

CENTER FOR RURAL AFFAIRS

RURAL BRIEF

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AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

President Obama signed the American Recovery and Reinvestment Act of 2009 (ARRA), the stimulus bill, on February 17, 2009. It is intended to jumpstart the nation's economy, create or save jobs and address other economic challenges. In this issue of the *Rural Brief*, we will look at rural portions of the stimulus package. The status of these programs will change from time to time. Many are required to report their progress as often as weekly. You can follow the federal programs of your interest as well as the progress and status of nearly every state (at the time of print, all states except Mississippi, North Dakota, South Dakota, and South Carolina have recovery websites) at www.recovery.gov.

In this issue we will look at the following departments:

- U.S. Department of Agriculture
- U.S. Department of Education
- U.S. Department of Transportation
- U.S. Department of Energy

DEPARTMENT OF AGRICULTURE

The United States Department of Agriculture (USDA) was appropriated \$28 billion through the ARRA. USDA has already begun to distribute their appropriated funds. Programs receiving funds are expected to generate jobs and stimulate local economies through expanded opportunities for broadband to rural communities, assisting low income families through food programs and housing assistance, fund existing and new water and waste facility projects, and protect and conserve the nation's forests and farm land.

Programs of particular interest include:

The Rural Community Facilities Program received \$130 million for direct loans and grants. There is a 10% set-aside each fiscal year for the development and construction of day care facilities in rural communities. The Secretary has the discretionary authority to award grants for the development and construction of essential community facilities to rural communities with high levels of out-migration or population loss. There is also a discretionary provision that provides for grants to "multijurisdictional" regional planning and development organizations that pay the federal share to assist local governments to develop and construct "essential community facilities". Of the \$1.2 billion invested in rural communities to date, 33% is invested in rural health care (clinics, nursing homes, and assisted living facilities), 12% in public services (community centers), 27% in public safety (fire department, fire trucks), nine percent in cultural and educational facilities (museums, child day care centers), and four percent in transportation services (sidewalks, street improvements). A complete list of essential community facilities can be found at www.rurdev.usda.gov/rhs/cf/essent_facil.htm#PublicBuildings.

The Rural Business Enterprise Grant (RBEG) program provides grants for rural projects that finance and facilitate development of small and emerging rural businesses, help fund distance learning networks, and help fund employment related adult education programs. The ARRA funds the RBEG with an additional \$20million.

United States Department of Agriculture

<i>Program and Agency</i>	<i>Stimulus Money</i>	<i>Purpose</i>	<i>Status</i>
USDA's Farm Service Agency	\$173 million	Direct Farm Operating Farm Loan Program	\$145 million is set to go out to 2,042 farmers—50% are beginners and 10% are socially disadvantaged farmers or ranchers
USDA's Rural Community Facilities Program	\$130 million	Loans and grants for critical community facilities such as healthcare, education, fire and rescue, jails, day care, community centers and libraries.	
<i>Direct Loans</i>	\$67 million		
<i>Guaranteed Loans</i>	\$10 million		
<i>Grants</i>	\$50 million		
USDA's Rural Development Agency (Sec. 502 Direct Loans and Sec. 502 Guaranteed Loans)	\$1.17 billion (in loan guarantees)	Provides direct and guaranteed single family housing loans.	
USDA's Rural Utilities Service		This funding will assist hundreds of rural communities that are in need of funds for rural water and wastewater infrastructure projects.	\$400 million (grants) and \$140 million (direct loans) will be released for pending applications
<i>Water and Waste Grants</i>	\$968 million		
<i>Water and Waste Direct Loans</i>	\$412 million		
USDA's Forest Service	\$1.5 billion	Hazardous fuels reduction, forest health protection, rehabilitation and hazard mitigation activities on federal, state, and private lands	\$100 million has been released
USDA's Natural Resource Conservation Services—Emergency Watershed Protection Program	\$290 million	Restores frequently flooded land to its natural state, establishing floodplain easements by landowners; as well as restore and protect 60,000 acres	\$145 million will be available for nationwide sign-up March 9-March 27 \$50 million will be available for rehabilitation of aging watershed structures.
<i>Watershed Rehabilitation Program</i>	\$50 million		
USDA's Supplemental Nutrition Assistance Program (SNAP)	\$19.8 billion	Increased benefits for recipients; Assistance to states to administer SNAP	Beginning April 1, 2009, an increase of roughly \$80 per family.
USDA's Food Distribution Program on Indian Reservations (FDPIR)	\$119 million	Provides commodity foods to low-income Native American households living on or near Indian reservations	\$5 million for facility and equipment upgrades; \$114 million for food distribution; approximately 243 tribes receiving benefits.
Rural Business Programs		Provides rural business loans and grants to public agencies encouraging development of small business enterprises.	
<i>Rural Business Enterprise Grants</i>	\$20 million		
<i>Business Industry Guaranteed Loans</i>	\$130 million		
Rural Development—Persistent Poverty Counties	10% of USDA Rural Development Funding	Provides assistance to persistent poverty counties—20% or more of the population living in poverty over the last 30 years.	

