

Summary

Recipients of federal financial assistance appropriated through the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5) are required to report on those funds within 10 days of the end of each calendar quarter, with the first reporting deadline set for October 10, 2009. Reporting on both primary awards and subawards is required. Many details regarding reporting requirements have been unclear since the passage of ARRA, but on June 22, 2009, the Office of Management and Budget (OMB) released a memorandum (M-09-21) that contained detailed guidance on the reporting requirements set forth in section 1512 of ARRA.

There is no requirement for ARRA section 1512 reporting on July 10, 2009, as previously indicated in the OMB memorandum dated April 3, 2009.

Background

Section 1512 of ARRA requires all recipients of federal funds appropriated in ARRA to report on the use of those funds to the federal agency administering the funding within 10 days of the end of the quarter. Section 1512 outlines general reporting goals and directs federal agencies and OMB to provide “user-friendly means for recipients of covered funds to meet the requirements of this section.” Since the enactment of ARRA on February 17, 2009, recipients of its funding have been waiting for detailed instructions on how to meet reporting requirements set forth in the law.

Initial implementing instructions were released within days of ARRA’s passage, but did not provide a sufficient level of information for state and local governments to prepare for the requirements. On April 1, 2009, OMB released a notice for public comment (74 FR 14824) that described reporting requirements for primary recipients of ARRA funds and subawards. On April 3, 2009, OMB released an update to the earlier, sparser implementing guidance for ARRA. With much anticipation, on June 22, 2009, OMB released more detailed implementing guidance for carrying out the reporting requirements in ARRA section 1512.

Guidance Overview

The June 22, 2009, implementing guidance establishes the use of a central portal for recipients to report on ARRA funds, www.federalspending.gov. The guidance also details the data elements to be included in recipients’ reports and clarifies the requirements for subaward reporting. According to ARRA section 1512, requirements for subaward reporting are to comply with the Federal Funding Accountability and Transparency Act of 2006 (FFATA, P.L. 109-282), but the data elements for subawards were not specifically listed. See Issue Brief 09-16 for more on subaward reporting.

The most recent OMB guidance also describes the responsibilities for primary versus subrecipients of ARRA funding, and discusses procedural issues in reporting. There are two supplements to the guidance: 1) the first supplement lists the programs that are subject to the reporting requirements described in the

guidance, and 2) the second supplement is a data reporting model that includes a template and a data dictionary, which fully details the required data elements and shows examples of those elements. The guidance and supplements can be found at: www.whitehouse.gov/omb/memoranda_default/.

In addition to the June 22, 2009, OMB guidance, recipients of federal funding under ARRA may also have to comply with additional program-specific reporting requirements. Guidance and instruction on such requirements would be issued by the federal agency administering the program.

Reporting Requirements: For Whom?

The reporting requirements described in the OMB guidance apply to both primary recipients of federal financial assistance and subrecipients. Primary recipients are non-federal entities that receive ARRA funding through grants, loans, or cooperative agreements directly from the federal government. Subrecipients, which have been termed “first-tier subrecipients” in previous OMB guidance, are non-federal entities that are awarded ARRA funding from a primary recipient to support the performance of any portion of the project or program for which the primary recipient received ARRA funding. The terms and conditions of the federal award are carried forward to subrecipients. A subrecipient may also be a primary recipient of other federal awards directly from the federal government. Individual beneficiaries of programs funded through ARRA are not considered subrecipients.

The reporting requirements described in the OMB guidance do not apply to federal funds provided for mandatory or tax programs. The requirements do not apply to funding provided through Division B of ARRA, such as for trade adjustment assistance, unemployment insurance, the broadband technology opportunities program, Temporary Assistance for Needy Families (TANF) emergency contingency funding, premium assistance for COBRA benefits, and Medicare and Medicaid provisions. Individuals who receive direct federal funding through ARRA, except sole-proprietorships, are exempt from reporting requirements. When federal funding is provided to individuals through a state or other primary recipient, the primary recipient must report on the aggregate amount disbursed to individuals. The guidance does not apply to recipients of loan guarantees, except recipients of 100% guaranteed loans financed through the Federal Financing Bank.

