

Understanding the Federal Economic Stimulus Legislation and the Expected Impact on Kentucky

The American Recovery and Reinvestment Act of 2009 (ARRA), signed into law on February 17, 2009, is intended to encourage economic growth by injecting \$787 billion into the national economy, thereby increasing the demand for goods and services; protecting priority areas like education and services for families and children from possible state budget cuts; and creating jobs. In Kentucky, the ARRA is expected to infuse roughly \$7 billion into the economy and result in 48,000 jobs created or saved. In addition, the legislation provides resources to Kentucky that will help address the expected budget gap. However, the flexible money that can be used to help fill the revenue gap is likely to be less than \$250 million dollars over the course of a two year period – that's only half of the previous revenue shortfall. That said, the fact that the ARRA provides targeted investments to allow the state to continue important functions during the current economic downturn means the state can take this time to address the structural budget deficit that is exacerbating the states ability to adequately cover the budget. With the ARRA money in place to safeguard our highest priorities the state can plan for long-term changes in the tax structure or spending policies, or both, to adequately fund the budget. The following brief provides an overview of the main provisions of the package with estimates of funding for Kentucky.

THE MAIN PROVISIONS and KEY FACTS

The ARRA is expected to bring approximately \$7 billion into Kentucky over the course of the next two years.ⁱ An estimated \$3 billion dollars will come into the state government as both flexible funds and targeted investments. Another \$4 billion is expected to benefit the state through stimulus funding that goes directly to programs and municipalities and through money that stays in the state economy because of individual and small business income tax cuts. In addition to the estimated \$7 billion, the state can apply for competitive grants for specific initiatives.

The fiscal stimulus money is estimated to result in 48,000 jobs created or saved in Kentucky, with the vast majority in the private sector.ⁱⁱ Jobs are expected to be created in infrastructure projects, clean energy technology, and healthcare. At the same time, targeted funding for

ⁱ Will Straw, *The Nationwide Allocation of Recovery Funding: An Interactive Map on the Final House-Senate Compromise*, Center for American Progress, February 13, 2009.

http://www.americanprogress.org/issues/2009/02/compromise_map.html/#methodology

ⁱⁱ "American Recovery and Reinvestment Act: State-by-State Jobs Impact:", The White House press release, February 13, 2009. http://www.whitehouse.gov/the_press_office/White-House-Releases-State-by-State-Numbers-American-Recovery-and-Reinvestment-Act-to-Save-or-Create-35-Million-Jobs/

education and human services will save jobs in state and local governments that are currently at risk because of consecutive budget shortfalls. In addition, the ARRA will provide Kentuckians with increased disposable income from increased employment and tax credits; this is expected to lead to greater consumption which will create and preserve jobs in many sectors across the state.

ARRA funds can help fill the expected budget gap, but it is estimated that less than \$250 million will be available to do so.ⁱⁱⁱ Kentucky will receive \$118.5 million in flexible dollars to support the state budget. Other ARRA dollars are available for specific purposes and can be used in place of general fund dollars; freeing up previously dedicated state dollars for use elsewhere in the general fund. However many of the ARRA funds are intended to help cover the increasing need for support services because of the economic downturn so the full amount of a flexible fund may not be available to fully supplant general fund revenue. As an example, ARRA provides significant funding for Medicaid through an increase in the match rate so the proportion of the Medicaid caseload covered by the state will decrease for a time. Yet, the number of people signing up for Medicaid is increasing causing the actual cost of the program to also increase – for that reason, though the state proportion is less the state costs may be nearly as high leaving little money to help with the revenue shortfall.

The first section of the following table displays areas of funding that could impact the expected budget gap in fiscal years 2010 and 2011. Detailed explanations of each area follow.

