

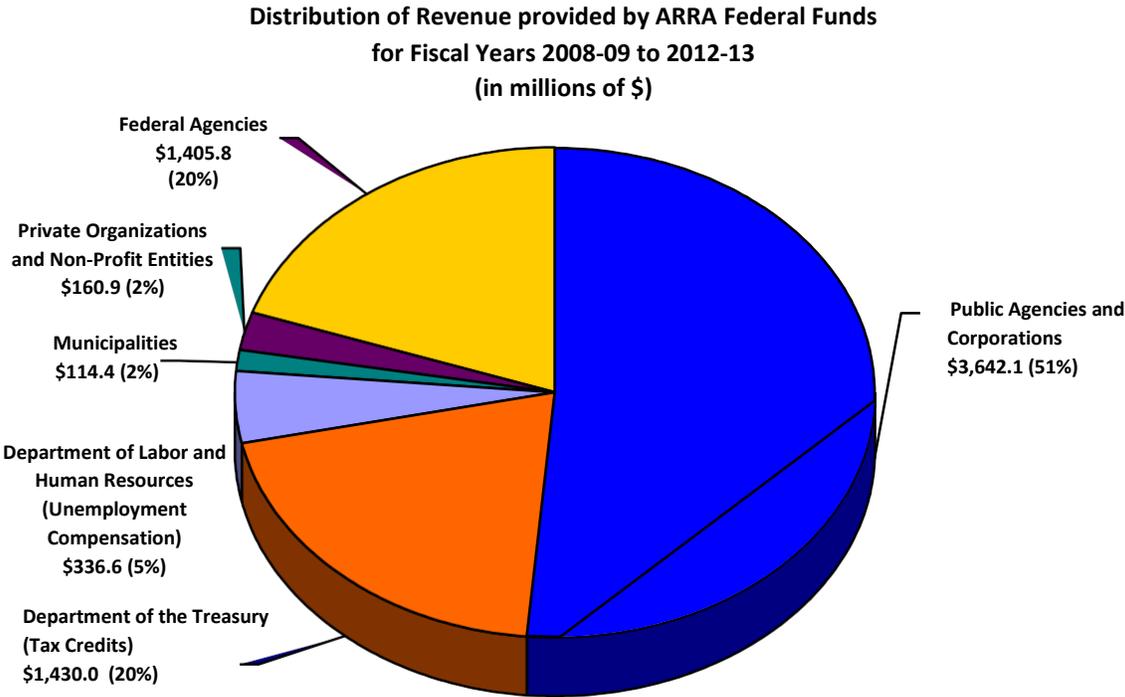
AMERICAN RECOVERY AND REINVESTMENT ACT

The American Recovery and Reinvestment Act (ARRA, by its English acronym), signed in 2009 by President Barack Obama responded to the need to stimulate the economy of the United States and its Territories. ARRA allocated \$787 billion dollars for distribution to programs which were directed primarily at the areas of education, health, social assistance, energy, technology and infrastructure, to be administered by federal agencies. Among the provisions in the aforementioned law was the requirement that allocation of funds through the various programs be used for projects that were ready to be implemented and completed within the two years which preceded passage of the Act.

The eligibility criteria which could be considered by the program when awarding funds are as follows:

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

To date, the Government of Puerto Rico has been awarded \$7,089.8 million, distributed as follows:



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ARRA IMPLEMENTATION PROCESS IN PUERTO RICO

In order to ensure an effective administration and management of funds, the Governor created the Federal Economic Stimulus Plan Task Force through Executive Order 2009-05. This Group is responsible for identifying and developing strategies for the development of programs, for guiding agencies and other governmental entities in the use and benefits of the appropriate administration of these funds and for cooperating in submitting completion reports with the Federal Government.

For its part, the Puerto Rico Infrastructure Financing Authority (AFI, according to its acronym in Spanish) was empowered through Law 8-2009 as the agency responsible for managing, receiving, securing, and administering the ARRA funds in their entirety. For that purpose, AFI offered the support needed by governmental agencies and other entities responsible for administering projects and programs funded through ARRA. The responsibility of AFI includes interagency and municipal coordination with governmental agencies or non-profits.

The responsibility of AFI for the funds granted by ARRA excluded tax credits or incentives granted to residents of Puerto Rico, for which the Secretary of the Treasury was responsible. These resources assigned under the American Opportunity Tax Credit and Work Pay Credit amounted to \$1,430 million.

Below we present the areas which benefitted from these funds:

ENERGY

Puerto Rico was able to join the national strategies through the investment of \$116.3 million arising from the Federal Department of Energy's ARRA programs. These efforts, through the Energy Affairs Administration (AAE, according to its acronym in English), were in consonance with the primary federal energy programs, such as State Energy Program (SEP), Weatherization Assistance Program (WAP) and the Energy Efficiency and Conservation Block Grant (EECBG). Some of these projects are explained in greater detail below:

STATE ENERGY PROGRAM (SEP, ACCORDING TO ITS ACRONYM IN ENGLISH)

The allocation of \$37.0 million was used for programs and projects related to electricity and renewable energy. The goals and objectives of the program include:

- Codes and Standards Program, aimed at adopting building codes and energy efficiency and lighting standards, among others;
- Energy Education and Mass Media Outreach Program;
- Revolving Loan Program for energy efficiency and renewable energy projects;
- Traffic Signal Retrofit Program;
- Incentives for the purchase of solar heaters (Solar Water Heater Rebate Program);
- Funding for government and the private sector for:
 - photovoltaic systems (Sun Energy Program)
 - wind turbines (Wind Energy Program)
 - energy efficiency audits and measures in buildings (Building Energy Efficiency Retrofit Program)
- Agriculture Renewable Energy Program.

