[DISCUSSION DRAFT]

111TH Congress } HOUSE OF REPRESENTATIVES { Report
1St Session ______ 111-___

THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

January __, 2009.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

Mr. OBEY of Wisconsin, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany H. R. ____]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making supplemental appropriations for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and State and local fiscal stabilization, for the fiscal year ending September 30, 2009, and for other purposes.

CONTENTS

SUMMARY

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.”

This bill 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 economy is in such trouble that, even with passage of this bill, unemployment rates are expected to rise to between eight and nine percent this year. Without this bill, we are warned that unemployment could explode to near twelve percent. With passage of this bill, 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 American’s 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.

The 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.

Unprecedented Accountability: The bill contains a historic level of transparency, oversight and accountability that 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 bill.

This bill 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, the bill strengthens efforts directed at doubling renewable energy production and renovates 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: Our nation needs to put scientists to work looking for the next great discovery, creating jobs in cutting and make 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 21^{st} century economy, contractors must be engaged 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 in transportation, of which $30 billion is 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 21^{st} Century: To enable more children to learn in 21^{st} century classrooms, labs, and libraries to help our kids compete with any worker in the world, this bill 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.

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

- $2 billion in this bill, and $20 billion overall, 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 health care treatments.

Help Workers Hurt by the Economy: High unemployment and rising costs have outpaced Americans' paychecks. The bill helps struggling families make ends meet by providing $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: Fiscal relief is provided to states, so that they can continue to employ teachers, firefighters and police officers and provide vital services without having to unnecessarily raise middle class taxes. The bill provides $4 billion for state and local law enforcement.

ECONOMIC ANALYSIS

This proposed well-targeted spending package makes sense today because

- the economy and jobs are sinking fast and need a big boost;
- we have a large backlog of worthwhile infrastructure projects that have been studied and approved;

- states are on the verge of sharply reducing investments in education, health, and public safety;
- investments in technology and skills will pay dividends for many years; and
- as millions of additional families face severe economic hardship, we should take forceful action to support employment and to provide income support for those who lose their jobs and income.

This bill should have the effect of staving off the worst prospects of the current economy now in the process of "shutting down" in the words of a recent congressional economic witness. But there remains a significant likelihood that further action will be needed. There is a very real risk that, because of unanticipated economic bad news, this legislation may undershoot its target. Congress must be alert to counter additional economic weakness because the strength of the country and security of American families are at stake.

Lack of Demand Creates Extraordinary Slack

The federal government should step in to increase demand for American goods and services because all other sources of demand are declining.

- Households are spending less because they're losing jobs and their homes and investments are losing value. In the second half of 2008, real consumer spending on goods plunged at the fastest rate in six decades of data.
- Businesses are scaling back investment because they have more and more excess capacity and they lack confidence that demand for their goods and services will recover soon enough to justify adding more capacity.
- State and local governments are retrenching because of falling revenues and balanced budget requirements. The Center on Budget and Policy Priorities estimates that the states' fiscal gap will reach 17 percent of their general budget in the next fiscal year and that they face a combined $350 billion shortfall for the remaining six months of this fiscal year and the next two fiscal years.
- Recessions abroad are shrinking demand for our exports. The consensus of economic forecasters calls for GDP to shrink this year in Europe and Japan by the same 1-1/2 percent as in the United States.

The recession has already created considerable economic slack and forecasters expect that slack to increase. Improving technology and rising population together raise the economy's potential output by at least 3 percent a year. Actual output today is lower than it was five quarters ago. That 3 percent shortfall means that we are already producing about $500 billion below our potential. Although they are factoring in positive effects from stimulus legislation, economic forecasters expect that shortfall to double over the next year and to remain large for an extended period after that.

The nation will need a strong fiscal boost to continue even after the economy hits bottom and starts to grow again, possibly later this year or early next year. The usual drivers of strong recoveries – housing and autos – seem unlikely to provide the typical boost this time around. Even after output hits bottom, employers seem likely to hold off hiring, just as they did in the years just after the last two recessions. Unemployment rose another 1.5 million in the 15 months after the 1990-91 recession and by 1.3 million in the 19 months after the 2001 recession. Because of the continued overhang of vacant housing, economic forecasters expect to see subpar growth throughout 2010 and thus unemployment to exceed 8 percent -- higher than at any time in the last quarter century.

Unfortunately, the current trajectory of the economy allows ample capacity to absorb the 3.7 million jobs that the Obama economic team projects will be created or saved by the recovery bill. That's less than the 4.3 million rise in unemployment that has occurred from 6.8 million in mid 2007 to 11.1 million in December 2008. The consensus of economic forecasters expects unemployment to reach 13 million people in 2010, even after they factor in sizable economic stimulus. Forecaster Zandi projects that, without stimulus, we would see unemployment reach 16 million people in 2010.

The rate of deterioration in the job market has been accelerating. The January 9 labor report came in worse than had been expected at the time of the projections made in the last paragraph, not only for December but for prior months. Over the last three months of 2008, both job loss and unemployment increases have been running about 500,000 a month, for an annual rate of 6 million.

The current downturn has also seen an unprecedented level and increase in the number of people who have been involuntarily cut back from full-time to part-time work by their employer. That number has doubled from less than 2.9 million in the summer of 2007 to 5.9 million in December 2008. 4.2% percent of those still employed – one in every 24 – have held on to their job but have only part time hours instead of the full time hours that they had and want. The combination of rapidly falling employment and massive shift from full time to part time work resulted in the steepest decline in hours worked since 1974.

<u>Positive Effects from the Recovery Bill</u>

Two recent economic studies reached similar conclusions with respect to the benefits of an economic stimulus bill along the lines of this one. They both find that such a bill would slow the inexorable economic decline over the next year and bring a stronger recovery sooner. Neither study expects unemployment to decline back to the levels of a few months ago any time soon.

A January 10 analysis done by Christina Romer (President-elect Obama's nominee to chair the Council of Economic Advisers) and Jared Bernstein (economic adviser to Vice President-elect Biden) estimated that, by the end of 2010, the package would, relative to what would occur without a stimulus package:

- lower the unemployment rate by 1.8 percentage points and
- save or create 3.7 million jobs.

A January 6 analysis by Mark Zandi of Moody's Economy.com (and prominent economic advisor to the presidential campaign of Senator McCain in 2008) found that a $750 billion stimulus package:

- would lower the unemployment rate by 2 percentage points in mid 2010 relative to the rate without the stimulus; and

- lead to 3.8 million more payroll jobs in 2010 and, even more striking, 17 million more job-years over the next four years.

Although the two studies find that the recovery package would have comparable effects, Zandi starts with a much more pessimistic base line. While he finds that the package would lower unemployment from 11 percent to a bit less than 9 percent in late 2010, Romer-Bernstein say it would lower unemployment from a base case of 8.8 percent to 7.0 percent. Both studies could correctly estimate the effects of the proposed recovery package but, if the pessimistic Zandi baseline is correct, the actual path of unemployment could resemble what the Obama team is projecting if nothing is done.

Lessons from the Great Depression

The Great Depression of the 1930s taught some hard lessons. After the financial bubble burst in 1929, both fiscal and monetary policy turned restrictive. Over the next four years, real per capita income dropped by a third and unemployment soared from 3.2 percent to 22.5 percent. The aggressive spending, regulatory and monetary reforms of the New Deal revived the economy: unemployment dropped to 9.1 percent by 1937 and GDP per capita had fully recovered its 1929 level. In 1937 policy makers mistakenly decided that they needed to eliminate the deficit of 2.2 percent of GDP. Slashing New Deal jobs programs and raising taxes did succeed in lowering the deficit to 0.1 percent of GDP, but it also threw the economy into a recession. Unemployment jumped back up to 12.5 percent by 1938 and manufacturing production plunged 24 percent. Both the successes of 1933-37 and the failure of 1937-38 should inform our policy-making in this economic downturn.

Infrastructure and Construction Issues

A large boost to federal infrastructure spending makes sense for several reasons:

1. Infrastructure projects – transportation, scientific facilities, improved energy efficiency – make the economy more productive and reduce oil imports and greenhouse gas emissions while raising the quality of life.
2. State and local governments are scaling back needed infrastructure projects because of budget pressures.
3. Construction workers have by far the highest unemployment rate of any industry.

Construction has been the hardest hit industry and occupation in this recession. In just the last year, construction employment has plummeted by 1.3 million workers, from 9.3 million to 8.0 million while unemployment among construction workers far exceeds that in any other occupation.

The rapid deterioration in construction and manufacturing has caused unemployment to rise much faster among men than among women. In the summer of 2007, men and women had comparable unemployment rates (4.7 percent versus 4.6 percent, respectively). By the end of 2008, however, unemployment among women rose to 6.4 percent as it soared to 7.9 percent among men. The 1.5 percent gap between men's and women's unemployment is the largest margin that men's unemployment has exceeded women's on record. (Unemployment rates for men and women have closely tracked each other for most of the last 30 years, but before that women's unemployment usually exceeded men's, often by large margins.)

According to the previously cited study by Christina Romer and Jared Bernstein for the Obama transition, “women have accounted for roughly 20% of the decline in payroll employment,” but “the total number of created jobs likely to go to women is roughly 42% of the jobs created by the package.” They found that, while infrastructure spending will favor men who predominate in construction, other parts of the package boost jobs in industries that favor women. For example, fiscal relief to states will support jobs in health and education while reduced income taxes will favor retail jobs.

This bill should generate spending at a faster rate over the next two years than typical infrastructure legislation:

1. In many cases, state and local governments are given deadlines to commit to projects. If they do not meet those deadlines, the money will be allocated to other states ready to spend it.
2. The bill's guidelines also favor projects with faster spend-out rates.
3. Because of the fiscal bind of most state and local governments, matching requirements are waived.

Current conditions also favor faster than normal spend-out rates:

1. State and local governments have many ready-to-go infrastructure projects that they have had to put on the shelf under current budget pressures.
2. With so much economic slack – particularly in construction, the necessary labor, equipment, and materials can be staged to move into place more quickly.
3. Some infrastructure projects are ready to go in 2009. Other projects are in the pipeline and, with the incentives created by this bill, will be ready to go in 2010.

There are advantages to the fact that not all infrastructure spending will disburse in the first year. When the Wall Street Journal recently asked various economists for their remedies to address the current downturn, it quoted and paraphrased noted economist Alan Blinder:

“The downturn is still young, it is going to go on for much longer, and it will be very deep. 'We need to think of having time-release capsules,' he says, that will help boost the economy a year from now. Infrastructure spending, which some economists argue against because it takes awhile to be put in place, does exactly that.”

<u>Net Addition to Federal Debt Much Less than Budgeted Cost</u>

At the end of the day, the net fiscal cost of this bill will be substantially less than its budgeted cost. Compared to what would happen if we failed to act, the bill will:

1. create jobs for people who would otherwise be unemployed;
2. generate sales at companies that would otherwise not occur; and thus
3. increase tax revenues and lower income support payments.

Mark Zandi projects that a $750 billion recovery package along the lines being proposed would raise GDP by $2.9 trillion over the next four years – about four times as much as the initial cost.

He projects that GDP will be about $1 trillion higher in both 2011 and 2012. For every dollar of increased GDP, federal revenues tend to go up by more than $0.20. If Zandi's estimate of the effect on GDP is anywhere close to correct, the true net fiscal cost of the bill would be very modest and the deficit will be substantially lower in 2011 and 2012 than without the recovery package. It is worth noting that fiscal stimulus could have such a substantial effect on GDP and therefore revenues over such a long period only because the base case is so dire – 11 percent unemployment in 2010 and GDP not recovering its 2008 level until 2012. In less dire economic times, such a modest net budget cost of spending and lower future deficits would not be possible.

High Bang for the Buck

Unlike the stimulus bill of early 2008 that provided only tax cuts, this recovery package emphasizes the spending side because it provides more "bang for the buck" under current conditions. The tax rebates last spring showed that Americans have become so concerned about their debt and saving that they will not spend a large fraction of any tax cut. Over the last two decades, Americans' saving rate went from 8 percent of income to near zero. Many were running up debts as they tried to make ends meet with stagnant or declining real income. Others felt confident in spending all their income and becoming highly leveraged as they enjoyed rising wealth from homes and stocks without having to save. All that has changed. Credit to financially stressed families has dried up. Falling home and stock prices are causing the net worth of middle and higher income households to shrivel up. While the first group can be counted on to spend their tax cuts, that is not the case of families more concerned with their shrinking net worth. As we saw in the spring, a sizable fraction of any tax cut to them will be used to pay down debts and not be spent. The same logic applies to tax cuts for corporations who have become more obsessed with reducing their excessive leverage than in hiring or investing.

The proposed increases in federal spending, on the other hand, will have nearly complete pass through to additional demand for goods and services.

1. Because infrastructure projects are ready to go or soon will be, they will lead to direct spending in the next two years.
2. Federal relief for state and local operating budgets will prevent them from making cuts in spending or increases in taxes of an almost equal amount in the next two years.
3. Economically stressed families will increase spending by as much as their unemployment insurance, food stamp, and other financial help goes up.

