

H.R.1 - The American Recovery and Reinvestment Act Key Components

Clean, Efficient, American Energy

- * Doubling our renewable energy production and renovate public buildings to make them more energy efficient while creating more than 500,000 jobs. Provide energy efficiency funds for the nation's schools, offer support for the nation's governors and mayors to tackle their energy challenges, and establish a new loan guarantee program to keep our transition to renewable energy on track during the economic crisis.
- * Transforming our nation's electricity systems through the Smart Grid Investment Program to modernize the electricity grid to make it more efficient and reliable and give consumers more choice in their energy consumption at home while spurring research and development to foster energy independence, reduce carbon emissions, and cut utility bills and building new power lines that can transmit clean, renewable energy from sources throughout the nation.
- * Supporting U.S. development of advanced vehicle batteries and battery systems through loans and grants so that America can lead the world in transforming the way automobiles are powered and other initiatives to promote the use of alternative fuel vehicles by federal state and local governments.
- * Helping state and local governments make investments for greater energy efficiency and reduce energy usage, including building and home energy conservation programs, energy audits, fuel conservation programs, building retrofits, and "Smart Growth" planning and zoning. Encouraging states to adopt updated energy-efficient building codes and regulatory policies to encourage utility-sponsored gains in energy efficiency.
- * Provides consumer rebates to buy energy efficient appliances to replace old ones to lower energy bills.
- * Extends the production tax credit (PTC) for electricity derived from wind (through 2012) and for electricity derived from biomass, geothermal, hydropower, landfill gas, waste-to-energy and marine facilities (through 2013). Also permits businesses that place new renewable energy facilities in service during 2009 and 2010 to claim either a 30 percent investment tax credit (ITC) instead of the production tax credit, or apply for a grant of up to 30 percent of the cost of building a new renewable energy facility from the Energy Department.
- * Extends and expands tax credits through 2010 for purchases such as new furnaces, energy-efficient windows and doors, or insulation. Increases the credit from 10 percent to 30 percent of the cost of the investment and raises the credit cap from \$500 to \$1,500, helping American families save money on their energy bills.
- * Includes clean renewable energy bonds for State and local governments, electric cooperatives and public power to finance facilities that generate electricity from

renewable resources and qualified energy conservation bonds for State and local governments to make a variety of energy conservation investments.

* Establishes an enhanced R&D tax credit for research expenditures in the fields of fuel cells, battery technology, renewable energy, energy conservation technology, efficient transmission and distribution of electricity, and carbon capture and sequestration, in 2009 and 2010.

* Increases incentives to install pumps that dispense alternative fuels including E85, biodiesel, hydrogen, and natural gas.

* Establishes a new program to upgrade HUD sponsored low-income housing (elderly, disable and Section 8) to increase energy efficiency, including new insulation, windows, and furnaces and invests in energy efficiency upgrades in public housing, including new windows, furnaces, and insulation to improve living conditions for residents and lower the cost of operating these facilities.

* Landmark provisions to improve the energy efficiency for more than 1 million modest-income homes through weatherization, expanding the number of families (from 150% to 200% of the federal poverty income levels) and the aid level (from \$2,500 to \$5,000 per household) to keep up with the rising prices of these upgrades.

* Provides \$500 million to train workers for green-collar jobs. Creates new modernization, renovation, and repair programs for schools and colleges, with a minimum of 25 percent of the funds focused on green building projects. Energy sustainability and efficiency grants and loans to help school districts, colleges, local governments, and some hospitals become more energy efficient.

* Makes an historic investment in upgrading federal buildings and making them energy efficient -- as part of an effort to modernize more than 75% of federal building space and save taxpayers \$2 billion per year in lower federal energy bills.

Transforming Our Economy with Science, Technology & Innovation

* Supports the National Science Foundation, putting the NSF budget on track to double over the next seven years, as called for under the America COMPETES Act to meeting the economic and environmental challenges facing the country, and competing in an increasingly intense global economy.

* Provides resources for Department Of Energy's Office of Science, putting the office's budget also on track to double over the next seven years, as called for under the America COMPETES Act in the fields of climate science, advanced computing, biofuels, high-energy physics, nuclear physics, and fusion energy sciences – areas crucial to our energy future.

* Supports the Advanced Research Project Agency-Energy (ARPA-E) to support high-

risk, high-payoff research into energy sources and energy efficiency in collaboration with private industry and universities.

* New resources for the Commerce Department's National Institute of Standards and Technology (NIST), putting its budget also on track to double over the next seven years, as called for under the America COMPETES Act for competitive construction grants for research science buildings at colleges, universities, and other research coordination research efforts at laboratories and national research facilities by setting standards for manufacturing, speeding the development of high-risk, transformative research targeted to address key societal challenges, and improving the productivity and competitiveness of small manufacturers.

* \$2 billion for the National Institutes of Health to study diseases such as Alzheimer's, Parkinson's, cancer, and heart disease, and implement the repair and improvement plan developed by NIH for its campuses. Additional support for NASA to put more scientists to work doing climate change research and resources to renovate university research facilities and help them compete for biomedical research grants.

