512 Guidance

## Section 1 – General Information – Applicability of Section 1512

- Deadline – October 2009
- New data elements
- Federal Government Awards
- Funds awarded to individuals
- Although 100% guaranteed loans financed through the Federal Financing Bank are subject to Section 1512, loan guarantees are exempt
- Recipients receiving funds through entitlements or tax programs
- [www.FederalReporting.gov](http://www.FederalReporting.gov)
- Complying with additional program-specific guidance

# New Section 1512 Guidance, continued

## Section 2 – Basic Principles and Requirements of Recovery Act Recipient Reporting

- Aggregation and report on jobs created and retained
- Reporting for recipient and subrecipient vendors are segregated
- Subrecipient vendor reporting
- Subaward reporting
- New reporting elements for prime recipients
- Reporting of small subawards less than \$25,000
- All 1512 reporting is cumulative
- Inventory of subrecipient delegations
- Recipients can delegate reporting to subrecipients

# New Section 1512 Guidance: Required Data Elements and Responsibilities

## Prime Recipient

1. Federal Funding Agency Name
2. Award identification
3. Recipient D-U-N-S
4. Parent D-U-N-S
5. Recipient CCR information
6. CFDA number, if applicable
7. Recipient account number
8. Project/grant period
9. Award type, date, description, and amount
10. Amount of Federal Recovery Act funds expected to projects/activities
11. Activity code and description
12. Project description and status
13. Job creation narrative and number
14. Infrastructure expenditures and rationale, if applicable
15. Recipient primary place of performance
16. Recipient area of benefit
17. Recipient officer names and compensation (Top 5)
18. Total number and amount of small sub-awards; less than \$25,000

## Recipient Vendor

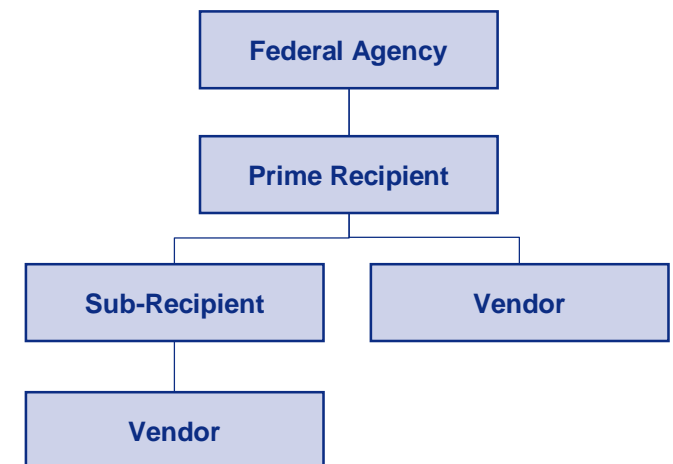
1. D-U-N-S or Name and zip code of Headquarters (HQ)
2. Expenditure amount
3. Expenditure description

## Sub-Recipient (also referred to as FFATA Data Elements)

1. Sub-recipient D-U-N-S
2. Sub-recipient CCR information
3. Sub-recipient type
4. Amount received by sub-recipient
5. Amount awarded to sub-recipient
6. Sub-award date
7. Sub-award period
8. Sub-recipient place of performance
9. Sub-recipient area of benefit
10. Sub-recipient officer names and compensation (Top 5)

