



New York State Economic Recovery and Reinvestment

The American Recovery and Reinvestment Act of 2009 was signed by President Barack Obama on February 17, 2009. This legislation will provide significant funding for state fiscal relief, as well as for education aid, infrastructure projects, direct benefits to low income and unemployed New Yorkers, and other critical priorities.

Governor Paterson created the New York State Economic Recovery and Reinvestment Cabinet to manage the development of state and local infrastructure projects financed through these federal funds. The cabinet will be composed of state agency heads and senior members of the governor's staff and will work closely with local governments to ensure federal dollars reach critical projects and put people to work as quickly as possible. (See below for more detail on cabinet)

National Overview

This legislation provides a \$789 billion boost to the American economy. Overall, the national cost of the provisions included in the legislation is expected to total \$789 billion, including approximately \$463 billion in spending and \$326 billion in tax cuts. Of the \$463 billion in spending, \$374 billion is for programs that directly impact New York State. Of this amount, New York is expected to receive \$24.6 billion in funding.

State and Local Fiscal Relief

Several portions of the federal stimulus legislation will provide direct fiscal relief to state and local governments, many addressing significant budget deficits. Some of these major provisions include the following:

Federal Medical Assistance Percentages (FMAP)

The stimulus bill provides a total of \$87 billion in fiscal relief through increased Medicaid reimbursements (FMAP). New York's share of that funding (which includes funding for the state, counties, and the City of New York) is nearly \$11 billion over a 27-month period – \$1.9 billion in 2008-09, \$5.0 billion in 2009-10, and \$4.2 billion in 2010-11.

Based on preliminary analysis, it is expected that approximately 70 percent of this relief will accrue to the state and the remainder will be provided to local governments.

Education

The legislation includes a state fiscal stabilization fund that totals \$53.6 billion over two years, which primarily consists of funding for education. There are three main components of this fund:

- **Education Restorations.** New York is expected to receive \$2.5 billion out of a total of \$39.5 billion that will be provided to restore proposed reductions in funding for education. The federal legislation requires that this money be used for that purpose. It is expected that half of the \$2.5 billion will be committed in 2009-10 and the remainder in 2010-11.
- **Flexible Relief.** New York is expected to receive \$556 million out of a national total of \$8.8 billion provided for other fiscal relief to state governments over the next two years. Like FMAP, this funding will be flexible and can be dedicated to support any government service.
- **Incentive Grants.** An additional \$5 billion in education grants will be available for states

meeting key performance measures as determined by the United States Department of Education. While the amount New York will receive is subject to the grant-awarding process, we expect New York to be in a strong competitive position to receive substantial funding.

Other Education Funding

New York is expected to receive \$940 million out of a total of \$13 billion in Title I funding for high-needs students and \$760 million out of a total of \$12.2 billion in IDEA funding for special education over the next two years. Both of these funds will be split roughly evenly between the next two fiscal years. This funding will be provided directly to school districts through the State Education Department, subject to specific federal formulas over which the state has no discretion.

Other major education funding for New York includes increasing the maximum award for Pell Grants by \$500 (national share: \$15.6 billion, state share: \$180 million) and providing substantial increased support for education technology (national share: \$650 million, state share: \$61 million) and the education of homeless children (national share: \$70 million, state share: \$7 million).

Infrastructure and Energy

The stimulus legislation delivers substantial support for infrastructure projects. At the national level, this includes \$48 billion in funding for transportation capital projects (\$8.4 billion for mass transit, \$27.5 billion for highways and bridges, \$9.3 billion for rail, \$1.3 billion for airport improvement projects, and \$1.5 billion for discretionary surface transportation projects). Of this total, New York is expected to receive at least \$1.25 billion for mass transit and \$1.1 billion for highways and bridges. The Economic Recovery and Reinvestment Cabinet will be working with state agencies and local governments to seek funding from other sources of transportation funding.

