United States Government Accountability Office

GAO

Report to Congressional Committees

July 2009

RECOVERY ACT

States' and Localities' Current and Planned Uses of Funds While Facing Fiscal Stresses (Illinois)

GAO-09-830SP

Contents

Tables

Figures

Appendix VI: Illinois

Overview

The following summarizes GAO's work on the second of its bimonthly reviews of American Recovery and Reinvestment Act (Recovery Act)[1] spending in Illinois. The full report, which covers all of our work in 16 states and the District of Columbia, is available at http://www.gao.gov/recovery/.

Use of funds: Our work in Illinois focused on nine selected federal programs, selected primarily because they have begun disbursing funds to states and include existing programs receiving significant amounts of Recovery Act funds or significant increases in funding. Program funds are being directed to help Illinois stabilize its budget and to support local governments, particularly school districts, and are also supporting existing programs. Funds from some of these programs are intended for disbursement through states or directly to localities. The funds include the following:

- **Funds Made Available as a Result of the Increased Medicaid Federal Medical Assistance Percentage (FMAP).**[2] As of June 29, 2009, Illinois had received just over $1.0 billion in increased FMAP grant awards, of which it has drawn down almost $868 million, or over 83 percent. Illinois officials reported that they are using the funds made available as a result of the increased FMAP to ensure that Recovery Act prompt payment requirements are met. These officials further reported that, if approved by the state, the plan for the funds made available as a result of the increased FMAP is to cover the cost of the state's increased Medicaid caseload, maintain current populations and benefits, and to use the freed up state funds to offset the state budget deficit.

- **Highway Infrastructure Investment funds.** Approximately $936 million in Recovery Act funds was apportioned to Illinois. As of June 25, 2009, $671 million had been obligated, and Illinois had contracted for projects worth $460 million. Illinois is using its funding for shovel-ready projects that largely involve road paving. For example, $3.1 million has been obligated for resurfacing of 11 miles of IL Route 47 in Grundy County—a 2.5-month project that has not yet started.

[1]Pub. L. No. 111-5, 123 Stat. 115 (Feb. 17, 2009).

[2]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 would otherwise have to use for their Medicaid programs, and states have reported using these available funds for a variety of purposes.

- **U.S. Department of Education State Fiscal Stabilization Fund (SFSF).** The U.S. Department of Education (Education) has awarded Illinois about $1.4 billion, or about 67 percent of the state's total SFSF allocation of $2.1 billion. Illinois had obligated approximately $1.0 billion in SFSF as of June 30, 2009. Illinois is using these funds to restore general state aid to local educational agencies, which would retain staff and services that might otherwise have been cut in the absence of state funding.

- **Title I, Part A, of the Elementary and Secondary Education Act of 1965 (ESEA).** Education has awarded Illinois about $210 million in Recovery Act ESEA Title I, Part A, funds or 50 percent of its total allocation of $420 million. Of these funds, Illinois has obligated $120,476 to local education agencies, based on information available as of June 30, 2009. Illinois has made the funds it received available to local educational agencies and schools with high concentrations of students from families that live in poverty to help improve student achievement and reduce the achievement gap. For example, Waukegan Public School District 60 plans to focus its funds on improving mathematics instruction in its ESEA Title I schools.

- **Individuals with Disabilities Education Act (IDEA), Parts B and C.** Education has awarded Illinois about $271 million in Recovery Act IDEA Part B and C funds, or 50 percent of its total allocation of just over $542 million. Of these funds, Illinois had obligated approximately $1.4 million in IDEA Part B funds to local educational agencies, and the state had expended its entire initial IDEA Part C award of nearly $8.8 million as of June 30, 2009. Illinois has made the IDEA Part B funds, which will expand existing programs, available to local educational agencies to enhance educational programs for students with disabilities. Chicago Public Schools, for instance, plans to use its funds to collect assessment data for individual schools and subgroups to determine which practices produce the best outcomes for special education students. The state used its initial IDEA Part C award to provide early intervention and related services for infants and toddlers with disabilities and their families, which officials report has helped the state avert caseload cuts of 7 to 8 percent.

- **Weatherization Assistance Program.** The U.S. Department of Energy (DOE) allocated about $243 million in Recovery Act Weatherization Program funding to Illinois for a 3-year period. Based on information available as of June 30, 2009, DOE had provided approximately $121.3 million to Illinois and the state had not obligated any of these funds. Illinois plans to begin expending its funds, which will expand an existing program significantly, later in fiscal year 2010 to weatherize over 27,000 low-income residents' homes.

- **Workforce Investment Act Youth Program.** The U.S. Department of Labor (DOL) allotted about $62 million to Illinois in Workforce Investment Act Youth Recovery Act funds. Based on information available as of June 30, 2009, 85 percent of the state's Recovery Act youth funds had been allocated to local workforce investment areas. Illinois plans to use $50 million in Recovery Act funds under this program to create about 15,000 summer jobs in 2009 for its youth. Employment activities will include positions at park districts, community colleges, and other local institutions.

- **Edward Byrne Memorial Justice Assistance Grant Program.** The Department of Justice's (DOJ) Bureau of Justice Assistance has awarded $50.2 million directly to Illinois in Recovery Act funding. As of June 30, 2009, $12.4 million (about 25 percent) of these funds have been obligated by the Illinois Criminal Justice Information Authority, which administers these grants for the state.[3] Illinois plans to use funds under this program to support several priorities across the state, such as programs that pursue violent and predatory criminals, combat and disrupt criminal drug networks, and provide substance abuse treatment.

- **Public Housing Capital Fund.** The U.S. Department of Housing and Urban Development (HUD) has allocated about $221 million in Recovery Act funding to 99 public housing agencies in Illinois. Based on information available as of June 20, 2009, about $60 million (or 27 percent) had been obligated by these agencies. These funds flow directly from the federal government to local public housing authorities. At the two housing authorities we visited, the Chicago Housing Authority and the Housing Authority for LaSalle County, these funds were being used for various capital improvements, including the rehabilitation of vacant units, modernization of kitchens and bathrooms, improvements to common areas, and enhanced security features.

[3]We did not review Edward Byrne Memorial Justice Assistance Grants awarded directly to local governments in this report because the Bureau of Justice Assistance's solicitation for local governments closed on June 17; therefore, not all of these funds have been awarded.

Safeguarding and transparency: Illinois is continuing to track Recovery Act funds separately from other sources of funding by assigning them unique codes. Further, in addition to having formed an Executive Committee to broadly oversee implementation of the Recovery Act, Illinois has formed subcommittees for specific areas related to implementation and oversight of the act, including budget and fiscal issues, the auditing of Recovery Act funds, and matters related to assessing performance and outcomes through the use of Recovery Act funds. As of June 22, 2009, the Illinois Office of Internal Audit had completed preliminary risk assessments on 19 of 22 state agencies administering Recovery Act funds and identified 9 of the agencies assessed as high risk, largely due to the amount of funds the agencies were receiving or the potential for inadequate monitoring of subrecipients. Office of Internal Audit officials noted that the volume of information on the Recovery Act that requires tracking from a variety of sources, and the speed by which funding is flowing to the state, is presenting challenges to agency and administration staff. The office is conducting more detailed analysis on the 9 high-risk agencies, including further evaluating agency internal control mechanisms as well as their capacity to monitor subrecipients, as part of conducting more detailed analysis on the 22 state agencies. The office is also prioritizing the more detailed analysis based on the anticipated expenditure dates of the federal funding by state agencies.

Assessing the effects of spending: Illinois recently issued initial guidance to state agencies on collecting data related to the effects of the Recovery Act, including instructions on how to capture jobs created or retained through the use of Recovery Act funds. Some state and local agencies told us that they are creating or modifying their systems to track this type of information. However, other state and local officials expressed concerns with the lack of clear federal guidance in several areas, and indicated that challenges remain in assessing the effects of Recovery Act spending. For example, two challenges that officials mentioned were the time frames for reporting information and the lack of clear guidance on measuring jobs.[4]

[4]After soliciting responses from a broad array of stakeholders, OMB issued additional implementing guidance for recipient reporting on June 22, 2009. See, OMB Memorandum, M-09-21, *Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009*.

Recovery Act Funds Help Offset Illinois's Projected Revenue Shortfall, but Additional Measures Are Necessary to Close the Gap

Budget officials indicated that Recovery Act funding will help offset Illinois's projected revenue shortfall for fiscal years 2009 and 2010, though additional measures are needed to balance the budget. Due to worsening economic conditions, state budget officials estimated that state sales tax, income tax, and corporate tax revenues in fiscal year 2009 would decline by about $2.5 billion from those in the previous year to $27.2 billion. According to the Governor's March 2009 budget report, growing costs related to Medicaid, social services, and employee benefits were largely responsible for the state's projected increase in expenditures from $31.5 billion in fiscal year 2009 to $34.3 billion in fiscal year 2010, as reflected in the state's base budget. As a result of anticipated declines in revenue and increases in expenditures, the Governor at that time projected operating budget deficits totaling $11.6 billion for fiscal years 2009 and 2010—$4.3 billion and $7.3 billion, respectively—unless substantial actions were taken to balance the budget. The state legislature is required by Article VIII, Section 2 of the Illinois Constitution to pass a balanced budget. Budget officials stated that reserve funds would not be used to balance the fiscal year 2010 budget. The state issued a total of $1 billion in bond obligations in May 2009 to help address the anticipated shortfall as the Governor and General Assembly deliberate additional measures to fill the remaining gap. State officials stated that as of June 30, 2009, the Governor and General Assembly continued to deliberate measures to close the existing budget gap in fiscal year 2010.

The Governor's proposed fiscal year 2010 budget differed from the budget that the Illinois General Assembly recently passed.[5] The Governor's budget projected revenues of about $33 billion and expenditures of about $30 billion. This budget combined an income tax increase with spending cuts, pension reform, and other budget-balancing mechanisms to arrive at the $33 billion in revenues. State officials said that revenues exceeding expenses in fiscal year 2010 would be used to pay for short-term borrowing costs and to reduce the deficit carried over from fiscal year 2009. The General Assembly's recently passed budget would result in operating expenditures greater than operating revenues. Specifically, the budget, which state officials said did not include a tax increase, projected $27.3 billion in revenues and $28.5 billion in expenditures.

[5]According to state officials, on June 1, 2009, the General Assembly passed a budget that relied primarily on reductions in spending without tax increases in an attempt to balance the fiscal year 2010 budget. Officials noted that the Governor did not sign the budget because of ongoing negotiations regarding tax increases, and that a significant portion of the budget was held for reconsideration by the Illinois Senate.

