

## **American Recovery and Reinvestment Act: Strengthening Rural America**

**This deep recession has hit rural America hard. Declining commodity prices, high input costs, reduced demand, job layoffs and a looming credit crisis have left many in rural America struggling to make ends meet. The American Recovery and Reinvestment Act makes key investments that will create jobs now, while investing in our long-term economy. It will create or save 3.5 million American jobs, and cut taxes for 95 percent of working Americans. It focuses on key priorities for rural America, deploying broadband to connect rural communities to more economic opportunities and better health care and education, spurring the development of American renewable energy including biofuels and wind, strengthening small businesses, and rebuilding rural America's highways, waterways, and housing.**

*"The American Farm Bureau Federation is pleased with the broadband, renewable energy and tax provisions contained in the stimulus package that was signed by President Barack Obama today. These provisions will help the agriculture industry and all Americans through the economic recovery period." 2/17/09*

### **Expanding Broadband and Wireless Services**

- Provides \$7.2 billion for extending broadband and wireless services to underserved communities across the country, so that rural and inner-city businesses can compete with any company in the world.
- Allocates \$2.5 billion of this total to the Rural Utilities Service, which could use it to benefit 7,185 rural communities, 3.4 million residents and businesses, and potentially create 113,000 new jobs.
- For every dollar invested in broadband, the economy sees a ten-fold return on that investment.
- Only 38% of those living in rural America now have broadband at home, compared with 55% of all adult Americans. In rural communities, 24% of dial-up users said broadband wasn't available where they lived – more than seven times those in cities. [Pew Center for the Internet]
- As the Farm Bureau noted: "The \$7.2 billion allocated for broadband will help rural communities participate in our recovering economy, while modernizing rural education and healthcare. It will create great economic opportunities for rural Americans and allow farmers and ranchers to take advantage of technology to help them remain profitable and competitive."

### **Developing America's Renewable Energy**

- *Smart Grid*: Transforms the nation's electricity systems through the Smart Grid Investment Program to modernize the electricity grid to make it more efficient and reliable. This will jumpstart smart grid demonstration projects in geographically diverse areas. Installing a smart grid will help farms in the Midwest or the South produce electricity on their property through solar panels or wind turbines, which they will be able to sell back through the grid.
- *Renewable Energy Power*: Guarantees up to \$60 billion in loans for renewable energy power generation and electric transmission projects that begin in the next two years. These guaranteed loans would help ease credit constraints for investors in a range of renewable energy systems and projects such as wind or solar projects, electricity transmission projects and "leading edge biofuels projects."
- *Tax Credit for Renewable Energy*: Extends for three years the production tax credit (PTC) for electricity derived from wind (through 2012) and for electricity derived from biomass (through 2013). Wind energy projects are already creating new jobs in rural communities in manufacturing, transportation, and project construction. Another key to energy independence could come in the form of corncobs, cornstalks,

switchgrass, agricultural waste and byproducts, and other types of biomass including woody biomass from forests, which are spread across America and can be converted into clean renewable energy sources.

- *Easing Credit Crunch for Renewable Energy:* Provides grants of up to 30 percent of the cost of building a new renewable energy facility in 2009 and 2010 or permits that business to claim a 30 percent investment credit instead of a production tax credit. This will be helpful for those seeking to build plants to process biofuels – a crucial element of our plan to end our dependence on foreign oil.
- *Research:* Invests in energy efficiency and renewable energy research, development, demonstration and deployment (RDD&D), including \$800 million for biomass.
- *Alternative Fuel Pumps:* Increases tax incentives to install pumps that dispense alternative fuels including E85, biodiesel, hydrogen, and natural gas. More of these fuel pumps are needed to grow the market for biofuels, America's homegrown energy source.
- *Carbon Capture & Sequestration:* Makes key investments in carbon capture and sequestration technology demonstration projects to work toward making coal part of the solution and reducing the amount of carbon dioxide emitted from industrial facilities and fossil fuel power plants. (\$3.4 billion)
- As the Farm Bureau noted: "The tax incentives for renewable energy, particularly for new renewable fuels, will help build an industry that will provide farmers and ranchers with income and the rural economy with jobs, while contributing to a cleaner environment and reducing dependence on imported oil."