Studies done by the Congressional Budget Office and by Mark Zandi have found that providing income to lower income people – through unemployment insurance, food stamps, or tax cuts – have the highest "bang for the buck" in terms of deficit cost (as well as meet humanitarian goals).

Fear Shifting from Inflation to Deflation

Although inflation worries were widespread as recently as last summer, a growing number of economists have become quite concerned about the opposite, falling prices or deflation. For example, the recently released minutes of the monetary policy committee of the Federal Reserve reveal a growing concern about deflation. The U.S. has not experienced deflation since the Great Depression. Deflation reinforces a downward economic spiral for several reasons. It gives people an incentive to postpone purchases to get a lower price later. It also discourages businesses from investing because they fear that they will not be able to make a return on their investment, especially if they must take on debt to finance investment.

Since the credit crunch hit with full force in September, prices of crude and intermediate goods have been falling sharply – not only for energy but for non-energy categories. We also observe rapidly declining prices in major inputs to infrastructure projects. For example, prices for steel rebar plunged 36 percent from August to December. Prices of asphalt have dropped even more in most parts of the country. Falling demand and rising capacity is also putting downward pressure on cement. With so much excess capacity from falling private demand, we should expect a major push on infrastructure to help stabilize prices but not to raise them in general. Nevertheless, out of concern that some capacity bottlenecks could develop, the Committee has been somewhat more restrained in infrastructure investments than some have urged.

Conclusion

Standing alone, this recovery package is not sufficient to deal with the depth of the current economic crisis. Combined with other needed actions, however, it should make an important contribution to alleviating the current crisis by

- helping to end the recession sooner and to create a faster recovery;
- producing assets in the form of infrastructure, technology, and skills that will strengthen our economy for the future;
- reducing the amount by which state and local governments raise taxes and reduce education, health, and public safety programs;
- increasing jobs by almost four million next year and by millions more after that;
- creating a substantial increase in national output and income over the next few years such that its net fiscal cost will be modest overall and bring about lower deficits in future years; and
- providing important assistance to low income families laid low by the current downturn.

TITLE I—GENERAL PROVISIONS

Subtitle A—Use of Funds

Funds provided in this bill must be used for well-vetted investments that can begin in a timely manner. Provisions in the bill require timely funding awards. Formula grants must be allocated within thirty days and discretionary grants must be allocated within ninety days, with the period lengthened by thirty days for new programs. The bill provides for the redistribution of funds not timely obligated within one year for specific programs. The bill also provides for .5 percent of each appropriation to go for administration, management and oversight. For strong oversight, nearly $210 million is provided for the Offices of Inspectors General and $25 million for the Government Accountability Office. No funding provided in this bill may be used to fund casinos, gaming institutions, aquariums, zoos, golf courses or swimming pools.

Subtitle B—Transparency, Accountability, and Oversight

Many existing grant programs have strong oversight and accountability processes in place, such as highways where projects must be on a vetted state-wide plan and reimbursement is provided only after invoices are reviewed by Federal officials. However, other grant programs may be used for broad purposes and oversight by the federal government has been less rigorous.

The activities and projects selected by federal, state and local officials to be funded with recovery dollars must be of the highest quality in their public benefit, which is why funding is prohibited from being used for casinos or gambling establishments, aquariums, zoos, golf courses, and swimming pools (even though these are beneficial to communities). The purpose of this bill is to direct funding at projects that are primarily and clearly aimed at benefiting the economic conditions of communities and the public at large. The Federal government and all other levels of government are directed to look with a skeptical eye at projects that don’t meet that test. Therefore, this bill includes the following oversight mechanisms:

<u>Transparency</u>:

- Federal agencies must publish on a special government-wide recovery program website a plan for using appropriations they receive in the Recovery Act, and must also publish on that website all announcements for grant competitions, allocations of formula grants, and awards of competitive grants using those funds.

- Government agencies (federal, state, or local) receiving funds under the Act for infrastructure investments must notify the public of funds obligated to particular investments. The notification is to be made by the entity making the obligation by posting on the special recovery program website. Public notification must include a description of the activity or investment funded, the purpose, the total cost, and why the federal, state, local government or other entity believes the activity should be funded with economic recovery dollars.

- Included within this notification must be the name of a person to contact at the entity if there are concerns with the investment and an e-mail address for the federal official in each agency whom the public can contact. Also included within the notification must be a certification from the mayor or governor or other chief executive, as appropriate, that the investment has received the full review and vetting required by law and that they accept responsibility that this investment is an appropriate use of taxpayer dollars. This certification is a condition of receiving the funds.

- In addition, any contract/grant awarded with recovery dollars must be placed on the internet and linked to the government-wide recovery website described below. Proprietary data which is required to be kept confidential under applicable federal or state law or regulation shall be redacted before posting.

- Each state or local government agency or other organization receiving grant funds for operational purposes (as distinct from infrastructure investments) must publish on the special recovery program website a description of the intended use of the funds, including the number of jobs sustained or created.

Federal Review: Concerns raised by the public about specific investments will be reviewed, as appropriate, by the Inspectors General and any findings will be immediately relayed to the head of each department and executive agency. Additional Inspector General staff are added to each federal agency in order to meet these requirements.

Reporting and Audit: In addition to the information on funding commitments, the government-wide recovery website shall include printable reports on recovery funds obligated by month to each state and Congressional district.

Continuing Executive Oversight:

- A Recovery Act Accountability and Transparency Board is established. The Board shall be chaired by the Chief Performance Officer and consist of seven other members appointed from the Deputy Secretaries and Inspectors General of agencies involved in the recovery.

- A committee of 5 public or non-federal members with expertise in economics, public finance, contracting, accounting, auditing or other relevant field will be named by the President and will act as an independent advisory panel to the Board. The Board will meet no less than monthly in open session. The Board and the independent advisory panel are subject to FACA.

- The Board is to provide early warning of potential management and funding problems, so that these can be addressed immediately. The Board will issue "flash reports" to the Congress on immediate recovery issues and other reports on the use and benefits of recovery funding.

- In addition, the Government Accountability Office is charged with bi-monthly review and reporting on selected state's and locality's use of the fiscal assistance provided it in the economic recovery. All IG and GAO audits of stimulus funds will be posted on the internet immediately and linked to the Recovery.gov website. GAO and IG are authorized to examine any records related to recovery act obligations.

Effectiveness: The Chair of the Council of Economic Advisers, in consultation with the Director of OMB and the Secretary of Treasury, will submit quarterly reports to the Congress detailing the estimated impact of Recovery Act programs on employment, economic growth, and other key economic indicators.

Special Recovery.Gov Website: A user-friendly, public-facing website will demonstrate the commitment to open government and the effective use of Recovery funds. The website will include easy-to-understand explanatory materials, accountability information, and real-time data feeds of relevant economic, financial, and contract information. The website is to be managed by the Recovery Act Accountability and Transparency Board.

Contracts: Contracts let with recovery dollars must comply with Federal Acquisition Regulations. The Administration is directed to utilize fixed price, competitively awarded contracts to the maximum extent possible. Authority is provided to utilize existing contracts that have been so awarded in order to obligate funding expeditiously. All non-competitive, non-fixed price, contracts awarded with recovery dollars must be posted in a special section of the recovery website. Non-competitive contracts cannot last more than one year.

Whistleblower: Federal and state whistleblowers are protected and GAO and IG employees are provided full access to all information regarding the use of recovery act funds.

TITLE II—AGRICULTURE, NUTRITION, AND RURAL DEVELOPMENT

DEPARTMENT OF AGRICULTURE

AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS

Agriculture Buildings and Facilities Improvements
Recovery funding: $44 million

The Department of Agriculture has identified $44 million in priority repair, maintenance, and improvement projects within its headquarters complex. These investments include funding for long-delayed modernization and security improvements.

AGRICULTURAL RESEARCH SERVICE

BUILDINGS AND FACILITIES

ARS – Buildings and Facilities
Recovery Funding: $209 million

The Agricultural Research Service (ARS) operates federally-owned research facilities all over the country. Through its Facility Asset Management Program, ARS has developed a list of deferred maintenance work at facilities and laboratories across the Nation that totals more than $315 million. The funding provided will fully fund all the critical deferred maintenance work that ARS has identified.

FARM SERVICE AGENCY

SALARIES AND EXPENSES

FSA Information Technology
Recovery Funding: $245 million

This funding would allow for critical improvements needed to address long-standing problems with FSA's existing information technology (IT) systems. Severe problems in 2007 forced the system to shut down for many hours a day in parts of the country; as a result, farmers in those areas were not able to get access in a timely manner. The system has been unable to accommodate even modest workload increases without degradation in performance. This funding would support efforts to develop an effective, more permanent IT system to provide service to the hundreds of thousands of people who rely on and benefit from FSA programs.

NATURAL RESOURCES CONSERVATION SERVICE

WATERSHED AND FLOOD PREVENTION OPERATIONS

Watershed and Flood Prevention Operations
Recovery Funding: $350 million

The Natural Resources Conservation Service's (NRCS) Watershed and Flood Prevention Operations program helps local project sponsors to design and build flood prevention and water quality improvement projects, including dams to reduce flood risk and provide agricultural irrigation and water supply and infrastructure to clean polluted water. The funding provided ($175 million) will fully fund the costs for up to 60 flood prevention and water quality improvement projects that are ready to commence design or construction work.

Through its floodplain easements authorities, the agency also purchases conservation easements on agricultural lands in river flood zones. Once NRCS acquires the easements, the agency restores the environmental values of the land in order to reduce flood risk, improve water quality, and provide wildlife habitat. The funding provided ($175 million) will complete work on a substantial portion of the over $250 million in floodplain easement and restoration projects on the agency's backlog list.

WATERSHED REHABILITATION PROGRAM

Watershed Rehabilitation Program
Recovery Funding: $50 million

Through the Watershed Rehabilitation Program, NRCS works with local sponsors to rehabilitate dam projects that have reached the end of their engineering design life. Such projects therefore pose serious risks to life and property because of the possibility of catastrophic failure. The funding provided fully funds the cost of almost half of the complete projects that NRCS reports are ready to begin work in fiscal year 2009.

RURAL DEVELOPMENT PROGRAMS

RURAL COMMUNITY ADVANCEMENT PROGRAM

(INCLUDING TRANSFERS OF FUNDS)

Rural Community Facilities Program
Recovery Funding: $200 million, for a total program level of $1.239 billion

The Rural Community Facilities Program provides financing to local governments, nonprofit corporations, and federally-recognized Indian tribes for the development of essential community facilities in rural areas. Funds can be used for health care facilities; fire, rescue, and public safety buildings, vehicles, and equipment; libraries and other important community needs. Last year, the agency had applications for $1.1 billion in community facility loans and $137 million for community facility grants that it was not able to fund. The funding provided would give an additional 17 percent of rural population with new or improved health care services and four percent with new or improved public safety services.

Rural Business Program
Recovery Funding: $100 million, for a total program level of $2.013 billion

The Guaranteed Business and Industry loan program has seen an unprecedented demand for the program due to the credit crunch. Private sector lenders are increasingly turning to this program to help businesses get access capital, which will increase the number and size of businesses operating in rural areas; demand for the guaranteed business and industry program could reach $3 billion in fiscal year 2009 if credit continues to be constrained for businesses in rural America. The funding provided for these loans will permit assistance to an additional 928 businesses. The loan program supports financing for a broad range of business and industrial activities in towns or cities with a population of less than 50,000. In addition, funding is provided for the Rural Business Enterprise Grant program, which is available to public bodies, not-for-profit organizations, and recognized Indian Tribal groups to encourage the development of small and emerging private business enterprises.

Rural Water and Waste Disposal Program
Recovery Funding: $1.500 billion, for a total program level of $3.836 billion

The rural water and waste grant and loan programs, which serve rural areas with populations of 10,000 or less, continue to have high demands for funding from all over America. These programs help communities fund drinking water and wastewater treatment infrastructure, with priority given to smaller and poorer communities. Last year, USDA had $2.4 billion in water and waste loan applications and $990 million in water and waste grant applications that it did not have funding for. The level of funding provided would provide an additional 3.4 million rural households with new or improved service.

RURAL HOUSING SERVICE

RURAL HOUSING INSURANCE FUND PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

Recovery Funding: $500 million, for a total program level of $22.129 billion

Families have the opportunity to become homeowners in rural areas through the use of USDA home loans. Through the guaranteed loan program, homebuyers apply with participating lenders and the government guarantees the repayment of part of the principal. This program has seen demand skyrocket because of the credit crunch and it is estimated that demand for the program could reach around $15 billion in fiscal year 2009, compared to normal funding level of $4 billion. The level of funding provided would provide an additional 157,000 homeownership opportunities.

The USDA direct housing loan program provides loans directly to low- and very-low-income families to purchase, build, or rehabilitate a home in rural areas. Demand is always high for the direct housing loan program. At the end of last year, the program had a reported backlog of unfunded applications on hand totaling $2.6 billion. The level of funding in the bill would provide an additional 35,000 homeownership opportunities.

