

American Recovery & Reinvestment Act

LCPFP Briefing
8/26/2009



Key Points

- Initial recovery dollars have helped the state's budget and economy
- Expectations of states have been slow to develop and are different than initially reported
- States will be held responsible for many different activities – delivering funds quickly and appropriately, generating new reporting, adding to transparency efforts, complying with auditing requirements



Key Points

- All of Minnesota's federal funds are reviewed and approved for use by the legislature
- States only get recovery money after it's been spent – most funds will be spent over two years
- To date, Minnesota has received nearly \$800 M in ARRA funding

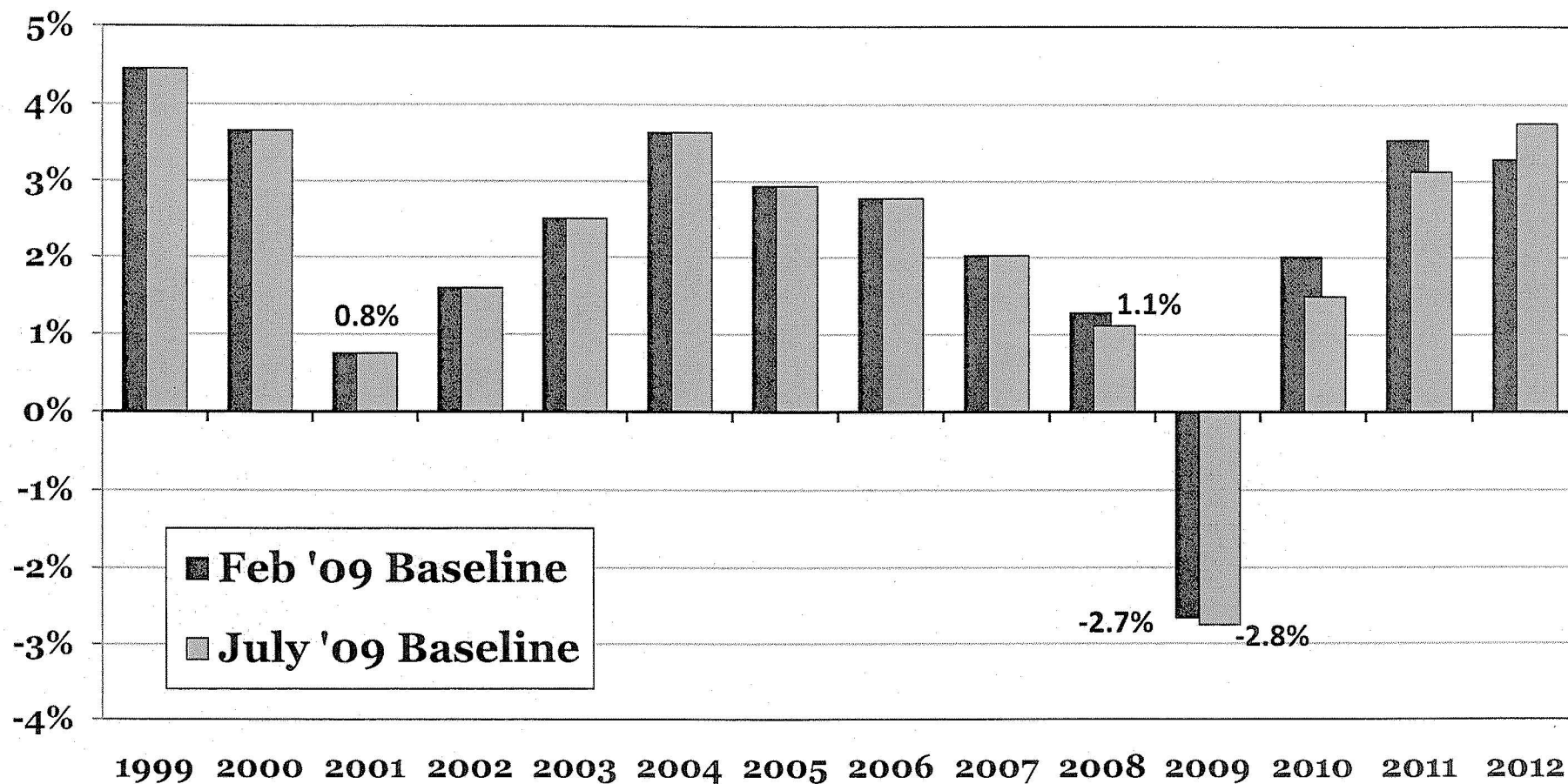


American Recovery and Reinvestment Act --- ARRA

- **Background**
- State Activities
- Coming developments

GII's July Baseline Shows a Deeper Recession and Slower Recovery than in February

