



The Federal Stimulus and New York: Backgrounder

September 2009 Update

I. The American Recovery and Reinvestment Act

Introduction

The American Recovery and Reinvestment Act (ARRA), the \$787 billion federal stimulus bill passed in February 2009, is an important down payment on a clean energy economy that can put Americans to work in green collar jobs. Green collar jobs are good jobs that improve environmental sustainability and community health while offering family-supporting wages, benefits, occupational safety and health, and opportunities for career advancement. New York State will receive an estimated \$24.6 billion in stimulus aid over the next two years that will help the state “weather the current storm and provide critical resources for investing in our future.”¹

Among the projected benefits of the stimulus for New York State is the creation of over 200,000 desperately needed jobs.² Many of these jobs will be in green collar occupations, like improving the energy efficiency of low-income residences and cleaning up contaminated brownfields.

Back in March, when the ARRA funds were first disbursed, Urban Agenda released a memo highlighted the recovery and how it would affect New York. This memo provides updates on disbursements and funding streams.

Principles for New York State Stimulus Spending

With so much money flowing from different channels, many significant spending decisions will be made over the next two years. In February 2009, the New York City Apollo Alliance released its *Principles for Effective Stimulus Fund Disbursement* in letters to Governor Paterson, Mayor Bloomberg, and other state and local officials.³ The Principles are offered to ensure that the funds are released in a transparent and open manner and create environmentally sustainable jobs that provide family-sustaining wages, paid benefits, and pathways out of poverty.

While the ARRA included an unprecedented set of guidelines for increasing the transparency and accountability of stimulus spending, the potential for waste, fraud, and abuse is a real danger whenever large amounts of money are disbursed. In New York State, a coalition of leading public interest groups has formed the NYS Stimulus Oversight Working Group to ensure that stimulus funds are spent in an ethical, equitable, and accountable manner. Their *Common Principles for Transparency and Accountability* include suggestions for reporting on stimulus fund disbursement, quantifying and tracking the benefits of stimulus spending — from job creation to prevented greenhouse gas emissions — and establishing a state Joint Accountability and Transparency Committee to oversee stimulus spending.⁴

The States for a Transparent and Accountable Recovery, a coalition of state and local groups working to ensure the recovery is transparent, accountable, fair and equitable, created the *Recovery Act Info Center* to track ARRA spending.⁵ Good Jobs First, coordinator of the coalition, recently released a comprehensive analysis of state recovery sites.⁶ The

1 <http://www.economicrecovery.ny.gov/index.htm>

2 <http://apolloalliance.org/wp-content/uploads/2009/02/recovery-act-state-by-state-jobs-impact-white-house-0213092.pdf>

3 <http://urbanagenda.org/nycapollo/fedstimulus.htm>

4 <http://tinyurl.com/m9aw68>

5 <http://www.accountablerecovery.org>

6 <http://www.goodjobsfirst.org/news/article.cfm?id=396>

report found that while most states did a good job of providing information on categories of ARRA spending, few states provide substantive information how the money is being spent. Only 10 states, for instance, provide contract names and dollar amounts on their ARRA websites, and very few states juxtapose the geographic distribution of stimulus spending with patterns of economic distress.

Stimulus Fund Disbursement

Stimulus funds are disbursed in several ways. Some of the money goes directly to federal agencies to help them maintain their programs. Another portion is allocated to state governments, state agencies, cities, and other entities based on existing formulas, for example, population and percentage of residents below a certain income. Finally, a piece will be distributed based on grant requests and competitive awards.

