
American Recovery and Reinvestment Act (ARRA)

Enacted February 17, 2009

March 24, 2009



ARRA - WHAT IS IT?

⌘ \$787 billion economic stimulus package to accelerate the nation's economic recovery

⌘ Federal tax relief

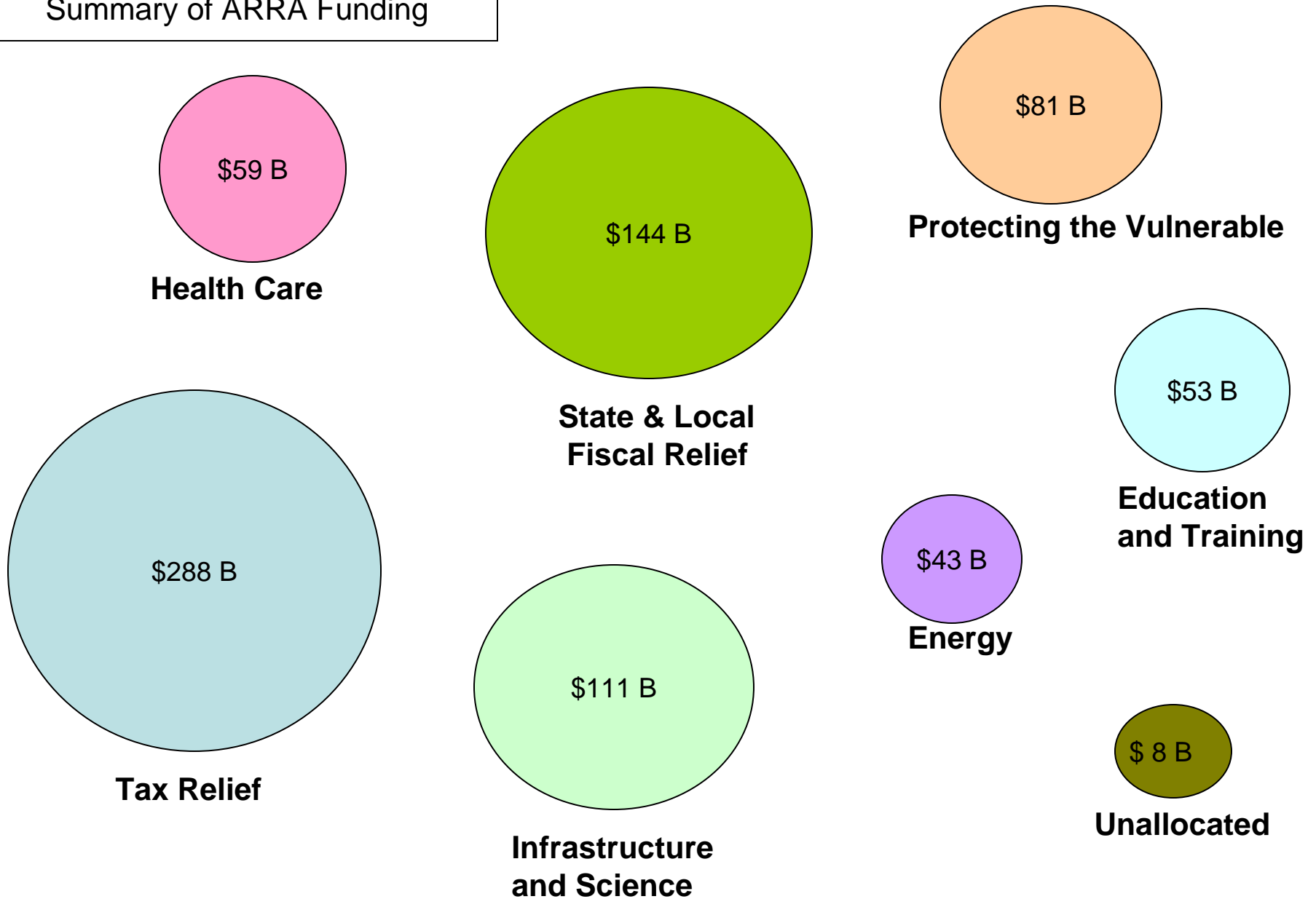
☒ \$288 billion in tax relief between now and close of FFY 2011

⌘ Federal spending increases

☒ \$499 billion in additional federal spending.



