

American Recovery and Reinvestment Act:
A Progressive Plan to Create Jobs and Help Families

The American Recovery and Reinvestment Act is based on the simple premise: what is good for working families is good for the economy and what is good for the economy is good for working families. Specifically, cutting taxes for working families helps to create jobs because these families are the most likely to spend the money. And staving off a deep recession disproportionately helps working families that would have been most likely to get hurt by the recession. Here are some of the highlights of the plan:

- **Provides more than \$150 billion to low-income and vulnerable households – spurring increased economic activity that will save or create more than 1 million jobs.**
 - *The Congressional Budget Office finds that tax cuts and other benefits for low- and middle-income households are more than three times as effective stimulus as tax cuts for high-income households.*
- **Ensures that a family working full-time can raise their children above the poverty line.** Currently a family of four with one parent working full time at the minimum wage falls about \$400 below the poverty line. Under the American Recovery and Reinvestment Act this family would get \$800 from the Making Work Pay tax credit and about \$1,200 in additional refundable child tax credits – lifting them above the poverty line.
 - *In total more than 2 million Americans will be lifted above the poverty line.*
- **Extends child tax credits to 3 million children – and increases them for 10 million more.** The American Recovery and Reinvestment Act lowers the threshold for refundability of the child tax credit to \$3,000 – ensuring that a family with two children making \$16,333 gets the full benefit of the child tax credit. This step extends child tax credits to 3 million children – and expands them for 10 million more.
- **Ensures that all working households benefit from new tax credits.** The Making Work Pay tax credit is fully refundable for any household paying payroll taxes. And the American Opportunity Tax Credit for college is partially refundable – marking the first time that lower-income households benefit from the tax credits that help middle class families send their children to college.
- **The Recovery Act includes significant temporary expansions in food stamps, unemployment insurance, health coverage for the uninsured, and one-time payments to Social Security recipients and disabled veterans.** The recovery act is designed to protect the most vulnerable from the effects of the recession by temporarily increasing food stamps (a step that will act quickly with high bang-for-the-buck job creation as families spend the money), extending and expanding unemployment insurance benefits, subsidies to help the unemployed keep their health insurance, and one-time payments for Social Security recipients and disabled veterans.
- **The Recovery Act helps protect critical programs – keeping children from being cut from their health insurance and Temporary Assistance for Needy Families from being overloaded.**

American Recovery and Reinvestment Act:
A \$150 Billion Investment in Our Nation's Infrastructure – The Largest New Investment Since
the Construction of the Interstate Highway System

The American Recovery and Reinvestment Act makes a long-overdue, historic investment in our national infrastructure – including our roads, bridges, public transit, housing and broadband – to save or create nearly 400,000 jobs for American workers today and power enhanced economic growth for the decades to come. With the recent report that our nation's infrastructure earns a "D" grade for its poor and decaying condition, it is clear that we can no longer wait to take bold action to protect our families, businesses and communities. The Act meets this challenge by ensuring that all parts of the country can benefit from this bold effort by ensuring that all states receive funding; localities have the ability to use funds for their highest-need projects; and rural areas receive much-needed funds to address the backlog of clean water and infrastructure projects.

The Act includes \$150 billion in new federal infrastructure funding that reflect the President's belief that we can only strengthen our economy by investing in local communities:

- **Investing Over \$17 Billion in Public Transit and High-Speed Rail to Reduce Our Dependence on Foreign Oil:** The American Recovery and Reinvestment Act makes an unprecedented investment in public transit and innovative high-speed rail initiatives to bring new, efficient transportation alternatives to millions of Americans across the country and finally start breaking the grip of foreign oil on our nation's economy.
- **Safeguarding the Roads, Bridges, Dams, Ports, Rail and Water Systems Our Families Use Everyday with a Historic \$40 Billion, Two-Year Investment:** As our national infrastructure has crumbled, not only has our infrastructure become more unsafe for everyday use, but it has also become more vulnerable to attack. The Recovery and Reinvestment Act addresses this challenge head-on by focusing on ready-to-go repairs and maintenance that will make our infrastructure systems more resilient and secure, including supporting over 2,000 water infrastructure projects and enhancing the security of 90 major ports.
- **Expanding Broadband Access throughout America:** America once led the world in broadband access, but for years has fallen further and further behind other nations in our technology capacity, thereby depriving American citizens the necessary tools for success in the global economy. The Recovery and Reinvestment Act takes steps to ensure that nearly every community in America – urban, suburban and rural – has high-speed broadband access.
- **Addressing the Effect of Foreclosures in Our Hardest-Hit Communities:** As countless communities have seen their blocks consumed by more and more foreclosure signs, mayors and governors have not had the resources they need to address this growing crisis. The American Recovery and Reinvestment Act helps communities rebuild by providing an infusion of nearly \$15 billion to help communities execute plans to reduce the effects of foreclosures on families, neighborhoods and property values.