Job Standards and Purchasing Requirements

Contractors on projects directly contracted by the federal government are already required to pay workers prevailing wages.⁷ ARRA extends prevailing wage provisions to all laborers and mechanics on any project funded by the stimulus — even projects subcontracted through local entities or paid for with government-backed bonds. The Act also requires that all iron and steel used for any construction, maintenance, or repair project funded by the Act be produced in the United States.⁸

Timeline for Stimulus Spending

From the day the stimulus bill was signed into law on February 20, 2009, federal agencies have 30 days to award formula grants, 90 days to award competitive grants, and 120 days to award grants to programs that were not funded in 2008 (and are therefore considered new). Additional funds will be disbursed by request through September 2010. All grant funding awarded must be used within two years of the initial contract date. The ARRA website lists the amount of money announced by agency for New York and how much has been distributed to date.⁹

II. The Stimulus in New York State

Governor David Paterson created the New York State Economic Recovery and Reinvestment Cabinet in February 2009 to “ensure that the [stimulus] funds are not delayed because of permitting and other issues, to oversee reporting and transparency, to advise municipalities on qualifying for federal funds and to ensure statewide distribution of the funds.”¹⁰ The Cabinet is chaired by Timothy J. Gilchrist and is composed of representatives from many major state agencies.

In addition to formula allocations under different programs and the possibility of competitive grants and one-time awards, New York State received several lump sums to maintain public benefits, like Medicaid, food stamps, and unemployment payments. The State also received \$2.47 billion over two years in Education Block Grant money and \$549 million in Flexible Block Grant money allocated from the State Fiscal Stabilization Fund.¹¹ This fund is for maintaining public services, avoiding proposed cuts in education spending, and modernizing school facilities.

Because stimulus funds are still being disbursed, and because a large portion of the money will be awarded through competitive grants, New York City’s share of the \$787 billion has yet to be fully determined. New York City’s share of

7 Prevailing wage is defined as the hourly wage, usual benefits and overtime, paid in the largest city in each county, to the majority of workers, laborers, and mechanics. See <http://www.lni.wa.gov/TradesLicensing/PrevWage/Basics/Whats/default.asp>

8 From Apollo Alliance briefing materials prepared by Apollo Research Associate Elena Foshay.

9 <http://www.recovery.gov/?q=content/available-amount-program&state=NY>

10 <http://www.staterecovery.org/new-york>

11 <http://www.cbpp.org/files/1-22-09bud-sfsf.pdf>

the stimulus money can be tracked on the *NYC Stat Stimulus Tracker*.¹² According to the Stimulus Tracker, as of August 2009, New York City had received just short of \$3.3 billion in stimulus funds, mainly through Medicaid relief, Health and Social Support, and Infrastructure. To date, the city estimates that 32,103 jobs were created or retained through stimulus funding.

Stimulus funding has also been used to displace city funds, freeing them up for other uses. For example, the city received \$277.5 million in infrastructure funding through Displaced City Funding, which is not federal ARRA funding. City funding for these projects is possible because of ARRA funding provided to other projects that would have received city funding.

New York State Stimulus Components

A full accounting of New York State's projected formula-based portion of stimulus money is available online.¹³ The following sections highlight a small sampling of the crucial pots of money in several areas of importance to the development of a green economy and the creation of green collar jobs. Because much of the money that New York City will see passes through state agencies, or will come later through competitive grants, and because much of the stimulus funds have yet to be disbursed, estimates for the city's portion of stimulus dollars are still in the works. An annotated list of the programs that will be used to administer stimulus funds — with state agency contacts — can be found in the New York American Recovery and Reinvestment Act Handbook.¹⁴

The Federal Economic Recovery Act also created a slate of tax benefits and financing mechanisms alongside the spending measures. Many of these benefits support a green economy — renewable energy and energy efficiency, in particular. For example, the stimulus expands Clean Renewable Energy Bonds (CREBs) and Qualified Energy Conservation Bonds, two important vehicles for financing clean energy projects.¹⁵ A brief summary of the Recovery Act's tax provisions can be found online.¹⁶

More Resources

Federal Economic Recovery Site: <http://www.recovery.gov> and <http://www.grants.gov>

Apollo Alliance Estimate of Jobs Created by the Stimulus Plan:

<http://apolloalliance.org/uncategorized/green-collar-jobs-generated-by-the-senate-stimulus-plan/>

