



The United States Conference of Mayors

# **MAINSTREET ECONOMIC RECOVERY**

[usmayors.org/mainstreeteconomicrecovery](http://usmayors.org/mainstreeteconomicrecovery)

## **American Recovery and Reinvestment Act**

### **Briefing Paper for February 20 White House Meeting**

**President Barack Obama  
Vice President Joseph R. Biden, Jr.**

**Attorney General Eric Holder  
Secretary of Education Arne Duncan  
Secretary of Energy Steven Chu  
Secretary of Housing and Urban Development Shaun Donovan  
Secretary of Transportation Ray LaHood**

**February 19, 2009**



**THE UNITED STATES  
CONFERENCE OF MAYORS**

**Manuel A. (Manny) Diaz**  
Mayor of Miami  
President

**Greg Nickels**  
Mayor of Seattle  
Vice President

**Elizabeth B. Kautz**  
Mayor of Burnsville  
Second Vice President

**Tom Cochran**  
CEO and Executive Director

**The United States Conference of Mayors**  
**1620 Eye Street, NW**  
**Washington, DC 20006**  
**Tel: 202.293.7330**  
**Fax: 202.293.2352**  
**Email: [tcochran@usmayors.org](mailto:tcochran@usmayors.org)**  
**usmayors.org**

## IMPLEMENTATION OF KEY CITY PRIORITIES IN ARRA

### I. ENERGY AND ENVIRONMENT

#### **Energy Efficiency and Conservation Block Grant (EECBG) Program – Formula – \$2.8 billion**

1. EECBG is a new program established in the 2007 Energy Act (EISA) to support cities, counties, and states in curbing energy use and developing new renewable energy supplies as part of a broader commitment to curb greenhouse gas emissions. DOE has yet to issue program rules but is expected to do so shortly.
2. Funds will be allocated through a formula to eligible cities (all cities over 35,000 population and some others below this threshold), counties (all counties over 200,000 population and some others below this threshold), and all states which, in turn, will provide the funds to cities and counties that do not receive formula grants. Under current law (not ARRA), DOE must publish the formula and allocations to cities and counties within 90 days.
3. Like CDBG, the largest share of EECBG funds (68 percent) goes directly to formula-eligible cities and counties. They are to be used to fund eligible job-producing energy projects. Each recipient must prepare an energy efficiency and conservation strategy within 12 months of receipt of funds and submit it to DOE for approval in order to get second-year funding. There are no non-federal matching requirements. These funds must be expended by September 30, 2010.
4. In addition to establishing locally-developed benchmarks for measuring energy efficiency improvements, each formula recipient must report annually on its energy performance in utilizing block grant resources.
5. States must pass through at least 60 percent of their share of the funding (28 percent of the total) to non-formula cities and counties, and make their allocations within 180 days.
6. Eligible activities include costs for development of city or county energy efficiency/conservation strategies, residential/commercial building energy audits, financial incentive programs (rebates), energy efficiency retrofits, transportation energy programs, energy building code updates, methane capture/reduction technologies, installation of light emitting diodes (LEDs), and deployment of renewable energy sources.
7. **AT ISSUE: EECBG policy guidance is under development and has not yet been issued. In addition, DOE has not yet indicated what factors will be used to allocate formula funds among cities and counties which are direct recipients of formula grants, although population is likely to be the key factor. When will formula allocations be announced? Also, the interaction between the formula grant program and the competitive grant program has to be determined by DOE.**

8. **AT ISSUE: How can mayors, who were involved in the creation of EECBG, continue to assist DOE in the development of the guidance? The membership of the advisory board created by the authorizing legislation should include mayors.**

**Energy Efficiency and Conservation Block Grant (EECBG) Program – Competitive – \$400 million**

1. ARRA also includes funding for a DOE-directed competitive grants program which will provide funding to cities and counties. Specific details on this initiative will not be available until DOE develops the program rules.
2. **AT ISSUE: We assume that all cities can apply for this program. EECBG program guidance has not yet been issued, and the interaction between the formula and competitive grant programs has not yet been determined by DOE.**

**State Energy Program (SEP) – \$3.1 billion**

SEP provides grants to the states to design and carry out their own renewable energy and energy efficiency programs. Funding is provided to the states through both formula and competitive grants.

