

NLC Special Report on Economic Recovery

With the American Recovery and Reinvestment Act of 2009 now law, the National League of Cities (NLC) is working to help cities make the most of the new federal dollars available and leverage them with local resources to benefit their communities.

The recent Congressional City Conference focused on the recovery package through workshops focused on key elements of the bill and keynote speeches from cabinet officials instrumental in implementing the legislation.

NLC TV, the NLC's Internet TV channel, is also conducting webcasts on economic recovery. For more information and to register, see www.nlc.org. Prior webcasts providing an overview of the acts are archived on www.nlctv.org.

The NLC's Web site, www.nlc.org, also includes a number of resources and questions-and-answers about the acts.

The NLC worked hard in lobbying for an economic recovery bill that included funds to invest in the nation's infrastructure and families, and ensured that state and local governments have readily available access to the capital markets.

This special report focuses on programs in those key areas in the recovery bill. While many cities cannot get direct access to this federal funding, they can apply to state programs to help families and individuals in their communities gain access to jobs and funds as a result of the bill.

The following is a listing of key programs aimed at creating jobs by investing in neighborhoods, families and infrastructure, improving the environment, preventing crime and improving the finances of local governments.

Select Key Provisions in the American Recovery and Reinvestment Act of 2009

To create jobs and safeguard investment in our neighborhoods and communities

Community development projects are powerful vehicles for economic recovery because they create jobs where they are needed most and lead to lasting neighborhood benefits.

Above all, these investments help neighborhoods that have experienced the brunt of the current recession.

Community Development

- To strengthen our cities: \$1 billion for the Community

Development Block Grant program

- To ease the burden of vacant and foreclosed properties on local governments: \$2 billion for the Neighborhood Stabilization program
- To finance the construction of affordable rental housing: \$2.25 billion for the Tax Credit Assistance program
- To provide rental assistance for families: \$2.25 billion in Section 8 funding
- To renovate and repair public housing units: \$4 billion for the Public Housing Capital Fund
- To identify and remove lead paint from homes: \$100 million for the Lead Hazard Elimination program
- To raise capital to invest in low-income neighborhoods: \$10 billion in additional new markets tax credits
- To invest in areas that have significant poverty, unemployment or home foreclosures: \$10 billion for New Recovery Zone Bonds and \$15 billion for Recovery Zone Facility Bonds

To create jobs and modernize our transportation and communication systems

To build a 21st century economy, we must rebuild our aging infrastructure. Investing in roads, bridges, transit and waters will put people to work today while saving commuters and shippers time and money tomorrow, as well as reduce energy consumption and carbon emissions.

By undertaking road and sidewalk improvements that enhance the ability of local residents to walk and bike in their neighborhood we also build stronger communities.

Local governments own and operate 75 percent of the nation's highway and road network, 90 percent of the nation's transit systems and almost 300,000 bridges.

All levels of government must work together to ensure the country has the transportation systems to ensure the long-term vitality of our local, regional and national economies, while strengthening the nation's competitive position in the world.

Highways

- To rebuild highways and bridges: \$27.5 billion for Federal Aid-Highways and \$1.5 billion for Competitive Grants for Transportation

Transit

- To modernize, upgrade and repair existing transit systems: \$750 million for the Fixed Guideway Modernization program
- To construct new commuter or light rail systems: \$750 million for the New Starts program

- To increase public transportation by purchasing new buses and equipment: \$6.9 billion for transit formula grants

Airports

- To improve airport safety and reduce congestion: \$1.1 billion for the Airport Improvement program

Rail

- To build new high speed rail systems: \$8 billion for High-Speed Rail Corridors and the Intercity Passenger Rail Corridor

Broadband

- To extend broadband services to underserved communities: \$7 billion for the the Broadband Technology Opportunities program

To create jobs and reduce our dependency on foreign energy

Local government investment in renewable energy and energy efficiency technologies will create economic growth and stability, yield cost and energy savings for municipalities, businesses and families and foster healthier communities.

Energy

- To achieve greater energy efficiency and reduce energy usage: \$2.8 billion for the Energy Efficiency and Conservation Block Grant program and \$400 million for the Competitive Grant program
- To increase the energy efficiency of low-income households: \$5 billion for the Weatherization Assistance program
- To finance renewable energy facilities: \$2.4 billion for New Clean Energy Bonds
- To reduce energy use in homes: \$3.2 billion for the Energy Efficiency and Conservation Block Grant

To create jobs and improve our environment

Clean water is the backbone of livable communities and modern society; investments in water infrastructure are essential to protecting the nation's water resources. The redevelopment of former industrial and commercial sites will help convert environmental eyesores back into sources of community pride and protect citizens from the environmental dangers these sites pose.

