

States Receive Fewer Federal Dollars Under Compromise Stimulus Version

School Construction, Roads Bridges, Energy Still Targeted for Massive Funding

The states will receive fewer federal dollars under the compromise version of the federal stimulus package than under the House-approved plan. Nonetheless, key core projects under school construction, infrastructure, health care and energy are targeted for a significant infusion of federal money.

Officials in Washington and in the state capitals say they are still digesting all the provisions in the package. As of this writing, a final vote on the plan is expected in the U.S. House on Friday, February 13. Congress hopes to get the \$790 billion plan to President Obama by Monday, February 16.

“We know we’re not getting as much from the final version as in the House-approved plan,” said Chuck Ardo, spokesman for Governor Rendell. “But it’s also important to note that the final plan has not been approved, and all the details aren’t available yet.”

The Pennsylvania Department of Transportation (PennDOT), for example, was anticipating \$1.2 billion for roads and bridges under the House plan, and is now expected to receive \$897 million under the compromise plan. A PennDOT spokesman said the Department would work quickly to finalize its list of road and bridge projects funded by the federal dollars.

“Even though it’s not what we believed at first, it’s still a serious benefit to our infrastructure,” the spokesman said.

Duane Morris Government Affairs notes the stimulus package contains no earmarks or pet projects. Most projects, moreover, will be funded and prioritized through existing federal, state, and local government programs.

Summaries of the plan from House Speaker Nancy Pelosi’s office and from the National Conference of State Legislatures (NCSL) show that education, health care, energy and roads and bridges, and other infrastructure projects are the big winners. On other end, up to one-third of the cost of the package will go toward funding tax cuts and tax credit incentives.

Under energy:

Provides a total of \$30 billion for such initiatives as a new, smart power grid, advanced battery technology, and energy efficiency measures;

Aims to transform the nation’s electricity systems through the Smart Grid Investment Program to modernize the electricity grid to make it more efficient and reliable;

Provides \$20 billion in tax incentives for renewable energy and energy efficiency over the next 10 years;

Provides grants of up to 30 percent of the cost of building a new renewable energy facility to address current renewable energy credit market concerns.

Under healthcare:

Provides \$19 billion to accelerate adoption of Health Information Technology (HIT) systems by doctors and hospitals, in order to modernize the health care;

Provides an estimated \$87 billion over the next two years in additional federal matching funds to help states maintain their Medicaid programs in the face of massive state budget shortfalls.

Under Education:

Establishes a \$53.6 billion State Fiscal Stabilization Fund, including \$40.6 billion to local school districts using existing funding formulas, which can be used for preventing cutbacks, preventing layoffs, school modernization, or other purposes;

Provides \$5 billion to states as bonus grants for meeting key performance measures in education;

Provides \$8 billion to states for other high priority needs such as public safety and other critical services, which may include education.

Under Roads, Bridge, Public Transit:

Provides \$29 billion for modernizing roads and bridges;

Requires states to obligate at least half of the highway/bridge funding within 120 days;

Provides \$8.4 billion for investments in transit and \$8 billion for investment in high-speed rail;

Includes funds for new construction of commuter and light rail, modernizing existing transit systems, and purchasing buses and equipment to needed to increase public transportation and improve intermodal and transit facilities.

Duane Morris Government Affairs will continue to work with the incoming administration, federal and state lawmakers, and local officials to ensure that our client's projects receive top consideration in the new stimulus plan. We will continue to provide general and specific updates to those interested as this process moves forward. For additional information, please contact:

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