



**To: Governor David A. Paterson**  
**From: The New York State Economic Recovery and Reinvestment Cabinet**  
**Re: Report on New York's Share of Total Recovery Act Spending**  
**Date: December 4, 2009**

This report is intended to provide you with an update of New York's total share of funds from the American Recovery and Reinvestment Act and state agencies' progress in spending the funds.

### **New York's Share**

The attached table, titled "*Major ARRA Spending Provisions that Impact New York,*" shows the total amount available nationally in each category and the amount allocated to New York.

New York State will receive at least \$31 billion of the approximate \$420 billion total Recovery Act funds that will be available over the length of the stimulus program, according to the latest information. These funds will go to state agencies, local governments, school districts, universities, businesses, and individuals. The total does not include at least \$500 million in direct spending in New York by federal agencies, as noted on the bottom of the attached table. It also does not include tax reductions that are part of the stimulus program, including, for example, the \$9 billion in reduced federal tax withholding for individual New Yorkers.

About \$3 billion is for infrastructure projects, including \$2.4 billion for transportation and about \$571 million for clean water, drinking water and wastewater projects. While much attention has been paid to infrastructure spending, the attached table shows that the largest portion of stimulus funds, about \$16 billion, will be used to support the State and county governments and school districts. This includes \$11.1 billion for Medicaid and about \$4.8 billion for education.

Payments to individuals account for approximately \$6.7 billion. This includes \$3.9 billion in increased unemployment insurance, \$1.3 billion in increased food stamps, \$845 million in increased Social Security and Supplemental Security Income payments and \$653 million in increased Pell grants to college students. As noted, this does not include tax breaks.

In our last report, we provided data on how \$18 billion of the approximate \$30.4 billion in ARRA funds that will be provided to New York will be divided among the counties. The \$12.4 billion difference is explained as follows:

- Of New York's \$11.1 billion in Medicaid funds, \$2.7 billion went to county governments and the remaining \$8.4 billion was used to offset the cost of the Medicaid program to the State.
- The State will use \$549 million in fiscal stabilization funds to reduce the need for budget cuts and tax increases.
- The county data includes only one year (\$1.2 billion) of the total \$2.4 billion in education restoration funds.
- Some funds have not been distributed yet. For example, the \$18.7 million in appliance rebates are not included in the data because they will not be offered until early next year.
- Federal agencies have made some additional awards since the last report, including a substantial increase in Pell grants for college students and \$80 million more for smart grid electric projects.

### **Major Categories**

As the table shows, the largest share of stimulus support for New York is for the State and county governments and school districts. Almost half the total, \$14 billion, helped the State avoid additional budget cuts and layoffs.

The next largest portion, \$4.6 billion, is for labor and employment services. This includes \$3.9 billion in projected unemployment insurance payments. It also includes funds for job training and summer youth employment. This past summer more than 23,000 New York teens had summer jobs thanks to this program.

New York will also receive \$3.3 billion for health and human services programs. This includes \$1.3 billion for increased food stamps and \$845 million for increased Social Security and Supplemental Security Income payments.

Transportation and infrastructure funding of \$2.4 billion includes \$1.2 billion for mass transit and \$1.1 billion for highways and bridges.

In addition to \$2.47 billion in education restoration funds, New York is also receiving another \$2.8 billion in education funds, including \$1.1 billion in Title 1 grants for low income

students and \$794 million for special education. College students will receive \$653 million more in Pell grants.

Energy and environmental programs will receive about \$2 billion, including \$394 million for weatherization, \$432 million for clean water, \$264 million for smart electric grid, \$175 million for energy efficiency conservation block grants, and \$123 million for the state energy program.

### **Progress in Spending Stimulus Funds in New York**

Congress designated stimulus funds for many different programs with various specified purposes and rules. Despite the challenges presented, State agencies have been very successful in moving stimulus funds into our economy.

Highways and Bridges—The Governor’s Office has approved projects totaling effectively all of the total \$1.12 billion allocated to New York. Projects worth \$1.067 billion, or 95 percent, has been approved by the federal government and put out to bid. Work has started on 64 percent of the projects worth 60 percent of the funds.

New York used a process that ensured that highways funds would be allocated to meet local needs. Officials from local governments through the Metropolitan Planning Councils selected projects for 81 percent of the State’s total ARRA highway funds.

It was legally necessary to put all these projects out to bid to ensure that the work is done by a responsible contractor able to provide quality work at the best price. In fact, bidding on highway projects has produced average savings of 10 percent. The extra money will be used to fund more projects and create more jobs within the same area of the state, using existing lists of additional suitable projects.