The OMB guidance also does not apply to recipients of federal contracts. The relevant guidance for recipients of federal contracts is the Federal Acquisition Regulation (FAR) clause 52.204-11. OMB has stated that guidance for federal government contracts will be forthcoming. However, the OMB guidance does apply to contracts that are made regarding the provision of federal funds from a primary recipient to a vendor. Within the guidance, reporting requirements for vendors that receive federal funds through a primary recipient differ from reporting requirements for other types of subrecipients.

Primary Recipient Requirements

Primary recipients are responsible for reporting all data required by section 1512 of ARRA, including the FFATA data elements required for subrecipients as described in section 1512 (c)(4) of ARRA, and the requirements described in the June 22, 2009, OMB guidance. Certain requirements can be delegated from primary recipients to subrecipients, as described below. Recipient reports are required to include:

- total amount of funds received and, of that, the amount spent on projects and activities

-
- a list of projects and activities funded that includes description, completion status, and estimates on jobs created or retained
 - details on subawards and other payments

State and local governments that make infrastructure investments must also provide information on the purpose, total costs, rationale for the infrastructure project, and a relevant individual's contact information.

Data Elements Primary recipients are required to report the following basic data elements:

- 1) Federal funding agency name
- 2) Award identification
- 3) Recipient DUNS number
- 4) Parent DUNS number
- 5) Recipient Central Contractor Registration (CCR) information
- 6) CFDA number, if applicable
- 7) Recipient account number
- 8) Project/grant period
- 9) Award type, date, description, and amount
- 10) Amount of ARRA funds expended to projects/activities
- 11) Activity code and description
- 12) Project description and status
- 13) Job creation narrative and number
- 14) Infrastructure expenditures and rationale, if applicable
- 15) Recipient primary place of performance
- 16) Recipient area of benefit
- 17) Recipient officer names and compensation (top five)
- 18) Total number and amount of small subawards, less than \$25,000

Each of these data elements may contain multiple data elements as defined in the data dictionary. The data dictionary is available on OMB's website and www.recovery.gov as supplemental material to the June 22, 2009, OMB guidance.

Vendor Payments Payments made by primary recipients can be classified into two categories: 1) payments to subrecipients and 2) payments to vendors.

Vendors are defined as a dealer, distributor, merchant, or other seller providing goods or services that are required to conduct a federal program. Vendors differ from subrecipients in that vendors provide goods and services within normal business operations and to many different purchasers. Vendors operate in a competitive environment and their goods and services are ancillary to the federal program for which they are contracted.

Primary recipients must report three data elements on federal financial assistance that they pass through to vendors for all awards that exceed \$25,000. The required three data elements for awards to vendors are 1) the vendor's DUNS number or name and zip code of the vendor's headquarters, 2) the amount of payment to the vendor, and 3) a description of what was obtained in exchange for the payment.

Aggregate Reporting The guidance states that primary recipients may report in aggregate on subawards less than \$25,000, subawards to individuals, and payments to vendors less than \$25,000. Primary recipients must provide a separate aggregated dollar total for each of these three categories.

Subaward Reporting Requirements

While primary recipients are responsible for reporting information required by section 1512 of ARRA, they may delegate the reporting of certain subaward requirements to subrecipients. Primary recipients may require subrecipients to report on FFATA data elements (required in ARRA section 1512 (c)(4)) as a condition of receiving payment. If they choose to delegate subaward reporting requirements to the subrecipient, the primary recipient must do so in time for the subrecipient to prepare for the reporting, including registering in the system, described below. If the primary recipient does not delegate this responsibility to the subrecipient, the two parties must develop a process by which this information will be reported in sufficient time to meet the reporting timeframes described below. The primary recipient is also responsible for designing and implementing a process that prevents accidental "double-counting" of information, as would occur if primary recipients report on information that has also been delegated to a subrecipient for reporting.

