

September 2010

# RECOVERY ACT

## Opportunities to Improve Management and Strengthen Accountability over States' and Localities' Uses of Funds (New Jersey)



GAO

Accountability \* Integrity \* Reliability

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# Appendix XII: New Jersey

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## Overview

This appendix summarizes GAO's work on the seventh of its bimonthly reviews of American Recovery and Reinvestment Act of 2009 (Recovery Act)<sup>1</sup> spending in New Jersey. The full report covering all of GAO's work in 16 states and the District of Columbia may be found at <http://www.gao.gov/recovery>.

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## What We Did

We reviewed two specific programs funded through the Recovery Act: the Energy Efficiency and Conservation Block Grant (EECBG) program and the Public Housing Capital Fund. We selected the EECBG program because it was a program newly funded by the Recovery Act and selected the Public Housing Capital Fund to follow up on the status of projects reviewed in prior reports. (For descriptions and requirements of the programs we covered, see appendix XVIII of [GAO-10-1000SP](#).) For both of these programs, we reviewed documentation on program requirements and interviewed federal, state, and local government officials, as appropriate, about the use of funds, challenges in implementation, and oversight and monitoring strategies. In particular, for the EECBG program, we discussed these issues with officials of three localities that were direct recipients of EECBG formula funds—the County of Morris (Morris County), the City of Jersey City (Jersey City), and Woodbridge Township. We selected these localities based on the level of funding received, expenditures incurred, and type of local government. We also conducted a site visit to the Newark Housing Authority to follow up on the status of its Public Housing Capital Fund competitive and formula grants reviewed in prior reports.

In addition to the two program-specific reviews, we also continued to review state efforts to oversee and monitor the use of Recovery Act funds through interviews with officials from the state's accountability community, including the Office of the State Auditor and the Office of the State Comptroller. We also interviewed state and local budget officials about their use of Recovery Act funds, the impact of these funds on state and local budgets, and strategies for addressing the phasing out of Recovery Act funds. We selected one locality, Jersey City, to gain a deeper understanding about the use and impact of Recovery Act funds. This locality was selected based on its population, unemployment rate, and level and type of Recovery Act funds received. Finally, we reviewed

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<sup>1</sup>Pub. L. No. 111-5, 123 Stat. 115 (Feb. 17, 2009).

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information New Jersey recipients reported on [www.recovery.gov](http://www.recovery.gov) (Recovery.gov) and interviewed officials from the Office of the Governor, as well as EECBG and housing recipients about their recipient reporting experiences.

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## What We Found

- **EECBG.** The U.S. Department of Energy (DOE) allocated \$75.5 million in EECBG formula funds to New Jersey. Approximately \$14.4 million was awarded to the New Jersey Board of Public Utilities (NJBPU), the state regulatory authority responsible for administering the state's clean energy programs, and \$61.1 million was directly awarded to 65 municipalities and 10 counties in the state. NJBPU is allocating 71 percent of its funds, or \$10.2 million, to provide energy rebates to the 512 localities that did not qualify for EECBG formula funds. State and local officials with whom we spoke stated that vague and changing DOE guidance, as well as adhering to state and local requirements, has contributed to delays in implementing EECBG projects and expending funds. For example, according to Jersey City officials, two contracts were awarded that later had to be terminated because the contractors did not meet the city's required energy-efficiency standards. Although the state and localities have processes in place to routinely monitor and oversee EECBG funds, localities have not yet begun assessing the impact of the EECBG funds.
- **Public Housing Capital Fund.** New Jersey public housing agencies continue to make progress in implementing their Recovery Act Public Housing Capital Fund projects. Of the 80 public housing agencies in New Jersey, 7 collectively received a total of \$27 million in Public Housing Capital Fund competitive grants. Public housing agencies in New Jersey are primarily using these funds for the creation of energy-efficient, green communities. Public housing agencies are required to obligate 100 percent of these funds by September 2010. As of August 7, 2010, \$5 million, or 18 percent, of these funds had been obligated. Public housing agencies are also required to expend 60 percent of their Public Housing Capital Fund formula grants by March 17, 2011. As of August 7, 2010, 80 public housing agencies had drawn down about 62 percent of the \$104 million in funds received. To ensure that public housing agencies continue to meet obligation and expenditure deadlines, the U.S. Department of Housing and Urban Development (HUD) field office is conducting outreach through regular e-mail and phone communication, conducting remote reviews of all competitive grant recipients, and more closely monitoring formula fund grant recipients with low expenditure rates as deadlines approach.

- **Accountability.** The New Jersey Office of the State Auditor, Office of the State Comptroller, and the New Jersey Recovery Accountability Task Force continue to monitor the state's Recovery Act funds. For example, the Office of the State Comptroller plans to audit program compliance and internal controls governing the administration and monitoring of both the fiscal and programmatic components of the EECBG grant in four localities. New Jersey's Single Audit report for fiscal year 2009 identified 45 significant internal control deficiencies related to compliance with federal program requirements, of which 38 were material. Some of these deficiencies included Recovery Act funds.
- **Budget.** New Jersey has received approximately \$5.8 billion in Recovery Act funds as of July 21, 2010, and used these funds, in part, to increase and restore the state's portion of education aid to local educational agencies and to fill budget shortfalls. New Jersey enacted a \$29.4 billion budget for fiscal year 2011 after closing a \$10.7 billion budget shortfall, primarily through the elimination or reduction of projected growth and reductions to the base budget. For example, the state deferred pension payments, cut funding from property tax rebates, and eliminated the special municipal aid program. Jersey City officials stated that the city has primarily used its \$14 million in Recovery Act funds for nonrecurring projects. For example, the city used its Community Services Block Grant funds to provide nutrition services to low-income residents, among other things.
- **Recipient Reporting.** New Jersey recipients reported funding over 22,000 full-time equivalents (FTE) with Recovery Act funds during the fourth quarterly reporting period, which covers the period April 1, 2010, to June 30, 2010. According to the New Jersey Office of the Governor, the recipient reporting process went smoothly for the fourth reporting period. However, EECBG recipients we met with did not use Office of Management and Budget (OMB) guidance to calculate FTEs. For example, an official from one locality stated that FTEs were calculated based on the total number of people that had been paid with EECBG funds, without taking into consideration the number of hours each employee had worked or prorating the FTEs based on the number of hours attributed to the Recovery Act. As a result, the total number of FTEs may have been overstated.

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## New Jersey Has Experienced Delays in Implementing EECBG Projects and Expending Funds

New Jersey received \$75.5 million in EECBG formula funds from DOE to develop, promote, implement, and manage energy-efficiency and conservation projects and programs. Approximately \$14.4 million was awarded to NJBPU, the state regulatory authority responsible for administering the state's clean energy programs, and \$61.1 million was directly awarded to 75 local government entities—65 municipalities and 10 counties in the state.<sup>2</sup> Twelve of the 75 localities received grants over \$1 million, accounting for a total of \$35.7 million, or almost 60 percent of the grant funds allocated to localities. State agencies are required to allocate at least 60 percent of their formula funds to make subgrants to local government entities that were not eligible to receive formula funds directly from DOE. NJBPU is allocating 71 percent of its formula allocation, or \$10.2 million, to provide up to \$20,000 in energy rebates to 512 local government entities to supplement local government costs of those energy-efficiency improvements not already covered by existing state incentive programs.<sup>3</sup> The remaining 29 percent, or \$4.2 million, will be allocated to the State's Office of Energy Savings to implement energy conservation measures at a state developmental center in New Lisbon.