American Recovery and Reinvestment Act:
Providing Health Care to Those in Need While Making a Down Payment on Health Reforms that
Will Save Billions of Dollars and Countless Lives

As millions of people have lost their jobs, millions have lost their health insurance. Those that remain covered are paying more for less. And unrelenting health care costs are burdening business, state governments, and our economy. The American Reinvestment and Recovery Act will prevent health coverage loss and stabilize the system. It will make key investments now that will lower health spending in the long run. It is part of the Presidents' commitment to make health care affordable for all Americans.

- **Accelerating Adoption of Health IT Systems to Modernize the Health Care System, Save Billions of Dollars, Reduce Medical Errors and Improve Quality.** The American Reinvestment and Recovery Act will modernize the health care system by catalyzing the adoption of health information technology by 2014. The bill reduces health costs for the federal government by over \$12 billion over 10 years.
- **Protecting Health Care Coverage for Millions of Americans During This Recession.** The legislation provides \$87 billion in the form of a temporary increase the Federal Medical Assistance Percentage so that no state has to cut eligibility for Medicaid and SCHIP because of budget shortfalls. This investment will protect roughly 20 million people whose eligibility might otherwise be at risk. It will also generate considerable state economic activity, jobs and wages.
- **Providing Health Care Coverage for over 6.5 Million Americans.** The bill will provide Americans who lose their jobs a new 60% tax credit to keep their health insurance through COBRA This provision will help provide coverage for 6.5 million Americans.
- **Providing Evidence-Based Prevention to Americans.** The bill will provide \$1 billion for proven clinical preventive services and community-based prevention programs. Because more than half of Americans—156 million—go without the flu vaccine every year, this plan makes a significant investment in immunizations to remove the cost barrier. Further, given that 1 in 3 adults have a chronic disease, this plan tackles obesity, smoking and other health risks by expanding prevention programs that operate in communities across the nation.
- **Strengthening the Health Workforce.** The President believes that a strong health workforce, including doctors, nurses, community health workers and public health practitioners, are the lynchpin to an effective health care system. The bill provides \$500 million to support programs like the National Health Services Corps which place providers in underserved communities. Further, it will fund existing workforce programs (Title VII and VIII) which are critical for the education and training of the next generation of doctors and nurses.
- **National Institute of Health.** The bill invests \$10 billion in the National Institutes of Health. This funding will end the backlog of valid research projects that have been on hold due to inadequate budgets. According to Research America, this investment could create

70,000 jobs and stimulate the economy of every state because 90 percent of NIH funding is distributed to colleges, universities and research institutions across the country.

- **Comparative Effectiveness Research.** The bill invests \$1.1 billion in comparative effectiveness research. This provides patients and providers with better information on the relative merits of different treatment options. This investment could yield \$6 billion in system-wide savings according to the Congressional Budget Office.
- **Community Health Centers.** The bill invests \$2 billion in community health centers to support renovations and repairs, investments in health information technology, and critically needed health care services.
- **Indian Health Service.** The bill provides \$500 million to modernize health clinics and hospitals, support investment in health information technology, and allow for contract health services for Native Americans and Alaskan Natives.
- **Health and Human Services IT Security.** The bill provides \$50 million to the Department of Health and Human Services for information technology security.

American Recovery and Reinvestment Act:
The Largest Investment in Education in Our Nation's History – to Prevent Teacher Layoffs,
Modernize Schools and Help Make College Affordable

- **Preventing teacher layoffs and education cuts in every state.** A recent study by the University of Washington found that states are likely to cut nearly 15 percent of their education spending over the next three years, which could eliminate 574,000 education jobs. The ARRP will help prevent devastating cuts to education by providing \$49 billion to states and school districts to prevent layoffs and cuts in critical education services and \$25 billion in support for educating at risk students and those with special needs.
- **Making an historic \$25 billion investment in school construction, sufficient to renovate and modernize 10,000 schools.** The ARRP includes \$25 billion in school construction bonds, the largest investment in school modernization of the nation's public schools that will improve learning environments for millions of students and create thousands of jobs.
- **Doubling the number of children in Early Head Start and expanding Head Start.** The ARRP will double the Early Head Start program, which will provide an additional 350,000 children access to quality pre-k services. Taken together, investments in Head Start and Early Head Start are estimated to create 50,000 to 60,000 new jobs, many of which are held by low-income women.
- **Providing quality child care for an additional 150,000 children and keep 200,000 children from being dropped from care.** The plan's \$2 billion investment in the Child Care Development Block Grant will help an increasing number of families during the downturn who are struggling to afford care and allow parents to hold onto their jobs.
- **Providing a new higher education tax cut to nearly 4 million students.** Helping people afford college is particularly important during an economic downturn. When people are unable to find work one of the best investments we can make is to improve the skills of the workforce. The ARRP will create a new \$2,500 American Opportunity Tax Credit that is partially refundable. As a result, the nearly one-fifth of high school seniors who receive no tax credit under the current system will receive a tax cut to make college affordable for the first time.
- **Increasing college affordability for 7 million students by funding the shortfall in Pell Grants and increasing the maximum award level by \$500.** Demand for the Pell Grant has surged during the economic downturn. The ARRP will ensure the Pell Grant is available to those who need it and make the award more generous.
- **Investing in data systems to improve student achievement.** The ARRP will enable States and school districts to put in place comprehensive data systems that provide teachers, parents, and students with the useful, real-time information they need to support student achievement and growth. These critical, one-time investments will enable policymakers to continually measure the progress of students, schools, districts, and States in meeting high standards.