Summary of ARRA Funding



OBJECTIVES OF LEGISLATION

⌘ Recovery

- ☑ Job preservation and creation
- ☑ Stabilize state and local economies

⌘ Reinvest

- ☑ Build and repair infrastructure
- ☑ Energy efficiency and science



FEDERAL SPENDING TIMELINES

- ⌘ 20 percent of the ARRA federal spending will occur before October, 2009
- ⌘ An additional 38 percent is projected to be spent before October 2010.
- ⌘ By October 2011, about 80 percent of the stimulus package-related spending will have occurred.



FEDERAL FUNDS DISTRIBUTION

FIVE PRIMARY METHODS

- 1. Formula:** Medicaid (FMAP), Education, Highway Infrastructure
 - ☒ Limits need for new processes to receive and expend funds
- 2. Demand:** Premium Subsidies for COBRA Continuation Coverage, Unemployment Insurance, Food Stamps
- 3. Competition:** Broadband, COPS, National Science Foundation
 - ☒ States, Communities, Non-profits, Others
- 4. One-Time Automatic Disbursement:** Social Security payments, Veterans & Supplemental Security Income beneficiaries
- 5. Federal Agency Operating and Spending Plans:** Environmental cleanup of nuclear waste sites, National Parks construction, Defense and Veterans infrastructure programs



UNPRECEDENTED ACCOUNTABILITY & TRANSPARENCY

- ⌘ Distribution of funds through formula programs
 - ☒ Existing framework for tracking and reporting
- ⌘ Inspector General Funding
 - ☒ Appropriations for IG services in every department
- ⌘ Recovery Act Accountability & Transparency Board
- ⌘ Expedited application for and obligation of funds
 - ☒ State agencies continue to meet application deadlines
- ⌘ Certifications & Assurances by the State



GOVERNOR CERTIFICATION BY APRIL 3, 2009

SEC 1607 (a) Not later than 45 days after the date of enactment of this Act, for funds provided to any State or agency thereof, the Governor of the State shall certify that:

- (1) the State will request and use funds provided by this Act; and
- (2) the funds will be used to create jobs and promote economic growth.