The three localities in our review—Morris County, Jersey City, and Woodbridge Township—collectively received about \$7.5 million in direct EECBG formula funds. These localities plan to undertake a variety of activities with these funds. For example, Morris County plans to undertake a greenhouse gas inventory of county government buildings and vehicle operations for the purpose of reducing greenhouse gas emissions by 10 percent by 2015. Morris County and Jersey City both plan to use part of their grant funds to perform energy audits of local government buildings, whereas Woodbridge Township is using state funds to conduct energy audits and plans to use part of its EECBG funds to pay for energy-efficient retrofits to municipal buildings based on the results of the energy audits. Table 1 summarizes the activities the state and the three localities we met with plan to undertake with their EECBG funds.

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<sup>2</sup>DOE established weighted formulas for allocating grants to states, units of local government, and Indian tribes and used population data and other criteria, such as energy consumption, to allocate funds under the formulas.

<sup>3</sup>New Jersey's Clean Energy Program provides financial incentives through various programs for residential, commercial, and municipal customers to promote increased energy efficiency and the use of renewable sources of energy. Localities applying for energy rebates can use the EECBG funds to cover portions of the costs not covered by NJBPU's Direct Install, Pay for Performance, or SmartStart Buildings programs.

**Table 1: New Jersey’s and Localities’ Planned EECBG Activities and Funding Allocation**

Dollars (in millions)

<b>New Jersey’s planned EECBG activities and funding allocation</b>		
NJBPU	Provide rebates to 512 eligible local governments to supplement existing clean energy programs	\$10.2
NJBPU	Install energy conservation measures, including energy-efficient lighting, sensors, chillers and insulation, at the state’s 35-building New Lisbon campus comprising 400,000 square feet of space	\$4.2 <sup>a</sup>
		<b>Total: \$14.4</b>
<b>Localities’ planned EECBG activities and funding allocation</b>		
Morris County	<ul style="list-style-type: none"> <li>• Develop energy master plan</li> <li>• Undertake an energy benchmarking and greenhouse gas inventory of county government buildings and vehicle operations</li> <li>• Conduct energy audits</li> <li>• Provide energy retrofits to county buildings</li> <li>• Upgrade lighting and building management systems</li> <li>• Provide energy training for county employees</li> <li>• Purchase hybrid vehicles for county vanpool</li> <li>• Develop a mass transit awareness campaign</li> <li>• Install smart vehicle routing system software for recycling routes</li> <li>• Develop and implement recycling marketing strategy</li> </ul>	\$4.2
Jersey City	<ul style="list-style-type: none"> <li>• Conduct energy audits of city buildings</li> <li>• Replenish revolving loan fund for small businesses to improve energy-efficiency and conservation</li> <li>• Purchase solar trash cans</li> <li>• Install energy-efficient street lighting</li> <li>• Upgrade police communications center by developing a green roof to assist in storm water management and the cooling of the building</li> </ul>	\$2.3
Woodbridge Township	<ul style="list-style-type: none"> <li>• Calculate carbon footprint and prepare a climate action plan<sup>b</sup></li> <li>• Provide energy-efficient retrofits to municipal buildings</li> <li>• Install energy-efficient street lighting<sup>c</sup></li> </ul>	\$0.9
<b>Total</b>		<b>\$7.5<sup>d</sup></b>

Sources: NJBPU, Morris County, Jersey City, and Woodbridge Township.

<sup>a</sup>NJBPU also plans to use \$6 million in Recovery Act State Energy Program funds for this project.

<sup>b</sup>The climate action plan included three potential initiatives for reducing energy consumption: wind power, a buy local campaign, and guidelines for green redevelopment, including initiatives to attract green technology and service providers. The wind power study has since been modified to a study of an energy cluster at the green technology park.

<sup>c</sup>Woodbridge Township is no longer using EECBG funds for this activity because the local utility company is installing energy-efficient streetlights. The township plans to use the funds for the energy retrofits.

<sup>d</sup>Total may not add up due to rounding.

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## NJBPU and Localities Have Experienced Delays in Implementing EECBG Projects

State officials with whom we spoke told us that vague and changing DOE program guidance contributed to delays in implementing EECBG projects, including the energy rebates project. For example, according to NJBPU officials, the program guidance they received from DOE was, at times, duplicative and unclear. At other times, DOE guidance was reversed after the state had put in place procedures to implement the guidance. For example, according to NJBPU, early DOE guidance on Davis-Bacon provisions was reversed after the state had put in procedures to implement the initial guidance. According to NJBPU officials, 14 of the 512 eligible localities have applied for an energy rebate as of August 31, 2010, and the state has not yet obligated any funds for its energy conservation project. The DOE project officer responsible for overseeing some of New Jersey's grant recipients agreed that DOE guidance provided to recipients has been overwhelming and sufficient guidance on the various reporting requirements was not provided to recipients in a timely manner. As a result, recipients were not comfortable moving forward with projects.

Local officials also stated that long DOE project approval processes, as well as adhering to state and local requirements, led to delays in implementing EECBG projects and expending funds. For example:

- A Morris County official stated that the county submitted its EECBG application package to DOE in June 2009 and was awarded the EECBG grant about a month later. However, the county did not receive final approval from DOE on its planned EECBG activities until March 2010, at which time county departments with approved activities were notified to begin work on their projects. As of July 1, 2010, Morris County had obligated \$106,000 of its \$4.2 million in EECBG funds, and two construction projects for lighting upgrades were out for bid.
- According to Woodbridge Township officials, state requirements contributed to delays in implementing EECBG projects. Specifically, Woodbridge Township officials told us that state procurement procedures delayed the energy retrofits project. The township plans to use funds from one of the state's clean energy programs and EECBG funds to complete energy retrofits at 10 of its municipal buildings. Since the township was using state funds for the energy retrofits, it had to first conduct energy audits at each of the buildings using a state-approved firm. According to Woodbridge Township officials, the state required the township to issue a request for proposal to each of the state-approved firms and, once a firm was selected, have the contract reviewed by NJBPU, as well as the state's contract reviewer. Once the initial energy audit was completed, Woodbridge Township staff identified errors in the audit, which required some aspects of the audit

to be redone by NJBPU. The township's energy audit was therefore not completed until December 2009, at which time the township was able to proceed with the state's retrofit program. However, the township did not receive its EECBG award until June 2010, 6 months after it anticipated receiving the grant. The township has expended about \$200,000 of its approximately \$900,000 in EECBG funds, primarily for planning purposes.