Data Elements Subrecipients are required to report the following basic data elements:

- Subrecipient DUNS number
- Subrecipient CCR information
- Subrecipient type
- Amount received by subrecipient
- Amount awarded to subrecipient
- Subaward date
- Subaward period

-
- Subrecipient place of performance
 - Subrecipient area of benefit
 - Subrecipient officer names and compensation (top five)
 - Subrecipients that provide funding awards greater than \$25,000 to a vendor must also report the vendor's DUNS number or the vendor's name and the zip code of the vendor's headquarters

Each of these data elements may contain multiple data elements as defined in OMB's data dictionary.

Reporting Mechanics and Deadlines

All information required by ARRA section 1512 must be submitted through the nationwide data collection system at www.federalreporting.gov. Detailed instructions for interacting with the data collection system are available on the website.

Before submitting reports for the first time, recipients must register on the website. OMB has stated that registration will be available no later than August 26, 2009, and that award recipients should register within 10 business days of receiving an award once the registration function is available. All primary recipients registering on the site must already be registered in the CCR and all reporting entities must have a DUNS number.

Primary recipients must enter data onto www.federalreporting.gov no later than the 10th day after each quarter, beginning on October 10, 2009. Prior to entering data in the central portal, OMB encourages primary recipients to establish internal controls to ensure data quality, completeness, accuracy, and timely reporting of all ARRA funding amounts. OMB does not mandate a specific methodology for conducting internal data quality reviews, but does state that primary recipients must review data for quality both before and after the formal submission of data. After a quarter ends, primary recipients and delegated subrecipients may enter draft data, but such data must be finalized for submission by the end of the 10th day following the quarter's end.

According to OMB, primary recipients and delegated subrecipients that have not submitted their reports by the end of the 10th day will be considered non-compliant with the recipient reporting requirements. Federal agencies can penalize recipients for not complying with reporting requirements established under ARRA section 1512. No waivers will be granted for any recipients required to report under ARRA section 1512.

Data Quality Reviews

Following the 10th day deadline, and up to the 21st day after the end of the quarter, primary recipients will also be responsible for reviewing their data and that of their subrecipients. Corrections can be made using the tools found at www.federalreporting.gov. If a primary recipient finds a problem with data submitted by a delegated subrecipient, the primary recipient must notify the subrecipient prior to the 22nd day of the reporting month. No separate statements of assurance or certification will be required of primary recipients with respect to the quality of subrecipient data. Federal agencies will also begin an initial data quality review during this time period. However, the main timeframe for federal

review of data will be between the 22nd and the 29th days after the quarter ends. During this period, federal agencies submit their review of the data and recipients make corrections.

Each federal agency will determine its review policy. In general, federal agencies will be reviewing for accurate, complete, and timely reporting of information. OMB has stated that the reviews are primarily intended to avoid material omissions and significant reporting errors. During the review process, federal agencies may compare reported data elements for compliance, accuracy, and consistency with federal award data. Federal agencies may also look to determine if a primary recipient's report is realistic or will produce expected results and if data is considered reasonable (such as estimates of jobs created/retained). Federal agencies may also choose to do cost benefit analyses for infrastructure investments.

Reported data is not available to the public during the review process. On the 30th day after the end of the quarter, the corrected data will be available to the public at www.recovery.gov.

Reporting of ARRA funds will be cumulative in order to reflect the total amount of funds expended by the date of reporting. The report due on October 10, 2009, will include funding from the day ARRA was enacted, February 17, 2009, through September 30, 2009. Primary recipients and delegated subrecipients should begin reporting during the quarter in which an award is made. If awarded funds have not been received and/or expended by primary recipients or delegated subrecipients within the quarter the award is made, or subsequent quarters, a "\$0" should be reported for the respective data elements.

