

The American Recovery and Reinvestment Act

Frequently Asked Questions

March 10, 2009

Q: How much does Oregon expect to receive from the federal stimulus bill?

A: Based on an independent analysis, the state of Oregon expects to receive \$2.4 billion over the next three years. Most of these dollars are formula dollars that will flow through existing channels.

Oregon could receive more than that by competing for and winning grant dollars also included in the stimulus plan.

Q: To what extent will the stimulus funding help Oregon?

A: In one word, significantly. Without these federal dollars, the state of Oregon would be faced with even tougher decisions about deep cuts in essential state services. While the state will still have to make cuts, these federal dollars, in combination with state savings (reserve funds), mean we will be able to manage better our way through this recession.

In total, the federal dollars and state savings amount to \$2.2 billion. The Governor recently unveiled a three-year fiscal management strategy that maximizes federal stimulus dollars and state savings to help balance the state budget for both 2007-09 and 2009-11.

The governor's 20-40-40 plan dedicates a maximum of 20% (\$440 million) of the \$2.2 billion to help fill the shortfall in the 2007-09 budget. In the rebalance plan for the 2007-09 budget, the Legislature used about \$401 million of federal stimulus funds for the current biennium. Using the 20% cap established by the Governor, the Legislature could use another \$40 million in May 2009 if the forecast goes down further for the current biennium.

Looking at the 2009-11 budget, the governor's plan dedicates 40% – or approximately \$880 million – for 2009-2010 and the remaining 40%, again approximately \$880 million, for 2010-2011.

Q: How many jobs will the funding create or save?

A: Generally speaking, any federal funds will help the state continue to provide essential services, which means jobs will be preserved, but we will also be able to

create jobs. Whether it is education operational dollars to sustain jobs and keep kids in the classroom, providing health care to low-income families or transportation dollars that create jobs, Oregon is ready to receive and to put these dollars to work.

In specific regards to transportation funding, for every \$1 million spent on highway and bridge construction in the state of Oregon, 14 jobs are created or sustained. Based on that formula and on the estimated number of highway and bridge dollars coming to Oregon (\$334 million), we expect to create or sustain 4,676 jobs, in the transportation arena alone.

Q: Will the stimulus money avert government layoffs and/or budget cuts?

A: The state has not announced general layoffs, but these dollars, in combination with state reserves, will help to fill some of the budget shortfall for the current biennium and the next biennium. The Legislature has passed a bill to cut \$855 million to balance the current budget through June 30, 2008. The Governor also has announced pay cuts and furlough days for state executive and management employees for the current biennium.

For the 2009-2011 biennium, the state is facing a \$3 billion shortfall. Some of the federal dollars, in combination with state savings, will help fill this hole, but again, cuts will be made.

Q: Does Oregon have a strategy for winning the competitive grant dollars?

To help Oregon compete and win some of the estimated \$37 billion in competitive grant dollars provided by the federal stimulus bill, the Governor created a public-private partnership called The Oregon Way Advisory Group. The group will advise and assist state agencies seeking federal competitive grants by developing proposals that include innovative elements promoting sustainability, renewable energy, carbon reduction, energy efficiency and green development.

Q: What is the goal of this public-private partnership?

A: The goal of this partnership is to use Oregon's "green" advantage to make the most of the federal stimulus bill. The Governor believes that by capturing these dollars we can create immediate jobs and also long-term job opportunities by demonstrating Oregon's green expertise.

By showcasing Oregon's green leadership, we expect that people from outside Oregon will tap this expertise, increasing demand for this knowledge base and therefore, growing this industry.

In other words, the Governor wants the effect of the stimulus to be felt long after stimulus dollars are spent.

Q: What's different about how Oregon has competed for federal dollars in the past?

A: The biggest difference is that we now have a partner in the Federal government that shares Oregon's commitment to sustainability and will be making meaningful investments in green technologies. This will allow us to take what we already do to the next level. It is also different in that our state agencies will work in partnership with our friends in the private sector more than ever.

Q: Why will this lead to Oregon getting more federal dollars?

A: The Governor believes that we can show the Federal government that *The Oregon Way*, our innovative, sustainable approach to doing business, should be a model for the nation. It is in synch with President Obama's vision and makes the most of the recovery package: job creation and carbon reduction. We hope that over time this will translate into greater success for Oregon as it pursues future federal dollars.

Q: What categories of federal dollars are subject to this new process?

A: Oregon will use this approach to better position the state for competitive federal dollars. But the Governor has also asked state agencies that receive formula dollars to inform him of potential opportunities to apply the criteria to other projects as well.

Q: Who is serving on this advisory group?

A: The goal is to appoint members from the private and public sectors who represent Oregon geographically, but who also bring a firm grounding in sustainability. The members will be named in the coming days.

Q: How will this process actually work?

A: State agencies will work with the Governor's Office as potential projects and competitive federal grant opportunities under the federal stimulus bill are identified. The Governor's Office may then advance the proposal to *The Oregon Way* Advisory Group for additional advice and assistance to make the grant proposal more competitive by using *The Oregon Way* criteria.

Other entities, such as local governments and nonprofits, should also contact the appropriate state agency for guidance and assistance on potential projects and grant opportunities under the ARRA.

Q: How will you ensure that local governments of smaller communities won't get left out?

A: The state of Oregon already works closely with our smaller communities on a regular basis through the Economic Revitalization Team and the Oregon Department of Economic & Community Development. We will continue this work to identify opportunities wherever those opportunities can be found.

It is important to note that green energy projects have taken hold throughout Oregon. We expect this to continue to be the case.

Q: Is it required that interested public entities in Oregon use this process to apply for any and all competitive federal grants?

A: The Governor believes that every public entity in Oregon should be encouraged to apply for any grant for which they meet the eligibility requirements. However, when an opportunity to obtain dollars that fit *The Oregon Way* criteria is identified, these grants applications may be directed through this group, thereby gaining the Governor's formal support.

Q: Are other states doing anything similar?

A: Not to our knowledge. Various states have apparently named "stimulus czars," but we have not seen any state define criteria that leverage their state's economic advantage for the purposes of garnering the maximum amount of federal dollars such as we are doing in Oregon with our clear "green" advantage.

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