



ECONOMIC STIMULUS REPORT AND CALL TO ACTION

The United States economy entered into a recession in December 2007. Traditionally, Congress responds to economic recessions by passing legislation to stimulate the economy. President-elect Barack Obama and House and Senate leadership are now considering a multi hundred billion dollar economic stimulus package in January. Three major stimulus bills were introduced this fall [**H.R. 7110** – Obey (D-WI); **S. 3604** – Reid (D-NV)/Byrd (D-WV); and **S. 3689** – Reid/Byrd]. H.R. 7110 passed in the House, but was not taken up in the Senate. Both Senate bills failed in the Senate. However, these proposals are expected to be the starting point for economic stimulus legislation that Congress hopes to have on President-elect Obama's desk on January 21st.

The NATaT Board of Directors has identified the key programs that will provide the greatest benefit to towns and townships, as well as other local governments around the country. This paper outlines those programs, provides an advocacy strategy, and gives you direction on how to access these funds if included in the stimulus package.

1. REINSTATE THE GENERAL REVENUE SHARING PROGRAM

The most effective way to stimulate the U.S. economy is to reinstate the General Revenue Sharing Program. Federal stimulus funds must reach local governments, including towns and townships. The General Revenue Sharing (GRS) program provided unrestricted funds to states and to local governments under the State and Local Fiscal Assistance Act of 1972, which expired in 1986. These funds could be used for any purpose by the recipient governments. From 1972-1980, GRS funds went, by formula, to both state and local governments. In the 1980 extension through the end of the program in 1986, funds went solely to local governments and were distributed to local governments on a per-capita basis. *The economic stimulus package should include at least \$50 billion in GRS funds, and those funds should be directed to local governments, including towns and townships.*

As was the case when the law was enacted in 1972, GRS means different things for different communities. In some, it means better schools or better hospitals. In others, it means money to put more police officers on the street. And in others, funds are used for job training, recreational facilities, or public transportation. In each case, it gives local officials the control to respond to local conditions.

Upon signing the 1972 law, President Richard Nixon stated, "Revenue sharing will give these hard-pressed governments the dollars they need so badly. But just as importantly, it will give them the freedom they need to use those dollars as effectively as possible."

The GRS program is not included in the House or Senate stimulus bills, but NATaT is planning an aggressive advocacy effort for inclusion of this program in the final stimulus package.

WHAT CAN YOU DO?

CALL! Contact your Senators and Member of Congress and urge them to include \$50 billion for the General Revenue Sharing Program in the economic stimulus package, and to ensure that the definition of local governments eligible for general revenue sharing includes town and township governments, as it did when the program was in place in the 1970's and 1980's.

WRITE! You will be receiving a template letter to personalize and send to Capitol Hill.

2. Distribute Transportation Stimulus Funds Through The Surface Transportation Program (STP)

The Federal government distributes roadway funding using a variety of methods. Because stimulus funds are most effective when spent quickly, the ideal method to distribute these funds is through STP. This program provides maximum flexibility to state and local governments in advancing bridge, bus, rail, road, and safety projects. Additionally, the STP distribution method ensures that funds are allocated more evenly within each state so that local leaders are an integral part of decision making in determining which projects to fund.

The House bill includes \$12.8 billion for Federal Highway Programs, which includes the six core highway programs (one of which is STP). The Senate bill includes \$10 billion for STP only. NATaT encourages Congress to include funding in the final stimulus bill for the Surface Transportation Program only (like the Senate bill), and to increase the funding levels to \$65 billion to meet the pressing need for funding for ready-to-go surface transportation projects.

WHAT CAN YOU DO?

CALL! Contact your Senators and Member of Congress and urge them to include \$65 billion in funding for STP in the economic stimulus package.

CALL! State Departments of Transportation are compiling lists of “ready to go” projects that can be funded with stimulus money. These are projects that will be in the actual construction phase within 180 days of passage of the stimulus package (which may be signed into law by February 1, 2009). If you have projects that are “ready to go”, or can be made “ready to go” by June 1, 2008, it is imperative that you contact your State DOT to get your project on the list for funding. Create a 1-2 page fact sheet describing the project, how it will be ready-to-go, the jobs created by the project, and the public policy benefits that will result from its implementation. Funds will not go directly to local governments, but through State DOTs.

3. Fund the Energy Efficiency and Conservation Block Grant Program at \$10 Billion

The incoming Congress and President-elect Obama have conveyed that they seek to create “green jobs” that reduce American energy use and costs through the economic stimulus package. Congress authorized a new “Energy Efficiency and Conservation Block Grant Program” in 2007 to provide direct grant funding to local governments, including towns and townships, for clean energy projects. The Energy Block Grants can be used to form energy efficiency and

conservation plans, conduct residential and commercial building energy audits, perform energy efficiency retrofits of buildings, implement telework and smart growth programs to reduce gasoline use, implement green building codes, develop renewable energy and distributed energy projects, conduct recycling programs, conduct landfill gas recovery projects, install low-energy traffic lights, conduct clean energy projects at local government buildings, and other projects.

This EECEBG program will provide direct annual formula funding to larger local governments, and additional annual funding to smaller localities through state formula funding and competitive awards from the Department of Energy.

A recent survey of only 427 localities showed nearly 1000 ready-to-go local energy projects costing \$6.3 billion. Beyond this small sample of localities, \$10 billion in local clean energy projects could be part of America's economic recovery. The Block grant should be funded at this level in the economic stimulus package.

WHAT CAN YOU DO?

CALL! Contact your Senators and Member of Congress and urge them to include \$10 billion in funding for the DOE "Energy Efficiency and Conservation Block Grant" program for local governments to create good green jobs and clean energy projects.