Estimating Jobs

Required data regarding job creation or retention has been of significant interest to ARRA funding recipients. The June 22, 2009, OMB guidance states that primary recipients are required to report an estimate of jobs directly created or retained by project and activity or contract. A job created is a new position created and filled or an existing unfilled position that is filled as a result of ARRA. A job retained is an existing position that would not have been continued to be filled were it not for ARRA funding. A job cannot be counted as both created and retained. Also, only compensated employment in the United States or outlying areas should be counted. For definitions, see the OMB interim final guidance in the *Federal Register* at: <http://frwebgate1.access.gpo.gov/cgi-bin/TEXTgate.cgi?WAISdocID=167684145681+6+1+0&WAIAction=retrieve>.

Recipients should only report on direct jobs, not indirect or induced jobs. Employees who are not directly charged to ARRA-supported projects or activities, but who provide critical indirect support, e.g., clerical/administrative staff preparing reports, institutional review board staff members, and departmental administrators, are *not* counted as jobs created/retained.

The estimate of the number of jobs required by ARRA should be expressed as "full-time equivalents" (FTE), which is calculated as total hours worked in jobs created or retained divided by the number of hours in a full-time schedule, as defined by the recipient. The FTE estimates must be reported cumulatively each calendar quarter. For recipients of assistance agreements that must comply with

OMB Circular A-21, “Cost Principles for Educational Institutions,” an alternative calculation for full-time job equivalency is acceptable. This alternative calculation should be based on the allocable and allowable portion of activities expressed as a percentage of the total.

Reporting on jobs will occur in two separate fields: 1) one will be a numeric field for an aggregate number for the cumulative jobs created or retained for the quarter, and 2) the second will be a space for recipients to provide a narrative description of the employment impact. Recipients *must* include in the aggregate number and their narrative description an estimate of jobs created and retained on projects and activities managed by their funding recipients (i.e., jobs created or retained by subawards).

Primary recipients are required to generate estimates of job impact by directly collecting specific data from subrecipients and vendors on the total FTE resulting from a subaward. In the guidance, OMB states that information should be collected from all subrecipients and vendors. However, in limited circumstances, the primary recipient can employ an approved statistical methodology to generate estimates of job impact, thereby collecting data from a smaller subset of subrecipients and vendors in order to extrapolate an estimate of job impacts to all applicable subrecipients and vendors.

The jobs narrative should include a brief description of the types of jobs created or retained. This description may rely on job titles, broader labor categories, or the recipient’s existing practice for describing jobs as long as the terms used are widely understood and describe the general nature of the work.

Certain recipients, such as those funded by the Department of Transportation, have job-reporting requirements in ARRA that go beyond Section 1512. Recipients must follow this guidance with respect to the reporting requirements under Section 1512, and must also comply with program and agency-specific requirements.

Next Steps

On July 8, 2009, OMB and the Recovery Accountability and Transparency Board announced that webinars will be held the week of July 20, 2009, to provide information on implementing the most recent guidance. Each webinar will focus on a major section of the guidance and on the technology solution. The intended audience for these webinars includes federal agency personnel, primary recipients, and subrecipients. Registration information can be found under the column “Featured News” at www.recovery.gov.

OMB is accepting feedback on the guidance, at the e-mail address recovery@omb.eop.gov with the term “guidance feedback” in the title of the e-mail. The public will also have the opportunity for comment through a future update in the *Federal Register* to the April 1, 2009, Paperwork Reduction Act (PRA) notice issued by the Recovery Accountability and Transparency Board and published in the *Federal Register*.

***For additional information,
contact:***

Liz Johnson
Phone: 202-624-7898; Fax: 202-624-7745
Website: www.ffis.org
E-mail: ljohnson@ffis.org

Copyright © 2009 FFIS Federal Funds Information for States. All rights reserved.