ARRA Funds for Kentucky¹

Relief for Kentucky's Budget to Protect Priority Areas from Cuts	
Program	Impact on Kentucky
State Fiscal Stabilization Fund ²	\$651.3 million
Child Care and Development Block Grant	\$34.9 million
Child Support Enforcement Program	\$28.8 million ³
Disproportionate Share Hospital (DSH)	\$7.2 million
Foster Care and Adoption Assistance Program (Title IV-E)	\$11.9 million
Medicaid	\$928.9 million
Funds that Will Help Kentucky but Will Not Help Close the Budget Gap	
Community Services Block Grant	\$16.9 million ⁴
Emergency Food and Shelter Program	\$1.4 million ⁵
Homelessness Prevention Fund	\$18.6 million ⁶
Health Centers	\$10.2 million
Immunizations	\$2.7 million
Seniors Meals Programs	\$1.4 million

ⁱⁱⁱ The estimate of less than \$250 million to help support the general fund includes: General Fiscal Stabilization (118.5m), Child Care & Development Block Grant (32.1m), Child Support Enforcement (28.8m), DSH (7.2m), Foster Care and Adoption Assistance (11.9m) and assumes that there may be some additional money in Medicaid and the Education Stabilization Fund to also support the budget.

Supplemental Nutrition Assistance Program (SNAP)	\$432.7 million ⁷
Temporary Assistance for Needy Families (TANF)	Unknown
The Emergency Food Assistance Program (TEFAP)	(In-kind) \$2.1 million
Workforce Investment Programs ⁸	\$44.6 million
Vocational Rehabilitation	\$10 million ⁹
Unemployment Insurance	\$390.5 million ¹⁰
Employment Services	\$5.1 million
Unemployment Modernization Incentives	\$96.5 million
Tax Related Benefits for Working Families¹¹	
Child Tax Credit	\$204.9 million
Earned Income Tax Credit (EITC)	\$60.2 million
Higher Education Tax Credit (HOPE)	Unknown
Making Work Pay Credit	\$1.6 million
Social Security & SSI recipients and disabled veterans	\$242.1 million
Fund to Support Education¹²	
Head Start and Early Head Start	\$11.4 million ¹³
Title I - Education for the Disadvantaged	\$202.6 million
Education for Homeless Children and Youth	\$1.3 million
Individuals with Disabilities Education Act (IDEA)	\$173.6 million
Education Technology	\$9.9 million
Pell Grants	\$403.7 million
Federal Work Study	\$2.6 million
Housing and Community Development¹⁴	
Community Development Block Grant	\$12.1 million
HOME Investments Partnership Program	\$32 million ¹⁵
Project-Based Rental Assistance (PBRA)	\$30.3 million
Public Housing Capitol Fund	\$52 million ¹⁶
Tax Credit Assistance Program	\$31.6 million
Energy and Infrastructure	
Clean Water State Revolving Fund	\$50.4 million
Drinking Water State Revolving Fund	\$20.4 million
Energy Efficiency and Conservation Block Grant	\$25.4 million
Highway Infrastructure	\$421 million
State Energy Program	\$52.3 million
Weatherization Assistance Program	\$70.9 million
Transit Formula Funding	\$50.3 million
Law Enforcement	

E. Byrne Memorial Justice Assistance Grant (JAG)	\$14.9 million
Crime Victims Compensation and Assistance	\$872 thousand
Internet Crimes Against Children Grants	\$652 thousand
Violence Against Women Grants	\$2.1 million
Other	
National School Lunch Equipment Assistance	\$1.8 million
Endowment for the Arts	\$311 thousand

For the latest information about the distribution of ARRA funds in Kentucky visit:

<http://kentuckyatwork.ky.gov>.

RELIEF FOR KENTUCKY'S BUDGET to PROTECT PRIORITY AREAS from CUTS

The ARRA includes several funding streams to support priority areas, like health and education, from the threat of significant budget cuts. In addition, some of the funds are more flexible than others and can, to some degree, help reduce Kentucky's budget gap to the extent that the federal dollars can support programs that would otherwise be paid for out of the state general revenue fund. One important thing to keep in mind is that many of these programs are experiencing increased demand for their services due to the economic downturn, which leads to rising costs. Therefore, it is still unclear exactly how much of the ARRA funds will be used to cover rising costs and how much can be used to free up general fund dollars for use elsewhere in the budget. By our estimates, less than \$250 million of the ARRA, over the course of two years, will be available to help offset expected revenue shortfalls.

