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## Executive Summary of the 2009 Stimulus Package



***The economy is in a crisis not seen since the Great Depression.***

Credit is frozen, consumer purchasing power is in decline, in the last four months the country has lost 2 million jobs and we are expected to lose another 3 to 5 million in the next year.

Conservative economist Mark Zandi was blunt: "the economy is shutting down."

In the next two weeks, the Congress will be considering the American Recovery and Reinvestment Bill of 2009 (The 2009 Stimulus Package Explained). This package is the first crucial step in a concerted effort to create and save 3 to 4 million jobs, jumpstart 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 thoughtful and carefully targeted priority investments with unprecedented accountability measures built in.

The package contains targeted efforts in:

- Clean, Efficient, American Energy
- Transforming our Economy with Science and Technology
- Modernizing Roads, Bridges, Transit and Waterways
- Education for the 21st Century
- Tax Cuts to Make Work Pay and Create Jobs
- Lowering Healthcare Costs
- Helping Workers Hurt by the Economy
- Saving Public Sector Jobs and Protect Vital Services

The economy is in such trouble that, even with passage of this package, unemployment rates are expected to rise to between eight and nine percent this year. Without this package, we are warned that unemployment could explode to near twelve percent. With passage of this package, we will face a large deficit for years to come. Without it, those deficits will be devastating and we face the risk of economic chaos. Tough choices have been made in this legislation and fiscal discipline will demand more tough choices in years to come.

Since 2001, as worker productivity went up, 96% of the income growth in this country went to the wealthiest 10% of society. While they were benefitting from record high worker productivity, the remaining 90% of Americans were struggling to sustain their standard of living. They sustained it by borrowing... and borrowing... and borrowing, and when they couldn't borrow anymore, the bottom fell out. This plan will strengthen the middle class, not just Wall Street CEOs and special interests in Washington.

Our short term task is to try to prevent the loss of millions of jobs and get our economy moving. The long term task is to make the needed investments that restore the ability of average middle income families to increase their income and build a decent future for their children.

## **EXECUTIVE SUMMARY**

Unprecedented Accountability: A historic level of transparency, oversight and accountability will help guarantee taxpayer dollars are spent wisely and Americans can see results for their investment.

- In many instances funds are distributed through existing formulas to programs with proven track records and accountability measures already in place.

- How funds are spent, all announcements of contract and grant competitions and awards, and formula grant allocations must be posted on a special website created by the President. Program managers will also be listed so the public knows who to hold accountable.
- Public notification of funding must include a description of the investment funded, the purpose, the total cost and why the activity should be funded with recovery dollars. Governors, mayors or others making funding decisions must personally certify that the investment has been fully vetted and is an appropriate use of taxpayer dollars. This will also be placed on the recovery website.
- A Recovery Act Accountability and Transparency Board will be created to review management of recovery dollars and provide early warning of problems. The seven member board includes Inspectors General and Deputy Cabinet secretaries.
- The Government Accountability Office and the Inspectors General are provided additional funding and access for special review of recovery funding.
- Federal and state whistleblowers who report fraud and abuse are protected.
- There are no earmarks in this package.

This plan targets investments to key areas that will create and preserve good jobs at the same time as it is strengthening the ability of this economy to become more efficient and produce more opportunities for employment.

Clean, Efficient, American Energy: To put people back to work today and reduce our dependence on foreign oil tomorrow, we will strengthen efforts directed at doubling renewable energy production and renovate public buildings to make them more energy efficient.

- \$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.

Transform our Economy with Science and Technology: We need to put scientists to work looking for the next great discovery, creating jobs in cutting-edge-technologies, and making smart investments that will help businesses in every community succeed in a global economy. For every dollar invested in broadband the economy sees a ten-fold return on that investment.

- \$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.

Modernize Roads, Bridges, Transit and Waterways: To build a 21st century economy, we must engage contractors across the nation to create jobs rebuilding our crumbling roads, and bridges, modernize public buildings, and put people to work cleaning our air, water and land.

- \$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.

Education for the 21st Century: To enable more children to learn in 21st century classrooms, labs, and libraries to help our kids compete with any worker in the world, this package provides:

- \$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.
- \$15.6 billion to increase the Pell grant by \$500.
- \$6 billion for higher education modernization.

Tax Cuts to Make Work Pay and Create Jobs: We will provide direct tax relief to 95 percent of American workers, and spur investment and job growth for American Businesses. [marked up by the Ways and Means Committee]

Lower Healthcare Costs: To save not only jobs, but money and lives, we will update and computerize our healthcare system to cut red tape, prevent medical mistakes, and help reduce healthcare costs by billions of dollars each year.

