

# American Recovery and Reinvestment Act of 2009: What does it mean for Citizens, Local Governments & Tyler?

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## **What is ARRA?**

President Obama signed the \$787 billion **American Recovery and Reinvestment Act (ARRA)** into law on February 17, 2009. According to the administration, it is an unprecedented effort to jumpstart the American economy, which went into recession in December 2007 and further plunged in September 2008 with the failure of several large U.S.-based financial firms.

## **When will the money be available?**

According to terms of the Act, it appears funding is mostly available for 2 years and is **not** designed as permanent assistance. And, the assistance will come with conditions, such as how many jobs will be created or retained through a request. State-by-state distributions remain in flux and will remain so as time goes on. Potential federal agency clarification of legislation could further revise the estimates of distribution.

The timeline of dates and deadlines for implementation of ARRA initiatives is on-going and variable, depending on entities being funded. However, the Congressional Budget Office estimates that 74% of the funds will be spent by September 2010. The Department of Education has announced that ARRA funds are intended for use over the next two school years (2009-10 and 2010-11). Funds distributed through the **State Fiscal Stabilization Fund** are available for obligation at the state and local levels until September 30, 2011.

## **How is the federal money distributed?**

Some of this money will ultimately be funneled into state and local governments. The question remains exactly how much, how it will be spent, and who will spend it. The federal government will distribute money to the states, which in turn can disburse it to local towns, municipalities, or counties.

Stabilization funds can be used to reduce budget shortfalls, or “backfill” existing budget reductions. In addition, Federal assistance under ARRA will also benefit states, schools, communities, and organizations specifically through direct formula grants under existing federal programs, through the State Fiscal Stabilization Fund (SFSF), Title 1 grants, and other competitive grant programs. Eligible Tyler clients include those in the following areas:

***\*Please note: While current (as of 26 March 2009) the following information is not a complete list of all funding available. Please check with your state government authorities for additional details.\****

## ***K-12 Education***

\$90.9 billion has been allocated for Education (K-12 and Higher Education). Funds are distributed through existing programs and grants, as well as through SFSF in the form of state grants and state innovative grants. ARRA funds must be used to improve student achievement, and schools must commit to meet ARRA requirements to receive money. Such requirements include increasing transparency by establishing better data systems to track student progress.

- \$13 billion has been designated to flow through Title I of ESEA (Elementary and Secondary Education Act), which provides financial assistance to Local Education Agencies (LEAs) and schools with large numbers or high percentages of poor children
- \$650 million will be distributed from Education Technology State Grants for improving student achievement through the use of technology in elementary and secondary schools

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- \$250 million will be available in the form of competitive grants to states for statewide school data systems
- ARRA does not include a provision for direct construction funding, but it does include bonds and tax breaks that can be used to modernize schools

Visit the [U.S. Department of Education Recovery Web site](#) for more information.

## ***Public Safety and Justice***

\$4 billion in ARRA grant funding has been allocated to the U.S. Department of Justice to enhance state, local, and tribal law enforcement, including: the hiring of new police officers, to combat violence against women, and to fight internet crimes against children. Some details are:

- \$2.3 billion for the [Edward Byrne Memorial Justice Assistance Grant \(JAG\) Program](#), providing funding to state and local jurisdictions to help prevent, fight, and prosecute crime. Distributed by formula: 60% to the states and 40% to local law enforcement efforts
- The [Community Oriented Policing Services \(COPS\) Program](#) provides \$1 billion to states for hiring career law enforcement officers. These grants will fund an estimated 5,500 local police officers.
- \$225 million for state, local, tribal governments and courts for preventing [Violence Against Women](#). Of that, \$50 million for transitional housing assistance grants, \$100 million to assist crime victims, \$225 million for tribal law enforcement assistance, and \$50 million for the Internet Crimes Against Children Task Forces.
- \$125 million for rural law enforcement agencies to hire police officers and for community drug prevention and treatment programs
- \$40 million to local law enforcement agencies along the U.S. Southern Border or High-Intensity Drug Trafficking Areas

Visit the [U.S. Department of Justice \(Office of Justice Programs\) Web site](#) for more information.

## ***Health***

Healthcare allocations total \$147.7 billion, with health information technology a highlighted initiative.

- \$86.6 billion for Medicaid
- \$24.7 billion to cover a portion of health care insurance premiums for the unemployed under COBRA
- \$19 billion to modernize the health care system by initiating the adoption of health information technology by 2014
- \$1 billion for prevention and wellness

Visit the [U.S. Department of Health and Human Services Web site](#) for more information.

## ***Transportation and Community Development***

ARRA includes a number of investments in transportation and community development that directly impact local government. In Transportation, \$27.5 billion, available through September 30, 2010, is designated for highway infrastructure improvements to roads, bridges, bicycle and pedestrian walkways,

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and so on. Half of the money will be apportioned to the States according to formulas based primarily on number of lane miles. Priority will be given to projects with completion dates within 3 years. In addition, ARRA provides:

- \$1.5 billion (through September 30, 2011) as competitive grants for projects “that will have a significant impact on the Nation, a metropolitan area, or a region”
- \$200 million for FAA infrastructure improvements, and \$1.1 billion will be available for “grants-in-aid” to airports
- \$60 million for competitive discretionary grants to States, priority given to projects completed within 2 years
- \$550 million for transportation within Indian reservations and Federal lands
- \$6.9 billion, transit capital assistance grants (new equipment for public transportation projects)

Visit the [Federal Highway Information](#) and/or the [Department of Transportation \(DOT\)](#) Web sites for more information.

Community Development includes \$8.8 billion in the form State Block Grants to help states to defray budget cuts. In addition:

- \$1 billion for Community Development Block Grants (CDBG), as described in this [Q&A from the U.S. Conference of Mayors](#)
- \$2 billion for the [Neighborhood Stabilization Program](#) (NSP), allocated competitively by the U.S. Department of Housing and Urban Development (HUD). In addition, along with state and local governments, non-profits will be eligible to compete directly for program funding.
- [Nearly \\$731 million in HUD-approved funding](#) for 48 States and local communities seeking to recover from the effects of high foreclosures and declining home values.
- \$1.5 billion for Homeless Prevention
- \$4 billion for the Public Housing Capital Fund (modernization)
- \$1.5 billion for Emergency Shelter Grants (administered by HUD)

Visit the [U.S. Department of Housing and Urban Development Web site](#) for more information.

## **Where can I find information on ARRA? How does it apply to my state?**

See the following links for more detailed information:

[List of State Web Sites for ARRA](#)  
[Recovery Act Opportunities on Grants.gov](#)  
[Full text of ARRA](#)

## **Your Local Tyler Account Representative**

Because Tyler provides the best and broadest scope of software and services available to the public sector, we will keep close tabs on what is happening as funds become available and how they might possibly benefit entities whose budgets may be impacted by the economic downturn. It's important to note that the thrust of ARRA is its emphasis on job creation and job retention. Proposals to solicit funds should include how many new jobs a request will create, or how many might be saved. For more information, contact your Tyler sales representative.