- Jersey City officials stated that local requirements have contributed to delays of some EECBG projects. In particular, Jersey City awarded two contracts for the police communications center upgrades that later had to be terminated because the contractors did not meet the energy-efficiency standards the city required, according to officials. As of July 1, 2010, Jersey City had expended about \$800,000 of its EECBG funds, but expects to obligate all of its \$2.3 million in funds by September 2010. Jersey City officials stated that they have felt pressure from DOE to spend funds more quickly but maintained that internal procedures and reviews are necessary to ensure that grant funds are properly administered. According to the DOE project officer, DOE has pressured recipients to spend funds more quickly, which could result in grant recipients having to pay back funds if contracts are awarded that are not in compliance with Recovery Act requirements.<sup>4</sup> According to an August 2010 DOE Inspector General report, DOE has developed plans to obligate Recovery Act funds, including EECBG funds, to meet federal statutory deadlines.<sup>5</sup> However, the report identified several challenges to meeting the obligation deadlines, including the inability of recipients to meet terms and conditions placed on awards to meet federal statutory requirements, which could result in the cancellation of awards or cause delays in spending. The Inspector General has also previously reported that any effort to disburse massive additional funding and to expeditiously initiate and complete projects increases the risk of fraud, waste, and abuse.<sup>6</sup>

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<sup>4</sup>Recipients of EECBG formula funds must obligate the funds within 18 months of receiving the EECBG award and expend the funds within 36 months of receiving the award.

<sup>5</sup>U.S. Department of Energy, Office of Inspector General, Office of Audit Services, *Special Report: Review of the Department of Energy's Plan for Obligating Remaining Recovery Act Contract and Grant Funding*, OAS-RA-10-15 (Aug. 4, 2010).

<sup>6</sup>U.S. Department of Energy, Office of Inspector General, Office of Audit Services, *Special Report: Selected Department of Energy Program Efforts to Implement the American Recovery and Reinvestment Act*, OAS-RA-10-03 (Dec. 7, 2009).

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Although NJBPU officials stated that changing and duplicative DOE guidance led to delays in implementing EECBG projects, officials also stated that DOE has amended program guidance in response to feedback provided, has made extensive Web libraries and knowledge bases available to states, and has hosted many Web-based seminars to help states understand their EECBG program responsibilities. Officials from all of the localities we met with also stated that they have been satisfied with the level of support and communication provided by their DOE project officer.

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### NJBPU and Localities Have Plans in Place to Routinely Monitor and Oversee EECBG Funds

Although the state and localities have not yet conducted any monitoring of EECBG grant projects, officials of NJBPU and the localities we met with all plan to conduct routine oversight and monitoring of EECBG funds. For example, NJBPU is in the process of developing standard operating procedures—including both quality control and quality assurance checklists—that will be used as part of its monitoring efforts, which will incorporate random contract file reviews and project site inspections. In addition to the checklists, the state also plans to track the energy rebate projects separately from its clean energy programs using its existing Information Management System (IMS). According to NJBPU officials, the IMS addresses data quality verification through automated checks, checks file formats for conformance and the inclusion of mandatory data, and has built-in validation checks to flag outstanding items. The contract manager for the state’s clean energy program will conduct manual reviews of the files, and the system administrator can generate reports to identify anomalies. State officials told us that they do not believe they will have any challenges or obstacles with regard to management controls and monitoring of EECBG projects. Although the rebates activity will likely be more vulnerable to management control issues due to the potentially high volume of applications, officials believe that the IMS is capable of handling the extra workload.

The localities we visited also have plans to conduct routine oversight of EECBG grant funds, including collecting information to monitor project expenditures and performing on-site reviews. For example, Morris County plans to use a DOE data collection form to oversee project expenditures to ensure the activities stay within planned budgets and project objectives have been met. In addition, the county plans to complete progress reports and review and approve invoices to verify hours worked prior to releasing funds for each of its ten planned EECBG activities. The Morris County Treasurer’s Office has also set up a separate account to track and conduct quarterly audits of EECBG fund activities. Woodbridge Township plans to

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separately track EECBG funds, revenues, and appropriations. Additionally, Woodbridge Township officials told us that the person responsible for fulfilling the purpose of the grant is directly responsible for overseeing the expenses charged to the grant and for ensuring that vendors are completing contracts on time, efficiently, and in compliance with Davis-Bacon and Buy American provisions. Although Jersey City has not yet developed a written monitoring plan for the use of EECBG funds, all written guidance from DOE has been disseminated to project managers and monitors in the field who will perform routine oversight of EECBG expenditures and conduct on-site reviews once the projects are under way. However, officials from Jersey City stated they do not have processes in place to ensure compliance with Davis-Bacon wage provisions.

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### NJBPU and Localities Have Not Yet Reported on Outcomes of EECBG Projects

Recipients of EECBG formula funds are required to report quarterly to DOE through its Performance and Accountability for Grants Energy (PAGE) system on jobs created and retained; programmatic measures, such as program obligations and expenditures; and applicable critical measures that will allow DOE to assess the impact of project activities on energy savings, energy cost savings, renewable energy generation, and emissions reductions. In addition, recipients of grant funds greater than \$2 million are required to report to DOE on a monthly basis on a subset of the quarterly metrics described above.

State and local officials we met with submitted their required quarterly and monthly reports to DOE and stated that they have identified critical measures to assess the impact of their EECBG projects. However, officials stated they have not yet begun to assess the impact of EECBG funds because projects are just getting under way. For example, officials from NJBPU stated that they have programmed applicable DOE critical metrics in the IMS and plan to track and measure project-related information on energy savings and carbon dioxide emissions monthly and annually. The system can also perform impact studies on the back end (i.e., a year later) to assess the impact of the EECBG program on energy-efficiency and conservation. Officials from Woodbridge Township stated that they plan to use the climate action plan they are developing to measure, monitor, and evaluate the township's energy goals. The plan is currently in draft form and outcomes will be measured once projects are implemented. Similarly, Morris County plans to use its benchmarking study to assess emissions reductions and also expects to see reductions in utility costs as a result of its energy retrofit projects. Jersey City also plans to measure fossil fuel emissions on a monthly basis to assess progress in reducing the city's carbon footprint. Although local officials we visited identified measures to

