

Appended list of point people and Web sites overseeing the stimulus in the states.

	<b>Point Person</b>	<b>Web Site</b>
<b>Connecticut</b>	Matthew Fritz, special Assistant to the governor, and Mary Anne O'Neill, associate legal counsel to the governor	1. <a href="http://www.ct.gov/recovery/site/default.asp">Connecticut Recovery Initiative</a> <a href="http://www.ct.gov/recovery/site/default.asp">http://www.ct.gov/recovery/site/default.asp</a>
<b>Delaware</b>	Lieutenant Governor Matt Denn (D)	1. <a href="http://www.recovery.delaware.gov/">RECOVERY.DELAWARE.GOV</a> <a href="http://www.recovery.delaware.gov/">http://www.recovery.delaware.gov/</a>
<b>Maine</b>	Ryan Low, commissioner for the Department of Administrative and Financial Services	1. <a href="http://www.maine.gov/recovery/">Recovery and Reinvestment Transparency</a> <a href="http://www.maine.gov/recovery/">http://www.maine.gov/recovery/</a>
<b>Maryland</b>	Governor's chief of staff, Michael Enright	1. <a href="http://statestat.maryland.gov/recovery.asp">StateStat: Recovery</a> <a href="http://statestat.maryland.gov/recovery.asp">http://statestat.maryland.gov/recovery.asp</a> 2. <a href="http://www.spending.dbm.maryland.gov/">Maryland Funding Accountability &amp; Transparency</a> <a href="http://www.spending.dbm.maryland.gov/">http://www.spending.dbm.maryland.gov/</a>
<b>Massachusetts</b>	Real estate professional Jeffrey A. Simon	1. <a href="http://www.mass.gov/?pageID=gov3agencylanding&amp;L=4&amp;L0=Home&amp;L1=Key+Priorities&amp;L2=Job+Creation+%26+Economic+Growth&amp;L3=Massachusetts+Recovery+and+Reinvestment+Plan&amp;sid=Agov3">Massachusetts Recovery and Reinvestment Plan</a> <a href="http://www.mass.gov/?pageID=gov3agencylanding&amp;L=4&amp;L0=Home&amp;L1=Key+Priorities&amp;L2=Job+Creation+%26+Economic+Growth&amp;L3=Massachusetts+Recovery+and+Reinvestment+Plan&amp;sid=Agov3">http://www.mass.gov/?pageID=gov3agencylanding&amp;L=4&amp;L0=Home&amp;L1=Key+Priorities&amp;L2=Job+Creation+%26+Economic+Growth&amp;L3=Massachusetts+Recovery+and+Reinvestment+Plan&amp;sid=Agov3</a>
<b>New Jersey</b>	Governor's chief of staff, Ed McBride, and Matt Boxer, state comptroller	1. <a href="http://www.recovery.nj.gov/recovery/transparency/index.html">NJ Recovery and Reinvestment Plan</a> <a href="http://www.recovery.nj.gov/recovery/transparency/index.html">http://www.recovery.nj.gov/recovery/transparency/index.html</a>
<b>New York</b>	Timothy J. Gilchrist, senior advisor to the governor for infrastructure and transportation of the New York State Economic Recovery and Reinvestment Cabinet	1. <a href="http://www.recovery.ny.gov/">New York State Information Related to the American Recovery and Reinvestment Act of 2009</a> <a href="http://www.recovery.ny.gov/">http://www.recovery.ny.gov/</a> 2. <a href="http://wwe1.osc.state.ny.us/transparency/contracts/contractsearch.cfm">Open Book New York</a> <a href="http://wwe1.osc.state.ny.us/transparency/contracts/contractsearch.cfm">http://wwe1.osc.state.ny.us/transparency/contracts/contractsearch.cfm</a>
<b>Pennsylvania</b>	Ronald J. Naples, former chairman of the Federal Reserve Bank of Philadelphia, serves as chief accountability office while General Services Secretary James Creedon is the stimulus implementation director	1. <a href="http://www.recovery.pa.gov/portal/server.pt/community/recovery_pa_gov/5994">recovery.pa.gov</a> <a href="http://www.recovery.pa.gov/portal/server.pt/community/recovery_pa_gov/5994">http://www.recovery.pa.gov/portal/server.pt/community/recovery_pa_gov/5994</a> 2. <a href="http://contracts.patreaury.org/search.aspx">Pennsylvania Contracts e-Library</a> <a href="http://contracts.patreaury.org/search.aspx">http://contracts.patreaury.org/search.aspx</a> 3. <a href="http://www.dced.state.pa.us/investmenttracker/">Investment Tracker</a> <a href="http://www.dced.state.pa.us/investmenttracker/">http://www.dced.state.pa.us/investmenttracker/</a>
<b>Rhode Island</b>	Deputy Chief of Staff Beverly Najarian	1. <a href="http://www.recovery.ri.gov/">State of Rhode Island Office of Economic Recovery &amp; Reinvestment</a> <a href="http://www.recovery.ri.gov/">http://www.recovery.ri.gov/</a> 2. <a href="http://www.ri.gov/opengovernment/treasury/">State of Rhode Island Treasury Online Checkbook</a> <a href="http://www.ri.gov/opengovernment/treasury/">http://www.ri.gov/opengovernment/treasury/</a>
<b>Virginia</b>	Wayne Turnage, governor's chief of staff	1. <a href="http://stimulus.virginia.gov/">Stimulus.Virginia.gov</a> <a href="http://stimulus.virginia.gov/">http://stimulus.virginia.gov/</a> 2. <a href="http://datapoint.apa.virginia.gov/">Commonwealth Data Point</a> <a href="http://datapoint.apa.virginia.gov/">http://datapoint.apa.virginia.gov/</a>



## State: Connecticut

CFDA Number	Program	Allocated
84.394	State Fiscal Stabilization Fund	\$541,872,683
93.778	MEDICAL ASSISTANCE PROGRAM	\$274,618,177
84.391	IDEA Part B Grants to States	\$132,971,468
84.389	Title I Grants to Local Educational Agencies	\$70,768,523
81.042	Weatherization Assistance for Low-Income Persons (A)	\$64,310,502
14.317	Section 8 Housing Assistance Payments Program Special Allocations	\$48,256,866
66.458	Clean Water SRF	\$48,010,300
81.041	State Energy Program (A)	\$38,542,000
14.885	Public Housing Capital fund Stimulus (Formula)	\$35,743,555
14.258	Tax Credit Assistance Program	\$26,170,888
66.468	Drinking Water SRF	\$19,500,000
14.257	Homelessness Prevention and Rapid Re-Housing Program	\$16,960,432
17.260	WIA Dislocated Workers	\$14,884,070
16.803	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$12,479,843
17.259	WIA Youth Activities	\$11,034,723
16.804	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$8,113,425
93.703	Health Center Integrated Services Development Initiative	\$7,496,893
14.253	CDBG Entitlement Grants	\$7,465,866
14.907	Lead-based Paint Hazard Control in Privately-Owned Housing	\$6,704,126
84.392	IDEA Part B Preschool Grants	\$5,089,013

84.386	Educational Technology State Grants	\$4,652,249
17.207	Employment Service / Wagner-Peyser Funded Activities	\$4,449,594
17.258	WIA Adult Program	\$4,385,149
84.393	IDEA Part C Grants for Infants and Families	\$4,089,969
14.255	CDBG State's Program and Non-Entitlement Grants in Hawaii	\$3,616,527
84.126	Vocational Rehabilitation State Grants	\$3,334,533
84.033	Federal Work Study	\$2,256,527
66.805	LUST Trust Fund Program	\$2,000,000
16.588	Office on Violence Against Women (OVW) Recovery Act STOP Violence Against Women Formula Grant Program - <a href="http://www.ovw.usdoj.gov/recovery.htm">http://www.ovw.usdoj.gov/recovery.htm</a>	\$1,819,310
66.040	State Clean Diesel Grant Program	\$1,730,000
93.658	Foster Care-Title IV-E	\$1,655,400
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	\$1,259,349
93.659	Adoption Assistance	\$1,249,300
10.569	The Emergency Food Assistance Program (Food Commodities)	\$884,575
14.908	Healthy Homes Demonstration Grants	\$875,000
17.235	Senior Community Service Employment Program	\$795,569
93.563	CHILD SUPPORT ENFORCEMENT	\$792,000
10.579	Child Nutrition Discretionary Grants Limited Availability	\$785,878
93.707	ARRA - Aging Congregate Nutrition Services for States	\$775,759
16.801	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Assistance) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$732,000
16.800	Office of Justice Programs (OJP) Internet Crimes Against Children Task Force Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$584,975

66.454	Water Quality Planning (604b)	\$485,000
84.399	Services for Older Individuals who are Blind	\$427,951
93.705	ARRA - Aging Home-Delivered Nutrition Services for States	\$381,912
16.802	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Compensation) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$285,841
84.398	Independent Living State Grants	\$242,913
10.568	The Emergency Food Assistance Program (Administrative Costs)	\$221,698
84.401	Impact Aid Construction	\$0
<b>Total</b>		<b>\$1,435,762,331</b>

## State: District of Columbia

CFDA Number	Program	Allocated
84.394	State Fiscal Stabilization Fund	\$89,377,071
93.778	MEDICAL ASSISTANCE PROGRAM	\$58,882,030
14.317	Section 8 Housing Assistance Payments Program Special Allocations	\$40,916,923
84.389	Title I Grants to Local Educational Agencies	\$37,602,347
17.235	Senior Community Service Employment Program	\$28,883,005
14.885	Public Housing Capital fund Stimulus (Formula)	\$27,019,862
81.041	State Energy Program (A)	\$22,022,000
66.468	Drinking Water SRF	\$19,500,000
66.458	Clean Water SRF	\$19,239,100
84.391	IDEA Part B Grants to States	\$16,441,924
16.803	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$11,741,539
14.258	Tax Credit Assistance Program	\$11,644,346
81.042	Weatherization Assistance for Low-Income Persons (A)	\$8,089,022
14.257	Homelessness Prevention and Rapid Re-Housing Program	\$7,489,476
14.253	CDBG Entitlement Grants	\$4,896,122
17.259	WIA Youth Activities	\$3,969,821
17.260	WIA Dislocated Workers	\$3,792,823
84.386	Educational Technology State Grants	\$3,209,375
84.033	Federal Work Study	\$2,683,836
14.909	Lead hazard Reduction Demonstration Grant Program	\$2,616,843
84.393	IDEA Part C Grants for Infants and Families	\$2,139,843

84.126	Vocational Rehabilitation State Grants	\$1,879,421
93.703	Health Center Integrated Services Development Initiative	\$1,731,651
66.040	State Clean Diesel Grant Program	\$1,730,000
17.258	WIA Adult Program	\$1,542,940
17.207	Employment Service / Wagner-Peyser Funded Activities	\$1,427,427
16.588	Office on Violence Against Women (OVW) Recovery Act STOP Violence Against Women Formula Grant Program - <a href="http://www.ovw.usdoj.gov/recovery.htm">http://www.ovw.usdoj.gov/recovery.htm</a>	\$903,933
16.802	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Compensation) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$770,857
66.805	LUST Trust Fund Program	\$607,000
93.659	Adoption Assistance	\$573,943
16.801	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Assistance) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$539,000
93.658	Foster Care-Title IV-E	\$531,429
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	\$525,746
93.707	ARRA - Aging Congregate Nutrition Services for States	\$325,000
84.392	IDEA Part B Preschool Grants	\$260,486
84.398	Independent Living State Grants	\$242,913
10.569	The Emergency Food Assistance Program (Food Commodities)	\$238,855
10.579	Child Nutrition Discretionary Grants Limited Availability	\$215,765
66.454	Water Quality Planning (604b)	\$194,300
93.705	ARRA - Aging Home-Delivered Nutrition Services for States	\$160,000
10.568	The Emergency Food Assistance Program (Administrative Costs)	\$59,863

84.399	Services for Older Individuals who are Blind	\$3,170
84.401	Impact Aid Construction	\$0
<b>Total</b>		<b>\$436,621,007</b>

## State: Delaware

CFDA Number	Program	Allocated
84.394	State Fiscal Stabilization Fund	\$134,865,607
93.778	MEDICAL ASSISTANCE PROGRAM	\$60,652,541
84.391	IDEA Part B Grants to States	\$32,700,531
84.389	Title I Grants to Local Educational Agencies	\$32,436,020
81.041	State Energy Program (A)	\$24,231,000
66.468	Drinking Water SRF	\$19,500,000
66.458	Clean Water SRF	\$19,239,100
81.042	Weatherization Assistance for Low-Income Persons (A)	\$13,733,668
14.885	Public Housing Capital fund Stimulus (Formula)	\$7,067,910
16.803	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$6,617,020
14.258	Tax Credit Assistance Program	\$6,608,893
14.317	Section 8 Housing Assistance Payments Program Special Allocations	\$4,407,466
16.804	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$4,289,448
84.386	Educational Technology State Grants	\$3,209,375
14.257	Homelessness Prevention and Rapid Re-Housing Program	\$2,921,322
17.259	WIA Youth Activities	\$2,918,025
93.703	Health Center Integrated Services Development Initiative	\$2,232,541
84.393	IDEA Part C Grants for Infants and Families	\$2,139,843
17.260	WIA Dislocated Workers	\$2,039,325
84.126	Vocational Rehabilitation State Grants	\$1,800,000

66.040	State Clean Diesel Grant Program	\$1,730,000
14.253	CDBG Entitlement Grants	\$1,371,880
84.392	IDEA Part B Preschool Grants	\$1,332,738
17.258	WIA Adult Program	\$1,234,406
66.805	LUST Trust Fund Program	\$1,232,000
17.207	Employment Service / Wagner-Peyser Funded Activities	\$1,106,097
16.588	Office on Violence Against Women (OVW) Recovery Act STOP Violence Against Women Formula Grant Program - <a href="http://www.ovw.usdoj.gov/recovery.htm">http://www.ovw.usdoj.gov/recovery.htm</a>	\$806,053
16.801	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Assistance) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$558,000
14.255	CDBG State's Program and Non-Entitlement Grants in Hawaii	\$537,718
17.235	Senior Community Service Employment Program	\$507,317
16.800	Office of Justice Programs (OJP) Internet Crimes Against Children Task Force Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$437,109
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	\$378,653
93.707	ARRA - Aging Congregate Nutrition Services for States	\$325,000
84.033	Federal Work Study	\$306,286
84.398	Independent Living State Grants	\$242,913
10.579	Child Nutrition Discretionary Grants Limited Availability	\$233,284
10.569	The Emergency Food Assistance Program (Food Commodities)	\$217,341
66.454	Water Quality Planning (604b)	\$194,300
93.705	ARRA - Aging Home-Delivered Nutrition Services for States	\$160,000
93.563	CHILD SUPPORT ENFORCEMENT	\$139,105
16.802	Office of Justice Programs (OJP) OVC FY09	\$130,521

	VOCA Victim Compensation Formula Grant Program (Compensation) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	
93.659	Adoption Assistance	\$96,399
93.658	Foster Care-Title IV-E	\$94,685
10.568	The Emergency Food Assistance Program (Administrative Costs)	\$54,471
84.399	Services for Older Individuals who are Blind	\$3,170
84.401	Impact Aid Construction	\$0
<b>Total</b>		<b>\$397,039,081</b>

## State: Massachusetts

CFDA Number	Program	Allocated
84.394	State Fiscal Stabilization Fund	\$994,258,205
93.778	MEDICAL ASSISTANCE PROGRAM	\$594,257,179
84.391	IDEA Part B Grants to States	\$280,551,559
84.389	Title I Grants to Local Educational Agencies	\$163,391,186
66.458	Clean Water SRF	\$133,057,300
81.042	Weatherization Assistance for Low-Income Persons (A)	\$122,077,457
14.317	Section 8 Housing Assistance Payments Program Special Allocations	\$118,982,618
14.885	Public Housing Capital fund Stimulus (Formula)	\$81,886,976
14.258	Tax Credit Assistance Program	\$59,605,630
81.041	State Energy Program (A)	\$54,911,000
66.468	Drinking Water SRF	\$52,216,000
14.257	Homelessness Prevention and Rapid Re-Housing Program	\$44,558,792
16.803	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$25,044,649
17.259	WIA Youth Activities	\$24,838,038
17.260	WIA Dislocated Workers	\$21,223,446
14.253	CDBG Entitlement Grants	\$20,015,653
16.804	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$15,749,229
84.386	Educational Technology State Grants	\$10,559,936
84.392	IDEA Part B Preschool Grants	\$10,263,466
17.258	WIA Adult Program	\$10,073,668
93.703	Health Center Integrated Services Development	\$9,918,594

	Initiative	
84.033	Federal Work Study	\$9,257,238
14.255	CDBG State's Program and Non-Entitlement Grants in Hawaii	\$9,103,174
14.907	Lead-based Paint Hazard Control in Privately-Owned Housing	\$8,624,565
17.207	Employment Service / Wagner-Peyser Funded Activities	\$8,063,456
84.393	IDEA Part C Grants for Infants and Families	\$7,361,826
84.126	Vocational Rehabilitation State Grants	\$7,068,629
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	\$3,326,983
66.805	LUST Trust Fund Program	\$3,118,000
93.563	CHILD SUPPORT ENFORCEMENT	\$1,868,993
14.908	Healthy Homes Demonstration Grants	\$1,749,940
66.040	State Clean Diesel Grant Program	\$1,730,000
10.569	The Emergency Food Assistance Program (Food Commodities)	\$1,711,471
93.659	Adoption Assistance	\$1,508,966
93.658	Foster Care-Title IV-E	\$1,419,936
10.579	Child Nutrition Discretionary Grants Limited Availability	\$1,404,025
93.707	ARRA - Aging Congregate Nutrition Services for States	\$1,403,578
66.454	Water Quality Planning (604b)	\$1,343,900
16.588	Office on Violence Against Women (OVW) Recovery Act STOP Violence Against Women Formula Grant Program - <a href="http://www.ovw.usdoj.gov/recovery.htm">http://www.ovw.usdoj.gov/recovery.htm</a>	\$1,057,447
16.801	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Assistance) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$930,000
84.399	Services for Older Individuals who are Blind	\$778,450
16.800	Office of Justice Programs (OJP) Internet Crimes Against Children Task Force Program -	\$774,492

<http://www.ojp.usdoj.gov/BJA/recoveryact.html>

93.705	ARRA - Aging Home-Delivered Nutrition Services for States	\$690,992
17.235	Senior Community Service Employment Program	\$516,999
14.882	Native American Housing Block Grants (Formula)	\$430,371
10.568	The Emergency Food Assistance Program (Administrative Costs)	\$428,940
84.398	Independent Living State Grants	\$286,391
16.802	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Compensation) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$271,483
84.401	Impact Aid Construction	\$0
<b>Total</b>		<b>\$2,923,670,826</b>

## State: Maryland

CFDA Number	Program	Allocated
84.394	State Fiscal Stabilization Fund	\$879,800,714
93.778	MEDICAL ASSISTANCE PROGRAM	\$275,508,598
84.391	IDEA Part B Grants to States	\$200,241,802
84.389	Title I Grants to Local Educational Agencies	\$136,436,011
66.458	Clean Water SRF	\$94,784,600
81.042	Weatherization Assistance for Low-Income Persons (A)	\$61,441,745
81.041	State Energy Program (A)	\$51,772,000
14.885	Public Housing Capital fund Stimulus (Formula)	\$48,201,863
14.317	Section 8 Housing Assistance Payments Program Special Allocations	\$43,852,641
14.258	Tax Credit Assistance Program	\$31,701,696
66.468	Drinking Water SRF	\$26,832,000
16.803	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$26,501,301
14.257	Homelessness Prevention and Rapid Re-Housing Program	\$22,407,537
16.804	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$17,398,691
17.235	Senior Community Service Employment Program	\$16,990,604
14.253	CDBG Entitlement Grants	\$12,497,452
17.259	WIA Youth Activities	\$11,585,610
17.260	WIA Dislocated Workers	\$11,255,145
84.386	Educational Technology State Grants	\$8,527,644
84.393	IDEA Part C Grants for Infants and Families	\$7,505,513

84.392	IDEA Part B Preschool Grants	\$6,922,121
84.126	Vocational Rehabilitation State Grants	\$6,879,192
17.207	Employment Service / Wagner-Peyser Funded Activities	\$6,688,441
17.258	WIA Adult Program	\$4,909,757
93.703	Health Center Integrated Services Development Initiative	\$4,253,584
66.805	LUST Trust Fund Program	\$3,712,000
93.658	Foster Care-Title IV-E	\$3,522,776
84.033	Federal Work Study	\$3,090,151
16.588	Office on Violence Against Women (OVW) Recovery Act STOP Violence Against Women Formula Grant Program - <a href="http://www.ovw.usdoj.gov/recovery.htm">http://www.ovw.usdoj.gov/recovery.htm</a>	\$2,562,236
14.255	CDBG State's Program and Non-Entitlement Grants in Hawaii	\$2,152,108
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	\$2,067,236
93.563	CHILD SUPPORT ENFORCEMENT	\$1,848,511
66.040	State Clean Diesel Grant Program	\$1,730,000
93.659	Adoption Assistance	\$1,359,029
10.569	The Emergency Food Assistance Program (Food Commodities)	\$1,240,902
10.579	Child Nutrition Discretionary Grants Limited Availability	\$1,231,398
93.707	ARRA - Aging Congregate Nutrition Services for States	\$1,110,512
66.454	Water Quality Planning (604b)	\$957,400
16.801	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Assistance) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$873,000
14.910	Healthy Homes Technical Studies Grants	\$792,570
16.800	Office of Justice Programs (OJP) Internet Crimes Against Children Task Force Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$688,800