Fiscal Stabilization Fund – \$651.3 million to help Kentucky stabilize the state budget.

The funding is broken into two specific areas: 81.8 percent to fund education and 18.2 percent in flexible funds to support the state budget. The funds are awarded based the proportion of school age children in the state combined with the overall population in the state as it compares to other states. In Kentucky, the fiscal stabilization fund breaks down as follows:

Fiscal Stabilization for Education – \$532.8 million to support Kentucky's K-12 and higher education system. The funding is intended to stabilize the state's financial support for education at the elementary, secondary, and higher education levels to the greater of the 2008 or 2009 level - through 2011, effectively maintaining funding for education and ensuring the continuation of reform efforts in difficult budget times. Federal administrators have issued guidance that the states should not use these funds to supplant general fund dollars that support schools. Therefore, it is unlikely that much, if any, of the \$532.8 million will be available to help fill the expected budget gap in FY 2010.

General Fiscal Stabilization Funds – \$118.5 million to directly help cover Kentucky's general fund revenue shortfalls through 2011. The state has full

discretion over the use of this fund. However, it should be noted that \$118.5 million is only one quarter of the previous revenue shortfall, and a shortfall of equal or greater magnitude is expected in FY 2010.

Child Care and Development Block Grant – \$34.9 million for Kentucky’s child care system. Most of the funds will be used to subsidize child care for low-income families when parents are engaged in training or education. A portion of the funds are dedicated to activities that improve the quality of child care. In Kentucky, \$2.8 million is dedicated for quality improvements, of which \$1.6 million is targeted for improvements in infant and toddler care. This investment will allow the state to continue to maintain current eligibility levels for subsidies and continue to improve the quality of child care even in the face of recurring budget shortfalls. Because the need for child care is not currently increasing, the majority of these funds could supplant general fund revenue that currently supports the program and be used elsewhere in the budget.

Child Support Enforcement Program – \$28.8 million to further develop and implement effective child support enforcement programs in Kentucky. The economic stimulus money provides a temporary match to the federal child support enforcement funds, effectively freeing up the state’s match for other uses.

Disproportionate Share Hospital Funds (DSH) - \$7.2 million additional dollars to help support hospitals in Kentucky that serve a greater proportion of low-income patients. The DSH will increase by 2.5 percent in 2009 and an additional 2.5 percent in 2010.

Title IV-E Foster Care and Adoption Assistance Program - \$11.9 million in additionally reimbursement payments for activities related to child placement in foster care or adoptive homes. This additional amount corresponds to the base increase in the FMAP of 6.2 percent. Like the FMAP, the increased match rate will continue through December of 2010.

Medicaid – approximately \$928.9 million from an increase in the Federal Medicaid Assistance Percentage (FMAP) which is the match rate that a given state receives to fund Medicaid.^{iv} The temporary increase is retroactive to October 2008 and continues through nine quarters to December 2010. The increased match rate will help relieve the increasing financial burden on the state as the number of people receiving health care through Medicaid increases due to the increasing number of newly unemployed who apply for Medicaid after losing their employer-based health insurance. This means that the proportion of Medicaid costs that Kentucky is responsible for will decrease, however, because the caseload is increasing the actual cost of the Medicaid program is likely to be as high as or higher than in recent years. For this reason, there may not be significant savings to support the general fund and help fill the expected revenue gap.

^{iv} An estimate of the amount of Medicaid assistance that each state would potentially receive, based on projections of state Medicaid spending and future state unemployment rates was prepared by the Government Accountability Office for the Senate Finance Committee.