### **Creating Small Business Opportunities**

- *Rural Business Loans:* Guarantees nearly \$3 billion in loans for rural businesses at a time of unprecedented demand due to the credit crunch.
- *Small Business Loans:* Spurs more than \$21 billion in new investment in small business and small business loans, with guarantees needed to make loans more attractive to lenders and to free up capital for small businesses. This will give smaller firms access to the capital they need to stay afloat, create jobs and help drive an economic recovery.
  - Eliminates all fees on SBA-backed loans.
  - Establishes a new program that will allow SBA to make no-interest loans to firms that are struggling to make payment on existing debts.
  - Raises from 85 to 90 percent the portion of a loan that the Small Business Administration will guarantee.
- *Bonus Depreciation:* Helps businesses quickly recover costs of new capital investments by extending the increased bonus depreciation for businesses making investments in new plants and equipment in 2009.
- *Small Business Expensing:* Spurs small business investment by extending increased small business expensing, which doubles the amount small businesses can immediately write off for capital investments and purchases of new equipment made in 2009 from \$125,000 to \$250,000. This write-off phases out completely for investments over \$800,000 (up from \$500,000).
- *Economic Development:* Invests in Economic Development Administration (EDA) programs to address long-term economic distress in urban and rural areas, distributed based on need and ability to create jobs and attract private investment. Every \$1 in federal EDA funds leverages \$10 in private investments.
- As the Farm Bureau noted: "Farmers and ranchers will also greatly benefit from the extension of both the small business expensing levels and bonus depreciation tax, which will help them improve cash flow while aiding the economy by encouraging purchases of equipment."

### **Strengthening Farmers, Housing and Rural Communities**

- *Agricultural Disasters:* Provides \$752 million in relief money for farmers affected by the natural disasters of 2008, including those hard-hit by flooding and hurricanes in Louisiana, Texas, Oklahoma, Mississippi, Iowa, Illinois and Arkansas.
- *Farm Service Agency Payments:* Provides \$50 million for critical IT improvements to systems to process commodity and conservation payments as well as tracking payment and program eligibility, so that the country's 2 million farmers and ranchers can receive the payments they rely on in a timely way.

- *Loans for Farmers and Ranchers:* Provides \$173 million in direct loans to help farmers and ranchers facing dropping commodity prices and increased input costs. These funds will help them to purchase seed to plant in the spring and buy feed for their livestock.
- *Loans for Rural Housing:* Supports \$11 billion in direct loans and loan guarantees to help rural families and individuals buy homes during the credit crunch.
- *Rural Community Facilities:* Guarantees up to \$1 billion in loans for rural facilities, including facilities for health care, education, fire and rescue, and day care, as well as community centers and libraries.
- *State and Local Law Enforcement:* Includes \$4 billion to support state and local law enforcement, including Byrne Justice Assistance formula grants to support local law enforcement efforts with equipment and operating costs, and the COPS hiring grant program.
- *Public Safety and School Construction:* \$8.8 billion to states for high-priority needs such as public safety and other critical services, which may include education, including modernization, renovation and repair of public school and higher education facilities.
- *Focusing on High-Poverty Rural Areas:* Dedicates at least 10 percent of rural development funding to high-poverty counties for the Rural Housing Service, Rural Community Facilities Program Account, Rural Business-Cooperative Service, Rural Business Program Account, the Rural Utilities Service and the Rural Water and Waste Disposal Program Account.

### **Better Transportation, Waterways and Other Infrastructure**

- Creates hundreds of thousands of jobs through investment in transportation, with \$27.5 billion for highway construction. Targets a portion of highway construction funds towards improving outdated and crumbling highways and bridges in small and rural communities.
- Creates more than 200,000 jobs by modernizing our nation's water systems to strengthen the safety and cleanliness of our water and to ensure that about 3.4 million rural households have new or improved service. According to USDA, many rural communities still cannot afford to provide water to all residents and maintain sanitation systems - leaving thousands of families to haul water, rely on shallow wells, or use unsafe supplies. And water bills upwards of \$100 per month are not uncommon in rural areas.
  - *Rural Water and Waste Disposal:* Supports \$3.8 billion in grants and loans to help communities fund drinking water and wastewater treatment systems. This will bring investments to 94% of the public water supply systems in the nation, including rural water districts and municipal systems that serve less than 10,000 populations. [National Rural Water Association, 2/18/09]
  - *Clean Water and Safe Drinking Water:* \$6.4 billion for the Clean Water State Revolving Fund, the Drinking Water State Revolving Fund and other State and Tribal Assistance Grant programs, which provide assistance to local communities to construct and repair water and wastewater systems.
- Expands efforts at flood protection, navigation infrastructure, and providing clean, reliable drinking water to rural areas critical to the economy through the Army Corps of Engineers and the Bureau of Reclamation.
  - *Corps of Engineers:* Invests \$4.6 billion for environmental restoration, flood protection, hydropower, and navigation infrastructure critical to the economy.
  - *Bureau of Reclamation:* Includes \$1 billion to provide clean, reliable drinking water to rural areas and to ensure adequate water supply to western localities impacted by drought.
  - *Watershed Infrastructure:* Provides \$340 million for the Natural Resources Conservation Service watershed improvement programs to design and build flood protection and water quality projects, repair aging dams, and purchase and restore conservation easements in river flood zones.

