

## Reid/Byrd Economic Recovery Act of 2008

Major points on the \$56.2 billion economic stimulus package:

### Unemployment

The unemployment rate now stands at 6.1%, the highest rate since September 2003. The unemployment rate is up 1.4% since last August, including an increase of 0.4% in the last month alone. The U.S. economy has lost jobs every month this year, a total of 605,000 jobs. The stimulus package extends unemployment benefits by seven weeks in all States and another thirteen weeks in high unemployment states.

### High Food Costs

Food prices have increased by 7.5% this year after increasing 4.9% in 2007. In order to help low-income families cope with rising food prices, the stimulus package temporarily increases Food Stamp benefits by 10 percent and includes \$450 million for the Women, Infants, and Children (WIC) program (which would allow 625,000 women and children to receive WIC benefits, meet some of the rising demand due to a faltering economy, and allow states to avoid creating waiting lists). \$50 million is included for Food Banks, \$30 million for the Commodity Supplemental Food program, and \$60 million for senior meals programs (18 million more meals).

- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The economic recovery act provides \$450 million for WIC, which will prevent more than 625,000 low-income women, infants, and children from losing WIC benefits, according to United States Department of Agriculture's (USDA) latest food and administrative cost estimates. The funding will also prevent States from having to create waiting lists due to funding uncertainty.
- The Commodity Supplemental Food Programs (CSFP). The CSFP currently serves approximately 466,075 low-income senior citizens, women, infants, and children in 32 States and the District of Columbia and allows USDA to purchase specific commodities and make them available to participating States. Recent and rapid increases in commodity prices have forced USDA to use up much of its inventory for CSFP food. The additional \$30 million that the stimulus provides will allow USDA to replenish its food stocks, preventing smaller food packages or a forced decrease in participation.
- The Emergency Food Assistance Program (TEFAP). TEFAP allows USDA to purchase commodities and make them available for free to the States, which then provide them to approved food distribution centers, including food banks and homeless shelters. The amount of food distributed to each State is determined by that State's low-income and unemployed population. The stimulus includes \$50 million for TEFAP that will allow USDA to buy additional food at a time when food prices are at record highs and the economy is weak at best.
- Senior Meals. The stimulus provides \$60 million to help senior meals programs cope with steep increases in food and fuel costs. This will result in an additional 18 million meals served. Skyrocketing food and gas prices have forced senior meals programs to make cuts; nearly half of programs have been forced to eliminate meal delivery routes or consolidate their meal services. These cutbacks put our most vulnerable seniors at risk of hunger, poor health, and isolation.
- Farm Bill Implementation Costs. The bill provides \$172 million to assist USDA in upgrading computer systems and implementing the new Farm Bill.

### High Energy Prices

Energy prices have increased by 22.4% in 2008 after increasing 17.4% in 2007. In order to help Americans cope with spiraling energy costs, we include \$500 million in the stimulus package for weatherization

programs. This is in addition to \$5.1 billion for Low-Income Home Energy Assistance and \$250 million for weatherization provided in the underlying amendment.

- Weatherization Assistance. The stimulus bill also provides an additional \$500 million for the Weatherization Assistance Program, which improves the energy efficiency of low-income housing. This amount of funding will support more than 8,000 existing jobs, weatherize about 300,000 homes, and save each household about \$400 in energy costs this coming year.

### **Helping States Deal with a Flagging Economy**

Twenty-nine States are facing a \$52 billion shortfall in revenues in their FY 2009 budgets, resulting in cuts in health care, education, and other programs. The stimulus package includes \$19.6 billion to reduce the States share of Medicaid costs by increasing the Federal share by four percent.

## **Energy Independence/Environment**

The second stimulus includes major investments in promoting energy independence and a clean environment. The underlying amendment includes \$7.5 billion to support \$25 billion of loans to auto companies to manufacture advanced, more energy-efficient vehicles. The stimulus package adds \$300 million for advanced battery research, \$300 million to help local governments improve energy efficiency, \$750 million for environmental clean up, and \$800 million for urban and rural clean water systems.