United States Department of Agriculture, continued

<i>Program and Agency</i>	<i>Stimulus Money</i>	<i>Purpose</i>	<i>Status</i>
Rural Broadband (National Telecommunications and Information Administration’s Technology (NTIA) Opportunities Program—Commerce Department)	\$4.7 billion	Competitive grants to accelerate broadband deployment in unserved and underserved areas.	The Department of Commerce and Department of Agriculture have jointly released a Request for Information to discuss how NTIA and the Rural Utility Service should design and implement these programs. Grants will be awarded by September 30, 2010.
USDA’s Rural Utilities Service	\$2.5 billion	Focusing on rural areas, the program will give priority to deployment of competitive broadband systems. Preference would be given to current and former RUS telephone loan recipients.	Seventy-five percent of the funding is required to go to rural areas in the form of grants, loans and loan guarantees that lack sufficient broadband speed for economic development. Areas receiving NTIA funds are not eligible.
Small Business Administration <i>Sec. 7(a)Guaranteed Loan Program</i> <i>Sec. 504 Loan Program</i> <i>Direct Loan Program</i>	<i>\$515 million</i> <i>\$100 million</i> <i>\$6 million</i>	Fee reduction and elimination of all Sec. 7(a) loans	

DEPARTMENT OF EDUCATION

The Department of Education will release \$100 billion in stimulus funding to states and local education associations. Immediately, the Department of Education will begin the first round of funding, intended to stave off teacher layoffs.

The ARRA identifies four principles guiding use of education stimulus funds:

1. Spend funds quickly to save and create jobs;
2. Improve student achievement through school improvement and reform, including these four specific areas:
 - Making progress toward rigorous college- and career-ready standards and high-quality assessments for students, including English Language Learners and students with disabilities;
 - Establishing pre-K to college and career data systems that track progress and foster continuous improvement;
 - Making improvements in teacher effectiveness and equitable distribution of qualified teachers;
 - Providing intensive support and effective interventions for the lowest-performing schools;
3. Ensure transparency, reporting and accountability (which includes more rigorous reporting requirements than normally apply to federal education programs);
4. Invest one-time ARRA funds thoughtfully to minimize funding issues for schools after the stimulus funds are no longer available.

While this money is helpful to schools of all sizes, it is difficult say what kind of impact this may have. This money will act as a shot in the arm, but once the money has been spent, it is an open question as to how many schools will continue programs that are funded with the stimulus money.

United States Department of Education

<i>Program and Agency</i>	<i>Stimulus Money</i>	<i>Purpose</i>	<i>Status</i>
Department of Education—Title I and Individuals with Disabilities Education Act (IDEA)	\$21.7 billion	Closes achievement gaps and improves educational outcomes for disadvantaged and disabled children.	50% of funds will be available in March 2009 and remaining 50% of funds will be available July 2009
Department of Education—Individuals with Disabilities Education Act (IDEA) Part C	\$500 million	Early intervention services for children and their families with disabilities (birth –2 years)	Funds will be available by the end of March when guidelines are established
Department of Education—Pell Grants to college students	\$17.1 billion	Increasing the maximum award from \$4,850 to \$5,350	These funds will be available July 1 for school year 2009-2010.
Department of Education—Work Study Program	\$200 million	Provides funds to assist students in financing the cost of post-secondary education.	These funds will be available July 1 for school year 2009-2010.
Department of Education—State Fiscal Stabilization Fund	\$48.6 billion	Mostly devoted to early learning (\$39.8 billion). The remainder, \$8.8 billion is allocated to governors for education (including school modernization), public safety, or other government services	First round of funding will be available by mid-April. The second part will be available to schools that provide evidence and plans for progress on four education reform issues.
Department of Education—Impact Aid Construction	\$100 million	Supports local school districts with concentrations of children who reside on Indian lands, military bases, low-rent housing properties.	\$40 million will be distributed through a formula (end of March) and \$60 million will be distributed through competitive grant process (later date)
Department of Education—Title I School Improvement Grants	\$3 billion		Funds will be available fall 2009
Department of Education—Educational Technology State Grants	\$650 million		Funds will be available fall 2009
Department of Education—Teacher Incentive Fund	\$200 million		Fall 2009, competitive grant process
Department of Education—Teacher Quality Enhancement	\$100 million		Fall 2009, competitive grant process
Department of Education—Statewide Data Systems	\$250 million		Fall 2009, competitive grant process

