

# Economic Recovery and Reinvestment Act Frequently Asked Questions

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*Created by America Bikes and the Safe Routes to School National Partnership*

The American Recovery and Reinvestment Act (ARRA) of 2009 has now been passed by Congress and signed into law by President Barack Obama. The law provides \$789 billion in spending and tax cuts to stimulate the economy. ARRA provides an important opportunity for states, cities, counties and schools to create healthier communities. Funding is available to build sidewalks, bike lanes, pathways, and to create complete streets. This infrastructure can help to create an interconnected bicycle and pedestrian network, improving safety and providing opportunities for increased physical activity for both children and adults.

Four pots of funding are of interest to implementing bicycle and pedestrian infrastructure – however, advocates must act quickly to ensure that healthy infrastructure is funded:

- **Highway Funding and Transportation Enhancements:** The law provides \$27.5 billion in highway funding to modernize roads and bridges.
  - \$550 million goes to roads on federal lands, including \$170 million for park roads and parkways.
  - A total of \$26.8 billion of the highway funding is distributed to states based on surface transportation program formulas which take into account population, miles of highway, and other factors. States must spend 3 percent of their allocation on the Transportation Enhancements program, which is a primary source of bicycle and pedestrian infrastructure funding. The remainder of the “highway” money also creates an opportunity to build complete streets. All of the highway funding is flexible and bicycle and pedestrian projects are eligible. The 3 percent in Transportation Enhancements is a floor not a ceiling.
  - 30 percent of a state’s allocation is sub-allocated to urbanized areas.
- **School Modernization:** States will be also receiving \$53.6 billion in state fiscal stabilization funding. States must use 18.2 percent of their funding – or \$9.7 billion – for public safety and government services. An eligible activity under this section is to provide funding to K-12 schools and institutions of higher education to make repairs, modernize, and renovate to meet green building standards. LEED’s green standards for schools include bicycle and pedestrian facilities and access to the school.
- **Energy Efficiency:** \$3.1 billion is provided for the Energy Efficiency and Block Grant Program, which provides formula funding to cities, counties, and states to undertake a range of energy efficiency activities. One eligible use of funding is for bicycle and pedestrian infrastructure.
- **Community Development Block Grants:** \$1 billion is provided for the Community Development Block Grants program, which provides formula funding to cities and counties that meet certain criteria to undertake community improvement activities. One eligible use of funding is for bicycle and pedestrian infrastructure.

*The highest priority for advocates should be the highway funding, as it includes specific funding for bicycle and pedestrian projects through Transportation Enhancements and opportunities to apply Complete Streets principles to the rest of the highway funding. The other funding sources may include bicycle and pedestrian projects as eligible uses of funding, but the likelihood is much more remote given the large number of competing demands. It is important that advocates take action quickly as states and communities are moving quickly to select projects for funding. The complete text of the bill can be found on the [White House website](#).*

On the following pages are frequently asked questions about each of these four funding sources.

## Transportation Funding, including Transportation Enhancements and Opportunities to Create Complete Streets

### **What is included in the transportation funding?**

As discussed above, \$26.8 billion is for road and bridge modernization in the states, of which 3 percent must be spent on transportation enhancements. States will also receive \$8.4 billion to increase public transportation and improve transit facilities. An additional \$8 billion is provided for investment in high-speed rail and another \$1.5 billion will be used for a competitive surface transportation grant program for large projects.

### **How much money is available for bicycle and pedestrian projects under the transportation funding?**

States will receive \$26.8 billion for road and bridge modernization based on existing transportation formulas. States must spend 3% of their allocation on Transportation Enhancements (TE), roughly \$800 million nationwide. Between 50-60 percent of TE is usually spent on bike and pedestrian projects, although this varies from state to state. Scroll to the end of this section for additional uses of TE funding. It's important to be working now in your state to secure as much of the TE money for bike/ped as possible.

In addition, 30 percent of a state's allocation must be sub-allocated to urbanized areas, which provides a role for Metropolitan Planning Organizations (MPOs) and cities in determining usage of stimulus transportation funding. While none of this funding is specifically dedicated to bicycle or pedestrian projects, advocates may find a more sympathetic environment at the local level.

The entire \$27.5 billion road and bridge funding is flexible, and can also be spent on bicycle, pedestrian and Complete Street projects at the discretion of the states. There is also some flexibility in the \$8.4 Billion for Transit funding, which allows for bicycle and pedestrian facilities. Advocates can work to influence project designs to create "complete streets" that include accommodations for cyclists and pedestrians.

### **What guidelines do states have for spending the funding?**

The [Federal Highway Administration \(FHWA\)](#) and [Federal Transit Administration](#) have issued guidance to assist state and local agencies in preparing for implementation of the stimulus bill. The guidance includes Q&As and actions that can be taken to expedite economic recovery projects.