**Home Weatherization – \$5 billion**

The Home Weatherization Program enables low-income families (those with an income of 150 percent of poverty or less) to permanently reduce their energy bills by making their homes more energy efficient. Funds are allocated to the states through a formula. States subcontract with local agencies (currently about 900 across the country) which provide weatherization services to eligible households.

## **II. INFRASTRUCTURE**

**Highway Infrastructure – \$27.6 billion**

**(Includes Surface Transportation Program [STP] Local Area Funding – \$8 billion)**

1. ARRA funds will be distributed through formula directly to the states which, in turn, will sub-allocate 30 percent of the funding by population.
2. Of each state's apportionment, three percent must be set aside for transportation enhancements.
3. State apportionments must be made within 21 days of ARRA's enactment, and states have 120 days after apportionment to obligate the first 50 percent of their highway funds.
4. States will have until one year after apportionment to obligate the remainder of the funds.
5. Local areas have one year to obligate the funds.
6. There are no non-federal matching requirements.
7. Funds may be used for:
  - a. Passenger and freight rail transportation;
  - b. Port infrastructure projects;

- c. Construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways (including Interstate highways) and bridges (including bridges on public roads of all functional classifications);
  - d. Transit projects including vehicles and facilities;
  - e. Carpool projects, fringe and corridor parking facilities and programs, bicycle transportation and pedestrian walkways;
  - f. Modification of public sidewalks to comply with the Americans with Disabilities Act of 1990;
  - g. Highway and transit safety infrastructure improvements and programs, hazard eliminations, projects to mitigate hazards caused by wildlife, and railway-highway grade crossings;
  - h. Highway and transit research and development and technology transfer programs;
  - i. Capital and operating costs for traffic monitoring, management, and control facilities and programs;
  - j. Surface transportation planning programs;
  - k. Infrastructure-based intelligent transportation systems capital improvements; and
  - l. Environmental restoration and pollution abatement projects to address water pollution or environmental degradation caused or contributed to by transportation facilities.
8. Funding may be used on Federal-Aid roads; 62.5 percent of the roads in urbanized areas on the Federal-Aid system are owned by cities or counties.
- a. The Federal-Aid Primary Highway System consists of a system of connected main highways selected by each state highway department subject to the approval of the Bureau of Public Roads. It encompasses routes of the Interstate System and other important routes serving essentially through traffic with their urban extensions, including important loops, belt highways, and spurs.
  - b. The Federal-Aid Secondary Highway System is composed of the principal secondary and feeder routes including farm-to-market roads, rural mail and public school bus routes, local rural roads, county and township roads, roads of the county, road class, and their urban extensions. These roads are chosen by the state highway departments and appropriate local road officials cooperatively, subject to approval by the Bureau of Public Roads.
  - c. The Interstate System consists of routes of the highest importance to the nation. It is limited to 41,000 miles of highways connecting the principal metropolitan areas, cities, and industrial centers. Included are routes into, through, and around urban areas. It is a part of the Federal-Aid Primary System and, like the other two systems, is selected by the state highway departments subject to Bureau approval.
9. In order for a surface transportation infrastructure project to advance for federal funding, it must be included in the relevant metropolitan Transportation Improvement Program (TIP) or Statewide Transportation Improvement Program (STIP).

10. Projects which are not in a TIP can be included through an amendment process. (ASAP, contact your metropolitan planning organization [MPO] representative for additional information on the amendment process.)
11. Projects in an approved TIP or STIP are not required to go through an amendment if the scheduled implementation of the project is changed within the four-year period of the TIP or STIP. An Administrative Modification is sufficient for changing the schedule of a project in the TIP or STIP within that four-year period.
12. **AT ISSUE: Seventy percent of the funding is provided to states with no spatial or place-based distribution requirements. It would be both appropriate and helpful to have Administration officials emphasize the broad flexibility of these funds to support a range of transportation solutions, and also emphasize the need for state transportation officials to ensure balanced transportation investment patterns within states. To support this, the Administration can ensure that the tracking of highway funds through Recovery.gov includes place-based features (i.e., amount of funds and number of projects delivered to specific local areas and regions) so that the public can fully understand the investments in their local areas, using population, number of unemployed persons, and/or other relevant economic indicators.**
13. **AT ISSUE: Mayors often don't have access to the state lists of "ready to go" projects prepared by state departments of transportation. What process can mayors use to get access to those lists and to add their projects to them?**
14. **AT ISSUE: If mayors are not able to access their state lists or resolve other problems, who on DOT's TIGER Team can they call for assistance?**