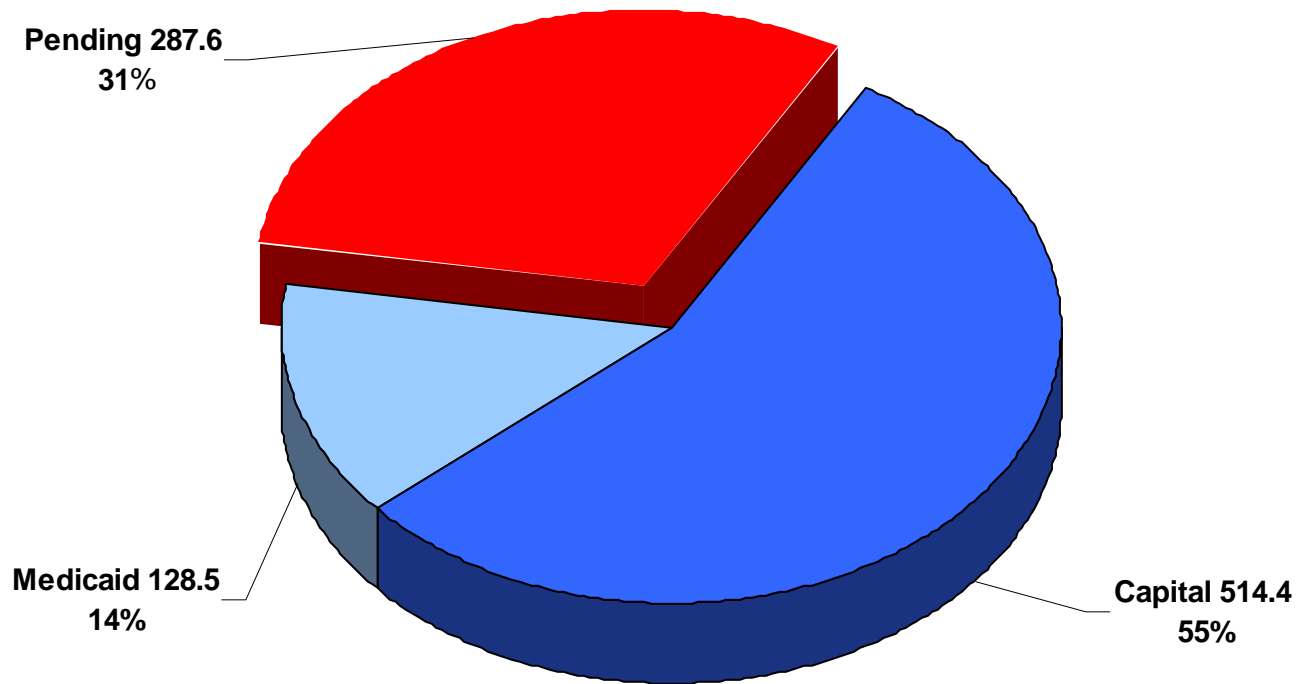


OTHER GOVERNOR CERTIFICATIONS & ASSURANCES

- Unemployment Insurance \$25 weekly increase
(signed February 18, 2009)
- Transportation maintenance of effort
(signed March 12, 2009 Sec 1201)
- Transportation appropriate use of taxpayer dollars
(signed March 12, 2009 Sec 1511)
- Energy – three assurances required; to meet two of these would require changes to Alaska’s regulatory energy policy and a statewide energy building code



Estimated Allocation State Government \$930.5 million



LEGISLATION SUBMITTED TO DATE

⌘ Total ARRA Request to Date : \$642.9* million

☒ \$262.9 Transportation HB154/SB123*

☒ \$251.5 Non- DOT Economic Stimulus SB161

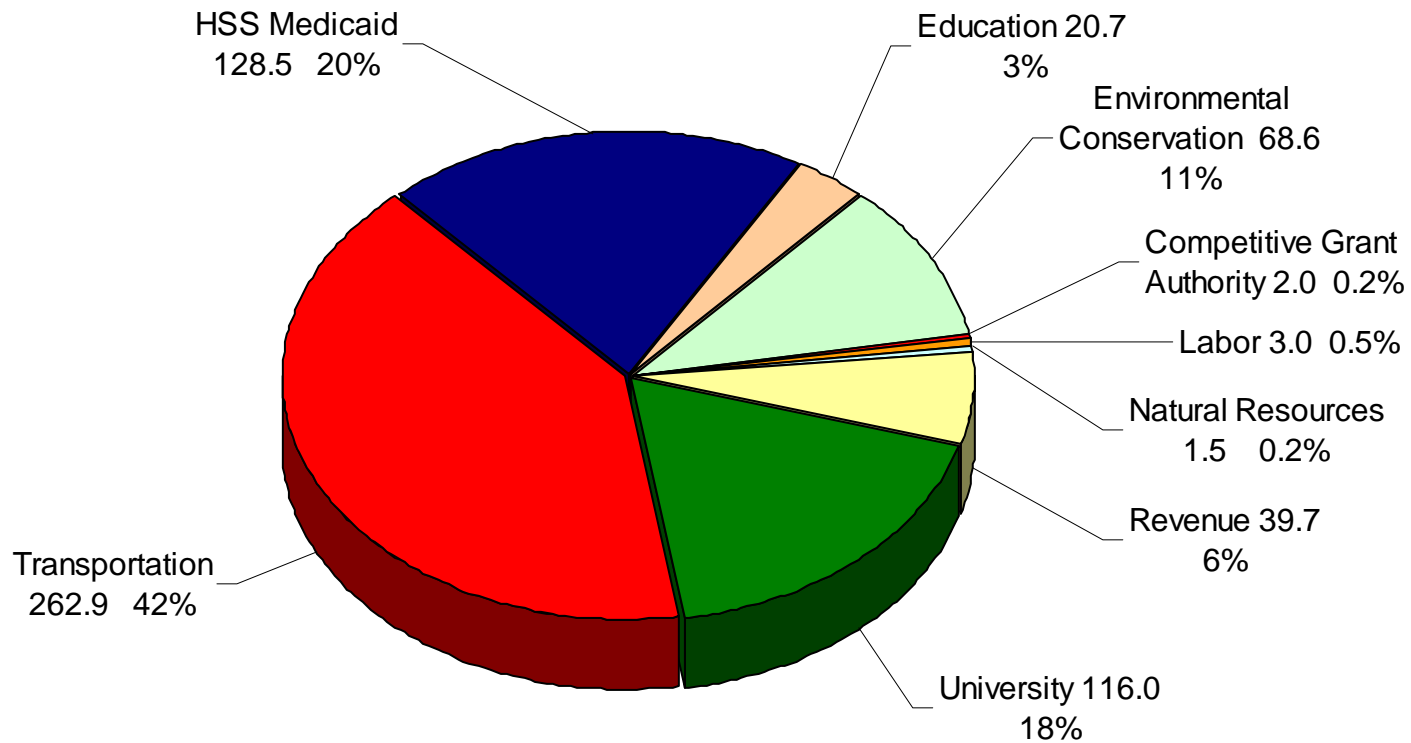
☒ \$128.5 Medicaid FY09 & FY10 Amendments