As negotiations continue regarding the fiscal year 2010 budget, the extent to which Recovery Act funds will be used to fill budget gaps is uncertain. Illinois budget officials suggested that the Recovery Act would likely provide the state with more than the $9 billion described in our April 2009 report,[6] potentially as much as $14 billion. Of this, the Office of the Governor has identified approximately $4.0 billion that the state expects to use to address the operating budget shortfall for fiscal years 2009 and 2010. Most of the state's Recovery Act funds will be used to sustain education and Medicaid programs. For example, Illinois expects to apply approximately $1.0 billion in State Fiscal Stabilization Funds in both fiscal year 2009 and 2010 to fill a gap in state education spending for school districts. In addition, the state is using increases of $1.4 billion in fiscal year 2009 and $631 million in fiscal year 2010 in Illinois's FMAP funds to fill a Medicaid budget gap. This will permit the state to move from a 90-day payment cycle to a 30-day cycle for all of its providers, including payments to hospitals and nursing homes. Additionally, state officials reported that the use of Recovery Act funding could help mitigate the severity of proposed tax increases, and would allow the state to avoid cuts in child care and services to people with developmental disabilities, in addition to the previously mentioned aid to education and Medicaid programs.

Plans for Funding Programs after Recovery Act Allocations Have Been Spent Are on Hold

Budget officials said that plans for phasing out Recovery Act funding have been deferred due to ongoing budget negotiations. While the state recognizes the need to prepare for the expiration of Recovery Act funds, budget officials reported that working with the General Assembly to pass a balanced budget for fiscal year 2010 is a higher priority. Once the budget is passed, the state plans to convene a working group to assess state agencies' level of preparedness for planning for the end of Recovery Act funding. In addition, the state will develop a series of communications tools to facilitate discussions with agency officials. Budget officials stated that they have provided guidance to state agencies regarding the use of the funds and have encouraged agencies to submit hiring plans containing provisions that mitigate the risk of layoffs, such as hiring temporary employees and contractors.

[6] GAO, *Recovery Act: As Initial Implementation Unfolds in States and Localities, Continued Attention to Accountability Issues Is Essential*, GAO-09-580 (Washington, D.C.: April 23, 2009).

Increased FMAP Funds Have Allowed Illinois to Make More Timely Payments to Providers

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 rate at which states are reimbursed for Medicaid service expenditures is known as the FMAP, which may range from 50 percent to no more than 83 percent. The Recovery Act provides eligible states with an increased FMAP for 27 months from October 1, 2008 through December 31, 2010.[7] 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.[8] 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 would otherwise have to use for their Medicaid programs, and states have reported using these available funds for a variety of purposes.

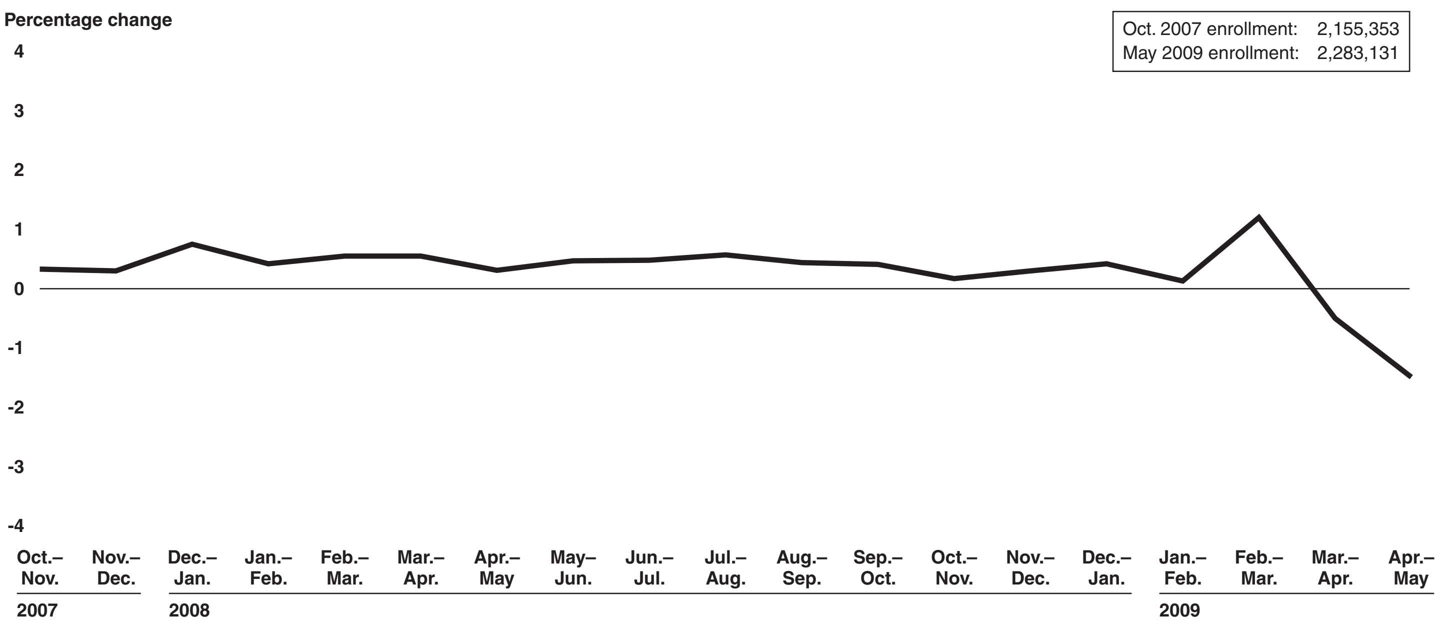
From October 2007 to May 2009, the state's Medicaid enrollment grew from 2,155,353 to 2,283,131, an increase of 6 percent.[9] The enrollment increase was generally gradual during this period, although enrollment decreased between March and May 2009. (fig. 1). Most of the increase in enrollment was attributable to the population group of children and families and nondisabled, nonelderly adults.

[7] See Recovery Act, div. B, title V, §5001.

[8] 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.

[9] The state provided projected Medicaid enrollment data for May 2009.

Figure 1: Monthly Percentage Change in Medicaid Enrollment for Illinois, October 2007 to May 2009



Source: GAO analysis of state reported data.

Note: The state provided projected Medicaid enrollment data for May 2009.

As of June 29, 2009, Illinois had drawn down almost $868 million in increased FMAP grant awards, which is over 83 percent of its awards to date.[10] Illinois officials reported that the state is using the funds made available as a result of the increased FMAP to ensure that Recovery Act prompt payment requirements are met.[11] These officials further reported that the state is planning to use these funds to offset the state budget deficit, cover the state's increased Medicaid caseload, and to maintain current populations and benefits, if approved by the state.

[10]Illinois received increased FMAP grant awards of just over $1.0 billion for the first three quarters of federal fiscal year 2009.

[11]Under the Recovery Act, states are not eligible to receive the increased FMAP for certain claims for days during any period in which that state has failed to meet the prompt payment requirement under the Medicaid statute as applied to those claims. See Recovery Act, div. B, title V, §5001(f)(2). Prompt payment requires states to pay 90 percent of clean claims from health care practitioners and certain other providers within 30 days of receipt and 99 percent of these claims within 90 days of receipt. See 42 U.S.C. §1396a(a)(37)(A).

The Illinois Medicaid official we interviewed noted that, since enactment of the Recovery Act, the state has used 100 percent of the funds made available as a result of the increased FMAP to meet the financial obligations of the state's Medicaid program and to reduce the payment cycle to Medicaid providers in order to meet the prompt payment requirement. The officials added that to support the state's initiative to improve the payment cycle to Medicaid providers, the Illinois legislature passed a state fiscal year 2009 supplemental appropriation to pay nursing homes and hospitals in 30 days and also initiated short term borrowing to meet the requirement. The official also noted that without the increased FMAP funds, the state Medicaid program would have been subject to cuts in eligibility and services. In using the increased FMAP, the Illinois officials reported that the Medicaid program has incurred additional costs related to

- personnel needed to ensure programmatic compliance with requirements associated with the increased FMAP;
- the development of new systems or the adjustment of existing reporting systems associated with these funds; and
- personnel needed to ensure compliance with reporting requirements related to the increased FMAP.

Despite the difficult economic times, the Illinois Medicaid official we interviewed indicated that the state is not considering any reductions in Medicaid eligibility at the time of the Governor's budget introduction and does not currently have concerns regarding its ability to maintain eligibility for the increased FMAP. Regarding the state's efforts to track increased FMAP it receives, the state official said that the state modified its existing accounting systems and applies special codes to all Medicaid revenues and expenditures related to the Recovery Act. In addition, the state will use an existing process to track dollars received from the increased FMAP. Specifically, through an established reconciliation process, which is a labor-intensive manual process, the state links amounts drawn into funds with dollars paid to providers. The state official also said that the state will use existing processes to report on a quarterly basis to CMS all Medicaid expenditures related to the Recovery Act.

The 2007 Single Audit[12] for Illinois identified material weaknesses related to the Medicaid program, including weaknesses related to the timeliness of eligibility redeterminations and the maintenance of case files. Although the state developed a corrective action plan to address the maintenance of case files, it disagreed with the audit recommendation to review its process for performing annual eligibility redeterminations. Specifically, the state contended that its redetermination rate, which was 96 percent for fiscal year 2007, complied with federal regulations.

Illinois Recovery Act Highway Infrastructure Projects Are Under Way

The Recovery Act provides funding to the states for restoration, repair, and construction of highways and other activities allowed under the Federal-Aid Highway Surface Transportation Program, and for other eligible surface transportation projects. The act requires that 30 percent of these funds be suballocated for projects in metropolitan and other areas of the state. Highway funds are apportioned to the states through existing federal-aid highway program mechanisms and states must follow the requirements of the existing program including planning, environmental review, contracting, and other requirements. However, the federal fund share of highway infrastructure investment projects under the Recovery Act is up to 100 percent, while the federal share under the existing Federal-aid Highway Program is usually 80 percent.

As we previously reported, $936 million was apportioned to Illinois for highway infrastructure and other eligible projects. As of June 25, $671 million of those funds had been obligated. The U.S. Department of Transportation (DOT) has interpreted the term “obligation of funds” to mean the federal government’s contractual commitment to pay for the federal share of the project. This commitment occurs at the time the federal government signs a project agreement. As of June 25, $47.6 million had been reimbursed by FHWA. States request reimbursement from FHWA as they make payments to contractors working on approved projects.

