

Arkansas Office of Recovery and Reinvestment

Executive Report



November 2009

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Recovery.Arkansas.Gov
Keeping Arkansans at Work

Mike Beebe
GOVERNOR OF ARKANSAS



Recovery Act Hotline: 501-683-5767 | 1-877-682-1515

The Recovery Act: Quick Facts

- Funds will be received through the **27-month** life of the Recovery Act.
- Money administered by state government will be in addition to other Recovery Act funds invested in Arkansas.
- Among the Recovery Act funds administered by the State are **\$80.8 million** awarded to state government for state priority projects.
- Arkansas's public schools are expected to receive **about \$580 million** in funding through the Recovery Act.
- The Arkansas Highway and Transportation Department will receive **\$351.5 million** for Highway Infrastructure Investment.
- The State may be eligible to receive an additional **\$820 million** in competitive and discretionary grants.

Introduction

The American Recovery and Reinvestment Act is a far-reaching attempt by the federal government to protect and encourage economic growth in the United States. In Arkansas, the Recovery Act is capable of providing tax benefits to individuals and businesses, grants to local governments and organizations, and one-time payments through programs like Social Security.

The Recovery Act also allots funds to Arkansas's state government. However, the Recovery Act was designed to fund existing federal programs and strictly limits how and where these funds can be invested. Arkansas's state government has worked within these limitations to maximize the opportunities made available to the State by the Recovery Act. According to the most recent estimates, the Recovery Act is expected to provide Arkansas's state government with about **\$3 billion** in additional, one-time funds over the 27-month life of the Act.

Under the Recovery Act, state government must make regular reports to the federal government about how and where these funds are invested. The first of these reports, which was sent to Washington, D.C., earlier this month, accounts for Recovery Act spending during the first seven months of the Act, from February through September. On Friday, the federal government issued a report listing how funds from the Recovery Act have been invested in Arkansas. That report covers all contracts, loans, and grants made to organizations in

Arkansas under the Recovery Act. It includes funds invested in the State that are not under the oversight of Arkansas's state government.

Under federal reporting guidelines, Arkansas's state government had been awarded **\$1,111,818,225** in funding under the Recovery Act as of September 30th. Of that amount, **\$322,858,063** has been received and **\$112,497,585** has been expended.

But the story of the Recovery Act in Arkansas is not just numbers, reports, and federal dollars being spent. It's the story of lives changed and economic hardship avoided.

The story of the Recovery Act can be found in the elementary school in Ashdown that will now have laptop computers to help students learn, and in the added unemployment benefits to help a laid-off worker feed his family. The Recovery Act story is found in the older home in Franklin County that has been weatherized and is now far less expensive to heat and cool. It's seen in the AmeriCorps volunteer working to improve his community in Perry County and the police cruiser that will help protect the community of Walnut Ridge.

All over Arkansas, Recovery-Act dollars are being invested to help Arkansas's economy, her people, and her future.

Background

When President Obama signed the American Recovery and Reinvestment Act into law in February 2009, he began one of the largest programs of American fiscal policy in the nation's history, one that could invest an estimated \$787 billion into the American economy.

The Recovery Act is intended to meet four main goals: to preserve and create jobs to promote economic activity; to provide investments in technological advances in science

By the numbers: the Recovery Act in Arkansas as of September 30th

- Miles of highway either built or repaired: **160.48**
- Homes weatherized: **171**
- Benefits provided to the Supplemental Nutrition Assistance Program or SNAP: **\$55.6 million**
- Benefits paid through unemployment insurance this year: **\$216.1 million**
- Jobs created or saved: **2,633**
- Recovery Act funds awarded to state government so far: **\$1.1 billion**
- School districts and education groups with approved plans to use Recovery Act funds: **157**

and health; to invest in transportation, environmental protection, and other long-term infrastructure improvements; and to stabilize state and local budgets.

The Recovery Act is an act of Congress, not Arkansas's state government. But the act could be a major benefit for Arkansas's economy and its people, and Governor Mike Beebe has determined that the Recovery Act is in the best interests of the state. In participating in the Recovery Act process, Arkansas's state government will strive to not only meet the obligations established in the act but also satisfy the high expectations of the Arkansas taxpayer in seeing that money provided by the Act is handled appropriately and effectively.

Accountability and Section 1512

To ensure ongoing public faith and support, the Recovery Act places a major emphasis on accountability, oversight, and transparency.

