



# Introduction of American Recovery and Reinvestment Act

January 16, 2009

Yesterday afternoon, House of Representatives Committee on Appropriations Chair Dave Obey introduced legislation that proposes to save or create over 3 million jobs while investing in priorities like healthcare, energy, and education to jumpstart economic growth. This Act represents not just new policy, but a new approach to meeting our country's most urgent challenges.

In the next two weeks, the Congress will be considering the American Recovery and Reinvestment Act of 2009. This package is the first step in an effort to create and save jobs, invigorate our economy, and begin the process of transforming it for the 21st century with \$275 billion in economic recovery tax cuts and \$550 billion in investments.

The package contains targeted efforts in:

## **Creating Clean, Efficient, American Energy**

- \$32 billion to transform the nation's energy transmission, distribution, and production systems by allowing for a smarter and better grid and focusing investment in renewable technology
- \$16 billion to repair public housing and make key energy efficiency retrofits
- \$6 billion to weatherize modest-income homes

## **Transforming our Economy with Science and Technology**

- \$10 billion for science facilities, research, and instrumentation
- \$6 billion to expand broadband internet access so businesses in rural and other underserved areas can link up to the global economy

## **Modernizing Roads, Bridges, Transit and Waterways**

- \$30 billion for highway construction
- \$31 billion to modernize federal and other public infrastructure with investments that lead to long term energy cost savings
- \$19 billion for clean water, flood control, and environmental restoration investments
- \$10 billion for transit and rail to reduce traffic congestion and gas consumption

## **Expanding Education for the 21st Century**



- \$41 billion to local school districts through Title I (\$13 billion), IDEA (\$13 billion), a new School Modernization and Repair Program (\$14 billion), and the Education Technology program (\$1 billion)
- \$79 billion in state fiscal relief to prevent cutbacks to key services, including \$39 billion to local school districts and public colleges and universities distributed through existing state and federal formulas, \$15 billion to states as bonus grants as a reward for meeting key performance measures, and \$25 billion to states for other high priority needs such as public safety and other critical services, which may include education
- \$6 billion for higher education modernization

#### **Providing Tax Cuts to Make Work Pay and Create Jobs**

- Direct tax relief to 95 percent of American workers, and spur investment and job growth for American businesses

#### **Lowering Healthcare Costs**

- \$20 billion for health information technology to prevent medical mistakes, provide better care to patients and introduce cost-saving efficiencies
- \$4.1 billion to provide for preventative care and to evaluate the most effective healthcare treatments

#### **Helping Workers Hurt by the Economy**

- \$43 billion for increased unemployment benefits and job training
- \$39 billion to support those who lose their jobs by helping them to pay the cost of keeping their employer provided healthcare under COBRA and providing short-term options to be covered by Medicaid
- \$20 billion to increase the food stamp benefit by over 13% in order to help defray rising food costs

#### **Saving Public Sector Jobs and Protect Vital Services**

- \$87 billion for a temporary increase in the Medicaid matching rate
- \$4 billion for state and local law enforcement funding

Gray Plant Mooty's Economic Recovery team is closely monitoring this new legislation and has already begun a comprehensive analysis of its impact on our clients. In addition to providing frequent e-alerts on changes to the Act, GPM's Economic Recovery team will host a related client program once the Act is finalized.