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WEATHERIZATION ASSISTANCE PROGRAM (WAP, ACCORDING TO ITS INITIALS IN ENGLISH)

The allocation of \$65.3 million received through WAP was used to implement energy efficiency measures and to help reduce costs associated with electricity consumption for approximately 5,500 homes. WAP allows for electrical efficiency improvements up to a maximum of \$6,500 per residence. The eligibility criteria for WAP require that program participants must be multifamily residences, with incomes not exceeding \$44,100 per household of four.

ENERGY EFFICIENCY CONSERVATION BLOCK GRANT (EECBG, ACCORDING TO ITS ACRONYM IN ENGLISH)

Puerto Rico received a total allocation of \$33.9 million through this Program, which was distributed as follows:

- \$24.4 million allocated by the Federal Department of Energy, on the basis of a formula, to municipalities with populations over 35,000 inhabitants. In addition, resources were distributed to 37 additional municipalities whose populations were less than 35,000 inhabitants, as well as to non-profit organizations.
- \$9.6 million allocated to the Energy Affairs Administration.

TECHNOLOGY

The Office of the Chief Information Officer (CIO, according to its acronym in English) is responsible for the development of projects under the State Broadband Data and Development Grant and State Grants to Promote Health Information Exchange, described below:

STATE BROADBAND DATA AND DEVELOPMENT GRANT (SBDDG)

The Office of the CIO received \$2.5 million from SBDDG, of which approximately \$539,000 was used in fiscal year 2010-2011, for the purpose of developing and implementing the Strategic Technology Plan and Mapping of Bandwidth Signal Coverage (Internet) in Puerto Rico. Mapping results will be incorporated into the National Telecommunications and Information Administration (NTIA, according to its acronym in English), which will provide an Internet Coverage Map through the United States. For fiscal year 2011-2012, it is estimated that an additional \$660,000 will be used for continuation of this project.

The Strategic Technology Plan establishes the objectives and strategies for promoting primarily the following goals:

- **Exchange of Ideas** – Promoting the use of the Internet and other information media to promote the exchange and development of ideas.
- **Connectivity** – Integrating information systems in order to improve transparency and efficiency of government processes, development of inter-operability processes for information systems and democratization of access to the Internet across the entire island.
- **Infrastructure Development** – Building a communications infrastructure platform which will allow for efficient adaptation and integration of changes and specifications in new technology.
- **Competitiveness** – Inserting the island into the process of developing the economy of knowledge, promoting international trade, strengthening research and development, and improving the business climate on the island.

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- **Education** – Developing educational strategies aimed at strengthening the sciences, mathematics, language study and understanding of cultural diversity, which, in turn, will create an attractive educational environment for students.
- **Job creation** – Developing strategies and agreements with industry to train the work force, accordance with the demand for new technology.

STATE GRANTS TO PROMOTE HEALTH INFORMATION EXCHANGE (HIE)

In addition, the Office of the CIO invested \$7.7 million through an allocation of funds from HIE. The Program aims to develop a strategic plan for the Health Information and Technology System and to implement the Health Information Exchange System.

Development and implementation of the strategic plan included the following:

- Compliance with the requirements established by the Federal Department of Health.
- Improvement in the quality of life of residents of Puerto Rico.
- Increasing Puerto Rico's competitiveness.
- Improvement in the inter-operability of health systems.

OTHER PROJECTS

EDUCATION

The funding intended for the Department of Education totaled \$1,288.8 million, which included Title I Funds, for strengthening academics in grades K-12 and improving the physical structure of schools and special education. It received an allocation of \$55.0 million provided by the State Fiscal Stabilization Fund to improve the physical structures of more than 250 school buildings throughout the island and to provide funding for academic instruction with the use of technology and investment in technological infrastructure.

HOUSING AND URBAN DEVELOPMENT

In the Housing and Urban Development sector, the amount of \$438.8 million was invested. Of this, the Public Housing Administration and the Authority for Housing Financing distributed \$396.7 million to participants in assistance program for home ownership and rehabilitation, improvement, and maintenance programs for low-income housing.

HEALTH

ARRA included a 30% increase in the funds for Medical Assistance (Medicaid) which Puerto Rico receives and which allowed it to provide health services to the medically indigent population. In addition, it offered total funding amounting to \$253.8 million, to be used for training doctors, dentists and nurses, improving services offered by health providers, as well as infrastructure and health centers, digitization of medical files, and finally reinforcing programs intended for children, senior citizens, and limited-income persons.

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TRANSPORTATION

The transportation sector received \$168.6 million in funding for capital investment in infrastructure programs for expressways, highways, bridges, train systems, maritime ports, airports, mass transit and public safety. These resources allowed the Metropolitan Bus Authority (AMA, according to its acronym in Spanish) to increase its service fleet with the acquisition of 40 hybrid buses at a cost of \$22.5 million.

PUBLIC SAFETY

The investment of resources under ARRA for public safety state agencies amounted to \$77.1 million, aimed at preventing and combating crime, prosecuting offenders, and providing service projects to crime victims. The allocation in this area benefitted the Police of Puerto Rico with \$51.4 million, intended for training personnel and purchasing equipment, vehicles, and boats to be used for crime prevention and surveillance.

Below is a graph showing the disbursement of \$7,089.8 million provided by ARRA Federal Funds, according to the task plan established:

