

# State Budgeting Matters

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*This is the second edition of a special State Budgeting Matters series that will focus on the implementation of the American Recovery & Reinvestment Act and its impact on Ohio.*

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## Recovery Transparency Goes Online

Increasingly, governments are turning to the Internet as a way to disseminate public information. The American Recovery and Reinvestment Act (ARRA) specified that allocation listings, reports, and other materials be posted online in an easily accessible format. The federal government and some states are going beyond the requirements in an attempt to make the spending of these federal dollars more transparent than ever before.

Posting online means that ARRA information is more accessible for the general public. Electronic files make public records searchable, allowing advocates, watchdogs, and interested individuals to find information quickly. Some states have a great deal of experience in spending transparency. Searchable online databases of contracts and/or spending are maintained by 22 states. Unfortunately, Ohio is not one of them. Advocates have long complained of the lack of accessibility in Ohio's spending documentation.

The federal government, each of the 50 states, and several non-governmental groups have established Websites that claim to promote transparency by enabling the tracking of recovery funding. The quality of these resources varies. Ohio's [www.Recovery.Ohio.gov](http://www.Recovery.Ohio.gov) received praise early-on for the speed that it came online and the innovative ability of individuals to submit proposals. However, now that allocations are being made and projects selected, the Ohio site has fallen behind those of other states.

### Requirements Under ARRA

Approximately one-third of ARRA funding, around \$275 billion, is formula funding that goes to states and municipalities. Because such a large proportion of recovery funding will be administered by state governments, much of the responsibility for tracking and reporting falls to them.

The accountability requirements under ARRA are stringent and seek to balance the need for rapid spending to boost economic activity with the necessity to use the influx of public dollars appropriately and wisely. The amount of detail recipients are obliged reporting and the public availability of spending information makes ARRA transparency requirements unique.

ARRA specifies that reports and information be made publicly available and posted on the Internet. Section 1526 requires the Recovery Accountability and Transparency Board (also created by ARRA) to create a Website "to foster greater accountability and transparency in the use of covered funds." Federal

agency spending plans, GAO reports, lists of obligations by state and congressional district, audit findings, and detailed contract data must be posted on the Website. Shortly after ARRA enactment, [www.Recovery.gov](http://www.Recovery.gov) went live. It serves as the official information source on ARRA. Developed by the White House, it is overseen by the Transparency Board.

Under Section 1512 of ARRA, all recipients of recovery funds are required to report quarterly on projects. Recipients are “any entity that receives recovery funds directly from the Federal Government (including recovery funds received through grant, loan, or contract) other than an individual,” and include states, municipalities, and local organizations. Information that must be reported includes name and description of project or activity, evaluation of completion status, estimate of the number of jobs created or retained, and information on subcontracts or subgrants. The first quarterly reports from recipients are due to the federal Office of Management and Budget (OMB) in September, 2009, and detailed information is expected to be available on [Recovery.gov](http://Recovery.gov) in October.

## How is Ohio Meeting These Requirements?

Initially, Ohio was lauded as an example of best practices for its rapid response to ARRA. Preparations to meet reporting requirements and provide information to the public began even before final passage of ARRA. Although an early leader in ARRA transparency, Ohio’s recovery Website now lags behind those of other states and non-governmental organizations, especially in terms of allocation information and ease of use.

Unlike for the federal government, there is no specific requirement under ARRA for states to create recovery Websites or appoint “recovery czars” to oversee distribution of funds and reporting. Even so, all 50 states have followed Washington’s lead and have established their own Websites that are tracking recovery dollars or providing accounting of state

spending and many have appointed lead individuals or boards to coordinate ARRA activities.

Some governors chose individuals already inside government or brought appointees into their Administrations to serve as a single point-of-contact for ARRA-related issues. Governor Strickland appointed a non-government “infrastructure czar” with a relatively narrow task. Ronald Richard, CEO of The Cleveland Foundation, was appointed to a part-time, temporary position to facilitate the selection of transportation and infrastructure projects. He was tasked with helping local communities and state leaders prioritize projects and work with federal agencies to ensure infrastructure funding is used quickly and efficiently. Outside of infrastructure, the responsibility for prioritizing projects and allocating Ohio’s recovery dollars is scattered. The Ohio departments of Development, Job and Family Services, Aging, and Education, and the Rehabilitation Service Commission are just a few state agencies that will manage and allocate recovery funding in their areas. This decentralization means that obtaining information on the over-all implementation of ARRA in Ohio is extremely difficult and time consuming.