A portion of the law, Section 1512, is designed to enforce these high standards for transparency and to ensure that every recipient of Recovery Act funds can account for where and how money is spent. Every group receiving Recovery Act funds directly from the federal government must report detailed lists of projects and activities, including the name and description of the projects, how near each project is to completion, and an estimate of the number of jobs created or saved.

When the Recovery Act was signed into law in February, Governor Beebe created the Governor's Recovery Cabinet to begin planning the ways state government would handle its share of the funding. In doing so, he required state agencies to be prepared to track every

Steps Arkansas's state government is taking to ensure accountability:

- All contracts issued under the Recovery Act are posted on the State's Recovery Web site.
- Applications for Recovery Act funds are posted and open to public review and comment.
- Recovery Act plans by school districts and charter schools are also posted online.
- Data on Recovery Act spending is updated every month, not just on a quarterly basis.
- Every state agency involved in the Recovery Act has developed separate audit procedures to ensure compliance with federal standards.
- The Governor's Office reviews weekly Recovery Act spending reports, and the Recovery Office monitors and provides oversight on an ongoing basis.
- Agencies must report on implementation of Recovery Act funding on a weekly basis.

“Our guiding principle is to advance projects and initiatives that will lay the groundwork for the future growth of Arkansas.”

*- Mike Beebe, Governor’s Weekly Column and Radio Address
February 27, 2009*

Recovery Act dollar as it is drawn down from the federal government and later invested in the State’s economy.

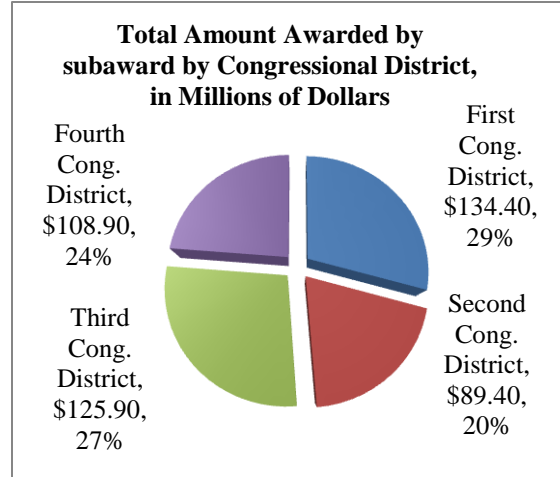
The Governor also required state agencies to meet an even higher standard of transparency and accountability than is required by the federal government. While the information required by Washington, D.C., is valuable, it may not be relevant to citizens who want to learn more about how and where Recovery Act funds are being spent. With that in mind, Governor Beebe required state agencies to collect and publish additional information about the Recovery Act in Arkansas.

Arkansas’s higher standards for accountability include more detailed reporting on projects, the posting of contracts and plans to use Recovery Act funding on a State Web site, and other measures designed to improve the public’s access to information about this important program. In addition to the Governor’s Recovery Cabinet, Governor Beebe created the Arkansas Recovery and Reinvestment Office to provide daily oversight.

A major project overseen by the Recovery Office, in cooperation with the Arkansas Department of Information Systems, is the creation of a centralized Web site that provides updated information about Recovery Act spending in the State. This Web site, found at <http://Recovery.Arkansas.Gov>, is Arkansas’s virtual clearinghouse for all information about Recovery Act spending. That includes information required under Section 1512 of the Recovery Act, as well as any additional information about Recovery Act spending deemed necessary to satisfy the Governor’s own high expectations for transparency and accountability.

The website, <http://Recovery.Arkansas.Gov>, offers users an interactive system designed to zero in on specific investments through a wide range of criteria, including communities, programs, or awards and contracts given to specific organizations.

Another aspect of the State’s commitment to full transparency is the establishment of a Recovery Act hotline to field questions related to the Act and the programs it funds. That number, 1-877-682-1515 or 501-683-5767, is staffed by state employees who have been trained to help answer questions about this important and complex piece of legislation.



Investing in Arkansas

The Recovery Act requires that a variety of criteria be met in determining which programs and agencies can benefit. Where the Recovery Act allows, Arkansas’s state government has directed its share of funds toward programs that are most likely to lay the groundwork for future growth in our State.

