Congressman

James E. Clyburn

Sixth District, South Carolina

House Majority Whip

American Recovery and Reinvestment Act Overview

LEGISLATION SUMMARY

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March 3, 2009

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Nearly 3.6 million Americans have lost their jobs this past year -- and millions more are working harder in jobs that pay less and come with fewer benefits. Nearly $8 trillion in wealth has been lost in the stock market, including the retirement savings of many American families. And the economic news continues to worsen, with some noting that we are facing the "the bleakest economic outlook since World War II."

The 111th Congress in partnership with President Obama put together the American Recovery and Reinvestment Act (ARRA) to create and save 3.5 million jobs over two years, and reinvest in our future by rebuilding our infrastructure from bridges to broadband, making our health care system more efficient and cost-effective, modernizing our schools for 21st century learning, and investing in a cleaner and more efficient energy future.

The following economic issues are to be addressed by the ARRA:

1. JOB LOSSES & ECONOMIC CONTRACTION
2. UNEMPLOYMENT & UNDEREMPLOYMENT (GREEN JOBS ECONOMY)
3. CONSUMER SPENDING & LENDING CONTRACTION
4. DECLINING FAMILY INCOME & BENEFITS
5. RISING HEALTH AND EDUCATION COSTS
6. GROWING BANKRUPTCIES & CONSUMER DEBT
7. MANUFACTURING CONTRACTION & INFASTRUCTURE INVESTING
8. AUTO SALES & BUSINESS ACTIVITY CONTRACTION
9. HOUSING FORECLOSURES

Purpose & Objectives:

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.

Key policy provisions:

1. ARRA provides for quick-start activities. For infrastructure investment funds, recipients of funds provided in this Act should give preference to activities that can be started and completed expeditiously, with a goal of using at least 50 percent for activities that can be initiated within 120 days of enactment. Also recipients should use grant funds in a manner that maximizes job creation and economic benefit.

2. ARRA provides that funds appropriated in this Act shall be available until September 30, 2010, unless expressly provided otherwise in this Act.

3. ARRA provides for specific wage rate requirements. All laborers and mechanics employed by contractors and subcontractors 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 not less than the wages prevailing in the locality for similar projects as determined by the Secretary of Labor in accordance with the Davis-Bacon Act.

4. ARRA provides additional funding distribution and. assurance of the appropriate use of funds. Not later than 45 days after the enactment of this Act, the governor of each state shall certify that the state will request and use funds provided by this Act to the state and its agencies. If funds made available to a state, in any division of this Act are not accepted for use by its governor, then acceptance by the state legislature, by adoption of a concurrent resolution, shall be sufficient to provide funding to the state. After adoption of a concurrent resolution, funding to the State will be for distribution to local governments, councils of governments, public entities, and public-private entities within the State, either by formula or at the State's discretion.

5. ARRA makes various findings regarding the National Environmental Policy Act (NEPA). In addition, this section provides that adequate resources within this Act must be devoted to ensuring that NEPA reviews are completed expeditiously. The President shall report quarterly to the appropriate congressional committees regarding NEPA requirements and documentation for projects funded in this Act.

6. ARRA prohibits the use of funds for contracts and grants not awarded in accordance with the Federal Property and Administration Services Act, or chapter 137 of title 10, United States Code and Federal Acquisition Regulation, or as otherwise authorized by statute. The provision is not intended to override other specific statutory authorizations for procurement, including the Small Business Act and the Javits-Wagner-O'Day Act. (DBE contracting).

7. ARRA set-aside 10% of all economic development assistance money for area with persistent poverty over 30 years-census track designation.

8. ARRA sets-aside 30% of Hwy Funds to be spend in large cities with high unemployment

9. ARRA place first priority for Hwy funds to be given to area with high unemployment and poverty via sub-allocation grants.

10. ARRA sets-aside 40% of clean water monies for economically distressed areas and makes those areas available for loan/grant flexibility.

11. ARRA sets-aside $20 million dollars for minority and woman construction apprenticeship and training programs.

12. ARRA sets-aside $20 million dollars for DBEs surety bonding support.

13. ARRA increases the statutory limit on the public debt by $789 billion, from $11.315 trillion to $12.104 trillion.

A targeted overview of the provisions important to the 6th district of South Carolina:

Tax:

1. **"Making Work Pay" Tax Credit.** The bill would cut taxes for more than 95% of working families in the United States. For 2009 and 2010, the bill would provide a refundable tax credit of up to $400 for working individuals and $800 for working families. This tax credit would be calculated at a rate of 6.2% of earned income, and would phase out for taxpayers with adjusted gross income in excess of $75,000 ($150,000 for married couples filing jointly). Taxpayers can receive this benefit through a reduction in the amount of income tax that is withheld from their paychecks, or through claiming the credit on their tax returns.