84.399	Services for Older Individuals who are Blind	\$629,924
16.802	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Compensation) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$570,637
93.705	ARRA - Aging Home-Delivered Nutrition Services for States	\$546,714
10.568	The Emergency Food Assistance Program (Administrative Costs)	\$311,003
84.398	Independent Living State Grants	\$249,474
84.401	Impact Aid Construction	\$0
<b>Total</b>		<b>\$2,046,142,643</b>

## State: New Jersey

CFDA Number	Program	Allocated
84.394	State Fiscal Stabilization Fund	\$1,330,483,831
93.778	MEDICAL ASSISTANCE PROGRAM	\$362,234,506
84.391	IDEA Part B Grants to States	\$360,691,433
84.389	Title I Grants to Local Educational Agencies	\$183,014,928
66.458	Clean Water SRF	\$160,146,900
81.042	Weatherization Assistance for Low-Income Persons (A)	\$118,821,296
14.885	Public Housing Capital fund Stimulus (Formula)	\$104,165,767
14.317	Section 8 Housing Assistance Payments Program Special Allocations	\$78,912,171
81.041	State Energy Program (A)	\$73,643,000
14.258	Tax Credit Assistance Program	\$61,243,670
66.468	Drinking Water SRF	\$43,154,000
14.257	Homelessness Prevention and Rapid Re-Housing Program	\$40,919,501
17.260	WIA Dislocated Workers	\$32,706,420
16.803	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$29,754,375
14.253	CDBG Entitlement Grants	\$24,798,735
17.259	WIA Youth Activities	\$20,834,103
16.804	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$17,994,820
84.386	Educational Technology State Grants	\$12,047,807
84.392	IDEA Part B Preschool Grants	\$11,804,929
84.393	IDEA Part C Grants for Infants and Families	\$10,799,688
17.207	Employment Service / Wagner-Peyser Funded	\$10,662,171

Activities		
84.126	Vocational Rehabilitation State Grants	\$9,455,472
93.703	Health Center Integrated Services Development Initiative	\$9,420,825
17.258	WIA Adult Program	\$9,386,433
66.805	LUST Trust Fund Program	\$4,819,000
84.033	Federal Work Study	\$3,974,503
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	\$2,235,452
10.569	The Emergency Food Assistance Program (Food Commodities)	\$2,172,264
14.255	CDBG State's Program and Non-Entitlement Grants in Hawaii	\$1,945,374
10.579	Child Nutrition Discretionary Grants Limited Availability	\$1,859,763
93.707	ARRA - Aging Congregate Nutrition Services for States	\$1,857,089
66.040	State Clean Diesel Grant Program	\$1,730,000
66.454	Water Quality Planning (604b)	\$1,617,600
93.659	Adoption Assistance	\$1,558,287
16.802	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Compensation) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$1,410,671
16.588	Office on Violence Against Women (OVW) Recovery Act STOP Violence Against Women Formula Grant Program - <a href="http://www.ovw.usdoj.gov/recovery.htm">http://www.ovw.usdoj.gov/recovery.htm</a>	\$1,228,450
16.801	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Assistance) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$1,074,000
84.399	Services for Older Individuals who are Blind	\$1,026,700
93.658	Foster Care-Title IV-E	\$990,919
93.705	ARRA - Aging Home-Delivered Nutrition Services for States	\$914,259

16.800	Office of Justice Programs (OJP) Internet Crimes Against Children Task Force Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$901,077
17.235	Senior Community Service Employment Program	\$669,969
10.568	The Emergency Food Assistance Program (Administrative Costs)	\$544,427
84.398	Independent Living State Grants	\$385,684
84.401	Impact Aid Construction	\$241,260
<b>Total</b>		<b>\$3,150,253,529</b>

## State: New York

CFDA Number	Program	Allocated
84.394	State Fiscal Stabilization Fund	\$3,017,796,810
93.778	MEDICAL ASSISTANCE PROGRAM	\$2,070,832,598
84.389	Title I Grants to Local Educational Agencies	\$906,198,380
84.391	IDEA Part B Grants to States	\$759,193,324
14.885	Public Housing Capital fund Stimulus (Formula)	\$502,345,293
66.458	Clean Water SRF	\$432,564,200
81.042	Weatherization Assistance for Low-Income Persons (A)	\$394,686,513
14.258	Tax Credit Assistance Program	\$252,659,616
14.317	Section 8 Housing Assistance Payments Program Special Allocations	\$234,818,320
14.257	Homelessness Prevention and Rapid Re-Housing Program	\$141,420,983
81.041	State Energy Program (A)	\$123,110,000
66.468	Drinking Water SRF	\$86,810,999
14.253	CDBG Entitlement Grants	\$79,544,905
17.259	WIA Youth Activities	\$71,526,360
16.803	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$67,268,484
17.260	WIA Dislocated Workers	\$66,368,188
84.386	Educational Technology State Grants	\$55,492,691
16.804	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$43,323,785
84.392	IDEA Part B Preschool Grants	\$35,017,461
17.258	WIA Adult Program	\$31,516,111
93.703	Health Center Integrated Services Development	\$26,507,743

	Initiative	
84.126	Vocational Rehabilitation State Grants	\$25,694,844
84.393	IDEA Part C Grants for Infants and Families	\$23,686,688
17.207	Employment Service / Wagner-Peyser Funded Activities	\$22,855,217
84.033	Federal Work Study	\$19,826,764
93.659	Adoption Assistance	\$13,656,926
14.255	CDBG State's Program and Non-Entitlement Grants in Hawaii	\$12,878,999
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	\$12,138,141
93.658	Foster Care-Title IV-E	\$10,810,258
66.805	LUST Trust Fund Program	\$9,235,000
10.569	The Emergency Food Assistance Program (Food Commodities)	\$6,186,287
10.579	Child Nutrition Discretionary Grants Limited Availability	\$5,990,474
66.454	Water Quality Planning (604b)	\$4,369,100
93.707	ARRA - Aging Congregate Nutrition Services for States	\$4,148,718
17.235	Senior Community Service Employment Program	\$3,948,669
16.802	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Compensation) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$2,829,174
14.882	Native American Housing Block Grants (Formula)	\$2,672,247
84.399	Services for Older Individuals who are Blind	\$2,297,730
93.705	ARRA - Aging Home-Delivered Nutrition Services for States	\$2,042,446
14.907	Lead-based Paint Hazard Control in Privately-Owned Housing	\$2,038,081
16.801	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Assistance) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$1,789,000

66.040	State Clean Diesel Grant Program	\$1,730,000
16.800	Office of Justice Programs (OJP) Internet Crimes Against Children Task Force Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$1,618,399
10.568	The Emergency Food Assistance Program (Administrative Costs)	\$1,550,447
84.398	Independent Living State Grants	\$856,884
16.588	Office on Violence Against Women (OVW) Recovery Act STOP Violence Against Women Formula Grant Program - <a href="http://www.ovw.usdoj.gov/recovery.htm">http://www.ovw.usdoj.gov/recovery.htm</a>	\$812,159
84.401	Impact Aid Construction	\$623,833
17.265	Native American Employment and Training	\$45,187
<b>Total</b>		<b>\$9,595,334,436</b>

## State: Pennsylvania

CFDA Number	Program	Allocated
84.394	State Fiscal Stabilization Fund	\$1,905,620,952
93.778	MEDICAL ASSISTANCE PROGRAM	\$680,278,921
84.391	IDEA Part B Grants to States	\$427,178,222
84.389	Title I Grants to Local Educational Agencies	\$398,774,873
81.042	Weatherization Assistance for Low-Income Persons (A)	\$252,793,062
14.885	Public Housing Capital fund Stimulus (Formula)	\$212,155,156
66.458	Clean Water SRF	\$155,237,800
81.041	State Energy Program (A)	\$99,684,000
14.258	Tax Credit Assistance Program	\$95,050,396
14.257	Homelessness Prevention and Rapid Re-Housing Program	\$89,983,651
14.317	Section 8 Housing Assistance Payments Program Special Allocations	\$68,591,454
66.468	Drinking Water SRF	\$65,681,000
14.253	CDBG Entitlement Grants	\$46,378,308
16.803	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$45,453,997
17.260	WIA Dislocated Workers	\$42,482,006
17.259	WIA Youth Activities	\$40,647,780
16.804	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$26,918,846
84.386	Educational Technology State Grants	\$25,320,602
84.126	Vocational Rehabilitation State Grants	\$20,925,941
17.258	WIA Adult Program	\$16,545,744
93.703	Health Center Integrated Services Development	\$16,165,342

	Initiative	
17.207	Employment Service / Wagner-Peyser Funded Activities	\$15,098,730
84.392	IDEA Part B Preschool Grants	\$14,495,034
84.393	IDEA Part C Grants for Infants and Families	\$14,265,953
14.255	CDBG State's Program and Non-Entitlement Grants in Hawaii	\$12,434,921
84.033	Federal Work Study	\$11,254,185
93.658	Foster Care-Title IV-E	\$9,385,653
66.805	LUST Trust Fund Program	\$6,163,000
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	\$5,645,658
16.588	Office on Violence Against Women (OVW) Recovery Act STOP Violence Against Women Formula Grant Program - <a href="http://www.ovw.usdoj.gov/recovery.htm">http://www.ovw.usdoj.gov/recovery.htm</a>	\$4,942,096
10.569	The Emergency Food Assistance Program (Food Commodities)	\$3,635,848
14.908	Healthy Homes Demonstration Grants	\$3,496,485
93.659	Adoption Assistance	\$3,220,321
93.707	ARRA - Aging Congregate Nutrition Services for States	\$3,005,971
10.579	Child Nutrition Discretionary Grants Limited Availability	\$2,872,047
93.563	CHILD SUPPORT ENFORCEMENT	\$2,358,717
66.040	State Clean Diesel Grant Program	\$1,730,000
84.399	Services for Older Individuals who are Blind	\$1,637,247
66.454	Water Quality Planning (604b)	\$1,567,800
16.802	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Compensation) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$1,536,232
93.705	ARRA - Aging Home-Delivered Nutrition Services for States	\$1,479,863
16.801	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant	\$1,323,000

	Program (Assistance) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	
17.235	Senior Community Service Employment Program	\$1,270,229
16.800	Office of Justice Programs (OJP) Internet Crimes Against Children Task Force Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$1,084,541
10.568	The Emergency Food Assistance Program (Administrative Costs)	\$911,240
84.398	Independent Living State Grants	\$552,058
84.401	Impact Aid Construction	\$0
<b>Total</b>		<b>\$4,857,234,882</b>

## State: Rhode Island

CFDA Number	Program	Allocated
84.394	State Fiscal Stabilization Fund	\$164,929,269
93.778	MEDICAL ASSISTANCE PROGRAM	\$93,509,354
84.391	IDEA Part B Grants to States	\$43,734,211
14.317	Section 8 Housing Assistance Payments Program Special Allocations	\$36,561,674
84.389	Title I Grants to Local Educational Agencies	\$35,836,258
66.458	Clean Water SRF	\$26,314,600
81.041	State Energy Program (A)	\$23,960,000
81.042	Weatherization Assistance for Low-Income Persons (A)	\$20,073,615
66.468	Drinking Water SRF	\$19,500,000
14.885	Public Housing Capital fund Stimulus (Formula)	\$18,856,530
14.258	Tax Credit Assistance Program	\$11,933,403
17.260	WIA Dislocated Workers	\$7,945,909
14.257	Homelessness Prevention and Rapid Re-Housing Program	\$6,977,808
16.803	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$5,721,268
17.259	WIA Youth Activities	\$5,611,097
93.703	Health Center Integrated Services Development Initiative	\$4,390,860
16.804	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$3,743,406
84.386	Educational Technology State Grants	\$3,209,375
14.253	CDBG Entitlement Grants	\$3,160,715
84.393	IDEA Part C Grants for Infants and Families	\$2,139,843

17.258	WIA Adult Program	\$2,106,542
84.126	Vocational Rehabilitation State Grants	\$1,734,860
84.392	IDEA Part B Preschool Grants	\$1,734,233
66.040	State Clean Diesel Grant Program	\$1,730,000
84.033	Federal Work Study	\$1,635,698
17.207	Employment Service / Wagner-Peyser Funded Activities	\$1,497,925
14.255	CDBG State's Program and Non-Entitlement Grants in Hawaii	\$1,399,061
66.805	LUST Trust Fund Program	\$977,000
16.588	Office on Violence Against Women (OVW) Recovery Act STOP Violence Against Women Formula Grant Program - <a href="http://www.ovw.usdoj.gov/recovery.htm">http://www.ovw.usdoj.gov/recovery.htm</a>	\$965,065
16.801	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Assistance) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$569,000
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	\$471,124
16.800	Office of Justice Programs (OJP) Internet Crimes Against Children Task Force Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$452,438
93.659	Adoption Assistance	\$401,294
10.569	The Emergency Food Assistance Program (Food Commodities)	\$361,204
93.707	ARRA - Aging Congregate Nutrition Services for States	\$325,000
93.658	Foster Care-Title IV-E	\$315,494
10.579	Child Nutrition Discretionary Grants Limited Availability	\$268,131
66.454	Water Quality Planning (604b)	\$265,800
84.398	Independent Living State Grants	\$242,913
14.882	Native American Housing Block Grants (Formula)	\$200,188
93.563	CHILD SUPPORT ENFORCEMENT	\$198,000

16.802	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Compensation) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$185,861
93.705	ARRA - Aging Home-Delivered Nutrition Services for States	\$160,000
17.235	Senior Community Service Employment Program	\$127,797
10.568	The Emergency Food Assistance Program (Administrative Costs)	\$90,527
84.399	Services for Older Individuals who are Blind	\$23,999
84.401	Impact Aid Construction	\$0
<b>Total</b>		<b>\$556,548,349</b>

## State: Virginia

CFDA Number	Program	Allocated
84.394	State Fiscal Stabilization Fund	\$1,202,770,052
84.391	IDEA Part B Grants to States	\$281,415,033
93.778	MEDICAL ASSISTANCE PROGRAM	\$252,659,121
84.389	Title I Grants to Local Educational Agencies	\$165,311,666
81.042	Weatherization Assistance for Low-Income Persons (A)	\$94,134,276
66.458	Clean Water SRF	\$80,203,300
81.041	State Energy Program (A)	\$70,001,000
14.885	Public Housing Capital fund Stimulus (Formula)	\$50,954,217
14.258	Tax Credit Assistance Program	\$44,247,749
14.317	Section 8 Housing Assistance Payments Program Special Allocations	\$33,113,037
14.257	Homelessness Prevention and Rapid Re-Housing Program	\$24,809,250
16.803	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$24,258,143
17.235	Senior Community Service Employment Program	\$24,229,849
66.468	Drinking Water SRF	\$20,761,000
16.804	Office of Justice Programs (OJP) Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$15,558,204
17.260	WIA Dislocated Workers	\$14,115,351
17.259	WIA Youth Activities	\$12,982,612
84.126	Vocational Rehabilitation State Grants	\$11,601,624
93.703	Health Center Integrated Services Development Initiative	\$11,003,507
14.253	CDBG Entitlement Grants	\$10,966,590

84.386	Educational Technology State Grants	\$10,801,292
84.393	IDEA Part C Grants for Infants and Families	\$10,265,580
84.392	IDEA Part B Preschool Grants	\$9,470,492
17.207	Employment Service / Wagner-Peyser Funded Activities	\$8,813,824
17.258	WIA Adult Program	\$5,227,634
14.255	CDBG State's Program and Non-Entitlement Grants in Hawaii	\$5,221,967
66.805	LUST Trust Fund Program	\$4,647,000
84.033	Federal Work Study	\$3,743,332
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance	\$2,617,061
93.658	Foster Care-Title IV-E	\$2,427,225
10.579	Child Nutrition Discretionary Grants Limited Availability	\$1,871,114
10.569	The Emergency Food Assistance Program (Food Commodities)	\$1,860,006
66.040	State Clean Diesel Grant Program	\$1,730,000
93.707	ARRA - Aging Congregate Nutrition Services for States	\$1,531,658
14.907	Lead-based Paint Hazard Control in Privately-Owned Housing	\$1,406,632
16.800	Office of Justice Programs (OJP) Internet Crimes Against Children Task Force Program - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$1,263,507
16.801	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Assistance) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$1,014,000
93.659	Adoption Assistance	\$998,699
84.399	Services for Older Individuals who are Blind	\$866,036
16.588	Office on Violence Against Women (OVW) Recovery Act STOP Violence Against Women Formula Grant Program - <a href="http://www.ovw.usdoj.gov/recovery.htm">http://www.ovw.usdoj.gov/recovery.htm</a>	\$816,288
66.454	Water Quality Planning (604b)	\$810,100

93.705	ARRA - Aging Home-Delivered Nutrition Services for States	\$754,047
10.568	The Emergency Food Assistance Program (Administrative Costs)	\$466,167
84.398	Independent Living State Grants	\$342,443
16.802	Office of Justice Programs (OJP) OVC FY09 VOCA Victim Compensation Formula Grant Program (Compensation) - <a href="http://www.ojp.usdoj.gov/BJA/recoveryact.html">http://www.ojp.usdoj.gov/BJA/recoveryact.html</a>	\$335,439
93.563	CHILD SUPPORT ENFORCEMENT	\$189
84.401	Impact Aid Construction	\$0
<b>Total</b>		<b>\$2,524,397,313</b>

# Appendix XIX: Washington, D.C.

## Overview

**Use of funds:** An estimated 90 percent of Recovery Act funding provided to states and localities nationwide in fiscal year 2009 (through Sept. 30, 2009) will be for health, transportation, and education programs. The three largest programs in these categories are the Medicaid Federal Medical Assistance Percentage (FMAP) awards, highways, and the State Fiscal Stabilization Fund.

### ✓ **Medicaid Federal Medical Assistance Percentage (FMAP) Funds**

- As of April 3, 2009, the Centers for Medicare and Medicaid Services (CMS) had made about \$87.8 million in increased FMAP grant awards to the District of Columbia.
- As of April 1, 2009, the District had drawn down about \$49.9 million, or about 57 percent of its initial increased FMAP grant awards.
- District officials plan to use funds made available as a result of the increased FMAP to cover an increased caseload, offset general fund deficits, and maintain current Medicaid eligibility and benefit levels.

### ✓ **Transportation—Highway Infrastructure Investment**

- The District of Columbia was apportioned \$123.5 million for highway infrastructure investment on March 2, 2009, by the U.S. Department of Transportation.
- As of April 16, 2009, the U.S. Department of Transportation had obligated \$36.6 million for one project in the District of Columbia.
- The District of Columbia plans to use these funds for reviewed and vetted “shovel ready” projects, such as pavement restoration and resurfacing work on federal roadways, once the appropriate contracting processes have been completed.

### ✓ **U.S. Department of Education State Fiscal Stabilization Fund**

- The District of Columbia was allocated \$89.4 million from the initial release of these funds on April 2, 2009, by the U.S. Department of Education. District officials intend to use these funds to increase aid across all schools in the District. As of April 2, 2009, about \$59.9 million of this allocation was available for the District to draw down upon.
- Before receiving the funds, states are required to submit an application that provides several assurances to the U.S. Department of Education. These include assurances that they will meet maintenance of effort requirements, or that they will be able to comply with waiver provisions, and that they will implement strategies to meet certain educational requirements, including increasing teacher effectiveness, addressing inequities in the distribution of highly qualified teachers, and improving the quality of state academic standards and assessments. As of April 15, 2009, the District was awaiting a response from the U.S. Department of Education on the District’s proposed plan for using the funds before submitting an application.

In addition to the funding for these three programs, the District of Columbia is receiving Recovery Act funds under other programs, such as programs under Title I, Part A, of the Elementary and Secondary Education (ESEA), commonly known as the No Child Left Behind Act; programs under the Individuals with Disabilities Education Act (IDEA); and two programs of the U.S. Department of Agriculture—one for administration of the Temporary Food Assistance Program and one for competitive equipment grants targeted at low income districts from the National School Lunch Program. The District’s plans for using these and other Recovery Act funds are discussed throughout this appendix.

