

American Recovery and Reinvestment Plan -- Updated Fact Sheet

This Updated Version of the fact sheet provides, for certain provisions, information on the provision's benefits (such as the package's energy provisions creating nearly 500,000 new jobs.)

In the next two weeks, the House will consider the **American Recovery and Reinvestment Plan**, working from priorities shared with President-elect Barack Obama. This recovery package is the first crucial step in a concerted effort to **create and save 3 to 4 million jobs**, jumpstart our economy, and transform it for the 21st century. This plan means real change: it will strengthen the middle class, not just Wall Street CEOs and special interests in Washington.

Unprecedented accountability and transparency measures are built in to help ensure tax dollars are spent wisely. \$550 billion is strategically targeted to priority investments; \$275 billion in targeted tax cuts will also help spur economic recovery.

The House package contains targeted efforts in:

- **Clean, Efficient, American Energy**
- **Transforming our Economy with Science and Technology**
- **Modernizing Roads, Bridges, Transit and Waterways**
- **Education for the 21st Century**
- **Tax Cuts to Make Work Pay and Create Jobs**
- **Lowering Healthcare Costs**
- **Helping Workers Hurt by the Economy**
- **Saving Public Service Jobs and Protecting Vital Services**

Tough choices have been made in this legislation, and fiscal discipline demands more tough choices in the years to come.

Transform our Economy with Science and Technology: To secure America's role as a world leader in a competitive global economy, we are renewing America's investments in basic research and development, in training students for an innovation economy, and in deploying new technologies into the marketplace. This will help businesses in every community succeed in a global economy.

- \$10 billion for science facilities, research, and instrumentation—to focus American brainpower on solving the energy and climate challenges and finding cures and treatments for diseases.
- \$6 billion to expand broadband internet access so businesses in rural and other underserved areas can link up to the global economy. For every dollar invested in broadband, the economy sees a ten-fold return on that investment.

Unprecedented Accountability: An historic level of transparency, oversight and accountability will help guarantee taxpayer dollars are spent wisely and ensure that Americans can see the results of their investment.

- There are **no earmarks** or pet projects.
- In many cases, funds are distributed to existing initiatives with proven track records and with tough accountability measures already in place.
- How funds are spent, all announcements of contract and grant competitions and awards, and formula grant allocations must be posted on a special website created by the President. Program managers will also be listed so the public knows whom to hold accountable.
- Public notice of funding must include a description of the investment funded, the purpose, the total cost, and why recovery dollars should be used. Governors, mayors, or others making funding decisions must personally certify that the investment has been fully vetted and is an appropriate use of taxpayer dollars. This information will also be placed on the recovery website.
- The President must report quarterly on the results for the American economy.
- A Recovery Act Accountability and Transparency Board will be created to review management of recovery dollars and provide early warning of problems. The seven member board includes Inspectors General and relevant Deputy Cabinet secretaries.
- The Government Accountability Office and the Inspectors General are provided additional funding and access for special review of recovery funding.
- State whistleblowers who report fraud and abuse are protected.

Clean, Efficient, American Energy: To put people back to work today and reduce our dependence on foreign oil tomorrow, we will increase renewable energy production and renovate public buildings to make them more energy efficient.

- \$32 billion to transform the nation's energy transmission, distribution, production and storage systems by allowing for a smarter and more efficient grid to transmit renewable energy, and new advanced battery technology to power fuel-efficient, low-emissions vehicles.
- More than \$20 billion in tax cuts for clean, renewable energy, including a new enhanced tax credit for research and development focusing on smart energy conservation, energy efficiency, and renewable energy, and a multi-year extension of the production tax credit for wind, hydro, geothermal, and bioenergy.
- \$16 billion to repair public housing and lower costs with make key energy efficiency retrofits.
- Improve the energy efficiency of more than 1 million modest-income homes through weatherization; and
- These provisions would create nearly 500,000 American jobs skilled in the technologies of tomorrow.

Modernize Roads, Bridges, Transit and Waterways: To build a 21st century economy, we must create jobs rebuilding our crumbling roads and bridges, modernizing public buildings, and cleaning our air, water and land. States have an estimated 5,100 projects totaling \$64 billion that could be awarded in 180 days.

- Creates more than 800,000 jobs through investment in transportation, with \$30 billion for highway construction;
- \$31 billion to modernize federal and other public infrastructure with investments that lower energy costs;
- \$19 billion to create jobs on clean water, flood control, and environmental restoration initiatives;
- \$10 billion for transit and rail to reduce traffic congestion. Public transportation saves as much as 4.2 billion gallons of gasoline and reduces carbon emissions by 37 million metric tons each year.
- These provisions in total would create nearly 1.8 million American jobs.

Education for the 21st Century: Economists tell us that strategic investments in education are the best way to help America become stronger, more productive, and competitive. This bill will make bold investments to provide children with a 21st century education, create hundreds of thousands of jobs by investing in schools and other infrastructure, and build a top-notch workforce trained for the jobs of the future.

