



Recovery, Reinvestment and Everything In Between: Latest Developments with the Economic Stimulus Legislation

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The American Recovery and Reinvestment Act (ARRA)

- Signed by President Obama on February 17
- Total Size: \$787 Billion
 - \$308 billion discretionary spending
 - \$267 billion direct spending (e.g., entitlements)
 - \$212 billion tax breaks (not including refundable portions of credits)
- Entire FY 2010 Budget: Approximately \$3.5 Trillion

Department of Education

- Student Aid
 - Pell Grant maximum increased by \$500 in FYs 09-10.
 - Program shortfalls eliminated.
 - Federal Work-Study funding increased by \$200 million.
- American Opportunity Tax Credit
 - Replaces Hope Scholarship credit for two years.
 - Maximum credit of \$2,500 per year.
 - 100% of first \$2,000 of eligible expenses and 25% of next \$2,000.
 - Eligible expenses extended to “course materials” (from tuition)
 - 40% refundable—helps neediest.

Department of Education

- State Fiscal Stabilization Fund
 - \$53.6 billion overall, \$48.6 billion to go to states via formula.
 - \$40.1 billion for K-12 and public higher education.
 - Amounts intended to restore FY 09 – 11 state education funding to higher of FY 08 or FY 09 levels.
 - Broad discretion as to specific uses of funds including allocation between K-12 and higher education.
 - Postsecondary funds may be used for general expenditures as well as facilities modernization (but not new construction).

Department of Education

- State Fiscal Stabilization Fund, cont'd
 - \$8.2 billion for a wide range of “state priorities,” including higher education infrastructure. Of questionable help to CCs.
 - Application for funds now available.
 - Assurances that state is committed to advancing education reforms in four areas, including establishing longitudinal data systems.
 - Baseline data for these four areas.
 - Description of how state intends to use funds.
 - States will receive 67% of its allocation within two weeks of submitting application (90% in cases of extreme emergency).
 - Remaining 33% of funds will be available around July 1, with additional compliance requirements.

Department of Education

- State Fiscal Stabilization Fund, cont'd
 - Distribution of funds to community colleges varies by state.
 - Some examples of the impact for community colleges:
 - Maryland \$15.5 million
 - Massachusetts \$40 .3 million
 - Virginia \$19 million
 - More information at:
<http://www.ed.gov/policy/gen/leg/recovery/index.html#apps>

Department of Health and Human Services

- Health Resources and Services Administration
 - \$200 million for: scholarships, loan repayment, and equipment.
 - Division between medical (Title VII) and nursing/allied health programs (Title VIII) undetermined. Decisions also not made on which programs within titles will be funded.
 - CCs are encouraged to identify equipment needs; appears to be HHS priority.
 - Grant solicitation still some way off.
 - Consult: www.hrsa.gov.

Department of Labor

- Over \$4 billion provided, in two phases.
 - Phase I: WIA Formula Funds
 - Approximately \$3 billion now available to states via the WIA funding streams:
 - Adults: \$500 million
 - Dislocated Workers: \$1.25 billion
 - Youth: \$1.2 billion
 - 100% of funds now available, must be expended by June 30, 2011. States strongly encouraged to spend most of the funding in first year.
 - States have 30 days from March 18 to make available to local Workforce Investment Boards their share of funds.

Department of Labor

- DOL Guidance to Workforce System
 - General Themes
 - “Transformational” and “innovative” approaches to service delivery that align with regional economies.
 - Expeditious and effective use of funds.
 - Increasing system capacity.
 - Transparency and accountability.
 - Expanded Use of Contracts
 - ARRA provision allows WIBs to contract with eligible training providers when there is an opportunity to move multiple individuals into high demand occupations.

Department of Labor

- DOL Guidance to Workforce System
 - Expanded Use of Contracts (cont'd)
 - Community colleges repeatedly mentioned in provision description.
 - Allows WIB to pay for full cost of training at the beginning of the course, instead of tuition-only individual training accounts (ITAs).
 - Curriculum development for emerging sectors considered a “training activity” that could be included in a contract.
 - Institutions of higher education need not be on eligible training provider list to obtain contract, but will likely be in better position if they are.

Department of Labor

- WIBs will be looking for ways to spend their stimulus funds – community colleges should be working with them proactively.
- Strong demand for summer youth program proposals.
- Phase II: National Competitive Grants
 - \$750 million total
 - \$500 million for “green jobs” projects.
 - \$250 million for other high-demand sectors, with a priority on healthcare.
 - RFP’s expected late Spring/early Summer.
 - Community-Based Job Training Grants also focused on green jobs in FY 09 – could be an opportunity to add ARRA funds to that program.

Department of Labor

- Trade Adjustment Assistance
 - Extended for two years and significantly expanded.
 - Service and public sector occupations now included.
 - Cap on training funds increased from \$220 million to \$575 million.
 - Benefits may be used to pursue degree programs.
 - New “TAA for Communities Section”
 - \$40 million community college program.
 - \$40 million sector initiative program.
 - Authorized, but not yet funded.

Department of Energy

- Weatherization Assistance Program - \$5 billion
 - Grants to states to weatherize homes of low-income families.
 - Up to 20% of the funds may be used at the state and local levels for training and technical assistance. Some community colleges have already been granted some of these funds.
 - Funds available to states on April 1, but states have been encouraged to advance funds to local agencies and incur pre-award costs.

Department of Energy

- State Energy Program - \$3 billion
 - Formula grants to states used for a number of purposes, including upgrading the energy efficiency of state and local buildings.
- Energy Efficiency and Conservation Block Grant Program
 - New program funded for the first time by ARRA.
 - Nearly \$2.7 billion in grants to state and local governments.
 - Many possible uses of funds, including energy efficiency retrofits and renewable energy technologies on government buildings.

Other Potential Opportunities

- Broadband Deployment Programs
 - Administered by the National Telecommunications and Information Administration and the Dept. of Agriculture.
 - At least \$200 million for public computer centers at community colleges and public libraries.
 - At least \$250 million of innovation grants to spur sustainable adoption of broadband services – potential area of support for distance education, e-commerce programs, etc.
 - NTIA and AG accepting public comment on program specifics until April 13. Grants likely to roll out within a few months.

Next Steps

- Legislators, the media, and the public will be closely watching to see that funds are being spent effectively.
- White House Web site: www.recovery.gov
- Congress may yet consider a second stimulus bill later this year, depending on economic and political factors. For community colleges, infrastructure needs would be a priority.

Keep in Touch!

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