

The American Reinvestment and Recovery Act Jumpstarting our Economy and Investing in Our Future

The American economy is in the midst of a crisis unlike any we have seen in our lifetime. The economy lost 3.6 million jobs in the last 13 months, the biggest job loss since the end of World War II. Many experts believe unemployment could reach double digits if no action is taken. In light of this historic economic weakness, President Obama is working with Congress to enact the American Recovery and Reinvestment Act, a nationwide effort to create jobs and transform our economy to compete in the 21st century. The \$789 billion compromise package represents the most ambitious effort to stimulate the economy in our nation's history. The package will:

- ***Create or save 3.5 million jobs over the next two years.*** Based on an analysis by the Council of Economic Advisers, the \$789 billion package will meet the goal of creating or saving at least 3.5 million jobs over the next two years. Jobs created will be in a range of industries from clean energy to health care, with over 90% in the private sector.
- ***Provide nearly 40 percent of the package in direct relief to working and middle class families:*** The package includes about \$230 billion in tax cuts for middle class families, including a Making Work Pay tax credit for 95% of workers and their families. In addition, the package provides direct relief for families by expanding unemployment insurance and offering payments to Social Security beneficiaries and veterans. The vast majority of the remainder of the package is provided in state fiscal relief and investments that also benefit working families.
- ***Double renewable energy generating capacity over three years.*** It took 30 years to reach current levels of renewable energy production. This package will double that level over the next three years – enough to power 6 million American homes.
- ***Invest \$29 billion in a Clean Energy Finance Authority and Renewable Tax Credits that together will leverage an additional \$100 billion in private investment in the renewables sector.*** The finance authority will provide loan guarantees and other financial support to help ease credit constraints for renewable energy investors and catalyze new private sector investment.
- ***Make a \$150 billion investment in our nation's infrastructure – the largest investment since the interstate highway system in the 1950s:*** It includes a \$17 billion investment in public transit and high speed rail, an historic effort to upgrade or nation's electricity grid, and a \$7 billion investment to expand broadband coverage throughout the nation.
- ***Protect 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.

- ***Provide \$25 billion in school construction bonds.*** This is the most ambitious school modernization program on record, sufficient to upgrade 10,000 schools and improve learning environments for approximately 5 million children.
- ***Enact the most significant expansion in tax cuts for low- and moderate-income households ever:*** Under current law, a family of four earning the minimum wage currently lives below the poverty line. Under the plan, that family will be lifted out of poverty by a combination of an \$800 Making Work Pay tax credit and \$1,200 from an expanded child tax credit. All told, more than 2 million people would be lifted out of poverty by the plan.

The American Reinvestment and Recovery Act DETAILED METRICS

The American Recovery and Reinvestment Plan is designed not only to jumpstart our economy and create jobs, but to lay the foundation for a more competitive 21st century economy. Through investments in clean energy, health care, education and other areas, the plan will address long-ignored national priorities and while making a down payment on our nation's economic future.

Spurring a Clean Energy Economy

- ***Doubling renewable energy generating capacity over three years.*** It took 30 years for our nation to reach its current level of renewable generating capacity – the recovery and reinvestment plan will double that level over the next three years. That increase in capacity is enough to power 6 million American homes.
- ***Jump-starting the transformation to a bigger, better, smarter grid.*** 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 and 40 million "Smart Meters" in American homes.
- ***Weatherizing homes to save low-income families on average \$350 per year and cutting the federal government's energy bill by 25% through energy efficiency retrofits.*** Today, the federal government is the world's largest consumer of energy. The recovery and reinvestment plan will make an historic investment in upgrading the federal building stock that will save taxpayer dollars and help catalyze a green building industry.

Lowering Health Care Costs and Ensuring Broader Health Care Coverage

- ***Accelerating adoption of health IT systems to modernize the health care system, save billions of dollars, reduce medical errors and improve quality.*** The President's plan would modernize the health care system by catalyzing the adoption of health information technology.
- ***Protecting health care coverage for millions of Americans during this recession.*** The plan will increase the Federal Medicaid 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. The investment is equivalent to the state share of health coverage for over 30 million children.
- ***Providing health care coverage for nearly 6.5 million Americans.*** The President's plan provides 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 President's plan 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.

Preparing Our Children for the 21st Century Economy

- ***An historic investment to school modernization, sufficient to renovate and modernize 10,000 schools.*** This historic investment in upgrading the nation's public schools will improve learning environments for millions of students.
- ***Increasing college affordability for 7 million students by funding the shortfall in Pell Grants and increasing the maximum award level by \$500.***
- ***Providing a new higher education tax cut to nearly 4 million students.*** The plan 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.
- ***Tripling the number of undergraduate and graduate fellowships in science, to help spur the next generation of home grown scientific innovation.***
- ***Expanding the number of children and families receiving quality preschool services.*** The plan will double the Early Head Start program, which will not only provide an additional 350,000 children access to quality pre-k services, but will create at least 15,000 new teaching and teaching assistant jobs, as well as new supervisory and support positions. Significantly increase investment in Head Start and quality child care.
 - ***Preventing teacher layoffs and education cuts in every state, investing in data systems to improve student achievement and maintaining key reforms.***

Rebuilding America's Roads and Bridges and Investing in 21st Century Infrastructure

- ***Enacting the largest investment increase in our nation's roads, bridges and mass transit systems since the creation of the national highway system in the 1950s.*** The plan will repair and modernize thousands of miles of roadways in the U.S. and providing new mass transit options for millions of Americans.
- ***Enhancing the security of 90 major ports, to improve homeland security, increase international trade and commerce, and create jobs.***
- ***Modernizing our nation's water systems with funding to support 1,300 new wastewater projects, 380 new drinking water projects and construction of 1000 rural water and sewer systems, ensuring that 1.5 million people have new or improved service.***

- ***Supporting our troops and veterans*** by making much-needed repairs to military housing units and accelerating modernization of VA medical facilities to properly serve our veterans

Supporting America's Working Families

- ***Providing an \$800 Making Work Pay tax cut for 95 of workers and their families.***
- ***Ensuring 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.*
- ***Extending 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.
- ***Ensuring 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.

Changing the Way Washington Does Business

- ***No earmarks*** for any proposal in the American Recovery and Reinvestment Plan.
- ***Full transparency.*** When the plan is enacted, all citizens will have the ability to see how recovery funds are spent on a new website, www.recovery.gov.
- ***Strict oversight with independent review.*** A Recovery Act Accountability and Transparency Board drawn from the cabinet departments that are central to the recovery, advised by an outside panel, will provide regular reports to Congress and action alerts about urgent issues.
- ***New public-private partnerships to support innovation.*** The government will unleash the productivity of the private sector by removing unnecessary obstacles to reform.
- ***Fundamentally reform the nation's unemployment insurance system to more efficiently address the challenges and realities of the 21st century workforce.***