



The Federal Stimulus and New York: Backgrounder

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 & health, and opportunities for career advancement. New York State will receive an estimated \$24.6 billion dollars 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. This memo uses existing resources to highlight a few of the programs funded under the Recovery Act that will have an impact on building a green economy, and growing green collar jobs, in New York City.

Stimulus Fund Disbursement

Stimulus funds will be disbursed in several ways. Some of the money is going 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, e.g. population, percentage of residents below a certain income etc. 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.³ 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.⁴

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.

Preference for funding goes towards “shovel-ready” projects, with at least 50% of funds targeted for projects that can begin within 120 days.⁵

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.”⁶ 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 is receiving several lump sums to maintain public benefits, like Medicaid, food stamps, and unemployment payments. The State is also receiving \$53.6 billion over two years for a State Fiscal Stabilization Fund for maintaining public services, avoiding proposed cuts in education spending, and modernizing school facilities.

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. 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.

New York State Stimulus Components

A full accounting of New York State’s projected formula-based portion of stimulus money is [here](#). 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](#).

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. A good summary of these measures can be found [here](#).

Please note that as the stimulus funds are distributed, the initial projections of funding levels will be modified.

More Resources

Federal Economic Recovery Site: <http://www.recovery.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 Highlights⁷

<u>Program</u>	<u>NYS Portion</u>
<i>Weatherization</i>	<i>\$394 million</i>
<i>Energy Efficiency and Conservation Block Grants</i>	<i>\$31 million</i>
<i>State Energy Program</i>	<i>\$123 million</i>

Weatherization is the retrofitting of low-income residences to improve energy efficiency and occupant safety.⁸ 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.

Weatherization is a highly successful program that routinely achieves 15% reductions in energy bills, and creates 52 jobs for every \$1 million of investment.⁹ The Federal Department of Energy (DOE) administers the program through a network of regional offices, which channel funding to local Weatherization Assistance Providers, local community development corporations and non-profits that actually perform the weatherization work.

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 \(AEA\)](#).

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>

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. New York City's formula-based grant amount is still being determined, but an initial estimate is \$140 million.

The EECBG program is exciting because it provides a relatively large pool of money for efficiency projects with relatively few strings attached. Though the EECBG allocation in the Recovery Act does not specifically provide for large-scale building retrofit projects, as some advocates pushed for, grant money could be used for this purpose. For example, New York City could use its grant money to help design and implement a program to retrofit a whole neighborhood - regardless of building type - or to help launch a large-scale home retrofit program like the [Milwaukee Energy Efficiency program \(Me2\)](#).

The State Energy Program (SEP), administered by the DOE, provides state grants to carry out renewable energy and energy efficiency programs. One third of funds are 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 the [New York State Energy Research and Development Authority \(NYSERDA\)](#).

Exactly how New York State's \$123 million is spent, and how much comes to New York City, will be determined after the DOE issues a new Program Guidance and approves NYSERDA's State Energy Plan sometime after May 2009.

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

NYS Portion

Transportation: Highways & Bridges

\$1.12 billion

Transportation: Mass Transit

\$1.24 billion

The funding for **highway & bridge work** – \$1.12 billion – goes directly to the state Department of Transportation (DOT) through the Federal Highway Administration's Highway Infrastructure Investment Program. 50% 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 on bridge and road construction and repair projects outside of 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.

Beyond the money earmarked for mass transit, New York City could benefit from any funds that go towards the maintenance of existing road and bridge infrastructure - the FHWA money is not restricted to new road construction. A “fix-it-first” approach to transit infrastructure conserves materials and creates more jobs. Road and bridge repair and maintenance create over 47,000 jobs for every \$1.25 billion invested, in contrast to building new roads and bridges, which creates only 43,200 jobs for the same investment.¹⁰

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

Other Stimulus Highlights

<u>Program Name</u>	<u>NYS Portion</u>
<i>Clean Water State Revolving Fund</i>	<i>\$435 million</i>
<i>Drinking Water State Revolving Fund</i>	<i>\$85 million</i>

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 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/>; <http://www.nysefc.org/home/index.asp?page=14>
 Drinking Water State Revolving Fund: <http://www.epa.gov/safewater/dwsrf/index.html>; <http://www.health.state.ny.us/environmental/water/drinking/water.htm>

Program Name

NYS Portion

Converting Federal Building to High-Performance Green Buildings

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 programs.