**Safeguarding and transparency:** The District plans to use its existing financial systems to track the use of Recovery Act funds, and plans to use an ongoing accountability program to monitor District agency efforts to ensure that funds are used as intended. District officials are working to correct 89 material weaknesses in internal controls over both financial reporting and compliance with requirements applicable to major federal programs that were identified in the *Fiscal Year 2007 Single Audit Report* for the District of Columbia. The major federal programs in which these weaknesses were identified include programs that will be receiving Recovery Act funds, such as Medicaid’s FMAP, ESEA Title I Education grants, and Workforce Investment Act programs. At present, it is not clear whether corrective actions will be completed before the Recovery Act funds are received by the District. This could increase the risk that Recovery Act funds may not be used properly. The District’s Inspector General has also identified a number of District agencies with internal control and management issues that place them at risk for misusing Recovery Act funds. The District has initiated a Recovery Act Web site to help ensure that its Recovery Act efforts are transparent to the public.

**Assessing the effects of spending:** The District plans to assess the impact of Recovery Act funds by using the information in reports required by federal agencies under the Recovery Act, including information on the economic impact of the funds, such as on job creation. The District has provided initial guidance to city agencies on the tracking and use of Recovery Act funds and is awaiting further guidance from the federal government, particularly information related to measuring jobs. District officials stated that the Office of Management and Budget (OMB) should provide a common definition of “job” and a metric to measure the number of jobs that are created by Recovery Act funds. District officials are also concerned about the lack of guidance for the methodology of tracking the new jobs created.

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## District of Columbia Beginning to Use Recovery Act Funds

The Mayor of the District of Columbia has established 13 work groups to oversee the use of Recovery Act funds in each program area. Each work group is led by the head of a District agency or department, or their designee, who reports to the City Administrator through his Recovery Act coordinator. The work groups will collaborate to make decisions on the use of Recovery Act funds. As of April 3, 2009, the District had been allocated about \$240 million in Recovery Act funds. The City Administrator stated that the District is committed to taking full advantage of the opportunities provided by the Recovery Act, and is committed to doing so in a manner that is fiscally responsible, efficient, effective, and transparent, while addressing the goals of the statute and the needs of District residents. The District has begun to use the Recovery Act funds as follows.

**Increased Federal Medical Assistance Percentage Funds:** Medicaid is a joint federal-state program that finances health care for certain categories of low-income individuals, including children, families, persons with disabilities, and persons who are elderly. The federal government matches state spending for Medicaid services according to a formula based on each state's per capita income in relation to the national average per capita income. The amount of federal assistance states receive for Medicaid service expenditures is known as the Federal Medical Assistance Percentage (FMAP). Across states, the FMAP may range from 50 to no more than 83 percent, with poorer states receiving a higher federal matching rate than wealthier states. The Recovery Act provides eligible states with an increased FMAP for 27 months between October 1, 2008, and December 31, 2010.<sup>1</sup> On February 25, 2009, the Centers for Medicare & Medicaid Services (CMS) made increased FMAP grant awards to states, and states may retroactively claim reimbursement for expenditures that occurred prior to the enactment of the Recovery Act.<sup>2</sup> Generally, for fiscal year 2009 through the first quarter of fiscal year 2011, the increased FMAP, which is calculated on a quarterly basis, provides for (1) the maintenance of states' prior year FMAPs; (2) a general across-the-board increase of 6.2 percentage points in states' FMAPs; and (3) a further increase to the FMAPs for those states that have a qualifying increase in unemployment rates. The increased FMAP available under the Recovery Act are for state

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<sup>1</sup>See Recovery Act, div. B, title V, § 5001.

<sup>2</sup>Although the Recovery Act was enacted on February 17, 2009, states generally may claim reimbursement for the increased FMAP for Medicaid service expenditures made on or after October 1, 2008.

expenditures for Medicaid services. However, the receipt of the increased FMAP may reduce the funds that states must use for their Medicaid programs, and states have reported using these available funds for a variety of purposes.

As of April 1, 2009, the District of Columbia had drawn down \$49.9 million in increased FMAP grant awards, which was 56.8 percent of its awards to date.<sup>3</sup> District of Columbia officials reported that they plan to use funds made available as a result of the increased FMAP to cover an increased caseload, offset general fund deficits, and maintain current eligibility and benefit levels in the District's Medicaid program.

**Transportation—Highway Infrastructure Investment:** The Recovery Act provides additional funds for highway infrastructure investment using the rules and structure of the existing Federal-Aid Highway Surface Transportation Program, which apportions money to states to construct and maintain eligible highways and for other surface transportation projects. States must follow the requirements for the existing programs, and in addition, the governor or other appropriate chief executive must certify that the state or local government to which funds have been made available has completed all necessary legal reviews and determined that the projects are an appropriate use of taxpayer funds.

As of March 2, 2009, the District's Department of Transportation was apportioned \$123.5 million in Recovery Act funds for highway infrastructure and has identified "shovel ready" projects for these funds. According to the District of Columbia's certification, approximately \$56 million in projects have been fully reviewed and vetted. As of April 16, 2009, the U.S. Department of Transportation had obligated \$36.6 million for one District project—the demolition and reconstruction of the existing New York Avenue Bridge over the railroad.

**U.S. Department of Education State Fiscal Stabilization Fund:** The Recovery Act created a State Fiscal Stabilization Fund (SFSF) to be administered by the U.S. Department of Education (Education). The SFSF provides funds to states to help avoid reductions in education and other essential public services. The initial award of SFSF funding requires each state to submit an application to Education that assures, among other

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<sup>3</sup>The District of Columbia received increased FMAP grant awards of \$87.8 million for the first three quarters of federal fiscal year 2009.

things, it will take actions to meet certain educational requirements, such as increasing teacher effectiveness and addressing inequities in the distribution of highly qualified teachers.

As of April 15, 2009, the District was awaiting a response from Education on the District's proposed plan for using the funds to increase funding for education on a per student basis. Once this response is received, the District will submit an application to the federal government and expects to receive about \$89.4 million in fiscal stabilization funds. The District is home to about 220 schools in 60 local education agencies (LEAs). The District's 60 LEAs include one large public school system (District of Columbia Public Schools, or DCPS) and 59 smaller LEAs that are mostly single public charter schools. For the 2008-2009 school year, about 64 percent of District students were enrolled in DCPS, while about 36 percent were in public charter schools. District officials stated that they intend to distribute stabilization funds across all 60 LEAs.

**Other Education Funds:** The District expects to receive about \$37 million in Recovery Act funds for its ESEA Title I program. Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the No Child Left Behind Act provides funds to LEAs for schools that have high concentrations of students from families living in poverty in order to help improve teaching and learning. District officials told us that it may be a challenge to disburse funds rapidly while also meeting programmatic requirements. They also told us they did not yet know how the LEAs were planning on using these funds.

The District also expects to receive about \$18.8 million in stimulus funds for Individuals with Disabilities Education Act (IDEA) programs. About \$16.4 million will be used for Part B grants to states, and about \$260,000 for Part B grants for preschool children. The other \$2.1 million will be used for Part C (state grants for infants and families). Officials told us that they were unsure of how IDEA funds would be used, but they anticipate being able to serve more children under each program, improve methods for assessing the performance of students with disabilities, and improve services to children and compliance with IDEA's requirements.

**Public Transit Capital Assistance:** The U.S. Department of Transportation, through the Federal Transit Administration (FTA), has apportioned funds for Transit Capital Assistance grants. Although these funds are not apportioned directly to the District, the Washington Metropolitan Area Transit Authority (WMATA), which serves the District of Columbia and the surrounding area, estimates that WMATA will receive

approximately \$202 million in Recovery Act funding from FTA. WMATA plans to use these funds for 29 projects, including improving information technology and operating systems, maintenance, repair and replacement of buses, and renovation of passenger facilities in disrepair. According to its Web site, WMATA expects to make its first Recovery Act purchase of 45 hybrid-electric buses at the end of April 2009.

**Workforce Investment Act (WIA):** As of April 3, 2009, the District's Department of Employment Services had been allocated about \$1.5 million for adult Workforce Investment Act (WIA) programs, about \$3.8 million for dislocated workers programs, and almost \$4 million for youth programs. The District plans to use these Recovery Act funds in accordance with the U.S. Department of Labor's Guidance Letter Number 14-08. This guidance states that it is the intent of the Recovery Act that WIA adult funds be used to provide the necessary services to substantially increase the number of adults to support their entry or reentry into the job market, and that WIA dislocated worker funds be used to provide the necessary services to dislocated workers to support their reentry into the recovering job market. The guidance also emphasizes Congress's interest in using WIA youth funds to create summer employment opportunities for youth.

The District has also developed a plan that includes an increase in weekly benefits for the unemployed and an expansion of city services to help those filing unemployment claims and looking for work. The new benefits for the unemployed include additional compensation in the form of a supplemental \$25 weekly benefit outlined in the Recovery Act. In addition, the District announced an extension for those who have exhausted their unemployment benefits and are actively seeking work. According to District officials, the Mayor plans to forward legislation to the D.C. City Council that will enable those who will exhaust their unemployment benefits by late spring to extend them until December 2009. Both the new supplemental compensation and the extension of benefits are 100 percent federally funded as part of the Recovery Act.

**Housing Programs:** The U.S. Department of Housing and Urban Development (HUD) allocated about \$11.6 million to the District of Columbia to provide additional gap financing to Low Income Housing Tax Credit (LIHTC) projects under the Taxpayer Credit Assistance Program (TCAP). District of Columbia Department of Housing and Community Development (DHCD) officials told us that they were waiting for the Internal Revenue Service (IRS) and HUD to issue guidance for TCAP and the LIHTC Exchange programs before releasing details on their plans for implementing the program. Regarding the LIHTC Exchange program,

DHCD officials said they have questions about how the program will be implemented and that the answers to their questions could require revisions to state qualified allocation plans and procedures. As a result, further guidance from IRS will be needed to understand whether DHCD would use the program and, if so, what management changes, if any, will be needed for its implementation. As required by the Recovery Act, HUD allocated about \$27 million to the District of Columbia Housing Authority (DCHA) for capital and management activities, including modernization and rehabilitation of public housing projects. DCHA officials told us that they planned to use the allocation to fund improvements at ongoing projects included in their 5-year construction plan.

**Homeland Security and Justice Programs:** District officials expect to receive an additional allocation of about \$11.7 million through the Department of Justice's Edward Byrne Memorial Justice Assistance Grant Formula Program, which nearly doubles the total amount of grant funding awarded by the District's Justice Grants Administration in the last fiscal year. The District plans to use these funds in several areas, including prisoner reentry, detention and incarceration diversion initiatives, and court diversion services for at-risk youth. The District plans to change its funding priority targets by phasing out small discrete grants and instead focus on awarding grants that invest in long-term projects. According to District officials, they have collaborated with local criminal justice stakeholders and community groups to identify funding priorities.

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## The District Plans to Use Existing Systems to Track Recovery Act Funds

District officials plan to track Recovery Act funds using existing financial systems. According to District officials, the financial system already has the infrastructure to track, monitor, and report the source of funds distributed to recipients to ensure strict compliance with the requirements of the Recovery Act and to monitor the flow of Recovery Act funds from the federal government to District agencies. District officials plan to account for Recovery Act funds in a manner similar to the way they track and manage grant funds, using a unique four-digit code. Officials from the District's Office of the Chief Financial Officer told us that they had notified District agency officials of the need to closely monitor Recovery Act funds. The District has not provided guidance to recipients regarding the tracking and use of Recovery Act funds. The District will determine what guidance needs to be provided to recipients once the District receives guidance from OMB.

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## District Web site Used to Promote Transparent Use of Recovery Act Funds

The District has developed a Recovery Act Web site ([www.recovery.dc.gov](http://www.recovery.dc.gov)) that is intended to allow the public to track Recovery Act efforts. The Web site contains information on the management process the District plans to use to oversee Recovery Act spending, and provides the public a way to track Recovery Act spending and get information on grants and contracts that are available. The Web site also offers the public a means to submit ideas and to identify any waste or fraud. Further, the Mayor's certification of the use of the funds is also posted on the Web site, as is the testimony of the City Administrator and the Chief Procurement Officer on Recovery Act efforts before the D.C. Council—the District's legislative body.

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## District Plans for Ensuring that Adequate Safeguards and Internal Controls Are in Place

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### The District Plans to Use Existing Accountability Program for Recovery Funds

The District will continue to use CapStat, a performance-based accountability program designed to make the District government run more efficiently and to ensure accountability, effectiveness of internal controls, compliance with reporting requirements, and reliable reporting about uses of Recovery Act funds. The CapStat process takes the form of weekly accountability sessions where the Mayor and City Administrator bring into one room all the executives responsible for improving performance on an issue to examine performance data and explore ways to improve government services, as well as to make commitments for follow-up actions. Each District agency participates in the program. Agency directors prepare for a session by examining their agency's performance measures and analyzing how they can improve their results.

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### Single Audit Identified Many Weaknesses in District Internal Controls

The *Fiscal Year 2007 Single Audit Report* for the District of Columbia identified 89 material weaknesses in internal controls over both financial reporting and compliance with requirements applicable to major federal programs. There were three financial reporting material weaknesses related to (1) fraudulent activities involving the Office of Tax and Revenue, (2) management of the Medicaid program, and (3) systemic weaknesses in DCPS. The single audit report identified material

weaknesses in compliance with requirements applicable to major federal programs including Medicaid's FMAP, ESEA Title I Education grants, and Workforce Investment Act programs, all of which will be receiving Recovery Act funds. The findings were significant enough to result in a qualified opinion for that section of the report. In addition, Education designated the District as a high-risk grantee in April 2006 because of its poor management of federal grants. If the District continues to be designated as a high-risk grantee, Education could respond by taking several actions, such as discontinuing one or more federal grants made to the District or having a third party take control over the administration of federal grants. OCFO officials told us that they are in the process of working with the federal agencies to address these material weaknesses, but it is unlikely the corrective actions will be completed before the District programs with these weaknesses begin receiving Recovery Act funds. This could increase the risk that Recovery Act funds may not be used properly.

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### District's Office of Inspector General Intends to Monitor Recovery Act Funds During Ongoing and Planned Work

The District's Office of Inspector General (OIG) has not developed a specific plan to audit Recovery Act spending, but OIG officials believe that ongoing and planned reviews will cover programs that are going to receive much of the stimulus money. OIG officials said that they continuously audit these four areas that have internal control problems and management issues: Medicaid, D.C. Public Schools, grants management, and the vendor/contractor payment process. As a result, the OIG maintains a regular presence in the D.C. Department of Health, DCPS, the Office of the Chief Financial Officer (OCFO), and the Office of Procurement. However, according to OIG officials, the OIG does not have legal authority to audit the District's Public Charter Schools.<sup>4</sup> The OIG also performs an annual audit of the District's Highway Trust Fund (separate from the Federal Highway Trust Fund). The OIG also plans to use the District's Comprehensive Annual Financial Report (CAFR) Committee, which the OIG chairs, to monitor Recovery Act spending by District agencies. This committee, which oversees D.C.'s Comprehensive Annual Financial Report, is working with the mayor's office regarding how the Committee can assist in monitoring Recovery Act spending. The OIG noted that they

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<sup>4</sup>All public charter schools in the District of Columbia are required to submit annual financial audits to the D.C. Public Charter School Board. The charter schools select an auditor from a list of best qualified auditors and who has been approved by the D.C. Chief Financial Officer and the Public Charter School Board.

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did not receive any additional funds or resources to carry out specific Recovery Act reviews.

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**Role of the D.C. Auditor for Recovery Act Accountability Is Limited Due to Legislative Directive and Resource Constraints**

The Office of the District of Columbia Auditor is the legislative auditor for the District. The office exists to support the District City Council in meeting its legislative oversight responsibilities and to help improve the performance and accountability of the District government. The Auditor has the authority to conduct audits on District funds, including those used by the D.C. Charter schools, but is not set up to provide comprehensive services regarding federal funds except in instances of D.C. Council requests and pre-existing mandates. The D.C. Auditor’s main body of work is developed on a rotating basis, where the Auditor selects specific activities or accounts to review every 3 years, concentrating on financial accounting and reporting. According to the D.C. Auditor, due to limited resources, they only plan to conduct audits based on scheduled rotations and requests, and they have no plans to audit Recovery Act funds. If, however, a planned audit concerns a program receiving Recovery Act funds, then the Auditor may adjust audit plans accordingly.

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**Plans to Assess Impact of Recovery Act Funds Have Not Yet Been Developed**

The District plans to assess the impact of Recovery Act funds by using the information in reports required by federal agencies under the Recovery Act, including information on the economic impact of the funds, such as on job creation. However, District officials told us that calculating the number of jobs created through Recovery Act funds may be difficult. Officials stated that OMB should provide a common definition of “job” and a metric to measure the number of jobs that are created by Recovery Act funds. They are also concerned about the lack of guidance for the methodology of tracking the new jobs. They recommended that OMB create a centralized recovery tracking system that provides consistency in measuring how funds have impacted each state. While the direct impact of Recovery Act funds may be measurable, District officials are unsure of methods to track indirect impact and how to separate the impact of Recovery Act funds and the impact from other federal funds in programs that receive both sources and use both sources in their program implementation. Without this guidance, the District believes it will have difficulty producing reports using quantitative measures related to using the Recovery Act funds. In addition, officials would like to have a standardized reporting template with addendums for each federal agency. This would clarify confusion for the District and states since a reporting template would reduce reporting burden, especially since the amount of funding per issue area varies from state to state. Officials request that

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OMB provide a template for the format and required information for Recovery Act Web sites as well.

District officials also plan to use the CapStat performance-based accountability program to examine the impact of the use of Recovery Act funds on District agencies and programs.

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## District of Columbia's Comments on This Appendix

We provided the Office of the Mayor of the District of Columbia with a draft of this appendix on April 15, 2009. On April 17, 2009, the City Administrator's office provided technical suggestions on the appendix that were incorporated, as appropriate.

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## GAO Contacts

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## Staff Acknowledgments

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# Appendix X: Massachusetts

## Overview

**Use of funds:** An estimated 90 percent of fiscal year 2009 Recovery Act funding provided to states and localities will be for health, transportation, and education programs. The three largest programs in these categories are the Medicaid Federal Medical Assistance Percentage (FMAP) awards, the State Fiscal Stabilization Fund, and highways.

### ✓ **Medicaid Federal Medical Assistance Percentage Funds**

- As of April 1, 2009, Centers for Medicare & Medicaid Services (CMS) had made about \$1.2 billion in increased FMAP grant awards to Massachusetts.
- As of April 1, 2009, the state had drawn down about \$273 million, or 23 percent, of its initial increased FMAP grant awards.
- Officials plan to use funds made available as a result of the increased FMAP to avoid additional cuts in health care and social service programs, restore certain provider rates, and provide caseload mitigation for Medicaid and Commonwealth Care (an expansion of its Medicaid program).

### ✓ **Transportation—Highway Infrastructure Investment**

- Massachusetts was apportioned about \$425 million for highway infrastructure investment as of April 16, 2009, by the U.S. Department of Transportation.
- As of April 16, 2009, the U.S. Department of Transportation had obligated about \$63.9 million for 19 projects in Massachusetts.
- As of April 4, 2009, the Massachusetts Executive Office of Transportation had advertised 19 projects for competitive bids totaling more than \$62 million; the earliest announcements were scheduled to close on April 14, 2009, and work on the projects is expected to begin this spring.
- These projects include activities such as road repaving and sign replacement.
- Massachusetts will request reimbursement from the U.S. Department of Transportation as project phases are completed by contractors.

### ✓ **U.S. Department of Education State Fiscal Stabilization Fund (Initial Release)**

- Massachusetts was allocated about \$666 million from the initial release of these funds on April 2, 2009, by the U.S. Department of Education.
- Before receiving the funds, states are required to submit an application that provides several assurances to the Department of Education. These include assurances that they will meet maintenance of effort requirements (or that they will be able to comply with waiver provisions) and that they will implement strategies to meet certain educational requirements, including increasing teacher effectiveness, addressing inequities in the distribution of highly qualified teachers, and improving the quality of state academic standards and assessments. In early April 2009, state officials reported that the commonwealth will file its application for this money around April 15, 2009, when it would better understand the state fiscal year 2010 budget situation.
- The Governor has announced that he intends to provide funds to 166 school districts to help them increase spending to prior levels and avoid program cuts and teacher layoffs in fiscal year 2010. He also intends to use some of these funds at public colleges and universities to reduce layoffs, program cuts, and student fee hikes.

The commonwealth of Massachusetts is also receiving additional Recovery Act funds under programs, such as Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA, commonly known as No Child Left Behind); the Individuals with Disabilities Education Act, Part B (IDEA); and two programs of the U.S. Department of Agriculture—one for administration of the Temporary Food Assistance Program and one for competitive equipment grants targeted to low-income districts from the National School Lunch Program. The status of plans for using Recovery Act funds is discussed throughout this appendix.