#### **USDOT Competitive Grant for National Surface Transportation System – \$1.5 billion**

1. Discretionary grants will be awarded to state and local governments or transit agencies on a competitive basis.
2. Projects will have to have a significant impact on the nation, metropolitan area, or a region.
3. Eligible are:
  - a. Road and bridge projects;
  - b. Public transportation projects, including New Starts or Small Starts;
  - c. Passenger and freight rail projects; and
  - d. Port infrastructure investments, including projects that connect ports to other modes of transportation and improve the efficiency of freight movement.
4. Funding under this heading shall be not less than \$20 million and not greater than \$300 million.
5. Federal share is 100 percent.
6. DOT shall give priority to projects that require a contribution of federal funds in order to complete an overall financing package, and projects expected to be completed within three years of enactment.
7. DOT shall publish grant criteria not later than 90 days after enactment.
8. Applications for funding shall be submitted not later than 180 days after publication of grant criteria.

9. Selected projects will receive funding not later than one year after enactment.
10. **AT ISSUE: What are the metro, regional, or national criteria that projects must meet to be funded?**

#### **Public Transportation – \$8.4 billion**

1. ARRA funds will be distributed through a formula directly to states and transit agencies.
2. The law provides 100 percent federal share, except for New Starts.
3. Funds must be apportioned not later than 21 days after enactment.
4. Projects must be approved in TIP/STIP.
5. Transit Formula Grants are funded at \$6.9 billion:
  - a. 180 days following apportionment, 50 percent of the funds apportioned will be withdrawn and redistributed to other urbanized areas or states that have not had funds withdrawn.
  - b. One year following apportionment, any unobligated funds will be withdrawn from each urbanized area or state and redistributed to urbanized areas or states that have not had funds withdrawn.
6. The Fixed Guideway Modernization Formula is funded at \$750 million:
  - a. Funds must be apportioned not later than 21 days after enactment.
  - b. 180 days following apportionment, 50 percent of the funds apportioned will be withdrawn and redistributed to other urbanized areas or states that have not had funds withdrawn.
  - c. One year following apportionment, any unobligated funds will be withdrawn from each urbanized area or state and redistributed to urbanized areas or states that have not had funds withdrawn.
7. New Starts/Small Starts is funded at \$750 million:
  - a. Priority is given to projects that are currently in construction or are able to obligate funds within 150 days of enactment.
  - b. Project funding is 80 percent federal/20 percent state and local.

#### **High-Speed Rail/Intercity Passenger Rail – \$8 billion**

1. Within 60 days of enactment, DOT shall submit to the House and Senate Committees on Appropriations a strategic plan that describes how funding will be used to improve and deploy high-speed passenger rail systems.
2. Within 120 days of enactment, DOT shall issue interim guidance to applicants covering terms, conditions, and procedures until final regulations are issued.
3. The law provides 100 percent federal funding.

#### **Amtrak – \$850 million**

1. ARRA distributes funds directly to Amtrak.
2. Priority shall be given to projects for the repair, rehabilitation, or upgrade of railroad assets or infrastructure, and for capital projects that expand passenger rail capacity including the rehabilitation of rolling stock.
3. Funds will be awarded not later than 30 days of enactment.

4. Projects funded shall be completed within two years of enactment.
5. Not more than 60 percent of the funds may be used for capital projects along the Northeast Corridor.

#### **Airport Improvement Grants (AIP) – \$1.1 billion**

1. ARRA funds will be distributed by DOT as discretionary grants to airports, with priority given to those projects that demonstrate the ability to be completed within two years of enactment.
2. The law provides 100 percent federal funding.
3. Fifty percent of the funds will be made available within 120 days of enactment.
4. Remaining funds must be made available not later than one year after enactment.