[12]The Single Audit Act of 1984, as amended (31 U.S.C. ch. 75), requires that each state, local government, or non-profit organization that expends $500,000 or more a year in federal awards must have a Single Audit conducted for that year subject to applicable requirements, which are generally set out in Office of Management and Budget (OMB) Circular No. A-133, Audits of States, Local Governments and Non-Profit Organizations (June 27, 2003). If an entity expends federal awards under only one federal program, the entity may elect to have an audit of that program.

Illinois Is Using Highway Infrastructure Funds Largely for Pavement Improvements

Illinois is mainly using the state's share of the apportioned funds to conduct pavement improvements, because pavement projects can be completed quickly and can create jobs immediately, according to an Illinois Department of Transportation official. For example, $3.1 million has been obligated for resurfacing of 11 miles of IL Route 47 in Grundy County—a 2.5-month project that has not yet started. A state official also told us that the state will continue to emphasize these types of shovel-ready projects as funds become available. FWHA officials we spoke with told us that Illinois has consistently chosen projects that could be completed quickly—mainly pavement resurfacing and bridge deck repairs. According to FHWA data, more than 70 percent of Illinois's funds that had been obligated as of June 25, 2009, were for pavement improvement projects (see table 1).

Table 1: Highway Obligations for Illinois by Project Type as of June 25, 2009

Dollars in millions

	Pavement projects			Bridge projects				
	New construction	Pavement improvement	Pavement widening	New construction	Replacement	Improvement	Other[a]	Total
	$19	$495	$5	$6	$16	$49	$80	**$671**
Percent of total obligations[b]	2.9	73.8	0.8	0.9	2.4	7.3	12.0	**100.0**

Source: GAO analysis of Federal Highway Administration data.

[a]Includes safety projects such as improving safety at railroad grade crossings, transportation enhancement projects such as pedestrian and bicycle facilities, engineering, and right-of-way purchases.

[b]Totals may not add due to rounding.

As of June 25, 2009, Illinois had awarded 204 contracts representing $460 million dollars. Initially, contracts for Illinois Recovery Act projects were being awarded for less than the estimated and obligated amounts. According to FHWA officials, the first round of bids for Illinois projects was about 13 percent below state price estimates. An Illinois Department of Transportation official told us that bids were coming in under the estimated costs due to a climate in which contractors were willing to accept less money for projects. This official also stated that the current bidding climate was not expected to continue, so Illinois was not planning to change its estimating practices. The state expects that excess funds from projects whose costs were below estimates will be used for other projects. FHWA officials stated that, as of May 2009, they had de-obligated $42 million which they expected to obligate for subsequent contracts.

Illinois Met Highway Spending Requirements, and Expects to Meet Maintenance of Effort Requirements, but Used Its Own Criteria for Economically Distressed Areas

The Recovery Act includes a number of specific requirements for highway infrastructure spending. First, the states are required to ensure that 50 percent of apportioned Recovery Act funds are obligated within 120 days of apportionment (before June 30, 2009) and that the remaining apportioned funds are obligated within 1 year. The 50 percent rule applies only to the 70 percent of funds apportioned to the state and not to the 30 percent of funds required by the Recovery Act to be allocated, primarily based on population, for metropolitan, regional and local areas. The Secretary of Transportation is to withdraw and redistribute to other states any amount that is not obligated within these time frames. As of June 25, 2009, 91 percent of the $655 million that is subject to the 50 percent rule for the 120-day redistribution had been obligated in Illinois. An Illinois transportation official told us that Illinois expects to expend most of its apportioned funds by the end of federal fiscal year 2010.

Second, the Recovery Act required the governor of each state to certify that the state will maintain the level of spending for the types of transportation projects funded by the Recovery Act that it planned to spend the day the Recovery Act was enacted. As part of this certification, the governor of each state must identify the amount of funds the state planned to expend from its sources as of February 17, 2009, for the period beginning on that date and extending through September 30, 2010.[13] Illinois expects to fully comply with the Recovery Act's highway-related maintenance of effort provisions, and the state, at DOT's request, amended its initial certification.[14] According to DOT officials, the department has

[13]States that are unable to maintain their planned levels of effort will be prohibited from benefiting from the redistribution of obligation authority that will occur after August 1 for fiscal year 2011. As part of the federal-aid highway program, the FHWA assesses the ability of each state to have its apportioned funds obligated by the end of the federal fiscal year (September 30) and adjusts the limitation on obligations for federal-aid highway and highway safety construction programs by reducing for some states the available authority to obligate funds and increasing the authority of other states.

[14]As we reported in April, Illinois submitted its maintenance of effort certification on March 18, 2009, indicating that the certification was based on the "best available information." On April 22, the DOT Secretary informed some states, including Illinois, that "conditional and explanatory" certifications were not permitted. U.S. DOT indicated that the explanatory language that Illinois had used was not authorized and that Illinois's maintenance of effort method also required revision, and that Illinois must resubmit any revisions to its certification by May 22, 2009. Illinois resubmitted its certification on May 20, 2009. The new Illinois certification took out the explanatory language that had been in the earlier certification and adjusted the maintenance of effort method in response to the DOT guidance. Specifically, Illinois adjusted the highway expenditure amount to include $4 million for bond-financed projects, as per DOT's April 22 guidance.

reviewed Illinois's amended certification letter and concluded that the form of the certification was consistent with DOT guidance. DOT is currently evaluating whether the state's method of calculating the amounts Illinois planned to expand for covered programs is in compliance with DOT guidance.[15]

Third, the Recovery Act requires states to give priority to projects that can be completed within 3 years, and to projects located in economically distressed areas (EDA). Economically distressed areas are defined by the Public Works and Economic Development Act of 1965, as amended.[16] Illinois applied its own criteria in designating economically distressed areas. The state based its EDA classification on the basis of (1) whether the 2008 year-end unemployment rate was at or above the statewide average, (2) whether the change in the unemployment rate between 2007 and 2008 was at or above the statewide average, or (3) whether the number of unemployed persons for 2008 had grown by 500 or more. Illinois designated 85 of the state's 102 counties as economically distressed. According to data provided by FHWA, 72 of Illinois's counties were EDAs as defined by the Public Works and Economic Development Act of 1965, as amended. The FHWA approved Illinois's action, asserting that it represents a good faith effort on the part of the Illinois Department of Transportation, uses current data, is defensible, and forms a reliable basis for determining which counties have exhibited economic distress. Illinois's use of alternate criteria resulted in a net increase of 13 counties being identified as EDAs that would not have been so classified following the act's guidance.[17] Among the EDA counties added under Illinois's criteria were some of the most populous ones in the state, for example, Cook County and five surrounding suburban Chicago counties in northeastern Illinois. To demonstrate that the state was giving priority to projects in economically distressed areas, Illinois reported that over 90 percent of its scheduled highway projects would be placed in EDAs. As of

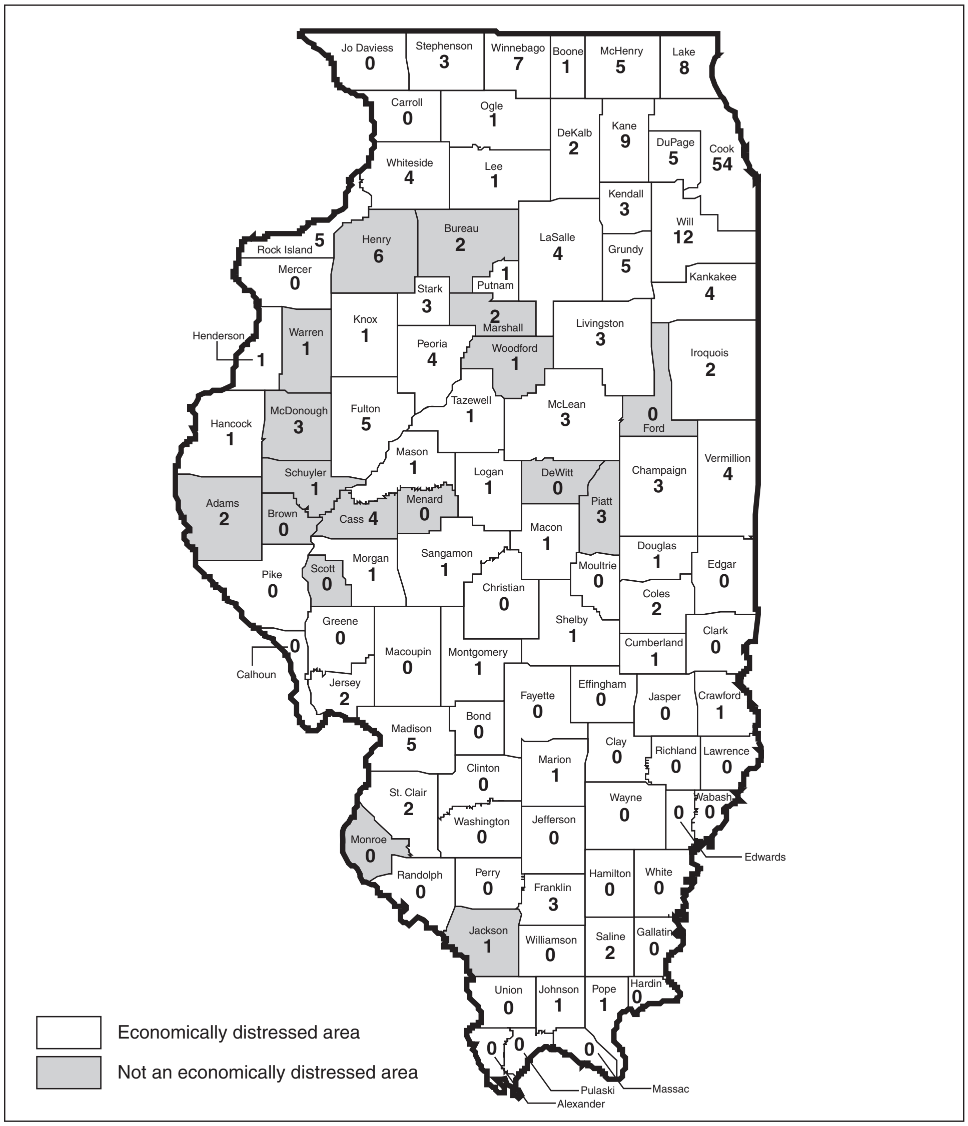
[15]An Illinois Department of Transportation official said he foresees no changes that would prevent the state from meeting its level of effort certification, as the state plans to fully comply with its maintenance-of-effort commitment. However, this may depend on passage of the state's capital plan and budget, neither of which had been enacted as of June 30, 2009.