**Safeguarding and transparency:** Task forces, established by the Governor, encouraged the state to adopt accountability and transparency measures. Further, Massachusetts is expanding its accounting system to track funds flowing through the state government. Although Massachusetts has plans to publicly report its Recovery Act spending, officials have said that the state may not be aware of all funds sent directly to other entities, such as municipalities and independent authorities. The commonwealth's oversight community has identified situations that raise concerns about the adequacy of safeguards, such as funding for larger projects and new programs, but is waiting for further information on what specific programs will receive funding before developing plans to address those concerns.

**Assessing the effects of spending:** Massachusetts agencies are in the early stages of developing plans to assess the effects of Recovery Act spending. According to state officials, they are awaiting further guidance from the federal government, particularly related to measuring job creation.

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## Massachusetts Beginning to Use Recovery Funds

Massachusetts has begun to use some of its Recovery Act funds, as follows.

**Increased Federal Medical Assistance Percentage Funds:** Medicaid is a joint federal-state program that finances health care for certain categories of low-income individuals, including children, families, persons with disabilities, and persons who are elderly. The federal government matches state spending for Medicaid services according to a formula based on each state's per capita income in relation to the national average per capita income. The amount of federal assistance states receive for Medicaid service expenditures is known as the Federal Medical Assistance Percentage (FMAP). Across states, the FMAP may range from 50 percent to no more than 83 percent, with poorer states receiving a higher federal

matching rate than wealthier states. The Recovery Act provides eligible states with an increased FMAP for 27 months between October 1, 2008, and December 31, 2010.<sup>1</sup> On February 25, 2009, the Centers for Medicare & Medicaid Services (CMS) made increased FMAP grant awards to states, and states may retroactively claim reimbursement for expenditures that occurred prior to the effective date of the Recovery Act.<sup>2</sup> Generally, for fiscal year 2009 through the first quarter of fiscal year 2011, the increased FMAP, which is calculated on a quarterly basis, provides for (1) the maintenance of states' prior year FMAPs; (2) a general across-the-board increase of 6.2 percentage points in states' FMAPs; and (3) a further increase to the FMAPs for those states that have a qualifying increase in unemployment rates. The increased FMAP available under the Recovery Act are for state expenditures for Medicaid services. However, the receipt of the increased FMAP may reduce the funds that states must use for their Medicaid programs, and states have reported using these available funds for a variety of purposes.

Under the Recovery Act, the commonwealth's FMAP will increase to at least 56.2 percent, up from 50 percent. As of April 1, 2009, Massachusetts had drawn down \$272.6 million, or 23 percent, of its increased FMAP grant awards. In fiscal years 2009 and 2010, officials plan to use a significant portion of funds made available as a result of the increased FMAP funds to avoid additional cuts in health care and social service programs, restore certain provider rates, and provide caseload mitigation for Medicaid and Commonwealth Care.

**Transportation—Highway Infrastructure Investment:** The Recovery Act provides additional funds for highway infrastructure investment using the rules and structure of the existing Federal-Aid Highway Surface Transportation Program, which apportions money to states to construct and maintain eligible highways, and for other surface transportation projects. States must follow the requirements for the existing programs, and in addition, the governor must certify that the state will maintain its current level of transportation spending, and the governor or other appropriate chief executive must certify that the state or local government to which funds have been made available has completed all necessary

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<sup>1</sup>Recovery Act, §5001.

<sup>2</sup>Although the effective date of the Recovery Act was February 17, 2009, states generally may claim reimbursement for the increased FMAP for Medicaid service expenditures made on or after October 1, 2008.

legal reviews and determined that the projects are an appropriate use of taxpayer funds. Massachusetts provided these certifications, but conditioned the state's level of funding for these programs, noting that this spending will be financed through issuing bonds and may need to be decreased, depending on the state of the economy. The commonwealth's debt affordability policy will determine the amount of debt that can be issued.<sup>3</sup>

As of April 4, 2009, the Massachusetts Executive Office of Transportation had advertised 19 projects for competitive bid totaling more than \$62 million. These projects included, for example, replacing traffic and guide signs along sections of Route I-95 and paving Route 6 in southeastern Massachusetts. As of April 16, 2009, the U.S. Department of Transportation had obligated about \$63.9 million for 19 projects in Massachusetts.<sup>4</sup> Massachusetts will request reimbursement from the U.S. Department of Transportation as project phases are completed by contractors.

**U.S. Department of Education State Fiscal Stabilization Fund:** The Recovery Act created a State Fiscal Stabilization Fund (SFSF) to be administered by the U.S. Department of Education (Education). The SFSF is intended to help states avoid reductions in education and other essential public services. The initial award of SFSF funding requires each state to submit an application to Education that assures, among other things, it will take actions to meet certain educational requirements, such as increasing teacher effectiveness and addressing inequities in the distribution of highly qualified teachers.

Massachusetts' initial SFSF allocation is \$666,152,997. In early April 2009, state officials reported that the state would file its application for this money around April 15, 2009, when it would better understand the state's revenue projections and after the Massachusetts House issues its fiscal year 2010 budget proposal. In March 2009, the Governor of Massachusetts had announced he intended to fund \$168 million in SFSF to 166 school

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<sup>3</sup>A number of states qualified their certifications in various ways. The legal effect of such qualifications is currently being examined by the U.S. Department of Transportation and has not been reviewed by GAO.

<sup>4</sup>For federal-aid highway projects, the Federal Highway Administration of the U.S. Department of Transportation has interpreted the term obligation of funds to mean the federal government's contractual commitment to pay for the federal share of a project. This commitment occurs at the time the federal government approves a project agreement and the project agreement is executed.

districts to help them increase funding and avoid program cuts and teacher layoffs in fiscal year 2010. He also announced he intended to provide \$162 million in SFSF to public university and college campus budgets to reduce layoffs, program cuts, and student fee hikes.

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### Massachusetts' Planning Process Has Set the Stage for Decisions on Spending of Recovery Act Funds

Massachusetts officials began preparing for receipt of federal Recovery Act funds prior to enactment of the act. Faced with deteriorating revenue projections, the potential for expanding caseloads in some safety net programs, such as Medicaid, and a requirement to balance the budget, Massachusetts officials believe that funds made available as a result of the Recovery Act are critical to addressing the commonwealth's immediate fiscal pressures. State officials envision a sizable portion of the state-projected \$8.7 billion in Recovery Act funds (over 2 years) going directly toward budget stabilization. According to state officials, as of April 2009, the state is addressing a budget gap of approximately \$3.0 billion. This gap is driven largely by lower-than-anticipated revenues. State fiscal year 2009 revenue is significantly lower than budgeted and has left the state unable to support previously approved spending levels, and revenues are expected to fall short of planned expenditures for 2010, as well.

In December 2008, anticipating a major infusion of federal funding, especially for infrastructure projects, the Governor established task forces to identify "shovel-ready" projects and address obstacles to project implementation. Ten task forces were created—seven focused on specific types of infrastructure investment, such as transportation, energy, and information technology, and three focused on crosscutting issues like workforce mobilization and procurement. In conducting their work, the task forces were guided by several principles, including investing for the long term and limiting investments to those that would not add to the state's operating budget.

Although other program areas, such as Medicaid and education, likely will receive more funding than will infrastructure, the work of the task forces was influential. The task forces developed work plans for projects that could be implemented using the anticipated funding and were instrumental in the appointment of a director of infrastructure investment (a "recovery czar") to coordinate and monitor state agencies' and municipalities' implementation of projects. The task forces also encouraged the creation of a central Web site to enhance transparency, called for the involvement of the oversight community in contract oversight to ensure accountability, and prompted the introduction of legislation (now being considered by the legislature) intended to ease

some of the procurement and contracting processes that might delay quick implementation of construction projects. The task force efforts helped prepare the state to submit several certifications required under the Recovery Act to the federal government. In late February, the Governor certified that the state would request and use all funds provided by the act. Additional certifications for transportation and energy have also been submitted.

Revenue from the state's "rainy-day" fund,<sup>5</sup> a reserve fund built up during more favorable economic conditions to be used during difficult economic times, will give the commonwealth additional flexibility to avoid some cuts in fiscal year 2010. The commonwealth's budget already calls for using about \$925 million from the rainy-day fund in fiscal year 2009, and the Governor's proposed 2010 budget calls for using about \$489 million of the rainy-day funds. According to budget documents, the combination of funds made available as a result of the increased FMAP and rainy-day funds will help the state avoid cuts in several areas, including health care, education, and public safety.

State documents suggest that officials are concerned about using one-time federal and rainy-day funds to make longer-term operational and program commitments that could require additional revenue in the future to avoid job and service cuts.<sup>6</sup> State officials note that using temporary funds, such as Recovery Act and rainy-day funds, make budgeting uncertain and require strategic fiscal management.

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<sup>5</sup>Massachusetts officials refer to rainy-day funds as stabilization funds. However, to avoid confusion with the Recovery Act's State Fiscal Stabilization Fund, we will use rainy-day funds.

<sup>6</sup>The Governor's budget proposal for fiscal year 2010 includes several revenue enhancement proposals, including increased meals and hotel taxes and eliminating a sales tax exemption on alcohol, candy, and sweetened beverages.

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**Massachusetts Has a System to Track Recovery Act Funds but Cannot Ensure Local Entities' Ability to Meet Recovery Act Reporting Requirements**

The commonwealth is expanding the use of its existing accounting system to track all Recovery Act funds that will flow through the state government. New codes are being added to the existing system in order to segregate and track the Recovery Act funds. The Office of the Comptroller has issued guidance on the required use of these newly created account codes for all Recovery Act transactions and has stipulated that all the Recovery Act-funded contracts include provisions to segregate Recovery Act money. While these changes have been made, officials were still testing the system and developing reporting capabilities as of April 13, 2009.

The portion of Recovery Act funds going directly to recipients other than Massachusetts government agencies, such as independent state authorities, local governments, or other entities, will not be tracked through the state comptroller's office. While state officials acknowledged that the commonwealth lacks authority to ensure adequate tracking of these funds, they are concerned about the ability of smaller entities to manage Recovery Act funds—particularly municipalities that traditionally do not receive federal funds and that are not familiar with Massachusetts' tracking and procurement procedures, as well as recipients receiving significant increases in federal funds. In order to address this weakness, the administration introduced emergency legislation that, according to state officials, includes a provision requiring all entities within Massachusetts that receive Recovery Act money to provide information to the state on their use of Recovery Act funds. Alternatively, the two large nonstate government entities we spoke with to date—the city of Boston and the Massachusetts Bay Transportation Authority (MBTA, a quasi-independent authority responsible for metropolitan Boston's transit system)—believe that their current systems, with some modifications, will allow them to meet Recovery Act requirements. For example, the city of Boston hosted the Democratic National Convention in 2004, and city officials said that their system was then capable of segregating and tracking a sudden influx of one-time funds.

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**State Agencies Have Made Some Spending Decisions**

Some state programs have received actual allocations of federal Recovery Act funds, while for other state programs, officials have developed spending plans based on preliminary figures provided by federal departments. The U.S. Department of Transportation, through the Federal Transit Administration, published apportionment amounts for the Transit

Capital Assistance and the Fixed Guidance Infrastructure Investment Programs on March 5, 2009.<sup>7</sup> The Massachusetts Executive Office of Transportation (EOT) and the MBTA have been able to develop spending plans with a degree of certainty and EOT has advertised requests for bids on 19 projects totaling about \$62 million. Other program officials have had to develop plans with preliminary estimates. For example, as of mid-March 2009, state officials from the Department of Elementary and Secondary Education said that local education officials reported that one of their biggest challenges was a lack of reliable information on federal Recovery Act allocations that they could use to plan their budgets. However, on April 1, 2009, Education announced the release of state allocations of ESEA Title I and IDEA funds, along with more detailed guidance for these programs.

Some state and local officials said that while clear, specific guidance takes time to develop, the lack of guidance from federal agencies had limited their ability to make spending decisions. Officials from some of the entities we spoke with, including the state Department of Elementary and Secondary Education, the Department of Housing and Community Development, and the city of Boston, said they are comfortable making spending decisions with money slated to flow through pre-existing grant programs. However, the lack of specific guidance for federal Recovery Act funds for some programs has presented challenges, according to some state officials. An area of significant challenge for education officials concerns how to use federal Recovery Act funding to supplement state and local revenues for existing educational programs, rather than use these funds to supplant state and local revenue. State education officials said they anticipated that to prove funds have not been supplanted will be very challenging for local school districts and have requested additional guidance from the U.S. Department of Education to help them make better decisions about spending priorities. For example, state housing officials are seeking clarification from the U.S. Department of Housing and Urban Development (HUD) on whether the Tax Credit Assistance Program can be used to provide loans rather than grants to subrecipients, and state transportation officials are waiting for guidance on whether competitive grants can be used for “signature projects.”

Some state agencies told us they anticipate they will be able to manage additional Recovery Act funding coming through well-established grant

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<sup>7</sup>*Federal Register* / Vol. 74, No. 42 / Thursday, March 5, 2009 / Notices.

programs with existing agency resources but, in some cases, will hire additional staff to manage Recovery Act programs. For example, the state's Department of Housing and Community Development (DHCD) reported it is expecting to receive significant Recovery Act funds and has plans to hire staff to help manage the programs. DHCD has well-established methods for managing expenditures and accomplishments, so agency officials believe they can effectively administer Recovery Act funds using existing structures. MBTA officials told us that given the enhanced transparency and reporting requirements associated with an additional \$230 million in project spending, they anticipate that managing these Recovery Act projects will present some new challenges and will require that they hire a project management firm. Finally, a Department of Elementary and Secondary Education official told us they anticipate a need to hire additional staff, for a limited term, to manage competitive grant programs funded under the Recovery Act.

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## Plans for Safeguards and Controls Being Developed at State Level

The commonwealth has entities responsible for monitoring, tracking, and overseeing financial expenditures. The comptroller, who is responsible for implementing accounting policies and practices, oversees fiscal management functions, including internal controls. The State Auditor audits the administration and expenditure of state funds, and partners with an accounting firm to perform the state's annual Single Audit—a comprehensive review of all state agencies' accounts and activities. The state Inspector General, with a broad mandate to prevent fraud, waste, and abuse, conducts operational and management reviews and has authority to examine independent authorities and municipalities. The Attorney General also plays a role, including preventing and prosecuting fraud. Further, according to state officials, some state departments have internal audit groups that focus on programmatic issues. In addition to these entities, the commonwealth has laws that provide further safeguards.

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## Potential Areas of Vulnerability with Massachusetts Recovery Act Funds

Past experience has shown financial management vulnerability involving organizations that will receive funds under the Recovery Act. The Office of the Attorney General has documented improper Medicaid payments and has concerns regarding the funds from the Recovery Act going to the Medicaid program. They plan to take a risk-based approach, but are waiting for firm information on which programs and recipients will receive Recovery Act funds. The Inspector General stated that his office will need to emphasize oversight of larger procurement projects, which may be vulnerable. In addition, officials pointed to the multibillion-dollar cost overruns on a federally funded highway project in Boston (the "Big Dig")

as an example of what can go wrong when a large project lacks sufficient oversight. The Massachusetts fiscal year 2007 Single Audit report identified vulnerabilities that included insufficient monitoring of subrecipients of federal grants to the state. For example, the Massachusetts Department of Early Education and Care programs, which will receive Recovery Act funds, did not conduct any on-site monitoring of the Child Care Resource and Referral Agencies (subrecipients), which received approximately \$11 million in child care development funds and \$122 million in Temporary Assistance for Needy Families funds. Since that audit, the department has implemented numerous improvements and controls to address these issues. The State Auditor has also identified financial management concerns with nonprofit entities that receive federal funds and will receive additional funds under the Recovery Act.

In addition, oversight officials noted some more general situations raising concerns. For example, some oversight officials identified new programs as potentially risky; however, new programs would have little impact on the fiscal year 2009 Single Audit report. New programs would probably be included on the fiscal year 2010 Single Audit report, which typically comes out some months after the end of the state's fiscal year. Oversight officials also expressed concern about programs receiving large increases under the Recovery Act, and recipients that do not typically receive federal funds—and therefore may not have systems in place to track them—are also at risk.

In order to better understand areas of potential vulnerability, the Governor asked all commonwealth agencies in late January 2009 to conduct self-assessments identifying existing oversight and accountability mechanisms. Most agencies submitted reports, which included varying levels of detail. The reports we reviewed showed that the agencies are generally comfortable with the mechanisms currently in place. One report expressed a need for additional resources to oversee any new funding. The self-assessments were shared with the State Auditor, Inspector General, and Comptroller's offices. The State Auditor has provided comments to the Governor's office, noting that while the self-assessments indicated existing control mechanisms in place to manage, account for, and monitor the spending of the Recovery Act funds, he expressed two areas of concern. He was concerned about tracking funds that bypass the state government and, based on past audits, about subgrantee monitoring. The Inspector General plans to provide comments on the needs assessments to the Governor's office by the end of April. The Comptroller is using the assessments to monitor agencies' controls over Recovery Act funds on an ongoing basis.

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## Plans for Oversight of Massachusetts' Recovery Act Funds

While the commonwealth's oversight community has come together to discuss issues such as avoiding areas of duplication and preventing oversight gaps, as a whole, it has yet to develop a coordinated plan describing which programs and departments it will focus on or how it will conduct critically needed oversight. Both the Inspector General and Attorney General recognize the need for training for local officials, specifically related to procurement. The Inspector General stated that his department would continue its training of local procurement officials and announced in its March 2009 Procurement Bulletin that his office should be contacted regarding any questions on procurement or Recovery Act expenditures. While the Inspector General identified the need for increased oversight, particularly related to procurements, oversight officials generally stated that once they determine the total distribution of Recovery Act money, they then would begin selecting areas for review. The Attorney General has convened a task force to coordinate on oversight issues with the federal and state oversight community.

The state legislature will also provide oversight of the Recovery Act funds through the newly created Joint Committee on Federal Stimulus Oversight. This committee has already held three hearings with plans to hold more regarding the oversight of Recovery Act spending. According to committee members, the impetus for creating this committee was Massachusetts' failure to control fraud, waste, and abuse in the federally funded "Big Dig" construction project. The purpose of the joint committee is to ensure compliance with federal regulations and to review current state laws, regulations, and policies to ensure they allow the commonwealth to access Recovery Act funding and streamline processes to quickly stimulate the economy. In addition to the co-chairmen having the capability to subpoena individuals, a co-chairman said that the Joint Committee has broad authority and its jurisdiction extends to wherever public federal, state, and local money is spent.<sup>8</sup>

Massachusetts' administration has emphasized transparency of Recovery Act spending and identified the state recovery Web site as a transparency tool. In addition, the Web site has links to planning documents, guidance, and intended uses of Recovery Act money, and officials are planning to enhance the Web site with a goal of making it the central portal for all

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<sup>8</sup>The Joint Committee's jurisdiction covers wherever federal, state, and local money is spent within the commonwealth with the exception of the spending by the Massachusetts legislature.

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Recovery Act information and reporting. Their goal is to include the ability to track Recovery Act money by town and by project, as well as to include each project's budget, schedule, awarded contracts (with contract details), and its on-time status. In addition, the public can send e-mails regarding stimulus issues to this site and the Recovery czar's staff is responsible for replying.

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### Availability of Resources for Oversight

Several Massachusetts officials expressed concern that the Recovery Act did not provide funding specifically for state oversight activities, despite the importance of ensuring that Recovery Act funds are used appropriately and effectively. In addition, the task forces the Governor convened in December 2008 concluded that it is critical the Inspector General and State Auditor have resources to audit Recovery Act contracts and management of Recovery Act funds, as well as recommended that the Attorney General's office should be provided with the resources to promptly and effectively pursue fraud and abuse.

However, due to the present economic conditions, state officials said the Massachusetts oversight community is facing budget cuts of about 10 percent at a time when increased oversight and accountability is critically needed. To illustrate the impact of the impending budget situation, the Inspector General told us that his department does not have the resources to conduct any additional oversight related to Recovery Act funds. This significantly impacts the Inspector General's capacity to conduct oversight since the budget of the Inspector General's office is almost entirely composed of salaries, and any cuts in funding would result in fewer staff available to conduct oversight. In addition, the State Auditor described how his office has already furloughed staff for 6 days and anticipates further layoffs before the end of fiscal year 2009. Similar to the Inspector General's office, 94 percent of his department's budget is for labor and any cuts in funding generally result in cuts in staff.

Some of these vulnerabilities may be mitigated by emergency legislation that the Governor recently filed, which included a provision to allow the pooling of administrative costs. This new legislation may make some Recovery Act funds available to the audit community for oversight, as long as federal law permits. Meanwhile, officials stated they are moving forward with developing and implementing enhancements to the Massachusetts recovery Web site, yet they are doing so without any Recovery Act funds. One senior state official stated she did not believe the Recovery Act provided funding for any state-level centralized information technology planning or development but noted that the Recovery Act

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provided a considerable level of funding for information technology development at the program level.

