

# **The American Recovery and Reinvestment Act of 2009**

## **Creating Jobs, Cutting Taxes and Investing in Our Country's Future**

The United States is facing its deepest economic crisis since the Great Depression, one that calls for swift, bold action. The goals of this legislation are the same as they have been from day one: to strengthen the economy now and invest in our country's future.

This legislation will create and save jobs; help state and local governments with their budget shortfalls to prevent deep cuts in basic services such as health, education, and law enforcement; cut taxes for working families and invest in the long-term health of our economy. We do all of this with unprecedented accountability, oversight and transparency so the American people know their money is being invested responsibly.

**"The American Recovery and Reinvestment Act of 2009 combines two essential ingredients needed to bring our economy back to life,"** said Senate Appropriations Chairman Daniel K. Inouye (D-Hawaii). **"We will create four million jobs in the near-term, and invest in America's future by rebuilding our crumbling infrastructure for the long-term. In addition, this bill includes more than \$301 billion to aid state and local governments as they struggle to meet increasing demand for social services amidst plummeting tax revenues. As we address this crisis, we must never lose sight of our responsibility to avoid wasteful spending by providing strict accountability and oversight measures. We must invest this money quickly, but also wisely."**

**"Millions of Americans will get back to work and our economy will get back on track with the job-creating tax cuts and smart investments in the American Recovery and Reinvestment Act,"** said Senate Finance Committee Chairman Max Baucus (D-Mont.). **"Working families will get a financial boost, small businesses will finally catch a break, and the whole country will reap the benefits of a growing green energy sector, revitalized schools, and higher-quality health care. This bill has been carefully crafted to produce meaningful improvements to our economy in the short term, and to improve America's fiscal strength and stability for the future."**

To accomplish these goals, **The American Recovery and Reinvestment Act** provides \$888 billion in investments and tax cuts. Of this total, \$694 billion will enter the economy by the end of Fiscal year 2010, meaning that 78 percent of the monies allocated will reach the American people by September 30, 2010, providing an immediate boost to the overall economy and creating an estimated four million jobs.

The Act provides for the following critical investments:

- **Tax cuts for Working Families - \$247 billion**
- **Job-creating Investments in Infrastructure and Science - \$165 billion**
- **Job-creating Investments in Health - \$153 billion**
- **Job-creating Investments in Education and Training - \$138 billion**
- **Job-creating Investments for an Energy Independent America - \$82 billion**
- **Job-creating Tax Cuts for Small Businesses - \$21 billion**
- **Helping Americans Hit Hard by the Economic Crisis - \$72 billion**
- **Law Enforcement, Oversight, Other Programs - \$10 billion**

## Tax Cuts for Working Families include:

- **\$142 billion in Making Work Pay tax credits** will provide ninety-five percent of American workers with up to \$500 in extra cash in their paychecks; married couples filing jointly can receive up to \$1000 total.
- **\$15 billion in tax cuts for families** will give cash back to parents through an expansion of Earned Income Tax Credit for families with three or more children, additional marriage penalty relief for couples, and increased eligibility for the Refundable Child Tax Credit for lower-income families.
- **\$4 billion in tax cuts for homeowners** will facilitate new home purchases with enhancements to the existing \$7,500 homebuyer tax credit.
- **\$17 billion in one-time payments to seniors, disabled veterans and others** will provide an immediately usable payment of \$300 to seniors on Social Security, low-income recipients of Supplemental Security Income, disabled veterans and veterans on pensions, Railroad Retirement beneficiaries, and others who may not qualify for the Making Work Pay.
- **\$70 billion in Alternative Minimum Tax relief** will protect 24 million working families from thousands of dollars in additional income taxes for 2009.

