



# **The American Recovery and Reinvestment Act State and Local Aid**

## **By Congressman Solomon P. Ortiz**

On February 13, 2009, Congressman Solomon P. Ortiz (TX-27) joined the majority of the House of Representatives in passing H.R. 1, the American Recovery and Reinvestment Act. This historic piece of legislation will save and create approximately 3.5 million jobs, stimulate the nation's economy, and transform the economy to promote long-term growth and stability. In Texas, approximately 269,000 jobs will be saved or created as a result of this legislation. More than 35 percent of the package will provide direct tax relief to about 95 percent of American workers.

### **Providing Texas with Funds to Sustain State and Local Programs**

#### ***Medicaid***

This bill expands eligibility for Medicaid and provides for increased federal matching to the state Medicaid program. Texas will receive an increase of \$5.45 billion in their matching federal funds over a 27-month period.

#### ***Unemployment Insurance***

Under H.R.1, employment insurance will extend through December 31, 2009 instead of ending at the end of March 2009. Current law provides unemployed workers with up to 33 weeks of extended benefits. The agreement increases, through December 31, the current average unemployment insurance benefit by \$25 per week, to \$325 per week. The measure also provides one-time grants to encourage states to modernize their unemployment compensation systems in order to increase coverage among low-wage, part-time, and other jobless workers. This provision would cost an estimated \$3 billion.

#### ***Nutrition Programs***

The agreement appropriates \$20 billion in additional funds for the food stamp program, and lifts restrictions that limit the amount of time individuals can receive such assistance. Such restrictions that are lifted include a prohibition on enrollment of individuals who received food stamps for at least three months and did not work 20 hours or more per week, or did not participate in and comply with the requirements of a state work program for 20 hours or more per week.

#### ***Rural Water***

The Agriculture Department will receive \$1.4 billion for the rural water and waste grant and loan programs, which serve rural areas with populations of 10,000 or less, help local communities fund drinking water and wastewater treatment infrastructure, with priority given to smaller and poorer communities.

#### ***Law Enforcement***

The agreement appropriates \$2.8 billion for state and local law enforcement assistance. Of that total, \$2 billion is for the Edward Byrne Memorial Justice Assistance Grant Program, which awards grants to states for use by state and local governments for criminal justice programs, such as drug task forces, community crime prevention efforts, substance abuse treatment programs, and prosecutorial initiatives, with an emphasis on combating violent crimes.

#### ***Community Oriented Policing Services (COPS) Law Enforcement Grants***

H.R. 1 provides \$1 billion for the Community Oriented Policing Services (COPS) to address the personnel needs of state, local, and tribal law enforcement through the COPS Hiring Recovery Program (CHRP).

CHRP will make competitive grant funding available to law enforcement agencies for the hiring and rehiring of additional career law enforcement officers. There is no local match requirement for CHRP, but grant funding will be based on current entry-level salaries and benefits packages. Any additional costs for higher salaries or benefits for particular individuals hired will be the responsibility of the grantee agency. Application materials are scheduled to be available before the end of March and submitted through the COPS Office web site: [www.cops.usdoj.gov](http://www.cops.usdoj.gov).

### ***Economic Development Assistance***

The Commerce Department's economic development assistance program addresses problems of long-term economic distress in declining urban industrial cores and stagnating rural areas. The program's funding is first distributed regionally on a formulaic basis based on high unemployment or low per capita income, and then each region actively seeks competitive applications. Congress has appropriated \$400 million for the program.

### ***New Tax Credit Bonds for Government Infrastructure Projects***

New tax credit bonds for government infrastructure projects will be available through this package. Instead of a tax-exempt government obligation bond, state and local government can elect to receive a direct payment from the federal government for 2009 and 2010. The payment will be equal to the subsidy that would have otherwise been delivered through the federal tax credit for bonds.

### ***School Construction Bonds***

The agreement establishes a new type of tax-credit bond that could be issued by state and local government to finance the construction, rehabilitation, or repair of a public school facility or for the acquisition of land on which a school facility would be constructed. Bonds will be available for 2009 and 2010, with \$11 billion allocated each year.

Each year, 60% of those bonds would be allocated to states based on the number of school age children and 40% would be allocated among certain local educational agencies based on the amount received through certain grants from the Education Department. Local agencies' unused funds will be reallocated to the states.

Funded projects must comply with Davis-Bacon requirements and requires all available project proceeds be used within three years of the issuance of the bonds.

### ***Energy Efficiency Block Grants***

The legislation appropriates \$3.2 billion for the Energy Department's Energy Efficiency Block Grant Program. The program provides grants to state, local, and tribal governments to fund public facility renovation projects that would install more energy efficient building technologies and materials, and energy efficient technology demonstration projects. The appropriated funds will be allocated to units of governments as follows:

- 68 percent of the funds will be set aside for grant awards to cities, towns, and counties;
- 28 percent of the funds will be awarded to the states;
- 2 percent will be set aside for Indian tribes; and
- 2 percent will be set aside for competitive grants to local governments that are not eligible based on population or to a consortium of local governments.

### **Ensuring Accountability and Transparency of Taxpayer Investment**

Funds appropriated in the American Reinvestment and Recovery Act will be distributed via existing formulas and programs with proven track records when possible. Through various measures, the legislation promotes swift obligation of funds to immediately stimulate the economy, while still ensuring

transparency and accountability. Measures are in place so that taxpayers will be able to see exactly how their investment in our nation's economy is being spent at <http://www.recovery.gov/>. Any obligation of funds by a federal, state or local entity and all competitive grants must be posted for the public on this website. There are no earmarks in this bill.

To find out more information concerning infrastructure and science investment in the American Recovery and Reinvestment Act, please visit <http://ortiz.house.gov/> and <http://www.recovery.gov/>.

If you have any concerns or need more information, please write or call our offices:

2110 Rayburn House Office Building  
Washington, DC 20515  
Phone (202) 225-7742

3649 Leopard, Suite 510  
Corpus Christi, TX 78408  
Phone (361) 883-5868

1805 Ruben Torres Blvd., B-27  
Brownsville, TX 78521  
Phone (956) 541-1242

Or visit us online at: <http://ortiz.house.gov>