Program Name

NYS Portion

Public Housing Capital Fund

\$502 million

Energy and Green Retrofit Investments for Rent-Assisted Housing

N/A

The Recovery Act allocates **\$4 billion for Public Housing Authorities to supplement their capital funds and support facilities improvement and modernization projects**. \$3 billion 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 building energy efficiency creates retrofitting 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 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 non-profits 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.

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/portal/site/nycgov/menuitem.c0935b9a57bb4ef3daf2f1c701c789a0/index.jsp?pageID=mayor_press_release&catID=1194&doc_name=http%3A%2F%2Fwww.nyc.gov%2Fhtml%2Fom%2Fhtml%2F2007b%2Fpr453-07.html&cc=unused1978&rc=1194&ndi=1

Program Name

NYS Portion

Workforce Investment Act

\$156 million

Energy Efficiency and Renewable Energy Worker Training

N/A

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, 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).

This allocation is not the Green Jobs Act. The Green Jobs Act, passed with the help of the Apollo Alliance in 2007, authorized up to \$125 million to support training programs that prepare workers for employment in green industries. The Green Jobs Act stipulated that funded training programs would have to meet specific criteria that best support the creation of good, green jobs. For example, the Act would only fund multi-stakeholder training partnerships that include labor, community, and industry representatives. Unfortunately, the money *authorized* for the Green Jobs Act was never *allocated*.

The \$500 million Energy Efficiency and Renewable Energy Worker Training program does not explicitly include these guidelines. However, one of the Green Jobs Act’s architects, Hilda Solis, is now Secretary of Labor and in charge of overseeing disbursement of the funds through competitive training grants. For this reason, green jobs advocates believe that the newly funded worker training program will help meet the Act’s goal of building a green collar workforce that restores the middle class, offers career opportunities to all Americans, and confronts the dual challenges of fossil fuel dependency and climate change.

More Resources

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

Additional Stimulus Resources

Many stimulus programs, from the formula grants to tax benefits, either have an existing green component, or could have one. Recognizing the unprecedented opportunity for engaging in a dialogue about investing in a green economy, many research and policy groups have developed

comprehensive analyses of the American Recovery and Reinvestment Act and the role green jobs advocates can play in its implementation. A few of the best are below:

- New York State stimulus spending will be tracked on the official state economic recovery website, <http://www.economicrecovery.ny.gov/index.htm>.
- The New York City Mayor's Office of Operations has also created a stimulus tracking website, NYCStat Stimulus Tracker, to follow the City's use of stimulus funds. The website will be fully operational by the end of March 2009, 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
- Green for All/Policy Link Report: "Bringing Home the Green Recovery: A User's Guide to the 2009 American Recovery and Reinvestment Act" available at <http://www.greenforall.org/resources/recoveryusersguide>
- ICLEI, Local Governments for Sustainability: <http://www.icleiusa.org/action-center/financing-staffing/stimulus-funding-updates>

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 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/WhatIs/default.asp>

⁴ Information from Apollo Alliance briefing materials prepared by Apollo Research Associate Elena Foshay

⁵ Ibid.

⁶ <http://www.staterecovery.org/new-york>

⁷ 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. See NYSEDA's list of energy programs funded by the stimulus at <http://www.nyserda.org/pdfs/EconomicStimulusFunding.pdf>

⁸ http://apps1.eere.energy.gov/weatherization/what_is.cfm

⁹ <http://apps1.eere.energy.gov/weatherization/improving.cfm>

¹⁰ http://www.transact.org/library/decoder/jobs_decoder.pdf