Notes on Transparency, Labor Standards, and Local Content Requirements in the Final Version of the American Recovery and Reinvestment Act of 2009: <http://apolloalliance.org/wp-content/uploads/2009/02/notes-on-final-stimulus-bill.pdf>

Recovery Act Timeline: <http://www.recovery.gov?q=content/timeline>

New York State Economic Recovery Site: <http://www.economicrecovery.ny.gov>

New York State Economic Recovery and Reinvestment Cabinet:

<http://www.economicrecovery.ny.gov/TheCabinet/TheCabinet.htm>

Energy Highlights

These are only a few of the most important energy related programs. This section does not include the funds for renewable energy system research and deployment, electric grid investment, and battery storage development that will be awarded competitively.¹⁷

¹² <http://www.nyc.gov/html/ops/nycstim/html/summary/summary.shtml>

¹³ <http://www.economicrecovery.ny.gov/DirectAid/aidnewyork.htm>

¹⁴ http://www.economicrecovery.ny.gov/assets/pdf/030509_NYS_Recovery_Handbook.pdf

¹⁵ http://apps1.eere.energy.gov/news/news_detail.cfm/news_id=12249

¹⁶ <http://apolloalliance.org/wp-content/uploads/2009/03/full-summary-of-finance-ways-means-provisions-in-arra.pdf>

¹⁷ See NYSERDA's list of energy programs funded by the stimulus at <http://www.nyserda.org/pdfs/EconomicStimulusFunding.pdf>

Program*Weatherization**Energy Efficiency and Conservation Block Grants**State Energy Program***NYS Portion***\$394 million**\$31 million**\$123 million*

Weatherization is the retrofitting of low-income residences to improve energy efficiency and occupant safety.¹⁸ Since 1976, the Federal Weatherization Assistance Program (WAP) has offered weatherization services — adding insulation, replacing inefficient heating systems, caulking windows — free of charge to 6.2 million income-eligible households.

The Recovery Act increases WAP's budget, raises the cap expenditures, and allows for the weatherization of buildings weatherized as recently as 1994. The \$394 million allocated through an existing formula to New York State will expand the reach of weatherization and potentially create demand for more workers who can install residential efficiency measures. Because the money will be further allocated to existing WAP network partners according to existing allocation formulas, money for New York City will go primarily to community-based organizations and major weatherization providers, like the Association for Energy Affordability (AEA).

In New York State, the Department of Housing and Community Renewal (DHCR) administers the WAP program.¹⁹ DHCR submitted their Weatherization State Plan detailing how they planned to spend the increased WAP funds.²⁰ However, much of the WAP money has been delayed due to confusion over the Davis-Bacon requirement in ARRA. Weatherization providers are reluctant to begin work without knowing how much they will be required to pay their workers.²¹ The Department of Labor released wage surveys and guidelines in September 2009.²²

More Resources

Weatherization Assistance Program: <http://apps1.eere.energy.gov/weatherization/>

"Obama-Biden Administration Announces Nearly \$517.8 Million in Weatherization Funding and Energy Efficiency Grants for New York," <http://www.energy.gov/news2009/7038.htm>

DOL Weatherization Assistance Program: http://apps1.eere.energy.gov/weatherization/dol_wage_determination.cfm

The Energy Efficiency and Conservation Block Grant program (EECBG) provides money to cities, states, and other entities to implement projects that reduce fossil fuel emissions, improve energy efficiency, and create jobs. Several types of appropriate projects are outlined. However, DOE approval can be sought for any project that meets the stated goals. Funding can be also be used to develop and implement a longer-term energy efficiency or conservation strategy.