## Sub-Recipient Vendor

1. D-U-N-S or Name and zip code of HQ

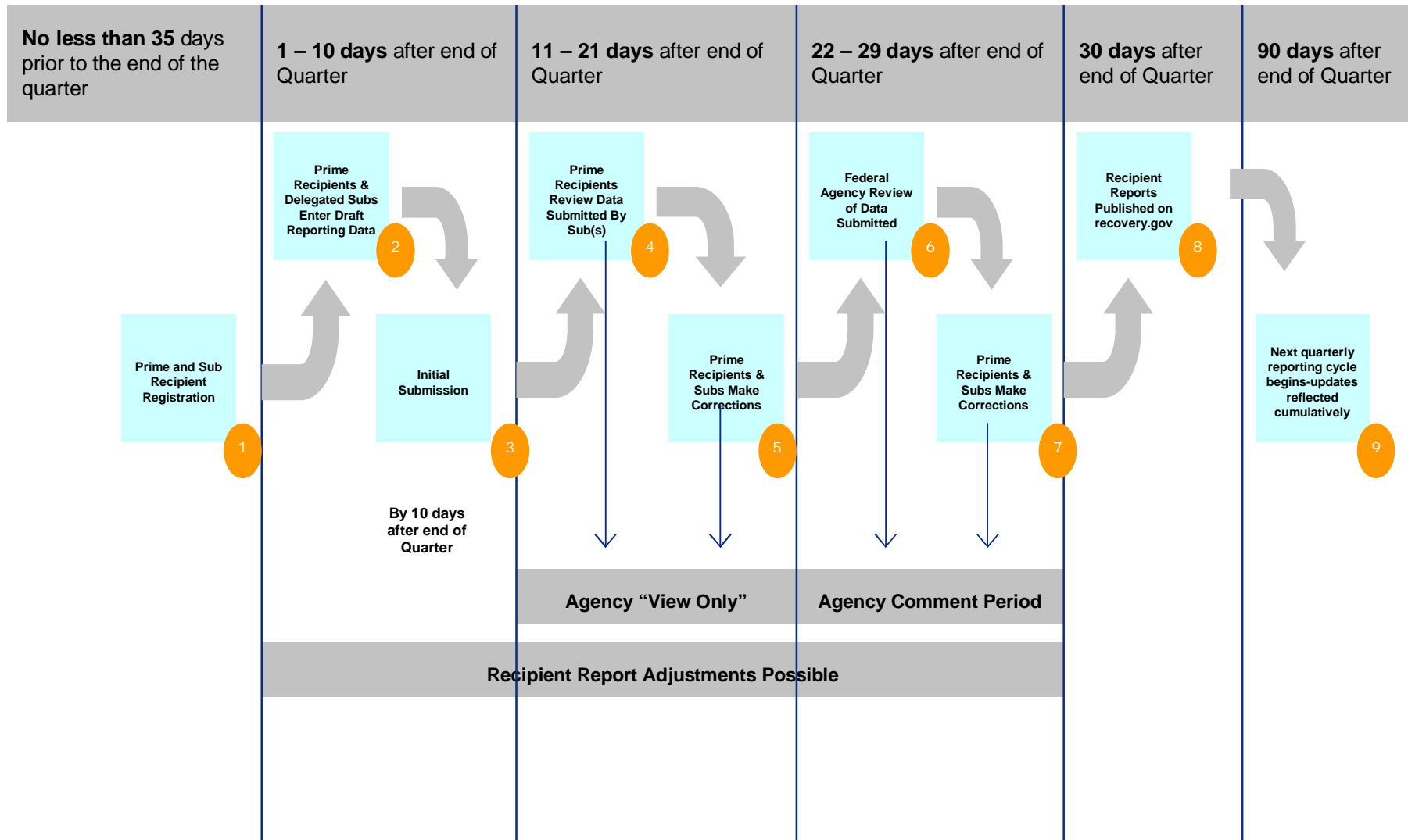


# New Section 1512 Guidance, continued

## Section 3 – Reporting Process and Timelines

- [FederalReporting.gov](https://www.federalreporting.gov) will be used for reporting and reviewing data submissions, and the resulting information will be made publicly available on [Recovery.gov](https://www.recovery.gov)
- Provides for three methods to submit reporting to FederalReporting.gov:
  - Online data entry into Web browser
    - Uploading of Excel spreadsheets provided by OMB
    - Custom software extract in XML
- With OMB approval, Federal agencies may require the use of existing reporting systems to bypass Recovery.gov

# New Section 1512 Guidance: Reporting Timeline



# New Section 1512 Guidance, continued

## Section 4 – Data Quality

- All reporting levels must establish controls to help ensure data quality, completeness, accuracy, and timely reporting. Possible approaches or controls are provided in the guidance
- No separate statement of assurance or certification will be required of prime recipients with respect to the quality of subrecipient data
- Material omission or significant reporting errors identified in the federal agency review of submissions will be reported to the Recovery Board, and such instances will be made public on Recovery.gov
- The system automatically defaults to “not reviewed by [federal] agency” status if other reporting status is not selected by the federal agency by day 30
- Federal agencies required to continuously evaluate Section 1512 compliance