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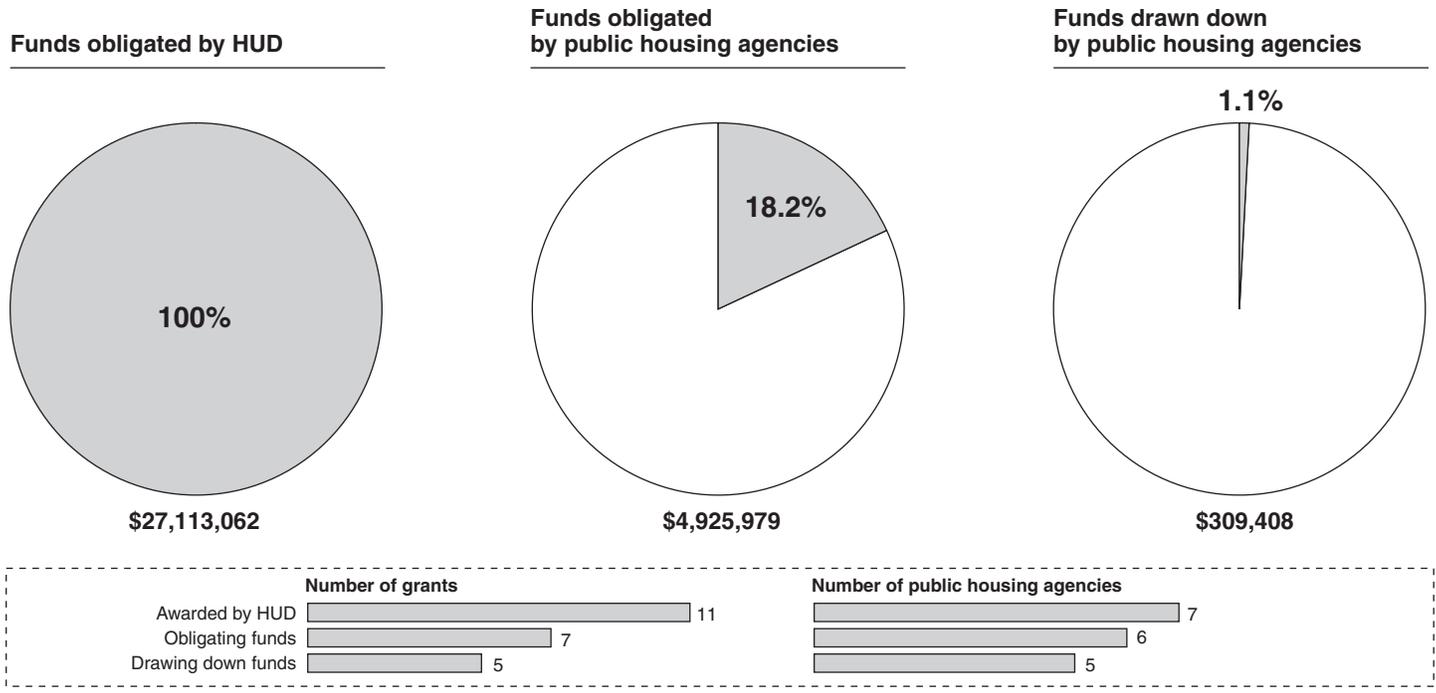
assess the outcomes of their EECBG projects, an official from Morris County stated that it was unclear where and how to report this information to DOE. The official stated that updates would likely be provided through the quarterly PAGE report. The official further stated that the number of Web sites to which the county must report is overwhelming and understanding the various reporting requirements would require one full-time staff member.

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## New Jersey Public Housing Agencies Continue to Make Progress Implementing Public Housing Capital Fund Projects

Of the 80 public housing agencies in New Jersey, 7 collectively received \$27 million in Public Housing Capital Fund competitive grants (competitive grants) under the Recovery Act. These grant funds were provided to the agencies based on competition for priority investments, including investments that leverage private sector funding or financing for renovations and energy conservation retrofitting. As of August 7, 2010, the recipient public housing agencies had obligated about \$5 million or 18 percent of the \$27 million. Also, five of the recipient agencies had drawn down a cumulative total of about \$309,000 or 1 percent from the obligated funds, as of August 7, 2010 (see fig. 1).

**Figure 1: Percentage of Public Housing Capital Fund Competitive Grants Allocated by HUD that Have Been Obligated and Drawn Down in New Jersey, as of August 7, 2010**



Source: GAO analysis of data from HUD's Electronic Line of Credit Control System.

### Public Housing Agencies Received Competitive Grants Primarily to Create Green Communities

In September 2009, HUD awarded competitive grants to states in four categories: (1) improvements addressing the needs of the elderly or persons with disabilities, (2) public housing transformation, (3) gap financing for projects that are stalled due to financing issues, and (4) creation of energy-efficient communities, both for substantial rehabilitation or new construction and for moderate rehabilitation. In New Jersey, 9 of the 11 grants were awarded for creating energy-efficient, green communities. For example, the Newark Housing Authority (Newark) received the largest competitive grant of about \$11 million for energy-efficient improvements.<sup>7</sup> The Housing Authority of the City of Camden received two grant awards for projects in two separate categories,

<sup>7</sup>In addition to Newark, five public housing agencies received eight competitive grants for creating energy-efficient communities. These public housing agencies included the Elizabeth Housing Authority, the Jersey City Housing Authority, the Bayonne Housing Authority, the Vineland Housing Authority, and the Brick Housing Authority.

including one \$10 million grant to finance a project that was stalled due to financial issues and a \$1 million grant to address the needs of the elderly or persons with disabilities.

Newark is using the entirety of its \$11 million competitive grant to finance energy-efficient components, such as integrating water conserving fixtures and efficient lighting, for the renovation of the Baxter Park South community. According to the project's budget, the first phase includes about \$40 million in mixed financing from private and public funds. The Newark official responsible for managing the grant told us the first phase involves replacing the seven existing buildings with two mid-rise four-story buildings and an adjacent triangular green space. The official said that the complex will include 90 rental housing units for both public and tax credit eligible households, a leasing office, and commercial space. According to the Newark official, there have been no modifications to the project plan and the project is on schedule to be completed by the fall of 2012. At the time of our interview on June 29, 2010, Newark was demolishing the pre-existing buildings in preparation for construction (see fig. 2).

**Figure 2: Demolition of Buildings at Baxter Park South**



Source: Newark Housing Authority.

Note: Funds from the competitive grant were not used during the demolition of buildings at Baxter Park South.

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## Public Housing Agencies Are Working toward Meeting the September 2010 Obligation Deadlines for Competitive Grants

Public housing agencies are required to have 100 percent of their competitive grants obligated by September 2010.<sup>8</sup> New Jersey's public housing agencies had obligated about \$5 million or 18 percent of the \$27 million in competitive grants as of August 7, 2010. Of the 11 grants awarded, 5 were 100 percent obligated, 4 grants had no funds obligated, and 2 others were less than 10 percent obligated. Despite the low obligation rates, officials from the HUD field office told us that they anticipate all of the public housing agencies will meet the September 2010 deadlines because most of the award amounts were small and, therefore, manageable by public housing agency staff. In addition, they said that because the projects selected were already in public housing agencies' required 5-year capital plans, several preliminary project planning steps had already occurred and the projects were ready to proceed.

Although HUD field office officials told us that they anticipate all of the public housing agencies will meet the September 2010 deadlines, they told us that they are concerned that Newark has not yet secured all the funding it needs for the construction of Baxter Park South, which must occur before they can obligate the competitive grant for the energy-efficient components. Specifically, Newark is relying on a 4 percent low-income housing tax credit to pay for about \$10 million of the \$40 million cost for the first phase of the project. The 4 percent tax credit is contingent on the state selling tax-exempt bonds, and according to HUD field office officials, the state's financial situation has so far prevented the housing agency from securing the tax credit. However, HUD officials said that they were hopeful that the new state fiscal year would result in the tax credit being available to Newark. The New Jersey Housing and Mortgage Finance Agency sent the commitment letter for the tax exempt bonds, which will carry the right to use the tax credits, to the developer of the Baxter Park

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<sup>8</sup>The actual obligation deadlines vary during September 2010 depending on the category for which the competitive grant was awarded. Competitive grants for public housing transformation must be obligated by September 8, 2010. Competitive grants for energy-efficient, green communities involving substantial rehabilitation or new construction must be obligated by September 22, 2010. Competitive grants for gap financing and for moderate green rehabilitation must be obligated by September 23, 2010, and competitive grants used for addressing the needs of the elderly must be obligated by September 27, 2010.