**Transportation Bill includes request for excess authority for contingent funding that is not included here.*



ARRA BUDGET REQUEST

\$642.9 million



WHAT IS THERE TO DISCUSS?

⌘ Policy Issues \$73.2 million

- ☑ Statewide policy and code changes that effect individuals and/or businesses
- ☑ Statute changes that impact the way a state agency does business and may effect the public
- ☑ Permanent increased liability for the State and employers

⌘ Operating and Capital Issues \$214.4

- ☑ One Time Funds
- ☑ Managing Expectations
- ☑ Opportunities to benefit the state that will not increase long term costs to the state



GOVERNOR ASSURANCES

ENERGY

Sec 410

(a)(1) that the state regulatory authority will seek to implement a policy to ensure utility financial incentives are aligned with helping customers use energy more efficiently.

(a) (2) requires that the state, or the applicable units of governmental that have authority to implement building codes will implement:

- building energy code for residential buildings that meets the International Energy Conservation Code
- building energy code for commercial buildings that meets standards ANSI/ ASJHRAE/ IESNA standards
- a plan for achieving compliance with the above energy codes within 8 years of enactment in at least 90 percent of new and renovated buildings, the plan shall include training and enforcement programs and measurement of the rate of compliance each year.

(a)(3) that the grants will be prioritized, “to the extent practicable,” toward energy efficiency and renewable energy programs.



ENERGY ASSURANCE STATE GUIDANCE

⌘ USDOE written guidance needed

☑ Are energy assurances an “all or nothing” requirement?

☑ State Energy Program \$28.6 million

☑ Weatherization Program \$18.5 million

☑ Energy Efficiency Grants \$ 8.5 million

⌘ Application Timelines

☑ March 23, 2009 – Initial

☑ Withhold until assurances issues resolved *(per DOE)*

☑ May 12, 2009 - Final



ENERGY CODE CONSIDERATIONS

⌘ Public debate on energy building code

- ☑ Cost versus potential savings to homeowners
- ☑ Cost to enforce at state and local levels
- ☑ Local control concerns
- ☑ Cost to the state to continue funding renovation programs for buildings that are not built to energy efficiency standards