#### **Clean Water State Revolving Fund (SRF) – \$4 billion**

##### **Safe Drinking Water Revolving Fund (SRF) – \$2 billion**

1. ARRA funds will be distributed through a formula directly to the states which will utilize the revolving loan funds. There are no non-federal matching requirements.
2. The bill requires that states use “not less than 50 percent” of the funds for principal forgiveness, negative interest loans, or grants. Under ARRA, states are directed to fund projects on state priority lists that can be started within 12 months of enactment. Where projects are not under contract or construction within 12 months of the date of enactment, the EPA Administrator shall reallocate the funds.
3. If there are sufficient eligible project applications, the states shall use not less than 20 percent of the funds for projects that “address green infrastructure, water, or energy efficiency improvements or other environmentally innovative activities.”
4. **AT ISSUE: Because of state practices, affordability criteria, or other factors, many cities never receive SRF funding. Larger cities may not be allowed to apply for funding, or larger projects may not be funded or, in some cases, even placed on state priority lists, because they would consume all of a state’s resources.**
5. **AT ISSUE: EPA should not allow states to establish rules which arbitrarily prevent any community from applying for SRF funding. If states cannot spend this money, the EPA Administrator should provide it directly to cities where it can be used for much-needed repair work.**

#### **Brownfields – \$100 million**

1. EPA is currently in the middle of a Brownfields grant cycle for assessment and cleanup funds. (Applications were due in November.) EPA is planning to utilize the ARRA funds to fund additional qualified applicants who submitted requests in November. If EPA does not have enough quality applications in this current round, it will go back to past qualified applications that were not funded due to lack of funds.
2. EPA soon will be issuing requests for applications for Job Training Grants.

### III. POVERTY, WORK, AND OPPORTUNITY

#### **Community Development Block Grant (CDBG) – \$1 billion**

1. CDBG funds will be distributed through the FY2008 formula to 2008 grantees.
2. HUD will develop requirements to expedite the use of the funds. ARRA permits HUD to waive or specify alternative program requirements – so long as they are consistent with the overall purpose of the statute.
3. Jurisdictions must give priority to projects that can award contracts based on bids within 120 days of the date on which funds are made available to them.

#### **Neighborhood Stabilization Program (NSP) – \$2 billion**

1. NSP funds will be allocated competitively. HUD can set a minimum grant size.
2. Eligible entities include states, units of local government and nonprofit entities or consortia of nonprofit entities; nonprofits may submit proposals in partnership with for-profit entities.
3. HUD must publish criteria for grant competition within 75 days of enactment, with applications due to HUD within 150 days of enactment. HUD must obligate all funds within one year of enactment.
4. Grantees must spend at least 50 percent of allocated funds within two years of date funds become available to them, and 100 percent within three years.
5. **AT ISSUE: How will nonprofit entities that receive funding be required to coordinate their activities with local governments?**

#### **Public Housing Capital Fund – \$4 billion**

1. Of the total Fund, \$3 billion will be distributed by formula, \$1 billion will be awarded competitively. HUD can use up to 0.5 percent of the funds for departmental costs.
2. Competitive grants are to be used for “priority investments,” including investments that leverage private sector funding or financing for renovations and energy conservation retrofit investments.
3. PHAs must give priority in the use of funds to the rehabilitation of vacant apartments, projects underway or in their five-year capital plan, and projects that can award contracts based on bids within 120 days of the date on which funds are made available to them.
4. HUD must obligate the formula funds within 30 days of enactment and must obligate competitive grants by September 30, 2009.

### **Homeless Prevention Fund – \$1.5 billion**

1. Funds will be distributed using the Emergency Shelter Grant (ESG) formula. HUD can use 0.5 percent of funds for departmental costs.
2. HUD is allowed to set a minimum grant size.
3. Funds may be used for short-or medium-term rental assistance; housing relocation and stabilization services, including housing search; mediation or outreach to property owners; credit repair; security or utility deposits; utility payments; rental assistance for a final month at a location and moving cost assistance; or other appropriate activities for homelessness prevention or rapid re-housing of persons who have become homeless.
4. Within 30 days of enactment, HUD must publish a notice to establish the requirements needed to carry out this program. The notice will take effect upon issuance.
5. Grantees must spend at least 60 percent of funds within two years of the date on which they become available, and 100 percent within three years.
6. HUD may waive statutory or regulation requirements as needed to facilitate timely expenditures.

