



An Analysis of the Stimulus Dollars for
Two Major ARRA Programs in Virginia—

Health & Human Resources and Education

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An Overview of the American Recovery and Reinvestment Act of 2009

In February 2009, the American Recovery and Reinvestment Act of 2009 (ARRA) was enacted by Congress in the wake of the economic downturn. A crucial objective for ARRA funds is that programs must meet specific goals (objectives) and targets, and contribute to improved performance on broad economic indicators. Hence, two key factors considered in the allocation of stimulus dollars are the objectives of the program and the performance measures used to evaluate the program. These two key components, program objectives/goals and performance measures, are used to assess the use of the stimulus dollars for two major ARRA programs in Virginia—health & human resources and education.

The Importance of Program Goals/Objectives

A goal is what an individual or a particular program is trying to accomplish—the object or aim of an action. The concept is similar in meaning to the concepts of purpose and intent.¹ Goal-setting involves establishing specific, measurable and time-targeted objectives. The basic assumption is that goals are immediate regulators of human action. Research indicates there is a positive relation between goal difficulty and task performance, assuming sufficient ability.²

Two key elements that facilitate commitment to a goal include those factors that make goal attainment important to people (such as the importance of the outcomes that they expect as a result of achieving a goal), and their belief in their ability to attain the goal (self-efficacy). Thus, as we examine



two of the most important ARRA Virginia programs supported by stimulus dollars, we would expect each of the funded sub-programs to be built upon a prescription for success, which consist of the development of challenging and attainable goal/objectives.

The Political Importance of Performance Evaluations

The choice of the performance evaluation system is at the heart of establishing the accountability of any program. Performance ratings give a clear signal to citizens that regulatory authority or service provision is recognized as going well or poorly, justifying or shaping their own personal perceptions of government performance. Because these ratings provide qualitative judgments about organizations with an electoral connection, they provide a mechanism for voters



to assess the policy responsiveness of their incumbents.³

Hence, it makes sense that government would use performance measures as one of the crucial measures in distributing stimulus dollars to the various programs. The choice of performance measures is related to the definition of the job. A more broadly defined job, with a variety of tasks and broader decision rights, may require a broader performance measure, or the use of multiple performance measures. A good performance measure is one that represents an employee's multiple contributions to program value and the overall value of the program. These are the characteristics that citizens should look for when examining the performance measures used to critique the use of the stimulus dollars allocated to the two major ARRA programs in Virginia—health & human resources and education.

An Overview of the Impact of the American Recovery and Reinvestment Act of 2009 on Virginia

Virginia's economic recovery plan is intended to provide much-needed help to Virginians coping with job loss, health care costs and other issues. Also, through a wide array of tax credits, Virginia's ARRA programs are intended to help individuals looking to buy their first home, purchase a new vehicle, lower energy bills or pursue higher education.

The allocation of Virginia's ARRA funds is through the state's secretariats: Administration, Agriculture & Forestry, Commerce & Trade, Education, Finance, Health & Human Resources, Natural Resources, Public Safety, Technology and Transportation. *Figure 1* summarizes Virginia's total Recovery Act allocation as of

June 2010, with the Department of Health & Human Resources and the Department of Education receiving the largest portion (70 percent) of the money. *Figure 2* indicates the percentage allocation of Virginia's portion of ARRA dollars to each secretariat.

In an effort to assess the use of ARRA funds and the mechanism to determine the impact of the stimulus package, this article presents a compilation of the Virginia programs receiving stimulus funding in Health & Human Resources (HHR)

and Education along with their objectives. Additionally, an analysis of the performance measures and correlation of the funded activities' goals with the overall goals of the agency and department is presented. The article concludes with an overall critique of Virginia's current accountability for ARRA funds in the two programs and the perceived next step for Virginia in the reporting process to ensure transparency and the proper use of taxpayer stimulus dollars.

An Analysis of Virginia's ARRA Department of Health & Human Resources Activities (\$1.9 billion)

As of June 30, 2010, 24 HHR programs received Recovery Act funding, as listed in *Figure 3*. As listed in *Figure 4*, 14 Education programs received Recovery Act funding by the same date.

The purpose of examining these two programs, which received the largest percentage of ARRA dollars, is to determine if they have program objectives and performance measures that correlate with the ARRA objectives.