Investments in Information Technology Infrastructure

* Provides support 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. For every dollar invested in broadband, the economy sees a ten-fold return on that investment.

Health Information Technology

* Provides support 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 as a result of this legislation, approximately 90 percent of doctors and 70 percent of hospitals will be using electronic medical records within the next 10 years.

Lowering Health Care Costs and Ensuring Broader Coverage

* Protects health care coverage for millions of Americans during this recession, by providing an estimated \$87 billion in additional federal matching funds to help states maintain their Medicaid programs in the face of massive state budget shortfalls, over a two-year period.

* As millions of people are losing their jobs in this recession, they are also losing their health insurance. This bill has two provisions to help maintain health insurance coverage during this downturn. 1) COBRA currently provides temporary coverage for workers between jobs, but it is expensive. A typical family premium on COBRA is over \$1,000 a month. To help people maintain their health coverage, the bill provides a 65% subsidy for COBRA premiums for up to 12 months for people who were involuntarily separated

from their jobs between 9/1/08 and 12/31/09. 2) Recognizing that not all workers are eligible for COBRA, the bill also provides states the temporary option of offering coverage to unemployed workers through their Medicaid programs, with the federal government matching 100 percent of the costs of benefits and administration. The bill also provides that COBRA-eligible workers who are 55 or older, or have worked for an employer for 10 years or more, can extend their COBRA coverage, at their own expense and with no federal cost, until they become Medicare-eligible at age 65 or secure coverage through a subsequent employer.

* Makes the single largest investment in prevention in history for a new Prevention and Wellness Fund including funding for immunization programs that enable public health departments to operate childhood, adolescent, and adult immunization programs; funding for the Preventive Health and Health Services Block Grant, which provides needed resources to state and local public health departments to address prevention and wellness at the local level; hospital infection prevention programs to reduce the incidence of hospital-acquired infection and assures funding for evidence-based clinical and community-based prevention strategies.

* Provides for comparative effectiveness research, in order to help patients and doctors determine the effectiveness of different medical treatments.

* Provides \$1.5 billion for community health centers and \$600 million for the training of doctors, dentists, and nurses – to address the shortage of primary care providers.

Investing in Education for the 21st Century

* Provides \$20 billion for school modernization, including \$14 billion for K-12 schools and \$6 billion for higher education institutions. Also provides \$1 billion for Educational Technology State Grants, which are used to integrate technology into curricula in order to improve teaching and learning.

* Creates a new “American Opportunity” tax credit with a maximum of \$2,500 rather than the current maximum of \$1,800 and makes this new “American Opportunity” tax credit available to nearly 4 million low-income students who had not had any access to higher education tax credits in the past by making it partially refundable.

* Increases the maximum Pell Grant by \$500, for a maximum of \$5,350 in 2009 and \$5,550 in 2010, and also funding the shortfall in the program, adds \$490 million to the vital College Work-Study program that supports undergraduate and graduate students who. Increases the limit on unsubsidized Stafford loans by \$2,000.

* Provides \$2.1 billion for Head Start, including \$1 billion for the vital Early Head Start infant and toddler program and \$2 billion for the Child Care Development Block Grant to provide child care services to an additional 300,000 children in low-income families while their parents go to work and \$600 million for IDEA Infants and Families, which provides grants to states to assist them in making early intervention services available to

children with disabilities age 2 and younger and their families.

* Prevents teacher layoffs and other cutbacks in education and other key services, by establishing a \$79 billion State Fiscal Stabilization Fund because states are facing an unprecedented, massive fiscal crisis.

* Provides for additional Title I grants to help disadvantaged kids reach high academic standards – ensuring that in this period of tight state and local budgets these vital services are maintained.

* Provides grants for IDEA (Special Education) to increase the federal share of these costs to a record 27 percent, and prevent these mandatory costs from forcing states to cut other areas of education.

* Provides \$300 million for improving teacher quality.

Creating Jobs by Modernizing Roads, Bridges, Transit and Waterways

* Creates 835,000 jobs through investment in transportation, with \$30 billion for highway construction. States have over 5,100 projects totaling over \$64 billion that could be under contract within 180 days.

* Includes strict accountability measures to ensure that highways and transit funds get out the door quickly to create jobs. Requires states to obligate 50 percent of the highway and transit funding within 180 days or the Transportation Department can reclaim some of the states' highway/transit funding in the bill.

* Creates 200,000 jobs by making investments in transit and rail to reduce traffic congestion and our dependence on foreign oil (\$10 billion). Provides funds for new construction of commuter and light rail, modernizing existing transit systems, and purchasing buses and equipment needed to increase public transportation and improve intermodal and transit facilities.

* Makes an historic investment in upgrading federal buildings and making them energy efficient -- as part of an effort to modernize more than 75% of federal building space and save taxpayers. The federal government is the world's largest consumer of energy.

* Creates more than 375,000 jobs by modernizing our nation's water systems to strengthen the safety and cleanliness of our water and to ensure that 3.4 million rural households have new or improved service.