Agency	Amount Awarded	Amount Received	Amount Spent
HEALTH	\$2,216,299	\$0	\$0
HERITAGE	\$302,100	\$302,100	\$196,381
NATURAL RESOURCES COMMISSION	\$50,121,500	\$0	\$0
STATE PLANT BOARD	\$7,815,885	\$7,815,885	\$7,093,213
ATTORNEY GENERAL	\$276,705	\$276,705	\$276,705
DEVELOPMENT FINANCE AUTHORITY	\$20,463,053	\$0	\$0
ECONOMIC DEVELOPMENT	\$54,890,098	\$73,891	\$79,967
EDUCATION	\$237,854,723	\$17,778,981	\$20,812,000
EMPLOYMENT SECURITY	\$27,966,822	\$8,400,541	\$8,823,257
ENVIRONMENTAL QUALITY	\$4,454,566	\$17,303	\$17,303
FINANCE AND ADMINISTRATION	\$16,047,167	\$13,789,335	\$828,044
HIGHWAY AND TRANSPORTATION	\$243,378,573	\$226,888,478	\$46,557,008
HUMAN SERVICES	\$102,584,335	\$8,111,069	\$7,803,975
NATIONAL GUARD	\$12,830,000	\$1,500,000	\$288,540
REHABILITATION SERVICES	\$6,012,815	\$225,000	\$223,382
STATE FISCAL STABILIZATION FUND	\$324,022,601	\$37,678,775	\$29,945,304
STATE POLICE	\$580,983	\$0	\$0
Grand Total	\$1,111,818,225	\$322,858,063	\$122,945,079

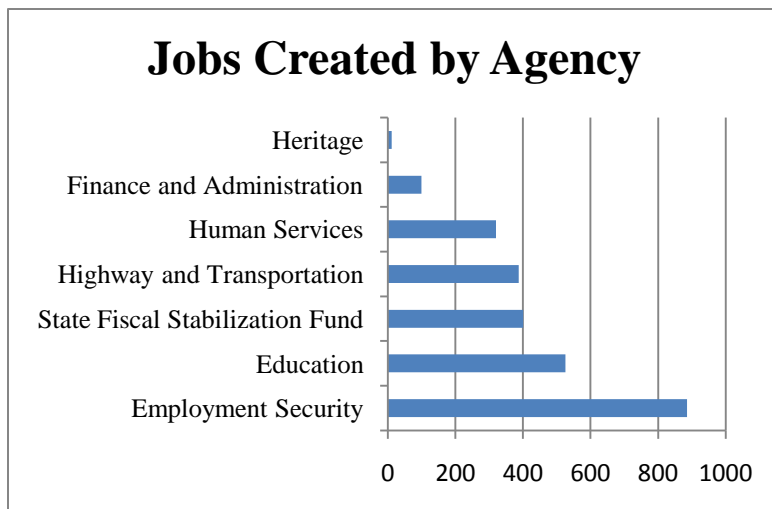
Recovery Act funding will be awarded to a variety of state agencies, which will then oversee the investment of those funds. Under the Recovery Act, the State Fiscal Stabilization Fund is allotted to the Office of the Governor. In Arkansas, that fund will be administered by the Department of Finance and Administration. Differences between the amount received and the amount spent are due to forthcoming federal reimbursements.

The Recovery Act is not like previous stimulus legislation, for instance the one-time, tax-rebate program, which provided a shot-in-the-arm approach to the nation’s economy. Instead, the Act is designed to foster a strong, sustained economic recovery over the 27-month life of the Act. Governor Beebe has, however, emphasized that funds gained through the Recovery Act should be considered one-time funds. He requires that, with few exceptions, Recovery Act funds not be used to establish permanent programs that will be a future burden on the state taxpayer.

As a result, Recovery Act funds have been directed into capital projects, like highways and public schools, to provide an immediate effect on the State’s economy and provide tangible investments for Arkansas.

Thirteen different state agencies are now involved in managing 48 different programs under the Recovery Act. Among the agencies involved in the Recovery Act effort are the Department of Human Services, the Department of Health, the Highway and Transportation Department, the Natural Resources Commission, the Agriculture Department, the Development Finance Authority, the Economic Development Commission, the Department of Education, the Department of Workforce Services, the Department of Environmental Quality, the Department of Career Education, the Department of Finance and Administration, the Department of Human Services, and the Arkansas State Police.

A major portion of the funds Arkansas’s state government will administer will come through the State Fiscal Stabilization Fund. Under the Recovery Act, the Office of the Governor



The Employment Security Department now operates under the title of Department of Workforce Services

will act as a pass-through agency for these funds. Money allotted through the State Fiscal Stabilization Fund will primarily be forwarded along to three agencies: the Department of Education, the Department of Higher Education, and the Department of Finance and Administration.