2. **Economic Recovery Payment to Recipients of Social Security, SSI, Railroad Retirement and Veterans Disability Compensation Benefits.** The bill would provide a one-time payment of $250 to retirees, disabled individuals and SSI recipients receiving benefits from the Social Security Administration, Railroad Retirement beneficiaries, and disabled veterans receiving benefits from the U.S. Department of Veterans Affairs. The one-time payment is a reduction to any allowable Making Work Pay credit.

3. **Refundable Credit for Certain Federal and State Pensioners.** The bill would provide a one-time refundable tax credit of $250 in 2009 to certain government retirees who are not eligible for Social Security benefits. This one-time credit is a reduction to any allowable Making Work Pay credit.

4. **Increase in Earned Income Tax Credit.** The bill would temporarily increase the earned income tax credit for working families with three or more children. Under current law, working families with two or more children currently qualify for an earned income tax credit equal to forty percent (40%) of the family's first $12,570 of earned income. This credit is subject to a phase-out for working families with adjusted gross income in excess of $16,420 ($19,540 for married couples filing jointly). The bill would increase the earned income tax credit to forty-five percent (45%) of the family's first $12,570 of earned income for families with three or more children and would increase the beginning point of the phase-out range for all married couples filing a joint return (regardless of the number of children) by $1,880.

5. **Increase Eligibility for the Refundable Portion of Child Credit.** The bill would increase the eligibility for the refundable child tax credit in 2009 and 2010. For 2008, the child tax credit is refundable to the extent of 15 percent of the taxpayer's earned income in excess of $8,500. The bill would reduce this floor for 2009 and 2010 to $3,000.

6. **"American Opportunity" Education Tax Credit.** The bill would provide financial assistance for individuals seeking a college education. For 2009 and 2010, the bill would provide taxpayers with a new "American Opportunity" tax credit of up to $2,500 of the cost of tuition and related expenses paid during the taxable year. Under this new tax credit, taxpayers will receive a tax credit based on one hundred percent (100%) of the first $2,000 of tuition and related expenses (including books) paid during the taxable year and twenty-five percent (25%) of the next $2,000 of tuition and related expenses paid during the taxable year. Forty percent (40%) of the credit would be refundable. This

tax credit will be subject to a phase-out for taxpayers with adjusted gross income in excess of $80,000 ($160,000 for married couples filing jointly).

7. **Refundable First-time Home Buyer Credit**. Last year, Congress provided taxpayers with a refundable tax credit that was equivalent to an interest-free loan equal to 10 percent of the purchase of a home (up to $7,500) by first-time home buyers. The provision applies to homes purchased on or after April 9, 2008 and before July 1, 2009. Taxpayers receiving this tax credit are currently required to repay any amount received under this provision back to the government over 15 years in equal installments, or, if earlier, when the home is sold. The credit phases out for taxpayers with adjusted gross income in excess of $75,000 ($150,000 in the case of a joint return). The bill eliminates the repayment obligation for taxpayers that purchase homes after January 1, 2009, increases the maximum value of the credit to $8,000, and removes the prohibition on financing by mortgage revenue bonds, and extends the availability of the credit for homes purchased before December 1, 2009. The provision would retain the credit recapture if the house is sold within three years of purchase.

8. **Sales Tax Deduction for Vehicle Purchases.** The bill provides all taxpayers with a deduction for State and local sales and excise taxes paid on the purchase of new cars, light truck, recreational vehicles, and motorcycles through 2009. This deduction is subject to a phase-out for taxpayers with adjusted gross income in excess of $125,000 ($250,000 in the case of a joint return).

9. **Temporary Suspension of Taxation of Unemployment Benefits.** Under current law, all federal unemployment benefits are subject to taxation. The average unemployment benefit is approximately $300 per month. The proposal temporarily suspends federal income tax on the first $2,400 of unemployment benefits per recipient. Any unemployment benefits over $2,400 will be subject to federal income tax. This proposal is in effect for taxable year 2009.

10. **Extension of Bonus Depreciation.** Businesses are allowed to recover the cost of capital expenditures over time according to a depreciation schedule. Last year, Congress temporarily allowed businesses to recover the costs of capital expenditures made in 2008 faster than the ordinary depreciation schedule would allow by permitting these businesses to immediately write-off fifty percent of the cost of depreciable property (e.g., equipment, tractors, wind turbines, solar panels, and computers) acquired in 2008 for use in the United States. The bill would extend this temporary benefit for capital expenditures incurred in 2009.

