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SELECT COMMITTEE ON FEDERAL ECONOMIC STABILIZATION FUNDING

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A handwritten signature in cursive script that reads "Carol N. Kent".

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MEMORANDUM

TO: Chairman Dunnam and Members of the Select Committee on Federal Economic Stabilization Funding

FROM: Representative Kent

DATE: May 21, 2009

SUBJECT: Report on Implementation of the Recovery Act in Other States

Per the request of the Chairman, please find the attached report regarding actions taken by other states while implementing the American Recovery and Reinvestment Act of 2009.

Recommendations for Consideration Regarding Texas Stimulus Fund Administration

Introduction

In this report, we seek to assess and outline best practices in Recovery Act administration from across the country, with the aim of making recommendations to ensure maximized accountability, transparency, and accessibility in the ARRA process here in Texas.

1) Stimulus Administration: Ensuring Transparency, Accountability and Accessibility

It is imperative that there be a centralized entity within the state government designated to track and administer stimulus funds in Texas. To that end, we have examined the infrastructure that is in place in other states. Here are a few examples of best practices:

Leadership: Ohio appointed Ronald Richard, CEO of the Cleveland Foundation and former head of R&D for Panasonic, to serve as "Infrastructure Czar" and lead state stimulus oversight.

Structure: Wisconsin established a state Office of Recovery and Reinvestment and reassigned staff from each state agency receiving stimulus funds to be a liaison in the Recovery office.

Accountability: Colorado established an Accountability Board made up of leaders from the public and private sectors to ensure highest public benefit in the disbursement of ARRA funds.

Central Planning: The California Assembly established a Stimulus, Economic Recovery, and Jobs (SERJ) Task Force, to serve as a liaison to local governments to maximize ARRA funds.

Recommendations to the Select Committee: The Recovery Act Accountability Board and Recovery Act Depository proposed by Chairman Dunnam in H.B. 2942 guarantee transparency and accountability, with additional reinforcement from the State Accountability Office (SAO). However, accessibility of information to the general public remains a concern. Based on the experience of other states, we recommend that Texas create a **Recovery Department** devoted to stimulus project coordination and ensuring maximum accessibility of ARRA-related information to local governments, private sector entities, and the general public. The **Recovery Department** would serve these five roles:

- 1) Answer all public inquiries regarding availability and implementation of ARRA in Texas;
- 2) Communicate regularly with state and local agencies regarding stimulus opportunities;
- 3) Actively promote and publicize stimulus-related opportunities to the general public;
- 4) Develop "Texas Recovery" website to be used as a clearinghouse for stimulus information;
- 5) Identify and foster opportunities for public agencies and private and not-for-profit entities to collaborate on stimulus-funded initiatives.

Recovery Department Funding: According to a memorandum issued on May 11, 2009 by the Federal Office of Management and Budget, "states can recoup Recovery Act administrative costs through the State-Wide Cost Allocation Plan (SWCAP)" for a budgeted or estimated cost amount of up to 0.5 percent of total Recovery Act funds received by the state. Thus, federal monies will be available to cover administrative costs to the state resulting from implementation of the **Recovery Department**.

2) Recovery Website: Providing an Online Portal for Stimulus Information for Texas

Currently, there are two websites providing an overview of stimulus administration in Texas. The Select Committee's website, www.txstimulusfund.com, includes information from testimony heard in committee hearings and relevant advisories received by the committee from the Federal government. The Comptroller's website, www.window.state.tx.us/recovery, includes some information on available ARRA funding and stimulus projects planned by state agencies.

To supplement these sites, Texas needs a comprehensive Recovery website. The Texas Recovery website would serve as a clearinghouse for Texans seeking information on stimulus funds. Based on Recovery websites in other states, below are features to consider for inclusion:

- **Explanations of each stimulus-impacted funding stream**, including formula funds and competitive grants, to show Texans exactly what is available through the stimulus
example: Wisconsin
<http://www.recovery.wi.gov/programs.asp?locid=164>
- **Agency-by-agency details** of plans for state-disbursed funds
example: Illinois
<http://recovery.illinois.gov/stateprograms.htm#WTH>
- **County-by-county breakdown** of local spending plans for ARRA funds
example: Pennsylvania
<http://www.recovery.pa.gov/portal/server.pt?open=514&objID=504968&mode=2>
- **FAQ page**, including general and state-specific questions regarding the Recovery Act
example: Oklahoma
http://www.ok.gov/recovery/Frequently_Asked_Questions/index.html
- **Interactive features**, allowing the public to submit inquiries and funding proposals online
example: Illinois
<http://recovery.illinois.gov/projectideas.cfm>
- **Informational video clips** from state leaders and other experts, explaining to members of the public how they as individual citizens can take advantage of Recovery Act opportunities
example: New Hampshire
<http://www.nh.gov/recovery/media/index.htm>
- **Links** to appropriate state and federal websites
example: Florida
<http://flarecovery.com/links>
- **Resource page** and links for individuals who are in need of personal economic assistance
example: Washington State
<http://www.recovery.wa.gov/individual.asp>

3) Inter-Agency Collaboration: Merging Funding Streams to Maximize ARRA Programs

Throughout the hearing process, we heard from a number of state agencies about their individual plans for use of Recovery Act funds. In only a few instances did agencies indicate plans to work with other agencies to maximize the benefit of stimulus dollars to Texas. To its credit, the Texas Workforce Commission has made strides toward collaboration, holding a conference last month in Austin with community colleges, workforce boards and businesses to discuss coming ARRA training funds. Opportunities for inter-agency collaboration, including the combination of funding streams, or "cross-cutting," should be examined and encouraged when appropriate.