As part of the State’s obligations under the Recovery

Act, the number of jobs created or saved as a result of Recovery Act-funded programs must be tracked and reported. The Recovery Act establishes criteria that state government must follow in measuring the number of jobs saved or created as a result of the Act.

Following those criteria, a total of **2,633 jobs** in Arkansas have been either created or saved as a result of the Recovery Act.

State Fiscal Stabilization

The Recovery Act created the State Fiscal Stabilization Fund to help states avoid major budget cuts due to lack of economic growth.

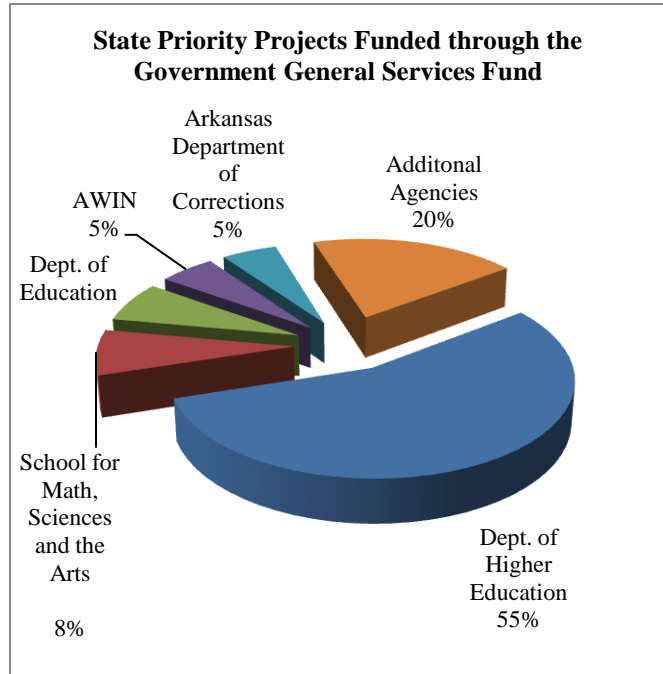
In particular, the Act required that most of the money supplied through the State Fiscal Stabilization Fund – about 82 percent – be used for education spending. Over the life of the Recovery Act, this portion of the State Fiscal Stabilization Fund is expected to provide \$341 million for public education in Arkansas.

The remaining 18 percent – called the Government General Services Fund – can be used for a broader array of programs and agencies.

That 18 percent is expected to equal \$80.8 million. Of that amount, the Governor has so far committed about \$77 million to various programs.

The largest award from this fund will be \$42.8 million to the Arkansas Department of Higher Education to repair and improve facilities at Arkansas’s colleges and universities. Other recipients include the Arkansas School for Math, Sciences and the Arts, which will receive \$6 million to repair and renovate facilities; the Department of Education, which will receive \$5.3 million to support local schools; and the Rock Island railroad bridge, which will receive \$2.5 million to connect Little Rock and North Little Rock near the Clinton Presidential Library.

Although Arkansas’s state government currently faces a shortfall in revenue, its fiscal situation is relatively good compared to many other states. As a result, Arkansas’s share of State



Fiscal Stabilization Funds can be devoted entirely to supporting portions of the State’s economy that are of vital importance, particularly education.

Education

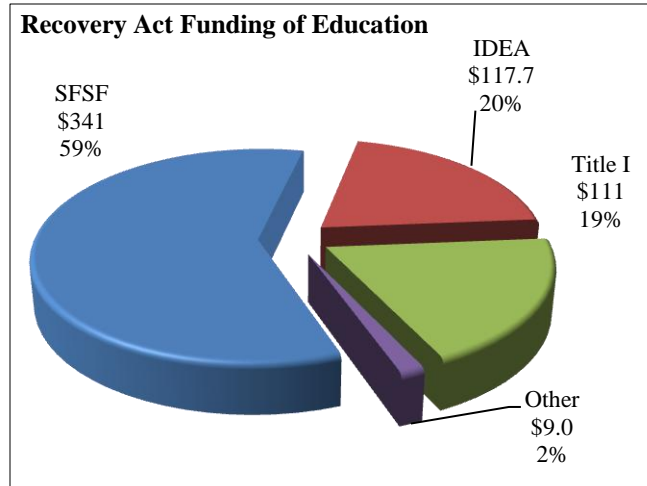
The Recovery Act placed a major emphasis on funding education in the United States, and Arkansas’s public schools have benefited enormously from Recovery Act funding, so far. In fact, the Recovery Act is estimated to provide an estimated \$580 million to public education in Arkansas through several major programs.