* Expands efforts at environmental restoration, flood protection, hydropower, and navigation infrastructure and providing clean, reliable drinking water to rural areas critical to the economy through the Army Corp of Engineers and the Bureau of Reclamation. Strengthens environmental cleanup efforts for Superfund, cleanup of petroleum leaks from underground storage tanks, nuclear waste cleanup, and brownfields

that have the added benefit of creating jobs.

Building Energy Efficient and Affordable Housing

* Puts people to work building, repairing and modernizing housing, reducing long term utility costs and helping those most affected by the housing crisis. Repairs and modernizes public housing, with 20 percent of the investment dedicated to energy efficiency. Helps local communities build and rehabilitate low-income housing using green technologies. Thousands of ready-to-go housing projects have been stalled by the credit crunch.

* Provides for the purchase and rehabilitation of foreclosed, vacant properties by local communities in order to create more affordable housing and reduce neighborhood blight.

* Supports \$22 billion in direct loans and loan guarantees to help rural families and individuals buy homes during the credit crunch.

Tax Cuts for Middle-class Families and American Businesses

* The Make Work Pay Tax Cut provides immediate and sustained tax relief to 95 percent of American workers through a refundable tax credit of up to \$500 per worker (\$1,000 per couple filing jointly), phasing out at \$200,000 for couples filing jointly and \$100,000 for single to be distributed to millions of families by reducing tax withholding from workers' paychecks.

* Cuts taxes for the families of more than 16 million children through an expansion of the child tax credit. Expands the Earned Income Tax Credit by providing tax relief to families with three or more children and increasing marriage penalty relief.

* Helps first-time homebuyers and strengthens the housing market by enhancing the current \$7,500 credit for first-time home purchases with the removal of the current repayment requirement.

* Allows businesses to improve cash flow by providing a 5-year carryback of net operating losses (NOLs). This would allow businesses to write off 90% of losses incurred in 2008 and 2009 against taxes assessed over the previous five years (current law limits NOL carryback to the previous two years). This would not be available to companies that have benefitted under the TARP.

* 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. Spurs small business investment by extending small business expensing, which doubles the amount that small businesses can immediately write off on their taxes for capital investments and for purchase of new equipment in 2009.

* Provides small businesses with relief by repealing the onerous 3% withholding tax on

payments to government contractors.

* Provides incentives to create new jobs with business tax credits for hiring recently discharged unemployed veterans and youth that have been out of work and out of school for the 6 months prior to hire.

* Reinvigorates the market for State and local government bonds. The bill would enhance the marketability for State and local government bonds, which will reduce the costs they incur in financing State and local infrastructure projects.

* Provides relief for America's hardest hit areas. The bill would provide a separate tranche of tax credit and tax-exempt bonds for development in "Recovery Zones" (areas hit particularly hard by high rates of job loss, poverty, home foreclosure, and general distress).

* Creates a new bond-financing program for school construction, rehabilitation, or repair. The bill would provide State and local governments with \$22.4 billion in tax credit bonds over the next two years to supplement Federal and State efforts to modernize our nation's schools.

* Provides temporary grant program to States in lieu of tax credits to support investment in low-income housing.

Helping Workers Hurt by the Recession

* 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, and encourages states to modernize their UI systems to keep up with the changing workforce with expanded coverage.

* Increases food stamp benefits by over 13% to help offset rising food costs for more than 31 million Americans, half of whom are children. Provides \$726 million for Afterschool Meals to increase the number of states that provide free healthy dinners to children in need. Provides \$200 million for Emergency Food and Shelter to help local community organizations provide food, shelter, and support services for the nation's hungry and homeless and for people in economic crisis. Provides \$200 million for formula grants to states for elderly nutrition services including Meals on Wheels and Congregate Meals. Provides \$150 million for the Emergency Food Assistance Program to purchase commodities for food banks to refill emptying shelves.

Helping Workers Find Jobs

* Provides for job training including formula grants for adult job training, dislocated worker job training, and youth services (including \$1.2 billion to create up to one million summer jobs for young people).

Provides \$500 million for state formula grants to help persons with disabilities prepare for gainful employment. Provides \$500 million to match unemployed individuals to job openings through state employment service agencies and allow states to provide customized services. Offers Community Service Employment for Older Americans: Provides \$120 million to provide subsidized community service jobs to an additional 24,000 low-income older Americans.

Increasing SSI Benefits

* Provides 7.5 million blind, disabled and aged Americans an immediate \$450 (\$650 per couple) through temporarily increasing Supplemental Security Income (SSI) benefits.

Increasing Low-Income Home Energy Assistance (LIHEAP)

* Provides \$1 billion to help low-income families pay for home heating and cooling at a time when more and more families are struggling to make ends meet.

Restoring Child Support Enforcement Funding

* In 2006, legislation cut federal funding for child support enforcement by precluding states from receiving federal matching funds when reinvesting incentive funding for the program. This bill would help tens of thousands of families by suspending this change in FYs 2009 and 2010, thereby restoring full federal funding for collecting child support owed to families.