11. **Extension of Enhanced Small Business Expensing.** In order to help small businesses quickly recover the cost of certain capital expenses, small business taxpayers may elect to write-off the cost of these expenses in the year of acquisition in lieu of recovering these costs over time through depreciation. Until the end of 2010, small business taxpayers are allowed to write-off up to $125,000 (indexed for inflation) of capital expenditures subject to a phase-out once capital expenditures exceed $500,000 (indexed for inflation). Last year, Congress temporarily increased the amount that small businesses could write-off for capital expenditures incurred in 2008 to $250,000 and increased the phase-out threshold for 2008 to $800,000. The bill would extend these temporary increases for capital expenditures incurred in 2009.

12. **5-Year Carryback of Net Operating Losses for Small Businesses.** Under current law, net operating losses ("NOLs") may be carried back to the two taxable years before the year that the loss arises (the "NOL carryback period") and carried forward to each of the succeeding twenty taxable years after the year that the loss arises. For 2008, the bill would extend the maximum NOL

carryback period from two years to five years for small businesses with gross receipts of $15 million or less.

13. **Incentives to Hire Unemployed Veterans and Disconnected Youth.** Under current law, businesses are allowed to claim a work opportunity tax credit equal to 40 percent of the first $6,000 of wages paid to employees of one of nine targeted groups. The bill would create two new targeted groups of prospective employees: (1) unemployed veterans; and (2) disconnected youth. An individual would qualify as an unemployed veteran if they were discharged or released from active duty from the Armed Forces during the five-year period prior to hiring and received unemployment compensation for more than four weeks during the year before being hired. An individual qualifies as a disconnected youth if they are between the ages of 16 and 25 and have not been regularly employed or attended school in the past 6 months.

14. **Recovery Zone Bonds.** The bill would create a new category of tax credit bonds for investment in economic recovery zones. The bill would authorize $10 billion in recovery zone economic development bonds and $15 billion in recovery zone facility bonds. These bonds could be issued during 2009 and 2010. Each state would receive a share of the national allocation based on that state's job losses in 2008 as a percentage of national job losses in 2008 (each state will receive a minimum allocation of these bonds). These allocations would be sub-allocated to local municipalities. Municipalities receiving an allocation of these bonds would be permitted to use these bonds to invest in infrastructure, job training, education, and economic development in areas within the boundaries of the State, city or county (as the case may be) that has significant poverty, unemployment or home foreclosures.

15. **Infrastructure Financing Tools—De Minimis Safe Harbor Exception for Tax-Exempt Interest Expense for Financial Institutions.** Under current law, financial institutions are not allowed to take a deduction for the portion of their interest expense that is allocable to such institution's investments in tax-exempt municipal bonds. In determining the portion of interest expense that is allocable to investments in tax-exempt municipal bonds, the bill would exclude investments in tax-exempt municipal bonds issued during 2009 and 2010 to the extent that these investments constitute less than two percent (2%) of the average adjusted bases of all the assets of the financial institution.

16. **Modification of Small Issuer Exception to Tax-Exempt Interest Expense Allocation Rules for Financial Institutions.** As described above, financial institutions are not allowed to take a deduction for the portion of their interest expense that is allocable to such institution's investments in tax-exempt municipal bonds. For purposes of this interest disallowance rule, bonds that are issued by a "qualified small issuers" are not taken into account as investments in tax-exempt municipal bonds. Under current law, a "qualified small issuer" is defined as any issuer that reasonably anticipates that the amount of its tax-exempt obligations (other than certain private activity bonds) will not exceed $10,000,000. The bill would increase this dollar threshold to $30,000,000 when determining whether a tax-exempt obligation issued in 2009 and 2010 qualifies for this small issuer exception. The small issuer exception would also apply to an issue if all of the ultimate borrowers in such issue would separately qualify for the exception. For these purposes, the issuer of a qualified 501(c)(3) bond shall be deemed to be the ultimate borrower on whose behalf a bond was issued.

