



Analysis of Selected Issue Areas in the American Recovery and Reinvestment Plan

February 3, 2009

Issue Area: Economic Development

Federal administrating agency/legislation: Economic Development Administration (EDA)

The House Bill (HR1) varies from the Senate Bill (SB1) in the dollar amount and flexibility in distribution for economic recovery funding administered through the Economic Development Administration. Under the House Bill, \$250 million is proposed for Economic Development Assistance Programs (EDAP), of which \$50 million can be transferred to regional economic development commissions. Under the Senate Bill, \$150 million is proposed to be distributed through the EDAP, of which \$100 million is allocated for public works grants, and \$50 million is for economic adjustment assistance. EDAP funding is first distributed regionally on a formulaic basis based on high unemployment or low per capita income, followed by a competitive application process. Project applications are evaluated for private investment leverage and job creation at 3, 6 and 9 years from the fiscal year in which funds are invested. According to the annual reports for 2005, 2006, and 2007 the northeastern Illinois region has not received any EDA funding through the Economic Development Assistance Programs. Eligible applicants for funding include the State, cities, higher-education institutions, and non-profit organizations.

Issue Area: Workforce Development

Federal administrating agency/legislation: Department of Labor, Workforce Investment Act (WIA)

There are slight differences in the funding amount and distribution between the House Bill and Senate bill in the area of workforce development. The House Bill proposes \$4 billion to be allocated according to existing program rules and formulas through the Workforce Investment Act Training and Employment Services while the Senate Bill proposes \$3.25 billion, also through Workforce Investment Act Training and Employment Services although. Both the House and Senate Bill allocates \$500 million to the states for adult employment and training, \$1.2 billion for youth activities, and \$1 billion for dislocated worker employment and training. Both versions of the bill include

competitive grants for training in high growth and emerging sectors, including the green jobs sector; the House Bill proposes \$750 million while the Senate Bill proposes \$250 million. Other differences in funding amount exist in the YouthBuild program, and the national reserve grants. The funds are distributed to the states, and then allocated to workforce investment areas according to existing formulas. Under the House Bill, it is estimated Illinois would receive \$163,074,364 for workforce development distributed between the aforementioned programs.

Issue Area: Telecommunications Infrastructure

Federal administrating agency/legislation: National Telecommunications and Information Administration

There are significant differences for funding for broadband infrastructure between the House Bill and the Senate Bill. The House Bill includes \$2.825 billion to be used for wireless and broadband development for unserved and underserved areas, the definition of which is to be determined by the FCC. Fifty percent of the grants must be awarded no later than 9/30/09. Applicants must include a cost-study estimate, an engineering plan, and a proposed build-out schedule. Eligible applicants include: providers of wireless voice service and broadband service, state or local unit of government that intends to provide broadband services, or other entities authorized by National Telecommunications and Information Administration (NTIA), including, construction companies and tower building companies. The Senate Bill includes \$9 billion for the NTIA Broadband Technology Opportunities Program. At least \$450 million will be distributed through competitive grants to increase broadband access and usage in unserved and underserved areas, and 50% of the funds are required to be distributed to rural areas. Other criteria includes: a 20 percent match, waived only under special circumstances; requires commitments from grantees on scheduled progress for meeting the goals of the grant; grant applications demonstrated that the proposed broadband deployment would not occur during the grant period without this Federal investment. Both versions of the bill include \$350 million to be spent on developing and maintaining a national broadband inventory map.

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On the web: <http://www.cmap.illinois.gov/blog.aspx?blogid=872>