### **Training and Employment Services – \$3.95 billion**

1. The primary WIA programs distribute funds through a formula to the states and, through them, to local Workforce Investment Boards. Funding provided through the ARRA for these programs includes:
  - a. Adult employment and training activities – \$500 million;
  - b. Youth (age 16-24) activities, including summer youth employment – \$1.2 billion;
  - c. Dislocated worker employment and training activities – \$1.25 billion.
2. ARRA also provides funding for two discretionary programs:
  - a. YouthBuild – \$50 million;
  - b. High growth and emerging industry sector worker training and placement – \$750 million.

### **Job Corps Facilities – \$250 million**

ARRA funds may be used for the construction, rehabilitation, and acquisition of Job Corps Centers. The Secretary of Labor may transfer up to 15 percent of these funds to meet the operational needs of Centers; this may include training for careers in the energy efficiency, renewable energy, and environmental protection industries.

### **State Fiscal Stabilization Fund (Education) – \$53.6 billion**

1. Through this Fund, ARRA provides \$39.54 billion for general fiscal relief for public schools and public colleges. Funds are to be used by the states to maintain their funding levels for K-12 education. In addition, states may use some of their funds to "meet maintenance of effort requirements under the ESEA and IDEA," which provides additional flexibility.
2. Once LEAs receive their funds they can be used for any purpose authorized by ESEA, IDEA, the Adult and Family Literacy Act, or the Perkins Career and Technical Education Act, or for modernization, renovation, or repair of public school facilities.

3. The ARRA provides \$8.8 billion in flexible funding to the governor for public safety and other government services. The law requires such funds to be used "...for public safety and other government services, which *may* include assistance for elementary and secondary education and public institutions of higher education and for modernization, renovation, or repair of public school facilities and institutions of higher education facilities, including modernization, renovation, and repairs that are consistent with a recognized green building rating system."
4. **AT ISSUE: It appears that governors have no mandate to spend this funding on school modernization or repair and that such spending is entirely at their discretion. If this is the case, how can mayors and local areas access this funding through their governors to pay for badly needed school repairs and modernization?**

#### **Pell Grants – \$17.1 billion**

These are need-based grants provided to low-income students using a standard formula established by Congress. Grants are awarded directly to students with financial need through participating institutions of higher education.

#### **Child Care Development Block Grant – \$2 billion**

1. This state formula block grant program provides child care services for an additional 300,000 children in low-income families whose parents are working.
2. The Child Care Block Grant provides funding to states to subsidize child care for children in low-income families engaged in education or training.

#### **Community Services Block Grant – \$1 billion**

1. This is a state formula grant program administered by the Administration for Children and Families, Community Services Division.
2. CSBG provides funds to states, territories, and federally- and state-recognized Indian tribes/tribal organizations for supportive services and activities to assist low-income individuals and families to become self-sufficient.
3. Sub-grants are awarded to locally-based Community Action Agencies and other eligible entities.

#### **Head Start (including Early Head Start) – \$2.1 billion**

This competitive grant program funds local public and private non-profit and for-profit agencies to provide comprehensive child development services to economically disadvantaged children and families, with a special focus on helping preschoolers develop the early reading and math skills they need to be successful in school.

### **Community Health Centers – \$2 billion**

1. Grants go to Federally Qualified Health Centers which are public and private non-profit health care organizations meeting certain criteria under the Medicare and Medicaid Programs (respectively, Sections 1861(aa)(4) and 1905(l)(2)(B) of the Social Security Act and receive funds under the Health Center Program (Section 330 of the Public Health Service Act).
2. **AT ISSUE: Will Federally Qualified Health Center look-alikes also be eligible for stimulus funding?**

### **Women, Infants and Children – \$500 million**

This grant program is administered by the Department of Agriculture; there are 90 WIC state agencies – 50 state health departments, 34 Indian tribal organizations, the District of Columbia, and five territories – and approximately 46,000 authorized retailers. WIC operates through 2,000 local agencies in 10,000 clinic sites.

### **Temporary Assistance for Needy Families (TANF) – \$3 billion**

TANF is a state block grant providing welfare assistance to eligible low-income families. ARRA provides additional resources to states which have more poor families needing basic assistance due to the recession, and which have responded by serving more families in their TANF programs.