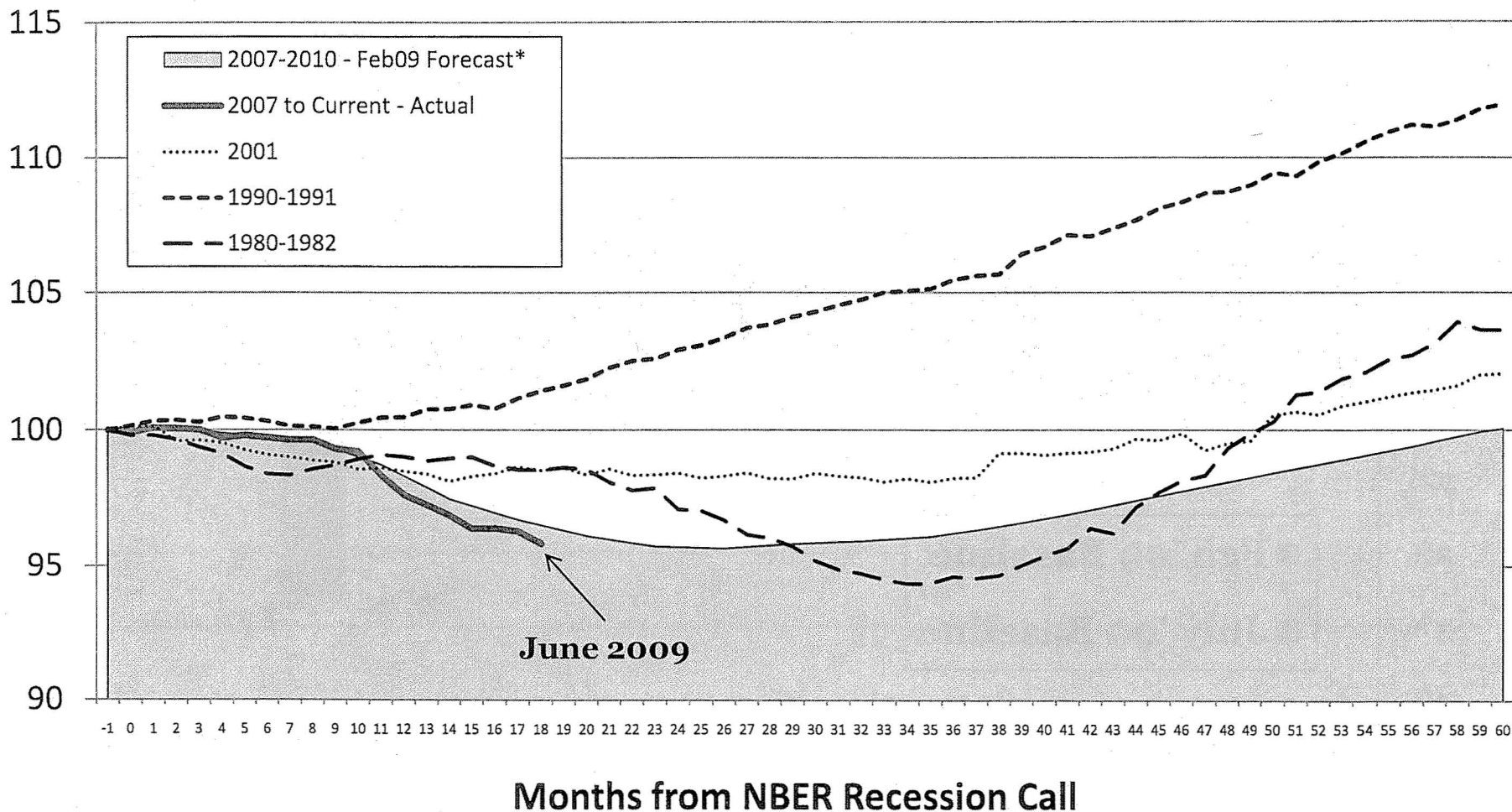
Annual Percent Change



Minnesota Job Losses Continue to be Severe Relative to Past Recessions

*February '09 MMB Economic Forecast of Total MN Non-Farm Employment

MN Employment
 Month Preceding NBER
 Recession Call = 100





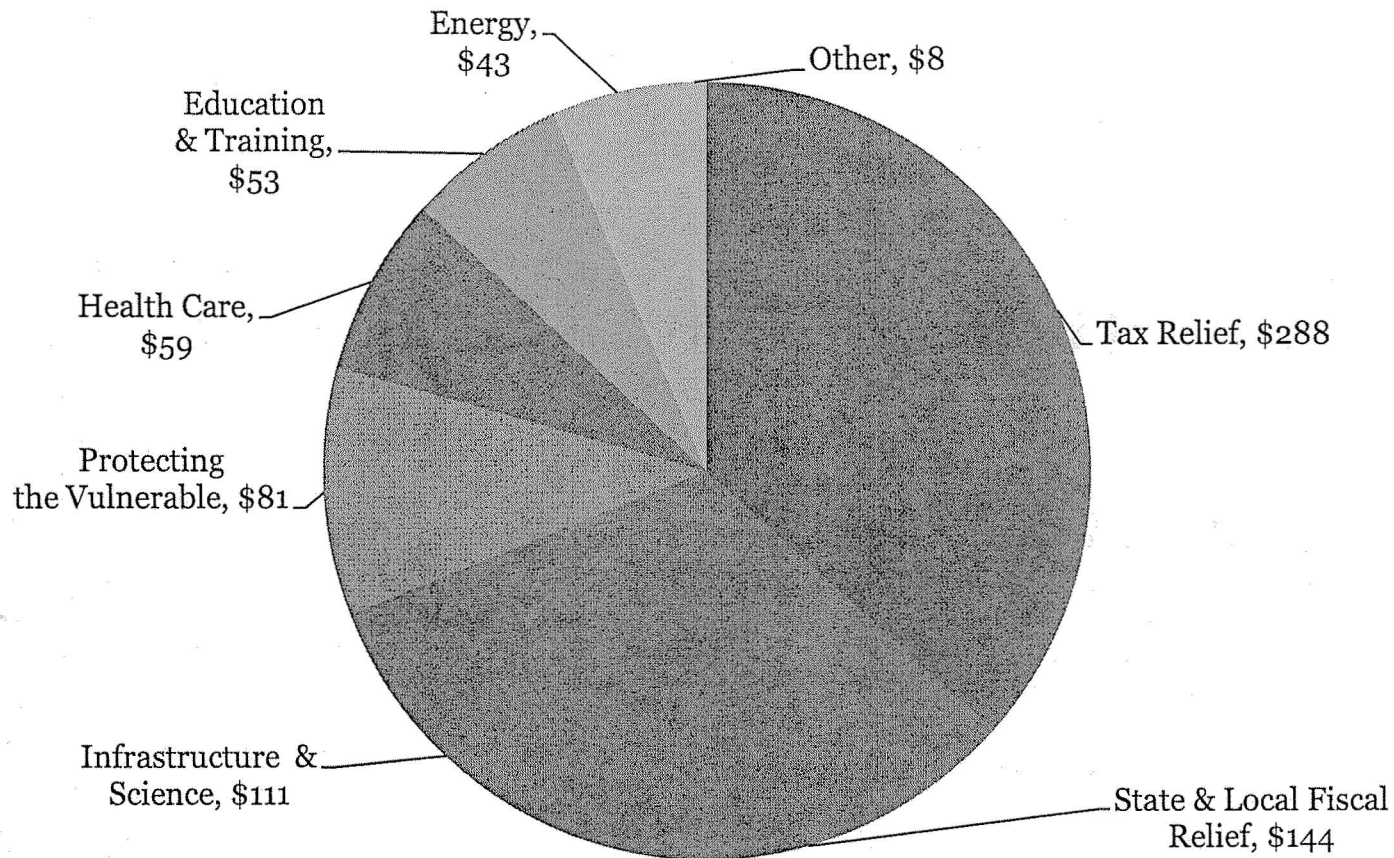
Purposes of the Recovery Act

- To preserve and create jobs and promote economic recovery.
- To assist those most impacted by the recession.
- To provide investments needed to increase economic efficiency by spurring technological advances in science and health.
- To invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.
- To stabilize state and local government budgets, in order to minimize and avoid reductions in essential services.

Stimulus Funding

- **Countercyclical Funds** – general purpose to minimize damage to the economy created when states balance budgets (\$2.6 billion)
 - Enhanced Medicaid Match – up to \$1.8 billion
 - State Stabilization - \$816 million
- **Existing Federal Programs** – specific purpose funds for quick use using pre-defined guidelines (approximately \$2 billion)
 - Highways & Bridges - \$502 million
 - Weatherization - \$132 million
 - Clean Water/Drinking Water - \$107 million
 - Education - Title I/IDEA - \$300 million
 - Employment/Training- \$73 million
- **Competitive Grants** – new funding for new activities that will spur future growth (\$ tbd)