### **How much money will my state get for Transportation Enhancements?**

[Click here](#) for a preliminary estimate of funding for each state. The Federal Highway Administration must provide an official allocation for each state no later than March 7, 2009.

### **Is there a time limit on when this money must be spent? *Updated April 24, 2009***

States are required to obligate (which means the state has expended or contracted to expend) at least half of their highway funding (which is the total of the general highway funds and Transportation Enhancements) within 120 days of the bill's passage. On June 30, 2009, the US Department of Transportation will rescind any of that funding that has not been obligated and redistribute to states that have successfully obligated half of their funding. To qualify to receive redistributed funds, states must obligate at least half of their highway funding.

The remaining half of a state's funds must be obligated within 1 year. Similarly, US DOT will rescind any unobligated funds after one year and redistribute those funds to other states that have obligated all their funds. The funding that is sub-allocated to urbanized areas is only subject to the one-year deadline.

FHWA has released a [series of questions and answers](#) on the 120-day redistribution requirements that clarifies that funds will be withdrawn in proportion to how they were allocated. So if a state obligates half of its Transportation Enhancements funds but less than half of its general highway funds, only the

general highway funds will be rescinded. This new information from FHWA also clarifies that any funds that are rescinded from a state and redistributed to others will be provided as general highway funds, and will not have a set-aside for Transportation Enhancements. This means that there are two ways to protect Transportation Enhancements funds: to ensure that the state obligates half of their highway funding and no funds can be rescinded; or that they obligate half of the Transportation Enhancements funds while obligating less than half of their general highway funding, in which case only general highway funds would be rescinded.

*Time is of the essence, and advocates should work quickly to encourage state DOTs to obligate their Transportation Enhancements funding, and to ask MPOs and local governments to prioritize bicycle and pedestrian projects!*

### **Will Transportation Enhancements be used to fund the Ready to Go list of projects that America Bikes and its partners collected last fall?**

We hope so, but there is no guarantee. No specific projects, or earmarks, are in the bill. The list was simply created to show that demand does exist for bike/ped projects. Now, decisions of what to fund falls to the [State Departments of Transportation](#) as well as MPOs and local governments. America Bikes will be sending the [project list](#) to each state's Governor and DOT; however, local advocates are encouraged to [take action](#) at the local level to encourage state DOTs, MPOs and local governments to fund these bike/ped projects in your state.

### **What types of projects are eligible under Transportation Enhancements?**

The 12 types of projects eligible under transportation enhancements (as defined in subsection 101 (a)(35) of title 23) include:

- Provision of facilities for pedestrians and bicycles.
- Provision of safety and educational activities for pedestrians and bicyclists.
- Acquisition of scenic easements and scenic or historic sites (including historic battlefields).
- Scenic or historic highway programs (including the provision of tourist and welcome center facilities).
- Landscaping and other scenic beautification.
- Historic preservation.
- Rehabilitation and operation of historic transportation buildings, structures, or facilities (including historic railroad facilities and canals).
- Preservation of abandoned railway corridors (including the conversion and use of the corridors for pedestrian or bicycle trails).
- Inventory, control, and removal of outdoor advertising.
- Archaeological planning and research.
- Environmental mitigation—
  - to address water pollution due to highway runoff; or
  - reduce vehicle-caused wildlife mortality while maintaining habitat connectivity.
- Establishment of transportation museums

### **What can I do to encourage my state to use its Transportation Enhancements funding on bicycle and pedestrian projects?**

You can play an important role in familiarizing your state and local government officials with needed bicycle and pedestrian improvements, as well as how these improvements will stimulate the economy and move us towards a green transportation network. One important connection to the goals of the bill is that bike/ped improvement improve "main street" which will lead to more people patronizing local businesses. [Click here](#) for ideas on how to take action and advocate for bike/ped in your community and state.

## **What about the other 97 percent of highway spending? Can that be spent on bicycle, pedestrian and Complete Street projects?**

Bicycle and pedestrian access and safety will definitely be affected by how states spend the rest of the roads and bridges money, so it's important to push states to prioritize complete streets projects including bicycle, pedestrian and safety improvements when building, restoring and repairing roads and bridges.

All road and bridges projects will require that the DOT and/or local government release a project description before and during the public comment period. To advocate for Complete Streets projects, advocate for a project to contain the following items:

- ADA-compliant curb cuts;
- sidewalk improvements;
- new bicycle lanes;
- pedestrian medians;
- roadside improvements for public transportation including bus shelters and bus-priority traffic signals;
- traffic calming measures such as chicanes and speed humps;
- improved landscape features, including street trees, benches, and street lighting;
- intersection and crossing improvements for non-motorized users; and
- other improvements to the safety, accessibility and quality of the road.