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South project on August 5, 2010.<sup>9</sup> A Newark official told us that after they submit their final paperwork to HUD, which they anticipate doing on or before September 18, 2010, HUD considers the grant to be 100 percent obligated and the obligation deadline will be met. As of August 7, 2010, \$45,000, or less than 1 percent, of the total grant had been obligated.

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**Public Housing Agencies  
Continue to Expend Public  
Housing Capital Fund  
Formula Grants to  
Rehabilitate Housing Units**

New Jersey's 80 public housing agencies collectively received \$104 million in Public Housing Capital Fund formula grants (formula grants) under the Recovery Act. These grant funds were provided to the agencies to improve the physical condition of their properties; develop, finance, and modernize public housing developments; and improve management. As we previously reported, all public housing agencies met the 1-year obligation deadline to have 100 percent of their formula grants obligated by March 17, 2010.<sup>10</sup> Public housing agencies are further required to expend at least 60 percent of their formula funds by March 17, 2011. As of August 7, 2010, 80 of the public housing agencies had drawn down a cumulative total of about \$64 million, or 62 percent. Of the 80 public housing agencies, 62 had already met the March 2011 requirement to have least 60 percent of their formula funds expended and 28 of those housing agencies had already expended all of their funds.

We previously reported that public housing agencies in New Jersey are using their formula grants for a number of activities such as rehabilitating units; repairing sidewalks and doors; replacing aging exteriors, roofs, and boilers; and installing intercom and fire alarm systems.<sup>11</sup> For example, Newark planned to use its \$27 million formula grant for 14 projects, which included rehabilitating 422 vacant housing units.<sup>12</sup> Newark officials

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<sup>9</sup>The New Jersey Housing and Mortgage Finance Agency is responsible for the administration of the federal low-income housing tax credit on behalf of the U.S. Internal Revenue Service. Investors purchase these tax credits and the revenue from the sale raises equity for New Jersey's affordable housing market. There are two tax credits available to public housing agencies. One is a 9 percent tax credit, which is administered on a competitive basis; the other is a 4 percent tax credit, which is administered on a noncompetitive basis, and is awarded to projects automatically if they meet certain eligibility requirements.

<sup>10</sup>GAO, *Recovery Act: States' and Localities' Uses of Funds and Actions Needed to Address Implementation Challenges and Bolster Accountability (Appendixes)*, [GAO-10-605SP](#) (Washington, D.C.: May 26, 2010).

<sup>11</sup>GAO, *Recovery Act: States' and Localities' Current and Planned Uses of Funds While Facing Fiscal Stresses (Appendixes)*, [GAO-09-830SP](#) (Washington, D.C.: July 8, 2009).

<sup>12</sup>[GAO-09-830SP](#).

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provided us with an update of their formula grant projects. Specifically, they told us that bids for contracts for the 14 projects were lower than state cost estimates, which enabled them to increase the amount of funding allotted to each project and rehabilitate an additional 71 vacant housing units. Figure 3 shows an example of the rehabilitation done at one of Newark's vacant housing units. Of the \$27 million in formula grants that Newark was awarded, it has expended about \$10 million, or 36 percent, of its funds. Newark officials said they fully expect to meet the deadline to have 60 percent of their funds expended by March 17, 2011.

Figure 3: Newark Housing Authority Rehabilitations with Recovery Act Funds, Before and After



Source: Newark Housing Authority.

Note: These photos illustrate rehabilitation of a kitchen and the hot water heating system at a building managed by the Newark Housing Authority.

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## HUD Provides Assistance and Oversight to Public Housing Agencies to Ensure They Meet All of Their Public Housing Capital Fund Deadlines

HUD officials told us that they provide public housing agencies with ongoing communication and assistance to ensure that public housing agencies meet their deadlines to obligate and expend their Public Housing Capital Fund grants. These officials told us that they provide information and answer questions through e-mail and phone conversations. For example, a Newark official told us that they receive ongoing e-mail communication and on-site visits from the HUD field office about both their competitive grant for the Baxter Park South project and their formula grant projects.

Additionally, HUD field offices are required to monitor competitive and formula grants based on guidance developed by HUD headquarters. For competitive grant recipients, HUD field offices are required to conduct remote reviews of all recipients by August 20, 2010, using a checklist to review the grant status to highlight any deficiencies. As of July 20, 2010, HUD field office officials told us they had conducted 1 of the 11 grant reviews and they did not find any deficiencies. They also said that they did not foresee any challenges to meeting the deadline for completing the remaining grant reviews.<sup>13</sup> For formula grant recipients, HUD field offices were required to conduct reviews of public housing agencies that had obligated less than 90 percent of their funds as of March 1, 2010. HUD field office officials provided us with the reviews their staff conducted of the 19 public housing agencies that met this criterion. The reviewers found each of the public housing agencies to be “on track.” A HUD official told us that all of the public housing agencies reviewed subsequently met the March 17, 2010, obligation deadline. In addition to the monitoring strategy for formula grants developed by HUD headquarters, HUD field office officials told us they are closely monitoring the public housing agencies that have expended 50 percent or less of their formula grant funds and are conducting follow-up phone calls with these agencies. As of July 20, 2010, a HUD field office official said that there were 19 housing agencies that met this criterion.

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<sup>13</sup>According to a senior HUD official, all of the remote reviews were completed by August 20, 2010.

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## New Jersey's Accountability Community Continues to Monitor and Oversee Recovery Act Funds

The Office of the State Auditor, Office of the State Comptroller, and the New Jersey Recovery Accountability Task Force continue to monitor and oversee Recovery Act funds in New Jersey. As we previously reported, the Office of the State Auditor issued its audit report on eligibility issues related to the Weatherization Assistance Program in March 2010.<sup>14</sup> The office continues to audit other aspects of the weatherization program, including the administration of contracts and program expenditures, and may also include homes that have received weatherization services in the scope of its review. The Office of the State Auditor issued a report on the Trenton Board of Education on July 13, 2010, which included a review of controls over Recovery Act funds for the Wired for Learning program.<sup>15</sup> The audit found that controls were in place for this program. In addition, the Office of the State Auditor issued a report on August 9, 2010, on the Division of Criminal Justice within the Department of Law and Public Safety.<sup>16</sup> The audit included the state's Edward Byrne Memorial Justice Assistance Grant program funds provided under the Recovery Act.<sup>17</sup> The audit concluded that costs charged to Recovery Act projects were allowable and separately accounted for in the state's accounting system and that adequate controls are in place to assure the effective cash management and accurate and timely reporting of Recovery Act funds. Other programs and agencies that received Recovery Act funds that are currently being audited by the Office of the State Auditor include bridge maintenance contracts and the cash management system at the Department of Human Services, which includes the state's Federal Medical Assistance Percentage (FMAP) funds. These audits are expected to conclude during the late summer and early fall.<sup>18</sup>

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<sup>14</sup>GAO-10-605SP.

<sup>15</sup>New Jersey Office of Legislative Services, Office of the State Auditor, *Trenton Board of Education, July 1, 2007 to February 28, 2010* (Trenton, N.J., 2010).

<sup>16</sup>New Jersey Office of Legislative Services, Office of the State Auditor, *Department of Law and Public Safety, Division of Criminal Justice and Office of the State Medical Examiner, July 1, 2007 to April 30, 2010* (Trenton, N.J., 2010).