[16]FHWA has published a map on its Web site showing the areas in each state that meet the statutory criteria.

[17]Illinois's criteria resulted in 21 counties being classified as EDAs by the state that were not classified as EDAs by FHWA, and 8 counties that FHWA classified as EDAs that were not EDAs using Illinois's criteria.

June 25, 2009, funds had not been obligated for projects in 35 of the 85 Illinois counties designated as EDAs. See figure 2 below.

Figure 2: Recovery Act Funded Highway Projects in Illinois, by County and by Economically Distressed Area as Designated by Illinois, as of June 25, 2009



Source: GAO analysis of Illinois Department of Transportation data.

Illinois Is Using State Fiscal Stabilization Funds to Maintain Funding for Elementary and Secondary Education

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 provides several assurances. These include assurances that the state will meet maintenance of effort requirements (or it will be able to comply with waiver provisions) and that it 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. Further, the state applications must contain baseline data that demonstrate the state's current status in each of the assurances. States must allocate 81.8 percent of their SFSF funds to support education (education stabilization funds), and must use the remaining 18.2 percent for public safety and other government services, which may include education (government services funds). After maintaining state support for education at fiscal year 2006 levels, states must use education stabilization funds to restore state funding to the greater of fiscal year 2008 or 2009 levels for state support to school districts or public institutions of higher education (IHE). When distributing these funds to school districts, states must use their primary education funding formula but they do maintain discretion in how funds are allocated to public IHEs. In general, school districts maintain broad discretion in how they can use stabilization funds, but states have some ability to direct IHEs in how to use these funds.

The Illinois Office of the Governor's application for SFSF funds was approved by Education on April 20, and as of June 30, 2009 Illinois had received $1.4 billion of its total allocation of about $2.1 billion for SFSF. Of the total allocation, 81.8 percent or approximately $1.7 billion must be for education stabilization funds and the remaining 18.2 percent or about $374 million must be for government services funds. Illinois has determined it will use all SFSF funds for education services, with most initially going to local educational agencies (school districts). Based on Illinois's SFSF application, the state will allocate 97.6 percent of the education stabilization funds to local educational agencies and 2.4 percent to institutions of higher education.[18] As of June 30, 2009, Illinois had

[18] In addition, the state will allocate 79 percent of the government services funds to local educational agencies and 21percent to IHEs.

disbursed approximately $1.0 billion to local educational agencies and none to IHEs.

Local Educational Agencies Have Received and Are Spending SFSF Funding as Though It Were General State Aid

The local educational agencies we visited reported that they were using SFSF monies they had received for general educational purposes. We visited two local educational agencies—Chicago Public Schools and Waukegan Public School District 60—based on the amount of their Recovery Act funding allocations and their different statuses as urban and suburban school districts. Officials from these school districts reported projected budget deficits for fiscal years 2009 and 2010 due to a decreasing tax base, increasing pension and health care costs, and increasing inflation. Although their school districts had received SFSF funds, officials indicated the funds had not affected their fiscal year 2009 budgets or planned fiscal year 2010 budgets because the funds represented a direct replacement of general state aid (the state's formula-based support for general educational purposes). Local officials reported that they were using these funds as they would have used the general state aid, that is, for general educational purposes. Officials from the Illinois State Board of Education reported that they have a draft version of a matrix to track reporting metrics under each of the SFSF assurances.

Institutions of Higher Education Expect to Receive SFSF Funds in Fiscal Year 2010

According to state officials and the state's SFSF application, Illinois will begin directing SFSF funds to IHEs in fiscal year 2010. Illinois will use the SFSF funds to partially restore state support for public universities and community colleges. According to the application, each public university will receive a proportion of the education stabilization funds equal to its relative share of fiscal year 2006 state support levels, while the Illinois Community College Board will distribute these funds to community colleges in accordance with established state formulas.

The Illinois Board of Higher Education, which, among other responsibilities, conducts planning, administers state and federal higher education grant programs, approves and reviews programs, and maintains data for IHEs in the state, reported that IHEs must use their SFSF funds for personal services (i.e., employee salaries). Illinois Board of Higher Education officials expect this use of the SFSF to help schools retain jobs and mitigate tuition increases. Officials at the University of Illinois, which we interviewed because it has the largest student population of all public universities in the state, reported that in addition to contributing to job retention, SFSF funds may help to mitigate a potentially large tuition increase. In comparison to 9 or 9.5 percent tuition increases in recent years, the university expects to raise tuition by 4 to 5 percent in fiscal year 2010. University officials attributed this mitigation in part to receipt of the SFSF funds.

Although the numbers were not yet final, as of June 2009, the Illinois Community College Board, the coordinating board for the state's 48 community colleges and one multi-community college center, expected to receive a total allocation of approximately $15.6 million in SFSF funds in fiscal year 2010. These funds will primarily come from the government services fund. The Illinois Community College Board will pass through 100 percent of these funds to the community colleges, with the goal of mitigating tuition increases and retaining jobs that otherwise would have been lost. The board officials stated that some tuition increases and job losses will still occur, but to a lesser extent than they would have without the SFSF funds.

Most ESEA Title, I Part A Funds Will Begin Flowing to Local Educational Agencies in Fiscal Year 2010

The Recovery Act provides new funds to help local school districts educate disadvantaged youth by making additional funds available beyond those regularly allocated through Title I, Part A of the Elementary and Secondary Education Act (ESEA) of 1965. The Recovery Act requires these additional funds to be distributed through states to school districts using existing federal funding formulae, which target funds based on such factors as high concentrations of students from families living in poverty. Local educational agencies must obligate 85 percent of these funds by September 30, 2010. Education is urging local districts to use the funds in ways that will build their long-term capacity to serve disadvantaged youth, such as through providing professional development to teachers.

Education allocated the first half of states' ESEA Title I, Part A Recovery Act funding on April 1, 2009, with Illinois receiving about $210 million of its total $420 million allocation. Local educational agencies can apply to the Illinois State Board of Education to receive ESEA Title I, Part A Recovery Act funds in fiscal years 2009 and 2010, although most of the state's 870 local educational agencies have opted to begin receiving funds in fiscal year 2010. Illinois State Board of Education officials reported that they received seven applications for fiscal year 2009 ESEA Title I, Part A Recovery Act funding; as of June 30, 2009, they had approved two applications. Officials from Chicago Public Schools mentioned the state's use of a lengthy paper application as contributing to their decision not to apply for ESEA Title I, Part A Recovery Act funds in fiscal year 2009. Waukegan Public School District 60[19] officials also noted that the full amount of their allocated Recovery Act funds would still be available to them in fiscal year 2010. As of June 30, 2009, $120,476 of the ESEA Title I, Part A Recovery Act funds had been obligated and expended by the Illinois State Board of Education.

In late May, the Illinois State Board of Education issued guidance to local educational agencies on allowable uses for the ESEA Title I, Part A funding under the Recovery Act. Officials stated that they had encouraged districts to develop staff with a focus on providing better services with effects that can be observed in the short term, and to avoid using the funds for purposes that will require long-term staffing commitments. They reported that they will conduct careful reviews of local educational agencies' ESEA Title I applications to ensure that planned uses of the funds comply with Recovery Act requirements.

Officials at Chicago Public Schools and Waukegan Public School District 60 told us they plan to use their ESEA Title I, Part A Recovery Act funds to provide expanded and enhanced services. At Waukegan Public School District 60, officials reported that they plan to use the Recovery Act funds to improve mathematics instruction at ESEA Title I schools. The district, recognizing that Recovery Act funds are limited to a certain time period, plans to hire new teachers for this work but will specify 1- or 2-year terms of employment. They plan to phase in positions under regular ESEA Title I funds later, if the budget allows. Chicago Public Schools tentatively plans to use the funds for summer school, after-school, bilingual education, and pre-kindergarten programs, and professional development in fiscal year 2010. They will avoid hiring new staff and, instead, will temporarily increase existing employees' salaries to build on current programs.

[19]Among other factors, we selected Chicago Public Schools and Waukegan Public School District 60 based on their different statuses as urban and suburban school districts; Title I, Part A Recovery Act allocations; and the number of Title I schools in improvement status.

Most IDEA, Part B Funds Are Not Yet Flowing to Local Educational Agencies, but Illinois Has Spent Part C Funds

The Recovery Act provided supplemental funding for programs authorized by the Individuals with Disabilities Education Act (IDEA), the major federal statute that supports special education and related services for infants, toddlers, children, and youth with disabilities. IDEA programs receiving this funding include those that ensure preschool and school-aged children with disabilities have access to a free and appropriate public education (Part B) and that provide early intervention and related services for infants and toddlers with disabilities or at risk of developing a disability, and their families (Part C). States were not required to submit an application to Education in order to receive the initial Recovery Act funding for IDEA Parts B and C (50 percent of the total IDEA funding provided in the Recovery Act).[20]

Education allocated the first half of states' IDEA Part B and Part C funding on April 1, 2009, with Illinois receiving $253.2 million in IDEA Part B grants to states, $9.2 million in IDEA Part B preschool grants, and $8.8 million in IDEA Part C grants to infants and families. As with the ESEA Title I funds under the Recovery Act, the Recovery Act IDEA Part B grants represent funding above and beyond local educational agencies' normal allocations, with most agencies opting to begin receiving funds in fiscal year 2010. According to Illinois State Board of Education officials, few local educational agencies in Illinois applied for Recovery Act IDEA Part B funds for May and June 2009. The Illinois State Board of Education received and approved 12 applications for fiscal year 2009. As of June 30, 2009, approximately $1.4 million of the Recovery Act IDEA Part B grants to states had been obligated and expended by the Illinois State Board of Education.

According to the Illinois State Board of Education, the flexibility surrounding the reduction of maintenance of effort has been a source of concern for the state and for local educational agencies in planning for the use of the IDEA Part B Recovery Act funds. The Illinois State Board of Education reported that 159 local educational agencies—nearly 20 percent of the state total—had not qualified for flexibility to reduce their local spending, based on the state's determination of their performance toward

[20]All IDEA Recovery Act funds must be used in accordance with IDEA statutory and regulatory requirements.

meeting targets in the state's performance plan.[21] The number of local educational agencies that did not meet requirements was originally 321, but the state revised its determinations based on new guidance from Education's Office of Special Education Programs.