To date, Arkansas has been awarded 67 percent of its funds under the State Fiscal Stabilization Fund, or \$243 million of the \$341 million it anticipates receiving from that fund alone.

The largest source of funding for public education is expected to come from the State Fiscal Stabilization Fund. Other sources include the Individuals with Disabilities Education Act, or IDEA, and Title I of the Elementary and Secondary Education Act, which provides help for disadvantaged students.

School districts and charter schools – called Local Education Agencies – that seek to use Recovery Act funding must submit plans to state government for approval. Currently, the State has accepted 188 plans from Local Education Agencies to use Title I funds, 165 plans to use IDEA funds, and 169 plans to use funds under the State Fiscal Stabilization fund. Additional school-district plans will be reviewed as they are submitted.

Public-school projects that have received funding include replacement of old computers and the creation of a “rolling computer lab” to help students learn at Jimmy Brown Elementary School in Star City, and the creation of a technology “backbone” for the Batesville School



Several programs will fund public education in Arkansas through the life of the Recovery Act. Those include the State Fiscal Stabilization Fund; IDEA, which targets students with disabilities; Title I, which supports disadvantaged students; and other programs.

District that will provide fiber and WLAN access points for six 21st-century classrooms and an updated media center.

Highway Projects Funded under the Recovery Act, by Status

- **50** projects completed, covering **160.48** miles.
- **27** projects under construction, covering **47.41** miles.
- **35** additional projects planned to be completed by April 2010 that will cover another **40.64** miles.
- The total investment of these projects is expected to reach **\$419** million, of which **\$351** million will come from Recovery Act funding.

Highways and Infrastructure

Arkansas's highways are a major component of the State's economy and have received significant funding under the Recovery Act.

Beginning as early as April 2009, the Arkansas State Highway and Transportation Department began work on long list of

highway-construction and improvement projects.

As of October, fifty of those projects had been completed, covering 160 miles of highway at a cost of \$43.1 million. These projects will continue to be let for contract through April 2010.

In the end, the list of highway projects will have covered 247 miles of highway at a cost of \$419 million, of which some \$351 million will be paid from Recovery Act funding.

The remaining cost of these projects will be met with other federal, state, and local sources of funding.

The Recovery Act will help Arkansas complete some long-term projects, including the widening of U.S. Highway 65 to four lanes between Pine Bluff and Lake Village.

The Act will also jump-start several long-term highway construction projects, including the first contract to begin work on the Russellville Bypass, which will connect Interstate 40 and Arkansas Highway 7 near Pottsville.

Another long-term project begun under the Recovery Act is the widening of Arkansas Highway 226 in Northeast Arkansas, a first step toward creating a four-lane divided corridor between Jonesboro and U.S. Highway 67.

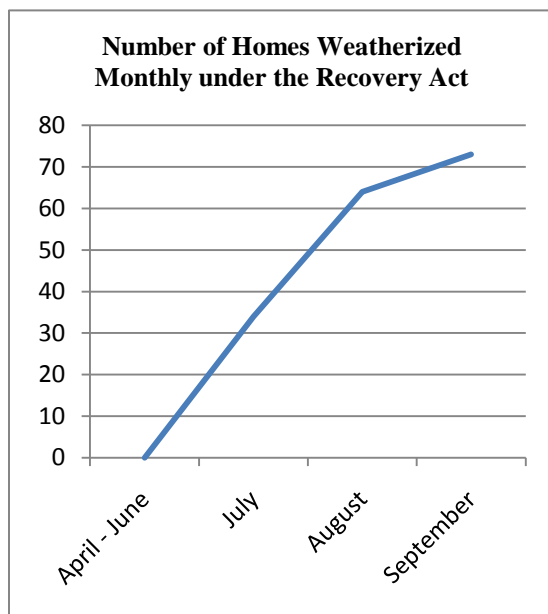
Weatherization Assistance

Recovery Act Funds Received as of 9/30/09: **\$1,670,893.50**

Recovery Act Funds Spent as of 9/30/09: **\$1,115,694.03**



For many in Arkansas, winter and summer mean sharp increases in the cost of heating or cooling their homes. The Weatherization Assistance Program is designed to reduce energy consumption among low-income families by making their homes



more energy-efficient. The program also pays for increased training and technical assistance. Funding from the Recovery Act is already paying for homes to be made more energy-efficient in Arkansas.

The Act will also fund the creation of a Weatherization Training Center, where workers can learn how to conduct energy audits and use advanced diagnostic equipment to lower home-energy use.