17. **Eliminate Costs Imposed on State and Local Governments by the Alternative Minimum Tax.** The alternative minimum tax (AMT) can increase the costs of issuing tax-exempt private activity bonds imposed on State and local governments. Under current law, interest on tax-exempt private

activity bonds is generally subject to the AMT. This limits the marketability of these bonds and, therefore, forces State and local governments to issue these bonds at higher interest rates. Last year, Congress excluded one category of private activity bonds (i.e., tax-exempt housing bonds) from the AMT. The bill would exclude the remaining categories of private activity bonds from the AMT if the bond is issued in 2009 or 2010. The bill also allows AMT relief for current refunding of private activity bonds issued after 2003 and refunded during 2009 and 2010.

18. **Qualified School Construction Bonds.** The bill creates a new category of tax credit bonds for the construction, rehabilitation, or repair of public school facilities or for the acquisition of land on which a public school facility will be constructed. There is a national limitation on the amount of qualified school construction bonds that may be issued by State and local governments of $22 billion ($11 billion allocated initially in 2009 and the remainder allocated in 2010). There is a national limitation on the amount of qualified school construction bonds that may be issued by Indian tribal governments of $400 million ($200 million allocated initially in 2009 and the remainder allocated in 2010).

19. **Extension and Increase in Authorization for Qualified Zone Academy Bonds (QZABs).** The bill would allow an additional $1.4 billion of QZAB issuing authority to State and local governments in 2009 and 2010, which can be used to finance renovations, equipment purchases, developing course material, and training teachers and personnel at a qualified zone academy. In general, a qualified zone academy is any public school (or academic program within a public school) below college level that is located in an empowerment zone or enterprise community and is designed to cooperate with businesses to enhance the academic curriculum and increase graduation and employment rates. QZABs are a form of tax credit bonds which offer the holder a Federal tax credit instead of interest.

20. **Tax Credit Bond Option for State and Local Governments ("Build America Bonds").** The Federal government provides significant financial support to State and local governments through the federal tax exemption for interest on municipal bonds. Both tax credit bonds and tax-exempt bonds provide a subsidy to municipalities by reducing the cash interest payments that a State or local government must make on its debt. Tax credit bonds differ from tax-exempt bonds in two principal ways: (1) interest paid on tax credit bonds is taxable; and (2) a portion of the interest paid on tax credit bonds takes the form of a Federal tax credit. The Federal tax credit offsets a portion of the cash interest payment that the State or local government would otherwise need to make on the borrowing. For 2009 and 2010, the bill would provide State and local governments with the option of issuing a tax credit bond instead of a tax-exempt governmental obligation bond. Because the market for tax credits is currently small given current economic conditions, the bill would allow the State or local government to elect to receive a direct payment from the Federal government equal to the subsidy that would have otherwise been delivered through the Federal tax credit for bonds.

21. **Tax Credits for Energy-Efficient Improvements to Existing Homes.** The bill would extend the tax credits for improvements to energy-efficient existing homes through 2010. Under current law, individuals are allowed a tax credit equal to ten percent (10%) of the amount paid or incurred by the taxpayer for qualified energy efficiency improvements installed during the taxable year. This tax credit is capped at $50 for any advanced main air circulating fan, $150 for any qualified natural gas, propane, oil furnace or hot water boiler, and $300 for any item of energy-efficient building property. For 2009 and 2010, the bill would increase the amount of the tax credit to thirty percent (30%) of the amount paid or incurred by the taxpayer for qualified energy efficiency improvements during the taxable year. The bill would also eliminate the property-by-property dollar caps on this

tax credit and provide an aggregate $1,500 cap on all property qualifying for the credit. The bill would update the energy-efficiency standards of the property qualifying for the credit.

22. **Treasury Department Low-Income Housing Grants in Lieu of Tax Credits.** Under current law, taxpayers are allowed to claim a low-income housing tax credit for certain investments made in low-income housing. These tax credits help attract private capital to invest in the construction, acquisition, or rehabilitation of qualified low-income housing buildings. Current economic conditions have severely undermined the effectiveness of these tax credits. As a result, the bill would allow taxpayers to receive a grant from the Treasury Department in lieu of tax credits. Under this provision, States housing agencies would receive a grant equal to up to eighty-five percent (85%) of forty percent (40%) of the state's low-income housing tax credit allocation in lieu of the low-income housing tax credits they would have received. The subawards are subject to the same requirements (including rent, income, and use restrictions on such buildings) as the low-income housing tax credit allocations. The grant program would apply to each state's 2009 low-income housing tax credit allocation.

23. **Extension of Emergency Unemployment Compensation.** Through December 31, 2009, the bill continues the Emergency Unemployment Compensation program, which provides up to 33 weeks of extended unemployment benefits to workers exhausting their regular benefits. This provision is estimated to cost $26.96 billion. Increase in Unemployment Compensation Benefits. The bill increases unemployment weekly benefits by an additional $25 through 2009.