The two local educational agencies we visited plan various uses of their IDEA Part B Recovery Act funds in fiscal year 2010, including covering increased special education costs, if allowed. Waukegan Public School District 60 tentatively plans to use the funds for the following activities:

- expanding outreach and enrollment for special education students in its preschool program;
- collecting data on student learning;
- expanding professional development for special education teachers;
- expanding student exposure to jobs and the job application process; and
- enhancing its use of computerized learning intervention tools for special education students.

Waukegan officials noted that, to the extent possible, new hires under the Recovery Act IDEA Part B funds will be hired on a limited term basis. Also subject to approval, Chicago Public Schools officials told us that they would like to use their Recovery Act funds to cover the increases in the agency's special education costs, which had recently increased by $45 to $50 million per year on an $800 million annual budget. However, they told us they were seeking guidance on whether this is an allowable use of the funds. They would target the funds for the following purposes:

[21] Education guidance for IDEA Part B Recovery Act funds states that, under certain circumstances, in accordance with IDEA section 613(a)(2)(C), in any fiscal year that a local educational agency's total subgrant allocation exceeds the amount that the agency received in the previous fiscal year, that agency may reduce the level of local, or state and local, expenditures otherwise required by the local educational agency maintenance of effort requirements (in IDEA, section 613(a)(2) by up to 50 percent of the increase in the local educational agency's subgrant allocation. The guidance further states that the local agency must spend the freed-up local, or state and local, funds on activities that are authorized under the ESEA. For local educational agencies to qualify for this reduction in local effort, the state educational agency (in Illinois's case, the Illinois State Board of Education) must annually determine that the local agency is meeting the requirements of Part B, including meeting targets in the state's performance plan. Although this 50 percent reduction provision has always been a component of IDEA Part B, the large influx of program funds through the Recovery Act has increased the number of local educational agencies that could potentially be eligible to benefit.

- enhancing their ability to collect assessment data on individual subgroups and schools to focus on achieving better results for special education students; and
- increasing collaboration between special education and general education programs when possible to leverage resources and produce better academic outcomes.

Officials from the Illinois Department of Human Services, which administers the IDEA Part C program, told us that IDEA Part C funds under the Recovery Act had been used to avert caseload cuts for services to infants and toddlers with disabilities and their families. As of June 2009, the agency had already received and expended its initial grant of $8.8 million. Because IDEA Part C operates on a reimbursement basis, the Recovery Act funds were used to cover expenses incurred in March and April 2009. The department did not have to submit an application for the first round of funding, although officials reported that they may be required to do so to receive future funds (an additional $8.8 million) under the Recovery Act. Officials at the Department of Human Services reported that they used the IDEA Part C Recovery Act funds entirely for services to infants and toddlers and their families. According to officials, with the funds, they were able to avert a 7 to 8 percent cut in their caseload.

Illinois Is Receiving a Large Influx of Recovery Act Weatherization Funds

The Recovery Act appropriated $5 billion for the Weatherization Assistance Program, administered by the U.S. Department of Energy (DOE) through each of the states and the District of Columbia.[22] This funding is a significant addition to the annual appropriations for the weatherization program that have been about $225 million per year in recent years. The program is designed to reduce the utility bills of low-income households by making long-term energy efficiency improvements to homes by, for example, installing insulation, sealing leaks around doors and windows, or modernizing heating equipment and air circulating fans. During the past 32 years, the Weatherization Assistance Program has assisted more than 6.2 million low-income families. According to DOE, by reducing the utility bills of low-income households instead of offering aid, the Weatherization Assistance Program reduces their dependency by allowing these funds to be spent on more pressing family needs.

[22]DOE also allocates funds to American Samoa, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, the Navajo Indian tribe, and the Northern Arapahoe Indian tribe.

DOE allocates weatherization funds among the states and the District of Columbia, using a formula based on low-income households, climate conditions, and residential energy expenditures by low-income households. DOE required each state to submit an application as a basis for providing the first 10 percent of its Recovery Act allocation. DOE will provide the next 40 percent of funds to a state once the department has approved its state plan, which outlines, among other things, its plans for using the weatherization funds and for monitoring and measuring performance. DOE plans to release the final 50 percent of the funding to each state based on the department's progress reviews examining each state's performance in spending its first 50 percent of the funds and the state's compliance with the Recovery Act's reporting and other requirements.

DOE allocated to Illinois a total of approximately $242.5 million in Recovery Act funding for the Weatherization Assistance Program for a 3-year period. This represents approximately 10 times the amount of the state's annual DOE funding. The Illinois Department of Commerce and Economic Opportunity, Office of Energy Assistance, which is responsible for administering the program, will disburse most of these funds through 35 local administering agencies, which implement its current weatherization activities. According to a state weatherization official, Illinois submitted its initial application for funding on March 24, 2009, in response to a DOE Funding Opportunity Announcement. On April 1, 2009, DOE provided the initial 10 percent allocation (approximately $24.3 million) to Illinois. The Department of Commerce and Economic Opportunity subsequently used DOE's March 12 guidance on administering Recovery Act funding, in conjunction with other program guidance, to develop its comprehensive application for the use of its Recovery Act allocation.[23] The agency initially submitted its plan on May 1, 2009, then, in response to feedback from DOE, made minor corrections and resubmitted it on May 12. On June 26, 2009, DOE approved Illinois's plan and awarded the state an additional $97.0 million, or 40 percent of its total allocation.

Department of Commerce and Economic Opportunity officials reported that they are waiting to spend Recovery Act funds until they have more

[23]See Department of Energy Weatherization Program Notice 09-1B, effective March 12, 2009. See also Weatherization Program Notices 09-1A and 09-1, dated October 27, 2008 and November 17, 2008, respectively.

guidance on wage issues. They stated that the agency chose to wait until July 1, 2009, to begin spending its Recovery Act funds because it received guidance prohibiting funds from being used for weatherization production activities before that time.[24] As of June 11, state officials were still awaiting additional guidance from DOE and the Department of Labor regarding paying prevailing wages to weatherization workers. While the normal weatherization program is not subject to Davis-Bacon Act requirements, the Recovery Act requires states to pay prevailing wages to certain employees performing weatherization activities.[25] State officials reported that they require clarification on issues such as paying different wages for the same types of weatherization work based on the funding source, and paying the same employees or contractors different wages based on the prevailing wages in the counties in which their work is conducted. Officials explained that the local agencies already bid all of their contracts for fiscal year 2010 and will have to re-bid them to comply with prevailing wage requirements. Although the state had planned to spend its weatherization Recovery Act funds before spending its regularly appropriated funds, officials now plan to spend the state's regular appropriation first, allowing local agencies to re-bid contracts for Recovery Act-funded work without causing an interruption in scheduled weatherization activities.

Because the Recovery Act funds will represent a substantial increase in the state's annual weatherization appropriation, the agency and executive directors from the local agencies decided to ramp up the program gradually by spending approximately 40 percent of the Recovery Act funds in fiscal year 2010 and the remaining 60 percent in fiscal year 2011. The Department of Commerce and Economic Opportunity's fiscal year 2010 budget includes requests for 21 additional, permanent employees at the state level to conduct fiscal and program monitoring; approximately 300 additional local agency staff, comprised of 127 employees to perform assessments of homes' energy saving needs, 34 employees to conduct final inspections of homes that have been weatherized, and 135 local

[24]However, on June 9, 2009, DOE issued revised guidance lifting this limitation to allow states to provide funds for production activities to local agencies that previously provided services and are included in state Recovery Act plans.

[25]The Recovery Act requires all laborers and mechanics employed by contractors and subcontractors on Recovery Act projects to be paid at least the prevailing wages as determined under the Davis-Bacon Act. Recovery Act, div. A, title XVI, § 1606. Under the Davis Bacon Act, the Department of Labor determines the prevailing wage for projects of a similar character in the locality. 40 U.S.C. §§ 3141-3148.

administrative staff. The budget also requests an additional 354 contractors to conduct weatherization activities. State weatherization officials explained that their program has been understaffed for a long time, and the influx of Recovery Act funds will allow the Department of Commerce and Economic Opportunity to achieve the necessary staffing levels for carrying out the program.

As stated in the plan submitted to DOE, the Recovery Act funds will permit the weatherization of at least 27,181 houses over 2 years, saving a total of at least 538,184 MBTUs.[26] The agency plans to use the Recovery Act funds in combination with its regular and supplemental DOE allocations to conduct basic weatherization activities.[27] Department of Commerce and Economic Opportunity officials also told us that they are working closely with Workforce Investment Act Program staff within the agency to establish a training certification program for the state's 35 local agencies and the contractors that conduct weatherization activities. They expect this collaboration to result in a standard baseline of knowledge and quality control for weatherization work and a growth track for green jobs.

[26]MBTU stands for one million British thermal units. The BTU is a unit of energy used for power, steam generation, heating, and air conditioning measurement. It represents the quantity of heat required to raise the temperature of 1 pound of liquid water by 1 degree Fahrenheit at the temperature at which water has its greatest density (approximately 39 degrees Fahrenheit). Officials from the Department of Commerce and Economic Opportunity could not say what this would equate to in terms of cost savings for low-income families, but they plan to rehire a former employee who can compute these types of impact measurements.

[27]According to DOE, in fall 2008, the President signed into law the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009, which provided a supplemental appropriation of $250 million for weatherization assistance for fiscal year 2009, with funds to remain available until expended. Illinois's total supplemental allocation was approximately $14.7 million. Pub. L. No. 110-329, 122 Stat. 3574, 3579 (Sept. 30, 2008).