Rural Utilities Service

DISTANCE LEARNING, TELEMEDICINE, AND BROADBAND PROGRAM

(INCLUDING TRANSFERS OF FUNDS)

Rural Broadband Infrastructure Development
Recovery Funding: $2.825 billion

USDA's Rural Development mission area has had significant experience for more than seven years in delivering broadband infrastructure to rural America through its distance learning, telemedicine, and broadband program. The funding provided will significantly expand "open-access" broadband networks in order to enhance the communication capabilities necessary for continued economic growth. Funding for this initiative will support the installation of open-access broadband infrastructure. An open-access network will preserve competition while ensuring that the country utilizes to the fullest extent all of its available resources in rural America.

The funding will be strongly oriented towards grants to provide the maximum incentive for providing broadband service in unserved areas. Expanding open-access broadband services in rural America will enable consumers and businesses to be connected to the Internet at a speed one hundred times faster than today's dial-up modems. Accelerating the distribution of broadband networks will bring many new opportunities to businesses and consumers, as well as provide more robust commercial and communications connections. This level of funding could generate at least $5.5 billion in direct investment for broadband infrastructure and rural access, and directly benefit over 7,600 rural communities and 3.6 million residents and businesses. USDA estimates that approximately 119,000 new jobs would be created as a result of the initial investment.

Food And Nutrition Service

SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

WIC Management Information Systems
Recovery Funding: $100 million

These funds will be used to establish, improve, or administer management information systems (MIS) for the Special Supplemental Nutrition Assistance Program for Women, Infants and Children. Providing this funding will allow for critical upgrades to the state-operated MIS systems, thereby improving program delivery and expanded implementation of electronic benefit transfer capabilities.

GENERAL PROVISIONS, THIS TITLE

Section 2001 provides funding for the Supplemental Nutrition Assistance Program (SNAP). SNAP serves as the primary source of nutrition assistance for over 31 million low-income people. (The program was formerly called the Food Stamp Program.) It enables participants - about 50 percent of whom are children - to improve their diets by increasing food purchasing power using benefits that are redeemed at retail grocery stores. Food inflation is projected to rise by eight to ten percent in fiscal year 2009. From June 2008 through November 2008, there has already been almost a three percent increase for food inflation. This provision will provide a 13.6 percent benefit increase for fiscal year 2009. The Department estimates that this benefit change will allow over 32 million individuals to receive additional food assistance. In addition, $300 million is provided to the states to administer the increased participation levels.

Section 2002 makes all states eligible to participate in the Afterschool Feeding Program for At-Risk Children. Currently, eight States (Delaware, Illinois, Michigan, Missouri, New York, Oregon, Pennsylvania, and West Virginia) are authorized to provide suppers in afterschool care programs through the Child and Adult Care Food Program (CACFP). This program provides meals at sites where at least half of the children in the school attendance area are eligible for free and reduced price school meals. Expanding at-risk afterschool suppers to all states will allow institutions currently serving snacks under this component of the CACFP to expand their services to include an evening or weekend meal to an identified population of children in need.

TITLE III—COMMERCE, JUSTICE, AND SCIENCE

Subtitle A—Commerce

DEPARTMENT OF COMMERCE

ECONOMIC DEVELOPMENT ADMINISTRATION

ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS

(INCLUDING TRANSFER OF FUNDS)

Economic Development Assistance Programs
Recovery funding: $250 million

EDA was created during the 1960s to address problems of long-term economic distress in declining urban industrial cores and stagnating rural areas. Economic Development Assistance Program (EDAP) funding is first distributed regionally on a formulaic basis based on high unemployment or low per capita income, and then each region actively seeks competitive applications. Such project applications are evaluated for private investment leverage and job creation at 3, 6 and 9 years from the fiscal year in which funds are invested. In 1997, the Rutgers University Center for Urban Policy Research completed a comprehensive review of over 200 EDA public works projects and concluded that 99 percent of projects were completed as planned; 91 percent were completed on time, and 52 percent were completed under budget. For every $1 million of EDA funding, $10 million of private sector investment was leveraged. EDAP can get the funding out within two years as it has a backlog of projects within each region.

BUREAU OF THE CENSUS

PERIODIC CENSUSES AND PROGRAMS

2010 Decennial Census
Recovery funding: $1.000 billion

The replan of the Field Data Collection Automation (FDCA) contract in FY 2008 has increased the 2010 Decennial Census' lifecycle costs and introduced significant risk. The replan calls for a return to paper for the non-response follow up portion of the 2010 Decennial, increasing workforce, advertising, and operational needs. The funding will allow Census to hire additional personnel, provide required training, increase targeted media purchases, and improve management of other operational and programmatic risks to ensure a successful decennial.

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

SALARIES AND EXPENSES

State Broadband Data and Development Grants
Recovery funding: $350 million

The State Broadband Data and Development Grant program was established in the Broadband Data Improvement Act on October 10, 2008. The federal program provides competitive grants for eligible entities to develop and implement statewide initiatives to identify and track the adoption and availability of broadband services, taking into account a process for the appropriate technical and scientific peer review of applications. According to the National Association of Telecommunications Officers and Advisors (NATOA), over the long term, broadband deployment helps virtually every economic sector. For every dollar invested in broadband, the economy sees a ten-fold return on that investment. A recent study, “The Economic Impact of Stimulating Broadband Nationally”, suggests that a national program that increased broadband penetration by a mere 7 percent would yield a $134 billion positive impact to the national economy and 2.4 million additional jobs.

WIRELESS AND BROADBAND DEPLOYMENT GRANT PROGRAMS

(INCLUDING TRANSFER OF FUNDS)

Wireless and Broadband Development for Unserved and Underserved Areas
Recovery funding: $2.825 billion

This new program would subsidize the development of broadband and wireless services in unserved and underserved areas. Funding of $2.825 billion is provided to the NTIA, including $1 billion for Wireless Deployment Grants for the deployment of wireless voice service or advanced wireless broadband, and $1.825 billion for Broadband Deployment Grants for the deployment of basic broadband service or advanced broadband service. Factors in grant award decisions by the NTIA will include public safety; state reports on priorities; increases in affordability and subscribership; service enhancement for health care delivery, education, or children; enhancement of computer ownership and computer literacy; and state or local matching funds. Grant recipients must also meet buildout requirements and adhere to open access principles.

The need to expand wireless and broadband services has been identified by the Federal-State Joint Board on Universal Service and the Communications Workers of America (CWA), among others. The stimulative impact would include: 1) jobs to procure, produce, deliver, install, and maintain new infrastructure; and 2) jobs in sectors of the economy that rely on e-commerce, including the retail, high-tech, education, health care, and real estate sectors. The CWA estimates (using a Department of Commerce model) that each $5 billion investment in broadband would result in 100,000 new jobs.

DIGITAL-TO-ANALOG CONVERTER BOX PROGRAM

Digital-to-Analog Converter Box Coupons
Recovery funding: $650 million

Funding provides for additional implementation and administration of the digital-to-analog converter box coupon program, including additional coupons to meet new projected demands and consumer support, outreach and administration.

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

SCIENTIFIC AND TECHNICAL RESEARCH AND SERVICES

Scientific and Technical Research and Services
Recovery funding: $100 million

The STRS program is an intramural research program made up of laboratories and technical programs and national research facilities. Funding will be used to establish environmental measurements and standards, including remote sensing for climate change; develop metrics, tools, and data supporting "green" building technologies; improve energy efficiency and electrical distribution through "smart grid" and advanced energy and renewable technologies; accelerate cost-effective improvements to the safety, security, and disaster resilience of buildings, occupants, first responders, and communities; support increased bandwidths and data transmission rates to enhance advanced applications such as tele-presence for manufacturing and medicine; and enable innovation and enhance manufacturing competitiveness by increasing efficiencies throughout the supply-chain and production cycle.

INDUSTRIAL TECHNOLOGY SERVICES

Manufacturing Extension Partnership and Technology Innovation Program
Recovery funding: $100 million

Industrial Technology Services includes the Manufacturing Extension Partnership and the Technology Innovation Program: $30 million is for the Manufacturing Extension Partnership (MEP) and $70 million is for the Technology Innovation Program (TIP). These programs make up the Industrial Technology Services within NIST. MEP consists of a network of centers that provide business support and technical assistance services, and helps improve the productivity and competitiveness of small manufacturers. MEP leverages private resources in the creation and retention of jobs, thereby increasing economic output as well as Federal revenues. TIP was established in the COMPETES Act and TIP grants will speed the development of high-risk, transformative research targeted to address key societal challenges. Funding is provided to small and medium-sized businesses, institutions of higher education or other organizations, such as national laboratories and nonprofit research institutions. TIP is a competitive grants program that has recently awarded its first grants. There are considerably more projects than funding provided in previous years and additional funding would allow for additional projects to be funded.

CONSTRUCTION OF RESEARCH FACILITIES

Research Science Building Construction Grants
Recovery funding: $300 million

This program is a competitive construction grant program for research science buildings. These grants are awarded to colleges, universities, and other nonprofit, science research organizations on a merit basis. The first three awards were made in November 2008, out of 90 applications. Additional funding at this level will allow for another competition and the funding of approximately 30 research science buildings. These research buildings create jobs during construction and after completion, provide high-paying scientific positions.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

OPERATIONS, RESEARCH, AND FACILITIES

Habitat Restoration
Recovery funding: $400 million

The funding of $400 million will support those habitat and fisheries restoration, marine debris and mitigation projects identified by NOAA as “shovel-ready”. These projects will create jobs and address the $1 billion in NOAA’s backlog of restoration and mitigation and related projects.

PROCUREMENT, ACQUISITION AND CONSTRUCTION

Acquisition and Development of NOAA Satellites and Sensors
Recovery funding: $600 million

$600 million will address critical requirements in satellite acquisition and development and provide necessary resources to address unmet national climate change research and mitigation activities, including the acquisition of climate sensors on soon-to-be deployed satellites. In addition, funds are provided to address critical gaps in climate modeling, and establish climate data records for continuing research into the cause, effects and ways to mitigate climate change.

GENERAL PROVISIONS, THIS SUBTITLE

Section 3101 authorizes a comprehensive, nationwide broadband inventory map.

Section 3102 authorizes a broadband infrastructure grant program to be administered by the National Telecommunications and Information Administration.

Subtitle B—Justice

DEPARTMENT OF JUSTICE

STATE AND LOCAL LAW ENFORCEMENT ACTIVITIES

OFFICE OF JUSTICE PROGRAMS

STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE

Byrne Justice Assistance Grants (JAG)
Recovery funding: $3.000 billion

$3 billion is proposed in recovery funding for the Byrne JAG (formula) grants, which will help to stabilize State and local governments by providing funds to support crime fighting. Funds can be used for a variety of purposes, including equipment, operations and support for other associated law enforcement personnel (such as prosecutors, public defenders, etc.). These funds can also be used to pay overtime expenses of officers on multi-jurisdictional task forces. The National Criminal Justice Association estimates that about 50 percent of Byrne JAG funds are used to support personnel costs.

COMMUNITY ORIENTED POLICING SERVICES

COPS Hiring Program
Recovery funding: $1.000 billion

$1 billion is proposed in recovery funding for the competitive COPS hiring grant program. A $1 billion federal investment supports the hiring of about 13,000 new police officers for three years (using the estimate that 13 new officers can be hired for a three-year period with each $1 million). This program provides a three-year federal subsidy (up to a 75 percent match or $75,000) to hire a new, entry level law enforcement officer (salary and benefits). The grantee is responsible for at least 25 percent in matching funds, and must commit to use its own funds to keep the officer on board for a fourth year.

Subtitle C—Science

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

SCIENCE

Science
Recovery funding: $400 million

Investments in the areas of Earth science, planetary science, heliophysics and astrophysics seek to answer fundamental questions concerning the ways the Earth's climate is changing; the comparison of the Earth with other planets in the solar system and around other stars; and the connections among the Sun, Earth and heliosphere. These investments are critically important to understanding climate change and mitigation.

Within the funds provided, not less than $250 million will be used to accelerate the development of the Tier 1 set of Earth science/climate research missions recommended by the National Academies decadal survey as being critically important for answering key Earth science/climate research questions. Funds are also provided to restore the Total Solar Irradiance Sensor to an NPOESS satellite, which measures solar radiation and is critical to understanding climate change; and to add a thermal infrared sensor to the Landsat Continuing Mapper necessary for water management (e.g., soil moisture and water use) particularly in the western states. It is estimated by NASA that these investments will support in excess of 2,600 jobs.

AERONAUTICS

Aeronautics
Recovery funding: $150 million

The NASA Authorization Act of 2008 requires system-level research, development, and demonstration activities related to aviation safety, environmental impact mitigation, and the Next Generation Air Transportation System (NextGen). Investments in environmentally-friendly or "green" aviation, supersonic testbeds, and development of aerospace systems and technologies require substantial participation by the aerospace industry and inter-governmental agencies, and result in significant job creation. NASA believes it is possible to expend all of these funds by the end of the second fiscal year after receipt and estimates that nearly 1,000 jobs will be supported.

CROSS AGENCY SUPPORT PROGRAMS

Disaster Assistance
Recovery funding: $50 million

To date, insufficient funding has been provided for reconstruction at affected NASA centers precipitated by hurricanes and floods during the last calendar year. NASA has identified over $85 million in reconstruction projects. NASA estimates that over 440 jobs will be created.

