



May 2009  
DOH 331-426  
Revised

## Fact Sheet

# Economic Recovery Funds Additional requirements for recipients

Projects receiving funds under the American Recovery and Reinvestment Act (ARRA) must meet these requirements:

### Prevailing wages

Section 1606 of the ARRA contains the following language:

*“Notwithstanding any other provision of law and in a manner consistent with other provisions in this Act, all laborers and mechanics employed by contractors and sub contractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to this Act shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. With respect to the labor standards specified in this section, the Secretary of Labor shall have the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267; 5 U.S.C.App.) and section 3145 of title 40, United States Code.”*

### What does this mean?

The purpose of this language is to apply federal wage rules to all assistance agreements made in whole or in part with ARRA funds. The Department of Labor provides all pertinent information related to compliance with labor standards, including prevailing wage rates and instructions for reporting.

### American iron, steel, and manufactured goods

Section 1605 of the ARRA requires that all of the iron, steel, and manufactured goods used in funded projects be produced in the United States unless the U.S. Environmental Protection Agency (EPA) grants a waiver or compliance that would compromise U.S. obligations under international agreements.

The state must submit any waiver requests in writing to the EPA administrator. EPA will base decisions on waiver requests on the following criteria:

- The requirement is inconsistent with the public interest.
- U.S.-produced iron, steel, and necessary manufactured goods aren't available in sufficient quantities or satisfactory quality.
- Inclusion of iron, steel, and manufactured goods produced in the United States would increase the project's overall cost by more than 25 percent.



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EPA will publish all waivers and justification for them in the Federal Register. EPA will provide additional guidance on this provision as it becomes available.

## **Reporting**

Because the state will be expected to report at least once a week on how we are using ARRA funds, we will ask funding recipients for frequent updates. The reporting requirements are there to ensure agency and state compliance with the Act. EPA will post updates each week on the American Recovery and Reinvestment Act Web site: <<http://www.recovery.gov/>>

## **Deadline for contracts or construction**

The ARRA contains the following:

*“Provided further, That the Administrator shall reallocate funds appropriated herein for the Clean and Drinking Water State Revolving Funds (Revolving Funds) that are not under contract or construction within 12 months of the date of enactment of this Act.”*

## **What does this mean?**

This language is meant to ensure that ARRA funds are spent on eligible projects and that the necessary commitments, loan agreements and construction contracts are in place.

If construction on a funded project fails to begin by February 16, 2010, the contract may be voided and the funds reallocated to another project.

## **Additional subsidies**

The ARRA contains the following requirement:

*“Provided further, That notwithstanding the requirements of section 603(d) of the Federal Water Pollution Control Act or section 1452(f) of the Safe Drinking Water Act, for the funds appropriated herein, each State shall use not less than 50 percent of the amount of its capitalization grants to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants, or any combination of these:”*

The Congressional Joint Conference Committee’s explanatory statement in Conference Report 111-16 further states:

*“The Conferees expect the States to target, as much as possible, the additional subsidized monies to communities that could not otherwise afford an SRF loan.”*

## **What does this mean?**

We are required to use about half of the \$41.8 million in ARRA funds to subsidize projects in economically distressed areas.