



**A PERIODIC FAX UPDATE ON POLICY ISSUES  
OF INTEREST TO CITY AND VILLAGE OFFICIALS**

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**February 18, 2009**

## **Federal Stimulus Update**

On February 17, President Obama signed the American Investment and Recovery Act – also known as the Federal Stimulus Bill – which reflects the largest infusion of federal funds since the 1960s. Totalling \$787 billion over two years, the bill includes approximately \$462 billion in spending and \$325 billion in tax cuts. New York State is expected to get approximately \$24.6 billion in funding, based on estimates by the NYS Division of the Budget.

Major categories of spending and New York's estimated share include:

- State and Local Fiscal Relief (\$14 billion) – includes funding for Medicaid and to offset the cuts made to education as part of the 2009-10 Executive Budget;
- Infrastructure and Energy (\$3.97 billion) – includes funding for mass transit, highways, bridges, the clean water and drinking water revolving loan funds, weatherization and energy efficiency;
- Health and Human Services (\$4.43 billion) – includes funding for food stamps, unemployment benefits, child care and housing;
- Education (\$2.08 billion) – includes funding for high needs and special education students, tuition assistance and technology; and
- Public Safety (\$107 million) – includes funding for law enforcement, prosecution and other crime-related programs.

For the specific breakdown of program spending within these categories, go to [www.economicrecovery.ny.gov](http://www.economicrecovery.ny.gov)

To assist municipalities in accessing funding and to promote an equitable geographic distribution, the Governor has announced the creation of the New York State Economic Recovery and Reinvestment Cabinet to manage the development of state and local infrastructure projects financed through the federal stimulus package. The Cabinet will be comprised 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. This entity will be charged with identifying project delivery problems, such as permits or regulatory approvals, and working to resolve such issues. The Cabinet will also work closely with local governments to ensure federal dollars reach critical projects and put people to work as quickly as possible.

Of significant interest to our member cities and villages is the money dedicated to Infrastructure and Energy, which was the primary subject of a conference call held on February 17 between the Governor's Office and city mayors. The Governor's staff indicated that a substantial portion of this funding will be funneled through state agencies – primarily the NYS Department of Transportation and the Environmental Facilities Corporation – via existing programs. While the rules governing

eligibility and how and when the money will be disbursed vary according to the categories of funding, it is our understanding that some of this money must be obligated by the state within 120 days. In addition, a minimum of 50% of the money for clean water and drinking water has to flow in the form of grants to local governments.

Additionally, during the conference call, it was revealed that, due to specific criteria governing federal transportation programs, some municipal transportation projects may not be eligible for the stimulus funding. In light of this, and with the realization that many local governments will not have completed the engineering that is required for these projects to be considered “shovel ready,” Governor Paterson has announced that he will ask the Legislature to use a portion of the federal funding to restore the \$96 million cut in the CHIPS program (outside NYC) that was proposed as part of the 2009-10 Executive Budget.

It is important to note that Mr. Gilchrist and his staff are working on preparing what they are referring to as “program sheets” which will detail, for each funding category, what types of projects are eligible, how the funding can be obtained and the associated timeframes, as well as key contacts at the state level. While this information will take some time to compile, Mr. Gilchrist suggested that preliminary documents may be available as early as February 20, which the Governor’s office will update as additional information becomes available. In addition, Mr. Gilchrist indicated that they hope that funding decisions will be made in the “next couple of weeks.”

While NYCOM commends the Governor and his staff on their efforts to ensure that New York receives the federal funding it needs to help get our state back on track, we do have some concerns about exactly how the money will be allocated among the state’s municipalities. For several months, the state has been working with local officials at all levels of government to compile lists of “shovel ready” projects. However, there is considerable uncertainty with respect to how these lists will be used, how funding decisions will be made and what the exact criteria are for the various funding categories.

NYCOM strongly believes that municipal officials, representing the level of government closest to the people, are in the most favorable position to determine local needs and how best to stimulate their local economies. In addition, while NYCOM understands the desire to get this money “out the door” as quickly as possible so that projects can be commenced and jobs can be created, we contend that there are other factors that are equally, and in some cases, more important to consider with respect to the distribution of this critical funding, such as the economic impact of a project (including the ability to leverage private investment), the need for an equitable geographic balance, and the extent to which a project is mandated by federal or state law.

To promote transparency and accountability with respect to where the money is going and how it is being spent, both the state and federal governments have established web sites for this purpose. The state web site is [www.economicrecovery.ny.gov](http://www.economicrecovery.ny.gov) and the federal web site is [www.recovery.gov](http://www.recovery.gov). **In addition, please note that Timothy Gilchrist, Governor Paterson’s Senior Advisor for Infrastructure and Transportation, will be conducting a session, along with other state agency personnel, on the Federal Stimulus Package and what it means for New York at NYCOM’s Winter Legislative Meeting in Albany on Monday, February 23 at 1:30 p.m. Please visit [www.nycom.org](http://www.nycom.org) for the full meeting agenda and registration information.**