- **Maintaining key education reforms during the economic downturn.** The AARP ensures that States, districts, and schools can continue pursuing important education reforms enacted by Congress that have effectively closed the student achievement gap. The plan will ensure that there are high-quality teachers in the classroom, especially in low-income and minority communities and for high-need subject areas such as science and math. The plan will support compensation and incentive systems that fairly reward educators for their performance. And the plan will invest in school systems and organizations with track records of success to expand their work and share what's working with educators and policymakers across the nation.

<p style="text-align: center;">American Recovery and Reinvestment Act: <u>Moving America Toward a Clean Energy Future</u></p>
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Our nation's current energy system is failing to provide the clean and secure energy needed to power a 21st century economy. It is imperative that we accelerate the development and deployment of clean and renewable energy. The Clean Energy Finance Authority (CEFA) is designed to coordinate, amplify and elevate our nation's investment in a clean energy future. Renewable power has grown dramatically over the past several years. Unfortunately, the current credit crisis has brought this dynamic progress to a halt. The CEFA programs included in the Recovery Plan will revive the renewable industry and double the amount of renewable energy produced over the next three years. Collectively, the funding is expected to leverage nearly \$100 billion in clean energy projects.

BUILDING A BIGGER, BETTER, SMARTER GRID

More than \$11 billion is included in the recovery plan to create a bigger, better, smarter electric grid. Combined, these investments will allow for: integration and use of greater amounts of renewable energy; increased utilization of innovative efficiency technologies; and a reduction in the electric congestion that costs ratepayers billions of dollars each year.

We know that the existing electricity grid today is insufficient and outdated. In order to bring significant amounts of renewable energy online, tens of thousands of miles of new, high voltage national transmission is necessary. For example, North Dakota – a state with significant wind energy potential – cannot carry the energy to the population centers that need the electricity without a new transmission superhighway. While this new nationwide “superhighway” will require long-term policy changes and years of planning, much work can begin today. And the Recovery Plan will jumpstart that work through key investments:

- The upfront investments and reforms in modernizing our nation's electricity grid will result in more than 3,000 miles of new or modernized transmission lines.
- The Plan will also create a smarter grid and deploy 40 million “Smart Meters” in American homes, upgrading transmission and distribution technologies that have not significantly changed in a half century. A smarter way to deliver electricity to consumers can lower utility bills, reduce power outages and enable more cutting edge renewable and electric vehicle technologies.
- While permitting thousands of miles of new high voltage lines will take time, a \$100 million workforce training program can overcome a key obstacle: a projected shortage of lineworkers as the aging transmission workforce enters retirement. Workers who train today will be prepared to construct thousands of new miles in the future.

INCREASING ENERGY EFFICIENCY

Energy efficiency, by many measures, is our fastest, cheapest and cleanest opportunity to address our energy challenges. From cars and homes to factories and offices, we know how to cost effectively deliver vast quantities of energy savings today. The American Reinvestment and Recovery Plan includes a number of measures to improve energy efficiency across the US economy by:

- **Reducing Federal Government Energy Use.** The federal government is the largest energy consumer in the world. Making substantial investments to reduce federal energy consumption through energy efficiency upgrades to federal buildings can spur job creation while slashing the federal government's energy bill by 25%.
- **Increasing Low-Income Weatherization Funding .** Across the nation, millions of working families spend a significant portion of their income to run their furnaces, air conditioners and keep the lights on. By upgrading a home's furnace, sealing leaky ducts, fixing windows, and adding insulation we can cut energy bills by up to \$350 per year. And by adding energy efficient appliances and lighting the savings are even greater. The critical funding in the recovery package will help weatherize over 1 million homes.
- **Providing Energy Efficiency Grants to States.** Many states and local governments have created dedicated clean energy programs and are implementing effective strategies to support significant new project and market deployment. Facing budget shortfalls, however, states and local governments now lack sufficient financial resources to tap the full potential of clean energy development and deployment. This situation is exacerbated with private sector financing drying up as a result of the recent credit crisis. With funding from the recovery plan, states and local governments will be able to quickly accelerate clean energy development and create jobs.

GREEN JOBS TRAINING

Amidst the challenges facing our national and global economies, there is a critical opportunity to develop the industries and skilled workforce needed to support a transition to a clean energy economy. Both traditional and clean technology energy companies regularly cite their inability to hire and retain trained workers. The American Recovery and Reinvestment Plan will create a sustainable, public program that leverages significant private labor-management funds and provides quality workforce training linked to good jobs that are created by federal renewable energy and energy efficiency initiatives. Creating programs that quickly and effectively train workers is essential to economic and programmatic goals of the entire stimulus effort.