NATIONAL SCIENCE FOUNDATION

RESEARCH AND RELATED ACTIVITIES

Research and Related Activities
Recovery funding: $2.500 billion

Sustained, targeted investment by NSF in basic research in fundamental science and engineering advances discovery and spurs innovation. Such transformational work holds promise for meeting the social, economic, and environmental challenges facing the Nation, and for competing in an increasingly intense global economy. To meet these challenges, the America COMPETES Act proposed to double funding for the NSF in seven years. The funding provided in the recovery will return and exceed appropriated levels to the levels assumed in the COMPETES Act. The $2.5 billion proposed for research and related activities (R&RA) is estimated to support an additional 3,000 highly-rated, new awards and would immediately engage 12,750 senior personnel, post doc-, graduate and undergraduates. In addition, the funds provided are expected to restore the funding rate for NSF awards to pre-2000 levels. Since fiscal year 2000, NSF's funding rate has declined from over 30 percent to 25 percent. This investment would restore the funding rate to 32 percent.

Within the R&RA appropriation, $300 million is provided for the Major Research Instrumentation (MRI) program. The MRI program, in an effort to increase research and training in institutions of higher education, museums and science centers, and non-profit organizations, assists with the acquisition and development of shared research instrumentation that is, in general, too costly and/or not appropriate for support through other NSF programs. When awards are made, instruments are expected to be operational for regular research use by the end of the award period. The funding provided in the recovery bill will address a key recommendation of a 2006 National Academies report on "Advanced Research Instrumentation and Facilities" (ARIF) to expand the MRI program so that it includes "mid-scale" instrumentation whose capital costs are greater than $2 million.

The National Science Foundation estimates that academic institutions have about $3.6 billion in deferred projects to repair and renovate science and engineering research space (fiscal year 2005 Survey of Science and Engineering Research Facilities). About half of these deferred projects are in the biological and medical sciences, and about half are in other sciences and engineering. These projects are included in institutional capital plans. The recovery package includes $200 million to restart its facilities program covering physical and other sciences and engineering at the Nation's institutions of higher education, museums and science centers, and non-profit organizations.

EDUCATION AND HUMAN RESOURCES

Education and Human Resources
Recovery funding: $100 million

$100 million is provided for Education and Human Resources at the NSF. Within this amount, $60 million is provided for the Robert Noyce Teacher Scholarship program and $40 million for Math and Science Partnerships. These two programs are significant components of the America COMPETES Act, and underpin the Nation's achievements in research, development and technology.

The Robert Noyce Teacher Scholarship program encourages talented science, technology, engineering, and mathematics (STEM) majors and professionals to become K-12 mathematics and science teachers. The program provides funds to institutions of higher education to support scholarships, stipends, and academic programs for undergraduate STEM majors and post-baccalaureate students holding STEM degrees who commit to teaching in high-need K-12 school districts. A new component of the program supports STEM professionals who enroll as NSF Teaching Fellows in master's degree programs leading to teacher certification by providing academic courses, professional development, and salary supplements while they are fulfilling a four-year teaching commitment in a high need school district. This new component also supports the development of NSF Master Teaching Fellows by providing professional development and salary supplements for exemplary math and science teachers to become Master Teachers in high need school districts. The $60 million included in the recovery package, together with other appropriations, provides the full authorized level in the America COMPETES Act. This program has been cited as a key factor in ensuring US long-term competitiveness. Funds can be awarded very quickly using existing competitive grant applications and will support new scholarships and stipends.

The Math and Science Partnership (MSP) program is a major research and development effort that supports innovative partnerships to improve K-12 student achievement in mathematics and science. MSP projects are expected to raise the achievement levels of all students and significantly reduce achievement gaps in the mathematics and science performance of diverse student populations. In order to improve the mathematics and science achievement of the Nation's students, MSP projects contribute to what is known in mathematics and science education and serve as models that have a sufficiently strong evidence/research base to improve the mathematics and science education outcomes for all students. NSF's MSP program coordinates its effort with the Mathematics and Science Partnerships program of the U.S. Department of Education in the expectation that effective innovations in mathematics and science education will be disseminated into wider practice. This program has been cited as a key factor in ensuring US long-term competitiveness. Funds can be awarded very quickly using existing competitive grant applications.

MAJOR RESEARCH EQUIPMENT AND FACILITIES

CONSTRUCTION

Construction and Development of Major Research Equipment and Facilities
Recovery funding: $400 million

Funds will be used to accelerate the construction and development of major research facilities that provide unique capabilities at the cutting edge of science. Funds will be used for previously approved investments and those nearing their completed design reviews.

TITLE IV—DEFENSE

DEPARTMENT OF DEFENSE

FACILITY INFRASTRUCTURE INVESTMENTS, DEFENSE

Sustainment, Renovation and Modernization of Defense Facilities
Recovery funding: $4.500 billion

FSRM covers expenses associated with maintaining the physical plant at DoD posts, camps, and stations. The proposed funding for the recovery package includes: $1.791 billion for items tied to energy efficiency (HVAC, water, sewage, insulation, etc.); $455 million for CONUS medical treatment facilities; $154 million for barracks renovations; and $2.100 billion for facilities sustainment that is unfunded as a result of DoD's budgeting methods.

ENERGY RESEARCH AND DEVELOPMENT, DEFENSE

Department of Defense Energy Research
Recovery funding: $350 million

$350 million is provided to the Department of Defense only for the funding of research, development, test and evaluation projects, including pilot projects, for improvements in energy generation, transmission, regulation, storage, and use on military installations to include research and development of energy from fuel cells, wind, solar, and other renewable energy sources to include biofuels and bioenergy.

The Secretary of Defense is directed to provide a report to the congressional defense committees detailing the planned use of these funds within 60 days after enactment of this Act. Additionally, the Secretary of Defense is directed to provide a report on the progress made by this effort to the congressional defense committees not later than one year and two years after enactment of this Act.

TITLE V—ENERGY AND WATER

DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS—CIVIL

Corps of Engineers
Recovery funding: $4.500 billion

The Corps of Engineers provides construction and operation and maintenance of the nation's flood control and navigation infrastructure, as well as the construction environmental restoration projects. The funding will provide improved flood protection, navigation and hydropower to the Nation's communities as well as increase the efficiency of the nation's existing water resource infrastructure. The funding will be used to accelerate the completion of ongoing capital improvement projects or initiate new elements of existing projects that can be built within the next year. The Corps of Engineers has an authorized construction backlog of $61 billion, while the construction program is currently funded at approximately $2 billion per year. In addition, the Corps has an operation and maintenance backlog of $1 billion that grows at approximately $100 million per year due to issues related to aging infrastructure. The Corps estimates that $2 billion could be expended on dam safety projects alone. The agency estimates that 33,300 direct and 91,800 indirect jobs will be created for this level of funding. Of the amount provided, $2 billion is allocated to the Construction account; $250 million to the Mississippi River and Tributaries; $2.225 billion to Operation and Maintenance; and $25 million to Regulatory.

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

WATER AND RELATED RESOURCES

Water and Related Resources
Recovery funding: $500 million

The Bureau of Reclamation's mission is to manage, develop and protect water resources in the western portion of the United States. The need to provide secure and clean water supplies is a growing challenge across the nation and in the West in particular. The funding will provide for capital improvement projects under the jurisdiction of the Bureau of Reclamation, including funds to provide clean, reliable drinking water to rural areas and for water reuse and recycling projects to ensure adequate water supply to western localities impacted by drought. The Bureau of Reclamation currently has a backlog of more than $1 billion in authorized rural water projects and more than $600 million in existing authorized water reuse and recycling projects. The Bureau of Reclamation is also faced with increasing costs of aging infrastructure and increasing costs to respond to Endangered Species Act requirements to ensure that Federal projects are built and operated in a manner that minimizes environmental impacts. The Congressional Research Service has estimated direct jobs created by $500 million dollars for water reuse and recycling projects would be 6,312; using a 1.5 multiplier for indirect jobs, the total would be 9,467.

DEPARTMENT OF ENERGY

ENERGY PROGRAMS

SUMMARY OF ENERGY INVESTMENTS

Grid Investment	11.0
Smart Grid Investment Program	*(4.50)*
Western Area Power Administration (General Provision)	*(3.25)*
Bonneville Power Administration (General Provision)	*(3.25)*
Renewable Energy and Transmission Loan Guarantees	8.00
Energy Efficient and Renewable Energy grants and Loans	8.40
Grants and Loans for Institutional Entities for Energy Sustainability and Efficiency	*(1.50)*
Energy Efficiency & Conservation Block Grants	*(3.50)*
State Energy Program	*(3.40)*
Advanced Battery Manufacturing	2.00
Grants	*(1.00)*
Loans	*(1.00)*
Energy Efficiency and Renewable Energy Research, Development, Demonstration and Deployment	2.00
Weatherization Assistance Program	6.20
Science	2.00
Fossil Energy (Carbon Capture and Sequestration)	2.40
Industrial Energy Efficiency	0.50
Transportation Electrification	0.20
Energy Efficient Appliance Rebate Program – Energy Star	0.30
Alternative Fueled Vehicles Pilot Grant Program	0.40
Environmental Management	0.50

Energy Efficiency and Renewable Energy Research Development, Demonstration and Deployment
Recovery funding: $2.000 billion

Renewable energy and energy efficiency research, development, demonstration and deployment can contribute to strengthening the United States' energy security, environmental quality, and economic vitality. This funding provides for activities to support this goal, including $800 million for projects related to biomass and $400 million for geothermal activities and projects. The remaining $800 million will be used for base program activities, such as research and demonstrations for additional renewable energy technologies, including water power and solar energy, and energy efficiency demonstrations for industrial and commercial practices, such as combined heat and power projects. These funds may also be used to accelerate research and development for advanced batteries necessary for the conversion to electric vehicles and storage of energy to increase the effectiveness of renewable energy projects. The Department of Energy estimates 12,000 jobs will be created with this investment.

Industrial Energy Efficiency
Recovery funding: $500 million

Waste heat streams from U.S. industrial processes are estimated to equal 60 to 90 gigawatts of recoverable electricity generation – the equivalent of 120 coal-fired power plants with zero incremental fuel use, cost or carbon emissions. The companies that could capture this energy employ many thousands of workers whose jobs are at risk due to rising energy costs, and many jobs would be created to build the equipment needed to capture this waste energy or prevent waste in similar new and replacement installations. This funding will implement a waste energy recovery incentive program to encourage the recovery of industrial waste heat and recycling it into useable heat and electricity. Recycling the energy our industrial and manufacturing facilities waste is a cost effective way to increase energy efficiency while reducing emissions. The estimated payback for these investments is on the order of 3 to 4 years. (EISA 2007 Sec.451)

Grants to Institutional Entities for Energy Sustainability and Efficiency
Recovery funding: $1.000 billion

This funding would provide $1 billion in grants to institutional entities to identify, design, and implement sustainable energy infrastructure projects and grants for energy efficiency innovative technologies projects on grounds and facilities of institutions. The term institution includes: institutions of higher education; public school districts; local governments; municipal utilities. This funding will provide concrete results in support of the nation's education system while providing construction jobs that help build local markets for skilled green construction. Job creation based on modeling by the American Council for an Energy Efficient Economy shows that these funds, combined with the $500 million in loans provided under a separate heading, will create 7,000 jobs by the end of 2010.

Weatherization Assistance Program
Recovery funding: $6.200 billion

The Weatherization Assistance Program is designed to assist low-income families reduce their energy costs by sending funds to the states to weatherize low-income homes. On average, weatherization reduces heating bills by 32 percent and overall energy bills by $358 per year per home at current prices. This spending spurs low-income communities toward job growth and economic development while the energy cost savings provides more disposable income for other purposes. This funding improves the energy efficiency of low-income housing. DOE estimates this will support 104,000 direct jobs. The eligibility for this program is expanded by increasing the maximum income from 150 percent to 200 percent of the poverty level and the allowable level of investment per home from $3,055 to $5,000 to achieve greater energy savings.

Energy Efficiency & Conservation Block Grants
Recovery funding: $3.500 billion

The Energy Efficiency & Conservation Block Grant Program will assist states, local governments and Indian tribes in implementing strategies to reduce fossil fuel emissions created as a result of activities within the jurisdictions of the eligible entities and reduce the total energy use. Activities eligible to receive funding include: conducting residential and commercial building energy audits; establishing financial incentives programs for energy efficiency improvements; grants to non-profits organizations to perform energy efficiency retrofits; developing/implementing programs to conserve energy used in transportation; developing and implementing building codes and inspections services to promote building energy efficiency; installing light emitting diodes (LEDs); and developing, implementing, and installing on or in any government building onsite renewable energy technology that generates electricity from renewable sources. The U.S. Conference of Mayors has identified over 944 “ready-to-go” energy infrastructure projects that could be started in cities in just two calendar years. DOE estimates an investment of $3.5 billion could create over 40,800 jobs.

State Energy Program
Recovery funding: $3.400 billion

The State Energy Program (SEP) provides grants to states and directs funding to state energy offices. States use grants to address their energy priorities and program funding to adopt emerging renewable energy and energy efficiency technologies. This funding will provide resources for activities in state energy offices, including key initiatives such as residential, commercial and governmental building energy efficiency retrofits. An investment of $3.4 billion yields over 41,000 jobs.