# New Section 1512 Guidance, continued

## Section 5 – Jobs Reporting

- Revises requirement for job reporting - prime recipients **MUST** incorporate vendor and subrecipient jobs; to the maximum extent practical
- Approved statistical methodologies may be used to estimate only if “overly burdensome and costly” for prime recipient to obtain this data – Federal agencies to issue guidance
- Clarifies that there are two separate fields for job reporting, one numeric and one narrative
- Provides the formula for recipients to use to convert hours to Full-Time Employees (FTEs)
- Two data elements are required to make the FTE calculation:
  - Total number of hours worked that were funded by Recovery Act
  - Total number of hours in a full-time schedule as defined by the recipient, subrecipient, or vendor

# New Section 1512 Guidance: New Jobs Created or Retained

## FTE Formula:

$$\frac{\text{Cumulative Recovery Act Funded Hours Worked (Qtr 1...n)}}{\text{Cumulative Hours in a Full – time Schedule (Qtr 1...n)}} = FTE$$

- FTEs must be calculated using two data elements:
  1. Total number of hours worked that were funded by ARRA
  2. Total number of hours in a full-time schedule as defined by the recipient, sub-recipient or vendor
- Percentage of funding can be used in lieu of the FTE formula for colleges and universities that follow OMB Circular A-21
- The purpose of this formula is to avoid overstating the number of jobs created in the case where some jobs may not be full-time positions. Thus, this formula converts part-time or temporary jobs into “full-time equivalent” jobs.
- Jobs must be reported cumulatively each quarter. If the same number of employees work the same number of hours in the second quarter, then the same number of FTEs should be recorded in that quarter.

# New Section 1512 Guidance: Indirect or Induced Jobs

- **Direct Jobs** - jobs created in the actual government-sponsored project
- **Indirect Jobs** - jobs created at suppliers who make the materials used in the project
- **Induced Jobs** - jobs created elsewhere in the economy as increases in income from the direct government spending lead to additional increases in spending by workers and firms
- Recipients are required to report on **direct** jobs retained or created
- Recipients should not report on indirect or induced jobs
- Recipients report only direct jobs due to insufficient insight or consistent methodologies for reporting indirect or induced jobs
- The Council of Economic Advisers developing macro-economic methodology

# New Section 1512 Guidance, continued

## List of Programs Subject to Recipient Reporting

- 305 programs have been identified as subject to Section 1512
- CFDA numbers not included for all programs subject to Section 1512 reporting
- Certain programs are inaccurately listed under the wrong federal agency
- Not all Division B programs are exempt from reporting.
  - Broadband Technology Opportunities Program (BTOP)
  - Health IT Incentive Program

# New Section 1512 Guidance, continued

## List of Programs Subject to Recipient Reporting, continued

- Certain Tax Credit programs are also subject to Section 1512 reporting
  - Tax Provisions Implementation Program
  - New Markets Tax Credit
- Certain fiscal relief and entitlement programs are exempt from Section 1512
  - FMAP
  - TANF
  - Extension of Unemployment Benefits Program
  - Title IV-E

# New Section 1512 Guidance, continued

## Recipient Reporting Data Model

- Provides the listing of updated data elements and definitions, which include xml tags, examples, and source systems
- Total of 87 data elements
  - 2 are optional
  - 27 are system-populated
  - 58 are items that need to be reported in the Web-based-tool
- OMB also conducted a 60-day review of the administration's policy on communications with lobbyists regarding Recovery Act funds and will be issuing a revised guidance on lobbyist communications

## Section 1512 Guidance – Items for Consideration

- Need to implement processes and controls to help ensure completeness of data and reporting for all awards
- Need to implement processes/controls to help avoid duplication and redundancy of data
- Establish policy to ID user to make corrections per award number
- Does not provide explanation of how data for an award or program will be consolidated
- Not clear whether there is a unique identifier that will allow a recipient or federal agency to consolidate reports related to the same award or program

## Section 1512 Guidance – Items for Consideration, continued

- Does not provide an insight over the controls in the Web-based tool
- The process of establishing user IDs and user-access profiles to determine the appropriate levels of access has also not been defined
- Develop a coordinated approach/process for individual agencies to prevent potential access issues
- Need to consider who will be responsible for setting up user IDs.
- Unclear how or if a recipient or delegated subrecipient with a decentralized reporting process will have the ability to see all reporting at their level
- Training programs may need to be established