UNEMPLOYMENT STATUTE CHANGE ALTERNATE BASE PERIOD

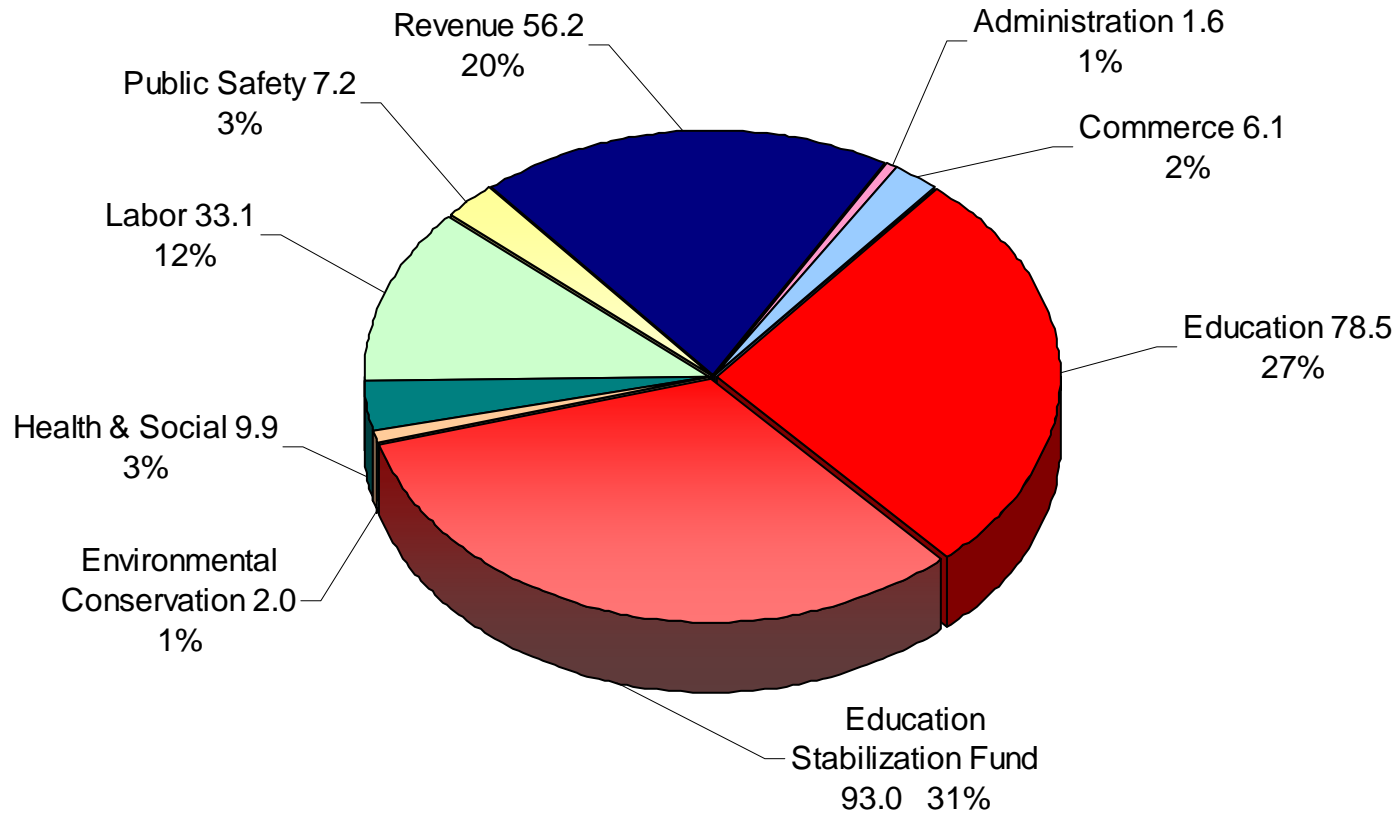
An estimated increase in the number of individuals that could be eligible for unemployment insurance would result in:

- ☒ \$2 million annual impact on UI Trust fund
- ☒ \$10 per worker cost to the employer
- ☒ .03% employer rate increase



ARRA ITEMS PENDING DISCUSSION

\$287.6 million



ONE TIME FUNDS

⌘ ARRA Funds Used For:

- ⌘ Salaries may delay, but not prevent, layoffs
- ⌘ Expansion of services to Alaskans will abruptly end
- ⌘ Public Safety capacity increases will create on-going position costs
- ⌘ Permanent changes in programs may create expectations for continuing programs once the federal funds are no longer available



ACCOUNTABILITY

- ⌘ Significant responsibility is incumbent upon the State, even for pass through funds

- ⌘ Accountability attaches to the Governor
 - ☑ Ladder certifications down to sub-grantees
 - ☑ Tracking of expenditures
 - ☑ Reporting requirements



RESPONSIBLE QUESTIONS

Before Committing Alaska

- ⌘ Are we fully utilizing the federal funds that are currently available to us?
- ⌘ Is the state ready and willing to accept these as onetime funds or will there be an expectation that the state will backfill the hole when federal funds are gone?
- ⌘ Is the public fully informed and in concurrence with proposed increases to the state operating budget ?



POTENTIAL OPPORTUNITIES

Benefit Without Long Term Cost

- Intensive teacher training
- Expand student and teacher use of technology in schools
- Obtain state-of-the art assistive devices that reduce barriers to obtaining employment, learning, or living independently
- Equipment, technology and software upgrades to sustain or enhance services in education, public safety, and workforce training programs
- Rapid deployment of workforce development strategies on work skills and work preparedness for targeted populations
- Modifications to facilities for safety, efficiency, improved durability and longevity



ARRA Web Site

Alaska.gov/Recovery

Alaska Federal Economic Stimulus Information

Links to Federal Recovery.Gov Web Site

Grant Information

Alaska Legislation/Appropriation Bills and Back Up

Department Fact Sheets