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## Plans to Assess Impact of Recovery Act Funds Are in Initial Stages

Although they are awaiting federal guidance on how to assess the impact of the Recovery Act, Massachusetts agencies are in the process of considering how to assess the number of jobs that will be created. For example, officials from DHCD are examining different methodologies for identifying job creation, while the city of Boston is using an economic forecasting model to evaluate job creation and other economic effects of projects. In addition, DHCD officials told us that they asked Tax Credit Assistance Program project managers to report estimates on the number of jobs, by trade, that will be needed to complete projects and are also looking for a reliable economic forecasting model to use for this reporting objective. DHCD officials also said they are waiting for guidance from HUD on how to calculate and document job creation for programs funded under the Neighborhood Stabilization Program. DHCD officials said they plan to use a pre-existing process developed for community action programs to collect information on job creation for projects funded by the Weatherization Program. MBTA officials said they feel confident they can estimate the number of new jobs created using Recovery Act funds; however, they are waiting for specific guidance from the U.S. Federal Transit Administration or the Office of Management and Budget on what to include in job creation calculations, as well as how to track indirect (jobs created to manufacture goods used in the project) and leveraged jobs (jobs created by new building projects that result from transportation improvements). MBTA officials also said they are looking to outsource some of the required oversight, including documenting job creation. Finally, state transportation officials are concerned that incentives may encourage contractors to overinflate the number of jobs created by their projects. They told us that, in the absence of specific guidance on how to account for job creation, some smaller contractors might overreport the number of jobs created. Furthermore, the cold weather conditions in the commonwealth can prohibit construction from continuing during the winter months. Officials suggested the pressure to show that the projects are contributing to the recovery may encourage some contractors to inflate the number of jobs created in some months when weather conditions decrease employment.

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## Massachusetts's Comments on This Summary

We provided the Governor of Massachusetts and representatives of oversight agencies with a draft of this appendix on April 17, 2009, and representatives from the Governor's office and the oversight agencies responded that day. In general, they agreed with our draft and provided some clarifying information, which we incorporated. The officials also provided technical suggestions that were incorporated, as appropriate.

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## GAO Contacts

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## Staff Acknowledgments

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# Appendix XIII: New Jersey

## Overview

**Use of funds:** An estimated 90 percent of Recovery Act funding provided to states and localities nationwide in fiscal year 2009 (through Sept. 30, 2009) will be for health, transportation and education programs. The three largest programs in these categories are the Medicaid Federal Medical Assistance Percentage (FMAP) awards, the State Fiscal Stabilization Fund, and highways.

### ✓ **Medicaid Federal Medical Assistance Percentage (FMAP) Funds**

- As of April 3, 2009, the Centers for Medicare & Medicaid Services (CMS) had made about \$550 million in increased FMAP grant awards to New Jersey. As of April 1, 2009, the state has drawn down \$362.2 million, which is almost 66 percent of its awards to date.
- Officials stated that the funds made available as a result of the increased FMAP allow the state to cover the increase in caseload and maintain current populations and benefits. In addition, these funds will help balance the state's budget and allow the state to eliminate premiums for children in families with incomes less than 200 percent of the federal poverty level in New Jersey's State Children's Health Insurance Program.

### ✓ **Transportation—Highway Infrastructure Investment**

- New Jersey was apportioned about \$652 million for highway infrastructure investment on March 2, 2009, by the U.S. Department of Transportation. As of April 16, 2009, the U.S. Department of Transportation had obligated \$280.8 million for 12 projects. Under the Recovery Act, highway funds are reimbursable, and New Jersey will receive funds after all or part of each project is completed.
- As of April 16, 2009, the New Jersey Department of Transportation (NJDOT) had advertised competitive bids on 10 projects totaling about \$269.5 million. New Jersey has determined that it can meet Recovery Act requirements for obligating highway infrastructure investment funds.
- These projects included road improvements, pavement and signal rehabilitation, bridge deck repairs, and major design elements for major projects.

### ✓ **U.S. Department of Education State Fiscal Stabilization Fund (SFSF)**

- New Jersey was allocated about \$891 million from the initial release of these funds on April 2, 2009, by the U.S. Department of Education.
- Before receiving the funds, states are required to submit an application that provides several assurances to the Department of Education. These include assurances that they will meet maintenance of effort requirements (or that they will be able to comply with waiver provisions) and that they will implement strategies to meet certain educational requirements, including increasing teacher effectiveness, addressing inequities in the distribution of highly qualified teachers, and improving the quality of state academic standards and assessments. State officials estimated that most of the SFSF funds will have an impact on the state's fiscal year 2010 budget, which will start on July 1, 2009. As of April 16, 2009, New Jersey had not applied for SFSF funds.
- State officials stated that, pending a New Jersey Supreme Court decision on the state's new education funding formula, the SFSF funds for primary education would follow that formula. The state's use of SFSF funds for higher education is unclear. State officials are currently trying to determine what portion of these funds will be allocated to higher education. New Jersey expects to make that determination in late April.

New Jersey is also receiving additional Recovery Act funds under other programs, such as transit capital assistance and fixed guideway modernization funds, Edward Byrne Memorial Justice Assistance Grants, and housing capital assistance. The status of plans for using these funds are described throughout this appendix.

**Safeguarding and transparency:** New Jersey plans to use several entities to oversee its Recovery Act funds. The Governor has established a state Recovery Accountability Task Force to coordinate and review how state and local agencies use Recovery Act funds as well as provide guidance and best practices for project selection and internal controls, among other things. The state has several accountability agencies that will undertake different aspects of Recovery Act oversight. New Jersey's agencies are adding capabilities to their accounting systems to track Recovery Act funds. Although New Jersey will publicly report the state's Recovery Act spending, state officials said they might not be aware of all federal funds sent directly to other entities, such as public housing authorities. State officials have some concerns about the use of some Recovery Act funds, such as by independent local entities in the state, and they are developing some strategies to mitigate those risks.

**Assessing the effects of spending:** New Jersey state agencies are in the early stages of developing plans to assess the effects of Recovery Act spending. Different state and local agencies will have different ways of collecting or estimating jobs created or retained. New Jersey is planning to develop a methodology to collect this data but is waiting to see what federal guidance requires.

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## New Jersey Beginning to Use Recovery Act Funds

New Jersey has begun to use some of its Recovery Act funds, as follows.

**Increased Federal Medical Assistance Percentage Funds:** Medicaid is a joint federal-state program that finances health care for certain categories of low-income individuals, including children, families, persons with disabilities, and persons who are elderly. The federal government matches state spending for Medicaid services according to a formula based on each state's per capita income in relation to the national average per capita income. The amount of federal assistance states receive for Medicaid service expenditures is known as the Federal Medical Assistance Percentage (FMAP). Across states, the FMAP may range from 50 percent to no more than 83 percent, with poorer states receiving a higher federal matching rate than wealthier states. The Recovery Act provides eligible states with an increased FMAP for 27 months between October 1, 2008,

and December 31, 2010.<sup>1</sup> On February 25, 2009, the Centers for Medicare & Medicaid Services (CMS) made increased FMAP grant awards to states, and states may retroactively claim reimbursement for expenditures that occurred prior to the effective date of the Recovery Act.<sup>2</sup> Generally, for fiscal year 2009 through the first quarter of fiscal year 2011, the increased FMAP, which is calculated on a quarterly basis, provides for (1) the maintenance of states' prior year FMAPs; (2) a general across-the-board increase of 6.2 percentage points in states' FMAPs; and (3) a further increase to the FMAPs for those states that have a qualifying increase in unemployment rates. The increased FMAP available under the Recovery Act is for state expenditures for Medicaid services. However, the receipt of the increased FMAP may reduce the funds that states must use for their Medicaid programs, and states have reported using these available funds for a variety of purposes.

As of April 1, 2009, New Jersey has drawn down \$362.2 million in increased FMAP grant awards, which is almost 66 percent of its awards to date.<sup>3</sup> New Jersey officials reported that they plan to use funds made available as a result of the increased FMAP to offset state general fund deficits, cover the state's increased Medicaid caseload and maintain current populations and benefits.<sup>4</sup> This funding will also be used to help ensure that the Medicaid prompt payment requirements are met.<sup>5</sup> Additionally, state officials noted that the funds made available as a result of the increased FMAP are allowing them to eliminate premiums for children in families with incomes less than 200 percent of the Federal Poverty Level in New Jersey's State Children's Health Insurance Program

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<sup>1</sup>Recovery Act, div. B, title V, § 5001.

<sup>2</sup>Although the effective date of the Recovery Act was February 17, 2009, states generally may claim reimbursement for the increased FMAP for Medicaid service expenditures made on or after October 1, 2008.

<sup>3</sup>As of April 3, 2009, New Jersey received increased FMAP grant awards of \$549.8 million for the first three quarters of federal fiscal year 2009.

<sup>4</sup>From January 2008 to January 2009, the state's Medicaid enrollment increased from 750,529 to 771,156, with increased enrollment mostly attributable to two population groups: (1) children with families, and (2) individuals who are blind or disabled.

<sup>5</sup>Under the Recovery Act, to be eligible for the increased FMAP, states must comply with prompt pay requirements, which require states to pay 90 percent of clean claims from health care practitioners within 30 days of receipt and 99 percent of these claims within 90 days of receipt. 42 U.S.C. § 1396(a)(37)(A); Recovery Act, div. B, title V, § 5001(f)(2).

(SCHIP).<sup>6</sup> This will help the state retain children in SCHIP who would otherwise be terminated from the program for nonpayment of premiums.

**Transportation—Highway Infrastructure Investment:** The Recovery Act provides additional funds for highway infrastructure investment using the rules and structure of the existing Federal-Aid Highway Surface Transportation Program, which apportions money to states to construct and maintain eligible highways and for other surface transportation projects that could affect highways. States must follow the requirements for the existing programs, and in addition, the governor must certify that the state will maintain its current level of highway spending and the governor or other appropriate chief executive must certify that the state or local government to which funds have been made available has completed all necessary legal reviews and determined that the projects are an appropriate use of taxpayer funds. New Jersey provided these certifications but noted that the state’s level of funding was based on the best information available at the time of the state’s certification.<sup>7</sup>

At the Governor’s direction, NJDOT had begun planning for a federal stimulus package for federal-aid eligible highway projects in November 2008. NJDOT originally developed a list of highway projects worth about \$1.4 billion, which was pared down to meet the actual apportioned amount. NJDOT selected 40 total projects that it could deliver as quickly as possible. As of April 16, the U.S. Department of Transportation had obligated \$280.8 million for 12 New Jersey projects.<sup>8</sup> The projects that were selected concentrated mainly on replacing in-kind projects that require little or no environmental clearance or extensive design work, such as pavement and signal rehabilitation and highway bridge painting and deck replacement. Of the 40 projects selected, 5 are in the design stage, while the rest are in the construction or right-of-way acquisition phases. NJDOT staff indicated they were allocating over a third of their

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<sup>6</sup>The annual income for a family of four at 200 percent of the Federal Poverty Level is \$44,100.

<sup>7</sup>A number of states qualified their certifications in various ways. The legal effect of such qualifications is currently being examined by the U.S. Department of Transportation and has not been reviewed by GAO.

<sup>8</sup>For federal-aid highway projects, the Federal Highway Administration of the U.S. Department of Transportation has interpreted the term obligation of funds to mean the federal government’s contractual commitment to pay for the federal share of a project. This commitment occurs at the time the federal government approves a project agreement and the project agreement is executed.

Recovery Act transportation funding to 3 large projects, including one in an economically distressed area. As of April 16, 2009, 10 projects totaling about \$269.5 million have been put out for bid through a competitive process. NJDOT officials estimate that Recovery Act funds will save the state about \$100 million in interest charges over 12 years for one of the selected projects, as the state will not have to borrow to start and complete it. Not all of the selected projects were on the State Transportation Improvement Plan (STIP), but New Jersey, in consultation with the Federal Highway Administration, amended its STIP to include all of the selected projects.

**U.S. Department of Education State Fiscal Stabilization Fund:** The Recovery Act created a State Fiscal Stabilization Fund (SFSF), to be administered by the U.S. Department of Education (Education). The SFSF provides funds to states to help avoid reductions in education and other essential public services. The initial award of SFSF funding requires each state to submit an application to Education that assures, among other things, it will take actions to meet certain educational requirements, such as increasing teacher effectiveness and addressing inequities in the distribution of highly qualified teachers.

The state expects to receive \$891.4 million in SFSF funds, about 82 percent of which is for education and about 18 percent of which is for the state to use for “public safety and other government services.” State officials said that, pending a New Jersey Supreme Court decision on the state’s new education funding formula, the SFSF funds for primary education would follow that formula. The state’s use of SFSF funds for higher education is unclear. The Governor’s Chief of Staff stated that New Jersey is currently trying to determine what portion of the SFSF education and other government services funds will be used for higher education and will not submit its application for SFSF funding until it completes this determination. New Jersey expects those determinations to be made sometime in April. The state expects that the receipt of stabilization funds will help balance its fiscal year 2009 budget and avoid layoffs or tax increases.

New Jersey state education officials said in March that the lack of clear, specific guidance from Education limited their ability to provide guidance to local institutions. As a result, school district officials we interviewed in Newark and Trenton in late March stated that they are waiting for state officials to tell them what their allocations are for each of the federal Recovery Act education programs. The timing of the federal and state guidelines for these funds are important as the local schools districts are

currently planning their upcoming fiscal year budgets and would like to know how the Recovery Act funds would complement their upcoming school spending. On April 1, 2009, Education issued guidance to the states on how Recovery Act funds could be used for education. State officials are continuing to review the guidance and on April 16, 2009, issued guidance to local school districts outlining each district's allocation of additional funds made available under the Recovery Act for programs authorized under Title I of the Elementary and Secondary Education Act and the Individuals with Disabilities Education Act.

**Transportation—Urban/Rural Transit Capital Assistance and Fixed Guideway Modernization Grants:** New Jersey Transit (NJT), the primary public operator of bus and commuter rail transit lines in the state, was apportioned all of the Recovery Act funds for transit for New Jersey, which amounted to about \$425 million in three pre-existing federal transit programs. NJT has selected 15 projects that will use Recovery Act funds, all of which were on their 20-year capital plan. About 70 percent of the funds are allocated to capacity expansion and improvement projects, with the remainder allocated to maintenance projects, as its regular funds are concentrated on safety, security and maintenance needs. According to NJT officials, NJT can move quickly to use these funds as the Federal Transit Administration (FTA), through its preaward authority, will reimburse the agency for funds expended for the selected projects, even though the funding for those projects has not yet been obligated by the FTA. The largest allocation of NJT's Recovery Act funds (\$130 million) will be used toward designing and undertaking some construction activity for new train tunnels under the Hudson River. The tunnels are expected to double the number of NJT trains going into and out of New York City.

**Housing and Urban Development—Housing Capital Assistance:** HUD allocated approximately \$104 million to 86 public housing authorities in New Jersey for capital and management activities, including modernization and development of public housing developments. Officials from the Newark Housing Authority (NHA), which is receiving an allocation of about \$27.4 million, told us they planned to use the allocation to fund projects already included in their 5-year capital plan—including rehabbing 700 vacant units and 300 occupied units—which will generate income and additional HUD subsidies to NHA and provide new and improved affordable units for additional families.

**Justice—Edward Byrne Memorial Justice Assistance Grants:** State officials expect to receive a Recovery Act allocation of \$48 million from the Byrne Justice Assistance Grant Program.<sup>9</sup> Local law enforcement officials stated that this program may provide for some additional facilities and other law enforcement equipment. For example, the Trenton Police Department is planning to use its Byrne Justice Assistance Grant funds on projects that will enhance its crime reduction efforts by sharing information with Mercer County’s Prosecutor’s Office and enhancing the department’s forensic crime analysis capabilities. In contrast, according to Newark’s Chief of Police, the amount of Byrne Justice Assistance Grants allocated to the Newark Police Department may be sufficient to provide some new equipment but not fund a major capital program.

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### New Jersey’s Plans for Spending Recovery Act Funds Are Forming As Funds Are Being Distributed

New Jersey revenues for fiscal year 2009 fell short of expectations by about \$3 billion. As a result, New Jersey had to rebalance the state’s budget by cutting spending and taking personnel actions in January and February 2009 before the Recovery Act was enacted. In addition, as part of its actions in February, the state used \$450 million of its \$600 million surplus.<sup>10</sup> New Jersey’s Office of Management and Budget is accounting for Recovery Act funds that come into state agencies, but there is no concerted effort to independently aggregate estimates of total funding across state agencies.<sup>11</sup> As of April 3, 2009, the state had received about \$583.8 million in Recovery Act funds, mainly for increased FMAP grant awards and unemployment insurance. Other funds have been allocated but are not yet available, such as for some education and energy efficiency programs.

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<sup>9</sup>The Byrne Justice Assistance Grant Program supports a broad range of activities to prevent and control crime and may be used for, among other things, equipment, supplies, training, personnel, and research and information systems for criminal justice efforts.

<sup>10</sup>In March 2009, the governor presented a proposed budget for fiscal year 2010 along with additional actions to again rebalance the fiscal year 2009 budget. Those actions included an additional reduction in the state’s pension payment for fiscal year 2009, which allowed restoration of surplus in the current year which assisted in addressing a \$7 billion deficit for fiscal year 2010.

<sup>11</sup>New Jersey officials stated they are unable to estimate the total amount of Recovery Act funds that are coming into the state because some formula allocations have not yet been announced by federal agencies and some funding, such as increased FMAP funds, are subject to change based on future conditions.

Anticipating even less revenue in fiscal year 2010, which begins on July 1, 2009, the Governor has proposed a \$29.8 billion budget. According to the Governor, if New Jersey did nothing to curtail growth in state spending or adjust its mandatory obligations, the fiscal year 2010 budget would be about \$36 billion, or \$7 billion above anticipated revenues. In response to declining revenue, the Governor has proposed about \$4 billion in cuts to programs, rebates, pension payments, and state worker personnel costs. In all, more than 850 line items in the budget have been cut. The largest cuts will come from scaling back state rebates of local property taxes by \$500 million and reducing state payments to the pension fund by \$895 million. The Governor is also proposing to save \$400 million in personnel costs through a wage freeze and furloughs for state employees, avoiding an otherwise anticipated layoff of up to 7,000 state workers.

Some New Jersey officials began preparing for receipt of Recovery Act funds prior to passage of the Recovery Act. Anticipating federal stimulus spending for infrastructure, the Governor asked NJDOT to identify projects that could be ready for federal funding and quick implementation in November 2008. NJDOT officials identified about \$1.4 billion in potential eligible projects but had to scale this list back to meet New Jersey's eventual apportionment of Recovery Act transportation funds. The city of Newark also prepared a process with evaluative criteria for selecting local projects for Recovery Act funds before the Recovery Act was enacted.

New Jersey officials stated that New Jersey's plans for spending Recovery Act funds have been complicated by not having guidance from federal agencies immediately available and by preparations for the state's upcoming fiscal year 2010 budget. For example, the state Department of Education could not determine how the state could distribute its allocation of Recovery Act education funds until the U.S. Department of Education released its guidance on April 1, 2009. Officials from the state's Department of Community Affairs (DCA), which is responsible for housing and urban development programs in the state, stated that they lacked guidance from federal agencies for most of the programs that they administer, which hindered their preparation for use of those funds.<sup>12</sup> The Governor's Chief of Staff stated that some of the federal funds, especially the state's allocation of the SFSF funds, will be disbursed to the state in its

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<sup>12</sup>DCA officials stated they did receive guidance from the U.S. Department of Energy on the weatherization program.

fiscal year 2010 budget, which is currently being debated by the state legislature.

New Jersey officials have been and are planning to continue submitting certifications for the state's use of Recovery Act funds. The Governor issued a certification memo to the Secretary of the U.S. Department of Transportation that the state would maintain its efforts with regard to state funding for the types of projects funded under the Recovery Act. Other local officials told us they would issue or had issued similar certifications for Recovery Act funds for which they are directly responsible. For example, NHA staff told us their Executive Director signed a certification letter for the Recovery Act funds that the NHA was responsible for.

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### New Jersey Will Use Existing Resources for Recovery Act Oversight, but Lack of Additional State Funding May Hinder Its Efforts

According to state officials, the Governor and executive branch agencies have primary responsibility for controlling the state's receipt of Recovery Act funds, with legislative approval.<sup>13</sup> To this end, the Governor has created the state Recovery Accountability Task Force, co-chaired by the Governor's Chief of Staff and the state's Comptroller and consisting of active and former state and federal officials. The task force will, among other things, monitor the distribution of Recovery Act funds in the state and promote the effective and efficient use of those funds. The task force has established a public Web site and will provide guidance for internal controls for complying with Recovery Act provisions. As part of the task force, the state Comptroller has responsibility for coordinating all of the oversight agencies in the state. These entities will have different roles in the state's Recovery Act oversight efforts:

- the state Auditor, who is appointed by the legislature and handles financial and some performance audits of state agencies;
- the state Comptroller, who is generally responsible for performance audits at the state and local levels of government and reviews government contracts over \$2 million;

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<sup>13</sup>As described by state officials, similar to the federal government, each year the Governor submits to the legislature a proposed budget. The legislature has the ultimate authority to adopt the budget act and appropriate funds, subject to gubernatorial line-item veto. State agency use of federal funds must be authorized in state appropriations.

