

## **AMERICAN RECOVERY AND REINVESTMENT ACT**

The American Recovery and Reinvestment Act (ARRA), signed on February 17, 2009 by President Barack Obama responded to the need to stimulate the economy in the States and Territories of the United States. ARRA allocated \$787 billion for distribution to programs administered by federal agencies. It also established the criterion that the allocation of funds through various programs should be used in projects ready to be implemented and completed within two years preceding the adoption of the Act. The distribution of ARRA funds is essentially directed to the areas of Education, Health, Welfare, Energy, Technology and Infrastructure.

The ARRA funds were distributed through various programs administered by Federal agencies. These resources could be requested based on program eligibility criteria and awarded as follows:

- Direct Allocations to the State
- Competitive Funds
- Matching Funds
- Tax Credits
- Loan Guarantees

To date, the Government of Puerto Rico has been awarded \$6,872.8 million. For fiscal years 2008-2009 and 2009-2010, \$3,636.9 million and \$2,269.0 million in appropriations were received, respectively, while for the 2010-2011 fiscal year an additional \$691.3 million is projected to be received. In addition, an estimated \$248.6 million will be received for fiscal year 2011-2012.

### **ARRA Implementation Process in Puerto Rico:**

Our Executive Order 2009-2005 established the Task Force for the Federal Economic Stimulus Plan. This group is responsible for identifying and developing strategies for program development, guidance to agencies, and other government agencies, about the use, benefits and proper management of these funds, and assists in the filing of compliance reports to the Federal Government.

For its part, the Infrastructure Financing Authority of Puerto Rico (AFI, for its Spanish acronym) was empowered by Act No. 8 of March 9, 2009, as the agency responsible for the use and management of all ARRA funds. For this, the AFI provides the necessary support to government agencies and other entities responsible for managing ARRA projects and programs. The services offered through AFI include interagency coordination and municipal government entities or nonprofit organizations. Compliance Coordinators have also been assigned whose role is to provide assistance in matters detailed below:

- Understand the responsibilities set out in grants;
- Establish spending projections and cash flow reports received through ARRA funds;

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- Gather and analyze project schedules to ensure the use of funds according to the periods set;
- Provide assistance in the preparation of monthly and quarterly reports;
- Keep up to date reports on the number of jobs created or retained;
- Determine the existence of risks or situations that may affect compliance with government requirements and objectives of the federal program;
- Keep metrics tools previously defined;
- Prepare weekly progress reports;
- Investigate specific compliance requirements for each grant;
- Provide presentations to government agencies on compliance and the requirements of ARRA;
- Identify needs and risks in compliance matters;
- Coordinate meetings with government agencies to facilitate compliance with applicable federal regulations;
- Keep files with all the necessary documentation on compliance for aid granted;
- Maintain agencies and municipalities up to date in the regulation of ARRA and circular letters from the Federal Office of Management and Budget (OMB).

The following areas have benefited from these funds:

### **Energy**

Puerto Rico was eligible to receive \$116.3 million through ARRA programs of the Federal Department of Energy. Among the major energy programs, in which Puerto Rico participates are: State Energy

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Program (SEP), Weatherization Assistance Program (WAP) and the Energy Efficiency and Conservation Block Grant (EECBG).

### **State Energy Program (SEP)**

Energy Affairs Administration (AAE, for its Spanish acronym) received an allocation of \$ 37.0 million, which have been distributed to programs and projects related to energy efficiency and renewable energy. The goals and objectives of the program include:

- Codes and Standards Program:
  - Revision, creation and adoption of building codes and standards of energy efficiency and lighting, among others.
- Energy Education and Mass Media Outreach Programs:
  - Promote energy efficiency through the mass media, seminars, and workshops; and coordinate educational activities with schools and nonprofit entities.
- Revolving Loan Program:
  - For energy efficiency and renewable energy projects.
- Traffic Signal Retrofit Program:
  - Replace incandescent light bulbs for LED.
- Solar Water Heater Rebate Program.
- Grants for photovoltaic systems (Sun Energy Program) for the government and the private sector.
- Grants for wind turbines (Wind Energy Program) for the government and the private sector.
- Grants, audits and efficiency measures in buildings (Building Energy Efficiency Retrofit Program) for the government and the private sector.

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- Agriculture Renewable Energy Program:
  - Funds for renewable energy projects in the agriculture industry, in coordination with the Department of Agriculture.

### **Weatherization Assistance Program (WAP)**

The allocation of \$65.3 million received through WAP will be used to implement energy efficient measures and help reduce costs associated with the consumption of electricity in about 5,500 homes. WAP allows for energy efficiency improvements up to \$6,500 per residence. The eligibility criteria state that the WAP program participants must be multi-family residences, with revenues not exceeding \$44,100 per household of four.