Over 22 percent of the world's energy supply is under the Arctic ice cap. Russian President Dmitry Medvedev has stated that Russia should unilaterally claim part of the Arctic, stepping up the race for the disputed energy-rich region. Russia has a fleet of 20 heavy ice breakers and is nearing completion of the first of their newest fleet of nuclear-powered icebreakers in an effort to control energy exploration and maritime trade in the region. Thanks to the Bush Administration, the United States has only one functioning heavy polar icebreaker, and it has only six years left of useful life. \$925 million is included for the Coast Guard to provide what the Navy and the Air Force call, "an essential instrument of U.S. policy" in the region. Constructing a new Coast Guard icebreaker will ensure that the United States has the ability to respond to the growing risks presented by increased activity in the Arctic and protects U.S. environmental, economic, homeland security and national security interests in both Polar Regions.

- National Park Centennial Fund. The stimulus package establishes the Centennial Fund for fiscal years 2009-2018. Over \$500 million in public-private funding will be provided for restoration of Park Service facilities and development of new programs. Funding thus far has provided an additional 3,000 park rangers, law enforcement rangers, and maintenance personnel service-wide.
- Corps of Engineers. The second stimulus includes \$500 million, of which \$200 million will provide construction jobs for rehabilitation of some of the Corps' hydropower plants that are nearing the end of their design life. Construction work includes rewinding generators, replacing turbines and transformers, upgrading switchyards and other electrical equipment. Maintenance work would include replacing breakers, electrical equipment and other non-routine maintenance items such as replacing surge tanks, stators, intake tubes, etc. \$100 million in funding is included for dredging of channels that provide either significant movement of coal, fuel, liquefied natural gas (LNG), or oil and natural gas equipment, and to partially address the backlog of construction work at Corps of Engineers, flood control, environmental restoration and navigation projects nationwide. And an additional \$200 million for the Corps will be used to fund work that can be immediately awarded to provide jobs in the construction industry across the country.
- Advanced Battery Technology. \$300 million is included for Advanced Battery technology to help resolve problems in developing long-term, cost-effective storage systems, the biggest hurdle to bringing plug-in hybrid or pure plug-in vehicles to the marketplace.
- Energy Efficiency and Renewable Energy Project Grants. The stimulus includes \$300 million for competitively awarded grants to local, county, State, and tribal governments for innovative energy efficiency and renewable energy demonstration projects.
- Bureau of Reclamation Energy Stimulus Work. \$50 million provides immediate jobs for the rehabilitation of some Bureau of Reclamation hydropower plants that are nearing the end of their design life. Additionally, a Canal Safety Program would be initiated by Bureau of Reclamation to determine the safety and stability of the hundreds of miles of canals that convey water across the western U.S. Many of these canals are approaching 100-years of age and are nearing the end of their design life. This program would help to determine the next steps that should be undertaken to address these aging canals.

- The bill includes \$600 million for the Environmental Protection Agency's (EPA) Clean Water State Revolving Fund, which provides funding to States for low-cost loans to make local sewer projects affordable.

EPA estimates that \$202 billion will be needed to keep pace with aging sewer infrastructure needs over the next 20 years, which would require an average commitment of \$10 billion per year. The President's FY 2009 request of \$555 million for the Clean Water State Revolving Fund funds just 5 percent of that annual need.

It is estimated by the State and local water pollution agencies' association that this \$600 million investment would create at least 24,000 jobs and generate an additional \$1.1 billion in economic benefits for communities.

- Rural Utilities & Community Facilities. The stimulus includes \$792 million in loans and grants for essential rural community facilities, including hospitals, health clinics, health and safety vehicles and equipment, public buildings, and child and elder care facilities. The bill also provides \$26 million for distance learning and telemedicine infrastructure grants to improve access to these services in remote rural communities. A substantial and longstanding backlog exists of approved applications for clean water and waste disposal projects in rural communities. The recent Farm Bill provided some funding for this purpose, but the backlog remains. This bill includes \$200 million in budget authority that will support over \$500 million in loans and grants for needed water and waste disposal facilities in remote rural areas.
- Commodity Futures Trading Commission. The second stimulus also includes \$13.1 million to permit prompt implementation of new authorities enacted in the 2008 Farm Bill (P.L. 110-246) and to enhance enforcement, market surveillance, and oversight of the futures markets in response to significant public concern about record energy and agricultural commodity prices, including escalating costs at the gas pump and the impact on American consumers and our national economy.
- Department of Energy. The stimulus includes \$750 million for the Department of Energy's Environmental Cleanup program of former nuclear weapons production plants, which will restore at least 200 cleanup jobs around the nation that were going to be lost due to the Administration's budget cuts in FY 2008 and 2009.