### **Supplemental Nutrition Assistance Program (SNAP) – \$20 billion**

1. This program (formerly the Food Stamp program) is administered at the federal level by the Department of Agriculture's Food and Nutrition Service (FNS). State agencies administer the program at state and local levels; their responsibilities include determination of eligibility and allotments, and distribution of benefits.
2. Most of the ARRA funding (about \$19 billion) will be used to increase maximum food stamp benefits by 13.6 percent; the increase goes into effect in April 2009. The new level will stay in place in subsequent years until the program's regular annual inflation adjustments overtake the benefit increase. All food stamp households – currently about 14 million, containing more than 31 million individuals – will benefit from the increase.

### **Afterschool Meals – \$100 million**

1. The Child and Adult Care Food Program (CACFP) is a direct local reimbursement program providing nutrition assistance for young children and adults receiving day care. The program provides cash payments and USDA commodities.
2. CACFP also provides suppers in afterschool care programs in Delaware, Illinois, Michigan, Missouri, New York, Oregon, Pennsylvania, and West Virginia.

### **Senior Nutrition Programs – \$100 million**

This is a direct state formula grant program that funds elderly nutrition programs such as Meals on Wheels.

### **Compassion Capital Fund – \$50 million**

1. This is a direct competitive grant program for faith-based initiatives administered by HHS's Administration for Children and Families, Community Services Division.
2. A new RFP for current funds will be released within weeks.
3. New ARRA funding mechanisms have not yet been determined.

## **IV. PUBLIC SAFETY**

### **Community Oriented Policing Services (COPS) – \$1 billion**

1. Funds are distributed competitively.
2. ARRA waives both the \$75,000-per-officer cap and the 25 percent match.
3. The bill provides for the hiring and rehiring of law enforcement officers.
4. **AT ISSUE: It is unclear how the COPS Office will administer these competitive grants, and how it will allow funding to be used to prevent layoffs.**

### **Byrne Justice Assistance Grants (JAG) – Formula – \$2 billion**

1. Forty percent of the total JAG allocation goes directly from the Justice Department's Bureau of Justice Assistance to local law enforcement agencies by formula based on the FBI's Uniform Crime Report.
2. Of the 60 percent that passes through the states, 62 percent goes directly to local law enforcement agencies.
3. Byrne JAG funds may be used for law enforcement programs; prosecution and court programs; prevention and education programs; corrections and community corrections programs; drug treatment and enforcement programs; planning, evaluation, and technology improvement programs; and crime victim and witness programs (other than compensation).
4. **AT ISSUE: How will the Byrne JAG and COPS anti-supplantation provisions be interpreted? The Byrne JAG funds will be used immediately to retain positions that otherwise would be eliminated. It is important that law enforcement agencies are able to retain those jobs without risk of violating the anti-supplantation rules.**

### **Byrne Justice Assistance Grants (JAG) – Competitive – \$225 million**

This funding will be awarded by the Department of Justice for "competitive, peer reviewed grants to units of state, local, and tribal government, and to national, regional, and local non-profit organizations to prevent crime, improve the administration of justice, provide services to victims of crime, support critical nurturing and mentoring of at-risk children and youth, and for other similar activities."

### **Southwest Border/High Intensity Drug Trafficking Areas – Competitive – \$40 million**

Funding will be provided for assistance and equipment to local law enforcement agencies along the Southwest border and in High Intensity Drug Trafficking Areas.

### **Firefighter Assistance Grants – \$210 million**

This funding will be awarded through competitive grants not to exceed \$15 million to enable fire departments to modify, upgrade, or construct non-federal fire stations.

### **Violence Against Women – \$225 million**

Funding is provided through formula grants to the states for violence against women prevention and prosecution programs, with \$50 million reserved for transitional housing assistance grants for victims of domestic violence, stalking, or sexual assault.

## **V. ARTS AND TOURISM**

### **National Endowment for the Arts – \$50 million**

Forty percent (\$20 million) will be distributed by formula to state arts agencies and regional arts organizations; 60 percent (\$30 million) will be awarded competitively to governmental and nongovernmental arts agencies for arts projects and activities to retain jobs.