### **Energy Efficiency and Conservation Block Grant Program (EECBG)**

Puerto Rico received a total allocation of \$33.9 million through the EECBG. The total consists of:

- \$24.4 billion allocated by the Federal Department of Energy, by formula, to the municipalities with population over 35,000.
- \$9.6 million allocated to the Energy Affairs Administration.

During fiscal year 2010-2011, we used approximately \$13.4 million. Of these funds, the AAE distributed approximately \$4.1 million for the benefit of:

- 37 Municipalities with a population less than 35,000 inhabitants
  - To perform energy audits and implement energy efficiency measures in buildings and installation of photovoltaic systems.
- Non-profit Organizations
  - To implement energy efficiency measures in their buildings.
- Government Agencies
  - To implement energy efficiency measures.

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- Education on energy efficiency

### Technology

#### **State Broadband Data and Development Grant (SBDDG)**

The Office of the Chief Technology and Information Officer (CIO) received \$2.5 million from SBDDG. During fiscal year 2010-2011, approximately \$500 billion of the funds were used with the aim of developing and implementing the Strategic Plan for Technology and the Map for signal coverage of broadband (Internet) in Puerto Rico. Map Results will be incorporated into the National Telecommunications and Information Administration (NTIA), which will provide a coverage map of the Internet through the United States.

The Technology Strategic Plan will set out objectives and strategies to promote, namely:

- **Exchange of ideas** - Promote the use of the Internet and other media to promote the development and exchange of ideas.
- **Connectivity** - Integrating information systems to improve transparency and efficiency of government processes, development of interoperability processes for information systems and democratization of Internet access throughout the island.
- **Infrastructure development** - Building a communications infrastructure platform that will allow for the efficient adaptation and integration of changes and specifications of new technology.
- **Competitiveness** - Integrate the island in the process of developing the knowledge economy, promotion of international trade, strengthening research and development, and improvement of the business climate on the island.
- **Education** - Develop educational strategies aimed at strengthening science, math, language study and understanding of cultural diversity, which will create an attractive learning environment for students.
- **Job creation** - Develop strategies and agreements with the industry for training the workforce, according to the demand of new technology.

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### **State Grants to Promote Health Information Exchange (HIE)**

The Office of the Chief Technology and Information Officer (CIO) received \$7.8 million through an allocation of HIE. The program aims to develop a strategic plan for the Health Information Technology System and the implementation of Health Information Exchange System.

The development of the strategic plan and the implementation shall:

- Comply with the requirements of the Federal Health Department.
- Improve the quality of life for residents of Puerto Rico.
- Increase the competitiveness of Puerto Rico.
- Improve the interoperability of health systems.

### **Other Projects**

#### **Education:**

The funding for the Department of Education totaled \$1,096.4 million, which included Title I funds to strengthen academic grades K-12 and improvement in the physical structure of schools and special education. In addition, it received a \$55.0 million from the "State Fiscal Stabilization Fund" to improve the physical structure of over 250 schools across the island, and funds for academic instruction with the use of technology and investment in technology infrastructure.

#### **Housing and Urban Development:**

The housing sector received an allocation of \$438.8 million for assistance programs for home ownership, and also for rehabilitation, improvement and maintenance of low income housing.

#### **Health:**

ARRA included a 30% increase in the funds for Medical Assistance (Medicaid) that Puerto Rico receives and allowed to provide health services to the medically indigent population. In addition, funds were received for the training of doctors, dentists and nurses; to improve the services offered by health care providers, to improve the infrastructure of health centers, to digitize medical records; and for programs for children, senior citizens and people with limited resources.

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### Transportation:

The transportation sector received funds in the amount of \$ 168.6 million for capital investment in infrastructure programs for highways, roads, bridges, railway systems, seaports, airports, mass transit and safety.

### Public Safety:

ARRA included a total of \$28.6 million for public safety state agencies, to prevent and combat crime, prosecute offenders and to have available service projects for victims of crime.

***Detail of Revenue from ARRA Federal Funds  
Fiscal Years 2008-09 to 2011-12  
(Million \$)***

<b>Concept</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Government (Agencies and Public Corporations)	\$1,720.0	\$1,386.7	\$300.8	\$21.4
Treasury Department (American Opportunity Tax Credit, Work Pay Credit)	1,430.0	0.0	0.0	0.0
Department of Labor and Human Resources (Unemployment Compensation)	168.6	0.0	168.0	0.0
Municipalities	17.0	112.6	0.0	0.0
Non Profit Organizations	0.0	10.1	10.2	16.0
Private Entities	0.0	8.3	50.7	47.8
Federal Agencies (providing services in Puerto Rico)	301.3	778.3	161.6	163.4
<b>Grand Total</b>	<b>\$3,636.9</b>	<b>\$2,296.0</b>	<b>\$691.3</b>	<b>\$248.6</b>

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Data provided by the Authority for Infrastructure Financing (AFI) during the Fiscal Year 2011-2012 budget.

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*Income Distribution of ARRA Federal Funds  
(Million \$)*