Key points on Virginia's Health & Human Resources allocation:

- 24 HHR programs received various amounts of stimulus funding, as shown in *Figure 3*, with Medicaid receiving the largest portion.
- Each of the 24 stimulus-funded programs have clearly articulated objectives/goals, thus, one can readily determine the activities the stimulus funds should be supporting.
- Performance measures could not be found for two of the 24 programs receiving stimulus funding—the Emergency Food Assistance Program (\$1,887,000) and Emergency Food and Shelter (\$1,886,821).
- Five of the 24 ARRA-funded programs did not have a clear linkage of their program goals with the overall agency's goals/objectives. Hence, it would be difficult to measure the success of these five programs in terms of the overall performance contribution to the agency or the department. The five programs are Food Stamp Benefits (\$355,000,000), Child Care (\$37,891,741) The Emergency Food Assistance Program (\$1,887,000), Emergency Food Shelter (\$1,886,821) and Crime Victims Assistance Grants (\$1,014,000).

Figure 1: Summary of Virginia's Total Program Allocation as of June 2010

Secretariat	Total Program Allocation
Health & Human Resources	\$ 1,932,185,898
Education	\$ 1,541,056,187
Transportation	\$ 812,432,603
Commerce & Trade	\$ 367,141,392
Finance	\$ 218,904,149
Natural Resources	\$ 85,660,400
Public Safety	\$ 44,721,093
Total	\$ 5,002,101,722