## Job-Creating Investments in Infrastructure and Science include:

### Infrastructure Improvements

- **\$16 billion to repair, renovate and construct public schools** in ways that will raise energy efficiency and provide greater access to information technology, and \$3.5 billion to improve higher education facilities.
- **\$16 billion in tax credit bonds and tax-exempt bond improvements** will finance job-rich projects in the public and private sectors, to build and renovate schools and to make other infrastructure improvements at the state and local level, in national recovery zones and on Native reservations.
- **\$9 billion for the National Telecommunications and Information Administration's (NTIA) Broadband Technology Opportunities Program.** This competitive grant funding will increase broadband access and usage in unserved and underserved areas of the Nation, which will better position the U.S. for economic growth, innovation, and job creation.
- **\$5.1 billion for the Department of Homeland Security** to secure the homeland and promote economic activity.
- **\$4.6 billion in funding for the Corps of Engineers.**
- **\$3.7 billion for VA hospital and medical facility construction and improvements,** long-term care facilities for veterans, and improvements at VA national cemeteries.
- **\$3.4 billion for repair, restoration and improvement of public facilities at parks,** forests, refuges and on other public and tribal lands.
- **\$3.2 billion for Facilities Sustainment, Restoration and Modernization** to be used to invest in energy efficiency projects and to improve the repair and modernization of Department of Defense facilities to include Defense Health facilities.
- **\$2.4 billion for Department of Defense Facilities** including quality of life and family-friendly military construction projects such as family housing and child care centers.
- **\$2.25 Billion for the HOME Investment Partnerships Program block grant** to enable state and local government, in partnership with community-based organizations, to acquire, construct, and rehabilitate affordable housing and provide rental assistance to poor families.
- **\$110 million in tax incentives to build broadband capacity in rural and underserved areas** will grow jobs in the technology sector and create economic opportunities in targeted areas

### Transportation

- **\$27 billion is included for highway investments**
- **\$8.4 billion for investments in public transportation.**
- **\$5.5 billion for competitive grants to state and local governments for transportation investments.**
- **\$1.3 billion for investments in our air transportation system.**
- **\$3.1 billion for investments in rail transportation, including High Speed Rail.**
- **\$830 million for repair and restoration of roads** on park, forest, tribal and other public lands.

### Public Housing

- **\$5 billion to the public housing capital fund** to enable local public housing agencies to address a \$32 billion backlog in capital needs -- especially those improving energy efficiency in aging buildings.
- **\$2.1 billion for full-year payments to owners receiving Section 8 project-based rental assistance.**
- **\$2.25 billion for the redevelopment of abandoned and foreclosed homes.**
- **\$1.5 billion for homeless prevention activities**, which will be sent out to states, cities and local governments through the emergency shelter grant formula.

### Environmental Clean-Up/Clean Water

- **\$6.4 billion is directed towards environmental cleanup of former weapon production and energy research sites.**
- **\$6 billion for local clean and drinking water infrastructure improvements.**
- **\$1.4 billion for EPA's nationwide environmental cleanup programs, including Superfund.**
- **\$1.4 billion to support \$3.8 billion in loans and grants for needed water and waste disposal facilities in rural areas.**

### Science

- **\$1.5 billion total for NASA.**
- **\$1.4 billion total for National Science Foundation (NSF) Research.**
- **\$1.2 billion total for the National Oceanic and Atmospheric Association (NOAA).**

### **Job-Creating Investments in Health include:**

- **\$23.9 billion for investments and incentives in health information technology (IT)** will grow jobs in the information technology sector, and will jumpstart efforts to increase the use of health IT in doctors' offices and other medical facilities. This will reduce health care costs and improve the quality of health care for all Americans.
- **\$5.8 billion for prevention and wellness programs** to fight preventable diseases and conditions with evidence-based strategies.
- **\$3.5 billion to conduct biomedical research** in areas such as cancer, Alzheimer's, heart disease and stem cells, and to improve NIH facilities.
- **\$1.1 billion to the Agency for Healthcare Research and Quality, NIH and the HHS Office of the Secretary** to evaluate the relative effectiveness of different health care services and treatment options.
- **\$870 million to complete funding for pandemic flu preparedness.**

### **Job-Creating Investments in Education and Training include:**

- **\$79 billion State Fiscal Stabilization Fund** includes \$39 billion to local school districts and public colleges and universities, distributed through existing State and federal formulas; \$15 billion to States as incentive grants as a reward for meeting key education performance measures; and \$25 billion to States for other high-priority needs such as public safety and other critical services, which may include education.

- **\$13 billion in tax cuts for college tuition and education** will help students and their families afford four years of college, with a \$2,500 tax credit and the ability to purchase computers and computer technology with funds from tax-free 529 Savings Plans.
- **\$13 billion for Title 1** to help close the achievement gap and enable disadvantaged students to reach their potential.
- **\$13 billion for Special Education/IDEA** to improve educational outcomes for disabled children. This level of funding will increase the Federal share of special education services to its highest level ever.
- **\$13.9 billion to increase the Pell Grant maximum award** and to pay for increases in program costs resulting from increased eligibility and higher Pell Grant awards. The bill supports an increased Pell Grant maximum award of \$281 in the 2009-2010 academic year and \$400 in the 2010-2011 academic year. This aid will help 7 million students pursue postsecondary education.
- **\$3.4 billion for job training** including State formula grants for adult, dislocated worker, and youth programs (including \$1.2 billion to create up to one million summer jobs for youth).
- **\$108 million in extended Trade Adjustment Assistance** will help businesses retool to avoid trade-related layoffs, and provide workers with income support and retraining if international trade causes job losses