### **Creating Jobs**

There are consequences for failing to invest in America. Bridges fall into rivers. Roads and subways are congested to the breaking point. FEMA cannot respond to a major disaster. Fuel prices go through the roof. Our economy slows, and we are less competitive in the world economy.

The stimulus package includes: \$10.8 billion for building and repairing highways, bridges, mass transit, airports, and AMTRAK, creating 384,000 jobs; \$50 million for the Economic Development Administration (EDA) to help communities impacted by massive job losses due to corporate restructuring; \$500 million for the COPS program to hire 6,500 police officers; \$600 million for clean water systems that would create 24,000 jobs; \$2 billion for school construction that would create 32,300 jobs; and \$500 million to address some of the construction backlog for the Corps of Engineers for flood control, navigation, shore protection, and environmental restoration projects – funds that will provide immediate construction jobs around the nation.

- Additional Highway Funding. The Committee bill includes \$8 billion for highway investments. Funding from the general fund would be sent by formula to every State in order to improve deficient roads and bridges. These investments would also generate over 278,000 jobs right here at home.

- Public Transportation. The first quarter of 2008 saw 130 million more transit trips than the same period last year. The bill includes \$2 billion for transit agencies to address capital and operating needs in order to meet this growing demand.
- Investing in Amtrak. As an increasing number of Americans are turning to rail transportation in the wake of high gas prices, the bill includes funding to address the increasing demands on Amtrak across the country. The bill includes \$350 million to fund capital projects along Amtrak's corridors, including funding to rehabilitate inactive rolling stock.
- Airport Investments. The Committee bill includes \$400 million for capital improvements to airports across the country. These funds would support projects that are ready to begin construction immediately, bringing necessary improvements to our aviation system and supporting jobs in the local communities.
- Funding for Small Shipyards. The bill includes \$44 million for grants to assist small shipyards across the country make the capital improvements necessary to fortify the competitiveness of our domestic shipbuilding industry by improving its efficiency, cost effectiveness, and the quality of domestic ship construction for commercial and Federal Government use.
- Economic Development Administration (EDA) Economic Adjustment Assistance. The bill includes \$50 million for EDA economic adjustment grants to assist communities to recover from sudden and severe economic dislocation and massive job losses due to corporate restructuring. This funding will leverage \$350 million in private funding and create 9,000 new jobs in communities struggling with substantial job losses.

## Housing

\$702 million is included to promote safety and energy efficiency in public housing, implement provisions of the recent housing bill, give housing assistance to tenants displaced by foreclosure, and fund FBI investigations of fraud in the mortgage market. Over \$2 billion of loans and grants would be made available for rural housing.

- Supporting the Federal Housing Administration (FHA). In the midst of the Nation's housing crisis, the Federal Housing Administration has seen its role in the housing market increase substantially. In addition, with the recent passage of the housing legislation, FHA is expected to guarantee an estimated 400,000 additional loans to prevent more Americans from facing foreclosure. The stimulus provides FHA with \$52 million to modernize its systems and hire additional staff. These resources will be critical to ensuring that FHA's mortgage fund remains solvent, and that the agency serves the needs of homeowners while protecting the interests of the taxpayer.
- Stopping Mortgage Fraud. The bill includes \$5 million for the FBI for agents to investigate rising claims of mortgage fraud.
- Help for Families Facing Foreclosure. The stimulus provides \$37.5 million for the Legal Services Corporation to provide legal assistance to families whose homes are in foreclosure.
- Public Housing Capital Assistance. The bill includes \$250 million for public housing agencies to address critical and urgent safety, security, and energy-related needs. Priority will be given for funding to be used to rehabilitate vacant rental units in order to meet the increasing demand for affordable rental housing. In addition, the bill includes \$200 million for public housing agencies to help offset the increased energy costs associated with operating public housing and to help avoid slowdowns in the maintenance of public housing.

- Housing Assistance for Tenants Displaced by Foreclosure. The bill provides \$200 million to assist individuals and families in rental housing that are being displaced due to foreclosure. The funding provided will be for public housing agencies and other community providers to help families with temporary relocation and rental assistance in their efforts to secure safe and affordable permanent housing.
- Rural Housing. The bill includes \$3.4 billion in direct and guaranteed single family housing (SFH) loans that will provide about 34,000 very low to moderate-income rural households the opportunity of homeownership, especially during this period of uncertainty in the housing market.