<sup>17</sup>A total of \$34.6 million in Recovery Act grants were awarded to the Division of Criminal Justice in fiscal year 2009, of which \$29.8 million were awarded for the Edward Byrne Memorial Justice Assistance Grant program.

<sup>18</sup>In addition to these ongoing audits, the Office of the State Auditor also initiated audits at the New Jersey Department of Agriculture, which is using Recovery Act funds to purchase school equipment; South Woods State Prison, which received Recovery Act public safety funds; and of the New Jersey Department of Education's formula for allocating funds to school districts.

Since it issued its audit report on the administration and monitoring of Workforce Investment Act of 1998 Youth Program Recovery Act funds in April 2010, the Office of the State Comptroller has initiated audits of Recovery Act EECBG and day care funds. The State Comptroller had planned to audit program compliance and internal controls governing the administration and monitoring of both the fiscal and programmatic components of the EECBG grant in four localities that received formula funds. However, the Office of the State Comptroller suspended the audit in May 2010 for 4 to 6 months due to lack of program expenditures and plans to restart the audit once additional funds have been spent. The day care audit was initiated in July 2010 and will examine internal controls over eligibility, payments, and health and safety. Finally, New Jersey's Recovery Accountability Task Force, which has primary responsibility for oversight of the state's Recovery Act funds, continues to hold monthly meetings to discuss issues related to the oversight of Recovery Act funds. For example, the task force uses the New Jersey Office of Management and Budget's (NJOMB) weekly grant award report to discuss the status of Recovery Act expenditures in the state and asks state agencies to discuss reasons for low expenditure rates.

In addition to the audit activities of the State Auditor and State Comptroller, New Jersey uses the state's Single Audit to ensure that state agencies receiving federal funds are in compliance with the federal requirements of those funds.<sup>19</sup> The audit also identifies internal control deficiencies that could impact state agencies' compliance with federal laws, regulations, contracts, and grants applicable to federal programs. According to data from the Federal Audit Clearinghouse, which is responsible for receiving and distributing Single Audit results, it received New Jersey's Single Audit reporting package for the year ending June 30, 2009, on April 27, 2010. This was almost 1 month after the deadline specified by the Single Audit Act and almost 10 months after the period the audit covered. This was the first Single Audit for New Jersey that includes Recovery Act programs and it identified 45 significant internal control

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<sup>19</sup>The Single Audit Act of 1984, as amended (31 U.S.C. §§ 7501-7507), requires that each state, local government, or nonprofit organization that expends at least a certain amount per year in federal awards—currently set at \$500,000 by OMB—must have a Single Audit conducted for that year subject to applicable requirements, which are generally set out in OMB Circular No. A-133, Audits of States, Local Governments and Non-profit Organizations (revised June 27, 2003 and June 26, 2007). If an entity expends federal awards under only one federal program and when federal laws, regulations, or grant agreements do not require a financial statement audit of the entity, the entity may elect to have an audit of that program.

deficiencies over compliance, of which 38 were material weaknesses.<sup>20</sup> This is a decrease over the Single Audit report for fiscal year 2008, which identified 48 significant internal control deficiencies over compliance, of which 42 were material weaknesses. Some of the internal control deficiencies identified in the Single Audit report for fiscal year 2009 include Recovery Act funds. For example, for the Weatherization Assistance Program, the Single Audit report identified that the Department of Community Affairs did not have adequate policies or controls in place to ensure that its federal financial report is properly completed, supported by adequate documentation, and reviewed by a supervisor prior to submission. As a result, the state understated its unliquidated obligations for this program for two consecutive quarters. In response to this finding, the Department of Community Affairs stated that the reconciliation process using the department's underlying financial records was strengthened during fiscal years 2009 and 2010 and that the weatherization program now has an accurate mechanism to ensure that federal financial reports are prepared based on reconciled totals. The department amended and resubmitted the erroneous financial reports identified in the Single Audit report for fiscal year 2009 to the U.S. Department of Health and Human Services.

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<sup>20</sup>KPMG, *State of New Jersey Single Audit Report, Year Ended June 30, 2009, Independent Auditors' Report on Schedule of Expenditures of Federal Awards* (Princeton, N.J., Apr. 16, 2010). The Single Audit did not include an opinion on the state's compliance with the requirements of its Medicaid programs, including Recovery Act programs, because the auditors did not have sufficient documentation supporting the compliance of the state regarding activities allowed or unallowed, allowable costs/cost principles, and eligibility.

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## New Jersey Used Recovery Act Funds to Fill Budget Shortfalls in Fiscal Year 2010, but the State Faces Continued Fiscal Challenges in Fiscal Year 2011

New Jersey has received approximately \$5.8 billion in Recovery Act funding as of July 21, 2010. NJOMB officials noted that the largest increases in Recovery Act funds since our May 2010 report have come from increased FMAP and Temporary Assistance for Needy Families Emergency funds. The state also received Recovery Act funding for energy programs for the first time in June 2010. For example, New Jersey received \$8 million for the energy-efficient appliance rebate program and \$14 million for the EECBG program.

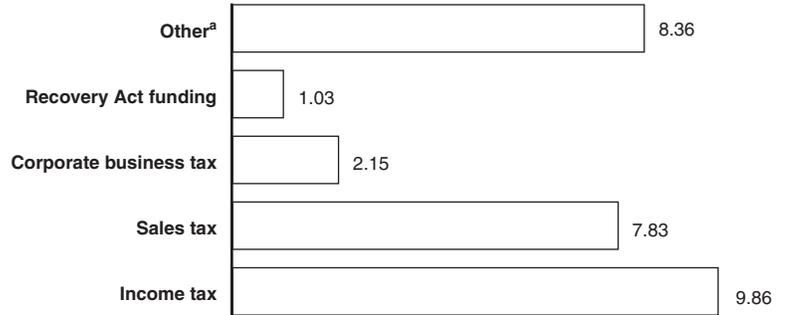
Recovery Act funds directly affected New Jersey's stability in fiscal year 2010. For example, New Jersey included \$1.2 billion in State Fiscal Stabilization Funds (SFSF) monies in its 2010 budget, along with about \$1 billion in increased FMAP funds. New Jersey used the SFSF funds to help restore and increase the state's portion of education aid to local educational agencies and to fill budget shortfalls. However, the state disbursed all of its SFSF funds in fiscal year 2010. New Jersey enacted a \$29.4 billion budget for fiscal year 2011 on July 1, 2010, after closing a \$10.7 billion shortfall. The fiscal year 2011 appropriation is \$626 million less than the previous year. Income taxes account for the largest source of the state's revenues, whereas aid to school districts accounts for over a third of the state's expenditures. About \$1 billion in increased FMAP funds are included in the fiscal year 2011 budget, including Recovery Act funds.<sup>21</sup> Figure 4 illustrates the state's major revenue sources and expenditures.