24. **Unemployment Compensation Modernization.** The bill provides one-time grants to reward and encourage States enacting specific reforms designed to increase UC coverage among low-wage, part-time and other jobless workers, as well as provides an additional $500 million in administrative funding to all States.

25. **Temporary Assistance to States with Advances to Unemployment Trust Funds.** The bill temporarily waives interest payments and the accrual in interest on loans received by state unemployment trust funds through December 31, 2010.

26. **Additional Unemployment Provisions.** Additional provisions extend unemployment compensation for 13 weeks to railroad workers, who are not included in the Federal/state unemployment system (this provision is estimated to cost $21 million), and provide temporary federal assistance to states for the administration of the Extended Benefits program (this provision is estimated to cost $138 million). Temporary Assistance for Needy Families Contingency Fund: The bill creates through FY 2010 a capped, temporary TANF Emergency Contingency Fund to provide states with relief during this recession.

27. **Extension of TANF Supplemental Grants.** Through FY 2010, the bill provides additional assistance to qualifying states with high population growth and/or increased poverty at the same amount awarded in FY 2009.

28. **Premium Subsidies for COBRA Continuation Coverage for Unemployed Workers.** Recession-related job loss threatens health coverage for many families. To help people maintain coverage, the bill provides a 65% subsidy for COBRA continuation premiums for up to 9 months for workers who have been involuntarily terminated, and for their families. This subsidy also applies to health care continuation coverage if required by states for small employers. With COBRA premiums averaging more than $1000 a month, this assistance is vitally important. To qualify for premium assistance, a worker must be involuntarily terminated between September 1, 2008 and December 31, 2009. The subsidy would terminate upon offer of any new employer-

sponsored health care coverage or Medicare eligibility. Workers who were involuntarily terminated between September 1, 2008 and enactment, but failed to initially elect COBRA because it was unaffordable, would be given an additional 60 days to elect COBRA and receive the subsidy. To ensure that this assistance is targeted at workers who are most in need, participants must attest that their same year income will not exceed $125,000 for individuals and $250,000 for families. The Joint Committee on Taxation estimates that this provision would help 7 million people maintain their health insurance by providing a vital bridge for workers who have been forced out of their jobs in this recession.

29. **Temporary Federal Medical Assistance Percentage (FMAP) Increase.** The bill increases FMAP funding for a 27-month period beginning 10/1/2008 through 12/31/2010, with an across-the-board increase to all states of 6.2% and a similar increase for territories. A bonus structure (in addition to the across-the-board increase) provides an additional decrease in State financial obligations for Medicaid based on increases in the State's unemployment rate. States will also be required to maintain effort on eligibility.

30. **Temporary Increase in Disproportionate Share Hospital (DSH) Payments**. The bill increases states' FY2009 annual DSH allotments by 2.5 percent, and increases states' FY 2010 by 2.5 percent above the new FY2009 DSH allotment. After FY2010, states' annual DSH allotments would return to 100% of the annual DSH allotments as determined under current law.

31. **Funding for Health Information Technology (IT) through Medicare and Medicaid Incentives**. This bill promotes the use of health information technology (health IT), such as electronic health records, by: requiring the government to take a leadership role to develop standards by 2010 that allow for the nationwide electronic exchange and use of health information to improve quality and coordination of care; investing $19 billion in health information technology infrastructure and Medicare and Medicaid incentives to encourage doctors, hospitals, and other providers to use health IT to electronically exchange patients' health information; and strengthening Federal privacy and security law to protect identifiable health information from misuse as the health care sector increases use of health IT. If the bill is enacted, approximately 90% of doctors and 70% of hospitals would adopt and use certified electronic health records within the next decade, according to the Congressional Budget Office. In turn, that would save the government more than $12 billion (through reduced spending on Medicare, Medicaid, and other programs) and generate additional savings throughout the health sector through improvements in quality of care, care coordination, and reductions in medical errors and duplicative care. The estimated net cost of this provision is $17.2 billion; in addition, $2 billion for affiliated grants and loans is available through discretionary funding.