For more information on Complete Streets go to <http://www.completestreets.org/stimulus.html>.

## **Are bicycle and pedestrian facilities eligible under the transit funding?**

The \$8.4 billion available for public transportation and transit stations is also flexible and can include bicycle and pedestrian facilities on buses, and at and around transit stations and bus stops. You can read more about eligibility requirements and guidance to states at the [Federal Transit Administration](#) website

## **There's so much to do? Where should I start?**

The first place to start is in pushing your Governor and DOT to obligate Transportation Enhancements in the first 120 days, and prioritizing Complete Street projects. The states will be focused on obligating funding within the first 120 days. At the local level, it's important that you contact your mayor and local officials about the importance of including bicycle and pedestrian infrastructure and Complete Streets in economic recovery projects. Take a look at our [Take Action](#) resources for sample letters and talking points on transportation funding.

## **School Modernization Funding**

### **What funding is included for school modernization? *Updated April 6, 2009***

The law provides \$53.6 billion to states for a "state fiscal stabilization fund." Each state's Governor must [apply to the US Department of Education](#) to receive funding, which will then be apportioned by population. States are required to use their allocation for two primary uses:

- 81.8 percent is to support elementary, secondary, and higher education within the state.
- 18.2 percent for public safety and government services. A specific use of this funding is to enable K-12 schools and institutions of higher education to repair, renovate, and modernize facilities.

The U.S. Department of Education released the [application guidelines](#) for phase one of the State Fiscal Stabilization fund, which will provide two-thirds of available funds to states. Once states apply, the U.S. Department of Education will provide funds within two weeks. States will need to apply separately for the second phase of funding, totaling one-third of available funds, at a later date.

### **How can this funding be used for bicycle and pedestrian projects?**

In the language governing the 18.2 percent for public safety and government services, a specific reference is made to allow school improvements that meet green building standards. The US Green Building Council's LEED Rating System for green schools includes bicycle and pedestrian facilities and access to school grounds as a part of the ratings standards.

Safe Routes to School infrastructure projects fit the criteria for school modernization, although it is important to note that bicycle/pedestrian improvements are only one of the eligible expenditures among many competing demands, so there is no guarantee that states will use their funding for this purpose. Each state will determine how it will spend its funding.

As the State Fiscal Stabilization Fund is a new program, it is unclear at this time how each state's Governor will choose to use the funding provided. However, if you are interested in this funding source, we recommend that you take action at the local level in two possible ways:

1. Contact your principal, superintendent and school board to let them know about the needs at your school for bike racks and parking lot improvements to increase safety for children walking and bicycling, and encourage them to ask stimulus funding be used for these purposes.
2. Contact [your Governor](#) and state Department of Education to let them know about the needs at your school to improve bicycle and pedestrian facilities.

### **What guidance has the US Department of Education issued for the school modernization funds?**

*New April 6, 2009*

The US Department of Education has provided [updated guidance](#) on the school modernization use of the ARRA State Fiscal Stabilization Fund. The guidance recommends that ARRA funds only be used for projects that are educationally appropriate, neighborhood-friendly, environmentally sound, and has a long-term impact. They recommend consulting teachers, neighbors, and energy efficiency experts in determining the best use of ARRA funds to make school buildings and students high-performing. The guidance links to a variety of resources on making schools green and healthy.

### **Is there a time limit on when this money must be spent?**

States must award or commit funds within two years. Any funds not awarded or committed within that timeframe must be returned to the US Department of Education for reallocation to states who used all their available funds.

### **How do I find out more about what funding my state will get in this category?**

The website [www.recovery.gov](http://www.recovery.gov) allows individuals to track how stimulus dollars are being allocated. As soon as federal agencies start making awards and distributing funding, the website will be updated.

## **Energy Efficiency and Conservation Block Grants**

### **What is the Energy Efficiency and Conservation Block Grant (EECBG)?** *Updated April 6, 2009*

The Energy Efficiency and Conservation Block Grant (EECBG) program was included in the Energy Independence and Security Act of 2007 to assist state and local governments in implementing energy efficiency and conservation strategies to reduce fossil fuel emissions, total energy use and improve energy efficiency in the transportation, building and other sectors. Because the funding comes through ARRA, additional goals have been added focused on job creation and economic stimulus.

Two of the goals of EECBG funding are right in line with bicycle, pedestrian, and Safe Routes to school programs projects and could be beneficial to communities who want to develop bicycling and pedestrian networks and improve access to work, school, and retail:

- Prioritize energy efficiency and conservation first as the cheapest, cleanest, and fastest ways to meet energy demand.

- To maximize benefits over the longest possible terms, entities should look for ways to link their energy efficiency efforts to long-term priorities (especially community economic development, community stabilization and poverty reduction efforts).

