Recovery Act: Next Steps

For the spending: After the President signs the Recovery Act into law, OMB and Treasury will quickly make the funding provided in the Act available to agencies. Federal agencies will allocate these funds in five primary ways --

By Formula. Certain funds in the Act are allocated by a formula – usually set in law -- to States and localities. Examples include:

- Medicaid (Federal Medicaid Assistance Percentage payments)
- State Fiscal Stabilization Fund
- Highway Infrastructure Investment

By Competition. Other programs allocate funding through competitive solicitations. In the coming weeks, agencies will distribute requests for proposals and convene panels to evaluate applications. Examples of agencies and programs that have or will hold such competitions include:

- National Institutes of Health
- National Science Foundation
- Broadband program

By Demand. Some programs respond directly to demand from eligible individuals, including:

- Premium Subsidies for COBRA Continuation Coverage
- Unemployment Insurance
- Education Pell Grants
- Food Stamps
- Small Business Loans

By One-Time Automatic Disbursement. The Recovery act includes some one time benefits, such as payments of $250 to Social Security, Veterans and Supplemental Security Income beneficiaries.

By Agency Plan. Many programs in the Act allocate funding according to public operating and spending plans. These programs include:

- Environmental cleanup of nuclear waste sites
- National Parks construction
- Defense and Veterans infrastructure programs

For the tax cuts: Many of the tax provisions in the Act will quickly take effect providing relief to taxpayers and businesses across the country.

Through **Recovery.gov**, the public will be able to track spending from the Act. Current estimates are that three-fourths of the spending and tax cuts will occur within 18 months of enactment.

Source: OMB
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