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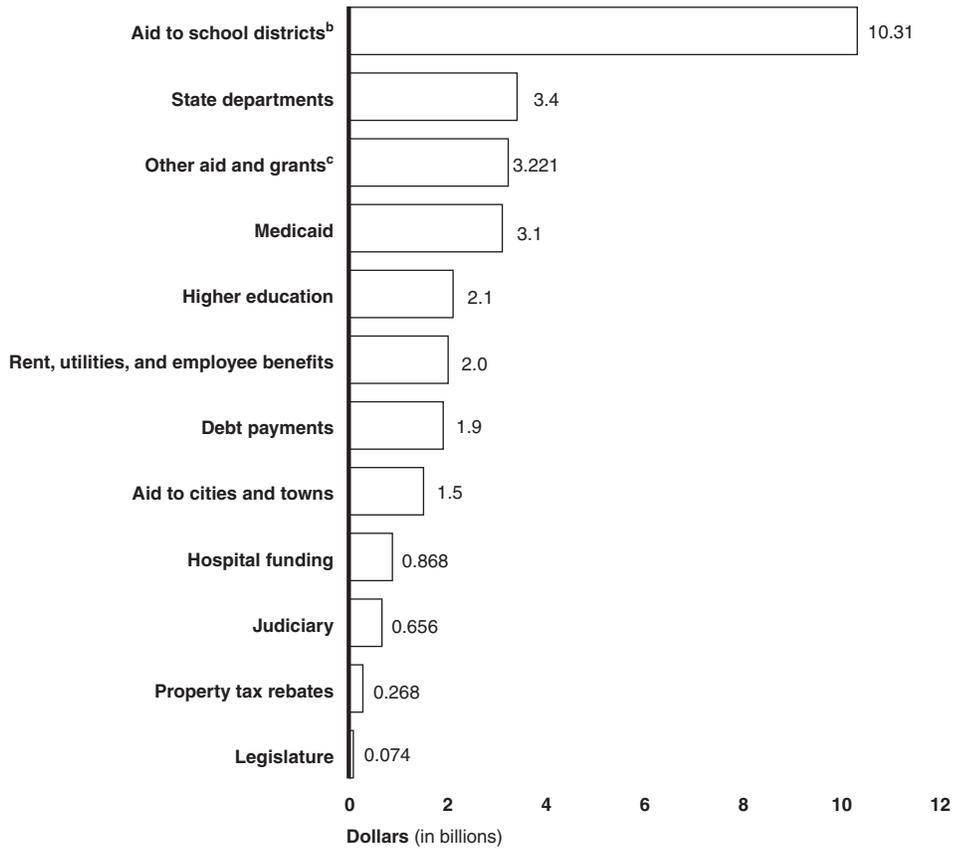
<sup>21</sup>The Recovery Act initially provided eligible states with an increased FMAP for 27 months from October 1, 2008, to December 31, 2010. Recovery Act, div. B, title V, § 5001, Pub. L. No. 111-5, 123 Stat. at 496. On August 10, 2010, federal legislation was enacted amending the Recovery Act and providing for an extension of increased FMAP funding through June 30, 2011, but at a lower level. *See* Pub. L. No. 111-226, § 201, 124, Stat. 2389 (Aug. 10, 2010).

**Figure 4: New Jersey’s Major Revenue Sources and Expenditures, Fiscal Year 2011 Budget**

**Major revenue sources**



**Major expenditures**



Source: New Jersey Fiscal Year 2011 Budget.

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Note: Total major revenues do not equal \$29.4 billion because there was a drawdown of the opening fund balance of \$200 million to cover the shortfall of revenue versus spending. The opening fund balance is estimated at \$505 million and the closing estimate is \$303 million.

<sup>a</sup>Includes gas, cigarette, real estate transfer, motor vehicle registrations and licensing fees, casino taxes, and other fees.

<sup>b</sup>Includes debt payments on schools.

<sup>c</sup>Includes health, human services, economic development, arts, transit, welfare, and other programs.

New Jersey took a number of actions to close the budget shortfall primarily by eliminating and reducing projected growth and reducing the base budget. For example, the state deferred over \$3 billion in pension payments; cut \$848 million in funding from property tax rebates; and did not provide state funds for fiscal year 2011 in place of the SFSF funding school districts received in 2010, meaning that total aid to New Jersey's school districts will decrease by about \$829 million. NJOMB officials stated that New Jersey school districts are now feeling the effects of steep cuts in their budgets. The state also eliminated the \$334 million special municipal aid program, which provided funds to municipalities with structural deficits, and replaced it with a new transitional aid program. The transitional aid program was funded at a lower level and will be provided to localities using a competitive process. The criteria for this program have not yet been established. Finally, the 2011 budget transferred funds from a variety of programs to help close the budget gap. For example, the budget transferred about \$42.5 million out of the \$453 million budgeted for NJBPU's clean energy programs to pay for state utility costs.

**Recovery Act Funds Allowed Jersey City to Meet Immediate Needs and Pay for One-Time Projects, but the City Faces Fiscal Challenges in Fiscal Year 2011**

Jersey City is New Jersey’s second largest city with an estimated population of 242,503 residents and an unemployment rate of 11.5 percent, which is above the statewide level of 9.5 percent.<sup>22</sup> As of June 30, 2010, Jersey City officials stated that the city received about \$14 million in Recovery Act formula funds for a variety of nonrecurring projects.<sup>23</sup> These projects include an emergency shelter, homelessness prevention, and energy-efficiency programs. Table 2 summarizes the Recovery Act grants the city received. In addition to the projects listed below, the city plans to apply for and partner with the New Jersey City University and the Jersey City Economic Redevelopment Corporation for a competitive green job grant, to train youth, adults, and dislocated workers in green industries and related occupations such as hybrid/electric auto technicians, weatherization specialists, wind and energy auditors, and solar panel installers.

**Table 2: Amount and Types of Recovery Act Grants Awarded to Jersey City**

Jersey City projects	Recovery Act funds
Department of Housing and Urban Development—emergency shelter grants and homelessness prevention	\$2,676,991
Department of Energy, EECBG—various energy projects, including energy upgrades to municipal buildings and street light improvements	2,329,500
Department of Housing and Urban Development—neighborhood stabilization	2,153,431
Department of Justice, Edward Byrne Memorial Justice Assistance Grant—police overtime	1,834,580
Department of Housing and Urban Development, Community Development Block Grant—site improvements to housing projects, ADA compliance, sidewalk replacement, and vacant property demolition	1,749,827
Department of Labor, Workforce Investment Act—training for adults and dislocated workers and youth activity programs	1,743,716
Department of Health and Human Services, Community Services Block Grant—provide employment, financial education, housing, health care, and nutrition services	1,596,740
<b>Total Recovery Act funds</b>	<b>\$14,084,785</b>

Sources: Jersey City and Recovery.gov.

Note: Recovery Act fund total does not include \$7.8 million directly allocated to the Jersey City Housing Authority and \$4.5 million in highway funds suballocated from the New Jersey Department of Transportation.

<sup>22</sup>Population data are from the latest available U.S. Census Bureau estimate as of July 1, 2009. Unemployment rates are preliminary estimates from the U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics for June 2010 and have not been seasonally adjusted. Rates are a percentage of the labor force. Estimates are subject to revisions.

<sup>23</sup>The Recovery Act fund total does not include \$7.8 million directly allocated to the Jersey City Housing Authority and \$4.5 million in highway funds suballocated from the New Jersey Department of Transportation.