The allocation system is complex: 68% of funds are given to the most populous cities and counties in each state; 28% is given directly to each state with the stipulation that 60% be allocated to cities and counties that do not receive formula grants; 2% goes to Indian tribes; and 2% is awarded through competitive grants to cities, counties, and other entities. New York State is projected to receive a \$31 million formula-based grant. The New York State Energy Research and Development Authority (NYSERDA) has submitted their comprehensive plan for the EECBG money to the Department of Energy.²³

18 http://apps1.eere.energy.gov/weatherization/what_is.cfm

19 <http://www.dhcr.state.ny.us/general/ARRA/recovery.htm>

20 http://www.dhcr.state.ny.us/Publications/WeatherizationRecoveryActFundingPlan/Weath_ARRA_Plan.pdf

21 <http://www6.lexisnexis.com/publisher/EndUser?Action=UserDisplayFullDocument&orgId=1593&topicId=21355&docId=i:1022360948>

22 http://apps1.eere.energy.gov/weatherization/dol_wage_determination.cfm

23 <http://www.nyscrda.org/pdfs/NYS%20EECBG%20Plan-%2006-09-rev2.pdf>

New York City's formula-based grant amount is still being determined, but an initial estimate is \$140 million. None of the money has yet been allocated.²⁴ The city plans to use \$16 million of the EECBG for a revolving loan fund as part of its *Greener, Greater Buildings* plan.²⁵

The State Energy Program (SEP), administered by the DOE, provides state grants to carry out renewable energy and energy efficiency programs. One third of the funds is equally divided among all states, one third is allocated based on population, and one third based on energy consumption. States must match 20% of the grant. In New York State, this money has been used to support many programs administered by NYSERDA. NYSERDA will administer \$123 million to support energy efficiency and renewable energy projects and initiatives.²⁶ It submitted its Comprehensive Application for the program, which was approved on July 2, 2009.²⁷

More Resources

Energy Efficiency and Conservation Block Grants: http://apps1.eere.energy.gov/wip/block_grants.cfm#allocated

Energy Efficiency and Conservation Block Grant program information:

<http://apolloalliance.org/wp-content/uploads/2009/03/eecbg-details-us-conf-of-mayors.pdf>

State Energy Program: http://apps1.eere.energy.gov/state_energy_program/

Transportation Highlights

Program Name

Transportation: Highways & Bridges

Transportation: Mass Transit

NYS Portion

\$1.12 billion

\$1.24 billion

The funding for highway and bridge work — \$1.12 billion — goes directly to the state Department of Transportation (DOT) through the Federal Highway Administration's Highway Infrastructure Investment Program. Fifty percent of this funding must be committed within the next four months. Funds are allocated to projects selected by 13 regional Metropolitan Planning Organizations (MPOs) with state DOT input.

Already, Governor Paterson has announced \$65 million in stimulus funding for "shovel ready" transportation infrastructure projects that will create almost 3,000 jobs, exclusively in bridge and road construction and repair projects outside New York City. The New York Metropolitan Transportation Council, New York City's MPO, is in the process of updating its Transportation Improvement Program with the list of potential projects for stimulus funding.

For **mass transit**, \$211.9 million has already been divided between the New York City Metropolitan Transit Authority (MTA) and a Western New York Authority to modernize and rehabilitate fixed-guideway systems — commuter rail, Bus Rapid Transit — under the Federal Transit Administration's Fixed Guideway Modernization program. New York State is also receiving \$1 billion under the FTA Transit Capital Assistance program. An undetermined portion of this money will be allocated to the NYC MTA to support mass transit system improvements.

In addition to these two pots of transportation infrastructure money, several discretionary grant programs will award funds competitively. These include an Alternative Fueled Vehicle Pilot program and a transportation electrification program. NYSERDA is already coordinating a response to the Alternative Vehicle opportunity notice.

²⁴ <http://www.nyc.gov/html/ops/nycstim/html/summary/summary.shtml>

²⁵ http://www.nyc.gov/html/planyc2030/downloads/pdf/workforce_and_financing.pdf

²⁶ <http://www.nyserda.org/Economicrecovery/sep.asp>

²⁷ <http://www.nyserda.org/Economicrecovery/documents/NYS%20SEP%20ARRA%20Grant%20Application.pdf>

To date, New York City has received \$308 million in transportation money.²⁸ Much of the money has gone to rehabilitating bridges and roads under the Surface Transportation Program. Projects for ferry system and ferryboat maintenance have also received funding through the transit capital assistance funding stream.

