Policy Brief on Economic Stimulus Spending on the U.S.-Mexico Border Region

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (ARRA)\(^1\) into law, thereby advancing the largest and most wide-ranging domestic economic recovery package in United States history. The ARRA provides approximately $787 billion in short- and long-term economic stimulus funding aimed at alleviating the immediate economic crisis as well as providing funding resources which, if taken advantage of, could provide long-term economic growth and sustainability opportunities. While opportunities for economic stimulus spending exist within the U.S.-Mexico border region, much of the burden of obtaining and maximizing the use of Recovery Act funds is placed on border communities, state and local government officials, and private sector industries.

The ARRA includes funding for existing formula grants, competitive grants, and countercyclical or “flexible” funding opportunities. While some ARRA investments are intended to directly address the U.S.-Mexico border region, numerous other opportunities exist through which border states, and more specifically, the border region, can access Recovery Act grant opportunities to assist with the region’s sustainable economic development.

This paper proposes to examine how the multiple funding opportunities provided by the ARRA hold the potential to benefit the U.S.-Mexico border region. In doing so, this report outlines the various Recovery Act programs that could enhance border infrastructure and transportation systems, alleviate border-crossing wait times, and assist communities with needed law enforcement officials and equipment.

Border Infrastructure – The Recovery Act includes $720 million for land ports of entry, divided between the U.S. Department of Homeland Security (DHS) and the Government Services Administration (GSA). While approximately $400 million of this funding is expected to flow to the Southern U.S. border, there exists numerous opportunities to coordinate planned border infrastructure improvements with other pending state and local projects, such as highway transportation expansion or rail linkages.

Land Ports of Entry – The Recovery Act provides $720 million for planning, management, design, alteration, and construction of Land Ports of Entry (LPOE) and border stations. This funding is divided between the GSA ($300 Million) and DHS U.S. Customs and Border Protection (CBP) agency ($420 Million).

Approximately $300 million of the $5.55 billion allocated to the GSA is designated for the renovation and construction of border stations and LPOEs. According to the GSA’s expenditure

\(^1\) The terms “Recovery Act” and “ARRA” will be used interchangeably throughout this report and both refer to the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).
plan for Recovery Act funds, approximately $223 million of the total $300 million will be allocated for border stations and LPOEs along the Southwest U.S. border. These projects include $2.5 million for the Columbus, New Mexico LPOE; $199.5 million for the Nogales West, Nogales, Arizona LPOE; and $21.3 million for the Otay Mesa, California LPOE. 

Approximately $1 billion of the $3 billion in ARRA funds distributed to DHS is designated CBP and Immigration and Customs Enforcement (ICE) programs. Despite significant border infrastructure needs along the Southern U.S. border, initial estimates indicate that CBP plans to apportion the majority of the $420 million authorized for CBP-owned LPOEs to ports of entry located along the northern U.S. border. In fact, it appears that only four of the CBP’s 43 LPOEs are expected to see any portion of the $420 million dedicated for border infrastructure improvements along the southern border.

**Border Security Technology** – ARRA funding was included for several technology-related initiatives specific to the Southwestern U.S. border, including $100 million for the procurement and deployment of new or replacement non-intrusive inspection (NII) systems. Increased funding for NII systems will allow for the acquisition and deployment of 51 large scale NII systems and approximately 200 pieces of NII small scale equipment to border stations.

According to DHS, $42 million will be awarded for NII technology systems, including both low energy and large-scale systems, along the Southwest border. Funding for NII systems will help improve border inspection processing times and support the more efficient movement of goods across the U.S.-Mexico border.

The ARRA authorizes an additional $100 million for the Secure Border Initiative-Network (SBInet) for expedited development and deployment of border security technology along the U.S.-Mexico border. According to DHS, this funding will be applied to the deployment of surveillance and associated command and control technologies, as well as the deployment of Project 25 (P25) tactical communications. DHS anticipates that ARRA funding will allow for effective operation control of the entire Arizona border up to four to five months earlier than planned.