Illinois WIA Youth Summer Employment Activities Are Expected to Create Opportunities for About 15,000 Youth in 2009

The Recovery Act provides an additional $1.2 billion in funds nationwide for the Workforce Investment Act (WIA) Youth program to facilitate the employment and training of youth. The WIA Youth program is designed to provide low income in-school and out-of-school youth age 14 to 21, who have additional barriers to success, with services that lead to educational achievement and successful employment, among other goals. The Recovery Act extended eligibility through age 24 for youth receiving services funded by the Recovery Act. In addition, the Recovery Act provided that, of the WIA Youth performance measures, only the work readiness measure is required to assess the effectiveness of summer only employment for youth served with Recovery Act funds. Within the parameters set forth in federal agency guidance, local areas may determine the methodology for measuring work readiness gains.[28] The program is administered by the Department of Labor and funds are distributed to states based upon a statutory formula; states, in turn, distribute at least 85 percent of the funds to local areas, reserving up to 15 percent for statewide activities. The local areas, through their local workforce investment boards, have flexibility to decide how they will use these funds to provide required services. In the conference report accompanying the bill that became the Recovery Act, the conferees stated that they were particularly interested in states using these funds to create summer employment opportunities for youth.[29] Summer employment may include any set of allowable WIA Youth activities—such as tutoring and study skills training, occupational skills training, and supportive services—as long as it also includes a work experience component. Work experience may be provided at public sector, private sector, or nonprofit work sites. The worksites must meet safety guidelines and federal/state wage laws.[30]

The Illinois Department of Commerce and Economic Opportunity administers Illinois's workforce development system, including the WIA Youth Program. There are a total of 26 local workforce investment areas in Illinois, most of which administer funds in multiple counties. In the greater

[28] In Illinois, state workforce agency officials explained that local areas will be using a specific tool—the Illinois workNet portal—to provide comprehensive assessment and activities to meet the work readiness measure.

[29] H.R. Rep. No. 111-16, at 448 (2009).

[30] Current federal wage law specifies a minimum wage of $6.55 per hour until July 24, 2009, when it becomes $7.25 per hour. Where Federal and state law have different minimum wage rates, the higher standard applies.

Chicago metropolitan region, most local workforce investment areas administer funds in only one county.

Illinois Has Allocated WIA Youth Funds, and Workforce Investment Areas Have Started Enrolling Youth

Illinois received about $62 million in Recovery Act funds for the WIA Youth program. The Department of Commerce and Economic Opportunity set aside 15 percent of this amount for statewide activities and allocated the remaining funds to the local workforce investment areas. Overall, the department and the local workforce investment areas have targeted approximately $50 million to be spent on youth employment activities this summer. Prior to implementation of the Recovery Act WIA Youth program, state officials reported that 276 youth participated in WIA summer employment opportunities statewide in 2008 as part of the WIA year-round program. The total number of youth planned to participate in Recovery Act funded WIA youth summer employment opportunities during the summer of 2009 is about 15,000. The department issued guidance on May 29, 2009, advising local workforce investment areas to balance the need to expend the Recovery Act funds quickly in order to stimulate the economy with ensuring that quality programs are in place for youth served with Recovery Act funds. The guidance specifically instructed local workforce investment areas to expend significant Recovery Act funds in the summer of 2009, so long as the necessary infrastructure is in place to quickly implement programming for youth served with the Recovery Act funds.

We visited two local workforce investment areas and both had plans in place for summer employment activities. The Chicago local workforce investment area is targeting more than 7,000 youth to participate in these employment activities.[31] The WIA Youth Program for Chicago is implemented by the Chicago Department of Family and Support Services in coordination with the Chicago Workforce Investment Board, which serves as an oversight committee for all WIA funds allocated to Chicago. According to the department officials we spoke with, the summer youth activities will include employment at institutions such as the Chicago Park District, the Chicago Housing Authority, and the City Colleges of Chicago. The program will also target green jobs, such as positions in recycling, and employment at local farmers markets. As of June 19, the Department of

[31]We visited the Chicago local workforce investment area because it is receiving the most funds of any area in the state, accounting for about one-third of the funds that have been allocated to all Illinois local workforce investment areas.

Family and Support Services had received over 74,000 applications for youth employment and had started enrolling youth.

We also visited the Grundy-Livingston-Kankakee local workforce investment area, which was allocated about $900,000 in Recovery Act funds for the WIA Youth Program, and is targeting 300 youth for employment this summer by utilizing approximately two-thirds of its allocation.[32] According to one program official, job experiences for this summer will include employment at hospitals, the local park district, and the local chamber of commerce. Green jobs, including recycling positions, will also be included. As of June 22, a total of 285 youth had been enrolled in summer work experience in the Grundy-Livingston-Kankakee local workforce investment area. Both the Chicago and Grundy-Livingston-Kankakee local workforce investment areas plan to conduct a work readiness evaluation at the end of the summer and will also conduct an evaluation of the participating worksites.

Officials at Local Workforce Investment Areas We Visited Stated That Challenges Exist in Implementing the Program

Officials from both the Chicago and the Grundy-Livingston-Kankakee local workforce investment areas stated that challenges exist in providing youth summer employment activities. They stated that expending the Recovery Act funds quickly requires additional staff to be hired in a very short time. For example, Chicago Department of Family and Support Services officials stated that, despite having had experience in implementing a stand alone summer program, they found implementing WIA summer youth employment activities challenging since they have had to utilize other employees within the department in order to adequately staff the implementation of these activities. An official from the Grundy-Livingston-Kankakee local workforce investment area stated that additional staff will need to be hired to implement the program—particularly to ensure that all youth applications are reviewed and the funds targeted for this summer are expended. Additionally, officials from both local workforce investment areas stated that challenges exist in the youth recruitment process since documentation must be obtained through an application process that requires youth to submit evidence, allowing officials to determine that they meet the statutory eligibility requirements of the WIA Youth program.

[32]We visited the Grundy-Livingston-Kankakee local workforce investment area because it received an allocation amount that was approximately in the middle of what local workforce investment areas in Illinois received and allowed us to capture additional geographic diversity in our sample of localities we visited in the state across the various programs we are reporting on.

Illinois Has Identified Priority Areas for Edward Byrne Memorial Justice Assistance Grant Program Funding

The Edward Byrne Memorial Justice Assistance Grant (JAG) Program within the Department of Justice's (DOJ) Bureau of Justice Assistance provides federal grants to state and local governments for law enforcement and other criminal justice activities, such as crime prevention and domestic violence programs, corrections, treatment, justice information sharing initiatives, and victims' services. Under the Recovery Act, an additional $2 billion in grants are available to state and local governments for such activities, using the rules and structure of the existing JAG program. The level of funding is formula-based and is determined by a combination of crime and population statistics. Using this formula, 60 percent of a state's JAG allocation is awarded by the Bureau of Justice Assistance directly to the state, which must in turn allocate a formula-based share of those funds to local governments within the state. The remaining 40 percent of funds is awarded directly by the Bureau of Justice Assistance to eligible units of local government within the state.[33] The Illinois Criminal Justice Information Authority administers JAG funds for the state. The total JAG allocation for Illinois state and local governments under the Recovery Act is about $83.7 million, a significant increase from its previous fiscal year 2008 allocation of about $6.3 million.

As of June 30, 2009, Illinois had received its full state award of $50.2 million.[34] Illinois Criminal Justice Information Authority officials stated that Recovery Act funds will assist in supporting several priorities across the state. The agency has identified 11 priority areas for the $50.2 million in Recovery Act JAG funds designated to the state. Among others, these include: programs which pursue violent and predatory criminals; efforts which focus on prosecuting violent and predatory criminals and drug offenders; juvenile and adult re-entry programs and programs that enhance jail or correctional facility security and safety; and programs that combat and disrupt criminal drug networks and provide substance abuse treatment. The agency plans to begin soliciting applications for funding from local law enforcement agencies starting in the first part of July and has plans to notify applicants of funding recommendations by early August.

[33] We did not review these funds awarded directly to local governments in this report because the Bureau of Justice Assistance's solicitation for local governments closed on June 17.

[34] Due to rounding, this number may not exactly equal 60 percent of the total JAG award.

In order to adequately monitor grants to subgrantees, the Illinois Criminal Justice Information Authority will require information to be submitted by subgrantees on a monthly basis and is planning to hire additional staff. Specifically, the agency plans to require that subgrantees submit monthly fiscal and progress reports within 5 days of the end of each month to allow the agency time to aggregate the data and report it to the Bureau of Justice Assistance before the end of each quarter. Further, agency officials stated they plan to hire an additional 15 staff—a total of 8 grant monitors, 3 administrative staff, 2 lawyers, and 2 researchers—to assist with implementing Recovery Act funded JAG grants. They stated that a total of 18 staff currently oversee implementation of the JAG grants.

Illinois Public Housing Agencies Have Obligated Recovery Act Funds for a Variety of Projects

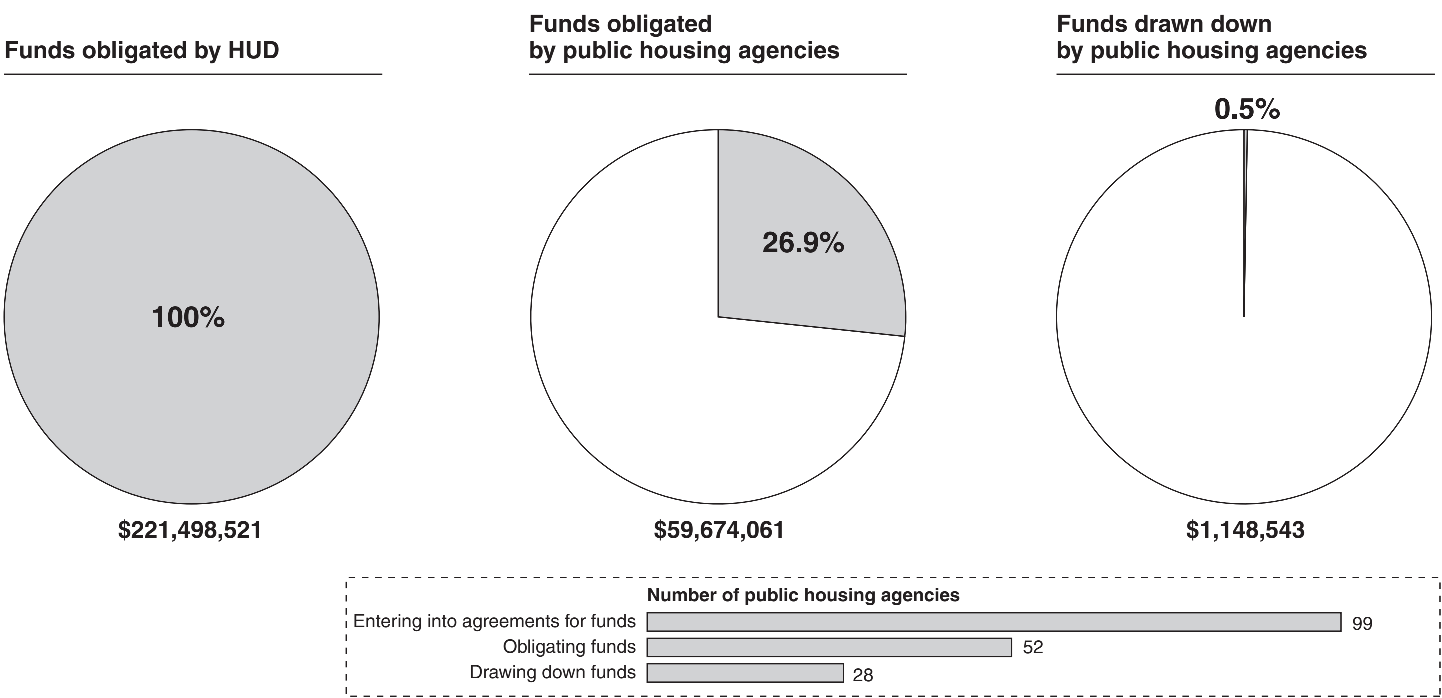
The Public Housing Capital Fund provides formula-based grant funds directly to public housing agencies to improve the physical condition of their properties; for the development, financing, and modernization of public housing developments; and for management improvements.[35] The Recovery Act requires the U.S. Department of Housing and Urban Development (HUD) to allocate $3 billion through the Public Housing Capital Fund to public housing agencies using the same formula for amounts made available in fiscal year 2008. Recovery Act requirements specify that public housing agencies must obligate funds within 1 year of the date they are made available to public housing agencies, expend at least 60 percent of funds within two years of that date, and expend 100 percent of the funds within three years of that date. Public housing agencies are expected to give priority to projects that can award contracts based on bids within 120 days from the date the funds are made available, as well as projects that rehabilitate vacant units, or those already underway or included in the required 5-year capital fund plans. HUD is also required to award $1 billion to housing agencies based on competition for priority investments, including investments that leverage private sector funding/financing for renovations and energy conservation retrofit investments. On May 7, 2009, HUD issued its Notice of Funding Availability (NOFA) that describes the competitive process, criteria for applications, and timeframes for submitting applications.[36]