4. Distribute State Revolving Loan Fund Dollars for Drinking Water, Wastewater, and Stormwater Projects as Direct Grants

The EPA's Drinking Water State Revolving Loan Fund (SRF) and Clean Water SRF programs have provided low-cost loan options to communities undertaking water infrastructure projects for over 15 years. Loans are made available for rehabilitating aging water and sewer infrastructure, complying with sewer overflow issues, implementing stormwater management infrastructure, and promoting source water protection and availability. In order for economic stimulus funding to be most effective, local financing burdens should be mitigated. Distributing SRF money as loans may deter communities that need it the most from accessing these funds. Therefore, in the context of stimulus funding, SRF dollars should be distributed to communities as direct grants.

WHAT CAN YOU DO?

CALL! Contact your Senators and Member of Congress and urge them to include \$37.5 billion for EPA's Clean Water and Drinking Water State Revolving Funds in the form of direct grants, not loans.

5. Include Funding for USDA Programs for Various Rural Programs

Rural Community Facilities Program provides direct loans, loan guarantees, and grants to rural America. The Senate bill includes \$734 million for loans and loan guarantees and \$50 million for grants. The House bill does not include funding for this program. In the context of stimulus funding, all Rural Communities Facilities Program funds should be increased to meet local needs, and distributed in the form of grants.

The Senate bill includes \$30 million for the Rural Development Loan Fund. This loan program provides zero interest loans to local utilities which they, in turn, pass through to local businesses (ultimate recipients) for projects that will create and retain employment in rural areas. The local

businesses repay the lending utility directly, and the utility is responsible for repayment to the Agency. The House bill does not include funding for this program. NATaT supports inclusion of significant funding for the Rural Development Loan Fund Program in the final stimulus package.

The Rural Water and Waste Disposal Program provides direct loans, loan guarantees, and grants to rural America. The Senate bill includes \$200 million for this program. The House bill does not include funding for this program. Again, in the context of stimulus funding, all Rural Waste and Waste Disposal Program funds should be distributed in the form of grants.

WHAT CAN YOU DO?

CALL! Contact your Senators and Member of Congress and urge them to include at least \$1 billion for USDA's Rural Communities Facilities Program, Rural Development Loan Fund Program, and Rural Water and Waste Disposal Program in the economic stimulus package. For the Rural Communities Facilities Program and Rural Water and Waste Disposal Program, request that stimulus funds be distributed in the form on direct grants, not loans.

CALL! Contact your State Rural Development Office and communicate NATaT's position on the USDA programs in the stimulus package. Provide a 1-2 page description of your local project, its costs, your ability to commence construction in early 2009, the number of jobs created, and the public benefits of the project.

6. Include Funding for Parks and Recreation

The National Parks Service's Land and Water Conservation Fund (LWCF) program provides grants to States and local governments for the acquisition and development of public outdoor recreation areas and facilities. Neither the House nor Senate stimulus bills include funds for LWCF. NATaT joins the National Recreation and Park Association (NRPA) in asking Congress to provide up to \$125 million in LWCF funding in the stimulus package.

WHAT CAN YOU DO?

CALL! Contact your Senators and Member of Congress and urge them to include \$125 million for the National Park Service's Land and Water Conservation Fund.

CALL! Contact your State LWCF funding agency and submit a description of your ready-to-go parks and recreational projects, the costs of the projects, the jobs created from implementation, and the benefits of the projects.

7. Include Funding for HUD's Community Development Block Grant Program (CDBG)

CDBG is a proven and effective avenue to target federal funds to localities and states. The CDBG program has remained essentially unchanged since its inception in 1974. CDBG grants are allocated directly to entitlement communities. Entitlement communities are principle cities of Metropolitan Statistical Areas; metropolitan cities with populations of at least 50,000; and urban counties with populations of at least 200,000. Non-entitlement communities can apply to the state to receive CDBG funds.

CDBG funds can be used to stimulate local economies by creating jobs through: the construction of public facilities and improvements, water and sewer facilities, streets, and neighborhood centers; the conversion of school buildings for eligible purposes; activities relating to energy conservation and renewable energy resources; and assistance to profit-motivated businesses to carry out economic development and job creation/retention activities. Neither the House nor Senate stimulus bills include funding for CDBG.

WHAT CAN YOU DO?

CALL! Contact your Senators and Member of Congress and urge them to include \$20 billion in funding for CDBG.

CALL! Contact your State CDBG administering agency and learn how to apply for CDBG funds as a non-entitlement community.

TAKE IMMEDIATE ACTION

Dial the Capitol switchboard at (202) 224-3121 and ask for your Senator's or Representative's office. When you reach the office, ask to speak to the staff person that is handling the economic stimulus bill. You will then urge them, for the reasons outlined above, and on behalf of local governments across the country, please include in the final stimulus package:

1. \$50 billion for the General Revenue Sharing Program, which includes funds for towns and townships.
2. \$65 billion for transportation funds through the Surface Transportation Program only.
3. \$10 billion for the Energy Efficiency & Conservation Block Grant program.
4. \$37.5 billion for EPA's Clean Water and Drinking Water State Revolving Fund in the form on direct grants, not loans.
5. At least \$1 billion for USDA's Rural Communities Facilities Program, Rural Development Loan Fund Program, and Rural Water and Waste Disposal Program. For the Rural Communities Facilities Program and Rural Water and Waste Disposal Program, request that stimulus funds be distributed in the form on direct grants, not loans.
6. \$125 million for the National Park Service's Land and Water Conservation Fund.
7. \$20 billion for the Community Development Block Grant Program.