



# ARRA FUNDS APPROVAL – DEPARTMENT OF WORKFORCE SERVICES

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE  
STAFF: RUSSELL FRANSEN & STEPHEN JARDINE

ISSUE BRIEF

## SUMMARY

The Legislature expressed interest in reviewing the federal stimulus or *American Reinvestment and Recovery Act* (ARRA) money separate from the annual review of federal funds. This brief fulfills that request. This brief also reviews the \$18,334,800 ARRA money spent in FY 2014 and \$2,300,000 ARRA money previously approved for FY 2015. The Analyst recommends approval of the increase in ARRA funding of \$2,000,000 for FY 2016 as well as the proposed intent language associated with the FY 2016 increase.

## LEGISLATIVE ACTION

The Executive Appropriations Committee requests that each subcommittee decide whether or not to accept new ARRA funding for FY 2016.

1. The Analyst recommends that the Social Services Appropriations Subcommittee approve increased ARRA funds of \$2,000,000 for FY 2016 for the Department of Workforce Services.
2. The Analyst recommends the adoption of the intent language starting on page one for all line items with new ARRA funding in FY 2016.
3. The Analyst recommends the adoption of the three intent language statements on page two to comply with federal requirements.

## DISCUSSION AND ANALYSIS

### ***Limitations on ARRA Spending***

Intent language put the following conditions on all of the money passed in FY 2014 and FY 2015 except for Housing and Community Development:

*All General Funds appropriated to the Department of Workforce Services - Operations and Policy line item are contingent upon expenditures from Federal Funds - American Recovery and Reinvestment Act (H.R. 1, 111th United States Congress) not exceeding amounts appropriated from Federal Funds - American Recovery and Reinvestment Act in all appropriation bills passed for FY 2015. If expenditures in the Operations and Policy line item from Federal Funds - American Recovery and Reinvestment Act exceed amounts appropriated to the Operations and Policy line item from Federal Funds - American Recovery and Reinvestment Act in FY 2015, the Division of Finance shall reduce the General Fund allocations to the Operations and Policy line item by one dollar for every one dollar in Federal Funds - American Recovery and Reinvestment Act expenditures that exceed Federal Funds - American Recovery and Reinvestment Act appropriations.*

For FY 2016 the Analyst recommends adoption of the following language for every line item where new ARRA money is anticipated:

*All General Funds appropriated to the Department of (agency name) - (line item name) line item are contingent upon expenditures from Federal Funds - American Recovery and Reinvestment Act (H.R. 1, 111th United States Congress) not exceeding amounts appropriated from Federal Funds - American Recovery and Reinvestment Act in all appropriation bills passed for (insert year). If expenditures in the (line item name) line item from Federal Funds -*

*American Recovery and Reinvestment Act exceed amounts appropriated to the (line item name) line item from Federal Funds - American Recovery and Reinvestment Act in (insert year), the Division of Finance shall reduce the General Fund allocations to the (line item name) line item by one dollar for every one dollar in Federal Funds - American Recovery and Reinvestment Act expenditures that exceed Federal Funds - American Recovery and Reinvestment Act appropriations.*

*The Legislature intends that the American Recovery and Reinvestment Act appropriation provided for the Operations and Policy line item is limited to one-time projects associated with Unemployment Insurance modernization.*

*The Legislature intends that the American Recovery and Reinvestment Act appropriation provided for the Unemployment Insurance line item is limited to one-time projects associated with Unemployment Insurance modernization.*

*The Legislature intends that the American Recovery and Reinvestment Act appropriation provided for the Administration line item is limited to one-time projects associated with Unemployment Insurance modernization.*

#### **FY 2014 Stimulus Funds – Spent vs Approved**

The table below details the ARRA money approved vs the ARRA money spent in FY 2014.

ARRA in FY 2014	Approved	Spent	Higher/(Lower) Than Anticipated
Unemployment Compensation Fund	\$36,575,000	\$16,455,000	(\$20,120,000)
Operations and Policy	\$3,232,100	\$1,661,400	(\$1,570,700)
Unemployment Insurance	\$500,400	\$189,600	(\$310,800)
Housing and Community Development	\$28,000	\$28,000	\$0
Administration	\$12,500	\$800	(\$11,700)
<b>Total</b>	<b>\$40,348,000</b>	<b>\$18,334,800</b>	<b>(\$22,013,200)</b>

As noted in the table above, the Department of Workforce Services recorded spending \$22,013,200 less ARRA money than was approved by the Legislature.

#### **FY 2014 Stimulus Funds – How Was the Money Used?**

The money in FY 2014 was used for the following:

- Unemployment Compensation Fund** - \$16,455,000 for Emergency Unemployment Compensation benefits.
- Operations and Policy** - \$1,661,400 for programming costs for the contributions automated tax system used to calculate unemployment benefits, Health Care Tax Credit staff and customer benefits costs, and Food Stamps Supplemental Security income benefits.
- Unemployment Insurance - **Modernization Funding** - \$189,600 to improve contributions automated tax system.
- Housing and Community Development - **Weatherization** - \$28,000 for State operational costs and pass through to local agencies.
- Administration** – \$800 for administrative costs allocated to Health Care Tax Credit funding

#### **FY 2015 Stimulus Funds – Previously Approved**

- Operations and Policy** - \$2,000,000 for special projects to improve unemployment compensation benefits and tax operations.

2. **Unemployment Insurance** - \$300,000 for special projects to improve unemployment compensation benefits and tax operations.

***Stimulus Funds FY 2016 – Requesting Approval***

1. **Operations and Policy – Modernization Funding** - \$1,800,000 for Unemployment Insurance modernization projects.
2. **Unemployment Insurance – Modernization Funding** - \$190,000 for Unemployment Insurance modernization projects.
3. **Administration – Modernization Funding** - \$10,000 for Unemployment Insurance modernization projects.

The Department of Workforce Services requests a total of \$2,000,000 ARRA funds for FY 2016 in the line items shown in the table below:

ARRA in FY 2016	Request
Operations and Policy	\$1,800,000
Unemployment Insurance	\$190,000
Administration	\$10,000
<b>Total</b>	<b>\$2,000,000</b>

***Additional information on all ARRA funds used in Utah***

- [www.recovery.utah.gov](http://www.recovery.utah.gov)
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