

## Stimulus money slow to translate into project starts

*Source: Associated General Contractors of North America; American Solar Energy Society  
Compiled by Sahely Mukerji*

Even though the American Recovery and Re-investment Act contains about \$140 billion in construction spending, in August, nonresidential construction spending dropped 0.4 percent, following a 1.7 percent drop in June, according to an Oct. 1 Census Bureau report. Private nonresidential construction dipped 0.1 percent in August, the fifth straight monthly decline.

Government construction projects spending dropped 1.1 percent, its second consecutive decline.

Paul Dales, chief U.S. economist for Capital Economics, with North American offices in Toronto, said in the report that even when the stimulus money translates into more government projects, he expects only a modest positive impact on state and local

spending. This is due to the severe budget problems facing many states because of a sharp fall in tax revenues amid the recession.

Ken Simonson, chief economist for the Associated General Contractors, Arlington, Va., said \$135 billion of the \$787 billion stimulus package would likely end up being used for various construction projects. He expected about \$30 billion to \$40 billion of that amount to be spent this year.

"We know from contractors' reports that stimulus money is beginning to flow, but what should be a torrent by now is only a trickle in most categories," he said in the report.

The table below breaks down stimulus spending by category and agency.

PROGRAM	FINAL BILL	DISTRIBUTION METHOD
<b>Building Infrastructure</b>		
GSA Federal Buildings and Facilities	\$5.6 billion	Distributed by GSA to fund existing project backlog
<b>Department of Defense</b>		
Military Construction	\$2.8 billion	Distributed by DOD to fund existing project backlog
Operations and Maintenance	\$4.2 billion	Distributed by DOD to fund existing project backlog
<b>VA Construction</b>		
VA Medical Facilities	\$1 billion	Distributed by VA to fund existing project backlog
National Cemetery Administration	\$50 million	Distributed by VA to fund existing project backlog
State Extended Care Facilities	\$150 million	Distributed to states by VA
<b>School Construction</b>		
K-12 Schools	See distribution method	\$8.8 billion available to Governors on a discretionary basis for public safety, public schools, and higher education facility school modernization, renovation, and repair
Higher Education Facilities	See distribution method	\$8.8 billion available to Governors on a discretionary basis for public safety, public schools, and higher education facility school modernization, renovation, and repair
<b>Housing Facilities</b>		
Community Development Block Grants	\$1 billion	Distributed by HUD to urban areas by existing formula
Public Housing Capital Fund	\$4 billion	Distributed by HUD to public housing authorities by existing formula and competitively awarded

<b>PROGRAM</b>	<b>FINAL BILL</b>	<b>DISTRIBUTION METHOD</b>
HOME Investment Partnerships	\$2.3 billion	Distributed by HUD to state and local governments by existing formula
Native American Housing Block Grants	\$510 million	Distributed by HUD by existing formula and competitively awarded
Lead Paint Removal	\$100 million	Distributed by HUD on a discretionary basis
Rural Community Facilities	\$130 million	Distributed by USDA, Rural Housing Service on a discretionary basis
<b>Other Facilities</b>		
National Science Foundation Facilities	\$400 million	Distributed by NSF to fund existing project backlog
USDA Facilities	\$200 million	Distributed by USDA to fund existing project backlog
U.S. Geological Survey Facilities	\$140 million	Distributed by USGS to fund existing project backlog
Social Security Administration Facilities	\$500 million	Distributed by SSA to fund existing project backlog
Bureau of Land Management Maintenance and Construction	\$320 million	Distributed by BLM to fund existing project backlog
U.S. Fish and Wildlife Maintenance and Construction	\$280 million	Distributed by U.S. Fish and Wildlife to fund existing project backlog
National Park Service Maintenance and Construction	\$750 million	Distributed by NPS to fund existing project backlog
Forest Service Maintenance and Facilities	\$650 million	Distributed Forest Service to fund existing project backlog
Bureau of Indian Affairs Facilities	\$500 million	Distributed by BIA to fund existing project backlog
Indian Health Service Facilities	\$500 million	Distributed by Indian Health Service to fund existing project priority lists
Community Health Centers	\$2 billion	Competitively awarded by HHS
FEMA Infrastructure Grants	\$300 million	Distributed by FEMA on a discretionary basis, priority given to ready-to-go transit and rail security projects
Firefighter Fire Station Construction	\$210 million	Distributed by FEMA to state and local fire departments
State Department Facilities	\$90 million	Distributed by State, Diplomatic and Consular Affairs to fund existing project backlog
DHS Headquarters Consolidation	\$200 million	Distributed by DHS to fund existing project backlog
Ports of Entry Construction	\$700 million	Distributed on a discretionary basis
<b>Subtotal, Building Infrastructure</b>	<b>\$29.6 billion</b>	
<b>Other Infrastructure</b>		
Economic Development Administration	\$150 million	Distributed by EDA on a discretionary basis
<b>Subtotal, Other Infrastructure</b>	<b>\$150 million</b>	
<b>Energy and Technology</b>		
Rural Broadband Infrastructure	\$2.5 billion	Distributed by USDA on a discretionary basis and competitively awarded
Broadband Technology Opportunities Program	\$4.7 billion	Distributed by Commerce on a discretionary basis and competitively awarded
Electricity Grid	\$11 billion	Distributed by DOE on a discretionary basis and competitively awarded
Weatherization Assistance Program	\$5 billion	Distributed by DOE to states based on existing formula
State and Local Government Energy Grants	\$6.3 billion	Distributed by DOE on a discretionary basis and competitively awarded
Diesel Emissions Reduction	\$300 million	Competitively awarded by EPA
<b>Subtotal, Energy</b>	<b>\$29.8 billion</b>	

## Energy funding

The American Recovery and Reinvestment Act provides \$32.6 billion in funding to the U.S. Department of Energy with more than half of these funds directed to the Energy Efficiency and Renewable Energy program office, says Neal Lurie, director of marketing and communications, American Solar Energy Society, Boulder, Colo. Here's the funding breakdown:

- Energy Efficiency and Renewable Energy: \$6.7 billion
- Weatherization: \$5.0 billion
- Advanced Batteries Manufacturing: \$2.0 billion
- State Energy Program: \$3.1 billion

The Recovery Act also includes \$2.3 billion to fund 30 investment tax credits for manufacturing assets used to manufacture advanced solar products. This program is run through the Department of Treasury and that department must certify the projects.

The act extends bonus depreciation as an incentive for manufacturers to invest in new equipment. Half the cost of the equipment is deducted immediately when the equipment is placed in service with the remaining amount depreciated normally.

*See page XX for a report on a solar forum at GlassBuild America: The Glass, Window & Door Expo.*

Woods Powergrip 1/3 SQ

House ad filler