### **How much funding for EECBG is available under the American Recovery and Reinvestment Act?**

The Act includes \$2.8 billion that will be distributed by the U.S. Department of Energy under formula funding to States, larger cities and counties, and Tribal programs. Eligible cities and counties include cities with populations of 35,000 or more, counties with a population of 200,000 or more, and/or the ten largest cities and counties in each state, regardless of population. States are required to spend 60 percent of their funding in lower-population areas that do not receive funding directly. An additional \$400 million is allocated to a U.S. Department of Energy Competitive Grant Program for cities and counties that are not eligible under the formula.

### **How is this funding eligible for bicycle and pedestrian uses? *Updated April 6, 2009***

The 2007 Energy Independence and Security Act lists eligible uses for this funding including the development or implementation of programs that conserve energy used in transportation, such as bike lanes/pathways, and pedestrian walkways. The US Conference of Mayors has developed a [helpful two-page fact sheet](#) on this program.

*It is important to note that bicycle and pedestrian projects are is only one eligible use among many competing demands, so there is no guarantee that states, counties and cities will use their funding for this purpose.*

The U.S. Department of Energy is looking for sustainable projects that create and protect jobs as well reduce greenhouse gas emissions. DOE will prioritize projects that:

- Leverage other public and private resources;
- Enhance workforce development;
- Persist beyond the funding period; and
- Promote energy market transformation such as revolving loans, low-cost loans, energy savings performance contracting, advanced building codes, building and home retrofit incentives and policies, and *transportation programs and policies*.

Grantees will be required to report regularly to the DOE on five metrics:

- Jobs created and/or retained;
- Energy savings on a per dollar invested basis;
- Renewable energy capacity installed;
- Greenhouse gas emissions reduced; and
- Funds leveraged.

### **How do I find out more about what funding my state or locality may get for EECBG? *Updated April 6, 2009***

Approximately \$2.7 billion will be distributed by the US Department of Energy (DOE) via formula grants to all states and at least the ten largest cities and counties within a state. DOE recently released a list of [eligible localities and estimated funding amounts](#). Click on a state to see the breakdown of funding for counties and cities within the state.

- States, cities and counties that are listed on the EECBG website must apply to DOE directly to receive their allocation. City and county applications are due June 26<sup>th</sup>.
- Cities and counties that are not listed on the website are only eligible to receive funding from their state's Department of Energy. States must sub-grant 60 percent of their EECBG funding to jurisdictions that are not eligible to apply directly to DOE. States must apply for their funding by May 25<sup>th</sup>, and will be developing application procedures and deadlines in the coming months for the sub-grants.

In addition, at a later date the Department of Energy will be releasing a separate Funding Announcement for \$455 million in competitive grants.

**How can eligible states or localities apply for funding?** *New April 6, 2009*

For more information or for questions, please visit the DOE's EECBG website at <http://www.eecbg.energy.gov>. A link to the application for states and eligible cities and counties is available at <http://www.eecbg.energy.gov/#lg2>. State applications are due by May 25, 2009 and city/county applications are due by June 26, 2009.

## **Community Development Block Grants**

**What are Community Development Block Grants? How much funding do they receive under the American Recovery and Reinvestment Act?**

The Community Development Block Grant (CDBG) program, under the U.S. Department of Housing and Urban Development (HUD), is a flexible program that provides communities with resources to address a wide range of unique community development needs, specifically directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. Sidewalk improvements, bike lanes, paths and trails are all eligible under the guidelines. Under ARRA, CDBG receives \$1 billion dollars to be distributed to cities and urban counties.

**Who is eligible and how is the money distributed?** *Updated April 6, 2009*

The following cities are eligible:

- Principal cities of Metropolitan Statistical Areas (MSAs);
- Metropolitan cities with populations of at least 50,000; and
- Qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities) are entitled to receive annual grants.

The money is distributed through formulas and prioritizes funding based on the extent of poverty, population, housing overcrowding, age of housing and population growth lag in relationship to other metropolitan areas.

In order to receive the ARRA funding, grantees must prepare an action plan amendment. HUD will process the plans in an expedite manner, execute revised grant agreements, and make the funds available in each grantee's line of credit.

**What activities are eligible for CDBG?**

CDBG funds may be used for activities which include, but are not limited to:

- acquisition of real property;
- relocation and demolition;
- rehabilitation of residential and non-residential structures;
- construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes;
- public services, within certain limits;
- activities relating to energy conservation and renewable energy resources; and
- provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities.

Sidewalk improvements, bike lanes, paths and trails are all eligible under a few of these activities.

**Where can I find out more information about CDBG?** *Updated April 6, 2009*

You can learn more about the federal program, and whether your community is eligible at the [HUD website](#). Information specific to the ARRA stimulus funding, including the amount of funding available to each community, is available on the HUD's [ARRA Information page](#).