Total Federal ARRA Funding





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Minnesota's Funding Secure

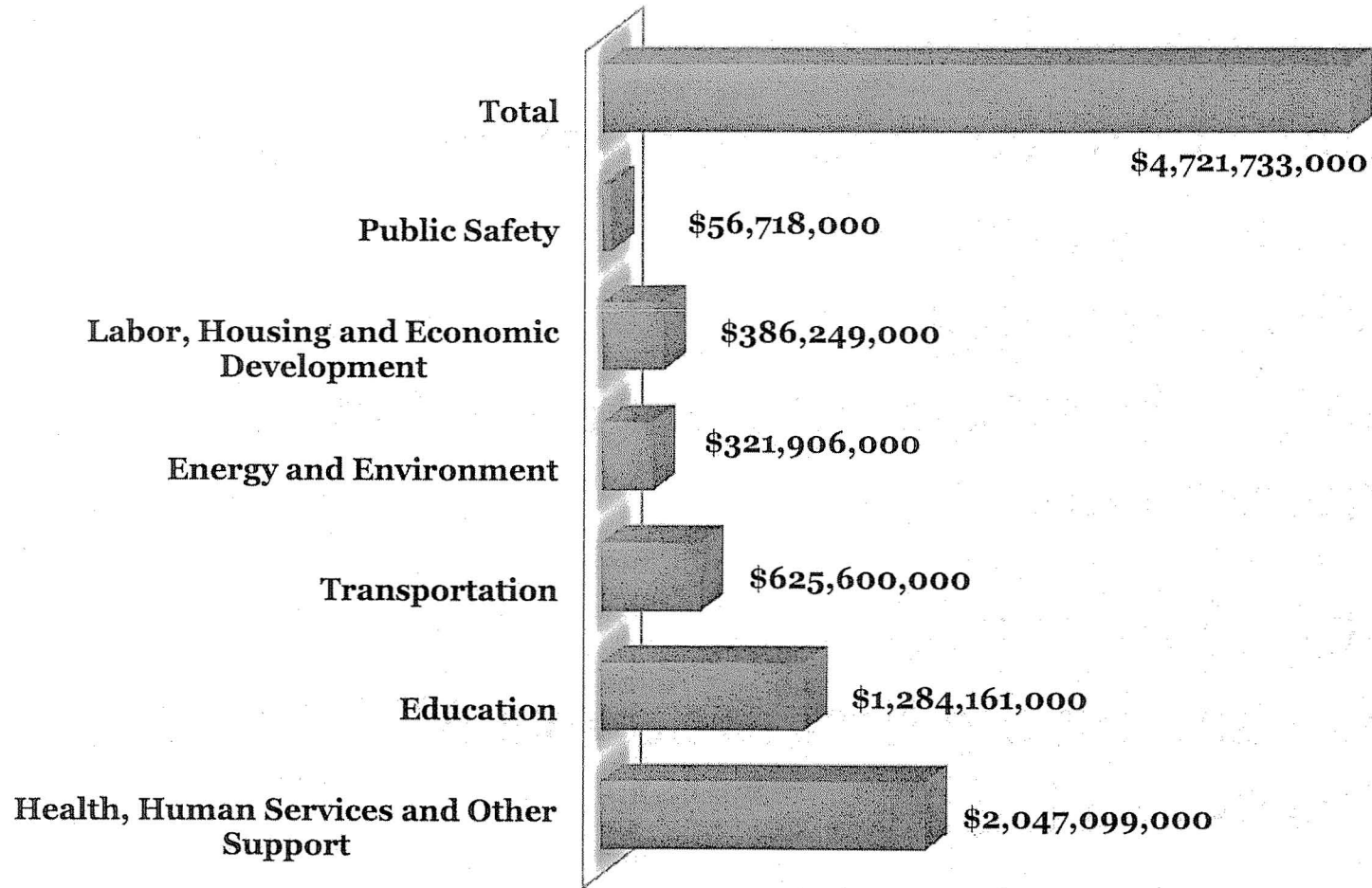
Countercyclical Funds

- Applications completed/minimal surprises
 - State stabilization funds
 - Medicaid match
- Budgeted levels satisfy maintenance of effort requirements

Existing Programs

- State among the first to secure ARRA funds
 - Roads and highways
 - Unemployment Insurance