Transportation Electrification
Recovery funding: $200 million

The Transportation Electrification program helps move an industry sector – transportation – that is vital to the country’s economic health toward cleaner energy sources and away from petroleum dependence. States and localities have taken the lead in moving towards an electrification of the light duty fleet. Federal funding is provided to implement a grant program to states, local governments, and metropolitan transportation authorities for qualified electric transportation projects that reduce emissions, including shipside electrification of vehicles, truck stop electrification, airport ground support equipment and cargo handling equipment. Ship service electrical power consumption at the shore side has grown for the shipping industry. The environmental impact of the pollution created while at berth has many ports restricting the operation of on-board generators. Shutting off these on-board generators and supplying the ship's power from the shore power system can reduce the air pollution emissions. The American Association of Port Authorities has identified more than 18 port authorities with projects that could be implemented with this funding. The identified projects range from replacing diesel engines with electric to installation of dockside electrification capability to reduce the emissions from ships. (EISA 2007 Sec.131)

Energy Efficient Appliance Rebate Program and Energy Star
Recovery funding: $300 million

This funding will provide rebates for residential consumers for the purchase of residential Energy Star products to replace used appliances with more efficient models. Approximately 15 states have appliance rebate programs currently operating to incentivize the purchase of energy-efficient appliances. This program would add federal funds to increase the effectiveness of these programs and to encourage the remaining states to adopt similar programs. This will speed the rollout of appliances that will be able to take advantage of smart meters and spur consumer purchases of smart and energy-efficient appliances. (EPACT 2005 Sec. 124)

Alternative Fueled Vehicles Pilot Grant Program
Recovery funding: $400 million

Funding in the amount of $400 million is to establish a grant program through the DOE Clean Cities Program to encourage the use of plug-in electric drive vehicles or other emerging electric vehicle technologies. This grant program may provide up to 30 geographically dispersed project grants. Grant recipients include state governments, local governments, metropolitan transportation authorities, air pollution control districts, and private or nonprofit entities. These grants may be used for the acquisition of alternative fueled vehicles, fuel cell vehicles or hybrid vehicles, including buses for public transportation and ground support vehicles at public airports. The installation or acquisition of infrastructure necessary to directly support an alternative fueled vehicle, fuel cell vehicle, or hybrid vehicle project funded by the grant is also eligible. (EPACT 2005 Sec. 721)

Advanced Battery Manufacturing
Recovery funding: $1.00 billion

In order to move to a new generation of vehicles, the United States must make strides in battery manufacturing capability and not rely on foreign-made technology. This funding will provide $1 billion in grants for facility funding awards to support the manufacturing of advanced vehicle batteries. This funding will incentivize the domestic manufacturing of advanced batteries in order to build a globally competitive battery manufacturing workforce. The DOE estimates 6,000 jobs will be created with this investment. (EISA 2007 Sec. 136(b)(1)(B))

ELECTRICITY DELIVERY AND ENERGY RELIABILITY

Smart Grid Investment Program
Recovery funding: $4.500 billion

The existing transmission system in the United States requires modernization in light of increasing demand. This funding will provide for research and development, pilot projects, and federal matching funds for the Smart Grid Investment Program to meet the goal of a modern electric grid, enhance security and reliability of energy infrastructure, and facilitate recovery from disruptions to the energy supply. A smart grid is an approach to operating the nation's electricity transmission and distribution system using advanced digital technology to save energy and cost, and to allow demand response, use of storage technologies (including plug-in hybrid batteries), integration of dispersed renewable and distributed generators, enhanced reliability and quicker repair of outages, and improved power quality. The Smart Grid Investment Program includes a regional demonstration initiative. Due to the diversity across the nation of our electric grid system, it is critical to fund a variety of regionally targeted demonstration projects. The results of these projects can quantify costs and benefits, verify technology viability, and validate new business models at a scale that can then be replicated throughout the country. Also included is a matching grant program which would provide grants for qualifying smart grid investments. One estimate indicates that an investment by the Federal government of $16 billion over four years would result in a private sector investment of $64 billion over the same period, creating 280,000 new jobs. In the first year alone, an estimated 150,000 projects could be initiated. Within the funds provided, $100 million is for worker training to ensure the Nation has a robust workforce.

ADVANCED BATTERY LOAN GUARANTEE PROGRAM

Funding in the amount of $1 billion is for the Advanced Battery Loan Guarantee Program, which supports $3.3 billion in loans to support manufacturers of advanced vehicle batteries and battery systems produced in the United States. This program complements the grant program provided above to ensure a viable U.S. manufacturing capability for advance batteries.

INSTITUTIONAL LOAN GUARANTEE PROGRAM

Funding in the amount of $500 million is for loans to institutional entities for identifying, designing and implementing sustainable energy infrastructure projects and grants for energy efficiency innovative technologies projects on grounds and facilities of institutions. The $500 million for the loans is estimated to support $5 billion in loans. The term institution includes: institutions of higher education; public school districts; local governments; municipal utilities. This program complements the grant program for institutions provided above.

INNOVATIVE TECHNOLOGY LOAN GUARANTEE PROGRAM

Renewable Energy and Transmission Loan Guarantee
Recovery funding: $8.000 billion

This new loan program would provide loan guarantees for proven renewable technologies and transmission technologies. The $8 billion in appropriated funds is expected to support more than $80 billion in loans for these projects. The temporary program is designed to address the current economic conditions of the nation for renewable and transmission projects and will allow the subsidy cost of the loans to be made through appropriations. Due to the contraction in the credit market and lower bond ratings for companies, renewable and transmission projects have been postponed, this loan program is intended to provide adequate capital to construction new generation of renewable energy projects and make improvements to the nation's transmission system. The authority to enter into new loan agreements expires on September 30, 2011. (EPACT Title XVII)

FOSSIL ENERGY

Fossil Energy
Recovery funding: $2.400 billion

Fossil fuels will remain the mainstay of energy production well into the 21st century. Availability of these fuels to provide clean, affordable energy is essential for the prosperity and security of the United States. In order to fully utilize this energy source, new technologies to reduce the emissions through the capture of carbon is necessary. This funding will provide for the demonstration of carbon capture and sequestration (CCS) technology demonstration projects. These projects will provide valuable information necessary to dramatically reduce the amount of carbon dioxide emitted into the atmosphere from industrial facilities or from electricity generated by fossil fuel power plants. A pending CCS solicitation has shown great interest by industry and the Department of Energy is well positioned to move quickly on implementation of these demonstration projects.

SCIENCE

Science
Recovery funding: $2.000 billion

The Office of Science at the Department of Energy is the single largest supporter of basic research in the physical sciences in the United States, providing more than 40 percent of total funding for this vital area of national importance. It oversees – and is the principal federal funding agency of – the Nation's research programs in high-energy physics, nuclear physics, and fusion energy sciences. Independent scientific research provides the foundation for innovation and future technologies. But U.S. federal funding for research and development has declined steadily over the last decade. This funding will support improvements to DOE laboratories and scientific facilities to provide the foundation for research and development efforts. Within this amount, $400 million is included for the Advanced Research Project Agency – Energy to support high-risk, high-payoff research to accelerate the innovation cycle for both traditional and alternative energy sources and energy efficiency. The Department of Energy estimates that this amount of funding will support 50,000 jobs through research and construction of laboratory facilities.

ENVIRONMENTAL AND OTHER DEFENSE ACTIVITIES

DEFENSE ENVIRONMENTAL CLEANUP

Defense Environmental Management
Recovery funding: $500 million

Funding in the amount of $500 million is to accelerate nuclear waste cleanup at sites contaminated as a result of the Nation's past nuclear activities. This funding will create jobs in environmental cleanup and remediation services; address legal requirements with states to perform mandated cleanup activities; and accelerate the completion of capital projects, shortening out-year mortgage costs.

GENERAL PROVISIONS, THIS TITLE

Section 5001 makes a technical correction to the formula for the Energy Efficiency and Conservation Block Grant program.

Section 5002 amends EISA, Title 13, Smart Grid, by eliminating the cap of 6 demonstration projects, and substituting a grant program for a reimbursable program to expedite the timing of smart grid projects.

Section 5003 amends Title XVII of EPACT 2005, Incentives for Innovative Technologies, by creating a temporary stimulus loan guarantee program for renewable energy and electric power transmission projects, in which the subsidy cost is funded through appropriations. The provision sunsets on September 30, 2011.

Section 5004 provides Western Area Power Administration (WAPA) $3.25 billion in borrowing authority. To expand the viability of renewable energy, areas of high potential renewable electricity generation must be connected with high use areas. WAPA is uniquely positioned to provide the necessary transmission to link renewable energy generation to areas that require additional power. By providing WAPA with borrowing authority, the agency would have the ability to update and expand its transmission grid.

Section 5005 increases the income level criteria for Weatherization Assistance Grants from 150 percent of poverty to 200 percent of poverty; and increases the cap on dwelling assistance from $3,055 to $5,000.

Section 5006 provides the Bonneville Power Administration (BPA) increased borrowing authority in the amount of $3.25 billion to assist in building critical infrastructure to facilitate renewable and energy efficiency projects. Of the 6,417 megawatts of transmission requests pending before BPA, 4,700 megawatts are for interconnecting wind projects. This effort should complement, and not diminish, significant private sector transmission construction efforts currently contemplated in the service territory of BPA.

Section 5007 requires certain additional matters to be addressed in the National Electricity Transmission Congestion Study.

Section 5008 gives the Department of Energy discretion to transfer up to 20 percent of amounts for "Energy Efficiency and Renewable Energy", "Electricity Delivery and Energy Reliability", and "Advanced Battery Loan Guarantee Program" within and between such accounts.

TITLE VI—FINANCIAL SERVICES AND GENERAL GOVERNMENT

Subtitle A—General Services

GENERAL SERVICES ADMINISTRATION

FEDERAL BUILDINGS FUND

LIMITATIONS ON AVAILABILITY OF REVENUE

(INCLUDING TRANSFER OF FUNDS)

Construction, Repairs and Alterations to Increase Energy Efficiency in Federal Buildings and to Provide for Other Federal Buildings Needs
Recovery funding: $7.700 billion

The Federal Buildings Fund will receive $7.7 billion for construction, repairs, and operations of Federal buildings, $6 billion of which will be focused on projects that will create the greatest impact on energy efficiency and conservation. These funds will spur economic development and provide jobs throughout the country. Increases in energy efficiency and conservation will be achieved through projects which employ technology such as: an integrated solar roof, which would produce up to 500kw of solar energy; lighting systems with daylight controls and occupancy sensors, which will reduce electricity consumption by up to 50 percent; mechanical system upgrades; and added roof insulation to reduce energy consumption by 20 percent. The General Services Administration (GSA) would make project selections based on its priority list. Much of this funding is expected to be awarded within 120 days of enactment. The stimulus effects of selected projects would be experienced beginning with the award of contracts. Also included is $1 billion for land ports of entry, $615 million of which could be awarded within a 120 day timeframe. The Office of Federal High-Performance Green Buildings, authorized in the Energy Independence and Security Act of 2007, will receive $4 million. This office will develop high-performance green building standards for all types of Federal facilities, establish green practices, and identify a certification system for Federal green buildings.

ENERGY EFFICIENT FEDERAL MOTOR VEHICLE FLEET PROCUREMENT

Energy Efficient Federal Vehicles
Recovery funding: $600 million

This appropriation will support the replacement of a portion of Federal vehicles with new vehicles, including plug-in and other alternative fuel vehicles. Most of the vehicles to be replaced are agency-owned, with an average age of seven years. The remainder of the funding will replace the older vehicles in the GSA fleet. The replacement of a portion of the Federal fleet of vehicles will provide a positive impact on increasing energy efficiency, including increases to fuel efficiency and reduction of emissions.

Subtitle B—Small Business

SMALL BUSINESS ADMINISTRATION

BUSINESS LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

Small Business Capital Availability
Recovery funding: $430 million

Funding would be made available for new loan guarantee and direct lending authorities. Of the $430 million total, $426 million is for credit subsidy costs and $4 million is for administrative costs. The proposals will make loans more attractive to both lenders and borrowers, free up capital in the secondary market, and add capital for new loans and refinancing. The combined effect of the new authorities would be to increase the supply of capital for small businesses.

The new authorities include: guarantees of up to 95 percent of small business loans; SBA loans to secondary market broker-dealers; refinancing of existing small business loans; SBA underwriting, loan closing, funding, and servicing; refinancing of community development loans under the SBA 504 program; and simplification of the maximum leverage limits and aggregate investment limits required of Small Business Investment Companies.

Small businesses are the driving force for new jobs in the economy; 60 to 80 percent of net new jobs created since the mid-1990’s have been created by small businesses. However, small business lending is sharply down. Loan approvals in SBA’s general business loan programs declined 42 percent in the first quarter of FY 2009 compared to the first quarter of FY 2008. Loans guaranteed under the 7(a) business loan program declined 30 percent in terms of number of loans and 11 percent in dollar volume from FY 2007 to FY 2008. In addition, disruptions in the secondary market have caused major lenders to stop accepting business loan applications. The provisions in this bill will help to reverse these trends.

GENERAL PROVISIONS, THIS SUBTITLE

Section 6201 authorizes SBA to guarantee up to 95 percent of small business loans.