### **Job-Creating Investments and Tax Incentives in Energy include:**

- **\$33 billion in green energy tax incentives** will grow jobs in the renewable energy sector by encouraging private-sector investments in research and production of green energy with wind, biomass, hydropower, and other renewable sources
- **\$6 billion for repair of federal buildings** to increase energy efficiency using green technology.
- **\$5.4 billion in tax incentives for conservation and green energy use** will encourage and reward energy efficiency and the building of alternative fueling stations, and facilitate the funding of conservation projects to improve America's energy independence and grow jobs in these sectors as well.
- **\$4.6 billion for Fossil Energy research and development.**
- **\$4.5 billion for smart-grid related activities**, including work to modernize the electric grid.
- **\$4.2 billion for Energy Efficiency and Conservation Grants.**
- **\$2.9 billion is available for the Weatherization Assistance Program.**
- **\$2.6 billion for energy efficiency and renewable energy research.**
- **\$2 billion is provided in grant funding for the manufacturing of advanced batteries systems** and components and vehicle batteries that are produced in the United States.
- **\$1.6 billion is provided for grants to make schools and hospitals**, significant users of energy, more energy efficient.
- **\$10 billion is provided for new loan guarantees** aimed at standard renewable projects such as wind or solar projects and for electricity transmission projects.

### **Job-Creating Tax Cuts and Investments for Small Businesses include:**

- **Approximately \$21 billion in business tax relief and incentives** will help businesses survive in growing markets, get financing for expansion, and get the money they need for payroll and expenses. Businesses will be able to more easily write off the cost of new equipment, write off more losses if they're hard hit economically, delay or reduce some tax payments, and cash in unused tax credits.
- **Loans for Small Businesses:** \$730 million to stimulate lending to small businesses.
- **\$208 million in Work Opportunity tax incentives** will increase the hiring of disabled veterans and disadvantaged youths into the workforce

## Help for Workers and Families Hardest Hit by the Economic Crisis includes:

- **\$87 billion in increased Medicaid funding** will help states to respond to rising numbers of Americans seeking health coverage through Medicaid, to balance state budgets, and to deal with other fiscal pressures brought on by the economic crisis.
- **\$47 billion in unemployment insurance improvements** will allow Americans who lose their jobs in the economic downturn to receive an extra \$25 in their weekly benefits, receive unemployment insurance longer if needed, pay fewer taxes on unemployment benefits, and get help even if they need to move to part-time work or leave work for family reasons
- **\$26 billion in COBRA premium assistance** will help workers who lose their jobs to keep health coverage longer with a 65% subsidy for COBRA premiums
- **\$16.5 billion for additional Supplemental Nutrition Assistance Program (SNAP)**, formerly Food Stamps, benefits.
- **\$3 billion in Temporary Assistance to Needy Families funding** will allow programs to better serve the country's lowest-income families in this time of economic crisis
- **\$1.8 billion in Medicaid, Medicare, and Indian Health Service funds** will allow Americans transitioning into the workforce from the Temporary Assistance to Needy Families program to keep health coverage through Medicaid longer, will assist low-income seniors and disabled Americans with Medicare premiums, and will help American Indians and Alaska Natives afford health care
- **Child Care Development Block Grant:** \$2 billion to provide quality child care services for an additional 300,000 children in low-income families who increasingly are unable to afford the high cost of day care.
- **Head Start & Early Head Start:** \$2.1 billion to allow an additional 124,000 children to participate in this program, which provides development, educational, health, nutritional, social and other activities that prepare children to succeed in school.
- **State and Local Law Enforcement:** \$3.95 billion total to support law enforcement efforts.

## Unprecedented Oversight, Accountability and Transparency

The American Recovery and Reinvestment Plan provides unprecedented oversight, accountability, and transparency to ensure that taxpayer dollars are invested effectively, efficiently, and as quickly as possible.

- Funds are distributed whenever possible through existing formulas and programs that have proven track records and accountability measures already in place.
- Numerous provisions in the bill provide for expedited but effective obligation of funds so that dollars are invested in the economy as quickly as possible.
- The Government Accountability Office and the Inspectors General are provided additional funding for auditing and investigating recovery spending.
- A new Recovery Act Accountability and Transparency Board will coordinate and conduct oversight of recovery spending and provide early warning of problems.
- A special website will provide transparency by posting information about recovery spending, including grants, contracts, and all oversight activities.
- State and local whistleblowers who report fraud and abuse are protected.
- There are no earmarks in this bill.

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