Figure 2: Percent Distribution of Virginia's ARRA Program Allocation

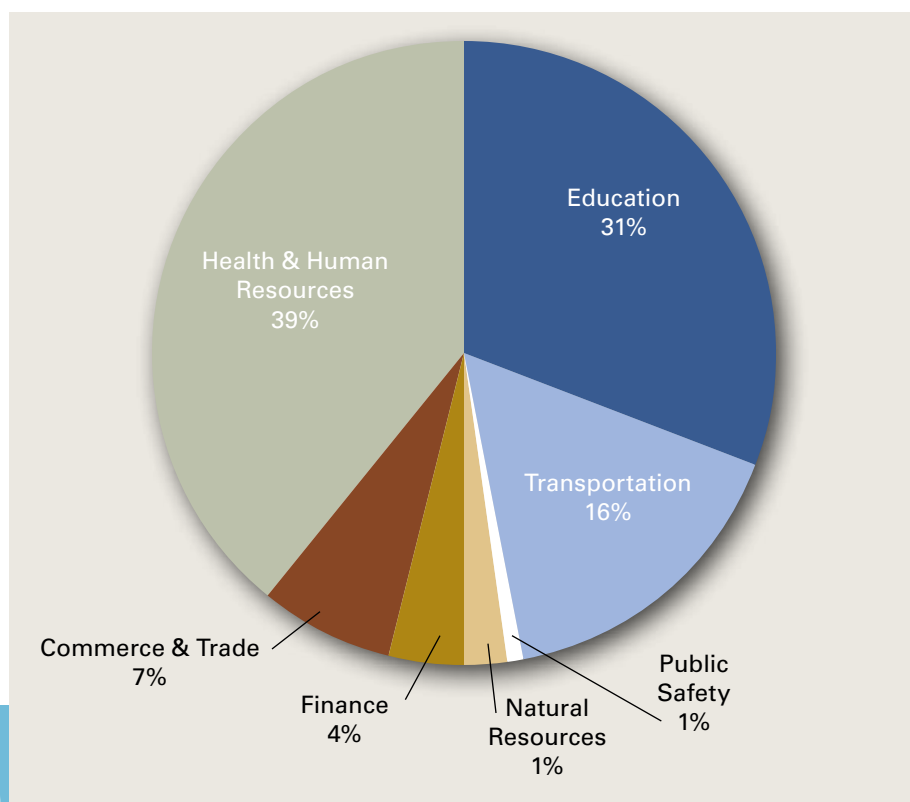


Figure 3: Health and Human Resources—Programs/Agencies

Program Name	Agency	Total Program Allocation
1 Medicaid — Federal Medicaid Assistance Percentage	Department of Medical Assistance Services	\$1,284,768,015
2 Food Stamp Benefits	Department of Social Services	\$355,000,000
3 Child Support Enforcement	Department of Social Services	\$40,474,000
4 Childcare	Department of Social Services	\$37,891,741
5 Drinking Water State Revolving Fund	Department of Health	\$20,761,000
6 Community Services Block Grant	Department of Social Services	\$16,008,042
7 Foster Care and Adoption	Department of Social Services	\$13,360,349
8 Vocational Rehabilitation	Department of Rehabilitative Services Woodrow Wilson Rehabilitation Center	\$11,601,624
9 Community Development Block Grant — Entitlement	Department of Social Services	\$10,966,590
10 Head Start	Department of Social Services	\$10,175,546
11 Immunization	Department of Health Department of Medical Assistance Services	\$5,419,971
12 Community Development Block Grant — Non-Entitlement	Department of Housing & Community Development	\$5,221,967
13 Food Stamp Administration	Department of Social Services	\$5,300,000
14 Medicaid — Disproportionate Share Hospitals	Department of Medical Assistance Services	\$4,344,643
15 Elderly Nutrition	Department for the Aging	\$2,285,705
16 Community Service for Older Americans	Department for the Aging	\$515,062
17 The Emergency Food Assistance Program	Department of Social Services	\$1,887,000
18 Emergency Food and Shelter	Department of Housing and Community Development/Public Safety and Homeland Security	\$1,886,821
19 Crime Victims Assistance Grants	Department of Criminal Justice Services	\$1,014,000
20 Independent Living	Department of Social Services	\$3,368,479
21 Special Education — Part C	Department of Education	\$10,265,580
22 Social Security Disability Determination	Department of Rehabilitation Services	\$8,400,000
23 Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Department of Health	\$2,127,177
24 Temporary Assistance for Needy Families (TANF) Emergency Fund	Temporary Assistance for Needy Families (TANF) Employment Services	\$79,142,586
Total		\$1,932,185,898

Figure 4: Education Programs/Agencies

Program Name	Agency	Total Program Allocation
1 Educational Technology	Instructional Technology (201 186 01) Advanced Learning Research (885) ESEA Program	\$10,804,880
2 Fiscal Stabilization – Higher Education	Department of Education	\$253,489,934
3 Fiscal Stabilization – K–12	Department of Education	\$730,375,966
4 Part B of the IDEA – Preschool Special Education [Individuals with Disabilities Education Act (IDEA)].	Department of Social Services	\$9,470,492
5 Part B of the IDEA – School-age Special Education	Department of Education – Special Education Compliance and Monitoring Services; IDEA, Part B, Sections 611 and 619	\$281,415,033
6 Title 1 – Grants to Local Education Authorities		\$165,352,019.
7 Title 1 – School Improvement	Department of Education: Service Area – School Improvement	\$50,756,218
8 Work Study		\$3,743,333
9 School Lunch Equipment	Department of Education	\$1,891,294
10 Education for Homeless	Department of Education – Title X, Part C, Subtitle B, Education for Homeless Children and Youth; Project HOPE – Virginia	\$1,100,421
11 Dislocated Workers		\$14,115,351
12 Workforce Investment Act – Youth		\$12,982,612
13 Workforce Investment Act – Adult		\$5,227,634
14 Arts and the American Recovery & Reinvestment Act of 2009		\$331,000
Total		\$1,541,056,187

An Analysis of Virginia’s ARRA Department of Education Activities (\$1.5 billion)

One of the overarching goals of ARRA is to invest in education. ARRA includes three primary funding sources for public education: State Fiscal Stabilization Funds (SFSF); Title I, Part A and Individuals with Disabilities Education Act (IDEA). SFSF funds are awarded to states based upon an application submitted by the governor. ARRA Title I, Part A, and ARRA IDEA funds are awarded to states as formula grants. All three federal funding sources, SFSF funds, ARRA Title I, Part A funds, and ARRA IDEA

funds are disbursed to school divisions on a reimbursement basis. The Virginia Department of Education is charged with providing guidance from the U.S. Department of Education to school divisions regarding procedures for the use of ARRA IDEA funds and SFSF funds.

As of June 30, 2010, 14 programs in the Department of Education received ARRA funds. The programs are presented in *Figure 4* along with the agency/services units that house each program and the allocation funds received.