Section 6202 authorizes SBA to make loans to broker-dealers in the secondary market to enable broker-dealers to purchase the SBA guaranteed portion of loans from lenders.

Section 6203 establishes the SBA Secondary Market Guarantee Authority to provide guarantees for pools of first lien 504 program loans that are to be sold to third-party investors.

Section 6204 establishes new lending and refinancing authorities within SBA to enable SBA to refinance existing small business loans, as well as to engage in underwriting, loan closing, funding, and servicing of small business loans.

Section 6205 authorizes SBA to refinance community development loans under its 504 program and revise the job creation goals of the program.

Section 6206 simplifies the maximum leverage limits and aggregate investment limits required of Small Business Investment Companies.

Section 6207 directs the Comptroller General of the United States to report to Congress on the actions of SBA in implementing the authorities granted under these general provisions.

TITLE VII—HOMELAND SECURITY

DEPARTMENT OF HOMELAND SECURITY

U.S. CUSTOMS AND BORDER PROTECTION

SALARIES AND EXPENSES

Non-Intrusive Inspection Technology (Cargo)
Recovery funding: $100 million

CBP needs to upgrade or replace inadequate or nonfunctioning non-intrusive inspection (NII) technology systems at its ports of entry. NII technology is required to scan cargo containers to secure supply chain security and reduce the risk that containers can be used to smuggle weapons of mass destruction, contraband or stowaways. The recommended funding is critical to replace 20 NII systems that are nonfunctional or fail to meet minimum performance standards for security scanning, and to deploy new systems to modernized or enhanced seaports. In addition to ensuring the security of container traffic, this technology will bolster the U.S. economy by enabling CBP to facilitate trade by more efficiently and rapidly processing commercial goods and conveyances that traverse our seaports.

CONSTRUCTION

Modernization of Land Ports of Entry Facilities
Recovery funding: **$150 million**

CBP Construction has previously been limited to new construction and repairs of Border Patrol Station, Sector Headquarters and Air and Marine hangars or maintenance facilities; just $10 million is included in FY 2009 (as requested) to begin renovation of 43 CBP-owned land ports of entry (LPOE) facilities. CBP has identified LPOE modernization as a high priority, with national benefits in the form of improved border security, trade/travel facilitation and reduced wait times. Construction would also generate direct and indirect employment. Of the $237.5 million CBP says could be obligated for LPOE by the end of FY 2010, $150 million is for the top ten priority LPOEs on which construction could begin within six months. This funding would permit recapitalization of those LPOEs, which would result in a faster, broader and larger stimulus effect than funding for design and planning.

TRANSPORTATION SECURITY ADMINISTRATION

AVIATION SECURITY

Aviation Explosive Detection Systems and Checkpoint Screening Technologies
Recovery funding: $500 million

Procuring and installing Aviation Explosive Detection Systems and advanced checkpoint screening technologies at our nation's airports would accelerate the deployment of optimal screening solutions, reduce congestion in airport terminals, improve reliability and efficiency of baggage handling, reduce screener turnover and injury rates, and improve security in airport lobbies. A TSA baggage screening investment study concluded that the capital funding requirements to procure new optimal screening systems, install these systems, modify facilities to expand existing systems, and acquire new systems to support new airport terminals would cost $8.2 billion over the next 20 years (by 2025). To date, less than two-thirds of the largest airports have optimal systems at some or all terminals. These include 20 airports that have optimal systems installed at all terminals and 34 airports that have optimal systems installed at some, but not all, terminals. These remaining large airports have sub-optimal screening solutions, with some having large EDS machines in lobby areas, creating security and traffic flow problems. Currently, there are 27 airports with approved designs that could be funded. A $500 million investment will permit TSA to begin and complete in-line installations at a few of the nation's largest airports plus numerous smaller ones. Funds are competitively awarded based on security risks at airports. In addition, within the $500 million investment, TSA will be able to accelerate the procurement of next generation passenger screening technologies. These procurements will permit screeners to better identify threat objects in carryon bags or on a person, hone in on the latest threats, lessen or alleviate the current restrictions on liquids, and reduce passenger wait times.

COAST GUARD

ALTERATION OF BRIDGES

Hazardous Bridge Alteration, Repair, and Removal
Recovery funding: $150 million

The Coast Guard alters, repairs, or removes bridges deemed to be a hazard to marine navigation pursuant to the Truman-Hobbs Act. Currently there are 12 eligible bridges across the United States. $150 million will fund authorized bridges that have 90 percent of their design completed and could begin construction during fiscal year 2009. These investments will improve the efficiency of waterway transport, spurring more cost-effective delivery of raw materials and finished goods important to the nation's economy, while simultaneously improving the safety of marine navigation.

FEDERAL EMERGENCY MANAGEMENT AGENCY

EMERGENCY FOOD AND SHELTER

Emergency Food and Shelter Program
Recovery funding: $200 million

The Emergency Food and Shelter program (EFSP) provides funds to local community organizations to support food, shelter and services to the nation's hungry, homeless and people in economic crisis. Funds are distributed by a formula that is based on unemployment levels and poverty levels. Agencies use funds for mass shelter, mass feeding, food distribution through food pantries and food banks, one-month utility payments to prevent service cut-off, and one-month rent/mortgage assistance to prevent evictions or assist people leaving shelters to establish stable living conditions. In each of the last few years, nearly 12,000 local non-profit and government agencies have received EFSP funds in more than 2,500 jurisdictions nationwide. The need to double the size of this program is evident as the number of unemployed has already risen from 6.9 million to 10.3 million and is projected to reach close to 13 million by the end of 2009. Many food banks are running out of food due to the huge growth in demand for their services.

TITLE VIII—INTERIOR AND ENVIRONMENT

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

CONSTRUCTION

(INCLUDING TRANSFERS OF FUNDS)

Restoration and Hazardous Fuels Reduction
Recovery funding: $325 million

The Bureau of Land Management is the largest Federal land manager, with responsibility for over 260 million acres, mostly in the west. The BLM manages over 75,000 miles of roads, 19,000 miles of trails, 17,500 campsites, 586 bridges, and nearly 5,000 structures. The funds provided will support a substantial increase in maintenance of this infrastructure, and will also support vital habitat restoration and hazardous fuels reduction projects. In addition, there is an extensive legacy of old mining, oil, and wildfire rehabilitation needs and deferred maintenance for offices, work centers, and visitor facilities. Much of this work is considered “Green Jobs”, as it involves habitat restoration, abandoned mine land repair, native plant restoration, and retrofitting buildings. The funds will provide 8,400 vitally needed rural jobs, particularly in construction, maintenance, and forestry fields. The jobs will also increase training and future employment options for rural citizens in these new restoration activities. The work accomplished will increase the quality of the environment, reduce water treatment needs by restoring key watersheds, and reduce future emergency firefighting costs by reducing hazardous fuels.

UNITED STATES FISH AND WILDLIFE SERVICE

CONSTRUCTION

(INCLUDING TRANSFER OF FUNDS)

U.S. Fish & Wildlife Service, Construction
Recovery funding: $300 million

The backlog of deferred maintenance and construction needs at the National Wildlife Refuges and National Fish Hatcheries is well documented and tracked and prioritized in the Service Asset and Maintenance Management System (SAMMS). The current backlogged needs identified in the SAMMS total more than $3 billion. These projects are typically accomplished with local contractors and it is estimated that this funding will generate 11,000 jobs, primarily in local, rural communities that are near national wildlife refuges and fish hatcheries. These funds will allow the completion of deferred maintenance and capital improvement plan projects, focusing on critical assets, safety issues, energy efficiency, and habitat infrastructure. New construction and major rehabilitation will emphasize cost-effective, renewable energy principles and construction such as solar photovoltaic systems, geothermal energy, wind energy and efficiency improvements.

NATIONAL PARK SERVICE

CONSTRUCTION

(INCLUDING TRANSFER OF FUNDS)

National Park System Infrastructure
Recovery funding: $1.700 billion

The backlog of deferred maintenance needs at the National Park Service has been discussed at Committee hearings for at least the last eight years, and the need is well documented. The Park Service has recently completed formal facility condition reviews of all facilities. The backlog includes roads, bridges, trails, abandoned mine sites, and facilities throughout the 391 units of the park system located in 49 of the 50 states. During testimony on the FY 2009 request, the

Service reported a composite backlog of $7 billion including $4.1 billion for roads and $2.9 billion for non-road needs. These are federal assets with individual projects chosen by NPS based on national criteria. It is estimated by the Department of the Interior that approximately 3,000 jobs are created for each $100 million of NPS deferred maintenance investment. $1.7 billion would therefore produce approximately 50,000 private sector jobs. Because these are repair and rehabilitation projects, the work should be able to commence very quickly using local contractors. The Park Service is responsible for historic preservation throughout its 391 units. This includes 27,000 historically significant structures (many nationally listed), 66,000 archeological sites, and 115 million objects in NPS museum collections. Many of these valuable resources are in disrepair. Many of the historic preservation needs are already documented by the NPS, and planning has been initiated as part of the NPS-wide review of deferred maintenance needs.

NATIONAL MALL REVITALIZATION FUND

National Mall Revitalization
Recovery funding: $200 million

The deterioration of the National Mall area has been well documented and has been featured in recent stories in several national publications. The Mall, called the “Nation’s Civic Stage,” receives more than 25 million visitors per year and has simply been overused. In addition, the basic plan for the Mall has not been updated since the McMillan National Mall Renewal Plan of 1902. The need for immediate repairs has been estimated at $350-500 million and does not include essential upgrades estimated at another $150 million. These are federal assets with individual projects chosen by the National Park Service. The ability to begin work quickly is enhanced by three factors. First, many of the projects, such as repair of the Jefferson Memorial’s collapsing tidal basin walls and the replacement of mall turf, are already in the NPS maintenance plan. Second the preparation of a new long range National Mall Plan by the NPS is nearing completion and a final “preferred alternative” is expected to be released in early 2009. Lastly, a private non-profit partner, “The Trust for the National Mall” has been approved by the NPS and has already begun fundraising efforts.

CENTENNIAL CHALLENGE

Centennial Challenge Matching Grant Program
Recovery funding: $100 million

This program was created in 2007 to prepare the National Park Service for its second century of service with the goal of generating $2 billion for facility repairs and modernization of programs over the ten year period leading up to the Centennial in 2016. Funding is to be matched one to one with private money. The 2008 competition for Centennial projects from partners generated over $370 million of eligible projects throughout the country, but only $25 million was appropriated because the legislation to create the mandatory funding stream for the program passed the House but failed to be considered by the Senate during the 110th Congress. The program can be funded under the existing authorization for challenge cost share projects (PL 104-333, sec 814(g)). All projects are awarded competitively based on NPS criteria. The

Department of the Interior has estimated that this would generate approximately 5,800 jobs. Since projects were approved last year with matching funds already agreed to by partners, it should not take long to get these awards made and actual work initiated.

UNITED STATES GEOLOGICAL SURVEY

SURVEYS, INVESTIGATIONS, AND RESEARCH

Repair and Restoration of Science Facilities and Scientific Equipment
Recovery funding: $200 million

The U.S. Geological Survey is the Nation's preeminent natural science agency, with responsibility for stream and river gauges, earthquake detection and monitoring, ground water evaluation, plant and wildlife ecology and biology, mineral and petroleum assessments, global climate change research, and the National Map. There is an extensive backlog in USGS scientific equipment capability, which is hampering our Nation's ability to respond to a changing climate and environment. In addition, there is a need for upgraded imagery and computing capacity to aid the National Map and remote sensing for Federal land management. Much of the workload is technical in nature, requiring scientific equipment and quantitative support; funds will be distributed based on need, potential for science improvement, and capacity. The Department anticipates that 5,000 jobs will be created nation-wide. The increased scientific capacity will help the country cope with changes in a reliable and accurate manner, and better manage the Nation's ecosystems and natural resources. The increased earthquake, volcano, and stream monitoring capacity, on a real-time basis, will increase community safety and allow better management of precious water resources.

BUREAU OF INDIAN AFFAIRS

CONSTRUCTION

(INCLUDING TRANSFER OF FUNDS)

Bureau of Indian Affairs Infrastructure Improvement and Repair
Recovery funding: $500 million

The Bureau of Indian Affairs (BIA) owns a complex infrastructure of facilities and assets. This includes 184 schools and dormitories, 131 high and significant hazard dams, 78 detention and law enforcement facilities, more than 24,000 miles of roads, and thousands of other facilities and structures. Deferred maintenance and construction needs at BIA schools are over one billion dollars. Increased funding would implement major facilities improvement and repair projects at these schools. The Department of the Interior Inspector General recently issued a flash report concerning numerous critically unsafe conditions at several BIA schools, including structural deficiencies and electrical problems at currently occupied schools and dormitories. In addition to schools, recent studies, including a 2004 report by the DOI Inspector General, have identified a significant deferred maintenance need for Tribal detention facilities. The BIA maintains over 24,000 miles of roads which receive no funding from the Highway Trust Fund. The BIA real property inventory database contains $236.5 million in backlogged road maintenance needs and $12.3 million in equipment needed to make repairs. Additionally, BIA needs funding to replace or repair aging bridges and high or significant hazard dams.