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3 DHS ARRA Agency Program Plan: [http://www.recovery.gov/?q=content/program-plan&program_id=7797](http://www.recovery.gov/?q=content/program-plan&program_id=7797).

4 The San Diego Association of Governments estimated in September 2007 that “inadequate infrastructure capacity at the border crossings between San Diego County and Baja California currently creates traffic congestion and delays for cross-border personal trips and freight movements that cost the U.S. and Mexican economies an estimated $7.2 billion in foregone gross output and more than 62,000 jobs in 2007.” [http://www.sandag.org/uploads/publicationid/publicationid_1181_5101.pdf](http://www.sandag.org/uploads/publicationid/publicationid_1181_5101.pdf)

5 DHS ARRA Agency Program Plan: [http://www.recovery.gov/?q=content/program-plan&program_id=7776](http://www.recovery.gov/?q=content%2Fprogram-plan&program_id=7776)

6 DHS ARRA Agency Program Plan: [http://www.recovery.gov/?q=content%2Fprogram-plan&program_id=7796](http://www.recovery.gov/?q=content%2Fprogram-plan&program_id=7796)
Transportation/Infrastructure – The Recovery Act provides approximately $64 billion for infrastructure investment for highway, transit, rail, aviation, environmental, and public building projects.\(^7\) According to the U.S. House Transportation and Infrastructure Committee, this funding will “create or sustain more than 1.8 million jobs and $332 billion of economic activity.”\(^8\) The U.S. Department of Transportation (DOT) also provides an additional $1.5 billion in competitive grants for projects with a significant national or regional impact. State and/or regional coordination could lead to significant opportunities through this national surface transportation system competitive grants.

Highway Transportation – The largest portion of Recovery Act transportation and infrastructure funding, $27.5 billion, is allocated to the Federal Highway Administration (FHWA) for highway restoration, repair, construction, and other activities eligible under the Surface Transportation Program (STP).\(^9\) The overwhelming majority of this funding stream will be apportioned to states by statutory formula.\(^10\) The Recovery Act places strict expenditure deadlines on states, requiring each state to obligate at least 50-percent of total funds within 120 days and 100-percent within one year of receiving the funds from DOT.

Regional Opportunities – In addition to transportation formula funding, $1.5 billion in competitive grants was authorized for capital investments in surface transportation infrastructure projects that will have a significant impact on the nation, a metropolitan area, or a region. Eligible projects under this program include highway and bridge projects, public transportation, freight rail, and port infrastructure investments. Port infrastructure investments could include, but are not limited to, those projects that connect ports to other modes of transportation and improve the efficiency of freight movement.\(^11\) DOT will award individual grants of between $20 million and $300 million, with no more than 20% of total funds awarded to any single state.\(^12\)

U.S.-Mexico Water Commission – The Recovery Act provides $220 million to the U.S. International Boundary and Water Commission (USIBWC) for immediate repair and rehabilitation requirements in the water quantity program. These funds are available for obligation through September 30, 2010, and will be used for immediate infrastructure upgrades. According to the USIBWC, this funding will allow for the rehabilitation of approximately 170 miles of deficient levees along the Rio Grande Flood Control System Project. The Department of State estimates that all planned construction will be completed by February 2011.

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\(^7\)ARRA summary prepared by U.S. House of Representatives Committee on Transportation and Infrastructure; [http://transportation.house.gov/Media/file/Full%20Committee/Stimulus/HR1ConferenceReportSummary.pdf](http://transportation.house.gov/Media/file/Full%20Committee/Stimulus/HR1ConferenceReportSummary.pdf).

\(^8\)Ibid.

