

REPORT OF THE

SPECIAL OVERSIGHT SUBCOMMITTEE ON FEDERAL STIMULUS MONEY OF THE ARKANSAS LEGISLATIVE COUNCIL

December 17, 2010

Mr. Chairmen:

Your Special Oversight Subcommittee on Federal Stimulus Money began meeting on July 6, 2010. The most current information provided to the Subcommittee dated September 30, 2010 is a list of the projects funded by ARRA grants. The list of projects and expenditures of American Reinvestment and Recovery Act funds can be tracked by location or specific projects through the Governor's Office website at the menu item Recovery.Arkansas.Gov.

As of September 30, 2010, the Arkansas Office of Recovery and Reinvestment reported a total award amount of \$2.9B with \$1.9B received and \$1.9B expended. The ARRA funds are reimbursed to the State similar to other federal grant programs. At the Subcommittee's first meeting, the Office of the Governor estimated that Arkansas would receive \$3.2B in federal grants over the course of the Recovery Act. On September 30, the Office of the Governor reported 3,652 full-time equivalent positions had been saved or created within the State.

The State received two separate dollar allocations from ARRA's State Fiscal Stabilization Fund grants, the Education Stabilization Fund Award and the Government General Services Award. The Education Stabilization Fund Award allocation of money was to be used to restore public school funding cuts due to state budget shortfalls. Since Arkansas did not cut the public school budgets, the federal government allowed the districts flexibility to use the grant money to fund matrix line item expenditures such as capital projects, teacher bonuses, technology investments, professional development and transportation expenses. A portion of State Fiscal Stabilization Funds' Education Stabilization Award were used to restore the higher education institutions' budget allocations to the levels provided in the State's revenue stabilization law for Fiscal Year 2009. This funding is in addition to the general improvement funds received by the higher education institutions.

The State has received written assurance from the Federal Government that the ARRA's Education Jobs Bill Grant allocation will be in addition to any and all current federal funding received by the public school districts. The ARRA's Education Jobs Bill money will be distributed to public school districts using the public school funding formula. The districts can use this funding for salary

expenses or bonuses.

Due to the American Recovery and Reinvestment Act funding being allocated in two state fiscal years, the Subcommittee will be requesting to the 88th General Assembly's Legislative Council that the work of the current Subcommittee be allowed to continue.

We hope you find this information useful and will be happy to answer any questions you may have.

Sincerely yours,

Sincerely yours,

Sen. Henry "Hank" Wilkins
Co-Chair

Rep. Linda Tyler
Co-Chair