Ohio’s system of procurement is largely decentralized, with the various state agencies overseeing spending in their areas. This presents some unique reporting challenges. Ohio’s Office of Budget and Management (OBM) has been tasked with meeting federal accountability requirements and completing and filing the appropriate reports with federal agencies. Ohio is using existing systems and safeguards to track funds.

In a recent conference call hosted by the Ash Institute for Democratic Governance and Innovation at Harvard University, Ohio officials participated as an example of a state responding well to the ARRA’s reporting requirements.<sup>1</sup> OBM will use the Ohio Administrative Knowledge System (OAKS) to track and report on funding. OAKS is the state’s integrated information technology system for performing primary administrative tasks including human

resources, procurement, and financials. A new OAKS number specific to recovery dollars was established to facilitate ARRA reporting. Ohio was ahead of some other states in preparing for ARRA accountability because OAKS is sophisticated enough to centralize the reporting process. OAKS will be used to compile information, provide content for Recovery.Ohio.gov, and prepare quarterly reports for federal agencies. Since data from OAKS is not publicly available, we must wait for information collected through the system to be posted elsewhere.

Governor Strickland's office established the Recovery.Ohio.gov Website to "provide Ohioans with a transparent accounting of projects and programs that use ARRA resources, the amount of funds spent, and the number of jobs created and retained."<sup>2</sup> Recovery.Ohio.gov went live even before passage of the ARRA, and is the "state's effort to create an open, transparent, and equitable process for allocating Recovery Act Funds."<sup>3</sup> Initially, the Ohio Website focused on information about funding opportunities and benefits for individuals. Several months after passage of ARRA, an "Accountability" section was added to the Website.

Perhaps the most interesting aspect of Ohio's site is the ability of anyone to submit a proposal description for recovery funding from the state. State agencies are sifting through the more than 25,000 submitted to date. Those that appear eligible for ARRA programs will be invited to provide a more detailed proposal.

The Accountability section of Ohio's Website is particularly lacking. While it does contain the full list of proposals submitted and electronic copies of certifications provided to federal agencies, totally missing is information on the money Ohio expects to receive for programs or who the state plans to distribute recovery funds. To obtain information about specific allocations, it is necessary to sift through press releases. Going to the archived press release from March is the only way to find the list of priority infrastructure projects that are expected to be funded by ARRA dollars. Because of the sophistication of OAKS, there should be more, not

less, information for Ohio publicly available and easily accessible.

Recovery.Ohio.gov is not an effective clearinghouse for information on Ohio's implementation of ARRA. Guidance issued by OBM on ARRA are not linked to the recovery Website. A geographic breakdown of allocations or awards is nowhere to be found. Information about process is completely lacking. OBM directed each state agency to form an ARRA team, yet contacts for programs or departments are missing. There is not even a clear way to limit searches to the recovery page of Ohio.gov. The poor organization of information on Ohio's recovery Website means that even the scant information that is accessible is difficult to find. The point of requiring online posting as a component of transparency is to allow the general public to access spending information. As it stands, it is a challenge even for policy analysts to navigate the site.

Improvements may be coming. Other state government agencies are also tracking recovery implementation. Ohio's Inspector General has appointed Winston Ford as Deputy Inspector General for ARRA - Ohio's watchdog for federal recovery spending. State Auditor Mary Taylor announced plans to provide a "Stimulus Tracker," a Web-based database that will allow the public to view specific project reports sometime in the future. The stated purpose of this tracker is to "help Ohioans see exactly where federal stimulus dollars are going, how those tax dollars are being spent and if they are meeting the federal spending requirements."<sup>4</sup> Her Website promises an interactive map that will show the recovery dollars going to each county.