More Resources

Federal Highway Administration Stimulus Site: <http://www.fhwa.dot.gov/economicrecovery/index.htm>

Federal Transit Administration Stimulus Site: http://www.fta.dot.gov/index_9118.html

Press releases announcing first New York State transportation infrastructure investments:

<http://www.economicrecovery.ny.gov/News/press022309.htm> and <http://www.economicrecovery.ny.gov/News/press030909.htm>

Other Stimulus Highlights

Program Name

Clean Water State Revolving Fund

Drinking Water State Revolving Fund

NYS Portion

\$435 million

\$85 million

The Clean Water State Revolving Fund and Drinking Water State Revolving Fund are two existing revolving loan fund programs that support initiatives to protect water resources, including infrastructure development (sewer systems, waste treatment plants, storm water management systems), environmental remediation programs, and land purchasing.

In New York State, projects that have already been listed in the 2009 Clean Water or Drinking Water State Revolving Fund Intended Use Plans (IUPs) and have passed the State Environmental Quality Review process (SEQRA) will have first priority for funding. For example, the New York City Municipal Water Finance Authority has several sewer construction projects in the CWSRF pipeline. However, an infusion of funds into these programs could allow for a broadening of project types.

The Environmental Protection Agency suggests the development of “green infrastructure” as a possible use of Clean Water funds. Development of green stormwater management systems, like green roofs, has the potential to create many new green collar jobs for New York City residents.

More Resources

Clean Water State Revolving Fund: <http://www.epa.gov/owm/cwfinance/cwsrf/> and <http://www.nysefc.org/home/index.asp?page=14>

Drinking Water State Revolving Fund:

<http://www.epa.gov/safewater/dwsrf/index.html> and <http://www.health.state.ny.us/environmental/water/drinking/water.htm>

Program Name

Converting Federal Buildings to High-Performance Green Buildings

NYS Portion

N/A

The Federal General Services Administration (GSA) is responsible for overseeing a \$4.5 billion program to retrofit federal buildings to increase their energy efficiency and sustainability over the next two years. The program specifically sets aside money to support pre-apprenticeship programs and connect them with apprenticeship training programs registered with the Department of Labor. Considering that New York City contains many buildings owned and operated by the federal government, this program will create jobs for architects, engineers, mechanics, and construction workers, as well as green building work opportunities for new apprentices entering the building trades from pre-apprenticeship

²⁸ <http://www.nyc.gov/html/ops/nycstim/html/tracker/infrastructure.shtml>

programs. The list of federal buildings in New York that will be partially or completely retrofit under this program can be found online.²⁹

Program Name	NYS Portion
<i>Public Housing Capital Fund</i>	<i>\$502 million</i>
<i>Energy and Green Retrofit Investments for Rent-Assisted Housing</i>	<i>N/A</i>

The Recovery Act allocates **\$4 billion for Public Housing Authorities to supplement their capital funds and support facilities improvement and modernization projects**. Three billion dollars will be awarded by existing Housing and Urban Development (HUD) formula, and \$1 billion will be given as competitive grants. This money will allow for the continuation and expansion of existing efforts to increase the energy and water efficiency of public housing, while also enabling more basic capital improvements. The competitive grants will prioritize energy efficiency and conservation projects.

More energy efficient and environmentally sustainable public housing is a big win for New York City. Improving energy efficiency in buildings creates retrofiting jobs. Reducing energy expenditures by the New York City Housing Authority (NYCHA) can also help secure the long-term affordability and quality of public housing.

The city recently announced that \$209 million in stimulus funds for NYCHA will be used for energy efficiency and conservation upgrades for a demonstration project at Castle Hill Houses in the Bronx.³⁰ By 2011, the measures will lower energy use by 2.25 million kilowatt hours of electricity a year, reduce carbon dioxide emissions by more than 4,900 tons annually, and save \$1.2 million a year.