- the state Inspector General, who is responsible for investigations of fraud related to state government; and
- the internal audit offices that exist within most agencies, including the state Medicaid Inspector General and the contract compliance audit units within the Division of Purchase and Property (DPP) and the Division of Property Management and Construction (DPMC).

According to the state's Comptroller, the legislature's State Commission on Investigation, which is concerned with investigations on enforcement of state law, particularly regarding racketeering and organized crime, will also be among the agencies helping to ensure that the state's public employees who administer Recovery Act funds do so effectively and in compliance with federal or state requirements. In addition, the state legislature, state agencies, and many local entities (e.g., housing authorities, school districts, and metropolitan planning organizations) also have a role in overseeing these funds.

As described by state officials, Recovery Act funds must be used by state agencies pursuant to appropriation by the state legislature, and Recovery Act funds were appropriated in legislation enacted in March 2009. Under that legislation, the specific programs and activities conducted by those agencies with Recovery Act funds are also subject to approval by the legislature's Joint Budget Oversight Committee. However, according to state officials, any Recovery Act funds directly received by local governments or other entities in the state would not be budgeted or appropriated by the state legislature. State officials describe New Jersey as a strong "home rule" state and its constitution as giving localities many rights and responsibilities for providing local services. Therefore, New Jersey has more than 1,900 cities, counties, towns, townships, and local authorities or taxing districts, including 86 housing authorities, 566 municipal governments, and 616 school districts that can apply for, use, and potentially be held accountable for Recovery Act funds.

The Governor's Chief of Staff stated there is oversight of certain local activities at the state level. For example, state oversight of local public school districts has been enhanced in recent years in part through state

mandated limitations on compensation practices<sup>14</sup> and proficiency targets for state assessments have been raised. Additionally, the state has a significant amount of oversight over the three districts that are under state control to review and control their budgets. The U.S. Department of Education and the county superintendent have the authority to review these school districts budgets, as well. Further, according to the Governor's Chief of Staff, because the state already funds local school districts with \$8.8 billion in state funds, ensuring accountability for the use of state funds by school districts is not a new challenge to the state oversight agencies.

Many of the state and local agencies interviewed stated that their current accounting systems can track Recovery Act funds by program and project and can generate reports showing the use of those funds:

- Both the Newark and Trenton Housing Authorities stated that they use the Line of Credit Control System (LOCCS) accounting system, which HUD uses to provide funds to public housing authorities. LOCCS includes special accounting codes under which housing authorities can track Recovery Act funds by program and by type of use. Housing authorities can also use LOCCS to generate the required reports back to HUD showing how they have used Recovery Act funds.
- Both NJDOT and NJT stated that their accounting systems can track Recovery Act funds separately from their regular funds because they have created separate accounting codes to track these funds. Furthermore, most of the selected projects will be funded primarily with Recovery Act funds, making the process of tracking them easier.
- DPP officials stated that their current accounting system will be able to account for and control the use of Recovery Act funds used for procurement because DPP will create special accounting codes for these funds. These officials stated that their accounting systems had the capability to track funds using special accounting codes and that

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<sup>14</sup>According to state officials, the state Department of Education has placed limitations on compensation and buyouts for high-level district administrators through a series of regulations and statutory changes. The Executive County Superintendent (a state employee) must review and approve, prior to district Board of Education approval, all employment contracts for the superintendent, deputy superintendent, assistant superintendent and business administrator, including new contracts, extensions, and renegotiations. There are specific state-imposed limitations on components of these contracts, like annuities, travel allowances, car allowances, and specific state limitations on buyout provisions in these contracts.

they were confident no special enhancements were needed to their accounting software, although they would monitor the accounting system to ensure it was functioning properly. DPP will also publicly advertise bids for projects funded with Recovery Act funds, include terms and conditions in each request for proposals and contract for these projects stating detailed reports required by the act, and will post contract award notices for Recovery Act funded projects.

- To track increased FMAP funds, New Jersey has established a discrete identifier in the state accounting system. The state has begun the process of adjusting systems, so that the additional FMAP funds can be tracked and monitored by specific service category. Despite these adjustments, tracking of these funds will not be dramatically different from how the state tracks funds for their overall budget. Additionally, the state is monitoring increased FMAP funds and comparing them against actual expenditures. According to New Jersey officials, the state is also monitoring unemployment levels to anticipate and project future FMAP levels.

New Jersey has not increased its number of state auditors or investigators, and there has not been an increase in funding specifically for Recovery Act oversight. Additionally, the state hiring freeze has not allowed many state agencies to increase their Recovery Act oversight efforts. For example, despite an increase of \$469 million in Recovery Act funds for state highway projects, no additional staff will be hired to help with those tasks or those directly associated with the act, such as reporting on the number of jobs that the Recovery Act funds created. While NJDOT has committed to shift resources to meet any expanded need for internal Recovery Act oversight, currently one person is responsible for reviewing contractor-reported payroll information for disadvantaged business enterprises, ensuring compliance with Davis-Bacon wage requirements, and job creation figures.

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### Potential Areas of Vulnerability of New Jersey Recovery Act Funds

In New Jersey's fiscal year 2007 Single Audit report, the independent auditor identified 42 significant control deficiencies related to compliance with internal controls requirements over major federal programs, 33 of which were considered to be material. Twenty-seven of the significant control deficiencies pertained to compliance with requirements for several major federal programs that the state administers—including Medicaid programs and Community Services Block Grants—through which the Recovery Act funds will flow. New Jersey has also faced challenges with internal controls with state entities in the recent past. For example, in

2005, the state Inspector General's review of the now-dissolved School Construction Corporation, which was responsible for more than \$8.66 billion in school construction funds, found the authority had "weak financial controls, glaring internal control deficiencies and lax or non-existent oversight and accountability" after it had disbursed \$4.3 billion in contracts and approved approximately \$540 million in changes to those contracts. In its place, in 2007, the state created a Schools Development Authority with a completely different management and accountability structure.

State officials noted that certain towns and cities, as well as regional planning organizations, can apply for and directly receive federal recovery funds under the terms of the Recovery Act. According to the state Inspector General, the risk for waste, fraud, and abuse increases the farther removed an organization is from state government controls. While some state officials said they have statewide investigative authority, they would not be able to readily track the funding going directly to local and regional government organizations and nonprofits as a result of the funding delivery and reporting requirements set up in the Recovery Act. In addition, staff from the state Auditor's office noted that some smaller cities and towns in New Jersey are not used to implementing guidance from the state or federal government on how they are using program funds, which could result in the localities reporting using funds for ineligible purposes. However, state Department of Education officials stated that although the sheer number of school districts in the state raises concerns, sufficient internal controls (state audits, Single Audits, state oversight, etc.) exist to prevent most instances of fraud and other illegal uses of funds.

As for state agencies, the Governor's Chief of Staff stated that the highest risk is associated with those agencies that will be responsible for managing significantly more money than ever before, compared with their normal budgets. While NJDOT officials stated they could accommodate about five times more Recovery Act funds than was received by New Jersey, other state officials stated that they were quickly developing plans to accommodate the influx of Recovery Act funds. For example, the Department of Community Affairs is responsible for implementing the state's allocation of \$118.6 million in Recovery Act weatherization funds, which is about double the normal amount. DCA officials stated that to avoid losing any of the state's allocation of weatherization funds, they were making contingency plans to redistribute any unused funds to other possible recipients under the weatherization program. According to the Governor's Chief of Staff, the state is trying to be rigorous about how these

programs are being designed and how they are using the funds. For example, state officials are emulating the federal oversight effort, in part by trying to build internal controls at the outset of the process and to use merit-based selection criteria for Recovery Act projects. The state Inspector General, in coordination with the New Jersey Recovery Accountability Task Force, will be conducting training at New Jersey government agencies concerning Recovery Act related internal control issues. As of April 17, the Inspector General hopes to present the first trainings by mid-May.

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### Plans to Assess Impact of Recovery Act Funds Are in Initial Stages and Vary across State and Local Agencies

The Governor's Chief of Staff stated that different state agencies are planning to evaluate the impact of Recovery Act funds. Assessing the impact of the increased FMAP funds will involve the extent to which the Medicaid program is able to accommodate additional applicants as a result of these funds. A New Jersey official noted that the state will have benchmark numbers on how many additional people are served and that this approach is no different from how the state would currently report impact. The state Auditor and the state Comptroller have also committed to carrying out audits and assessments of the impact of Recovery Act funds.

Officials we interviewed at New Jersey state agencies have different ways of either collecting or estimating data on the number of jobs created or retained as a result of Recovery Act funds. For example, the NHA will use payroll data to keep track of the exact number of union tradesmen and housing authority residents employed to turn damaged vacant units into rentable ones. In contrast, NJT is using an academic study that examined job creation from transportation investment to estimate the number of jobs created by contractors on its Recovery Act-funded construction projects.<sup>15</sup> Finally, officials stated that both DPP and DPMC both have methodology and mechanisms in place to track jobs created and maintained for goods and services procured under Recovery Act contracts.

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<sup>15</sup>The study estimated that for every \$1 million of transportation infrastructure investment, 11 jobs are created, 70 percent of them are directly related to the investment, and 30 percent are indirectly related (Rutgers University Edward J. Bloustein School of Planning and Public Policy, "Economic Impacts of Planned Transportation Investments in New Jersey," New Brunswick, New Jersey, April 2008).

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**New Jersey's  
Comments on this  
Summary**

We provided the Governor of New Jersey with a draft of this appendix on April 17, 2009. The Governor's Chief of Staff responded for the Governor on April 20, 2009. In general, the Chief of Staff substantially agreed with the draft and provided technical comments that were incorporated, as appropriate.

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**Staff  
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In addition to the contacts names above, Raymond Sendejas, Assistant Director; Greg Hanna, analyst-in-charge; Jeremy Cox; Colin Fallon; Tarunkant Mithani; and Cheri Truett made major contributions to this report.

# Appendix XIV: New York

## Overview

**Use of funds:** An estimated 90 percent of fiscal year 2009 Recovery Act funding provided to states and localities will be for health, transportation and education programs. The three largest funding categories are the Medicaid increased Federal Medical Assistance Percentage (FMAP) grant awards, the State Fiscal Stabilization Fund, and highways.

### ✓ **Medicaid Federal Medical Assistance Percentage (FMAP) Funds**

- As of April 13, 2009, the Centers for Medicare & Medicaid Services (CMS) had made about \$3.14 billion in increased FMAP grant awards to New York.
- As of April 13, 2009, New York had drawn down about \$1.74 billion, or 55 percent of its initial increased FMAP grant awards.
- Nearly \$1.3 billion of the funds made available as a result of the increased FMAP were used to close the state's budget deficit for the fiscal year ending on March 31, 2009, or applied to lower the deficit for the current fiscal year. In addition, \$440 million was returned to the counties for their contributions towards the non-federal share of Medicaid expenditures that qualified for the increased FMAP.

### ✓ **Transportation—Highway Infrastructure Investment**

- New York was apportioned about \$1.12 billion for highway infrastructure investment on March 2, 2009, by the U.S. Department of Transportation.
- As of April 16, 2009, the U.S. Department of Transportation had obligated about \$276.5 million for 108 projects to the New York State Department of Transportation. New York will request reimbursement from the U.S. Department of Transportation as the state makes payments to contractors.
- As of April 13, 2009, the New York State Department of Transportation had advertised for bids on 38 projects. Work on all of these projects is expected to begin this spring.
- The state will target Recovery Act transportation funds to infrastructure rehabilitation, including preventive maintenance and reconstruction, such as bridge repairs and replacement, drainage improvements, repaving and roadway construction. State officials emphasized that these projects extend the life of infrastructure and can be contracted for and completed relatively easily in the 3-year time frame required by the act. Some Recovery Act funds will go to more typical "shovel-ready" highway construction projects for which there were insufficient funds.
- By the end of April 2009, New York expects to have a complete list of transportation projects that Recovery Act funds will support.

### ✓ **U.S. Department of Education State Fiscal Stabilization Fund (Initial Release)**

- As of April 13, 2009, New York had been allocated about \$2.0 billion from the initial release of these funds by the U.S. Department of Education.
- Before receiving the funds, states are required to submit an application that provides several assurances to the Department of Education. These include assurances that the states will meet maintenance-of-effort requirements (or that they will be able to comply with waiver provisions) and that they will implement strategies to meet certain educational requirements, including increasing teacher effectiveness, addressing inequities in the distribution of highly qualified teachers, and improving the quality of state academic standards and assessments. As of April 13, 2009, New York had not submitted its application for these funds.
- New York plans to use the majority of Fiscal Stabilization funding to support K-12 education costs for the 2009-2010 and 2010-2011 school years beginning July 1, 2009. New York education officials told us that most of the funds will be used to offset expected budget cuts throughout the school system that were caused by the downturn in the economy and in state revenues.

New York is also receiving additional Recovery Act funds under other programs, such as programs under Title I, Part A, of the Elementary and Secondary Education Act (ESEA) (commonly known as No Child Left Behind), and the Individuals with Disabilities Education Act, Part B (IDEA). These are described throughout this appendix. Overall, New York expects to receive about \$26.5 billion in Recovery Act funds plus possible additional discretionary program funds over the next 3 years (fiscal years 2009-2011).

**Safeguarding and transparency:** New York plans to track and monitor Recovery Act funds mostly through its existing internal control, audit, and accounting systems, although the new Recovery Cabinet and other state institutions have initiated several steps to coordinate the oversight of Recovery Act projects. For example, the Office of the State Comptroller (OSC) is using its accounting system to tag and track these funds, while the New York State Department of Transportation (NYSDOT) is conducting a federal-aid risk assessment to focus its internal and contract audit resources on projects and contracts that may be most vulnerable to fraud, waste, and abuse. New York officials, however, expressed concerns about monitoring Recovery Act funds that do not pass through state offices but flow directly from federal agencies to local agencies or authorities. For example, the Metropolitan Transportation Authority, which provides transportation services for the New York City metropolitan area, expects to receive directly about \$1 billion in federal transit funds under the Recovery Act.

**Assessing the effects of spending:** Officials have taken some initial steps to meet the Recovery Act's reporting requirements, but generally they are awaiting further federal guidance. Officials throughout the state government expressed concerns about how to consistently report on the impact of Recovery Act funds.

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## New York Beginning to Use Recovery Act Funds

New York has begun to use some of its Recovery Act funds, as follows:

**Increased Federal Medical Assistance Percentage:** Medicaid is a joint federal-state program that finances health care for certain categories of low-income individuals, including children, families, persons with disabilities, and persons who are elderly. The federal government matches state spending for Medicaid services according to a formula based on each state's per capita income in relation to the national average per capita income. The amount of federal assistance states receive for Medicaid service expenditures is known as the Federal Medical Assistance

Percentage (FMAP). Across states, the FMAP may range from 50 percent to no more than 83 percent, with poorer states receiving a higher federal matching rate than wealthier states. The Recovery Act provides eligible states with an increased FMAP for 27 months between October 1, 2008, and December 31, 2010.<sup>1</sup> On February 25, 2009, the Centers for Medicare & Medicaid Services (CMS) made increased FMAP grant awards to states, and states may retroactively claim reimbursement for expenditures that occurred prior to the effective date of the Recovery Act.<sup>2</sup>

Generally, for federal fiscal year 2009 through the first quarter of federal fiscal year 2011, the increased FMAP, which is calculated on a quarterly basis, provides for (1) the maintenance of states' prior year FMAPs; (2) a general across-the-board increase of 6.2 percentage points in states' FMAPs; and (3) a further increase to FMAPs for those states that have a qualifying increase in unemployment rates. The increased FMAP available under the Recovery Act is for state expenditures for Medicaid services. However, the receipt of the increased FMAP may reduce the funds that states must use for their Medicaid programs, and states have reported using these available funds for a variety of purposes. For the second quarter of fiscal year 2009, New York's FMAP was 58.78 percent, an increase of 8.78 percentage points over its fiscal year 2008 FMAP.

New York expects to receive about \$11 billion in federal Medicaid funds as a result of the increase in its FMAP. As of April 13, 2009, CMS had made about \$3.14 billion in increased FMAP grant awards to New York and the state had drawn down about \$1.74 billion of its grant awards. Nearly \$1.3 billion of the funds made available as a result of the increased FMAP was used to close the state's budget deficit for the state fiscal year ending on March 31, 2009, while \$440 million was returned to the counties for their contributions towards the non-federal share of Medicaid expenditures eligible for the increased FMAP.

New York initially plans to use funds made available as a result of the increased FMAP to help address budget deficits. According to the Governor's office, New York State has the highest Medicaid cost per capita and, unlike most states, requires local governmental entities to contribute

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<sup>1</sup>Recovery Act, div. B, title V, § 5001.

<sup>2</sup>Although the Recovery Act was enacted February 17, 2009, states generally may claim reimbursement for the increased FMAP for Medicaid service expenditures made on or after October 1, 2008.

towards the nonfederal share of Medicaid expenditures. The state's counties provide this local share. According to state officials, in 2006, in order to control Medicaid spending at the local level, the state instituted a cap on local Medicaid expenditures that constituted about 33 percent of the nonfederal share of expenditures at the time. This cap, unique to New York, basically limits the annual increase in a locality's Medicaid expenditures to 3 percent of what it spent in 2005. The result has been that the localities' percentage share of Medicaid expenditures has slightly declined each year since 2006.

The 2009-2010 enacted state budget plans to use nearly half of the enhanced FMAP funding expected to be received through March 31, 2010 on (1) health care to avoid certain difficult provider reimbursement cuts, and (2) other savings actions proposed by the Governor in his initial budget proposal in December 2008. These funds will also help pay for unanticipated rising Medicaid costs, primarily driven by rising caseloads resulting from the current economic downturn. In addition, the FMAP funds (1) helped avoid proposed cuts to important human services and mental hygiene programs, (2) were used to maintain revenue sharing funding for New York City, and (3) avoided several proposed tax increases that would have impacted middle class families and small businesses.

**Transportation—Highway Infrastructure Investment:** The Recovery Act provides additional funds for highway infrastructure investment using the rules and structure of the existing federal-aid highway Surface Transportation Program, through which money is apportioned to states for the construction and maintenance of eligible highways and for other surface transportation projects. States must follow the requirements for the existing programs, and in addition, the governor must certify that the state will maintain its current level of transportation spending, and the governor or other appropriate chief executive must certify that the state or local government to which funds have been made available has completed all necessary legal reviews and determined that the projects are an appropriate use of taxpayer funds.

As of April 16, 2009, the Federal Highway Administration had obligated about \$276.5 million to New York State for 108 transportation projects.<sup>3</sup> The state has been able to move quickly on these projects largely because NYSDOT, as required by federal surface transportation legislation, has a planning mechanism that routinely identifies needed transportation projects and performs preconstruction activities, such as obtaining required environmental permits. A NYSDOT official told us that as of April 13, 2009, 38 projects approved in March 2009 had been advertised for bids for contracts.

In late 2008, NYSDOT began preparing to manage potential stimulus funding in transportation programs. NYSDOT, which oversees over 113,000 miles of highway, 16,000 bridges, and more than 130 transit operators, initially established a working group that began reviewing or “scrubbing” core projects in the state’s transportation improvement plan (STIP) in late 2008 to make sure projects would be fully permitted and “shovel ready,” should funding be made available. Because of an approximately 8 percent per year increase in construction costs during the last 3 years and the state’s declining fiscal position, New York has a large backlog of planned transportation projects. As of April 16, 2009, the Governor had certified that 108 projects met the objectives of the act and that the state will maintain its planned level of effort within its transportation program.

To meet the act’s objectives—funding projects that can be started quickly and have the desired economic impact in terms of jobs and local benefits—the state will target most state transportation funds to infrastructure rehabilitation, including preventive maintenance and reconstruction, such as bridge repairs and replacement, drainage improvement, repaving, and roadway reconstruction. State officials emphasized that these projects extend the life of infrastructure and can be contracted for and completed relatively easily in the 3-year time frame required by the act. The state will also target some Recovery Act highway dollars to more typical “shovel ready” highway construction projects for which there are insufficient funds. By the end of April 2009, NYSDOT expects to have a complete list of projects that Recovery Act funds will

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<sup>3</sup>For federal-aid highway projects, the Federal Highway Administration of the U.S. Department of Transportation has interpreted the term obligation of funds to mean the federal government’s contractual commitment to pay for the federal share of a project. This commitment occurs at the time the federal government approves a project agreement and the project agreement is executed.

support. NYSDOT officials noted that the list of projects would be fluid depending on bid results, budget overruns, and the ability of localities to start and complete planned projects within expected time frames.

Consistent with the Governor's goal of leveraging the impact of Recovery Act funds, NYSDOT has also begun working with rural public transportation systems to identify eligible Federal Transit Administration activities. Recovery Act transit funds will be used to replace a significant number of vehicles that currently exceed their federally rated service life with new cleaner-fuel buses that comply with the Americans with Disabilities Act. NYSDOT will use a statewide bus contract to procure the majority of these new vehicles. This cooperative effort would also allow the communities to take advantage of the state's procurement expertise and presumably lower overall procurement costs.