Families with an income of less than 200 percent of federal poverty guidelines – or about \$44,100 a year for a family of four – and who live in a structure that hasn't been weatherized since

September 1994 can apply for up to \$6,500 in federal assistance to improve energy efficiency at home.

The program began in April of 2009 and as of September 30, 2009, there were 171 homes that had been weatherized. The additional funding provided by the Recovery Act will allow for as many as 6,000 homes to be weatherized in Arkansas. Without that additional funding, the Weatherization Assistance Program would only be able to assist about 1,200 homes a year.

Weatherization funds will be passed through 15 community-action agencies that will oversee the weatherization project in Arkansas. The Crowley's Ridge Development Council, for example, was responsible for weatherizing 33 homes in Northeast Arkansas over the summer.

Woodruff County, with 17, had the most homes weatherized under the Recovery Act, followed by Franklin County with 16 homes made more energy-efficient under the program, thus far.

Congregate Nutrition Services and Home-Delivered Nutrition Services

Recover Act Funds Received. for Congregate Nutrition as of 9/30: **\$548,135**

Recovery Act Funds Spent through Congregate Nutrition as of 9/30: **\$593,173**

Recovery Act Funds Rec'd. for Home Delivered Meals as of 9/30: **\$295,535**

Recover Act Funds Spent on Home Delivered Meals as of 9/30: **\$300,814**



Many older Arkansans rely on state and federal programs for nutritious meals. Under the Recovery Act, two programs that deliver healthy meals to older Americans – Congregate Nutrition Services and Home-Delivered Nutrition Services – are receiving additional support to ensure that these vital services continue.

The Congregate Meal Program, which delivers meals to individuals over the age of 60 in community centers or elderly housing facilities, was able to provide \$593,173 in benefits through eight regions around the State. The meals are usually delivered during group activity times to promote social interaction and combat isolation among seniors. Similarly, the Home-Delivered Meals program – also known as Meals on Wheels – delivers meals to adults over the age of 60 who are homebound and may not be able to prepare their own meals.

The Recovery Act funded \$264,943 to Meals on Wheels in Arkansas between March and October. One of the largest providers of meals under the Congregate Meals and Home-Delivered meals programs was CareLink, a nonprofit organization based in North Little Rock that supplies meals to seniors in a six-county area in Central Arkansas.

Justice Assistance Grants

Recover Act Funds Received as of 9/30: **\$13,768,225**

Recover Act funds Spent as of 9/30: **\$787,560.83**



Law-enforcement agencies in Arkansas have a long “wish list” of items and projects they need to perform their jobs better, but until recently, the State had no funds to allot. Under the Recovery Act, funds have been provided making many of these badly needed improvements possible.

A total of \$9.6 million in Recovery Act funding has been approved in Justice Assistance Grants to Arkansas-based law-enforcement agencies. By July 1, 2009, \$2.7 million had been awarded to several of Arkansas’s Drug Task Forces, multi-agency organizations created to combat illegal drugs in specific areas through increased coordination and support of local law enforcement.

Additionally, more than 92 law-enforcement agencies have received funding through Justice Assistance Grants to fund vehicles and equipment, like in-car video systems, digital cameras, bulletproof vests, and other items.

In the future, the Recovery Act will support Justice Assistance Grants to pay the \$3.5-million cost of a new helicopter for the Arkansas State Police, as well as for improvements in the Arkansas Wireless Information Network. Funds from the Recovery Act will also allow the State Crime Lab to increase its capacity to process DNA and other forensic crime data.

Summer Youth, Adult, and Displaced Workers

Recovery Act Funds Received for Workforce Investment Areas as of 9/30: **\$8,400,541**

Recovery Act Funds Spent through Workforce Investment Areas as of 9/30: **\$8,810,757**

The Recovery Act has allowed expanded benefits to be distributed through programs that target unemployed or displaced workers. These programs are managed by the State’s ten Workforce Investment Areas located throughout Arkansas. Among the programs overseen by Workforce Investment Areas are training for young and dislocated workers.

Similarly, 4,049 workers, including youth, adults, and dislocated workers, have been enrolled in Arkansas Joblink, an employment assistance service supported by state government. Most of those workers were between the ages of 14 and 24. More than half – 2,268 – were between the ages of 14 and 18.

The Summer Youth Employment Program, operated by the Little Rock Workforce Investment Board, for example, helps young workers obtain jobs they otherwise wouldn't have found. Some of those include a single mother in Lonoke who initially was placed in a job at the county health department, which led to new opportunities at another company.