In Kentucky, the federal match rate will increase from just over 70 percent to 77.8 percent for the first two quarters of 2009 resulting in Kentucky’s share of Medicaid costs dropping from around 30 percent to 22.2 percent. The increase includes a universal 6.2 percent increase that will remain until December 2010, plus an additional increase of 1.47 percent because of the states unemployment rate. The match rate will be set quarterly based on unemployment rates.

FUNDS THAT WILL BENEFIT KENTUCKY but WILL NOT HELP CLOSE THE BUDGET GAP

The ARRA includes targeted funding for benefits and services to help workers and others hurt by the recession. The funds outlined here flow through state government to the intended program or are sent directly to the specified programs. Typically, these programs receive little or no state funding. Therefore the funds have the ability to directly improve the quality of life of Kentucky citizens but they will not help reduce the state’s budget gap.

Community Services Block Grant – \$16.9 million will go to the statewide network of community action agencies for the purpose of assisting the growing number of low-income households. In addition to permitting these agencies to provide more services for very low income families, the funding allows these agencies to serve those slightly above the poverty level; it increases the eligibility level from 125 to 200 percent of the federal poverty level.

Community Services for Older Americans - \$451,000

Emergency Food and Shelter Program – \$1.4 million will be spent to provide grants to nonprofits and faith based organizations to supplement programs for emergency shelter and food assistance for homeless individuals and families. These funds are awarded under the McKinney-Vento Homeless Assistance Act.

Homelessness Prevention Fund – \$18.6 million will be spent to provide services to an estimated 5,000 Kentucky families facing homelessness. The funds are expected to be dispersed to the following geographic areas:

Homelessness Prevention Funds Formula Allocations	
Kentucky State Program	\$12,157,352
Covington	\$679,522
Lexington-Fayette County	\$849,668
Louisville	\$4,870,830
TOTAL	\$18,557,372

Source: U.S. Department of Housing and Urban Development

Health Centers - \$10.1 million to support increased demand for health services and to establish new “Access Points” for health services. Kentucky will receive \$5.1 million to help cover increased demand at 19 health centers across the state. The increased investment will allow an additional 38,000 patients to be served and create 77 new jobs. In addition, the state will receive close to \$5 million dollars for New Access Points

that will serve an additional 20,000 people and create an additional 150 jobs in the state. For a list of grantees in Kentucky visit:

<http://www.hhs.gov/recovery/programs/hrsa/kentucky.html>

Immunizations - \$2.7 million to administer an immunization program through public and private providers, including public health departments and clinics.

Seniors Meals Programs – \$1.4 million to support the Kentucky Senior Meals programs. The money will help offset the rising cost of food that is increasing the cost to provide meals to seniors. Funds are to be used for meals at senior service centers as well as home nutrition services

Food Stamp (or Supplemental Nutrition Assistance) Program – \$432.7 million to fund a 13.6 percent increase in the amount of food stamps (or SNAP benefits) that families will receive; it includes the maximum food stamp benefit - roughly \$20-\$24 per person per month - for most families. The increase went into effect in April 2009 and is expected benefit an estimated 680,000 Kentuckians. A portion of the grant, \$5.7 million, will cover administrative costs necessary to provide service to the increasing number of people applying for food stamps.

From April 2009 to September 2009 Kentucky will receive an estimated additional \$100 million dollars in food stamp benefits. The US Agriculture Department estimates that every \$1 in food stamps expands the economy by \$1.84. Therefore, the resulting economic stimulus in Kentucky per \$100 million in food stamp benefits is expected to be approximately \$184 million dollars.

Temporary Assistance for Needy Families (TANF) – Unknown amount for the purpose of funding an increase in a state’s TANF caseload. States can draw down as much as 80 percent of the increase in TANF expenditures in three categories: basic assistance, non-recurrent short-term payments, and subsidized employment.^v

The Emergency Food Assistance Program (TEFAP) – In kind assistance valued at \$2.1 million to provide food commodities to Kentucky non-profit food banks and soup kitchens. Anecdotal evidence suggests that visits to food banks and soup kitchens are up by about 30 percent.