- \$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.

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.

- \$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.

Save Public Sector Jobs and Protect Vital Services: We will provide relief to states, so they can continue to employ teachers, firefighters and police officers and provide vital services without having to unnecessarily raise middle class taxes.

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

## **CREATE JOBS WITH CLEAN, EFFICIENT, AMERICAN ENERGY**

To put people back to work today and reduce our dependence on foreign oil tomorrow, we will make investments aimed at doubling renewable energy production and renovate public buildings to make them more energy efficient. America's energy shortcomings present a huge opportunity to put people to work in ways that will transform our economy.



- Reliable, Efficient Electricity Grid: \$11 billion for research and development, pilot projects, and federal matching funds for the Smart Grid Investment Program to modernize the electricity grid making it more efficient, secure, and reliable and build new power lines to transmit clean, renewable energy from sources throughout the nation.
- Renewable Energy Loan Guarantees: \$8 billion for loans for renewable energy power generation and transmission projects.
- GSA Federal Buildings: \$6.7 billion for renovations and repairs to federal buildings including at least \$6 billion focused on increasing energy efficiency and conservation. Projects are selected based on GSA's ready-to-go priority list.
- Local Government Energy Efficiency Block Grants: \$6.9 billion to help state and local governments make investments that make them more energy efficient and reduce carbon emissions.
- Energy Efficiency Housing Retrofits: \$2.5 billion for a new program to upgrade HUD sponsored low-income housing to increase energy efficiency, including new insulation, windows, and furnaces. Funds will be competitively awarded.
- Energy Efficiency and Renewable Energy Research: \$2 billion for energy efficiency and renewable energy research, development, demonstration, and deployment activities to foster energy independence, reduce carbon emissions, and cut utility bills. Funds are awarded on a competitive basis to universities, companies, and national laboratories.
- Advanced Battery Loans and Grants: \$2 billion for the Advanced Battery Loan Guarantee and Grants Program, to support U.S. manufacturers of advanced vehicle batteries and battery systems. America should lead the world in transforming the way automobiles are powered.
- Energy Efficiency Grants and Loans for Institutions: \$1.5 billion for energy sustainability and efficiency grants and loans to help school districts, institutes of higher education, local governments, and municipal utilities implement projects that will make them more energy efficient.
- Home Weatherization: \$6.2 billion to help low-income families reduce their energy costs by weatherizing their homes and make our country more energy efficient.
- Smart Appliances: \$300 million to provide consumers with rebates for buying energy efficient Energy Star products to replace old appliances, which will lower energy bills.
- GSA Federal Fleet: \$600 million to replace older vehicles owned by the federal government with alternative fuel automobiles that will save on fuel costs and reduce carbon emissions.

- Electric Transportation: \$200 million for a new grant program to encourage electric vehicle technologies.
- Cleaning Fossil Energy: \$2.4 billion for carbon capture and sequestration technology demonstration projects. This funding will provide valuable information necessary to reduce the amount of carbon dioxide emitted into the atmosphere from industrial facilities and fossil fuel power plants.
- Department of Defense Research: \$350 million for research into using renewable energy to power weapons systems and military bases.
- Alternative Buses and Trucks: \$400 million to help state and local governments purchase efficient alternative fuel vehicles to reduce fuel costs and carbon emissions.
- Industrial Energy Efficiency: \$500 million for energy efficient manufacturing demonstration projects.

Diesel Emissions Reduction: \$300 million for grants and loans to state and local governments for projects that reduce diesel emissions, benefiting public health and reducing global warming. This includes technologies to retrofit emission exhaust systems on school buses, replace engines and vehicles, and establish anti-idling programs. 70% of the funds go to competitive grants and 30% funds grants to states with approved programs. Last year EPA was able to fund only 27% of the applications received.

## **TRANSFORMING OUR ECONOMY WITH SCIENCE AND TECHNOLOGY**

We need to put scientists to work looking for the next great discovery, creating jobs in cutting-edge technologies and making smart investments that will help businesses in every community succeed in a global economy.

### **Broadband to Give Every Community Access to the Global Economy**

• Wireless and Broadband Grants: \$6 billion for broadband and wireless services in underserved areas to strengthen the economy and provide business and job opportunities in every section of America with benefits to e-commerce, education, and healthcare. For every dollar invested in broadband the economy sees a ten-fold return on that investment.

