



ARPA Update

State of Oklahoma

May 11, 2023

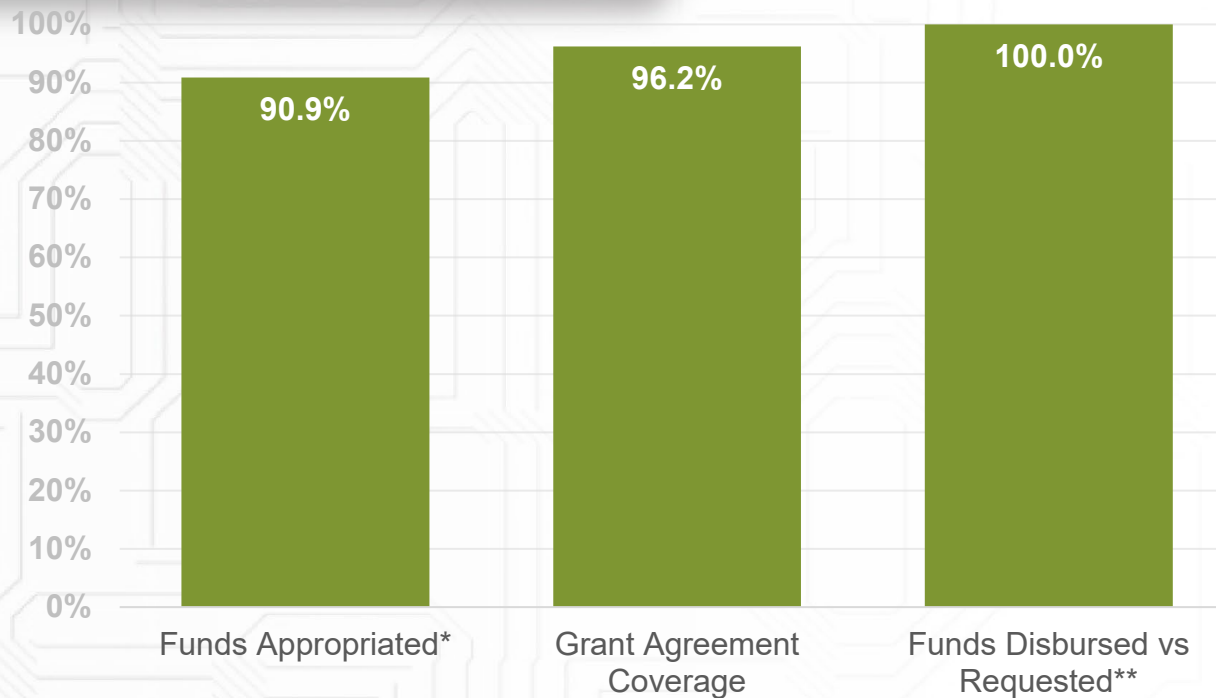
ARPA SLFRF: Key Program Updates

- The state has continued to make progress with the overall ARPA process:
 1. With the exception of the recent appropriations to DHS, 100% of all projects selected by the Legislature and appropriated with funds sourced from Oklahoma's allocation of ARPA State and Local Fiscal Recovery Fund ("SLFRF") are now by a grant agreement.
 2. Grants Management Office ("GMO") has increased its outreach to Agency Leaders.
 3. Agency Subrecipients continue to develop their respective projects.
 4. Pace of project funding and disbursement requests have increased.



ARPA SLFRF: Key Program Statistics

- Grant agreement coverage expected to reach 100% by end of May when DHS grant agreement is executed.



Notes:

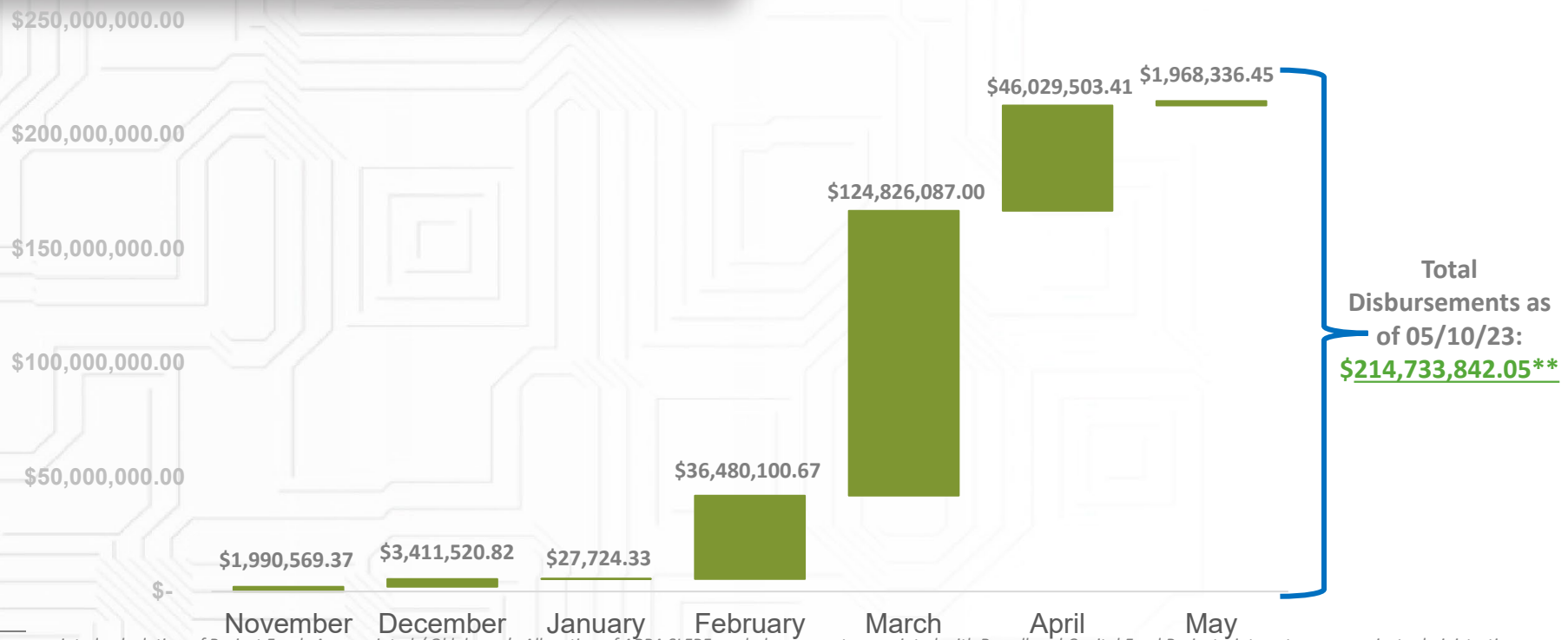
*Funds appropriated calculation of Project Funds Appropriated / Oklahoma's Allocation of ARPA SLFRF, excludes amounts associated with Broadband Capital Fund Projects, interest or non-project administrative amounts.

**Data as of May 9, 2023.



ARPA SLFRF: Project Disbursements

- As demonstrated by the consistent pace of distributions to Subrecipients, the pace of project development is increasing.



Notes:

*Funds appropriated calculation of Project Funds Appropriated / Oklahoma's Allocation of ARPA SLFRF, excludes amounts associated with Broadband Capital Fund Projects, interest or non-project administrative amounts.

**Disbursements reflect the return of previous distributions made to Broadband for OK-WIN in the amount of \$8,999,079.75.



ARPA:

Themes Associated with Project Timing

Capital Funding Design

- Infrastructure projects require detailed financial planning.
- Subrecipients with construction projects may have multiple sources of funding that will be used for different components.
- Subrecipients are making progress in establishing their budget and timeline for request of funds.

Agency Board Approval

- Some projects must obtain agency board approval, which is dependent on frequency of board meetings.
- These projects are receiving disbursements as projects are approved.

Competitive Grants

- Many appropriated projects are competitive grant programs, which require secondary subrecipients to solicit applications, perform eligibility review, conduct risk assessments, and go through secondary subrecipient or beneficiary vetting processes.

Program Design

- Projects are going through program design after funds were appropriated and project details are developed.
- Many projects requiring additional program design are nearing the completion of this process.



ARPA SLFRF: Representative Expected Disbursements over Next 30-60 Days*

- OWRB – Expected to request \$30M+ monthly over next 60 days as projects are approved by its board.
- Commerce – Rural Industrial Parks & Ports Water Infra expected to submit draw in June; Nonprofit program distribution pace expected to increase.
- HWTC – Expect request for ~\$2M NSU Optometry soon; completing administration with secondary subrecipients.
- Mental Health – ODMHSAS expected to initiate requests for ~\$20M+ for Griffin Memorial Hospital & Tulsa Behavioral Health.
- UHAT – Expect requests for funds distribution related to OU Health Tech, Behavioral Health, and Pediatric Behavioral Health.

Notes:

*Projections are based on input from Agency Subrecipients as of the date of this report and are subject to change.