Workforce Investment Programs – Kentucky will also receive \$44.6 million to provide employment and training service to disadvantaged workers. The funds come through the Workforce Investment Act and are designated in the following categories:

^v Detailed information is available at <http://www.cbpp.org/files/2-26-09tanf.pdf> , “Overview of the TANF Provisions in the Economic Recovery Act.

Workforce Investment Programs Formula Allocations	
Adult Activities	\$ 8.2 mil
Youth Services	\$17.7 mil
Dislocated Worker Services	\$18.7 mil
TOTAL	\$44.6 mil

Source: Federal Funds Information for States, 2009

Vocational Rehabilitation – \$10 million to help Kentucky individuals with disabilities find and retain employment. The funds are through the Rehabilitation Act and will flow through the Kentucky Education and Workforce Development Cabinet.

Rehabilitation Services Formula Allocations	
Vocational Rehabilitation	\$ 9.3 mil
Independent Living State Grants	\$243 thous
Services for Blind Adults	\$508 thous
TOTAL	\$ 10 mil

Source: U.S. Department of Education

Unemployment Insurance & Employment Service – \$390.5 million in increased unemployment insurance payments. The package includes an increase of \$25 per week for people receiving unemployment benefits and extends the date to apply for Emergency Unemployment Compensation to December 31, 2009. The following table shows the recovery funds for Kentucky from the two provisions and the number of people expected to benefit.

Unemployment Insurance Formula Allocations - 2009		
	Recovery Funds	Individuals Assisted
Unemployment Insurance		
Benefit Increase (\$25/wk)	\$ 121.1 million	245,753
Extended Benefits	\$ 269.4 million	26,747
TOTAL	\$ 390.5 million	275,500

Source: Center for American Progress; National Employment Law Project

Employment Services - \$5.1 million for employment services as part of the unemployment insurance benefit program.

Unemployment Modernization Incentive Payments - \$96.5 million in incentive payments to modernize Kentucky’s eligibility criteria for unemployment. The stimulus package also includes provisions of the Unemployment Insurance Modernization Act (UIMA) which provides significant financial incentives for states to increase their eligibility criteria effectively providing benefits to more people. The UIMA also provides additional administrative funding to handle the increase in the number of unemployed filing for benefits.

The UIMA extends \$96.5 million to Kentucky as an incentive to “modernize” the states unemployment eligibility criteria. To be eligible for any part of the incentive package,

Kentucky must institute an alternative base period (ABP) for unemployment benefit calculation, effectively allowing workers with low earnings to qualify for benefits.

Once the ABP is instituted Kentucky can receive one-third, or \$30 million, of the UIMA incentive allocation. The other two-thirds, \$60.1 million, are available if Kentucky expands the state eligibility criteria to include workers in at least two of the five situations:

1. Part-time workers who are denied unemployment benefits because they are required to seek full-time employment;
2. Individuals who leave work for compelling family reasons, including domestic violence;
3. Increased benefits for qualifying workers with dependents;
4. Extending unemployment benefits for permanently laid off workers pursuing training; and
5. Long-term unemployed who fail to collect a full 26 weeks of unemployment.

The following table shows that modernizing Kentucky’s unemployment eligibility levels in line with the federal criteria will cost the state an estimated \$24.8 million a year. In return, Kentucky will receive \$96.5 million in incentive payments through the economic recovery fund. Therefore, the incentive payments will cover the cost of the expanded program for nearly four years while assisting an additional 14,156 people annually.

