

TACIR

**The Tennessee Advisory Commission
on Intergovernmental Relations**



6

Suite 508
226 Capitol Blvd. Building
Nashville, TN 37243-0760
Phone: (615) 741-3012
Fax: (615) 532-2443
www.tn.gov/tacir

MEMORANDUM

TO: TACIR Commission Members

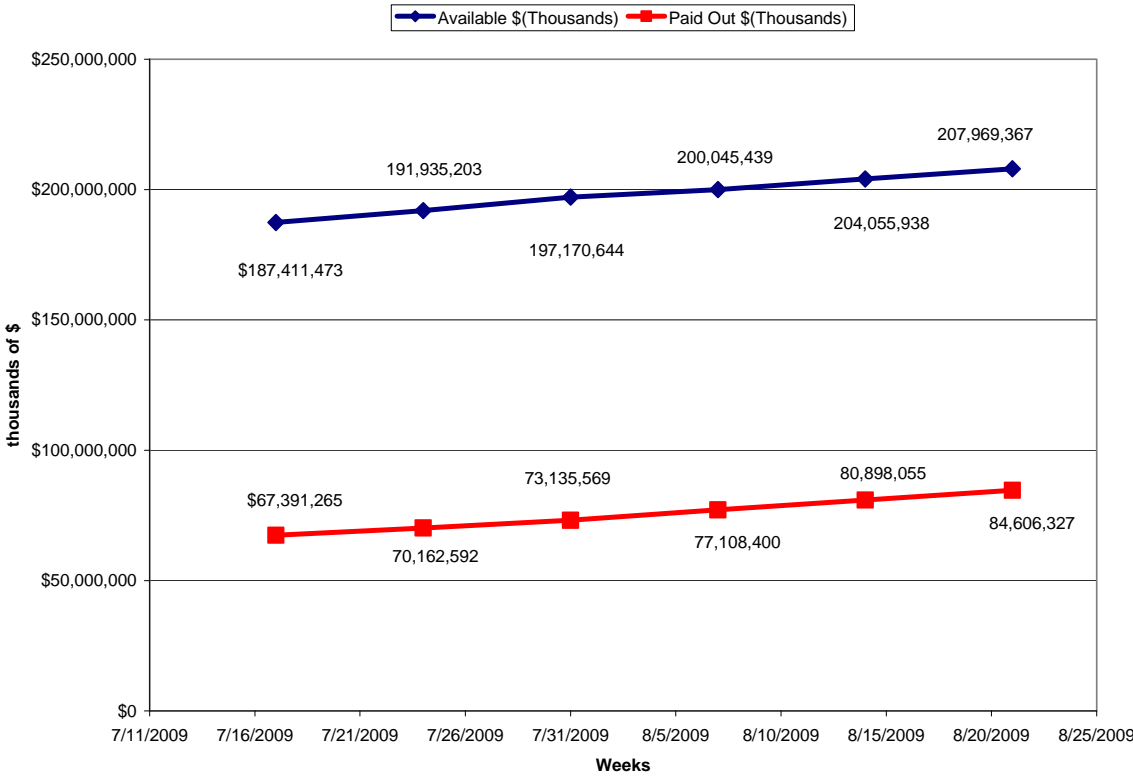
FROM: Harry A. Green
Executive Director

DATE: September 17, 2009

SUBJECT: Federal Stimulus and Tennessee

The American Recovery and Reinvestment Act of 2009 was signed into law February 17, 2009. It has now been seven months since the bill was enacted. Is it working? The short answer is it's too early to tell. Much of the stimulus money has still not been received; the stimulus funds still flow slowly but with gathering momentum (Chart 1 shows the timing of the availability of the funds nationwide and the rate at which it has been paid out). The dearth of information on impact is a reflection of the predictable delays built into the program and on the lag between the stimulus and any expected impact. Most of the disbursements will occur during the current fiscal year and in fiscal year 2011. As of now, it seems this issue can only be addressed from a mile in the sky (economic indicators) and from down in the weeds (examples of individual projects). Although it is not possible yet to make a comprehensive assessment on the impact of the stimulus money, TACIR is working with MTSU's Business and Economic Research Center to track the pace of recovery. Dr. David Penn, the director of the BEREC, will be on hand to provide the latest information on these efforts.

Chart 1. ARRA Monies Available and Paid Out, US, 2009 to Date



The allocation of funds in Tennessee is progressing rapidly in some areas, less so in other areas. The following table gives the totals by department; more detailed data is available at www.tnrecovery.gov. Tennessee's recovery act management directives are attached. Mike Morrow, Special Assistant to the Governor, will provide an update on the status of Tennessee's use of ARRA funding.