\(^9\)23 U.S.C. §§ 601(a)(8), 133(b)


\(^12\)U.S. DOT Federal Highway Administration (FHWA) summary of ARRA highway transportation provisions: [http://www.fhwa.dot.gov/economicrecovery/summary.htm](http://www.fhwa.dot.gov/economicrecovery/summary.htm)
State Revolving Loan Funds (SRF) – The Environmental Protection Agency’s (EPA) State Revolving Loan Funds (SRF) received a total of $6 billion for supplemental capital funding through the ARRA. Of the $6 billion, the ARRA provides $4 billion for the Clean Water State Revolving Loan Fund (CWSRF) and $2 billion for the Drinking Water State Revolving Loan Fund (DWSRF). The State Revolving Loan Funds provide capitalization grants to states to fund water quality protection projects and infrastructure improvements for water systems. The Recovery Act waives the mandatory 20-percent state matching requirements for both SRF programs.

The CWSRF provides low interest loan rates – averaging 2.2-percent, compared to the national average of 4.6-percent – for a wide variety of water quality projects, including waste-water treatment projects, nonpoint source pollution control, watershed protection and restoration, and municipal wastewater treatment projects. Similar to the CWSRF, the DWSRF provides low-interest rate loans, ranging from between 0-percent and the market rate, for a wide-range of water quality projects that have the most significant public health and financial needs, as determined by individual states. Publicly-owned community water systems and non-profit non-community water systems are eligible for DWSRF funding, which can be used for installation and replacement of failing water treatment facilities, eligible storage facilities, and transmission and distribution systems.

States are required to allocate at least 20-percent of their share of each SRF for projects that address green infrastructure, water and/or energy efficiency, innovative water quality improvements, decentralized wastewater treatment, storm water runoff mitigation, and water conservation. Additionally, the ARRA requires that not less than 50-percent of the capitalization grants each state receives be used to provide additional subsidization in the form of forgiveness of loan principal, negative interest rate loans, or grants, or any combination of these.

Law Enforcement – The Recovery Act provides approximately $4 billion for U.S. Department of Justice (DOJ) programs; including funding to enhance state, local, and tribal law enforcement, hire new police officers, and combat drug trafficking along the Southwest U.S. border. Funding through a variety of programs, including the Edward Byrne Memorial Justice Assistance Grant (Byrne JAG) Program formula and competitive grants program, the COPS Recovery Act Hiring Program, and the Southern Border and HIDTA program, all present opportunities to prioritize

13 EPA website outlining Clean Water State Revolving Loan Funds: [http://www.epa.gov/owm/cwfinance/cwsrf/index.htm](http://www.epa.gov/owm/cwfinance/cwsrf/index.htm)
and target state and local law enforcement officials to high-priority and habitually underfunded areas of the border region.

State and local border officials, working in coordination with federal and Mexican officials, could leverage these funding opportunities to build upon existing border law enforcement initiatives. Many Recovery Act programs, including the Byrne JAG program, provide significant flexibility in how state and local governments use funds to meet the needs of their specific states, regions, and communities.

**Byrne Justice Assistance Grants** – The large majority of this funding – $2.7 billion – will be administered through the DOJ’s Office of Justice Programs (OJP), with approximately $1.98 billion to be distributed to state and local governments through the Byrne JAG Program to support a wide-range of law enforcement activities.\(^\text{16}\) The Byrne JAG formula program may be used for a variety of purposes, including multijurisdictional drug and crime task forces; prevention and education programs; corrections and community corrections programs; and planning, evaluation, and technology improvement programs.\(^\text{17}\) Byrne JAG formula grants are distributed to state and local law enforcement agencies according to statutory formula, with 60-percent set aside for state governments and 40-percent for local governments.

**Byrne Competitive Grants** – In addition to Byrne JAG formula grants, which are distributed to state and local agencies based on population and proportion of violent crime activity, the Recovery Act authorized $125.5 million for the Edward Byrne Competitive Grant Program. Byrne Competitive grants are intended to improve state and local justice system capacity and provide for national training and technical assistance programs targeted to local needs. Unlike the Byrne JAG formula grant program, eligible applicants for Byrne Competitive Grants may include national, regional, state, or local public or private entities.