New York and other northern states have a disadvantage compared to southern states in that outside construction has to stop for the winter. But we expect all the projects will be approved by the federal government and that all contracts will be in place so that work can start as soon as the weather permits next year, which is usually in April.

Mass Transit—The Metropolitan Transportation Authority (MTA) received \$915 million in stimulus funds. Contracts have been signed for work covering 89 percent of the total.

Weatherization—New York State will administer \$394 million in Weatherization Assistance Program (WAP) funds under ARRA. Contract agreements with some grantees was delayed due to new program requirements created for ARRA funds, such as prevailing wage requirements of the Davis Bacon Act. Prevailing wage classifications for WAP workers were established by US DOL in September. Since then 66 of 67 contracts have been signed. A total of \$48.2 million in funds has been expended.

In addition to the jobs created for people hired to weatherize homes, this program will produce other long-term benefits. An interagency effort with DHCR, DOL, NYSERDA and OTDA will build a comprehensive Green Jobs workforce development system. The Green Jobs/Green New York program announced by Governor Paterson last month will provide job skills training and subsidized employment opportunities in “green industries” for public assistance recipients and low-income individuals. It will also help connect job seekers with weatherization and other green job opportunities. A new web site will assist those seeking to enter the new green job sector. The site – [www.greencareersny.com](http://www.greencareersny.com) – is designed to make it easy for individuals, businesses and workforce professionals to find the State’s local training programs and green job opportunities.

Job Training—The State Labor Department received \$169 million in Workers Investment Act (WIA) funding, of which \$157 million has been obligated. There were 18,408 participants in training at the local level during the period from May through the end of August. In addition, \$24.8 million of State WIA funds have been awarded in 218 contracts that will train more than 15,000 workers.

The Department of State has awarded \$85.9 million in Community Services Block Grant (CSBG) ARRA funds to 52 organizations that will help low-income residents improve job skills through classroom and on-the-job training and also provide the resources to help them seek full-time employment, including employers’ assistance with training and job placement.

Housing—Governor Paterson played a key role in urging the federal government to allocate ARRA funds for Tax Credit Assistance Program (TCAP) funds, which will help jump start projects that had been stalled by the effects of the economic downturn. The New York State Division of Housing and Community Renewal is distributing the funds in conjunction with the New York State Housing Finance Agency and New York City Department of Housing Preservation and Development.

New York has awarded all of the \$253 million in TCAP funds provided in ARRA. These awards will:

- Save 51 stalled affordable housing developments. Construction has already begun on 26 of these projects.
- Help to create or rehabilitate 4,734 units of affordable housing.
- Generate \$1 billion in direct economic activity (total development costs).

Clean Water – The Environmental Facilities Corporation received \$432 million from the American Recovery and Reinvestment Act for the Clean Water State Revolving Fund (CWSRF). To date, Governor Paterson has awarded \$422 million in stimulus funding, of which \$86.5 million was set aside for the Green Project Reserve (GPR) to finance water quality projects that use green infrastructure, are energy efficient, conserve water or utilize environmentally innovative technologies.

In order to fulfill the Green Project Reserve requirement, EFC implemented the Green Innovation Grant program to solicit projects that incorporate green infrastructure. EFC received 300 applications requesting \$468 million in innovative grant funding. In October, Governor Paterson announced 43 applicants will receive a portion of the \$36 million reserved for clean water 'green' projects. The remaining \$50 million will fund an innovative initiative to make traditional wastewater treatment plants greener and more sustainable.

In addition, 45 conventional clean water projects requiring more than \$500 million in financial assistance were approved. When completed, these projects will address a variety of environmental concerns across New York State, such as the removal of nitrogen from the Long Island Sound and the mitigation of storm water runoff to Lake Onondaga.

In total, 88 clean water recipients with project costs exceeding \$610 million will receive a portion of the \$432 million in stimulus funding. The remaining costs will be financed through low-cost loans from the Clean Water State Revolving Fund.

#### Future Funding

There is at least \$44 billion in additional ARRA funds available through competitive grants, including \$19 billion for health technology, \$5 billion for education, \$7 billion for broadband, \$9 billion for high speed rail, and \$1.5 billion for transportation. New York State is competing aggressively for such funds. For example:

- The State, local governments and other entities have applied for \$775 million in broadband grants to bring high speed Internet to all areas of the State to enhance economic development.
- The State Department of Transportation and local governments around the state have applied for approximately \$6 billion in TIGER (Transportation Investment Generating Economic Recovery) and high speed rail funds.