AmeriCorps

Recovery Act Funds Received as of 9/30: <u>\$39,327</u>
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Recovery Act Funds Spent as of 9/30: <u>\$38,096</u>



AmeriCorps is a national program that places workers with local nonprofit groups in communities all over the country. In Arkansas, Recovery Act funding, combined with existing funding sources, is expected to provide \$775,000 for AmeriCorps programs in the State through the life of the Act. That includes support for the Mid-Delta Community Consortium, the Arkansas Literary Council, the Arkansas Service Commission Promise Fellows, Kiwanis Camp Pfeifer, and the Winthrop Rockefeller Institute.

The Mid-Delta Community Consortium will use 40 AmeriCorps members as Community Health Advocates and Community Health Workers. These members will provide information about health insurance and access to health care to people living in twenty counties in the Delta. Another example can be found in Perry and Conway Counties, where the Winthrop Rockefeller Institute will rely on AmeriCorps members to help build a farmstead with demonstration gardens, orchards, vineyards, barns, and pens to help residents learn to supplement their incomes by making the most of small plots of land.

Community Service Block Grants

Recovery Act Funds Received for Community Service Block Grants as of 9/30: **\$370,331**

Recovery Act Funds Spent for Community Service Block Grants as of 9/30: **\$345,868**

The Community Service Block Grant program (CSBG) provides funding to local public-and-private community organizations to fight the causes of poverty. Thirteen of these community-action programs will play a key role in distributing CSBG funding across the State. The Recovery Act is expected to distribute \$13.5 million through Arkansas’s CSBG programs through September 2010. Of that, about \$400,000 has already been paid out to a number of community organizations throughout the State. The services offered through the block-grant program are designed to reduce reliance on public-assistance programs. The long-term goal is to improve local economies by reducing unemployment and improving educational opportunities, while also reducing the cost of state and federal public-assistance programs.

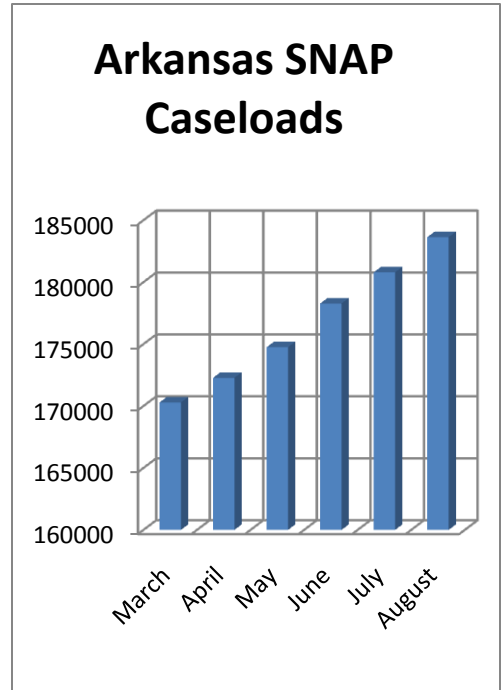
In the coming months, the Community Service Block Grant program will help fund a wide array of projects. For example, the Pine Bluff-Jefferson County Economic Opportunities Commission, Inc. will use Recovery Act funding provided through the CSBG program to operate a “Freedom School” that provides summer- and after-school classes for local children. The Commission will also use block-grant funding to provide water aerobics classes for seniors, support a local food pantry, and provide tutoring for at-risk youth.

Beyond Section 1512

Some of the programs that will receive the largest increase in new revenues as a result of the Recovery Act are not included in the reports made under Section 1512. Those programs include Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and Unemployment Insurance. More details about these programs are provided below to give a broader, more-accurate description of the Recovery Act and the benefits it provides to the State of Arkansas.

Supplemental Nutrition Assistance Program

The Recovery Act includes funding for families in need through the Supplemental Nutrition Assistance Program (SNAP), formerly the “food stamp” program. And in Arkansas, more and more families have registered for the SNAP program in the past year. According to the Department of Human Services, which administers the program in the State, the number of individuals or families registering for the program increased from 170,287 in March to 183,632 in August. Many of the families now applying for SNAP have lost employment or have seen a major drop in income.



Because of the Recovery Act, the SNAP program has been able to provide \$55.6 million in additional benefits since April 2009.

According to the U.S. Department of Agriculture’s Food and Nutrition Services, funds provided by the SNAP program ripple throughout communities, causing economic growth in areas where it is sorely needed. According to the USDA, \$5 in SNAP benefits ultimately generates \$9.20 in community spending.