Expected Minnesota ARRA Spending By Major Area



Current Events

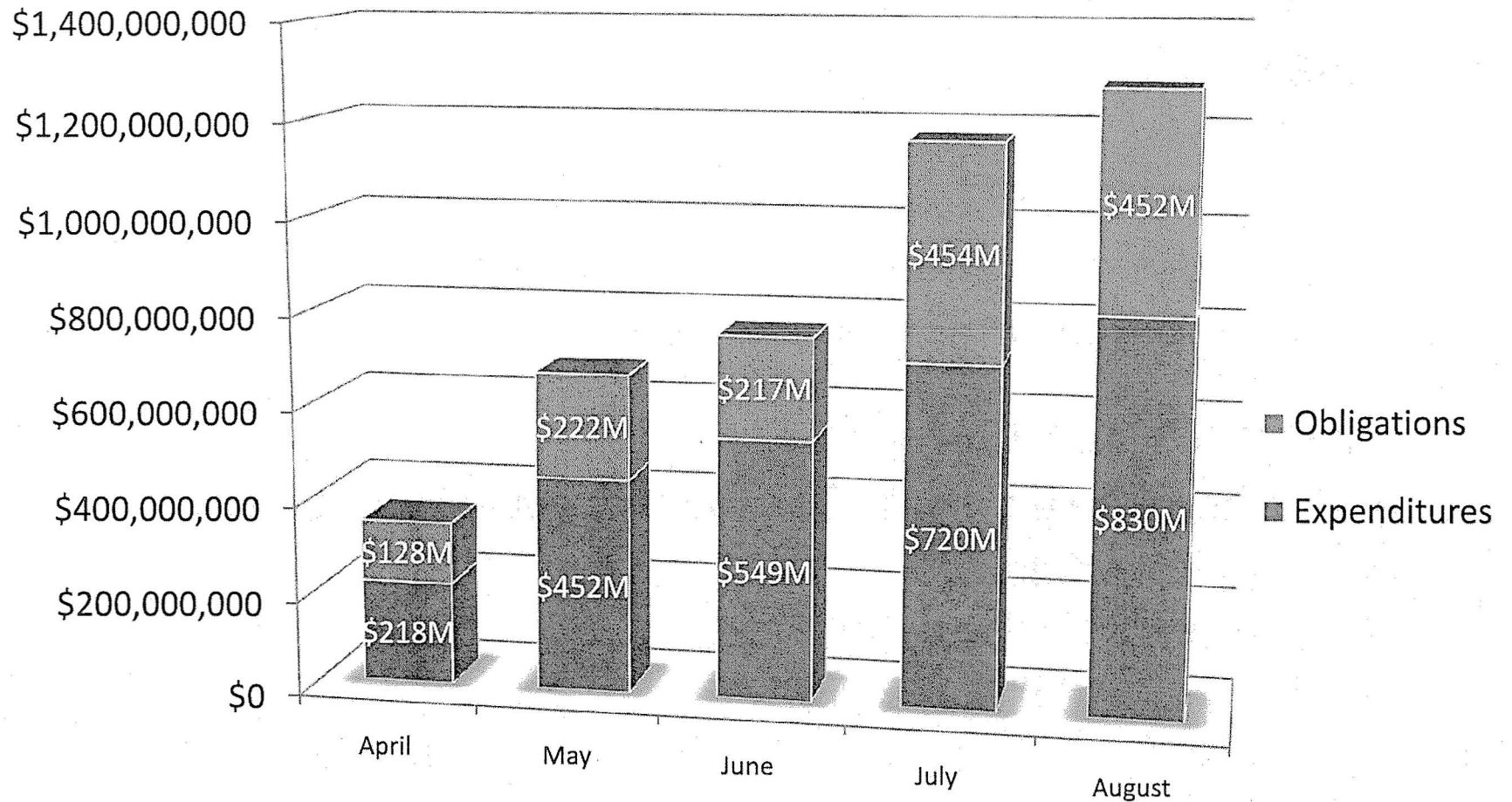
Money Already Flowing to MN

- \$830 million has been spent
 - Increased Medicaid Match - \$677 M spent
 - MN DOT Contracts - \$72 M spent
- An additional \$452 million has been obligated
- Tax savings in paychecks as of April 1

Processes In Motion

- Funding is beginning to flow for many programs including:
 - Weatherization
 - Clean Water/Drinking Water
 - State Fiscal Stabilization
 - Work Force Investment
- State agencies are continuing to receive guidance from the federal government and are applying for grants as they are available

Total Minnesota ARRA Funds Obligated and Spent





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Competitive Grants

- Least defined programs
- Major areas of opportunity
 - Broadband
 - Green Jobs
 - Health Information Technology
 - Race to the Top – Education
 - Passenger Rail
- Competitive grants organized by state agencies but they won't often be the funding applicant

State Transparency

- ARRA information currently available at www.nmb.state.mn.us
 - Summary information
 - Program descriptions
- Project specifics at agencies' own sites
 - MN DOT- transportation projects
 - PFA - water infrastructure
- Additional spending information to be posted on regular basis
 - Focus on spending data not available on federal sites



State Transparency

- Web site will grow with better information and usability
 - Capturing quarterly reports data
 - Up to date spending data
- ARRA is setting permanent expectations for federal-state programs



Federal Reporting Issues

- Initial reporting delayed from July to October
 - Data format finalized in early August
 - Estimating jobs one of most uncertain elements
 - Web site deployment
- High reporting standards expected
 - Central reviews becoming standard
 - Best practices yet to be determined

Upcoming Activities

September

- Assess state readiness
- All pre-registrations completed
- Roll-out data collection/validation

October

- Initial data sent to feds Oct. 1-10
- Additional data reviews by agencies and feds Oct. 11-30
- Partial reporting of state data on federal and state web sites

November

- Assess changes in state practices
- Additional mapping for MN spending



Recovery Act - Many Partnerships

- Legislative federal funds review
- LCPFP and informal discussions on reporting and transparency
- Biweekly meetings with agency coordinators
- State associations – outreach and state comparisons
- Public presentations
- Agency led task forces and programs