Unemployment Modernization Costs and Benefits		
Unemployment Modernization	State Costs/ annually	Individuals Assisted/ annually
Alternative Base Period	\$11.8 million	6,823
Part-Time Worker Coverage	\$7.8 million	5,867
Family Reasons for Leaving Work	\$5.24 million	1,466
TOTAL	\$24.8 million	14,156
Incentive Payments	State Benefits/ one-time	
Alternative Base Period	\$30.0 million	6,823
Eligibility Modernization	\$60.1 million	7,333
Administrative Allocation	\$6.4 million	--
TOTAL	\$96.5 million	14,156
Estimated number of years expanded benefits are covered with incentive payments	3.9 years	14,156

Source: National Unemployment Law Center; KYA calculations

TAX RELATED BENEFITS for WORKING FAMILIES to BOOST KENTUCKY’S ECONOMY

The ARRA also includes tax credits for working families. These dollars will not reduce the state budget gap but will provide significant support for families during these economic hard times. In addition, the tax credits will effectively keep money in Kentucky where it can be spent on goods and services to stimulate the economy.

Child Tax Credit – \$204.9 million is estimated to be received by Kentucky families to help offset the cost of raising children by providing a partially refundable tax credit of \$1,000 per child to working families with a defined level of income. Traditionally, the level of income necessary to receive the credit was \$12,550. In 2008 the threshold was lowered to an income of \$8,500 annually. As part of the Recovery Act the threshold will decrease to \$3,000 for 2009 and 2010 and assist an additional 211,000 children in Kentucky.

Earned Income Tax Credit (EITC) – \$60.2 million is estimated to be received by Kentucky families as a temporary expansion of the EITC. The expansion increases the refundable tax credit for families with more than three children and increases the phase-out amount for married couples. An estimated 114,749 families will benefit, including 14,372 newly eligible filers resulting in a 7.9 percent increase in the amount of EITC funds in Kentucky.

Higher Education Tax Credit (HOPE) – up to a \$2,500, refundable tax deduction for Kentuckians paying college tuition. An estimated 70,000 families could benefit in Kentucky.

Making Work Pay Credit – \$1.6 million in tax credits of up to \$400 per worker in Kentucky. The credit is available to all workers earning up to \$95,000 a year and couples making up to \$190,000 a year. In Kentucky, an estimated 1.5 million workers will benefit from this tax credit.

Social Security beneficiaries, SSI recipients, and disabled veterans – \$242.1 million in economic recovery payments of \$250 for Kentucky's retirees, veterans, and people with disabilities. It is estimated that 977,000 Kentuckians will benefit from this payment.

FUNDING TO SUPPORT EDUCATION

Head Start and Early Head Start – \$11.4 million received directly by Kentucky's Head Start programs to increase access to developmentally appropriate educational programs for infants, toddlers, and pre-schoolers.

Title I - Education for the Disadvantaged - \$202.6 million to Kentucky school districts to help close the achievement gap for low-income children. The funds are targeted grants for local education agencies (LEA) and to support school improvement. School District Level Allocations for Title 1 can be found at: <http://edlabor.house.gov/blog/2009/01/school-districts-will-benefit.shtml>

Education for Homeless Children and Youth - \$1.3 million through the McKinney-Vento Act to support the education of homeless youth.

Individuals with Disabilities Education Act (IDEA) – \$173.6 million for Kentucky’s school districts to support the special education provisions of Part B and Part C of the Act which includes general special education, pre-school, and services for infants and families. School district level allocations for IDEA can be found at: <http://edlabor.house.gov/blog/2009/01/school-districts-will-benefit.shtml>

Formula Allocations in Education for IDEA	
IDEA – Total	173,622,335
IDEA Part B	157,569,975
IDEA Part B - Preschool	10,596,756
IDEA Part C - Infants & Families	5,455,604

Source: US Department of Education

Education Technology – \$ 9.9 million to Kentucky’s local education agencies to support school improvement; specifically through the Enhancing Education through Technology Program.

Pell Grants – \$403.7 million in additional grant money that Kentucky college students can apply for to help pay for school. The new funds will address current program shortfalls and increase the maximum grant awarded to individual students.

Federal Work Study – \$2.6 million to support the work-study program in Kentucky’s colleges and universities. These programs help students pay their college tuition.