**U.S. Department of Education State Fiscal Stabilization Fund:** The Recovery Act created a State Fiscal Stabilization Fund (SFSF) to be administered by the U.S. Department of Education (Education). SFSF is intended to help avoid reductions in education and other essential public services. The initial award of SFSF funding requires each state to submit an application to Education that assures it will take actions to meet certain educational requirements, such as increasing teacher effectiveness and addressing inequities in the distribution of highly qualified teachers. As of April 13, 2009, New York's SFSF allocation was about \$2.0 billion; however, the state had not drawn down any of this amount. The state has not applied for these funds and they will not be allocated to public entities such as K-12 school districts and public higher education institutions until the school year begins on July 1, 2009. The Governor's office said that this application is expected to be submitted soon.

The New York State Education Department (NYSED), which has an annual budget of about \$30 billion, expects to receive about \$5 billion in Recovery Act funds. About half of the amount—approximately \$2.5 billion—is expected to be provided through SFSF. These funds can be used to help avert elementary, secondary, and higher education reductions, such as the loss of teachers. NYSED officials told us that they believe most of these funds will be used to offset expected budget cuts throughout school systems that were caused by the downturn in the economy and in state revenues. State officials also have discretion over an additional 18 percent of the stabilization funds—approximately \$549 million—and can use this portion for a wide range of government services, including school modernization.

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As of April 13, 2009, New York had also been allocated an additional \$1.7 billion in Recovery Act funds for programs under Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the No Child Left Behind Act, and the Individuals with Disabilities Education Act (IDEA).

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### New York Has Established a Recovery Cabinet to Manage Recovery Act Funds

The key New York institutions involved in managing Recovery Act funds are the governor's office, the state program departments and agencies, and OSC. In addition, localities, transit, or housing authorities will play a role in managing some Recovery Act funds that do not pass through state offices. Because of the timing of New York's annual fiscal year and the February 17, 2009, enactment of the Recovery Act, the state had to quickly incorporate Recovery Act funding into the budget for the fiscal year beginning April 1, 2009. New York's Governor, in anticipation of the Recovery Act, established a Recovery Cabinet in February 2009. The Recovery Cabinet is led by the Governor's Senior Advisor for Transportation and Infrastructure. All state agencies and many state authorities are represented on the cabinet, which is charged with coordinating and managing Recovery Act funding throughout the state. Similarly, New York City officials developed a City Hall Working Group comprising city management and individuals from the relevant agencies that are planning to receive Recovery Act funding to coordinate and manage the funding.

While over 50 percent of Recovery Act funding, such as most education program funding, is formula driven and directed to specific localities in the state, other funds may be allocated by the state, such as discretionary funds for rail projects. A Recovery Cabinet committee is making such funding decisions in a "situation room" that works with the relevant state departments to disburse recovery funds in a manner that seeks to maximize the act's objectives and address the political need to spread money throughout the state. More specifically, the cabinet expects to leverage Recovery Act funding in transportation and other areas to maximize the economic impact of the funds. The cabinet also established other working groups to address communication and coordination objectives, including one group that is working on Recovery Act reporting requirements. State officials expressed concerns about the Recovery Act's requirements for reporting 10 days after the quarter ends. The officials said that this is a potential area of noncompliance for New York, particularly because the state does not have a strong track record on reporting compliance. Furthermore, state officials expressed concerns about how

Recovery Act administrative and monitoring costs might strain existing financial and human resources.

The Recovery Cabinet also serves as a focal point of contact for counties and other localities throughout the state—informing them of the types of projects that could be eligible for stimulus funding and soliciting ideas and proposals for such funding. In addition, New York established an economic recovery Web site in February 2009—[www.recovery.ny.gov](http://www.recovery.ny.gov). By using the Web site, New Yorkers have been able to enter their project ideas directly into a project database and track Recovery Act funding and its impact. This database currently contains over 16,000 project ideas.

Other key players in New York’s management of Recovery Act funds include OSC, an independently elected office that is charged with issuing the state’s internal control standards, managing the central accounting system, and directing internal audits throughout the state’s departments and agencies, among other responsibilities. OSC will be responsible for tracking and monitoring the progress of Recovery Act funding and ensuring that the funding meets established internal controls.

State authorities and metropolitan planning organizations that are not directly managed by the Governor are also key players in the delivery of New York State services and are therefore central to the management of some Recovery Act funds. For example, the Metropolitan Transportation Authority will manage about \$1 billion of Recovery Act funds.

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## New York Plans to Oversee and Safeguard Recovery Act Funds Using Existing Control Mechanisms Where Possible

The primary responsibility for ensuring the transparency and accountability of Recovery Act funds rests with the executive branch, led by the governor. For the most part, New York plans to track and monitor Recovery Act funding using existing internal control, audit, and accounting systems. For example, OSC plans to use its existing Central Accounting System to tag and track Recovery Act funds as they are disbursed. Individual state agencies are also planning to use their existing management systems to monitor Recovery Act spending. For example, NYSDOT is conducting a federal-aid risk assessment to help its Internal Audit and Contract Audit Bureaus target their resources to the most vulnerable programs and projects. However, state officials have several oversight concerns, including monitoring Recovery Act funds that do not pass through state agencies and the ability of some local authorities that may not have experience managing federal programs to oversee large infusions of new funding. Finally, many officials throughout the state are

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concerned about their ability to consistently report on the impact of Recovery Act funding.

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## New York Will Use Existing Control Structure

Several New York government entities are responsible for the management, implementation, and oversight of internal controls and for safeguarding taxpayers' money. These entities include OSC, individual state agencies, and the governor's office. For example,

- OSC is responsible for the state's Central Accounting System, disburses funds, and audits state agencies and authorities, among other responsibilities.
- Each large state agency, such as NYSDOT, has a director of internal audit,<sup>4</sup> as well as an internal control officer<sup>5</sup> who reports to the head of the agency, coordinates internal control activities, and helps ensure internal control program compliance.
- The head of each state agency and public authority must annually certify compliance with the State's Internal Control Act.
- Each state agency operates its own financial management and reporting system and has its own procurement officer. However, OSC must review and approve all contracts over \$50,000.

The governor's office, in addition to overseeing state agencies, is responsible for conducting an annual audit of federal funds known as the Single Audit. New York's Single Audit for the year ending March 31, 2008, disclosed a number of material weaknesses involving the major federal programs. For example, the Single Audit found the following:

- OSC's procedures, through which OSC identified approximately \$49.8 million in potential overpaid Medicaid claims, were adequate. The Department of Health and the Office of the Medicaid Inspector General have initiated recovery of those claims that they determined are

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<sup>4</sup>The agency's director of internal audit reviews the operations of the agency to provide reasonable assurance of conformance with management policies and the effectiveness of internal controls. The internal auditor must maintain independence from the activities that are audited.

<sup>5</sup>The internal control officer assists the agency head and agency management and has responsibility for implementing, maintaining, and reviewing the agency's system of internal control.

appropriate for recovery. OSC had also identified about \$17 million in potential overpaid claims in 2007. State officials told us, however, that many of the instances of potential Medicaid overpayments were without basis and were, in fact, made consistent with federal requirements.

- NYSDOT did not adequately document audit extensions that it granted subrecipients. Furthermore, the department did not have a sanction policy in effect for subrecipients that were not in compliance with audit requirements. Effective August 2008, NYSDOT established a formal sanctioning policy.
- The Housing Trust Fund Corporation did not have procedures in place to adequately monitor the compliance requirements of the Single Audit Act, as amended, and OMB's implementing guidance in OMB Circular No. A-133, for grant subrecipients.
- Several programs, including Temporary Assistance for Needy Families, the Child Care and Development Block Grant, and the Office of Children and Family Services, did not adequately complete forms documenting the transfer of funds awarded by the federal government.
- The Department of Education's Vocational Rehabilitation Services program had not determined individuals' eligibility for the program services within a reasonable period of time.

The Single Audit did not provide 10 federal programs, including the Medical Assistance, Low-Income Home Energy Assistance, and Food Stamp Cluster Programs, an unqualified opinion because of various findings, including cost allocation plans that were not approved by the federal government. New York also received an unqualified opinion on OSC's comprehensive annual financial statements for the state fiscal year that ended March 31, 2008.<sup>6</sup> The audit reported control deficiencies but disclosed no instances of noncompliance that would be material to the basic financial statements.

As noted above, the state will separately account for Recovery Act expenditures on the Central Accounting System to make tracking the funds easier. However, according to a state comptroller official, agencies

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<sup>6</sup>For an unqualified opinion, the auditor expresses the opinion that the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the entity in conformity with generally accepted accounting principles.

may rely on multiple databases for handling transactional and performance data, making data reliability difficult to ascertain. According to this official, state agencies vary in their capabilities, and the independent financial management systems that operate distinctly from the Central Accounting System have varying degrees of sophistication and accessibility.

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**The Governor Plans to Implement Several Internal Control Initiatives for Recovery Act Funding**

In addition to existing control systems, the Governor's office has planned several new initiatives for ensuring accountability of Recovery Act funds. First, drawing on past efforts of New York state agencies and the New York State Internal Control Association to improve the state's internal controls, transparency, and data integrity, the Recovery Cabinet plans to establish a working group on internal controls. This working group will be made up of internal control officers from major agencies in the cabinet and will meet regularly to provide additional guidance to those agencies receiving and or administering Recovery Act funds. Second, the Governor's office plans to hire a consultant to review the state's management infrastructure and capabilities to achieve accountability, effective internal controls, compliance, and reliable reporting under the Recovery Act. Third, the Director of State Operations provided initial guidance to the state agencies and authorities on the Recovery Act accountability and transparency requirements. According to state officials, all agencies and departments that expect to receive Recovery Act funds have been asked to review and report on their practices for fraud prevention, contract management, and grants accountability to assess their current vulnerabilities and to ensure that the state is prepared to meet the Recovery Act requirements. Finally, the state plans to coordinate fraud prevention training sessions.

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**Office of the State Comptroller Issued Guidance for Safeguarding Recovery Act Funds**

On March 23, 2009, OSC issued accounting bulletins and procurement and disbursement guidelines to state agencies on using Recovery Act funds. Included in these guidelines are instructions to agencies on using a designated revenue code to account for all federal grant moneys received and a designated accounting code to process and report payments financed with Recovery Act funds. According to OSC, it intends to closely scrutinize contracts and monitor payments charged to Recovery Act appropriations to ensure adequate accountability, compliance, and effective and efficient use of Recovery Act funds. In addition, OSC says it plans to post the Recovery Act data that will flow through the central accounting system to Open Book, the Web site that provides transparency for contracts, expenditures, and local government funds. Furthermore,

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OSC says that it will continue to advise and provide technical assistance to local governments as the requirements of the Recovery Act become clearer.

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### Examples of State Agencies' Planned Oversight and Reporting of Recovery Act Funds

Guided by the Recovery Cabinet working groups, state agencies are planning to implement various types of oversight and reporting mechanisms to comply with the Recovery Act. For example:

- NYSDOT is relying heavily on existing program oversight controls, such as normal highway project procurement requirements, to manage and control Recovery Act spending. In addition to those oversight controls, as described above, NYSDOT is conducting a risk assessment of federal-aid projects to direct future internal audit and contract reviews. NYSDOT officials said that special emphasis will be placed on high-risk areas, such as projects developed by local public agencies, and that a formal plan for overseeing Recovery Act subrecipients will include training, technical assistance, and regular reviews of subrecipients' documents and processes. With regard to reporting, NYSDOT is developing a dataset that is expected to contain all data elements required to fully meet state reporting requirements. NYSDOT is also putting a reporting requirement in existing recovery project contracts alerting contractors that they are responsible for meeting all Recovery Act reporting requirements.
- NYSED officials said that they have been meeting with OSC to ensure proper accounting codes are used in tracking and reporting Recovery Act funds. However, officials are concerned that once the funds reach localities, the funds may lose their accounting codes and get rolled up with other state and federal funds. In addition, state education officials said that they have established a waste, fraud, and abuse work team to examine risks and identify areas of concern associated with Recovery Act funds. The officials said that the biggest challenge that they foresee is district reporting at the school level. According to the officials, risk assessments for schools with higher spending per student will need to be developed.
- Division of Housing and Community Renewal officials said that they are fairly confident that they can modify the division's existing accounting and reporting systems to meet Recovery Act requirements. However, housing officials are concerned about the potential for fraud, waste, and abuse in the weatherization program. This concern results from the huge increase (over 600 percent) in funding New York will get, rule changes, the acceleration of the expenditure time line, and the

need to hire subcontractors, many of which will be new to the program. Specifically, New York State expects to receive \$395 million in additional weatherization funds from the Recovery Act, compared with a little over \$60 million allocated to the program in the previous state fiscal year. In addition, the Recovery Act increased the maximum amount that can be spent for each housing unit qualifying for the program from \$2,500 to \$6,500. Officials said they are concerned about their ability to effectively manage the program, given the major funding and program changes caused by the Recovery Act, when their existing staff is already stretched. Housing officials said that they are assessing the risk to the weatherization program.

- According to New York officials, increased FMAP grant awards are segregated from other Medicaid funds received by the state. These funds have received a distinct code to identify them as part of the funding received from the Recovery Act in OSC's Central Accounting System. Additionally, the increased FMAP grant awards received by the state and local governments are tracked separately in the accounting system. OSC has instructed localities to maintain a separate account for FMAP funds. As of April 13, 2009, the comptroller had not disclosed plans for auditing the increased FMAP funds.

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### Plans to Assess Impact Are Still Being Developed

State transportation, education, and housing agency officials are just beginning to consider plans to assess the impact of Recovery Act funds. They are generally waiting for the Office of Management and Budget to provide guidance or methods to help in assessing impact, such as job retention and creation, increases in tax revenues, and savings from weatherization or other energy projects. For instance, state housing officials said that they typically track dollars and that they will require additional guidance from the Department of Housing and Urban Development on how to track job creation. State education officials said that it would be difficult to isolate the impact of Recovery Act funds on student achievement from the impact of other initiatives the state is undertaking. State officials also expressed concerns about how to consistently measure the impact of funding, such as how to count job creation and how to track the ripple effect of funding.

New York City officials said that it will be a challenge, absent additional guidance, to account for the impact of Recovery Act funds on programs funded by multiple streams of money, such as counting the number of new beds at a homeless shelter or the number of additional children in the city's child care program. New York City is developing an online database that will describe the use of Recovery Act funds down to the program

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level. Officials said that the purpose of the database is to provide transparency for New York City residents and to fulfill future reporting requirements. The database is expected to provide such details on a Recovery Act-funded program as the number of additional beds at a homeless shelter. However, New York City officials said that it is difficult to begin planning how to assess impact until they know what measures will be called for by federal reporting guidelines. Furthermore, New York City officials recommended relaxing the reporting deadlines and requirements for the first quarter after Recovery Act funds are received so states and localities have more time to understand new guidance.

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## New York's Comments on This Summary

We provided the Governor of New York with a draft of this appendix on April 17, 2009. The Senior Advisor for Transportation and Infrastructure responded for the Governor on April 20, 2009 by providing technical suggestions that were incorporated, as appropriate.

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## GAO Contacts

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## Staff Acknowledgments

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# Appendix XVII: Pennsylvania

## Overview

**Use of funds:** An estimated 90 percent of Recovery Act funding provided to states and localities nationwide in fiscal year 2009 (through Sept. 30, 2009) will be for health, transportation and education programs. The three largest funding categories are the Medicaid increased Federal Medical Assistance Percentage (FMAP) grant awards, the State Fiscal Stabilization Fund, and highways.

### ✓ **Medicaid Federal Medical Assistance Percentage (FMAP) Funds**

- As of April 3, 2009, Centers for Medicare & Medicaid Services (CMS) had made about \$1 billion in increased FMAP grant awards to Pennsylvania.
- As of April 3, 2009, Pennsylvania has drawn down about \$330.8 million, or nearly 32 percent of its initial increased FMAP grant awards.
- Officials plan to use funds made available as a result of the increased FMAP grant awards to help cover the state's increased Medicaid caseload, ensure prompt claims payments, and to offset Pennsylvania's general fund budget deficit.

### ✓ **Transportation—Highway Infrastructure Investment**

- Pennsylvania was apportioned about \$1.0 billion for highway infrastructure investment on March 2, 2009, by the U.S. Department of Transportation.
- As of April 16, 2009, the U.S. Department of Transportation had obligated \$308.6 million for 108 Pennsylvania projects.
- As of April 16, 2009, the Pennsylvania Department of Transportation had advertised competitive bids on 97 projects totaling about \$260 million, and the earliest contract was awarded on March 20, 2009.
- These projects include activities such as highway repaving as well as bridge replacement and painting.
- Pennsylvania will request reimbursement from the U.S. Department of Transportation as the state makes payments to contractors.

### ✓ **U.S. Department of Education State Fiscal Stabilization Fund (Initial Release)**

- Pennsylvania was allocated about \$1.3 billion from the initial release of these funds on April 2, 2009, by the U.S. Department of Education.
- Before receiving the funds, states are required to submit an application that provides several assurances to the Department of Education. These include assurances that they will meet maintenance of effort requirements (or that they will be able to comply with waiver provisions) and that they will implement strategies to meet certain educational requirements, including increased teacher effectiveness, addressing inequities in the distribution of highly qualified teachers, and improving the quality of state academic standards and assessments. Pennsylvania plans to submit its application by April 25, 2009.
- The Governor plans to use the funds to increase state funding for school districts and restore state funding for public colleges. The Governor also plans to use some funds to pay operating costs for the Department of Corrections.

Pennsylvania is receiving additional Recovery Act funds under other programs, such as programs under Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA) (commonly known as No Child Left Behind); programs under the Individuals with Disabilities Education Act (IDEA); Transit Capital Assistance and the Fixed Guideway Infrastructure Investment Programs; Workforce Investment Act; the U.S. Department of Housing and Urban Development Neighborhood Stabilization Program; the U.S. Department of Justice Edward Byrne Memorial Justice Assistance Grants; and the U.S. Department of Energy Weatherization Assistance Program. Plans to use these funds are described throughout this appendix.

**Safeguarding and transparency:** On March 4, 2009, the Governor named the Secretary of General Services as the state's Chief Implementation Officer responsible for the effective and efficient delivery of all Recovery Act-funded initiatives and projects. Additionally, the Governor set up a Recovery Management Committee to report to him on the progress of recovery efforts. According to the Chief Implementation Officer, this body meets regularly to discuss the status of the program, troubleshoot areas of concern, and report to the Governor on the progress of recovery efforts. In addition, Pennsylvania officials said they would use their existing integrated accounting system to track Recovery Act funds flowing through the state government. Although Pennsylvania has plans to publicly report its Recovery Act spending through a Web site ([www.recovery.pa.gov](http://www.recovery.pa.gov)), officials have said that the state may not be aware of all Recovery Act funds sent directly by the federal agencies to municipalities and independent authorities. In late March 2009, the Governor appointed a Chief Accountability Officer who will be responsible for reporting on Pennsylvania's use of Recovery Act funds. Pennsylvania plans to conduct several risk assessments for Recovery Act programs by June 2009. Pennsylvania's Auditor General also anticipates work auditing and investigating Recovery Act funds received by state and local agencies.

**Assessing the effects of spending:** Pennsylvania state departments are in the early stages of developing plans to assess the effects of Recovery Act spending. According to state officials, they are awaiting further guidance from the federal government, particularly related to measuring job creation.

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## Pennsylvania Beginning to Use Recovery Act Funds

Pennsylvania has begun to use some of its Recovery Act funds, as follows:

**Increased Federal Medical Assistance Percentage Funds:** Medicaid is a joint federal-state program that finances health care for certain categories of low-income individuals, including children, families, persons with disabilities, and persons who are elderly. The federal government matches state spending for Medicaid services according to a formula based on each state's per capita income in relation to the national average per capita income. The amount of federal assistance states receive for Medicaid service expenditures is known as the Federal Medical Assistance Percentage (FMAP). Across states, the FMAP may range from 50 percent to no more than 83 percent, with poorer states receiving a higher federal matching rate than wealthier states. The Recovery Act provides eligible states with an increased FMAP for 27 months between October 1, 2008, and December 31, 2010.<sup>1</sup> On February 25, 2009, the Centers for Medicare & Medicaid Services (CMS) made increased FMAP grant awards to states, and states may retroactively claim reimbursement for expenditures that occurred prior to the effective date of the Recovery Act.<sup>2</sup> Generally, for federal fiscal year 2009 through the first quarter of federal fiscal year 2011, the increased FMAP, which is calculated on a quarterly basis, provides for (1) the maintenance of states' prior year FMAPs; (2) a general across-the-board increase of 6.2 percentage points in states' FMAPs; and (3) a further increase to the FMAPs for those states that have a qualifying increase in unemployment rates. The increased FMAP available under the Recovery Act is for state expenditures for Medicaid services. However, the receipt of this increased FMAP may reduce the funds that states must use for their Medicaid programs, and states have reported using these available funds for a variety of purposes.

