



Representing the 12th Congressional District of Michigan

American Recovery and Reinvestment Fact Sheet

Congress is considering the American Recovery and Reinvestment Plan. This recovery package is the first crucial step in a concerted effort to create and save 3 to 4 million jobs, jumpstart our economy, and transform it for the 21st century.

The House package contains a total of \$825 billion: \$550 billion is strategically targeted to priority investments with a further \$275 billion in targeted tax cuts to help spur economic recovery. There are no earmarks included in this legislation.

The Office of Management and Budget estimates that at least 75 percent of the overall package will be spent over the next year and a half.

HELP WORKERS HURT BY THE ECONOMY

High unemployment and rising costs have outpaced Americans' paychecks. We will help workers train and find jobs, and help struggling families make ends meet. Every dollar in unemployment or food stamp creates at least \$1.63 in economic activity, as these funds are spent quickly.

- Provide extended unemployment benefits to an additional 3.5 million jobless workers through 2009 and modernize and increase unemployment benefits for 20 million jobless workers.
- \$39 billion to help those who lose their jobs pay the cost of keeping their employer-provided health care under COBRA, projected to help more than 3.5 million jobless workers, and providing short-term options to be covered by Medicaid; and
- Increase the food stamp benefit by over 13% to help offset rising food costs for 32 million Americans, half of whom are children.

MODERNIZE ROADS, BRIDGES, TRANSIT AND WATERWAYS

To build a 21st century economy, we must create jobs rebuilding our crumbling roads and bridges, modernizing public buildings, and cleaning our air, water and land.

- Creates more than 800,000 jobs through investment in transportation, with \$30 billion for highway construction;
- \$31 billion to modernize federal and other public infrastructure with investments that lower energy costs;
- \$19 billion to create jobs on clean water, flood control, and environmental restoration initiatives;
- These provisions in total would create nearly 1.8 million American jobs.

TAX CUTS TO MAKE WORK PAY AND CREATE JOBS

The recovery package will provide direct tax relief to 95 percent of American workers, and spur investment and job growth for American businesses.

- A Make Work Pay Tax provides immediate and sustained tax relief to 95 percent of American workers, with a refundable tax credit of \$500 per worker and \$1,000 per couple, phasing-out at \$200,000 for a couple. These funds would be distributed almost immediately by reducing tax withholding from workers' paychecks.
- A First-time Homebuyer Incentive repeals the payback requirement on this tax credit, and the proposal makes grants to states for low-income housing. Both will address the housing crisis at the root of our recession.
- An American Opportunity Education Credit provides a tax credit of \$2500 for the cost of tuition and other higher education expenses.

TRANSFORM OUR ECONOMY WITH SCIENCE AND TECHNOLOGY

The House recovery package renews America's investments in basic research and development, in training students for an innovation economy, and in deploying new technologies into the marketplace.

- \$10 billion for science facilities, research, and instrumentation—to focus American brainpower on solving the energy and climate challenges and finding cures and treatments for diseases.
- \$6 billion to expand broadband internet access so businesses in rural and other underserved areas can link up to the global economy.

CLEAN, EFFICIENT, AMERICAN ENERGY

To put people back to work today and reduce our dependence on foreign oil tomorrow, the economic recovery package will increase renewable energy production and renovate public buildings to make them more energy efficient.

- \$32 billion to transform the nation's energy transmission, distribution, production and storage systems by allowing for a smarter and more efficient grid to transmit renewable energy, and new advanced battery technology to power fuel-efficient, low-emissions vehicles.
- More than \$20 billion in tax cuts for clean, renewable energy, including a new enhanced tax credit for research and development focusing on smart energy conservation, energy efficiency, and renewable energy, and a multi-year extension of the production tax credit for wind, hydro, geothermal, and bioenergy.
- \$16 billion to repair public housing and lower costs with make key energy efficiency retrofits. Improve the energy efficiency of more than 1 million modest-income homes through weatherization; and
- These provisions would create nearly 500,000 American jobs skilled in the technologies of tomorrow.

EDUCATION FOR THE 21ST CENTURY

This bill will make investments to provide children with a 21st century education, create hundreds of thousands of jobs by investing in schools and other infrastructure, and build a top-notch workforce trained for the jobs of the future.

- \$20 billion for school modernization, including \$14 billion for K-12 and \$6 billion for higher education. The recovery package will create hundreds of thousands of jobs, by beginning the most sweeping effort to modernize and upgrade school and college buildings that this country has ever seen.
- \$79 billion in state fiscal relief to prevent the layoff of teachers and other cutbacks in education and other key services, including \$39 billion to local school districts and public colleges and universities using existing formulas; \$15 billion to states as bonus grants for meeting key performance measures; and \$25 billion to states for other high priority needs such as preventing the layoffs of public safety and other critical employees including teachers.
- Making college more affordable through tax credits for college tuition for up to \$2,500 per year of school and increasing the Pell Grant by \$500. Expanding access to a college education builds the foundation for long-term economic growth.

- \$26 billion to boost learning in local school districts through Title I grants (\$13 billion) to help disadvantaged students reach high academic standards and IDEA Special Education grants (\$13 billion) to help special needs children succeed.

LOWER HEALTH CARE COSTS

To build a foundation for a strong economy in the long term, we need to take aggressive action to cut health care costs – which are burdening American businesses and families. Making a down payment on cutting health care costs will be the first step in achieving comprehensive health care reform.

- \$20 billion for health information technology. The legislation will create hundreds of thousands of new jobs by updating and computerizing our health care system-- in order to cut red tape, prevent medical mistakes, and help reduce health care costs by billions of dollars each year. A study by the Rand Corporation found that if most hospitals and doctors' offices computerized their health records, \$77 billion of savings could be achieved each year – cutting costs for providers and patients.
- \$3 billion for a prevention and wellness initiative. Over 75 percent of total health care dollars are spent on patients with one or more chronic conditions, including diabetes, heart disease, and high blood pressure. Numerous studies have shown that making increased investments in preventing these chronic conditions is one of the most effective ways to reduce health care spending, saving billions of dollars per year.
- \$1.1 billion for more research on the most effective medical treatments. By knowing what works best and presenting this information more broadly to patients and health care professionals, we can both reduce costs and improve the quality of care.

PROTECT PUBLIC SERVICE JOBS AND VITAL SERVICES

We will provide relief to states, so that they can continue to employ teachers, firefighters and police and provide vital services without having to unnecessarily raise middle class taxes. Every dollar in state aid creates \$1.38 in economic activity.

- \$87 billion for a temporary increase in the Medicaid matching rate to preserve health care during a time of state budget crisis, and keep other vital services like education intact.
- \$4 billion for state and local law enforcement funding.