- \$20 billion for school modernization, including \$14 billion for K-12 and \$6 billion for higher education. We will create hundreds of thousands of jobs, by beginning the most sweeping effort to modernize and upgrade school and college buildings that this country has ever seen. We will equip tens of thousands of schools and colleges with 21st century classrooms, labs and computers to help our students compete with any worker in the world – and also make schools and colleges more energy-efficient.
- \$79 billion in state fiscal relief to prevent the layoff of teachers and other cutbacks in education and other key services, including \$39 billion to local school districts and public colleges and universities using existing formulas; \$15 billion to states as bonus grants for meeting key performance measures; and \$25 billion to states for other high priority needs such as preventing the layoffs of public safety and other critical employees including teachers. In recent months, 29 states have implemented cuts in education due to budget shortfalls – for example, Georgia has cut aid to school districts by \$95 per pupil; the University of Florida has eliminated 430 faculty and staff positions; and the University of Kentucky is raising its tuition 9 percent. Slashing education services undermines future economic growth in a state.
- Making college more affordable through tax credits for college tuition for up to \$2,500 per year of school and increasing the Pell Grant by \$500. Expanding access to a college education builds the foundation for long-term economic growth.
- \$26 billion to boost learning in local school districts through Title I grants (\$13 billion) to help disadvantaged students reach high academic standards and IDEA Special Education grants (\$13 billion) to help special needs children succeed.

Tax Cuts to Make Work Pay and Create Jobs: We will provide direct tax relief to 95 percent of American workers, as President-elect Obama pledged, and spur investment and job growth for American businesses.

- Tax Relief for American Families
 - The Make Work Pay Tax Cut provides immediate and sustained tax relief to 95 percent of American workers, with a refundable tax credit of \$500 per worker and \$1,000 per couple, phasing-out at \$200,000 for a couple. These funds would be distributed almost immediately by reducing tax withholding from workers' paychecks and are a first step for permanent middle-class tax relief.
 - Every dollar in tax cuts creates more than \$1.00 in economic activity.
- Business Tax Incentives to Spur Investment and Job Growth
 - The Net Operating Loss Carryback provision gets cash flowing immediately to businesses during this credit crunch, allowing them to write off current losses against past profits up to 5 years (instead of just 2). This benefit is not available to companies that have benefited under the TARP.
 - Bonus Depreciation provides immediate tax relief for businesses investing in new plants and equipment by speeding up depreciation deductions.
 - Extending Small Business Expensing allows the doubling of the amount small businesses can immediately write off on their taxes for capital investments and for purchase of new equipment.
 - Providing businesses with a tax credit for hiring disconnected youth and veterans, and delaying withholding tax on government contractors provides small businesses with relief.
- A First-time Homebuyer Incentive repeals the payback requirement on this tax credit, and the proposal makes grants to states for low-income housing. Both will address the housing crisis at the root of our recession.
- Reinvigorating the Market for State and Local Government Bonds will create jobs by getting local projects moving, and providing tax credit and exempt bonds to areas hurt by the recession.

Lower Health Care Costs: To build a foundation for a strong economy in the long term, we need to take aggressive action to cut health care costs – which are burdening American businesses and families. Making a down payment on cutting health care costs will be the first step in achieving comprehensive health care reform. To save both money and lives, this bill makes key investments in updating and computerizing our health care system, thereby creating hundreds of thousands of jobs; expanded efforts in prevention and wellness; and beefed-up research on which medical treatments work best.

- \$20 billion for health information technology. We will create hundreds of thousands of new jobs by updating and computerizing our health care system-- in order to cut red tape, prevent medical mistakes, and help reduce health care costs by billions of dollars each year. A study by the Rand Corporation found that if most hospitals and doctors' offices computerized their health records, \$77 billion of savings could be achieved each year – cutting costs for providers and patients.
- \$3 billion for a prevention and wellness initiative. Over 75 percent of total health care dollars are spent on patients with one or more chronic conditions, including diabetes, heart disease, and high blood pressure. Numerous studies have shown that making increased investments in preventing these chronic conditions is one of the most effective ways to reduce health care spending, saving billions of dollars per year.
- \$1.1 billion for more research on the most effective medical treatments. By knowing what works best and presenting this information more broadly to patients and health care professionals, we can both reduce costs and improve the quality of care.

Help Workers Hurt by the Economy: High unemployment and rising costs have outpaced Americans' paychecks. We will help workers train and find jobs, and help struggling families make ends meet. Every dollar in unemployment or food stamp creates at least \$1.63 in economic activity, as these funds are spent quickly.

- Provide summer jobs for 1 million youth and job training to nearly 450,000 disadvantaged adults and dislocated workers.
- Provide extended unemployment benefits to an additional 3.5 million jobless workers through 2009 and modernize and increase unemployment benefits for 20 million jobless workers.
- \$39 billion to help those who lose their jobs pay the cost of keeping their employer-provided health care under COBRA, projected to help more than 3.5 million jobless workers, and providing short-term options to be covered by Medicaid; and
- Increase the food stamp benefit by over 13% to help offset rising food costs for 32 million Americans, half of whom are children.

Protect Public Service Jobs and Vital Services: We will provide relief to states, so that they can continue to employ teachers, firefighters and police and provide vital services without having to unnecessarily raise middle class taxes. Every dollar in state aid creates \$1.38 in economic activity.

- \$87 billion for a temporary increase in the Medicaid matching rate to preserve health care during a time of state budget crisis, and keep other vital services like education intact.
- \$4 billion for state and local law enforcement funding.