### **Education and Job Training**

To promote education and job training, \$2 billion is included for school repairs, \$600 million for youth training and dislocated workers, \$36 million for homeless education, and \$400 million for the Secure Rural Schools program. Job training funds would provide 160,000 dislocated workers and youth with education, training, counseling, and job search assistance.

- Department of Labor Employment and Training. Over the past year, unemployment has grown to 9.4 million people nationally, an increase of more than 1.8 million people. Long-term unemployment is up by more than 70 percent over the level at the beginning of the last recession in March 2001. At that time, the number of workers unemployed 27 weeks or more was 703,000, or 11.4 percent of the unemployed. Last month, more than 1.8 million people were unemployed for at least 27 weeks, which is 19.5 percent of all unemployed individuals.

Additional funds are needed to help get the economy moving. The second stimulus package includes \$300 million for employment and training activities for dislocated workers. These funds will help more than 79,000 people receive services, which include job search and career counseling, as well as training.

Additionally, the national jobless rate for teenagers was 18.9% in August, and unemployment rates for minority teens were worse -- for example, about 28.8% for African American teenagers. These are near historic highs. Funds are needed to improve these rates, and this second stimulus includes \$300 million for this purpose. These funds will support part-time jobs after school, paid internships, and community service jobs for older youth, and will help low income youth acquire work skills and income that can help families living in poverty or experiencing economic turmoil. Communities and cities will also benefit by engaging young people in productive activities. More than 80,000 youth would receive services under this stimulus package.

- School Repair and Renovation. Too many of America's children go to school in overcrowded buildings with leaky roofs, faulty electrical systems, and outdated technology, all of which compromise their ability to achieve, succeed, and develop the educational skills necessary for the workforce of the 21<sup>st</sup> century. An emergency public school renovation and repair program will help States meet the school facility needs of local communities by providing resources to repair, renovate, and modernize America's schools. Equally important, its enactment will stimulate the creation of thousands of new jobs in construction-related services. The stimulus includes \$2 billion for this purpose, an amount that would be sufficient to create an estimated 32,300 jobs.
- Rural Schools. The stimulus includes \$400 million for a one-year extension of the Secure Rural Schools Act. These funds are critically urgent to over 775 rural counties and 4,400 schools nationwide that are facing permanent cuts to teaching positions and school and road improvement programs. Nearly 7,000 teachers and educational staff across the country have received pink slips and will otherwise not have a job when the new school year begins this September.

- School Improvement – Education for Homeless Children. Many school districts across the country are reporting sharp spikes in the number of homeless students because of the foreclosure crisis, which is expected to directly impact an estimated 1.95 million children. At the same time, rising fuel costs are making it harder for school districts to provide transportation to students who have been displaced. The \$36 million in this amendment for “School Improvement Programs” would be sufficient to provide transportation or other services to an estimated 265,000 homeless children.

## **Health**

\$1.2 billion is included for the National Institutes of Health, \$966 million is included to improve public health to cope with a potential pandemic flu outbreak or the use of a biological weapon, and \$46 million is included for the Centers for Disease Control for combating infectious diseases and investigating disease clusters.

- National Institutes of Health (NIH). Even with the \$150 million included in the first stimulus bill, NIH funding failed to keep up with biomedical inflation in FY08 for the fifth year in a row, a trend that has discouraged many young scientists from this field and puts the Nation at risk of losing a generation of talented investigators. The second stimulus includes \$1.2 billion to restore some of the purchasing power of NIH that was lost because of inflation in the past five years and allow NIH to award at least 3,300 new research project grants that could lead to cures and treatments for cancer, Alzheimer’s, heart disease, and many other devastating diseases.
- Centers for Disease Control (CDC). The bill provides \$46 million for the CDC for combating infectious diseases and investigating disease clusters.
- Bioterror Attack and Pandemic Flu Preparedness. The bill provides \$905 million for the Public Health and Social Services (PHSSEF) to enhance the Nation’s preparedness against a bioterrorist event through the advanced development of priority medical countermeasures and activities that support the distribution and dispensing of medical countermeasures. This funding would also improve the Nation’s preparedness in the event of an influenza pandemic. In addition, \$35 million is included for EPA and \$27 million for the Department of Homeland Security to deploy additional sensors for biological agents.