The legislation also includes \$16.8 billion for energy efficiency and renewable energy projects and technologies, including research and development. New York will receive \$126 million through the State Energy Program and \$31 million in alternative energy block grants. It provides \$4.5 billion for energy research and development projects nationwide, including \$2.0 billion for energy storage technologies, which could provide funding for the governor's proposed battery storage consortium.

New York State is also projected to receive \$435 million from the Clean Water State Revolving Fund, \$85 million from the Drinking Water State Revolving Funds; and \$404 million to help weatherize the homes of low-income individuals.

Other Major Spending Provisions

The federal legislation will also provide funding for a number of other critical initiatives over the next two years. New York is expected to receive \$1.3 billion in enhanced food stamp benefits; \$1.3 billion to fund a 33-week expansion of unemployment benefits (to a total of 59 weeks), as well as provide additional weekly benefits through December 31, 2009, instead of March 31, 2009; and \$100 million for child care services for low-income individuals.

In addition, the federal legislation provides funding for several programs that will be administered at the federal level. The Economic Recovery and Reinvestment Cabinet is analyzing the legislation to identify programs that the state and local governments can use for funding.

New York State Economic Recovery and Reinvestment Cabinet

The New York State Economic Recovery and Reinvestment Cabinet was created by Governor Paterson to manage the development of state and local infrastructure projects financed through the federal American Recovery and Reinvestment Act. It serves to ensure cross-agency coordination and broad regional representation and helps municipalities and other New York-based entities secure federal recovery and reinvestment dollars.

The cabinet is composed of state agency heads and senior staff from the governor's office. Timothy J. Gilchrist will serve as senior advisor for infrastructure and transportation, a position created to lead the cabinet, and will oversee the distribution of federal funds throughout the state for projects involving transportation, water and sewer, energy, technology, and other infrastructure. The cabinet will work closely with local governments to ensure federal dollars reach critical projects and put people to work as quickly as possible.

Membership

- Timothy J. Gilchrist, Senior Advisor for Infrastructure and Transportation
- Laura Anglin, Division of the Budget, Director
- Carol Ash, Office of Parks and Historic Preservation, Commissioner
- Garry Brown, Public Service Commission, Chair
- Lorraine Cortes-Vazquez, Department of State, Secretary of State
- Dr. Richard Daines, Department of Health, Commissioner
- Thomas Donlon, Office of Homeland Security, Director
- John C. Egan, Office of General Services, Commissioner
- Michael Fleischer, Thruway Authority, Executive Director
- Astrid C. Glynn, Department of Transportation, Commissioner
- Alexander B. Grannis, Department of Environmental Conservation, Commissioner
- Patrick Hooker, Department of Agriculture and Markets, Commissioner
- Richard Kessel, New York Power Authority, President and CEO
- Marisa Lago, Empire State Development Corporation, President and CEO
- Kevin Law, Long Island Power Authority, President and CEO
- Dr. Melodie MayBerry-Stewart, Office for Technology, NYS Chief Information Officer
- Matthew J. Millea, Environmental Facilities Corporation, Acting President
- Richard Mills, Department of Education, Commissioner
- Francis Murray, New York Energy Research and Development Authority, President
- Denise O'Donnell, Division of Criminal Justice Services, Dep. Secretary for Public Safety
- William Pelgrin, Office of Cyber Security and Critical Infrastructure Coordination, Director
- Edward Reinfurt, Foundation for Science, Technology and Innovation, Executive Director
- Elliot G. Sander, Metropolitan Transportation Authority, Executive Director and CEO
- M. Patricia Smith, Department of Labor, Commissioner

- Deborah VanAmerongen, Division of Housing and Community Renewal, Commissioner
- Christopher O. Ward, Port Authority of New York and New Jersey, Executive Director
- Paul T. Williams, Jr., Dormitory Authority, Executive Director
- Nancy L. Zimpher, State University of New York, Chancellor

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