Medicaid

A major component of the Recovery Act for Arkansas comes from an adjustment in Arkansas’s Medicaid matching rate. Medicaid provides health care and other services for a broad array of Arkansans. The program is paid for by both federal and state governments. Although not required to be reported under Section 1512, Arkansas will regularly publish expenditures made through the State’s Medicaid program as a result of the Recovery Act.



Under the Recovery Act, the federal government has lowered the rate at which the State must fund its share of Medicaid, ordering that the federal government assume more of the cost of operating the program. As a result, the share of Arkansas’s Medicaid program that is paid by the

federal government rose from about 72 percent to 79 percent for a limited time. That readjustment will allow Arkansas to save approximately \$520 million on the cost of operating Medicaid over the 27-month life of the Recovery Act, savings that can be reinvested to make Medicaid a stronger, more effective program.

Arkansas's state government plans to use those savings to protect the Medicaid program against future drops in funding and invest in the future needs of Medicaid and the Department of Human Services (DHS). The DHS has already committed to using \$289 million to cover a funding shortfall in the 2010 fiscal year, spending \$65 million to pay for the agency's critical needs, and another \$337 million to be used to support the State's Medicaid Trust fund through 2011.



Unemployment Insurance

Funds Received through Changes to UI: as of 10/29: **\$232,743,891**

Funds Spent through Changes to UI as of 10/29: **\$218,818,239**

The Recovery Act also extended and increased Unemployment Insurance benefits for Arkansans who are out of work. Benefits for claimants, who have exhausted their normal unemployment benefits and who still meet the program requirements, have been extended through the Emergency Unemployment Compensation Program. Between April and late October, the Emergency Compensation Program added \$100.2 million to unemployment payments in Arkansas. Another section of the Recovery Act also calls for unemployment benefits to increase by \$25 per week, a provision that added \$58.4 million between March and October to Arkansas's unemployment benefits. Another provision of the Recovery Act dealing with Unemployment Insurance suspended federal income taxes from being applied to the first \$2,400 in unemployment benefits. In all, these payments represent a major source of Recovery Act funding for Arkansans who are between jobs and in need of help. Included within the total amount received through the Unemployment Insurance program as a result of the Recovery Act are funds for administration and the modernization of the State's Unemployment Insurance system.



Future Projects

As the Recovery Act continues, state government will continue reporting how funds provided by the Act are invested in Arkansas's economy. The current report only covers about three months of spending, as many programs have only begun or have yet to expend funds.

One major area where the Recovery Act will have an effect in the near future is in the construction of drinking water and clean-water projects.

Under the Recovery Act, the Arkansas Natural Resources Commission will receive funds to improve wastewater-treatment programs in communities throughout Arkansas.

The Commission will also work with the Arkansas Department of Health to improve drinking-water programs in the State. Under the Recovery Act, revolving-loan funds will help finance these projects, so that more Arkansans can enjoy clean and safe drinking water. Similarly, the Recovery Act will also support the rehabilitation of watersheds through the repair of aging watershed dams, flood mitigation, water-quality improvement, and other projects.

One drinking-water project to be funded through the Recovery Act is in Cotton Plant, where the city's water-distribution system suffers from the chronic loss of water. The city has tried to replace water lines to limit these losses but hasn't been able to keep up. Recovery Act funds will be used to repair these lines, limiting the loss of water and improving the system's efficiency. Along with several other improvements, the Recovery Act will keep the city's water system from violating the federal Safe Drinking Water Act. The work in Cotton Plant is expected to generate at least 20 jobs.

Conclusion

As programs supported by the Recovery Act begin having an effect on Arkansas, state government will continue to meet its obligations under the Act to see that these funds are invested appropriately and efficiently.

It is too early to make any statements about the long-term effect the Recovery Act will have on Arkansas's economy. However, state government can report progress in Recovery Act organization, administration, oversight, transparency, and accountability. The State is prepared to report on Recovery Act spending in ways that meet or exceed the reporting requirements established by the Recovery Act. Significant progress has been made in individual programs that have the potential of improving the lives of Arkansans throughout the life of the Recovery Act.

The success of the Recovery Act cannot be measured solely in jobs saved or jobs created. A stated goal of the Act was to help those who have suffered most during the economic downturn. Through the course of implementing the Recovery Act, Arkansas's state government will remain committed to high standards of accountability and reporting until the last dollar is spent.