## **Small Business**

America’s small businesses, the lifeblood of our economy, face an ever-tightening credit market in the wake of struggling financial markets. The stimulus provides \$200 million to support \$16 billion in reduced-fee loans to small businesses, delivering needed relief to small businesses on Main Street during Wall Street’s financial crisis. Funding will support even lower loan fees for both veterans and small businesses purchasing energy efficient technologies.

- Rural Business. The stimulus includes approximately \$70 million for loans and grants to support income and employment expansion through improved business opportunities in rural areas.
- Small Business Administration. America’s small businesses, the lifeblood of our economy, face an ever-tightening credit market in the wake of struggling financial markets. The stimulus provides \$200 million to support \$16 billion in reduced-fee loans to small businesses, delivering needed relief to small businesses on Main Street during Wall Street’s financial crisis. Funding will support even lower loan fees for both veterans and small businesses purchasing energy efficient technologies.

The bill also provides \$1 million to support \$10 million in new microloans for small businesses and \$4 million for critical technical assistance for these “micro” borrowers.

## **Border Security and Crime Fighting**

\$490 million is included for Byrne grants, and \$776 million is provided for border facility construction and other homeland security infrastructure. \$50 million is included to hire 150 new Deputy U.S. Marshals to enforce the Adam Walsh Child Protection Act and apprehend fugitive sex offenders who threaten our children.

- COPS Hiring. The bill includes \$500 million for the competitive COPS hiring grant program, which will put 6,500 new cops on the street across the country. This is the first time since FY2005 that this program would receive substantial dedicated funds to help communities hire new police.
- Customs and Border Protection (CBP). The bill provides \$100 million to U.S. Customs and Border Protection for construction at CBP-owned inspection facilities at land border ports of entry.
- General Services Administration. The stimulus also includes \$201 million for construction and repair/alteration of border stations (land ports of entry) to help address the backlog of these facilities needed for our Nation's security and commerce. Significant increases in trade and vehicle traffic, as well as the hiring of new personnel, have placed strains on the many outdated border inspection facilities.
- Consolidating Department of Homeland Security (DHS) Headquarters. The stimulus includes \$466 million for DHS to begin construction of a consolidated headquarters in Washington, D.C. Currently operating in 70 buildings located on 40 sites across the National Capital Region, DHS has a critical need for a permanent, unified headquarters.
- Federal Law Enforcement Training Center (FLETC) – Acquisition Construction & Improvements. The bill provides \$9 million for security upgrades at border related FLETC sites.
- Byrne Justice Assistance Grants. The bill provides \$490 million for Byrne Justice Assistance Grants to support State and local police fighting crime in our communities. Specifically, this funding will help keep over 6,000 cops on the beat in our local communities and aid in the installation of almost 45,000 mobile laptops in police vehicles.
- U.S. Marshals Service. The stimulus also includes \$50 million for the U.S. Marshals Service to implement the Adam Walsh Act. This funding will allow the Marshals to hire 150 new Deputy U.S. Marshals dedicated to apprehending fugitive sex offenders who threaten children in our communities.
- Capitol Police Interoperability. The bill provides \$55 million for interoperability upgrades for Capitol Police radios.
- Fighting Violence on the Southwest Border. The bill includes \$100 million to help communities along the Southwest Border fight the illegal flow of guns and drugs between the U.S. and Mexico that is fueling violence along the Border.
- Treasury Inspector General. The financial system is grappling with an unprecedented number of bank failures. The bill provides \$10.5 million for the Treasury Inspector General to conduct critical reviews of these bank failures.

## **Science**

\$250 million is included for NASA to speed development of our next U.S. space vehicle, so we are not reliant solely on Russia after the retirement of the Space Shuttle. \$150 million is included for the

Department of Energy's Office of Science to protect and provide jobs at national laboratories and universities, continue research, and meet international science project obligations; and \$100 million is provided for nuclear security upgrades.

- NASA. The bill provides \$250 million for NASA to help shorten the projected 5-year gap between the retirement of the Space Shuttle in 2010 and the availability of the new U.S. space vehicle in 2015. During this gap, the only way U.S. astronauts will be able to access space will be aboard Russian vehicles.
- Department of Energy. The stimulus the Department of Energy's Office of Science program by \$150 million to meet international and domestic research priorities.
- Finally, the bill includes \$100 million for implementation of Section 1051 of the 2004 Intelligence Reform and Terrorism Prevention Act (\$30 million) and enhanced cyber and site security across the National Nuclear Security Administration complex (\$70 million) in the Department of Energy.