DEPARTMENT OF TRANSPORTATION

The stimulus funding appropriated to the Department of Transportation will, for the most part, be distributed through grants. These grants will be awarded to states through a formula set in current highway authorization law, the Surface Transportation Program (STP). In most cases, there is no match required, but there is a “use it or lose it” provision and time limits for spending and a number of transparency reporting requirements.

United States Department of Transportation

<i>Program and Agency</i>	<i>Stimulus Money</i>	<i>Purpose</i>	<i>Status</i>
Department of Transportation— Highways and Bridges <i>Set-aside for Native American tribes</i>	\$27.5 billion \$320 million	Funding will be distributed in grants using an existing formula. Eligible activities include rail, and port infrastructure projects, at the discretion of the state.	50% of these funds will be allocated by mid-May, most have been allocated to states for projects.

DEPARTMENT OF ENERGY

The Department of Energy is allocated \$40 billion dollars, for the development of renewable energy. The department will invest in job opportunities, as well as research and development.

A total of \$16.8 billion is allocated to renewable energy and energy efficiency uses. Most of the uses relate to the Energy Efficiency and Conservation Block Grant program in the Energy Independence and Security Act of 2007. \$2.8 billion is distributed through a formula contained in the Energy Independence and Security Act of 2007—68% to local units of government, 28% to states, 2% to tribes, and 2% to competitive grants. However, rural communities are not generally included under the definitions of local units of government—cities of at least 35,000 and counties of at least 200,000. However, there is a provision in the underlying law that 60% of the state allocations of the Energy Efficiency and Conservation Block Grant program go to local units of government not eligible for direct grants from the Department of Energy—in other words, to rural communities and cities less than 35,000.

United States Department of Energy

<i>Program and Agency</i>	<i>Stimulus Money</i>	<i>Purpose</i>	<i>Status</i>
Department of Energy <i>Weatherization Assistance Program</i> <i>State Energy Program</i>	\$5 billion \$3.1 billion	Allows an average investment of up to \$6,500 per home in energy efficiency upgrades and will be available for families making up to 200% of the federal poverty level – or about \$44,000 a year for a family of four. [\$55,140 for Alaska and \$50,720 for Hawaii] .	\$780 million is expected to be released mid-March. Additional funding will be released as states show responsible and effective use of funds
<i>Energy Efficiency and Conservation Block Grants</i>	\$3.2 billion	Assists eligible entities in implementing energy efficiency and conservation strategies— reduce fossil fuel emissions, reduce total energy use, and improve energy efficiency	\$2.8B of that amount is distributed through a formula contained in the Energy Independence and Security Act of 2007 -- 68% to local unites of governments, 28% to states, 2% to tribes and 2% competitive grants

CONCLUSION

At a time when economies are hurting, rural communities stand to suffer a great deal. Losing businesses that tend to provide a majority of the jobs in a community have the potential to devastate a community. Assisting small businesses is a good strategy for the American Recovery and Reinvestment Act. Small businesses have always been a major part of the economy in small towns.

Much of the remaining funding is going to states through formulas that are already in place. While these formulas may not be perfect or ideal for many rural communities, there are opportunities to access the funds through competitive grant processes as well. Small communities would do well to partner together to find opportunities for funding as well as requests for funds.

If you are receiving duplicate copies or have changed your address, please call *Kim Kaup* at the Center, 402.687.2100

CENTER FOR RURAL AFFAIRS

PO Box 136
145 Main Street
Lyons NE 68038

Phone: 402-687-2100
Fax: 402-687-2200
www.cfra.org

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If you or anyone you know wish to receive the *Rural Action Brief*, please contact **Jon Bailey** at jonb@cfra.org or **Kim Preston** at kimp@cfra.org, or the Center for Rural Affairs at the phone number or address above. There is no charge for a subscription to the *Rural Action Brief*. Past copies of *The Rural Action Brief* are available on our website www.cfra.org

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Established in 1973, the Center for Rural Affairs is a private, non-profit organization working to strengthen rural communities through action oriented programs addressing social, economic, and environmental issues.