While the Recovery Act funds did not affect the city's budget, the funds allowed the city to meet immediate needs and complete priority projects. For example, the city used the Edward Byrne Memorial Justice Assistance Grant to pay for police overtime costs, while the Community Services Block Grant funds were used to provide employment, financial education, housing, health care, and nutrition services to low-income residents. The EECBG funds will allow the city to make energy-efficient upgrades to municipal buildings and street and traffic lights, among other things. In addition, the Community Development Block Grant (CDBG) was used to begin four projects to (1) improve sites for a 63-unit mixed-income rental housing project; (2) install curb cuts for Americans with Disabilities Act compliance citywide; (3) replace sidewalks in low- and moderate-income areas throughout the city; and (4) demolish vacant properties to create mixed-income or low- to moderate-income housing.<sup>24</sup> When the Recovery Act funds are phased out, officials stated that only this block grant program will continue.

Jersey City officials said that the poor economy and the fiscal condition of the state have adversely impacted the city's budget and finances. For example, because the state budget eliminated the special municipal aid program and cut funding to the state's Consolidated Municipal Property Tax Relief Aid (CMPTRA) program, Jersey City officials stated that the city will face major reductions in funding.<sup>25</sup> Jersey City received \$14 million in special municipal aid from the state in fiscal year 2010, and in fiscal year 2011, the city is anticipating zero dollars. Officials also anticipate further reductions in CMPTRA, which was recently reduced by \$13.5 million. As a result of cuts in state funding, as well as revenues being lower than projected, the city faces an \$80 million shortfall in fiscal year 2011. However, according to officials, the city is required by statute to have a balanced budget. To address the projected shortfall, Jersey City officials told us they laid off 300 seasonal and provisional employees in February 2010 out of the city's approximately 2,000 staff, which saved about \$2 million. In addition, with the exception of police and firefighters, city

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<sup>24</sup>The HUD Office of the Inspector General issued an audit report of Jersey City's CDBG funds received under the Recovery Act in February 2010. The audit found that the city generally had adequate controls and staff capacity to administer its CDBG funds, but needed to strengthen its controls to ensure that it would be able to effectively administer the funds and comply with applicable requirements. The city generally disagreed with the findings.

<sup>25</sup>CMPTRA is a formula grant program through which the state annually provides localities with funds to help offset property tax losses.

employees took 12 unpaid furlough days between December 2009 and June 2010. The city also plans to lay off permanent employees in fiscal year 2011 and have 12 unpaid furlough days to address a portion of the 2011 budget shortfall. Although the city's 2010 fiscal year ended on June 30, 2010, the city council adopted a temporary budget of \$168.1 million for fiscal year 2011 until the budget is introduced and approved, allocating \$106.6 million for operating expenses and \$61.5 million for debt service. Jersey City officials stated that the city is restricted by statute from allocating more than 26.25 percent of its \$476 million fiscal year 2010 budgetary appropriations for the 2011 temporary budget.<sup>26</sup> Officials stated that an estimate for the fiscal year 2011 budget has not yet been determined and the final fiscal year 2011 budget will not be adopted until next year.

## New Jersey Reported Over 22,000 Jobs for the Fourth Recipient Report, but EECBG Recipients We Met With Did Not Use OMB Guidance to Calculate and Report FTEs

According to Recovery.gov, as of July 30, 2010, New Jersey recipients reported funding 22,885 FTEs with Recovery Act funds during the fourth quarterly reporting period, which covers the period April 1, 2010, to June 30, 2010. The New Jersey Department of Education reported the largest number of FTEs, accounting for 77 percent of the total FTEs reported. According to the Governor's Policy Advisor on the Recovery Act, recipient reporting in the fourth quarterly reporting period went very smoothly, with all state agencies reporting on time. The official stated that the biggest challenge reported by state agencies was ensuring that the data entered into Federalreporting.gov was captured by the reporting deadline. According to the official, many agencies wait until the deadline to report their data, which causes a backlog in Federalreporting.gov.

OMB guidance requires recipients to calculate FTEs by adding up the total number of hours worked in the quarter using Recovery Act funds and dividing it by the total number of hours in a full-time schedule for that quarter.<sup>27</sup> However, the local EECBG recipients we met with—Morris County, Jersey City, and Woodbridge Township—did not use OMB guidance to calculate FTEs. For example, an official from one locality told us that four FTEs were reported for the quarter based on the total number of people that had been paid with EECBG funds for the quarter without

<sup>26</sup>N.J. Stat. Ann. § 40A:4-19.

<sup>27</sup>OMB Memorandum, *Updated Guidance on the American Recovery and Reinvestment Act – Data Quality, Non-Reporting Recipients, and Reporting Job Estimates*, M-10-08 (Dec. 18, 2009).

taking into consideration the number of hours each employee had worked or prorating the FTEs according to the number of hours attributed to the Recovery Act. As a result, the total number of FTEs reported may have been overstated. Officials from another locality we met with stated that they used an estimate developed by the Council on Economic Advisors to determine the total FTEs worked for the quarter. Specifically, officials calculated FTEs using the assumption that for every \$92,000 in direct federal spending, one job is created for 1 year. The FTEs were attributed to three consultants that had been working on the project part time. According to the consultants, they are not paid on an hourly basis and, therefore, chose to use the spending estimate to calculate FTEs. DOE also requires EECBG recipients to report FTE information through the PAGE quarterly report, using the same formula to calculate FTEs as defined in OMB guidance. In addition, recipients are required to report on the number of jobs attributed to nonfederal funding sources. Given that EECBG recipients did not use OMB guidance to calculate FTEs reported on Recovery.gov, it is likely that recipients also did not use DOE guidance to calculate and report FTEs in PAGE.

EECBG recipients we met with stated that while they were aware of the OMB guidance, they did not use the guidance to calculate FTEs because the FTEs reported to date are mostly for consulting services. Officials from the localities stated that once projects are under way and contracts are awarded, they will use the OMB guidance to calculate and report FTEs. Officials from two of the localities stated that they have not yet determined how they will verify the accuracy of the jobs information submitted, but stated that they would likely review certified payrolls. An official from the third locality stated that there are currently no quality review steps in place to ensure the accuracy of the jobs data reported.

Lastly, the Newark Housing Authority reported 16 FTEs for its formula grant in the fourth quarter recipient reporting period, down from the 20 FTEs reported in the January to March 2010 reporting period, according to Recovery.gov. A senior housing official attributed the decrease to challenges in obtaining city permits in a timely manner and a state-imposed wage increase for unskilled labor. The official stated that the housing agency applied for a waiver from the wage increase, which it did not receive. According to the official, the wage increase will have a significant impact on moving forward with public housing projects because fewer people can be hired at the higher wage. A Newark housing official also told us that no jobs will be reported for the competitive grant until the agency meets its financial closing, at which time construction can begin. To verify the accuracy of the jobs information provided to them by

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contractors, officials stated they collect payrolls and conduct random spot-checking at job sites to ensure they are correct. Officials stated that recipient reporting has become easier each round and they have not experienced any issues during this most recent round.

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## State Comments on This Summary

We provided the Governor of New Jersey with a draft of this appendix on August 9, 2010. On behalf of and in concert with the Governor's Deputy Chief of Staff, who serves as co-chair for the Governor's Recovery Accountability Task Force, the Governor's Policy Advisor for Recovery Act matters responded for the Governor on August 12, 2010. The official provided technical comments that were incorporated, as appropriate.

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