One worthy model of funding collaboration is currently moving through the Nevada Legislature, where Senate Majority Leader Steven Horsford has proposed establishing a "Nevada Green Jobs Initiative." The initiative directs the state workforce and housing agencies to contract with nonprofit agencies to set up job training and placement programs that include weatherization projects and renewable energy development. The program draws from several discrete funding streams, with the goal of maximizing the combined impact of environmental, energy-related, and workforce provisions in the stimulus.

Other funding areas that offer promising opportunities for collaboration include Health Care, Law Enforcement, and Education. The Recovery Board and Department would be ideal venues to ensure that inter-agency collaboration is encouraged, redundancy is kept to a minimum, and Texas' ARRA funds are administered and spent with maximum efficiency and to greatest effect.

4) Competitive Grants: Identifying Additional Funds to Bolster 21st-Century Industries

While the Select Committee's top priority has been to assess and ensure receipt of ARRA funds specifically allocated to Texas, it is also vitally important that the state develop a comprehensive strategy to maximize Texas' share of the over \$100 billion in competitive grant monies funded under the Recovery Act. These grant resources, which include billions of additional dollars for biomedical research, broadband expansion, and clean energy and workforce development, offer opportunities both to expand our existing industry sectors and build new industry clusters, with a focus on high-tech growth and fostering 21st-century industries.

Maximizing Texas' bid for these funds would require a more comprehensive analysis of available grant funding, and ongoing partnerships and communication with the private sector, academic community, non-profit groups, and local government entities. To date, Massachusetts is the only state to have set a specific funding goal tied to Recovery Act grant cycles, with a plan to leverage \$1.3 billion in research and development grants from the National Institutes of Health, National Science Foundation, and other competitive funds included in the Recovery Act.

Conclusion

Texas is well-positioned to apply stimulus funds to make substantial investments in our state's future. Our biggest challenges will be communication, to ensure that all funding opportunities are utilized, and coordination, to ensure that efforts are not duplicated. To effectively manage these considerable projects, the state should establish a staffed Recovery Department, launch an enhanced Texas Recovery website, and develop robust outreach efforts to encourage inter-agency collaboration and maximize Texas' share of ARRA competitive grant funding.

Addendum: State Case Studies

The following states have taken approaches that we feel offer good case studies for Texas to consider, as our state develops plans for ongoing stimulus administration after the end of session.

California

Coordination: The California Assembly established a Stimulus, Economic Recovery, and Jobs (SERJ) Task Force, to coordinate state and local governments to maximize stimulus funds.

Inter-Agency Collaboration: The California Energy Commission is collaborating closely with the Department of Community Services and Development on weatherization and energy efficiency programs. The commission is also actively coordinating with other state and local agencies to identify ways to leverage competitive grant funds for energy-related and climate-change-related programs. To address related workforce development, the state has established the California Green Corps, designating \$10 million in stimulus funds to start a green jobs training program, while raising another \$10 million through public-private partnerships.

Maximizing Stimulus: California has passed several laws adjusting existing programs, to bring them into compliance with ARRA requirements for maximum funding. These include changing eligibility reporting requirements for children's Medi-Cal (the state CHIP program) to qualify for enhanced FMAP funds, establishing an alternative base period for calculation of unemployment benefits, and adding \$25/week to each unemployment check disbursed by the state.

Transparency and Accountability: Governor Schwarzenegger has appointed Los Angeles City Controller Laura Chick to serve as the state's Inspector General for ARRA implementation.

website: <http://www.recovery.ca.gov/>

Florida

Website: Florida's Recovery website includes breakdowns of stimulus funding streams related to healthcare, education, infrastructure, jobs, and tax relief. The website also has links to state and local projects, and a centralized page with a listing of all competitive grant opportunities. At the bottom of the home page, there is a timeline of stimulus-related milestones, with links.

Maximizing Stimulus: Governor Christ has appointed Don Winstead, the head of the state Department of Children and Families to serve as the state's Stimulus Czar; as of the moment, there are 4 FTE's who have been reassigned from other state agencies to staff the state's stimulus office. Winstead has described his role as an "opportunity watchdog," to ensure that funding opportunities are not missed by the state or by non-state public and private entities.

website: <http://flarecovery.com/>

Wisconsin

Coordination: Wisconsin has established a state Office of Recovery and Reinvestment, and has reassigned staff from each state agency receiving ARRA funds to serve as a stimulus liaison in the office. This office plans to be active for the duration of the ARRA programs, after which point staff will be reassigned to their source agencies. No new FTE's have been hired.

Website: The state has set up a website that details all of the funding streams available through the stimulus, along with details on how funds are dispersed (formula, competitive grant, etc) and relevant contact information. Additionally, the website has information on how to apply for grants, and links to the state-coordinated "job center" website, as well as federal job search sites.

Transparency and Accountability: Governor Doyle appointed former State Auditor Dale Cattanach to the post of Recovery Accountability Compliance Officer.

website: <http://www.recovery.wisconsin.gov/>