HOUSING AND COMMUNITY DEVELOPMENT

Community Development Block Grant – \$12.1 million is intended to assist communities in creating suitable living environments, affordable housing and economic opportunities particularly for individuals of low- and moderate-incomes. Communities are to give priority to projects that can award contracts within 120 days of the grant agreement. Kentucky is expected to receive funds dispersed in the following way:

Community Development Block Grants	
Kentucky Non-Entitlement	\$7,277,180
Kentucky Entitlement Areas:	
Ashland	\$184,193
Bowling Green	\$150,940
Covington	\$444,236
Elizabethtown	\$42,599
Henderson	\$68,210
Hopkinsville	\$77,640
Jefferson County	\$667,665
Lexington-Fayette County	\$555,600
Louisville	\$2,517,168

Owensboro	\$141,345
TOTAL	\$12,126,776

Source: U.S. Department of Housing and Urban Development

HOME Investments Partnerships Program – \$32 million to provide financial assistance to low-income housing developments in combination with Low-Income Housing Tax Credits.

Project-Based Rental Assistance (PBRA) – \$30.3 million for the Section 8 rental subsidy program. The Recovery Act provides for contract renewals for a full twelve month cycle allowing owners to avoid payment disruptions that makes appropriate maintenance of the properties difficult. According to HUD, there are 168 contracts in Kentucky that will benefit from this provision.

Public Housing Capitol Fund – \$52 million for capital improvement needs in public housing. The funds are to be obligated within one year of receipt and fully expended within three years. To see a list of the funds available by Kentucky Housing Authority visit: <http://www.hud.gov/recovery/phcfund.cfm>.

Tax Credit Assistance Program – \$31.6 million provides grant money for low-income housing tax credit eligible projects. The housing credit agency in Kentucky will distribute the funds on a competitive basis. All funds must be expended by February 2012.

Energy and Infrastructure

Clean Water State Revolving Fund – \$50.4 million to address the backlog of clean water infrastructure needs. Coal severance tax dollars—not general fund dollars?

Drinking Water State Revolving Fund – \$20.4 million to address the backlog of drinking water infrastructure needs. Not general fund dollars?

Energy Efficiency and Conservation Block Grant – \$25.4 million to develop and implement energy efficiency and conservation activities at the state and local level. Funds are dispersed to states participating in the Energy Efficiency and Block Grant Program.

Highway Infrastructure – \$421 million for activities related to the restoration, repair, and construction of the state’s highways and railways. Thirty percent of the funds must be divided between urban and other areas. Priority should be given to projects that can be completed within three years and to projects in economically distressed areas of the state. These funds were dispersed in early March.

State Energy Program – \$52.3 million to modernize energy transmission and provide for research and development of energy technologies.

Weatherization Assistance Program – \$70.9 million to assist low-income homeowners in purchasing, installing, and implementing weatherization measures to improve energy efficiency.

Transit Formula Funding – \$50.3 million for investments in mass transportation.

Law Enforcement

Edward Byrne Memorial Justice Assistance Grant (JAG) Program – \$14.9 million to support law enforcement efforts. In addition, competitive grants are available to improve justice, support mentoring of at-risk youth, and other crime prevention activities. State law enforcement cut but not as much...priority to protect new class troopers.

Victims Compensation – \$872 thousand to support state compensation and assistance programs for victims and survivors of domestic violence, sexual assault, child abuse, drunken driving, homicide, and other federal and state crimes.

Internet Crimes against Children Grants – \$652 thousand to help law enforcement agencies improve their investigative responses to Internet crimes against children.

Prevention of Violence against Women Grants – \$2.1 million to improve the response to crimes against women and to provide support services to victims.

Other

National School Lunch Program Equipment Assistance – \$1.8 million for improvements in school kitchen equipment. States must offer the funds via competitive grants to local school districts with priority to schools serving 50 percent or more free and reduced lunch recipients.

Endowment for the Arts - \$311,000 to fund arts projects and activities which preserve jobs in the nonprofit arts sector. Competitive grants are also available.

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