32. **Expansion of Trade Adjustment Assistance (TAA) Programs**: The bill significantly expands current Trade Adjustment Assistance Programs. Among other things, it extends TAA to trade-affected services sector workers and workers affected by offshoring or outsourcing to all countries, including China or India. It increases training funds available to states by 160 percent to $575 million per fiscal year, creates a new TAA program for trade-affected communities, allows for automatic TAA eligibility for workers suffering from import surges and unfair trade, makes training, healthcare and reemployment TAA benefits more accessible and flexible, and improves the TAA for Firms and TAA for Farmers programs. It reauthorizes all TAA programs (which expired December 31, 2007) through December 31, 2010. This proposal is estimated to cost $1.6 billion. Duty Refund Recollection: The bill prohibits U.S. Customs and Border Protection (CBP) from demanding that U.S. lumber, steel, and other companies repay duties that CBP collected on Canadian and Mexican imports, and then distributed to the companies between 2001 and 2005.

Science:

1. The National Science Foundation (NSF) will receive funding that will go immediately to fund grants that have already been through the merit-review process, both new awards or increases for current grants. Other funding will support Science, Technology, Engineer, and Mathematics (STEM) education programs, and allow for much-needed equipment and facilities construction.

2. The funding for the Department of Energy Office of Science will put scientists and engineers to work advancing our energy independence and protecting our environment by researching materials science, climate science, carbon sequestration, biofuels, advanced computing, fusion energy, high-energy physics, and nuclear physics. The investments will include much-needed lab and instrumentation upgrades.

Small business:

1. ARRA will make affordable credit available to small businesses. The legislation will reduce to zero the fees on SBA-backed loans. This will immediately make credit more affordable for small firms. Importantly, we were able to ensure the priority for the fee reduction program is small business owners.

2. ARRA raises the portion of a loan that the Small Business Administration may guarantee. Raising the guarantee directly encourages banks to lend, opening lines of credit to small businesses.

3. ARRA contains provisions to unfreeze the secondary market for SBA-backed loans. With the secondary market frozen, banks have been stuck with loans on their books, preventing them from lending to small businesses. Fixing the secondary market will allow credit to flow and small firms to make investments that create jobs.

4. ARRA will help small firms that are struggling with existing debt. The measure will establish a new 'Small Business Stabilization Financing Program' program at SBA. This program will provide crucial support to those small businesses that are having trouble making payments.

5. ARRA will also allow small firms to refinance existing debt through the SBA's 504 lending program. This will make debt more manageable for struggling firms.

6. ARRA will spur investment in high-growth, small firms. Specifically, the bill will streamline the Small Business Investment Company (SBIC) program to allow them to invest more flexibly. Simply put, SBIC's will be able to invest more in firms already in their portfolios and expand their portfolios to invest in more firms.

7. ARRA provide $15 million to the SBA's surety bond program, including larger bonding authority, to help small firms obtain construction related projects.

8. ARRA provide $30 million for the SBA's microloan program, which provides loans and technical assistance for low income entrepreneurs and laid-off workers who are starting their own business.

9. Rural Business-Cooperative Service: $150 million for rural business grants and loans to guarantee $2.99 billion in loans for rural businesses at a time of unprecedented demand due to the credit crunch. Private sector lenders are increasingly turning to this program to help businesses get access to capital.

10. Economic Development Assistance: $150 million to address long-term economic distress in urban industrial cores and rural areas distributed based on need and ability to create jobs and attract private investment. EDA leverages $10 in private investments for $1 in federal funds.

11. Community Development Financial Institutions: $100 million to help spur economic development and low-cost financial services in underserved communities.

Housing:

1. ARRA allows the Secretary of Housing and Urban Development will have discretion to set higher FHA and GSE loan limits in subareas.

2. ARRA raises FHA reverse mortgage HECM national loan limit from $417,000 to $625,500.

3. ARRA provides $2 billion for the Neighborhood Stabilization Program ("NSP") to rehabilitate abandoned and foreclosed properties in communities hardest hit by the foreclosure crisis. Requires states, localities and nonprofits to use these funds in a timely manner. NSP housing rehabilitation activities will also help to spur economic recovery by generating skilled and unskilled jobs and preserving the local tax base.

4. ARRA under the Neighborhood Stabilization Program also includes important renter protections. Bona fide tenants in properties acquired with NSP funds are given a minimum of 90 days notice before eviction and the right to remain in the property for the remainder of the lease, subject only to the right of the new owner to occupy the property.

5. ARRA provides $1.5 billion for Emergency Shelter Grants for short-term rental assistance in finding housing to keep families and individuals from becoming homeless.