ARPA: Wrap Up

What We Said	What We Did
➤ Completion of all grant agreements for projects with legislative effective dates prior to Jan. 13 expected no later than March 13.	✓ All applicable ARPA projects covered by grant agreements as of March 4.
➤ GMO will continue collaborating with subrecipients as each partner refines and executes their projects.	✓ DHS is being onboarded and expect to sign grant agreements by end of May
➤ ARPA process will mature from Phase 1 to Phase 2.	✓ GMO leadership has met with certain Agency Subrecipient leaders; GMO and Subrecipients continue to meet for weekly office hours
➤ Publish <u>ARPA Project Transparency Webpage</u>	✓ With grant agreements signed, ARPA is transitioning to funding, monitoring and compliance
	✓ GMO continues to publish weekly updates to the project tracker with periodic enhancements



ARPA SLFRF: **Looking Ahead**

- Projects that have received funding to date are expected to continue to request and receive funding.
- Additional Subrecipients and Projects expected to make requests for funds over the next 90 days.
- GMO working with subrecipient partners to refine expected project expenditure profiles.
- Legislative and Treasury reporting coming into rhythm.



ARPA SLFRF: GMO Duties

- OMES utilizes The Grants Management Office (“GMO”) to discharge its duties required by Oklahoma law:
 1. OMES is designated as the responsible entity for any claw back penalties, legal or other recoupment costs for the state.
 2. OMES must require all receiving entities, known as subrecipients, to sign a grant agreement, which includes, among other things, the federal requirements for the use of the funds, including auditing, reporting, further disbursement, and cash management procedures as well as compliance with the Oklahoma laws governing the administration of the subrecipient.
 3. OMES shall provide technical assistance to agencies, as requested, including, but not limited to limited to, procurement and competitive bidding requirements assistance, capital expenditure assistance, model templates, model agreements, grants management software or other advice, recommended reporting, and accounting of federal funds, to all state agencies who request technical assistance.
 4. Make various reports to the Legislature and the federal government.



ARPA SLFRF: FY 2023-2027 Estimated Funding Need

- Funds required for the remainder of FY-23 total \$1,525,000 to fund existing contractual and personnel expenditures for the Grants Management Office
- OMES estimates future year costs associated with administering the ARPA SLFRF appropriations to reduce over time as projects are completed and closed out
 - Assumptions would need to be confirmed with potential vendors
 - Assumptions contemplate all expenditures and subrecipients are compliant.

	Remaining Performance Period ⁽⁷⁾									
	FY 2023		FY 2024E		FY 2025E		FY 2026E		FY 2027E	
	Funds Required	Annualized Run Rate	Funds Required	Exit Period Ann. Run Rate	Funds Required	Exit Period Ann. Run Rate	Funds Required	Exit Period Ann. Run Rate	Funds Required	Exit Period Ann. Run Rate
Existing Guidehouse Contract	\$ 1,125,000 ⁽¹⁾	\$ 2,700,000 ⁽⁴⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants Management Office Personnel ⁽²⁾	300,000 ⁽²⁾	908,507 ⁽⁵⁾	908,507	908,507	908,507	908,507	908,507	908,507	680,933	453,360
Other Expenses ⁽⁶⁾	100,000 ⁽³⁾	211,610 ⁽⁶⁾	211,610	211,610	211,610	211,610	185,159	158,708	108,149	57,590
SubTotal	\$ 1,525,000	\$ 3,820,117	\$ 1,120,117	\$ 1,120,117	\$ 1,120,117	\$ 1,120,117	\$ 1,093,665	\$ 1,067,214	\$ 789,082	\$ 510,950
Estimated Single Audit Fee Support ⁽⁹⁾	-	-	150,000	150,000	150,000	150,000	150,000	150,000	225,000	225,000
Subrecipient Monitoring Consultant Support ⁽¹⁰⁾	-	-	1,900,000	1,900,000	1,575,000	1,250,000	1,125,000	1,000,000	750,000	-
Total	\$ 1,525,000	\$ 3,820,117	\$ 3,170,117	\$ 3,170,117	\$ 2,845,117	\$ 2,520,117	\$ 2,368,665	\$ 2,217,214	\$ 1,764,082	\$ 735,950
- as a % of FY-23 Annualized Run Rate		100.0%	81.0%	83.0%	74.5%	66.0%	62.0%	58.0%	46.2%	19.3%
- Estimated Savings Over FY-24 Base					\$ 325,000	\$ 650,000	\$ 801,451	\$ 952,903	\$ 1,406,035	\$ 2,434,167

Notes:

- (1) Associated with Guidehouse contract extension through March 2023 with an extension run rate of \$225,000/month
- (2) Estimated salaries and benefits for incremental five GMO staff members not contemplated in the calendar year 2021 request.
- (3) Remaining FY23 Salesforce licenses and other administrative costs.
- (4) Estimated at a monthly billing rate of \$225,000 per month.
- (5) Budgeted salaries, benefits and computer costs for Grants Management Director, six staff and fractional legal support.
- (6) Expected Salesforce ongoing licenses for subrecipient monitoring, professional education and travel.
- (7) ARPA expenditures are required to be expended by December 31, 2026. Closeout period expected to take at least the balance of FY 2027 to complete.
- (8) GMO ARPA Staff can begin to roll off in FY-27, if not earlier, as driven by project closeout activities. FY-27 conservatively assumes ongoing wrap-up activities that can be eliminated as soon as practicable
- (9) Assumes the State Auditor and Inspector will charge at a rate that is equal to two Federal Program Audits given the size and scale of the ARPA SLRF expected expenditures and program complexity, with an increase in the closeout year.
- (10) Estimated costs associated with consulting support and flexible staff augmentation for subrecipient monitoring and U.S. Treasury reporting peak periods, which are expected to taper off over time.

**\$11.7M Est. Through FY-27E
(Together with Previously
Funded Administrative Costs,
Non-Project Admin Costs are
<1% of SLFRF)**

















Appendix



ARPA SLFRF: Who Does What

















Grant Agreement Process

Grant Agreement Process	Task Description	Grants Mgmt. Office	Project Mgr. (GMO)	Project Mgr. (Consultant)	Reporting (Staff Aug.)
	Review Appropriation Legislation				
	Subrecipient Onboarding				
	Eligibility Review Consultation				
	Facilitate Subrecipient Funding Review Packet				
	Prepare Initial Risk Assessment				
	Determine Risk Category				
	Develop Subrecipient Specific Grant Agmt				



ARPA SLFRF: Who Does What


















Draw Request Process

Draw Request Process	Task Description	Oversight (OMES / GMO)	Project Mgr. (GMO)	Project Mgr. (Consultant)	Reporting (Staff Aug.)
	Review Subrecipient Budget for Eligible Uses and Compliance				
	Ensure Subrecipient Divisions Set Up in State ERP				
	Review Working Capital Advance				
	Review Subrecipient Qtly./Monthly Draw Requests				
	Ensure Reimbursements Are Allowable				
	Approve Pmt. to Subrecipient				
	Transfer Pmt. to Subrecipient				



ARPA SLFRF: Who Does What















Subrecipient Monitoring Process

Subrecipient Monitoring	Task Description	Oversight (OMES / GMO)	Project Mgr. (GMO)	Project Mgr. (Consultant)	Reporting (Staff Aug.)
	Create, Develop, Modify Templates, as needed				
	Collect Monthly / Qtly Subrecipient Reports, as req'd				
	Conduct Reviews for Deficiencies Using Appropriate Sampling Methodology				
	Issue Deficiency Notices, Identify and Enforce Corrective Actions				
	Provide Technical Guidance, as requested				
	Annual full-scope compliance review				
	Conduct Interviews / Site Visits, as Appropriate for Compliance				



ARPA SLFRF: Who Does What











Treasury Reporting

Treasury Reporting	Task Description	Oversight (OMES / GMO)	Project Mgr. (GMO)	Project Mgr. (Consultant)	Reporting Mgr. (Staff Aug.)
	Create, Develop, Modify Reporting Templates, as needed				
	Support State Auditor with Single Audit				
	Solicit, Compile and Aggregate Subrecipient Data U.S. Treasury Reporting				
	Consolidate Subrecipient and GMO Administrative Obligations and Expenditures into Draft Submission to U.S. Treasury				
	Review Draft Reports to U.S. Treasury				
	Certify and Submit Reports to U.S. Treasury				



ARPA SLFRF: Who Does What







Records Retention & Legislative Reporting

	Task Description	Oversight (OMES / GMO)	Project Mgr. (GMO)	Project Mgr. (Consultant)	Reporting Mgr. (Staff Aug.)
Records Retention	Enter Documentation for Financial and Programmatic Reports into File				
	Perform Monthly File Maintenance				
	Ensure Records Retention in Accordance with ARPA Rules				
Legis. Rept'g	Prepare Weekly Grant States Report				
	Prepare Qtly Report of Expenditures				
	Approve Report Submission				



ARPA SLFRF: Who Does What

Closeout Procedures

Closeout Procedures	Task Description	Oversight (OMES / GMO)	Project Mgr. (GMO)	Project Mgr. (Consultant)	Reporting (Staff Aug.)
	Prepare Closeout Checklist				
	Complete Closeout Checklist				
	Request and Obtain Remaining Required Subrecipient Documentation				
	Ensure Files Are Maintained in Accordance with Federal and State Data Retention Requirements	