The stimulus also includes **\$250 million in competitive grants for energy efficiency retrofits and sustainability improvements in project-based assisted housing** — privately owned buildings that are subsidized for low-income tenants, like Section 8 voucher holders. In addition to Section 8 housing, the program also covers Housing for the Elderly and Housing for Persons with Disabilities.

In addition to these explicitly “green” programs, other important housing initiatives could incorporate energy efficiency and other green principles. For example, the **\$2 billion in Neighborhood Stabilization Grants** that HUD will be awarding competitively to states, local governments, and nonprofits could be used to retrofit abandoned or foreclosed properties before resale, boosting their long-term value and creating job opportunities for residents of struggling neighborhoods.

New York City has already funded several projects to improve through the Public Housing Capital Fund Recovery grant.³¹

More Resources

HUD Formula-based allocations: <http://apolloalliance.org/wp-content/uploads/2009/02/hud-funding-allocations-by-state.xls>

NYCHA Sustainability Partnership: <http://www.nyc.gov/html/om/html/2007b/pr453-07.html>

Program Name	NYS Portion
<i>Workforce Investment Act</i>	<i>\$156 million</i>
<i>Energy Efficiency and Renewable Energy Worker Training</i>	<i>N/A</i>

New York State is estimated to receive approximately **\$156 million to support existing training programs for adults, youth, and dislocated workers**. On top of this money, the Recovery Act allocates **\$500 million to competitive grants**,

²⁹ http://assets.bizjournals.com/cms_media/bizjournals/pdf/gsa_stimulus_list_3_29_09.pdf

³⁰ <http://tinyurl.com/nycha209mCHH>

³¹ <http://www.nyc.gov/html/ops/nycstim/html/tracker/infrastructure.shtml>

awarded by the federal Department of Labor (DOL), to support programs that train workers for emerging green careers. Targeted areas include building energy assessment (auditing), retrofitting and maintenance of efficient buildings, and the renewable electricity industry (construction and installation of renewable energy systems, construction, operations and maintenance of a modernized and expanded electricity transmission and distribution grid).

The \$500 million Energy Efficiency and Renewable Energy Worker Training program is divided into five separate grant competitions: Pathways out of Poverty Grants, State Energy Sector Partnership (SESP) and Training Grants, Energy Training Partnership Grants, Green Capacity Building Grants, and State Labor Market Information Investment Grants.

More Resources

Bringing Home the Green Recovery: <http://www.greenforall.org/resources/recoveryusersguide>

“Competitive Grants for Green Jobs Training”: <http://tinyurl.com/kpe5pq>

Additional Stimulus Resources

A few of the best stimulus resources are listed below, along with resources for tracking stimulus spending in the weeks and months ahead:

- <http://www.recovery.gov>
- New York State stimulus spending will be tracked on the official state economic recovery website, <http://www.economicrecovery.ny.gov/index.htm>
- The Mayor’s Office of Operations has also created a stimulus tracking website, NYCStat Stimulus Tracker, to follow the city’s use of stimulus funds, at <http://www.nyc.gov/html/ops/nycstim/html/home/home.shtml>
- Apollo Alliance, Recovery Act Information Center: <http://apolloalliance.org/new-apollo-program/data-points-nap/recovery-act-information-center-what-you-need-to-know/>
- Center for American Progress, “The Nationwide Allocation of Recovery Funding”: http://www.americanprogress.org/issues/2009/02/compromise_map.html/#methodology
- States for a Transparent and Accountable Recovery: <http://www.accountablerecovery.org>
- Green for All/Policy Link, “Bringing Home the Green Recovery: A User’s Guide to the 2009 American Recovery and Reinvestment Act”: <http://www.greenforall.org/resources/recoveryusersguide>
- Green for All, “Green Recovery for All Toolkit”: <http://www.greenforall.org/resources/recoverytoolkit>
- ICLEI, Local Governments for Sustainability, “Economic Recovery Funding Updates”: <http://www.icleiusa.org/action-center/financing-staffing/stimulus-funding-updates>