6. ARRA provides additional support for the Low Income Housing Tax Credit program to address market dislocations that threaten to prevent the construction and rehabilitation of tens of thousands of affordable rental housing units, the bill provides $2.25 billion in grants to supplement the housing tax credit program and offers states the flexibility to exchange up to 40% of tax credits in 2009 plus unused credits from 2008 for upfront cash grants. (mention TARP additions)

7. ARRA $1 billion in CDBG formula grants to states and localities for use for housing and community development

8. ARRA provides $4 billion in Public Housing Capital

9. ARRA provides $250 million for public housing Assisted Retrofit Grants (boiler, piping, etc)

10. ARRA provides $100 million for Lead Paint Prevention

11. Rural Housing Insurance Fund: $200 million to support $11 billion in direct loans and loan guarantees to help rural families and individuals buy homes during the credit crunch. Last year these programs received a record number of applications.

12. Rural Community Facilities: $130 million to support grants and loans to rural areas for critical community facilities, such as for healthcare, education, fire and rescue, day care, community centers, and libraries. There are over $1.2 billion in applications pending.

Education and Labor:

1. ARRA provides $53.6 billon state stabilization fund to help states prevent cutbacks, layoffs, create jobs by modernizing schools and colleges and meet other needs.

$39.5 billion for local school districts and public colleges and universities;

- Require states to meet certain criteria in order to be eligible for funds, including:
  - Maintain their FY06 education funding levels
  - Address teacher distribution inequities to ensure every classroom has a qualified, effective teacher
  - Establish a longitudinal data system to help teachers gauge students' progress in real time and lay groundwork for use of growth models for accountability
  - Develop fairer and better assessments for students to measure critical thinking, problem solving and other complex skills students will need in today's world.
  - Improve state educational standards for students
  - Comply with school improvement provisions of current law

Includes $5 billion for bonus grants to states for making progress in these key areas.

2. ARRA provides $13 billion in Title I – which goes to educate low-income students – for school districts and $12.2 billion in IDEA funding to help districts educate students with disabilities.

3. ARRA provides $2.1 billion for Head Start and Early Head Start, to expand critical early education opportunities for an additional 124,000 low-income infants and children. According to estimates, this will also create 50,000 new early education jobs.

4. ARRA provides $2 billion for Child Care Development Block Grants to provide child care services to an additional 300,000 low-income children while their parents are at work.

5. ARRA provides $500 increase in the Pell Grant scholarship for the next school year – a boost that will benefit up to seven million students. In FY 2006, almost 75 percent of Pell Grant recipients had family incomes of $30,000 or below.

6. ARRA creates a new $2,500 tuition tax credit to help an additional four million students families pay for college.

7. ARRA provides $4 billion for job training programs to help prepare laid-off, adult, Youthbuild, and younger workers prepare for jobs in emerging industries including green jobs.

8. ARRA provides $500 million to help prepare Americans with disabilities for employment.

9. ARRA provides $120 million to provide community service jobs to an additional 24,000 low-income older Americans.

10. ARRA provides $500 million to help states place unemployed workers in new jobs.

Transportation and Infrastructure:

1. ARRA provides a total of $64.1 billion of infrastructure investment to enhance the safety, security, and efficiency of our highway, transit, rail, aviation, environmental, inland waterways, public buildings, and maritime transportation infrastructure.

--Federal-aid Highway formula ($26.8 billion),

--Transit Urban and Rural formula ($6.9 billion),

--Fixed-Guideway Modernization formula ($750 million)

--New Starts grants ($750 million)

--High-speed Rail and Intercity Passenger Rail grants ($8 billion)

-- Surface grants for highway, bridge, public transit, intercity passenger rail, freight rail, and port infrastructure grants ($1.5 billion)

--Superfund grants ($600 million)

--Brownfields grants ($100 million)

Telecom:

1). ARRA creates a new Broadband Technology Opportunities Program within the National Telecommunications and Information Administration ("NTIA") of the Department of Commerce. The new grant program will distribute $4.7 billion to fund the deployment of broadband infrastructure in unserved and underseved areas in the country, and to help facilitate broadband use and adoption. An additional $2.5 billion in loans and grants will be administered by the Rural Utilities Service.

-- Any entity is eligible to apply for a grant, including municipalities, public/private partnerships, and private companies, so long as the entity can comply with the grant conditions. Applicants must put forth 20% of the proposed project's total cost, subject to a financial hardship waiver.

--Grant recipients must agree to abide by a set of conditions, including adhering to a build out schedule, to interconnection and non-discrimination requirements as established by NTIA, and to the principles contained in the Federal Communications Commission's Broadband Policy Statement.

Clean Water Programs:

1. **Clean Water State Revolving Fund:** $4 billion for loans to help communities upgrade wastewater treatment systems. EPA estimates a $388 billion funding gap. The Association of State and Interstate Water Pollution Control Administrators found that 26 states have $10 billion in approved water projects.