**Research and Evaluation** – In an effort to support research and evaluations of ARRA assistance for state and local law enforcement programs, the Recovery Act authorized $2.25 million for governmental and non-governmental entities. Specifically, this program supports evaluations of programs related to activities that combat narcotics activity along the border, crime in rural areas, and programs funded by the Byrne Competitive Grant program.

**Drug Trafficking** – The Recovery Act authorized $39.7 million to provide resources for the hiring and retention of, and assistance and equipment to local law enforcement along the

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\(^\text{16}\) The awards are also authorized by the JAG program, 42 U.S.C. §§ 3750-3758, which is found in subpart 1 of Part E of title I of the Omnibus Crime Control and Safe Streets Act of 1968.

\(^\text{17}\) The DOJ Office of Justice Programs provides a “Frequently Asked Questions” document on the Byrne JAG formula grant program: [http://www.ojp.usdoj.gov/BJA/recoveryJAG/JAGrecoveryFAQ.pdf](http://www.ojp.usdoj.gov/BJA/recoveryJAG/JAGrecoveryFAQ.pdf).
Southern U.S. border and in High Intensity Drug Trafficking Areas (HIDTA). The funding provided under this section is intended to address one of the following two goals:

1. Control, reduce, and/or prevent criminal narcotics activity, including drug-related crime and violence, along the Southern border region of the United States, or
2. Control, reduce, and/or prevent criminal narcotics activity, including drug-related crime and violence, in High-Intensity Drug Trafficking Areas in order to combat criminal narcotics activity stemming from the Southern border of the United States.

Of the funds included for this program, the ARRA requires that $10 million be transferred to the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) for Project Gunrunner, DOJ’s southwest border initiative aimed at reducing cross-border drug and weapons trafficking. According to the ATF, this funding will be used to hire 37 ATF employees to “open, staff, equip, and operate Project Gunrunner criminal enforcement teams in McAllen, TX; El Centro, CA; and Las Cruces, NM.” The funds will also support the assignment of two special agents to the each of the U.S. consulates in Juarez and Tijuana, Mexico to provide support on firearms trafficking issues to Mexican officials.

**Additional Law Enforcement Officers** – The Recovery Act provides $1 billion in competitive grants for the Community Oriented Policing Services (COPS) Hiring Recovery Program (CHRP). The CHRP provides funding directly to law enforcement agencies to create and preserve jobs and to increase their community policing capacity and crime prevention efforts. CHRP grants will provide 100-percent funding for approved entry-level salaries and benefits for 36-months for newly-hired, full-time sworn officer positions, for rehired officers who have been laid off, or are scheduled to be laid off as a result of local budget cuts.

**Conclusions and Opportunities:**
With upwards of six million Americans living within border counties and municipalities and over sixty million populating the U.S. border states, bilateral collaboration and engagement is necessary to leverage the resources available under the Recovery Act to the benefit of the region. While the Recovery Act provides unprecedented opportunities across an array of programs, the federal government’s focus on expediency, both in the distribution of grants and in project implementation, requires governments and individuals to quickly take advantage of these newly

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19 Additional information may be found in the State and Local Law Enforcement Assistance Program: Combating Criminal Narcotics Activity Stemming from the Southern Border of the United States grant announcement: [http://www.ojp.usdoj.gov/BJA/recovery/RecoverySouthernBorder.pdf](http://www.ojp.usdoj.gov/BJA/recovery/RecoverySouthernBorder.pdf)

20 ATF program description: [http://www.atf.gov/recovery/project-gunrunner.htm](http://www.atf.gov/recovery/project-gunrunner.htm).


created opportunities. Although the potential to access various funding opportunities is limited, successful collaboration and cooperation among various levels of government and industry could create a significant competitive advantage for the U.S-Mexico border region.