### **Strengthening Rural Health Care**

- *Health Information Technology:* Makes an historic investment in rural America 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. It provides \$2 billion to the HHS Secretary to make sure that health care providers, especially in underserved communities, have money to invest and implement HIT in their facilities. These funds can also be used for telemedicine that can reduce health disparities in rural areas.

- *Staving off Cuts in Medicaid:* To help states avoid cuts in Medicaid enrollment and coverage, provides states an estimated \$87 billion in additional federal matching funds for Medicaid over a two-year period. Every state gets an across-the-board increase in matching funds of 6.2% and bonus payments based on the state's unemployment rate. More than one in four rural children rely on Medicaid for health care.
- *Reducing Health Professions Workforce Shortages:* Invests \$500 million for the training of doctors, dentists, mental health providers, specialized nurses, and additional public health workers to address the shortage of primary care providers; also helps pay medical school expenses for students who agree to practice in underserved communities.

### **Putting America's Veterans First**

- Rural America has made huge contributions to defending our country. Army recruitment rates in rural counties across the United States are about 20 percent above the national average, and the casualty rate of those serving in Iraq and Afghanistan [among those of military age (18 to 59)] is fifty percent higher in rural America than in urban areas. [DailyYonder.com, 11/13/07, 3/2/09]
- Invests in rebuilding military and veterans' facilities that were neglected for too long, as the Walter Reed scandal highlighted.
  - *Improving the Hospitals for Our Troops:* Provides \$1.3 billion for rebuild and renovate our aging military hospitals and ambulatory care centers. Many of these facilities are 40 or even 50 years old, and are not suited to current medical standards and practices.
  - *Strengthening VA Hospitals:* Provides \$1 billion for non-recurring maintenance to address deficiencies and avoid serious maintenance problems at the 153 VA hospitals across the country.
  - *Establishes Warrior Transition Complexes:* Provides \$100 million for warrior transition complexes to provide services to wounded warriors returning from combat and their families.
- Includes a range of other key provisions – including giving businesses tax credits for hiring unemployed veterans and providing disabled veterans a payment of \$250.
  - *Assistance to Military Homeowners:* Provides \$555 million for assistance to military homeowners, including wounded warriors and surviving spouses, who have been impacted by the housing crisis.
  - *Improving Troop and Family Housing & Expanding Child Care for Military Families:* Invests in building new barracks and dormitories for our service members and in new child development centers on military bases to help military spouses hold down jobs.
  - *Increasing VA Claims Processors:* Provides \$150 million for an increase in VA claims processing staff, in order to address the large backlog in processing veterans' claims.

### **Extending and Improving Unemployment Benefits**

- The rural unemployment rate climbed to 7.6 percent in December – higher than the national average of 7.1 percent. [Dailyyonder.com, 2/25/09]
- Continues through December 2009 the extended unemployment benefits program (which provides up to 33 weeks of extended benefits), that is otherwise scheduled to begin to phase out at the end of March 2009 – thereby helping an additional 3.5 million jobless workers.
- Increases unemployment benefits for 20 million jobless workers by \$25 per week.
- Every dollar in unemployment benefits creates at least \$1.63 in economic activity, according to chief economist Mark Zandi of Moody's Economy.com.

### **Providing Aid to Seniors, Disabled Veterans, and SSI Recipients**

- *Payments for Seniors and Veterans:* Provides 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 Department of Veterans Affairs. Rural communities have a disproportionate number of seniors.
- Rural communities are significantly older than their urban counterparts. Across America, 20 percent of rural Americans are older than 59 compared to 15 percent in cities. More than 8 million rural Americans receive Social Security checks each month – including 5.5 million seniors.