## Section 1512 Guidance – Items for Consideration, continued

- Recipients that delegate the Section 1512 (c)(4) reporting function will have to establish processes to track and ensure that reporting for all awards has been completed by the 10th day after the end of the reporting quarter
- Efforts should be undertaken immediately to document and verify CCR registrations, DUNS numbers, etc. for each organization or unit of an organization receiving Recovery Act awards
- Recipients and subrecipients will need to establish a process to determine and ensure that the required registrations with Dun & Bradstreet (D&B) and CCR are completed timely
- It is not clear whether a delegated subrecipient can have a decentralized reporting process

## Section 1512 Guidance – Items for Consideration, continued

- What criteria can be used to demonstrate that it is not “practicable” to collect jobs information from all subrecipients and vendors?
- Currently, jobs reporting elements cannot be directly reported in FederalReporting.gov by delegated subrecipients – guidance states that this is being considered
- Recipients will have to provide guidance and establish a process to collect, aggregate, compute, and report job creation consistently and accurately to the feds
- The definitions and criteria to identify jobs retained needs to be clarified and communicated consistently to all subrecipients and vendors

# Upcoming Section 1512 Events

## Current State Assessment

- Agency 1512 Survey
- Control Agency Workshops
- Recovery Cabinet Workshops
- Survey Analysis
- Agency Workshops

## Gap Analysis

- Process
- Technology
- Controls

## Decision on Reporting Model

# Upcoming Section 1512 Events: Current State Assessment – Survey

**Survey Currently Under Construction**

**Projected Launch – July 8<sup>th</sup>**

**First step in Gauging Current Agency and Statewide Capability**

- Data Elements
- Quality Assurance
- Identification of high risk areas

**60-70 Questions**

- Project
- Sub-recipient
- Vendor
- Larger ARRA Questions

# Upcoming Section 1512 Events: Current State Assessment – Control Agency and Recovery Cabinet Workshops

## Assessment of Statewide Capability

- Reporting – data elements
- Quality Assurance
- Process
- Technology
- Controls

# Upcoming Section 1512 Events: Current State Analysis – Survey Analysis

## Comparison of Survey Answers to Section 1512 Requirements

- Ability to obtain required Data Elements
- Ability to meet 10-Day deadline
- Assessment of capability/capacity to obtain information as needed:
  - Sub recipients
  - Vendors

## Ability to Submit Reports

- Web Browser
- Excel Spreadsheet
- XML

# Upcoming Section 1512 Events: Current State Analysis – Agency Workshops

## Identification of High Risk Areas

### Support Agency Effort Through:

- Follow up on Survey Responses
- Workshops
- Provide Section 1512 Information
- Discuss Capability beyond Survey Responses

# Upcoming Section 1512 Events: Gap Analysis – Process, Controls and Technology

## Mapping of Current State to Section 1512 Requirements

- Assess Gaps in Resources
- Availability
- Amount

## Assess Gaps in Processes/Controls

- Gather Information
- Compile Data
- Verify/Correct Data
- Report Within Set Deadline

## Assess Gaps in Technology

- Business Intelligence
- Ability to Upload
- Identification of Data Elements

# Upcoming Section 1512 Events: Decision on Reporting Model

## Roadmap to Compliance

### Decision on Reporting Model

- Centralized – Reporting Submission is coordinated by one centralized function
- Decentralized – Reporting Submission is performed by each State Agency receiving ARRA Awards without having a centralized function to coordinate the submission
- Hybrid – Reporting Submission is performed by the State or State Agency

# Expectations

- Be Flexible/Be Involved/Be Vocal/Be Pro-Active/Be Committed
- Share Concerns and Best Practice Suggestions
- Too much is better than not enough
- Communication is vital – ask questions
- Answers need to be complete and representative of your agency
- Start looking forward – what is your desired state

# Question and Answer Session

- Use Index Cards to Provide Questions
- Those on Web send Questions to [clarissa.wertman@chamber.state.ny.us](mailto:clarissa.wertman@chamber.state.ny.us)
- Parking Lot for Unanswered Questions

# Contact Information

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