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
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](http://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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