### **Scientific Research**

- National Science Foundation: \$3 billion, including \$2 billion for expanding employment opportunities in fundamental science and engineering to meet environmental challenges and to improve global economic competitiveness, \$400 million to build major research facilities that perform cutting edge science, \$300 million for major research equipment shared by institutions

of higher education and other scientists, \$200 million to repair and modernize science and engineering research facilities at the nation's institutions of higher education and other science labs, and \$100 million is also included to improve instruction in science, math and engineering.

- National Institutes of Health Biomedical Research: \$2 billion, including \$1.5 billion for expanding good jobs in biomedical research to study diseases such as Alzheimer's, Parkinson's, cancer, and heart disease - NIH is currently able to fund less than 20% of approved applications - and \$500 million to implement the repair and improvement strategic plan developed by the NIH for its campuses.
- University Research Facilities: \$1.5 billion for NIH to renovate university research facilities and help them compete for biomedical research grants. The National Science Foundation estimates a maintenance backlog of \$3.9 billion in biological science research space. Funds are awarded competitively.
- Centers for Disease Control and Prevention: \$462 million to enable CDC to complete its Buildings and Facilities Master Plan, as well as renovations and construction needs of the National Institute for Occupational Safety and Health.
- Department of Energy: \$1.9 billion for basic research into the physical sciences including high-energy physics, nuclear physics, and fusion energy sciences and improvements to DOE laboratories and scientific facilities. \$400 million is for the Advanced Research Project Agency - Energy to support high-risk, high-payoff research into energy sources and energy efficiency.
- NASA: \$600 million, including \$400 million to put more scientists to work doing climate change research, including Earth science research recommended by the National Academies, satellite sensors that measure solar radiation critical to understanding climate change, and a thermal infrared sensor to the Landsat Continuing Mapper necessary for water management, particularly in the western states; \$150 million for research, development, and demonstration to improve aviation safety and Next Generation air traffic control (NextGen); and \$50 million to repair NASA centers damaged by hurricanes and floods last year.
- Biomedical Advanced Research and Development, Pandemic Flu, and Cyber Security: \$900 million to prepare for a pandemic influenza, support advanced development of medical countermeasures for chemical, biological, radiological, and nuclear threats, and for cyber security protections at HHS.
- National Oceanic and Atmospheric Administration Satellites and Sensors: \$600 million for satellite development and acquisitions, including climate sensors and climate modeling.
- National Institute of Standards and Technology: \$300 million for competitive construction grants for research science buildings at colleges, universities, and other research organizations

and \$100 million to coordinate research efforts of laboratories and national research facilities by setting interoperability standards for manufacturing.

- Agricultural Research Service: \$209 million for agricultural research facilities across the country. ARS has a list of deferred maintenance work at facilities of roughly \$315 million.
- U.S. Geological Survey: \$200 million to repair and modernize U.S.G.S. science facilities and equipment, including improvements to laboratories, earthquake monitoring systems, and computing capacity.

### **Creating Small Business Opportunity**

- Small Business Credit: \$430 million for new direct lending and loan guarantee authorities to make loans more attractive to lenders and free up capital. The number of loans guaranteed under the SBA's 7(a) business loan program was down 57% in the first quarter of this year compared to last.
- Rural Business-Cooperative Service: \$100 million for rural business grants and loans to guarantee \$2 billion in loans for rural businesses at a time of unprecedented demand due to the credit crunch. Private sector lenders are increasingly turning to this program to help businesses get access to capital.
- Industrial Technology Services: \$100 million, including \$70 million for the Technology Innovation Program to accelerate research in potentially revolutionary technologies with high job growth potential, and \$30 million for the Manufacturing Extension Partnerships to help small and mid-size manufacturers compete globally by providing them with access to technology.
- Economic Development Assistance: \$250 million to address long-term economic distress in urban industrial cores and rural areas distributed based on need and ability to create jobs and



communications. Funds will be distributed through the existing formula. The repair backlog is nearly \$50 billion.

- Transit Capital Assistance: \$6 billion to purchase buses and equipment needed to increase public transportation and improve intermodal and transit facilities. The Department of Transportation estimates a \$3.2 billion maintenance backlog and \$9.2 billion in needed improvements. The American Public Transportation Association identified 787 ready-to-go transit projects totaling \$15.5 billion. Funds will be distributed through the existing formulas.

Amtrak and Intercity Passenger Rail Construction Grants: \$1.1 billion to improve the speed and capacity of intercity passenger rail service. The Department of Transportation's Inspector General estimates the North East Corridor alone has a backlog of over \$10 billion

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