Key points on Virginia’s Education allocation:

- 14 programs in the Department of Education received stimulus funding, with the largest amount, \$730,375,966 or 47.4 percent, going to Fiscal Stabilization—K-12.
- For five of the 14 Education programs receiving ARRA funding, clearly articulated objectives/goals for the programs could not be found. These programs are: Title 1—Grants to Local Education Authorities (\$165,352,019);

Work Study (\$3,743,333); Dislocated Workers (\$14,115,351) Work Force Investment Act—Youth (\$12,982,612); and Work Force Investment Act—Adult (\$5,227,634). These five programs are in direct contradiction with one of the crucial objectives for ARRA funds, which states that “programs meet specific goals and targets...” In addition, without program goals/objectives, it is difficult to assess the potential use of ARRA funds. This lack of objectives presents a serious credibility problem when assessing the program’s contribution to improved performance on broad economic indicators and ensuring that funds are used for authorized purposes.

- Performance measures could not be found for nine of the 14 (64.3 percent) programs receiv-

ing stimulus funding. The lack of performance measures will make it difficult to measure any incremental effects of the stimulus dollars in these program areas and to prevent waste, fraud, error or abuse of the taxpayer dollars spent in these programs.

- 11 of 14 ARRA-funded programs did not have a clear linkage of the program goals to the overall agency’s goals/objectives. Thus, it will be difficult to measure the success of these 11 programs (78.6 percent) in terms of the overall performance contribution to the agency or the department. Without correlation of program goals with the overall goals of the department/agency, taxpayers are left to ponder the spending of their stimulus tax dollars for educational programs.



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How is Virginia Doing with Regards to its Reporting of Stimulus Funding in Health & Human Resources and Education?

Overall, Virginia's ARRA performance and initial tracking of funds has been marginally satisfactory and certainly not exceptional. Virginia has put in place a mechanism to coordinate the use of Recovery Act funds across state agencies, localities and interested parties to ensure accountability in the use of the funds. However, some areas, as noted in Education, need substantial reporting improvement. Additionally, the state faces obvious challenges.

First, enforcing the requirement that every program articulate a purpose, goal and objective or demonstrate a need for and the use of stimulus funds should be the top priority in the allocation of ARRA funds. This would eliminate the perceived deficiencies in the allocation of funds due to a lack of objectives and would also provide some measure of assurance that the funds are being properly allocated. In reality, programs without clearly stated objectives should not be receiving funds, stimulus or otherwise.

Second, it appears as though Virginia will use existing performance metrics to assess the results achieved through ARRA funding. The chal-

lenge we see with this approach is that many of the performance measures do not align directly with the program objectives or vice versa. One must be careful in the area of performance measurement. There is a proliferation of output measures and paucity of outcome measures offered by many of the departments/agencies. An outcome measure is always preferable in performance reporting, as it shows the department's progress in achieving its mission and objectives.

Third, Virginia faces the challenge of articulating to the public the metric or measures used to track the number of jobs created and/or saved by certain ARRA funds. As of October 30, 2009, Virginia reported a total of 8,622 jobs created or maintained through the awarding of \$3,415,664 in ARRA contracts and grants. The 603 ARRA contracts resulted in 859 jobs, and 7,763 jobs were created from 2,223 ARRA grants. It is difficult to assess these results, since no mechanism of tracking the results to specific programs or performance measures is provided. Thus, presented in its current manner, the data on jobs created or saved lack transparency.

As Virginia begins its next phase of reporting the allocation of ARRA funds, it must develop a system that allows citizens to accurately track the transparency and public benefits of ARRA funds at the program level. Virginia is to be commended for the organized and systematic manner in which it is handling its various portions of the ARRA funds. First, the governor established an ARRA Implementation Team chaired by his chief of staff. The team includes members with subject expertise in each of the functional areas covered by ARRA. Second, as a portal for data entry and to provide information to citizens, Virginia developed a website to solicit and track project requests from the state agencies, localities, interest groups and the public. Virginia's website is very informative, however, it lacks the crucial aspect of providing tracking allocation of the ARRA funds by programs—the actual program expenditures of the taxpayer dollar. The next step for Virginia is to develop additional features that allow citizens the opportunity to track ARRA funds at the program level. ■

End Notes

1. Locke, Edwin, "What is job satisfaction?" *Organizational Behavior and Human Performance*, 1969, pp. 309–336.
2. Locke, Edwin, "Toward a theory of task motivation and incentives," *Organizational Behavior & Human Performance*, 1968, pp. 157–189.
3. Revelli, Federico, Performance competition in local media markets. *Journal of Public Economics*, 2008, pp. 1585–1594.



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