[35]Public housing agencies receive money directly from the federal government (HUD). Funds awarded to the public housing agencies do not pass through the state budget.

[36]HUD released a revised NOFA for competitive awards on June 3, 2009. The revision included changes and clarifications to the criteria and timeframes for application, and to funding limits.

Illinois has 99 public housing agencies that have received Recovery Act formula grant awards. In total, these public housing agencies received about $221 million from the Public Housing Capital Fund formula grant awards. As of June 20, 2009, the state's 99 Public housing agencies have obligated about $60 million and expended approximately $1.1 million. We visited two public housing agencies in Illinois: the Chicago Housing Authority and the Housing Authority for LaSalle County.[37]

Figure 3: Percentage of Public Housing Capital Funds Allocated by HUD That Have Been Obligated and Drawn Down in Illinois



Source: GAO analysis of HUD data.

[37]We visited the Chicago Housing Authority because it received the largest allocation of any public housing authority in the state, and the third largest allocation among all public housing authorities receiving Recovery Act Capital Fund Formula dollars. We visited the Housing Authority for LaSalle County primarily because, at the time of our selection, it had drawn down Recovery Act funds.

Public Housing Agencies We Visited Have Selected and Started to Obligate Funds for Recovery Act Projects

The two public housing agencies we visited in Illinois received Capital Fund formula grants totaling $146 million. As of June 20, these public housing agencies had obligated about $47 million, or roughly 32 percent of the total award. They had drawn down about $76,000, or .05 percent of the total award. Specifically, the Chicago Housing Authority had obligated about $46.8 million and the Housing Authority for LaSalle County had obligated a little less than $400,000. The Chicago Housing Authority had not drawn down any Recovery Act funds, and the Housing Authority for LaSalle County had drawn down about $76,000.

The Chicago Housing Authority and the Housing Authority for LaSalle County have both identified the projects that the agencies will fund through the Recovery Act Capital Fund formula grant awards. The Chicago Housing Authority has identified a total of 12 projects to be funded, half of which will include the rehabilitation of units. The remaining 6 projects will consist of 3 demolition projects, 1 project for the installation of security camera systems scattered throughout the authority's portfolio, 1 project for a facade restoration, and 1 project that consists of upgrades to units to meet requirements in the Americans with Disabilities Act. All 12 projects are estimated to be completed by the end of 2010. The Housing Authority for LaSalle County has identified a total of 11 projects that it will fund through Recovery Act formula funding. The projects include improving common areas such as entrances and public hallways, upgrading boiler valves, and performing elevator code updates at several buildings. One project will also include the rehabilitation of units, including modernization of kitchens and bathrooms, and another will include the replacement of a retaining wall. Officials estimated that all projects will be completed in 4 to 6 months from when they begin, but some may not begin until August or September of this year, and will be completed in early 2010.

Officials at both the Chicago Housing Authority and the Housing Authority for LaSalle County explained that they prioritized projects based on requirements in the Recovery Act. For example, Chicago Housing Authority officials explained that they specifically selected projects that consisted of rehabilitating units, especially vacant units. A total of 668 units are planned for rehabilitation, 484 of which are vacant, through six projects. Two of the rehabilitation projects are projected to account for almost $60 million of the $143 million in Recovery Act formula funds that the authority received, and are expected to rehabilitate about 250 units. Furthermore, 5 of the 12 projects that the authority selected were ready to begin prior to HUD allocating Recovery Act funds to the authority, and all 12 were included in the agency's 5-year plan. Officials stated that the agency is in the process of hiring additional procurement staff to help expedite the contracting process. Housing Authority for LaSalle County officials explained that they prioritized projects that could award contracts within 120 days of when funds were made available to the agency, and all projects to be funded with Recovery Act funds were on the agency's 5-year plan.

Another major component of HUD Recovery Act funding for federal public housing is the competitive grants program with $1 billion available nationally for projects characterized by priority public housing investments intended to leverage private sector funds for renovations and energy conservation, and for projects addressing the needs of the elderly or persons with disabilities. Chicago Housing Authority officials told us they plan to apply for this funding and have identified proposed projects that include rehabilitation and revitalization of public housing developments, including one senior housing development. Housing Authority for LaSalle County officials told us that they may apply for competitive funds in order to fund one project that will involve replacing windows for energy improvement purposes, but would likely not have other projects that would be eligible based on the competitive criteria and the needs of the housing authority.

Both the Chicago Housing Authority and Housing Authority for LaSalle County have created unique accounting codes to track and monitor Recovery Act Capital Fund formula grants separately from regular Capital Fund grants. In addition, the Chicago Housing Authority has created a Recovery Act Working Group that will include an audit and compliance position to be externally hired by the agency. This individual will be responsible for tracking the use of Recovery Act funds and will also monitor the progress of projects funded with Recovery Act dollars. Officials at the LaSalle County Housing Authority told us that they will track Recovery Act funded projects in the same manner as they track their current Capital Fund projects, and will be obtaining weekly observation reports on projects.

Illinois Is Taking Action to Track Recovery Act Funds Separately, Implement Internal Controls, and Has Conducted Preliminary Risk Assessments of 19 State Agencies

Illinois continues to take steps to account for Recovery Act funds by tracking the funds separately from other funds received and spent by the state. The Illinois Office of the Comptroller and state agencies we met with are using unique codes to track funds. The state also continues to develop oversight mechanisms related to various areas of Recovery Act implementation, and is implementing internal control measures including conducting risk assessments and an assessment of staffing needs to implement the Recovery Act.

Illinois is tracking Recovery Act funds separately from other sources of funding to account for, and report specifically on, the use of these funds. State and local agencies we met with are using unique codes in order to track funds separately. For example,

- The Illinois Office of the Comptroller is using unique codes to identify both Recovery Act expenditures and receipts statewide. It is also requiring state agencies to provide specific Catalog of Federal Domestic Assistance numbers on cash receipts and cash refunds, as well as for expenditures.
- The Illinois Department of Commerce and Economic Opportunity tracks Recovery Act funds separately through the agency's general ledger system, which reports obligations, costs, and fund balances for programs receiving Recovery Act funds. The agency is using specific codes to account for the receipt and use of WIA Recovery Act funds.
- Illinois State Board of Education officials reported that they updated the accounting requirements for local educational agencies to help ensure compliance with Recovery Act requirements. The revised requirements state that records of expenditures shall identify the source of the Recovery Act funds by using specified account numbers, as well as the applicable funds, functions, and object classes.

At the two local educational agencies we visited, officials told us they will comply with Recovery Act requirements for tracking SFSF funds. However, these officials expressed concern over how they will be required to report on their use of the SFSF funds, since the funds are directly replacing general state aid and the state has not previously required them to report on their use of general state aid funds. Chicago Public Schools officials stated that they may attach the SFSF funds to a certain cost center, such as a group of teachers at a cluster of schools, to ease the separate tracking and reporting burden.

Illinois Office of Internal Audit officials noted that, overall, the volume of information on the Recovery Act that requires tracking from a variety of sources, and the speed by which funding is flowing to the state, presents challenges to agency and administration staff. They reported that this was a recurring theme in discussions with state agencies about the Recovery Act, and in their efforts to prepare and implement processes to comply with the requirements.

Illinois Is Implementing Recovery Act Oversight and Internal Control Measures, Including Assessing Risk across State Agencies

Illinois is implementing oversight measures it developed to safeguard Recovery Act Funds, including forming specific groups to oversee various parts of Recovery Act implementation, continuing to conduct Recovery Act Working Group meetings, and requiring agencies to submit weekly reports. Specifically:

- In addition to having formed an Executive Committee to broadly oversee implementation of the act, the state has formed subcommittees for specific areas related to implementation and oversight.[38] These subcommittees address budget and fiscal issues, the auditing of Recovery Act funds, and matters related to assessing performance and outcomes of programs receiving Recovery Act funds.
- The state has continued to conduct Recovery Act Working Group meetings once a week in an effort to receive updates from agencies that have spent Recovery Act funds, address fiscal reporting and tracking questions, and discuss grant deadlines, among other Recovery Act related matters.[39]
- The state is also requiring agencies to submit weekly reports detailing the status of funds—for example, whether they have been received or not, the amount received or expected to be received, and the award date if funds have been received—and any delays in spending plans along with possible solutions. State agencies are also required to

[38]We reported on the establishment of Illinois's Executive Committee in our last report (GAO-09-580). The Executive Committee is comprised of state executives, including the Deputy Chief of Staff for Economic Recovery, the Chief Internal Auditor, the Budget Director, and the Chief Information Officer.

[39]The Recovery Act Working Group consists of a contact point for each state agency for Recovery Act related matters, and officials from the Office of the Governor, including the Deputy Chief of Staff for Economic Recovery.

submit time lines for spending Recovery Act funds in the weekly reports.

