
American Recovery and Reinvestment Act of 2009 (ARRA)

Implementation Update
June 18, 2009

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Implementation Process

- The implementation process has focused on three key activities:
 - Transparency and communication
 - Understanding the provisions of the ARRA and individual programs
 - Implementation of the provisions and programs

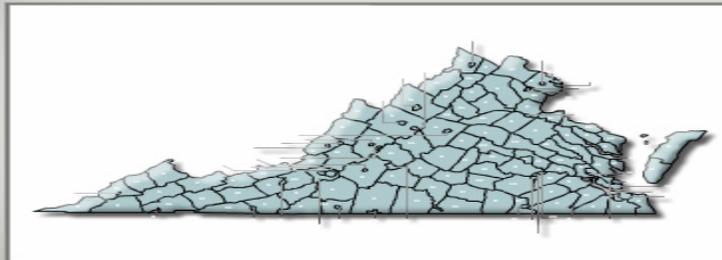
 - During February, the **www.stimulus.virginia.gov** website was launched to solicit input from citizens on projects for potential funding - more than 9,000 projects were submitted to the website totaling close to \$466 billion
 - Because discretionary funds were limited in the final ARRA as signed into law, many of these projects cannot be considered for funding
 - Letter was sent to all 9,000 project listings updating them on status in early June
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Stimulus.Virginia.gov

New: You can now view allocated stimulus funds by county and city [here](#).

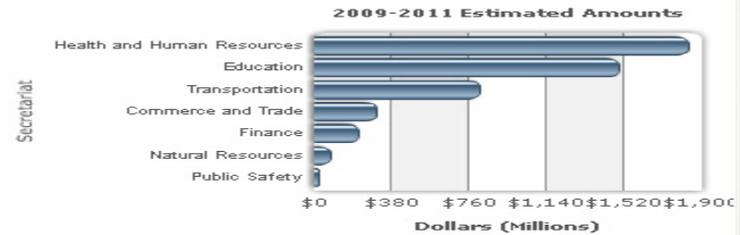
Where is your Money Going?

Amounts by Locality



[View Larger Map](#)

Amounts by Secretariat



Milestone

Message from the Governor



Next steps for Virginia under the American Recovery and Reinvestment Act

Between the launch of Stimulus.virginia.gov on February 10 and the deadline for submissions on March 6, more than **9,000 project proposals** were put forward by citizens, localities, and other groups.

Now that the project solicitation phase of Virginia's program to implement the American Recovery and Reinvestment Act (ARRA) has concluded, the Governor's **Stimulus Working Group** has sent these project proposals to the Cabinet Secretaries who lead Virginia's major executive agencies for review and evaluation. [Read more...](#)

News

Virginia approves localities to receive federal stimulus funds for clean water projects

April 27 - The State Water Control Board has approved the final list of localities that will receive federal stimulus money from the American Recovery and Reinvestment Act through the Virginia Clean Water Revolving Loan Fund for improving wastewater treatment plants and collection systems, Governor Timothy M. Kaine announced today.

- For more information, view the [press release](#).
- [View more Virginia Stimulus news.](#)
- [View Federal Recovery Act news.](#)

Accountability / Transparency

- ▶ [Competitive Grants](#)
- ▶ [Sign Up to Receive Stimulus Email Updates](#)
- ▶ [Memo from the Chief of Staff \(pdf, 41kb\)](#)
- ▶ [View Projects Submitted to the Site](#)
- ▶ [Process for Cabinet-Based Decision Making](#)
- ▶ [Stimulus Committee Contacts](#)
- ▶ [Recovery.gov](#)
- ▶ [Open.Virginia.gov](#)
- ▶ [Commonwealth Data Point](#)
- ▶ [VaPerforms.virginia.gov](#)
- ▶ [Virginia Department of Education's ARRA Site](#)
- ▶ [Coming Soon](#)

Appropriation of ARRA Funding

- The General Assembly action to appropriate the \$4.8 billion in ARRA funding has allowed Virginia to move quickly into implementation
 - Federal rulemaking and guidance has been done incrementally by program

- ARRA funding falls into three categories:
 - Tax and finance actions (which are not appropriated);
 - Competitive program
 - Increased funding to existing federal programs (the \$4.8 billion)

Key ARRA Tax Provisions

- Adjustments in payroll withholding and other personal income tax provisions
- First-time homebuyer and new car purchase tax credits
- Energy incentives and credits
- Unemployment
- COBRA
- Debt Instruments

ARRA Competitive Programs

- ❑ Almost every functional area has competitive grant programs that federal agencies are implementing
- ❑ Weekly updates on new solicitations are posted to the www.stimulus.virginia.gov website – “Competitive Grants”
- ❑ Competition is open to a variety of entities and depends on the program
- ❑ Significant interest in the Health IT and Broadband Programs – guidance not expected until at least late Summer

Implementation of \$4.8 billion in ARRA Appropriations

Health and Human Services

- ❑ Medicaid reimbursement from the increased federal share is close to \$350 million as of June 12, 2009
- ❑ Child Care & Development Block Grant - \$38 million - includes \$18 million for direct services such as reducing the waiting list and increasing infant reimbursements to 40th percentile or \$167 per week average payment
- ❑ Other programs include Temporary Assistance to Needy Families and SNAP

Implementation of \$4.8 billion in ARRA Appropriations, cont'd

Environment

- ❑ Drinking Water State Revolving Fund – \$20.1 million - 20 projects were submitted to EPA for final grant approval
- ❑ State Clean Water Revolving Loan Fund - \$77 million available – projects approved by Water Control Board on April 27; EPA approval pending
- ❑ Weatherization Program - \$94 million available – \$33 million has been allocated to existing local agency providers around the state

Transportation

- ❑ \$482 million in projects have been certified to USDOT; CTB began letting contracts at May CTB meeting

Implementation of \$4.8 billion in ARRA Appropriations, cont'd

- **Energy** Programs will be administered by the Department of Mines, Minerals and Energy once federally approved.

- The proposed plan includes -
 - \$32 million in grants or rebate incentives for renewable energy systems

 - \$20 million in incentives to support biomass, waste-to-energy, renewable energy and energy efficiency products, services and projects

 - \$15 million in grants or rebate incentives to stimulate implementation of energy efficiency improvements in homes and commercial properties

Implementation of \$4.8 billion in ARRA Appropriations, cont'd

K-12 Education receives approximately \$1.3 billion of the \$4.8 billion

- More than \$500 million is directly sent to local school districts following a variety of federal formulas including Title 1 and special education
- The remainder, \$984 million, is part of the Fiscal Stabilization Fund, the “flexible spending” account in the ARRA that must be directed to education
- Fiscal Stabilization Fund application approved by US DOE on May 26, 2009; funding immediately available

ARRA Bond Programs

- Qualified Zone Academy Bonds (QZAB) – ARRA expands and extends existing QZAB program. Increases from \$400 million to \$1.5 billion 2009&10
 - Virginia receives \$20 million in additional allocation
 - Renovation and repair - not new construction
 - Distribution to local school divisions follows existing policy - economically distressed areas and free lunch program participation of more than 50% - Amherst County does not qualify
 - Tax credits in lieu of interest payments
 - Contribution from private entity
 - Consideration is being given to a “on behalf of” state-administered issue because of market conditions

ARRA Bond Programs

- Qualified School Construction Bonds (QSCB) - ARRA authorizes Virginia to receive approximately \$191 million in in 2009 and again in 2010
 - Will provide zero interest debt to local school divisions
 - Does not require private involvement and can be used for new construction
 - Reviewing Literary Fund 1st Priority Waiting List projects to determine eligibility – current list includes \$191 million of approved projects that have been waiting up to two years for funding

ARRA Bond Programs

- Build America Bonds (BABs) – Taxable bonds for traditional governmental projects
 - No limit on the amount to be issued; authorization expires December 2010
 - Projects must meet same requirements as for tax-exempt bonds (governmental purpose), and bonds subject to arbitrage and private use restrictions
 - Designed to broaden the market for municipal debt and provide a more efficient subsidy than tax-exemption
 - Likely new investors include: Pensions Funds, Non-U.S. Corporations and Banks, State and Local Governments, Corporations, Taxable bond funds, etc.

ARRA Bond Programs

- Two types of Build America Bonds
 - Tax Credit Bonds – Holder/taxpayer receives a tax credit equal to 35% of the taxable interest earned. Tax credit can be sold to another entity by investor
 - Direct Payment/Subsidy – Issuer receives subsidy from federal government equal to 35% of interest payment
 - Increasingly popular
 - Initially buyers demanded corporate-type bond structures – non-callable; large maturities; long term bonds
 - Market becoming more receptive to serial structure with ten-year par calls as typically seen in the municipal bond market
 - UVA issued one of the first issues on April 15, 2009 – 30-year bullet maturity

ARRA Bond Programs

Indicative Pricing for \$100 million Direct Pay BABs - AA GO
Issuer (May 2009)

Year	Maturity	Estimated Tax- exempt Yield	Taxable Yield	Federal Subsidy	Net Cost to Issuer	Annual Savings
1	2010	1.03%	2.78%	0.97%	1.81%	-0.78%
5	2014	2.66%	4.21%	1.47%	2.74%	-0.08%
10	2019	3.84%	6.28%	2.20%	4.08%	-0.24%
20	2029	5.09%	7.06%	2.47%	4.59%	0.50%
30	2039	5.31%	7.36%	2.58%	4.78%	0.53%

ARRA Bond Programs

- Qualified Energy Conservation Bonds
 - \$3.2 billion volume cap (\$80 million to VA)
 - State and local governments
 - Investors receive tax credits in lieu of interest (probable borrowing cost 1-2%)
- New Clean Renewable Energy Bonds (CREBs)
 - \$2.4 billion volume cap (from \$800 million)
 - State and local governments
 - Must apply for allocations
- Recovery Zone Economic Development Bonds
 - Similar to BABs except 45% subsidy
 - \$10 billion allocation (\$104.4 million to VA localities)
- Recovery Zone Facility Bonds
 - Tax-exempt bonds for private business purposes
 - \$15 billion allocation (\$156.6 million to VA localities)

ARRA Transparency & Accountability Issues

- ❑ Still waiting on final OMB guidance for reporting requirements including jobs – David Von Moll, the State Comptroller, is leading this effort
- ❑ GAO has completed its first audit of 16 states implementation – Virginia is not one of the selected states – report is on www.stimulus.virginia.gov
- ❑ Contact with questions –
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