2. **Drinking Water State Revolving Fund:** $2 billion for loans for drinking water infrastructure. EPA estimates there is a $274 billion funding gap.

3. **Rural Water and Waste Disposal:** $1.38 billion to support $3.8 billion in grants and loans to help communities fund drinking water and wastewater treatment systems. In 2008, there were $2.4 billion in requests for water and waste loans and $990 million for water and waste grants went unfunded.

Environment:

1. **Nuclear Waste Cleanup:** $6 billion for nuclear waste cleanup at sites contaminated by the nation's past nuclear activities. Accelerating the completion of projects creates jobs and reduces long-term costs.

Food Stamp (or Supplemental Nutrition Assistance) Program:

1. The economic recovery package includes $20 billion for the Food Stamp Program (recently renamed the Supplemental Nutrition Assistance Program). Most of this amount (about $19 billion) would be used to fund a 13.6 percent increase to maximum food stamp benefits, which would go into effect in April 2009. (The new level will stay in place in subsequent years until the program's regular annual inflation adjustments overtake the benefit increase.) All food stamp households — currently about 14 million households containing more than 31 million individuals — will benefit from the increase.

2. The package also would provide $290.5 million in administrative funds to states to implement the change and help manage rising caseloads during the recession (another $4.5 million would go to USDA for administrative costs), suspend for 18 months the three-month time limit on assistance that many unemployed childless adults.

Healthcare:

1. **Prevention and Wellness Fund:** $1 billion to fight preventable chronic diseases, the leading cause of deaths in the U.S., and infectious diseases. Preventing disease rather than treating illnesses is the most effective way to reduce healthcare costs. This includes hospital infection prevention, immunization programs, and evidence-based disease prevention.

2. **Healthcare Effectiveness Research:** $1.1 billion for Healthcare Research and Quality programs to compare the effectiveness of different medical treatments. Finding out what works best and educating patients and doctors will improve treatment.

3. **Community Health Centers:** $2 billion to increase the number of uninsured Americans who receive quality healthcare and renovate clinics and make health information technology improvements. More than 400 applications submitted earlier this year for new or expanded CHC sites remain unfunded.

4. **Training Primary Care Providers:** $500 million to address shortages and prepare our country for universal healthcare by training primary healthcare providers including doctors, dentists, and nurses as well as helping pay medical school expenses for students who agree to practice in underserved communities through the National Health Service Corps.

5. Provides $19 billion to accelerate adoption of Health Information Technology (HIT) systems by doctors and hospitals, in order to modernize the health care system, save billions of dollars, reduce medical errors and improve quality.

6. Provides an estimated $87 billion over the next two years in additional federal matching funds to help states maintain their Medicaid programs in the face of massive state budget shortfalls.

7. Provides $1.1 billion for comparative effectiveness research, to evaluate the relative effectiveness of different health care services and treatment options. This research will improve the quality of care and reduce health disparities.

Justice:

1. **State and Local Law Enforcement:** $4 billion to support state and local law enforcement including $2 billion for Byrne Justice Assistance formula grants to support local law enforcement efforts with equipment and operating costs, and $1 billion for the COPS hiring grant program.

2. **Periodic Census and Programs, Communications:** $1 billion for work necessary to ensure a successful 2010 census, including additional personnel and up to $250 million for expanded communications and outreach programs to minimize undercounting.

3. **Firefighter Assistance Grants:** $210 million for grants to modify, upgrade, and construct fire stations to ensure that vital emergency response infrastructure remains intact during this economic crisis. Funds will be competitively awarded.

Community Support Services for the poor and elderly:

1. **Payments to Disabled and Elderly:** $4.2 billion to help 7.5 million low-income disabled and elderly individuals with rising costs by providing an additional SSI payment in 2009 equal to the average monthly federal payment under the program (approximately $450 for an individual and $630 for a couple). This one-time payment will serve as an immediate economic stimulus as half of SSI recipients have no other form of income and the other half average outside income of less than $450 per month.

2. **Community Services Block Grant:** $1 billion for grants to local communities to support employment, food, housing, and healthcare efforts serving those hardest hit by the recession. Community action agencies have seen dramatic increases in requests for their assistance due to rising unemployment, housing foreclosures, and high food and fuel prices.

3. **Social Security Administration Disability Backlog and Claims Processing:** $500 million to help the Social Security Administration process a steep rise in disability and retirement claims, getting people their benefits faster, and preventing existing backlogs from getting worse.