The Illinois Office of Internal Audit is implementing internal control measures, specifically by focusing on assessing risk at state agencies administering Recovery Act funds. The office plans to conduct risk assessments for 22 key state agencies administering Recovery Act funds, and had completed 19 of those assessments as of June 22, 2009.[40] The risk assessments considered factors such as the amount of Recovery Act funding the agency is receiving or administering, the speed by which Recovery Act funding is disbursed to the agency (an example of a new risk), the number of subrecipients or contractors that will be receiving funds (an example of external risk), the extent to which guidance had been provided by federal oversight agencies, previous audit findings, and the staffing needs required to properly expend and oversee Recovery Act funds (an example of internal risk). Based on these and other similar factors, the Office of Internal Audit designated agencies as low, moderate, or high risk, or a combination of these categories, such as low-to-moderate risk. A total of nine agencies were classified as high risk, six as moderate risk, and four were classified as low or low-to-moderate risk. See table 2.

Table 2: Illinois Office of Internal Audit Risk Designations for State Agencies Administering Recovery Act Funds, Based on Preliminary Risk Assessments Conducted as of June 22, 2009

Risk designation	State agency or department
Low	Children and Family Services; Arts Council
Low-to-moderate	Employment Security; Environmental Protection Agency
Moderate	Commerce and Economic Opportunity; Veteran's Affairs; Criminal Justice Information Authority; Public Health; Housing Development Authority; and Capital Development Board
High	Transportation; Human Services; Board of Education; Healthcare and Family Services; Aging; Corrections; Juvenile Justice; State Police; and Natural Resources

Source: Illinois Office of Internal Audit Recovery Act Risk Assessment Summary.

All nine high-risk agencies were classified as high risk largely due to one or more of the following factors: the agency is receiving a significant amount of Recovery Act funding, there are potential issues with

[40]At the time of our review, the Illinois Office of Internal Audit was working on the risk assessments for the remaining three agencies: the Illinois Department of Central Management Services, the Illinois Board of Higher Education, and the Illinois Community College Board.

monitoring subrecipients, or the agency lacks sufficient staff or adequate plans to oversee Recovery Act funds and implementation. For example, the Illinois Department of Transportation and Illinois State Board of Education, two agencies that are administering a significant amount of Recovery Act funding, were on the high risk list due to the amount of funds the agencies are receiving and concerns over subrecipient monitoring. Illinois Office of Internal Audit officials told us that for the agencies classified as high-risk, they are in the process of beginning detailed reviews to further identify and evaluate internal control mechanisms, as well as procedures for monitoring subrecipients, as part of conducting more detailed analysis on the 22 state agencies. The office is also prioritizing this additional analysis based on the anticipated expenditure dates of Recovery Act funding by state agencies.

The Illinois Office of Internal Audit's risk assessment also identified recurring themes for oversight of Recovery Act funds. These included concerns about the extent of subrecipient monitoring required by federal auditors, the number of new subrecipients who may participate in Recovery-Act funded programs, and questions about agencies' ability to hire adequate numbers of sufficiently qualified staff, in the time frames necessary, to implement and monitor programs. The state has conducted a staffing inquiry to assess the needs of agencies in implementing the Recovery Act and to gather information on how many positions will be required statewide. As of June 1, the Governor's Office of Management and Budget had approved a total of 717 staff to be hired across state agencies for implementation of the Recovery Act. Although the majority of these positions are expected to be temporary positions to assist with workload associated with implementing the Recovery Act, the purpose of some of these positions will be to conduct subrecipient monitoring for agencies. As of June 1, Illinois was in the process of hiring 211 of the 717 approved positions.

The Office of Internal Audit also reviewed the results of the state's fiscal year 2007 Single Audit in developing additional internal control measures.[41] The office evaluated the Single Audit's findings as part of its risk assessments, summarized the findings, and incorporated them into the designation of agencies into risk categories. Officials stated that they continue to follow up on findings from the audit and plan to continue monitoring agencies' corrective action plans. Officials with the Illinois

[41] As of June 30, the Illinois fiscal year 2008 statewide Single Audit had not been released.

Auditor General's Office told us that they are waiting for additional Office of Management and Budget (OMB) guidance in planning future Recovery Act audit work as part of their statewide Single Audit process. They indicated that after receiving the guidance, they will work with their contractor for the statewide Single Audit to determine what changes, if any, need to be made to their audit approach.

In our meetings with state and local agencies, we found other examples of internal control mechanisms being developed or implemented. These were

- The Illinois Department of Transportation hired contractors to conduct a risk assessment on the department's internal control procedures related to Recovery Act funding and to assist in developing a plan to mitigate any risks identified. The risk assessment, while not yet final, identified preliminary general risks, including monitoring subrecipients during a short-term increase in the number of subrecipients to monitor. Agency officials stated that they are currently addressing risks by evaluating both their short-term and long-term staffing needs, hiring a contractor to support subrecipient monitoring, and assigning a project team to oversee Recovery Act reporting and implementation. For subrecipient monitoring specifically, the agency has plans for a three-tiered monitoring system that samples 25 percent of state-administered projects, 40 percent of jointly administered (state and local) projects, and 100 percent of locally let projects for compliance with procedures and protocols.

- The Chicago Housing Authority has created a Recovery Act Working Group that will include an audit-compliance position to be externally hired by the agency. This individual will be responsible for tracking the use of Recovery Act funds and will also monitor the progress of projects funded with Recovery Act dollars.

In addition, the state hosted a conference focused on fraud prevention and detection for all state agencies receiving Recovery Act funds. The conference focused on lessons learned from past experiences, as well as examples of controls related to the prevention and detection of fraud.

Illinois Has Issued Guidance on Measuring the Effects of Recovery Act Funds, but Challenges Remain

In late April, the Illinois Office of the Governor disseminated guidance to state agencies on collecting data related to job creation and job retention. Further, some state and local agencies told us that they are creating or modifying systems to track this type of information. However, challenges remain in assessing the effects of Recovery Act spending, and state officials indicated that additional federal guidance is needed.

Illinois has taken steps to assist state agencies in assessing and measuring the impact of the Recovery Act. Based on an interpretation of existing guidance (including federal guidance), Illinois has disseminated preliminary guidance to state agencies concerning the definitions and tracking of job creation and job retention for reporting purposes. The guidance defined "jobs created" as new positions created and filled, or previously existing unfilled positions that are filled, as a result of Recovery Act funding. The guidance defined "jobs retained" as existing jobs that would have been terminated without Recovery Act funds. The guidance also requires, for reporting purposes, that all state bid and grant recipients define the number of jobs created and retained as a result of the Recovery Act. Finally, the guidance stated that these state guidelines should only be followed to the extent that they do not conflict with federal requirements.

In some cases, agencies we spoke with were modifying or creating systems to track the impact of Recovery Act spending. For example,

- Illinois State Board of Education officials told us that they are creating their own database to track the type and number of jobs created and retained through use of Recovery Act funds. They stated that they created this database based on their review of state and federal guidance on tracking jobs created and retained.

- Officials at the two institutions for higher education that we visited told us that they could likely estimate the number of jobs created with the State Fiscal Stabilization Funds. Officials from the University of Illinois noted that the Illinois Board of Higher Education is creating a statewide methodology to estimate jobs retained and created. The university will follow this methodology once it is finalized. College of DuPage officials reported that they are currently tracking graduates and surveying them about their job prospects, wages, and other indicators, so officials suggested they could potentially attribute future differences in graduates' status to Recovery Act funds.

- Officials with Chicago's Department of Family and Support Services (the agency that is implementing the WIA Youth program in Chicago) told us that they are also currently making adjustments to the systems they use to track jobs created.

However, some state and local agencies also indicated that challenges remain in assessing the impact of Recovery Act expenditures. For example,

- Illinois State Board of Education officials we spoke with told us that in order to meet reporting requirements for use of Recovery Act funds, they will need to obtain data from the local educational agencies within 5 to 7 days after the end of each quarter, which may not be a sufficient amount of time to ensure complete, accurate data.
- Officials we spoke with at two local educational agencies in the state told us that SFSF funds that they receive will not create new jobs, as these funds are simply filling a gap in the budget that would otherwise have been covered by general state aid funds. As such, measuring the impact of these funds will likely be limited to measuring jobs retained.[42]
- Officials at both the Chicago Housing Authority and the Housing Authority for LaSalle County stated that they have not seen any additional guidance from HUD on measuring jobs, but expect that measuring the number of jobs directly created by hiring a contractor for a project can be achieved. However, they stated that capturing indirect jobs—those created through services or products that a contractor procures in support of work on a project—will be difficult. Chicago Housing Authority officials also stated that they are examining ways to track the impact on residents affected by projects funded with Recovery Act funds, including measuring, for example, the effect on family self-sufficiency.

The Illinois Office of Internal Audit's summary of its Recovery Act risk assessments of state agencies stated that a general lack of finalized federal guidance on Recovery Act reporting hampers efforts, particularly in

[42]An Illinois State Board of Education official noted that the state was facing a backlog of approximately $1.0 billion in payments to local educational agencies. The SFSF funds made it possible for the state to continue making general state aid payments and for jobs to be retained in the school districts. The official indicated that not all school districts may have been aware of the extent to which the state's cash flow issues potentially impacted general state aid and other payments they would typically receive.

determining how to modify systems to collect data. An official in the Office of the Governor also told us that additional guidance from federal agencies is needed with respect to collecting information on jobs created or retained.[43]

State Comments on This Summary

We provided the Office of the Governor of Illinois with a draft of this appendix on June 22, 2009. The Deputy Chief Of Staff responded for the Governor on June 24, 2009. In general, the state concurred with our statements and observations. The official also provided technical suggestions that were incorporated, as appropriate.

GAO Contacts

Katherine Iritani, (206) 287-4820 or iritanik@gao.gov

Leslie Aronovitz, (312) 220-7712 or aronovitzl@gao.gov

Staff Acknowledgments

In addition to the contacts named above, Paul Schmidt, Assistant Director; Tarek Mahmassani, analyst-in-charge; Cynthia Bascetta; Rick Calhoon; Dean Campbell; David Lehrer; Lisa Reynolds; and Rosemary Torres Lerma made major contributions to this report.

[43] After soliciting responses from a broad array of stakeholders, OMB issued additional implementing guidance for recipient reporting on June 22, 2009. See, OMB Memorandum, M-09-21, *Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009*.