As of April 1, 2009, Pennsylvania has drawn down \$330.8 million in increased FMAP grant awards, which is almost 32 percent of its awards to date.<sup>3</sup> Pennsylvania officials reported that they plan to use funds made available as a result of the increased FMAP to cover the state's increased Medicaid caseload and maintain current populations and benefits. State

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<sup>1</sup>Recovery Act, div. B, title V, § 5001.

<sup>2</sup>Although the Recovery Act was enacted February 17, 2009, states generally may claim reimbursement for the increased FMAP for Medicaid service expenditures made on or after October 1, 2008.

<sup>3</sup>Pennsylvania received increased FMAP grant awards of \$1.04 billion for the first three quarters of federal fiscal year 2009.

officials also noted that such funds are allowing them to forgo reductions that they otherwise would have had to make because state funding streams are smaller this year. For example, Pennsylvania officials indicated that the state's share for Medicaid expenditures is 20 percent of their state revenues; thus this funding fluctuates as the economy rises and falls. Funding made available as a result of the increased FMAP will also be used to offset the state's general fund deficit and to help ensure that the Medicaid prompt payment requirements are met.<sup>4</sup> Pennsylvania officials noted that early notification from CMS regarding any reporting forms that the state will be required to complete would be beneficial to ensure that the state's accounting systems are properly aligned to produce needed reports.

**Transportation—Highway Infrastructure Investment:** The Recovery Act provides additional funds for highway infrastructure investment using the rules and structure of the existing Federal-Aid Highway Surface Transportation Program, which apportions money to states to construct and maintain eligible highways and other surface transportation projects. States must follow the requirements for the existing program, and in addition, the governor must certify that the state will maintain its current level of transportation spending, and the governor or other appropriate chief executive must certify that the state or local government to which funds have been made available has completed all necessary legal reviews and determined that the projects are an appropriate use of taxpayer funds. Pennsylvania provided the first of these certifications but noted that the state's level of funding was based on "planned non-bound state expenditures" (sic) and represented the best information available at the time of the state's certification.<sup>5</sup>

As of April 16, 2009, the U.S. Department of Transportation had obligated \$308.6 million for 108 Pennsylvania projects.<sup>6</sup> As of April 16, 2009, the

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<sup>4</sup>To be eligible for the increased FMAP, states must comply with prompt pay requirements, which require states to pay 90 percent of clean claims from health care practitioners within 30 days of receipt and 99 percent of these claims within 90 days of receipt.

<sup>5</sup>A number of states qualified their certifications in various ways. The legal effect of such qualifications is currently being examined by the U.S. Department of Transportation and has not been reviewed by GAO.

<sup>6</sup>For federal-aid highway projects, the Federal Highway Administration of the U.S. Department of Transportation has interpreted the term "obligation of funds" to mean the federal government's contractual commitment to pay for the federal share of a project. The commitment occurs at the time the federal government approves a project agreement and the project agreement is executed.

Pennsylvania Department of Transportation (PennDOT) had advertised 97 projects for competitive bid totaling about \$260 million. These projects included highway repaving as well as bridge replacement and painting. Pennsylvania will request reimbursement from the U.S. Department of Transportation as the state makes payments to contractors.

**U.S. Department of Education State Fiscal Stabilization Fund:** The Recovery Act created a State Fiscal Stabilization Fund (SFSF) to be administered by the U.S. Department of Education (Education). The SFSF provides funds to states to help avoid reductions in education and other essential public services. The initial award of SFSF funding requires each state to submit an application to Education that assures, among other things, it will take actions to meet certain educational requirements such as increasing teacher effectiveness and addressing inequities in the distribution of highly qualified teachers.

Pennsylvania's initial SFSF allocation is \$1.3 billion. According to the Chief Implementation Officer, Pennsylvania plans to file its application for these monies by April 25, 2009. According to the Governor's proposal, \$418 million in SFSF will support state funding to elementary and secondary schools and \$317 million to improve basic programs operated by local educational agencies in state fiscal year 2010. Similarly, \$44 million will help restore state funding for higher education. The Governor proposes to spend \$173 million on Department of Corrections operations in state fiscal year 2009 and reserve \$324 million for appropriation in fiscal year 2010.

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### Some State Agencies and Localities Have Started Planning and in Some Cases Made Decisions for Using Recovery Act Funds

Faced with declining revenue projections since fiscal year 2008, Pennsylvania officials believe that federal funds are critical to help alleviate the immediate fiscal pressure and help balance the state budget. Based on February 2009 projections, Pennsylvania faces a \$2.3 billion shortfall in fiscal year 2009, largely because of lower-than-expected revenues. Since September 2008, the Governor has cut state spending by more than \$500 million, imposed a state hiring freeze, and banned out-of-state travel and new vehicle purchases. Pennsylvania plans to draw \$250 million from the state rainy day fund—one-third of the current balance—to help avoid further cuts in fiscal year 2009.<sup>7</sup> According to Pennsylvania's

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<sup>7</sup>Other actions to address the current shortfall include cuts in the enacted budgets for the legislature and independent agencies as well as increased revenue from natural gas drilling leases.

Secretary of the Budget, state revenues continue to decline and this may necessitate using even more rainy day funds during the current fiscal year. For fiscal year 2010, the Governor proposes to draw \$375 million from the rainy day fund. The Governor's budget proposal for fiscal year 2010, among other things, includes program cuts, layoffs, and reduced contributions for employees' health care. According to budget documents, federal fiscal relief would be used to prevent even deeper cuts throughout the budget. As part of the budget process, the Pennsylvania General Assembly generally must appropriate federal funds, including Recovery Act amounts.

The Governor's office and state agencies have begun planning for the use of Recovery Act funds in Pennsylvania. As noted previously, in March 2009, the Governor named a Chief Implementation Officer who is responsible for the effective and efficient delivery of all Recovery Act-funded initiatives and projects. According to the Chief Implementation Officer, the Recovery Management Committee meets regularly to discuss the status of the program, troubleshoot areas of concern, and report to the Governor on the progress of recovery efforts.<sup>8</sup> Pennsylvania plans to apply for competitive grants available under the Recovery Act, and the Governor's Secretary for Planning and Policy is coordinating this strategy.

Some state programs have received federal Recovery Act funds, and in some cases they have made funding decisions. For example, the U.S. Department of Transportation, through the Federal Highway Administration and the Federal Transit Administration, published final apportionments for the federal-aid highway program and Transit Capital Assistance and the Fixed Guideway Infrastructure Investment Programs March 2 and March 5, 2009, respectively.<sup>9</sup> PennDOT officials said that they have been working closely with metropolitan and rural transportation planning organizations to develop spending plans. On March 17, 2009, PennDOT released its final list of 241 highway and bridge projects to be

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<sup>8</sup>The Recovery Management Committee is composed of: the Governor's Chief-of-Staff, the Chief Implementation Officer, the Chief Accountability Officer, the Secretary of Budget, Secretary of Policy, Secretary of Administration, Secretary of Legislative Affairs, and the Communications Director as well as other senior members of the Governor's administration.

<sup>9</sup>74 Fed. Reg. 9630 (March 5, 2009).

funded by the \$1.0 billion Recovery Act investment in highways.<sup>10</sup> Youth activities under the Workforce Investment Act have also received a funding allocation, and local Workforce Investment Boards must quickly establish summer youth programs for the Recovery Act Funding.<sup>11</sup> According to local officials in the Harrisburg region, planning challenges include identifying eligible youth (some of whom are out of school and difficult to locate), identifying employment opportunities that fit the requirements of the Recovery Act and the Workforce Investment Act, and performing required background checks on staff before the summer program begins.

The Pennsylvania Department of Education estimated allocations for their school districts while waiting for their final Recovery Act allocations. The Recovery Act funding will not be available to schools until the state General Assembly appropriates the funds.

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**Some Programs Are Waiting for Clear Recovery Act Guidance and Some Have Questions about Using Funds for Administrative Purposes**

Program officials with whom we spoke provided varying levels of satisfaction with the guidance they had received from federal agencies, but some agencies were waiting for federal guidance to make spending and programmatic decisions. Officials from PennDOT stated that they have received guidance and have been able to administer Recovery Act funds. For the two new low-income housing tax credit financing programs created under the Recovery Act, the Pennsylvania Housing Finance Authority received initial information from the U.S. Department of Housing and Urban Development but no information from the U.S. Department of the Treasury; the housing finance agency is waiting for formal guidance before releasing implementation plans. Pennsylvania Department of Education officials also stated that although they received guidance on April 1, 2009, from the U.S. Department of Education on Recovery Act funds, they are concerned about certain provisions, such as

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<sup>10</sup>PennDOT is also finalizing a list of transit projects to be funded from Recovery Act money. Of the approximately \$415 million in Recovery Act money apportioned by the Federal Transit Administration to Pennsylvania for transit capital assistance and fixed guideway infrastructure investment, about \$48 million (11.5 percent) will flow through the state to small urban (less than 200,000 population) and nonurbanized areas (less than 50,000 population). The remainder (about \$367 million) will go to large (over 200,000 population) areas directly.

<sup>11</sup>According to the U.S. Department of Labor guidance, the period of “summer” will be from May 1 through September 30 for purposes of the Recovery Act funds.

the maintenance of effort provision, and are anticipating additional guidance.

Some agency officials were unclear about whether Recovery Act funds could be used to fund administrative costs. Even though a good portion of the Recovery Act funds is flowing through established grant programs, some state agency officials were concerned about paying for the increased administrative costs associated with program implementation, including increased reporting and tracking requirements. For example,

- Pennsylvania Department of Education officials were unclear if Recovery Act funds could be spent on state administrative costs and anticipated applying to the U.S. Department of Education for a waiver for these costs. State department officials were specifically concerned that they might need to build an entirely new reporting system to evaluate teachers and principals to meet Recovery Act requirements.
- Pennsylvania Department of Community and Economic Development officials said they had not received guidance from the U.S. Department of Housing and Urban Development about implementation of the Recovery Act portion of the Neighborhood Stabilization Program,<sup>12</sup> and were unsure of how much Recovery Act funds could be used for administrative purposes.
- PennDOT officials told us that, in some instances, non-Recovery Act funds were used to pay administrative costs for Recovery Act initiatives. This was the case in hiring two consultants to assess potential transit projects for Recovery Act funding.

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<sup>12</sup>The Neighborhood Stabilization Program was originally created in July 2008 by the Housing and Emergency Recovery Act of 2008 and was in the process of implementation when the Recovery Act increased program funding and made some of the funding subject to a competitive process to receive grants.

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## Pennsylvania Developing Plans for Safeguards and Controls

Pennsylvania has entities responsible for tracking, monitoring, and overseeing financial expenditures. The Office of the Budget oversees the state's uniform accounting, payroll, and financial reporting systems. Pennsylvania is reorganizing and centralizing its internal audit and comptroller functions within the Governor's Office of the Budget.<sup>13</sup> The state's elected Treasurer has a pre-audit function to review disbursements to be paid out by state agencies prior to payment. The state Inspector General—who works for the Governor—is charged with investigating fraud, waste, abuse, and mismanagement. The state's elected Auditor General, who is responsible for ensuring that all state money is spent legally and properly, performs performance audits, financial audits, and investigations of state and local government entities. The Auditor General also partners with an accounting firm to perform Pennsylvania's annual single audit of the federal money that Pennsylvania receives to ensure the funds are spent according to federal laws and guidelines.

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## Pennsylvania Has System to Track Recovery Act Funds, but Will Rely on Subrecipients to Meet Reporting Requirements at Local Level

Pennsylvania will use its existing accounting system to track Recovery Act funds and state officials are confident that it will adequately identify Recovery Act funds received and how they are used. Pennsylvania has an enterprise resource planning<sup>14</sup> (ERP) system that is used by all state agencies to account for federal and state funding. The integrated accounting system will be used to track Recovery Act funds. To accommodate the Recovery Act, on March 10, 2009, Pennsylvania's Office of the Budget issued an administrative circular to all agencies under the Governor's jurisdiction describing the specific accounting codes they must use to separately identify the expenditure of Recovery Act funds. Individual agencies are also taking action to ensure that Recovery Act funds are tracked separately. For example, PennDOT issued an administrative circular in March 2009 that established specific Recovery Act program codes to track highway and bridge construction spending. The department also established four new funds to account for Recovery Act fund reimbursements to local governments.

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<sup>13</sup>According to the Secretary for Budget, the new reorganization will be completed in May 2009.

<sup>14</sup>An ERP solution is an automated system using commercial off-the-shelf software and consisting of multiple, integrated functional modules that perform a variety of tasks such as accounts payable, general ledger accounting, and grant management.

Pennsylvania officials said that the state will rely on subrecipients to meet reporting requirements at the local level. Recipients and subrecipients can be local governments or other entities such as transit agencies. For example, about \$367 million in Recovery Act money for transit capital assistance and fixed guideway infrastructure investment was apportioned directly to areas such as Philadelphia, Pittsburgh, and Allentown. State officials also told us that the state would not track or report Recovery Act funds that go straight from the federal government to localities and other entities, such as public housing authorities.

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**Past Audits Have Identified Vulnerabilities, and Pennsylvania Plans to Identify and Assess Risks Associated with Recovery Act Funds**

Past audits have identified vulnerabilities in Pennsylvania's financial reporting and noncompliance with requirements for federal money. Pennsylvania's fiscal year 2007 single audit report had an unqualified opinion on financial reporting, but auditors found material weaknesses in the accounting controls. For example, auditors found weaknesses in segregating duties among staff and monitoring user activities to reduce the risk of inappropriate changes to accounting data or misappropriation of assets. Pennsylvania's Secretary of the Budget told us that to mitigate this risk, internal auditors now are to work closely with the Office of Administration and the Office of Information Technology on all new system changes to ensure internal controls are built into the application. The single audit scope was limited in that auditors could not obtain key documentation needed to check compliance with procurement regulations for competitively bid contracts for goods and services. The Secretary of the Budget told us that, beginning in January 2009 under Pennsylvania's Right to Know law, information related to losing bids and scoring by participants of the procurement committees will now be available for audit purposes.

In 2007, Pennsylvania had a qualified opinion due to noncompliance with major federal programs. For example, auditors identified 13 weaknesses in which state agencies, such as the Department of Community and Economic Development, did not adequately monitor subrecipients or failed to document procedures for performing on-site monitoring for subrecipients or subgrantees. It is important to correct these weaknesses for Pennsylvania to be able to provide reasonable assurance that its subrecipients comply with requirements for Recovery Act funding, when appropriate. Pennsylvania's Secretary of the Budget told us that the Office of Budget monitors the agencies' corrective action plans and provides additional program monitoring and training for agency program staff as appropriate. As of April 2009, the Office of the Budget's auditors were

reviewing the status of implementing corrective action plans for past single audit findings.

Pennsylvania officials also cited potential risks, based on experience with existing structures, with programs receiving Recovery Act funding. Pennsylvania's Governor told us that he is concerned that school districts may use Recovery Act funds to start or expand education programs that are fiscally unsustainable when the federal funds expire. Several Pennsylvania officials, including the Governor, were specifically concerned about the Weatherization Assistance Program. Under the Recovery Act, the program is receiving a significant increase in funding and will make substantial use of contractors to weatherize properties. A 2007 Pennsylvania Auditor General report found that the program had, among other things, weak internal controls, weaknesses in contracting, and inconsistent verification and inspection of subcontractor work.<sup>15</sup>

According to the Chief Implementation Officer, Pennsylvania plans to conduct several risk assessments by June 2009, including assessments of potential contractor capacity challenges for transportation projects and the capacity of current weatherization providers and contractors. The Office of Chief Counsel is reviewing all construction contracts and grants to ensure compliance with the Recovery Act requirements as well as guidance issued by the U.S. Office of Management and Budget (OMB) and federal agencies. According to Pennsylvania's Secretary of the Budget, the new Bureau of Audits within the Office of the Budget will develop a risk-based approach for Recovery Act audits with measurable criteria and develop a matrix of risks for each Recovery Act program by the end of June 2009.

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### Plans for Oversight and Transparency of Pennsylvania's Recovery Act Funds

Pennsylvania has established structures to oversee Recovery Act funds and provide transparency to the public. On March 31, 2009, the Governor appointed a Chief Accountability Officer who will be responsible for reporting on Pennsylvania's use of Recovery Act funds and working with the Office of Budget to ensure funds are spent in accordance with

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<sup>15</sup>Pennsylvania Auditor General, *A Special Performance Audit of the Department of Community and Economic Development's Weatherization Assistance Program*, August 2007.

Recovery Act requirements.<sup>16</sup> To serve as a portal for transparency of state Recovery Act spending, Pennsylvania also established a Web site ([www.recovery.pa.gov](http://www.recovery.pa.gov)) that makes available updates on funding and solicits public input on funding use. The Chief Accountability Officer will be responsible for identifying ways to present visual evidence, such as photographs and mapping, to help citizens track Recovery Act projects in Pennsylvania.

A new Pennsylvania Stimulus Oversight Commission was created by the Governor—by executive order on March 27, 2009—after outreach to the Pennsylvania congressional delegation, the state legislature, and others. In addition to the Chief Accountability Officer, the commission is composed of the Governor, the Recovery Act Chief Implementation Officer, four representatives selected by Pennsylvania’s congressional delegation, members of each of the four caucuses in Pennsylvania’s General Assembly, and representatives from the Pennsylvania Chamber of Business and Industry, United Way of Pennsylvania, and Pennsylvania AFL-CIO. The commission was established to, among other things, monitor Pennsylvania’s efforts to ensure compliance with the Recovery Act and to review the state’s approach to allocating and disbursing funds, tracking funds, transparency, performance, and grants management and oversight. The commission met for the first time on March 31, 2009, and has not announced its oversight plans; the next commission meeting will be on April 23, 2009.

Other state offices are generally not expecting new staff or resources for Recovery Act oversight. The Auditor General anticipates work auditing and investigating Recovery Act funds received by state and local agencies. For example, the Auditor General will audit Recovery Act funds during the annual single audit and will initiate additional compliance audits for Recovery Act programs. The Auditor General observed that the Recovery Act did not provide funding for his office to undertake work related to the act. In addition, officials of the Auditor General's office have different views about what authority they have to audit federal money that flows directly to localities, such as housing authorities and municipalities. Pennsylvania is also in the process of reorganizing and centralizing its internal audit and comptroller functions within the Governor’s Office of

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<sup>16</sup>The Chief Accountability Officer also will chair a new Governor’s Working Group for Stimulus Accountability that includes the Chief Implementation Officer and senior state officials. In addition, the Chief Accountability Officer also serves on the Governor’s Recovery Management Committee.

the Budget. According to the Secretary of Budget, the Bureau of Audits is not expected to dramatically change audit responsibilities in the state but rather provide a more focused, risk-based approach, particularly for Recovery Act funding. This office is expected to employ 95 people, about 70 of whom will be field auditors. The remaining staff will be responsible, among other things, for subrecipient desk reviews and agency risk assessments.

The number of staff devoted to program oversight, and implementation in some state agencies has been affected by the state's hiring freeze. For example, Workforce Investment Act program officials said monitoring efforts will need to increase under the Recovery Act and they have applied to the Governor for a waiver to hire additional staff. Department of Community and Economic Development officials told us that they have requested to hire 12 people, 3 or 4 of whom will be devoted to Recovery Act work related to the Neighborhood Stabilization Program. The Pennsylvania Commission on Crime and Delinquency, which administers the Edward Byrne Memorial Justice Assistance Grants, is trying to maximize the use of its existing staff and sought advice from the U.S. Department of Justice Inspector General; the latter will give a presentation, share checklists, and train program staff in monitoring subrecipients. PennDOT officials told us that they meet weekly to oversee the highway and bridge program funded through the Recovery Act. These meetings cover such things as the status of obligating program funds and potential problems. The department also has a special "war room" that tracks each project in each state district.

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## Plans to Assess Impact of Recovery Act Funds Depend on Federal Guidance

Agency officials stated that, although they are emphasizing the planning and allocating of Recovery Act funds quickly, they are aware of requirements to assess the economic and other impacts of these funds. The new Chief Accountability Officer will be responsible for developing and using performance measures to demonstrate outcomes associated with Recovery Act spending and projects. Some agency officials with whom we met—at the Pennsylvania Department of Education and the Department for Community and Economic Development—are generally waiting for additional guidance from the federal government on performance measures, especially on how to measure and report jobs created and sustained.

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## Pennsylvania's Comments on This Summary

We provided the Governor of Pennsylvania with a draft of this appendix on April 17, 2009. The Chief Implementation Officer and the Secretary of the Budget responded for the Governor on April 20, 2009. These officials provided clarifying and technical comments that we incorporated where appropriate. We also provided the Auditor General's staff with portions of the draft that addressed the Auditor General's past work and plans related to Recovery Act funding. We incorporated those technical comments as appropriate.

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