### **Non-governmental Websites Provide Additional Information**

The most user-friendly and simple-to-navigate sites evaluating the ARRA are non-governmental. [www.AccountableRecovery.org](http://www.AccountableRecovery.org) is the Website for the STAR (States for Transparent and Accountable Recovery) Coalition, a network of state and local groups that will be tracking ARRA investment

to ensure it is “transparent, accountable, fair and effective.” This Website is clear, clean, and provides information on ARRA implementation activities in each of the 50 states.

www.Recovery.org builds on the experience of Seattle-based Onvia, a company that has been collecting information on government bid solicitations for more than a decade. Onvia provides information on Recovery Act bids free of charge. Posted on this site are maps showing contracts in each state, including a listing of 463 projects in Ohio valued at \$1.7 billion. Specific project listings for each of the 88 counties is available through an interactive map, and can also be filtered by city.

## What Could be Improved

State recovery Websites should promote ARRA, be a practical guide for groups seeking funding opportunities, provide information on outcomes and decision processes, and report on how recovery dollars are used. Compared to other states’ recovery sites, Recovery.Ohio.gov is relatively difficult to navigate. In order to obtain listings of awards or obligations, it is necessary to search through press releases. The site makes it relatively simple for interested parties to apply for state recovery dollars, but thus far falls short in allowing the public to track where and how these funds are being spent. Even those documents that are posted are difficult to find due to poor organization of information.

Specific improvement suggestions are listed below, with state sites that can serve as examples:

- Geographic distribution of recovery funding – See Michigan for a listing of all awarded or obligated projects in each county ([www.Michigan.gov/recovery](http://www.Michigan.gov/recovery)).
- List of awards or obligations for Ohio under each federal program – See California for links to spreadsheets under each funding category easily accessible from the homepage ([www.recovery.CA.gov](http://www.recovery.CA.gov)).
- List of ARRA teams from each state agency (required by OBM ARRA Guidance #2) – See Virginia (<http://stimulus.Virginia.gov/approach>).

- OBM’s ARRA-related guidance directly on site or, at minimum, direct links – See Pennsylvania’s posts of Oversight Committee meeting materials ([www.recovery.PA.gov](http://www.recovery.PA.gov)).
- Updated listing of federal application deadlines – See Alabama, which includes direct links to federal competitive grant programs and state contacts for formula funding (<http://stimulus.Alabama.gov/nonprofits>).
- Addition of responsible state agency to funding charts – See California ([www.recovery.CA.gov](http://www.recovery.CA.gov)).
- Information on how the state will use recovery funds – See New York, which has pages for each federal program with clear explanations of the process of distributing funds, including state contacts ([www.recovery.NY.gov](http://www.recovery.NY.gov)).
- Information on contractors and contracts awarded – See West Virginia for a listing of all contracts advertised and awarded in each round, found in the “What’s New” section ([www.recovery.WV.gov](http://www.recovery.WV.gov)).
- Searchable database on funds awarded, project information, fund disbursement information, major activities planned and taken, and summary of financial information – See [www.Recovery.gov](http://www.Recovery.gov).
- Standardized ARRA pages for every state agency.
- Single, searchable list of all projects awarded recovery funds.
- Better cataloguing of information.

The kinds of information posted on Ohio’s recovery site may improve after the first quarterly reports from recipients are submitted. For now, it is much simpler to obtain ARRA information from sources other than the official site.

1. “States Under Pressure: Responsibly Managing Stimulus Spending.” 14 May 2009. A recording of the full presentation is available at <http://www.innovations.harvard.edu/xchat.html>.
2. [www.recovery.ohio.gov/index](http://www.recovery.ohio.gov/index).
3. “Recovery Act: As Initial Implementation Unfolds in States and Localities, Continued Attention to Accountability Issues is Essential.” Government Accountability Office, GAO-09-631T, April 2009.
4. <http://www.auditor.state.oh.us/Recovery/default.htm>.

### Do You Have Questions about the ARRA?

*E-mail your questions to Emily Campbell at [ecampbell@CommunitySolutions.com](mailto:ecampbell@CommunitySolutions.com). Answers to your questions could be the topic of future issues!*