American Recovery and Reinvestment Act of 2009

Tennessee Recovery Act Management
Cumulative Report (As of August 31, 2009)

Department:	Agriculture	Children's Services	Education	Finance & Administration
ARRA Program Funds Awarded:	\$3,109,109.00	\$4,910,157.00	\$353,592,188.50	\$35,527,550.00
ARRA Program Funds Received:	\$1,855,005.00	\$4,096,465.34	\$ 2,394,331.06	
ARRA Program Funds Obligated:	\$2,286,141.00		\$ 310,955,811.30	\$35,482,145.00
ARRA Program Funds Disbursed:		\$4,096,465.34	\$7,923,559.34	
	Health	Human Services	Labor and Workforce Development	State Fiscal Stabilization Fund
ARRA Program Funds Awarded:	\$2,547,468.00	\$172,446,237.00	\$174,542,300.00	\$691,803,281.00
ARRA Program Funds Received:		\$85,230,501.00	\$115,179,495.30	\$21,855,339.88
ARRA Program Funds Obligated:	\$201,687.00	\$195,536,494.90	\$62,515,441.13	\$21,872,673.05
ARRA Program Funds Disbursed:		\$91,592,896.71	\$ 110,060,781.18	\$21,872,673.05

	TennCare	Tennessee Housing Development Agency	Transportation	Treasury
ARRA Program Funds Awarded:	\$756,840,057.00	\$ 105,535,153	\$604,169,801.00	\$1,472,799.00
ARRA Program Funds Received:	\$518,820,001.80		\$18,086,529.88	\$1,472,799.00
ARRA Program Funds Obligated:			\$491,646,736	
ARRA Program Funds Disbursed:	\$518,820,001.80		\$36,085,681.06	\$1,472,799.00

(Source: <http://tnrecovery.gov/weeklyreports.html>)

Directives

Introduction

The following initial set of directives is to establish the State of Tennessee's reporting and accountability requirements for the American Recovery and Reinvestment Act (ARRA) funds received directly by all state agencies and all state agencies' subrecipients.

The Office of the Tennessee Recovery Act Management (TRAM), with assistance from the Comptroller of the Treasury, established these directives to require all ARRA fund recipients to take immediate (and any and all subsequent required follow-up) action(s) necessary to implement a framework to meet the program, administrative, accountability and transparency objectives of the Act.

Directives:

- 1) All recipients and subrecipients of ARRA funds are required to designate a senior accountable official for Recovery Act activities.
- 2) All recipients and subrecipients of ARRA funds are required to ensure that all ARRA funds are accounted for separately from non-ARRA funds in financial and reporting systems to include sub-systems.
- 3) All recipients and subrecipients of ARRA funds are required to monitor the accountability objectives of the ARRA and all other federal, state and local laws, rules and regulations.
- 4) All recipients and subrecipients of ARRA funds are responsible for ensuring that proper procurement and grant and contract management procedures are established and followed.
- 5) All state recipients and subrecipients of ARRA funds are responsible for establishing an appropriate internal control environment over ARRA funds including approvals, adjustments, recordkeeping, reporting reconciliation, segregation of duties and supervision. The internal control environment must facilitate concurrent external monitoring and post-audit activities.
- 6) All local agencies, including city and county governments and nonprofit organizations receiving ARRA funds, must follow internal control guidance prescribed by the State of Tennessee Comptroller of the Treasury, Division of Municipal Audit and Division of County Audit.
- 7) All recipients and subrecipients of ARRA funds must ensure all contract and award documents include clauses to clarify that recipients are legally obligated to meet ARRA reporting requirements.
- 8) All recipients and subrecipients of ARRA funds are required to adopt a risk assessment process for all ARRA programs to include risk identification, risk evaluation and mitigation plans. The risk assessment must also include items that address meeting program

- requirements and objectives. It is recommended that agencies utilize the Tennessee Financial Integrity Act or any subsequent guidance issued by a controlling federal agency as a platform for program accountability and risk assessment.
- 9) All recipients and subrecipients of ARRA funds are required to complete an action plan. Each action plan must include the following:
- Program title and CFDA number (Catalogue of Federal Domestic Assistance) if applicable.
 - A plan detailing how the funds will be spent and how the agency will address the absence of federal funding, after the funds are discontinued.
 - Summary description of the program and objectives to be achieved. The goals and objectives shall demonstrate cost-effectiveness, in plain language that is concise and easily understood by an audience with no in-depth knowledge of the program.
 - Sources, description and amount of all ARRA funds that the agency is expected to receive for each program.
 - Federal program reporting requirements for the ARRA funds the agency is expected to receive.
 - Requirements under the Act associated with spending federal funding, including but not limited to state match or cost share requirements, percentage limitations and timeframes.
 - Documented written criteria for granting ARRA resources to subrecipients.
 - Procedures in place to ensure adequate data capture of information necessary to comply with ARRA, federal and state reporting requirements.
 - A description of the risk management plan as required in Directive 8, above.¹
- 10) All recipients and subrecipients of ARRA funds are required to submit state specific reports to TRAM, upon request.
- 11) All recipients and subrecipients of ARRA funds must ensure that ARRA-funded programs are carried out expeditiously in an effective and efficient manner.
- 12) All state agencies receiving and subsequently distributing ARRA funds to subrecipients are responsible for formally communicating these directives to all subrecipients, ensuring their complete understanding of ARRA fund accountability and transparency requirements.

¹ See April 3, 2009 OMB Implementation Guidance at <http://www.recovery.gov/sites/default/files/m09-15.pdf> and refer to www.Recovery.gov for subsequent guidance updates.