Environment

- To improve water quality and wastewater infrastructure: \$4 billion for the Clean Water State Revolving Fund
- To improve the quality of drinking water: \$2 billion for

the Drinking Water State Revolving Fund

- To fund the cleanup of hazardous sites: \$600 million for the Superfund project
- To evaluate and clean up former industrial and commercial sites: \$100 million for brownfields
- To speed existing flood control and environmental restoration projects: \$4.6 billion for the Army Corps of Engineers

To create jobs and improve public safety

Local law enforcement provides the most basic function of government—protecting its citizens. Safe communities allow business to prosper and citizens to access needed services. Public safety also means deterring against violence in communities—intervening when children join gangs and providing safe havens for the abused.

Crime Prevention

- To hire additional police officers: \$1 billion in community-oriented policing hiring grants
- To prevent and control crime: \$2.225 billion in Byrne Justice Assistance Grants
- To combat drug-related crime in rural areas: \$125 million for assistance for rural law enforcement to combat drug-related crime
- To combat narcotic activities along the Southern border: \$40 million in assistance for law enforcement
- To reduce the online sexual exploitation of children: \$50 million for Internet crimes against children initiatives
- To reduce crimes against women: \$175 million for the violence against women prevention and prosecution program
- To fund the temporary housing of battered women: \$50 million for the Transitional Housing Assistance Grant program

To create jobs and protect America

The security of the United States and its citizens is a defining issue of the decade. Threats to the homeland require more and better equipment for first responders and reinforcement of vital infrastructure.

Homeland Security

- To construct or renovate fire stations: \$210 million in firefighter assistance grants
- To protect public transportation infrastructure: \$150 million in rail and transit security grants
- To improve security at seaports: \$150 million in port security grants

To create jobs and help families hurt by the economy

In strong and vibrant communities, families have homes, workers have jobs and children are ready to learn. All levels of government must join together to ensure children and families at all income levels can achieve success. Priorities include providing education and training for today's economy, opportunities for real employment with a living wage and access to public benefits and mainstream financial services.

Emergency Assistance to Families

- To prevent individuals from becoming homeless and help those who are to be re-housed: \$1.5 billion for the Homeless Prevention Fund
- To train and place people in jobs created by the American Recovery and Reinvestment Act: \$3.95 billion Workforce Investment Act
- To fund unemployment insurance: \$39 billion for unemployment insurance

Food Stamps

- To ensure everyone eligible for food stamps receives them: \$20 billion for state nutrition assistance programs

Health Programs

- To help the unemployed maintain health insurance: \$27.5 billion for COBRA
- To provide states with additional funds to cover the state's share of Medicaid costs: \$87 billion for Medicaid

Education and School Readiness

- To provide child care for low-income families: \$2 billion for the Child Care and Development Fund
- To ensure children are ready to learn: \$2.1 billion for Head Start and Early Head Start
- To invest in schools with disadvantaged students: \$13 billion for the No Child Left Behind/Title I program
- To improve special education programs: \$12 billion for the Individuals with Disabilities Education Act
- To build or repair public school facilities: \$11 billion for qualified school construction bonds

To create jobs and improve the finances of local governments

Serious disruptions in the municipal bond market have

affected the ability of cities to finance infrastructure and meet other capital financing needs, while increasing the cost of existing variable debt. Improving market access and reducing municipal borrowing costs will sustain recovery as local governments put more people back to work.

Easing the Credit Crunch

- To increase the market for municipal bonds: Increase Bank Qualified Debt Limit to \$30 million in 2009 and 2010 and allow banks to deduct 80 percent of the carrying costs of purchasing all types of newly issued bonds in 2009 and 2010, up to an amount not to exceed two percent of the institution's total assets
- To spur the market for bonds: eliminate application of the Alternative Minimum Tax on private activity and governmental bonds issued in 2009 and 2010, including refunding of bonds initially issued after 2003
- To expand the types of government bonds: the New Taxable Bond Option allows issuers to receive a 35 percent reimbursement of interest paid from the federal government or provide a 35 percent tax credit to investors

Accountability and Transparency

- Mayors and others making funding decisions must certify investments have been fully vetted and are appropriate uses of taxpayer dollars.
- Grantees must submit quarterly reports detailing the use of funds to the Federal Granting Agency.
- The Recovery Accountability and Transparency Board will conduct and coordinate oversight of funds to prevent waste, fraud and abuse.
- Grantees must register with the Central Contractor Registration database or complete other requirements as determined by the Office of Management and Budget.
- Whistleblowers are protected.
- Concerns raised by the public about investments made using recovery act funds are subject to inspector general review.
- Federal agencies may adjust grant limits on administrative expenditures to help defray compliance cost.

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