The Bureau of Indian Affairs has a distribution methodology currently in place for allocating funding to specific construction projects. Further, the BIA has existing plans delineating the priority maintenance and construction needs for all BIA facilities. Due to the location of many of these projects, local jobs will be created, in some cases, employing individuals from the Native communities that they serve, helping to alleviate the extremely high unemployment problem in Indian Country.

ENVIRONMENTAL PROTECTION AGENCY

HAZARDOUS SUBSTANCE SUPERFUND

Superfund Remedial Clean-up Program
Recovery funding: $800 million

The Superfund Remedial prog ram addresses contamination from uncontrolled releases at hazardous and toxic waste sites that threaten human health and the environment. The Agency for Toxic Substances and Disease Registry estimates that 1 in 4 American children lives within 4 miles of a hazardous waste site and warns that these children have a greater potential for health problems. According to the National Research Council, these health problems can include heart disease, congenital malformations, leukemia, Hodgkin's disease, and learning disabilities. Of the over 15,000 uncontrolled hazardous waste sites nation-wide, EPA currently has listed 1,255 sites on its National Priority List. It is these sites, selected based on a hazard ranking system, which would benefit from recovery funds. In 2009 there could be as many as 20 Superfund sites ready for construction, but not funded due to budget shortfalls. The Recovery funds will begin to address those sites, plus accelerate construction at many of 600 sites where work has been limited in the past by funding constraints. Because many Superfund sites are "ready to go" or "ready to expand" and because these funds will be obligated mostly through existing contracts and Interagency Agreements, it is expected that all the funds will be obligated and mostly expended within a two year timeframe. EPA estimates that the proposed recovery funds would create 3,125 direct jobs, not including secondary jobs related to equipment and supplies.

LEAKING UNDERGROUND STORAGE TANK TRUST FUND PROGRAM

Leaking Underground Storage Tank (LUST) Enforcement and Clean-up Program
Recovery funding: $200 million

Through the Leaking Underground Storage Tanks (LUST) Program, EPA provides resources to states and territories for the oversight, enforcement and cleanup of petroleum releases from underground storage tanks (USTs). EPA estimates that every year 7,570 new releases occur. Added to the number of sites not yet completed, there could be as many as 116,000 sites requiring clean up actions in 2009. Each of these releases has the potential to contaminate important source water and drinking water supplies that Americans rely on for clean and safe water. These funds would address approximately 1,600 additional clean ups and create 3,200 jobs.

STATE AND TRIBAL ASSISTANCE GRANTS

Clean Water State Revolving Fund
Recovery funding: $6.000 billion

The Clean Water State Revolving Fund provides grants, distributed by statutory formula, to states and territories to capitalize their revolving loan funds which then finance publically owned wastewater infrastructure improvements. In its latest report on the nation's water quality, EPA reported that 45 percent of the nation's rivers and streams were impaired, as well as 47 percent of its lakes, ponds and reservoirs, and 32 percent of sensitive bays and estuaries. Poorly treated and untreated discharge of municipal wastewater was a factor in all three categories, and it was the major factor impairing our bays and estuaries. With the recovery funds, states would begin to address the $388 billion funding gap estimated by EPA. According to the Association of State and Interstate Water Pollution Control Administrators (ASIWPCA), 26 states recently indentified $10 billion in water projects which could quickly be obligated. They estimate that this funding will create over 282,000 construction related jobs.

Drinking Water State Revolving Fund
Recovery funding: $2.000 billion

The Drinking Water State Revolving Fund (SRF) provides grants, distributed by formula, to states to capitalize their revolving loan funds which then finance drinking water infrastructure improvements. According to the EPA, 9 percent of Americans who rely on a community water system to supply their drinking water received water that did not meet all applicable health based standards in 2007. With the recovery funds, states would begin to address the $274 billion funding gap estimated by EPA. According to the National Governors Association, state drinking water officials estimate that there are $6 billion worth of investments that could quickly be obligated. Based on the aforementioned ASIWPCA estimate of job creation, the Drinking Water SRF recovery funds could create 94,000 new jobs.

Diesel Emissions Reduction Act (DERA) Grants and Loans
Recovery funding: $300 million

Authorized in 2005, the DERA program provides grants and loans to states and local governments for projects that reduce diesel emission. Priority projects include those that maximize public health benefits by significantly reducing particulate matter emissions which are a significant threat to both human health and a likely contributor to global warming. The program also targets geographic areas with high air pollution and air toxics and areas that receive a disproportionate quantity of air pollution, such as truck stops and ports. EPA funds technologies to retrofit emission exhaust systems, such as on school buses and other vehicles, replace engines and vehicles, and establish anti-idling programs. By statute seventy percent of the monies fund nation-wide, competitive grants, which are matched $1.38 for every dollar awarded according to the EPA. The remaining thirty percent will fund grants to states with approved programs. In FY 2008, the first year DERA grants were funded, EPA received grants applications with dollar amounts five times the amount it was able to fund and awarded grants to only 27 percent of the applications it received. Based on the average grant award, the recovery funds will provide approximately 600 grants. Projects funded through DERA grants require technology and equipment manufactured through three sectors: auto parts manufacturing, auto repair and maintenance and heavy duty truck manufacturing. The Emissions Control Technology Association estimates that a level of $300 million would create almost 10,400 new jobs or avoid loss of existing jobs.

Brownfields
Recovery funding: $100 million

Funds are provided for Brownfields competitive grants to address environmental site assessment and cleanup, 25 percent of which are mandated by law to address petroleum contamination. Funds will capitalize revolving funds and provide low interest loans, job training grants and technical assistance to local governments and non-profit organizations. In fiscal year 2008, EPA was able to fund only 37 percent of the applications it received for this program. EPA estimates that the amount provided in the recovery package will create 5,000 jobs.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

CAPITAL IMPROVEMENT AND MAINTENANCE

(INCLUDING TRANSFER OF FUNDS)

U.S. Forest Service, Capital Improvement and Maintenance
Recovery funding: $650 million

The Forest Service is the largest Federal land and road manager in the lower 48 States; it is responsible for a vast, inadequately maintained road system, with over 375,000 miles of roads, more than 12,000 bridges, and 143,000 miles of trails. The GAO has studied the backlog and notes a road, bridge and trail maintenance backlog of over $5 billion. The Forest Service engineering staff has recently determined that there are extensive road rehabilitation and decommissioning projects which are nearly ready to go right now. The successful, recent implementation of the legacy road and trail remediation program indicates that there is a tremendous need for road and trail enhancements and decommissioning. In addition, the Forest Service has extensive watershed, forest thinning, abandoned mine reclamation, and habitat restoration projects, which can readily be accelerated. This funding will create about 10,800 jobs, primarily in rural areas and in the construction, maintenance, forestry and restoration industries. The work accomplished will improve water quality for hundreds of community water systems, which receive their water from national forest watersheds, and enhance the use and quality of national forest lands nationwide.

WILDLAND FIRE MANAGEMENT

(INCLUDING TRANSFERS OF FUNDS)

Wildfire Hazard Reduction
Recovery funding: $850 million

The Forest Service is the Nation's preeminent wildfire management agency and has direct responsibility for nearly 200 million acres (8 percent of America) of vital forests and watersheds all over the Nation. The Forest Service manages the State and private forestry and volunteer fire assistance programs, a key part of the National Fire Plan, providing technical assistance and grant funds for State and volunteer fire agencies all over the Nation. Recent experience suggests that for every dollar spent on advance hazard mitigation and fuel reduction, there will be at least one dollar saved in reduced, future emergency wildfire suppression costs. This funding is a good investment for jobs, for protecting communities, natural resources and watersheds, and for reducing subsequent emergency costs.

The bill provides $550 million for State grants for fire assistance hazardous fuels projects, volunteer fire assistance, cooperative forest health projects, city forest enhancements, and wood to energy grants on State and private lands. Recent legislation required communities to establish Community Wildfire Protection Plans (CWPP) in order to coordinate local needs with State and Federal activities. There are now over 3,000 of these CWPP's in existence nation-wide, but projects lack funding. This proposal will fund the wildfire hazard reduction projects, which States and communities have determined are of the highest priority. There is already extensive activity in this area, so this funding can readily be spent on important projects, and in many cases, extend existing contracts. This funding will support 10,000 jobs, largely in rural areas.

The bill also provides $300 million for hazardous fuels reduction, forest health, wood to energy grants and rehabilitation and restoration activities on Federal lands. These funds will support urgently needed hazard reduction activities on Federal lands, as well as forest health protection projects for areas with extensive forest die-back due to various pest and disease outbreaks. This funding will support 5,400 jobs, largely in rural areas.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

INDIAN HEALTH SERVICE

INDIAN HEALTH FACILITIES

Indian Health Service, Facilities
Recovery funding: $550 million

The Indian Health Service provides comprehensive health service delivery to nearly 2 million Native Americans, who are more likely to have lower life expectancy and disproportionate disease burdens, due in part to high unemployment and poverty. The proposed funding for facilities construction and maintenance would be distributed by IHS headquarters using its priority lists. Based on Department of Commerce criteria, it is estimated that this funding will result in approximately 4,000 construction jobs, with 1,800 jobs directly involved in the construction, particularly in economically depressed communities, with the rest being off-site fabricators, suppliers, etc. Also included within the proposed amount is funding to provide the necessary infrastructure and equipment to implement health information technology in Indian Country.

OTHER RELATED AGENCIES

SMITHSONIAN INSTITUTION

FACILITIES CAPITAL

(INCLUDING TRANSFER OF FUNDS)

Smithsonian Institution, Facilities Capital
Recovery funding: $150 million

The Smithsonian is arguably the world's largest and most prestigious museum complex with over 25 million visitors per year. The decline in the condition of its facilities has been documented by the National Academy of Public Administration in 2001, by GAO in numerous reports (most recently Sept. 2007), and through a comprehensive seven volume report done by the Smithsonian itself in 2006 (Treasures in Trouble). GAO estimated the maintenance backlog at $2.5 billion. Among the most visible examples of the need for this investment is the closure of the historic Arts and Industries Building which was closed in 2004 due to safety concerns. The Smithsonian has done preliminary engineering and design on many projects which could be initiated very quickly.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

NATIONAL ENDOWMENT FOR THE ARTS

GRANTS AND ADMINISTRATION

National Endowment for the Arts
Recovery funding: $50 million

The arts community throughout the United States has been heavily impacted by recent funding reductions due to philanthropic retrenchment after the past year's stock market declines and by reductions in state and local support because of revenue shortfalls in a depressed economy. The National Endowment for the Arts is positioned to use existing mechanisms to allocate lifeline funding quickly to these nonprofit organizations to retain jobs. These existing mechanisms provide direct grants to fund arts projects and activities with 40 percent distributed by formula to State arts agencies and regional arts organizations and 60 percent set aside for competitively selected arts projects and activities.

TITLE IX – LABOR, HEALTH AND HUMAN SERVICES, EDUCATION

Subtitle A—Labor

DEPARTMENT OF LABOR

EMPLOYMENT AND TRAINING ADMINISTRATION

TRAINING AND EMPLOYMENT SERVICES

Workforce Investment Act Training and Employment Services
Recovery funding: $4.000 billion

The Workforce Investment Act (WIA) authorizes funding for a variety of job training programs, including both discretionary grant programs and formula grants to States for adult, youth and dislocated worker services. The bill provides funds to States and local workforce areas for all three formula programs:

Adults: $500 million is provided for services for adults, which will allow for increased services for an additional 175,000 disadvantaged adults;

Youth: $1.2 billion is provided for youth services in order to stimulate the creation of up to one million summer jobs for youth. The age of eligibility for youth services provided with the additional funds is extended to age 24 to allow local programs to reach young adults who have become disconnected from both education and the labor market.

Dislocated Workers: $1 billion is provided to allow States and localities to provide training and reemployment services to an additional 270,000 dislocated workers.

Discretionary funding is provided for the Secretary of Labor to respond to worker dislocations and record levels of both adult and youth unemployment by providing additional funding for discretionary job training activities:

Dislocated Workers Assistance National Reserve: $500 million is provided to respond to worker dislocations through national emergency grants, with an emphasis on serving areas of high unemployment or high poverty and providing the income and support services necessary for an individual to participate in job training.

YouthBuild: $50 million is provided to expand this program serving at-risk youth. Supplemental awards to existing programs and an expansion of a current competition will allow an additional 3,200 young people to gain education and occupational credentials while constructing or rehabilitating affordable housing.

High Growth and Emerging Industry Sectors: $750 million is provided for a new program of competitive grants for worker training, of which $500 million is designated for projects that prepare workers for careers in the energy efficiency and renewable energy industries specified in the Green Jobs Act of 2007 (which will include training for work supported by other economic recovery funds such as retrofitting of buildings, green construction, and the production of renewable electric power). Priority consideration for the balance of funds will be given to projects that prepare workers for careers in the health care sector, which continues to grow despite the economic downturn.

COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS

Community Service Employment for Older Americans
Recovery funding: $120 million

The Community Service Employment for Older Americans program provides grants to public and private nonprofit organizations in order to subsidize part-time work in community service for low-income seniors. The economic recovery funds will allow those organizations to add 24,000 participants to the program. The wages paid to these low-income seniors will provide a direct stimulus to local economies, which will also benefit from the community service work performed by participants.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

State Employment Service and Reemployment Services Grants
Recovery funding: $500 million

State Employment Service agencies provide services to match unemployed individuals to job openings. Regular program Unemployment Insurance (UI) claims have increased nearly 75 percent compared to only two years ago and over 40 percent of claimants now exhaust their benefits without finding work. The economic recovery funds will allow States to respond to increased demand for reemployment and job matching assistance provided in local one-stop career centers. Fifty percent of the funds are designated for Reemployment Service Grants that are used by States to provide customized reemployment services to UI claimants to speed their reentry to employment. This may include investments in the integrated Employment Service and Unemployment Insurance information technology that will improve such services. The additional funds are targeted to States with the greatest need based on labor force, unemployment, and their relative share of long-term unemployed individuals.

DEPARTMENTAL MANAGEMENT

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

Department of Labor Worker Protection and Oversight
Recovery funding: $80 million

A number of Department of Labor (DOL) agencies have responsibility for enforcement of worker protection laws that apply to the infrastructure investments in this economic recovery bill. These funds will provide the resources necessary for DOL agencies to enforce such worker protection laws and regulations, as well as to provide resources for the Secretary's oversight and coordination of activities related economic recovery funding. Funds may also be used for administration of the unemployment insurance program.

OFFICE OF JOB CORPS

Job Corps Modernization
Recovery funding: $300 million

The Job Corps program is a network of residential facilities serving at-risk youth. The average age of Job Corps centers is 42 years and there is an extensive backlog of replacement and maintenance needs to old buildings that are becoming unserviceable as measured by industry standards. Economic recovery funds are targeted for the construction, rehabilitation, and acquisition of Job Corps centers, including the use of multi-year leasing authority in cases where such an arrangement would result in construction within 120 days of enactment. The funds will allow the Office of Job Corps to move forward on a number of ready-to-go rehabilitation and construction projects, including projects designed to address the energy efficiency of existing Job Corps facilities. A portion of the funds are available for the operational needs of the Job Corps program, including activities to provide additional training for careers in the energy efficiency and renewable energy industries.

Subtitle B—Health and Human Services

DEPARTMENT OF HEALTH AND HUMAN SERVICES

HEALTH RESOURCES AND SERVICES

Community Health Centers (CHCs) Health Care Services
Recovery funding: $500 million

With additional economic recovery funding, CHCs will be able to provide needed care to uninsured and underserved rural and urban populations. CHCs are an important element of any effort to provide health care coverage for the unemployed and uninsured, serving low-income families as a medical home and generating savings for the overall health care system. A February 2008 George Washington University study showed that a $250 million annual increase could support care for an additional 1.8 million people in the low-income communities where CHCs are located. More than 400 applications submitted earlier this year for new or expanded CHC sites remain unfunded – all of which committed to providing care within 90 days. Recovery funding will support many of these applications, and will be used to maintain services at these new sites in FY 2010.

Community Health Centers Modernization
Recovery funding: $1.000 billion

According to the National Association of Community Health Centers' facilities survey of its 1,000 community health centers, there are approximately $4.4 billion in existing facility needs for renovation and repair to adequately serve their 18 million patients. This includes needs for acquisition of health information technology systems. CHCs do not have low-cost financing options to meet these needs. The $1 billion included in the economic recovery bill would be awarded through competitive grants or supplements to existing CHC awards.

Public Health Service Headquarters Building Replacement
Recovery funding: $88 million

The Public Health Service headquarters houses nearly 2,500 Federal Public Health Service employees. The lease for this 40-year old, functionally obsolete building expires in July 2010. The General Services Administration has issued a request for sources for a leased or to-be-constructed facility but will not proceed further without funding from HHS. The $88 million provided will cover fit-out and moving costs, including office furniture. Agency budgets will cover the cost of the lease for the new facility.

Training for Primary Care Physicians and Nurses
Recovery funding: $600 million

A key component of attaining universal health care reform will be ensuring the supply of primary health care providers – family medicine, internal medicine, pediatricians, dentists, and nurses. Funding for health professions training for these disciplines has withered in the past decade. The $600 million provided will double annual funding for training primary care doctors and dentists, as well as double support for nursing programs such as nurse scholarships, nurse faculty loans, and advanced nursing. The increased funding will also increase the number of health care providers that can be supported through the National Health Service Corps program. States that are moving toward universal coverage have already discovered the painful reality that coverage doesn't address the problem of the long waits or refusals for service that patients experience because of primary care doctor shortages. HHS estimates that 7,000 additional primary care physicians currently are needed in rural and inner-city areas and that by 2020 there will be a shortage of 66,000 primary care doctors nationwide. For the past decade, the U.S. has experienced a significant shortage of nurses, a shortage that HHS projects will grow to more than one million by 2020. This funding is a first step to rebuild the training infrastructure and support students who can revitalize the primary care supply line. Funds provided in FY 2010 will provide the second year of support for the new programs supported by FY 2009 funding.

CENTERS FOR DISEASE CONTROL AND PREVENTION

DISEASE CONTROL, RESEARCH, AND TRAINING

Centers for Disease Control and Prevention (CDC) Modernization
Recovery funding: $462 million

Over the past eight fiscal years, many of CDC's Atlanta-based facilities have been reconstructed to modernize laboratory and public health research space. Previously, the facilities at CDC were unsafe and were not adequate to conduct scientific research. The economic recovery funds will enable CDC to complete its Buildings and Facilities Master Plan and to begin other CDC facility renovations and construction, predominantly for the National Institute for Occupational Safety and Health (NIOSH), which have not benefitted from prior investments in CDC's infrastructure. CDC indicates that all Federal obligations can be made within a two-year timeframe and will generate over 8,000 jobs.

NATIONAL INSTITUTES OF HEALTH

NATIONAL CENTER FOR RESEARCH RESOURCES

University Research Facilities
Recovery funding: $1.500 billion

This program, authorized in section 481A of the Public Health Service Act, supports renovation and construction of university research facilities. These institutions need adequate infrastructure to compete for the biomedical research grants supported by the National Institutes of Health (NIH) to advance the nation's scientific enterprise and maintain its international standing. Funding has not been provided for the past three years. The National Science Foundation estimates that academic institutions have about $3.9 billion in deferred projects to repair and renovate biomedical science research space. (FY 2005 Survey of Science and Engineering Research Facilities) Funds are awarded competitively through a request for applications with a statutory board to conduct the peer review. Bill language for the $1.5 billion has been tailored to limit awards to renovation and repair rather than new construction to ensure that funds can be spent quickly and to permit the purchase of instrumentation.

OFFICE OF THE DIRECTOR

(INCLUDING TRANSFER OF FUNDS)

NIH Research
Recovery funding: $1.500 billion

Economic recovery funding will support 21st century science and engineering research to bring the nation needed health breakthroughs. Funding for biomedical research supported by the National Institutes of Health (NIH) has almost flat-lined after the doubling period at the beginning of the decade, imperiling high risk, high return research that was sparked during the doubling. This funding will help return NIH to a predictable investment stream and secure the earlier investments Congress has made. Funds will be allocated by competitive peer review to universities nationwide, as is current NIH funding, and to NIH intramural research. Since NIH is currently able to support less than 20 percent of approved applications, it will be able to disburse this funding without delay through its regular grant cycles. Funds provided in FY 2010 will provide the second year of support for the new research generated by FY 2009 funding.

BUILDINGS AND FACILITIES

NIH Campus Modernization
Recovery funding: $500 million

With more than 300 owned or leased facilities (some more than 50 years old) occupying more than 17 million square feet of space, NIH has very substantial facilities needs. Excluding new construction priorities identified in the NIH Master Plan, NIH estimates its FY 2009-2010 renovation and improvement (R and I) needs at nearly $1 billion. These funds would bring the buildings' condition index to an acceptable level by the end of 2010. Funds will be spent according to the R and I strategic plan developed by the NIH Office of Research Facilities for the most urgent campus safety and functional repair needs.

AGENCY FOR HEALTHCARE RESEARCH AND QUALITY

HEALTHCARE RESEARCH AND QUALITY

(INCLUDING TRANSFER OF FUNDS)

Comparative Effectiveness Research
Recovery funding: $1.100 billion

The Agency for Healthcare Research and Quality (AHRQ) began a Comparative Effectiveness Research program after passage of the Medicare Modernization Act of 2003 to conduct, support, or synthesize unbiased research about the comparative effectiveness of different healthcare interventions. By knowing what works best and presenting this information more broadly to patients and healthcare professionals, those items, procedures, and interventions that are most effective to prevent, control, and treat health conditions will be utilized, while those that are found to be less effective and in some cases, more expensive, will no longer be prescribed. Substantially increasing the Federal investment in comparative effectiveness research has the potential to yield significant payoffs in reducing health care expenditures and improving quality.

ADMINISTRATION FOR CHILDREN AND FAMILIES

LOW-INCOME HOME ENERGY ASSISTANCE

Low-Income Home Energy Assistance
Recovery funding: $1.000 billion

The Low-Income Home Energy Assistance Program (LIHEAP) helps low-income households and seniors pay for home heating and cooling assistance. The Department of Health and Human Services distributes these funds to States through a formula that takes into account low-income population, energy prices, weather, and other factors. Between 2002 and 2008, the cost of heating a home with heating oil, natural gas, or electricity increased by 185 percent, 71 percent, and 24 percent, respectively. As a result of these steep increases, FY 2009 funding for LIHEAP was doubled, assisting an additional two million households. With rising unemployment, demand for assistance to pay fuel bills is expected to remain high over the next two years.

PAYMENTS TO STATES FOR THE CHILD CARE AND DEVELOPMENT BLOCK GRANT

Child Care Development Block Grant
Recovery funding: $2.000 billion

The Child Care and Development Block Grant (CCDBG) supports quality child care services for low-income families. The Department of Health and Human Services distributes these funds to States through a formula based on population. Many parents were already struggling to afford child care costs before the economic downturn and they face greater challenges today. Yet most families are unable to receive help with these costs — only one out of seven children eligible for Federal child care assistance receives it. Funding for the CCDBG has been nearly flat since 2002, with nearly 140,000 fewer children receiving child care help than in 2002. With the additional economic recovery funding, States will be able to provide child care assistance for an additional 300,000 children in low-income working families who have been hit hard by the economic crisis, and create paid work for an estimated 125,000 caregivers.

CHILDREN AND FAMILIES SERVICES PROGRAMS

Head Start/Early Head Start
Recovery funding: $2.100 billion

Head Start provides comprehensive education, health and nutrition, and social/emotional development services to help ensure that low-income children can succeed in school. The Department of Health and Human Services distributes funds to Head Start centers based on need. Investing in Head Start will help to ensure that children gain the skills they need to be productive workers of the future, help parents work so they can take advantage of job opportunities and support their families, and preserve and create jobs in early childhood education. Currently, 910,000 low-income children participate in Head Start, which is only about half of all eligible preschoolers and less than 3 percent of eligible infants and toddlers. With the economic recovery funds, approximately 110,000 additional children will be served annually, with a particular emphasis on early intervention services to infants and toddlers under Early Head Start, and approximately 50,000 jobs will be created for Head Start teachers and staff.

Community Services Block Grant
Recovery funding: $1.000 billion

The Community Services Block Grant (CSBG) supports employment, food, housing, health, and emergency assistance to low-income families and individuals (including those without children who do not qualify for other types of assistance like Medicaid), the homeless, and the elderly. The Department of Health and Human Services distributes these funds to States through a population-based formula. States, in turn, distribute 90 percent of these funds to local community action agencies. Due to rising unemployment, housing foreclosures, and high food and fuel prices, community action agencies have seen dramatic increases in requests for assistance. These additional economic recovery funds will help to fill gaps in safety net services by targeting funds directly to community action agencies in over 1,000 local communities while they are impacted by revenue shortfalls. An additional $1.0 billion for CSBG would support services for an additional 11 million low-income individuals.

Compassion Capital Fund
Recovery funding: $100 million

The Compassion Capital Fund provides grants to faith-based and community organizations to expand and strengthen their ability to provide social services to low-income communities. Community organizations typically see increased demand during an economic downturn and suffer from local funding cuts due to budget shortfalls. These economic recovery funds will ensure that secular and faith-based community organizations have the capacity to provide critical safety net services to needy individuals and families. These funds should be directed toward non-profit organizations that provide job training, energy conservation, and other services for low-income families and children.

ADMINISTRATION ON AGING

AGING SERVICES PROGRAMS

Senior Nutrition Programs
Recovery funding: $200 million

The Nutrition Service programs provide formula grants to States for nutrition services to the elderly (such as home-delivered and congregate meals). These programs have been hit hard by rising food costs at the same time as demand for services is increasing because of the economic downturn and the growing elder population. This funding will flow to local program operators and will support almost 50 million additional meals for seniors than would have otherwise been provided, an increase of just over 10 percent for each of two years.

OFFICE OF THE SECRETARY

OFFICE OF THE NATIONAL COORDINATOR FOR HEALTH INFORMATION TECHNOLOGY

(INCLUDING TRANSFER OF FUNDS)

Health Information Technology
Recovery funding: $2 billion

The economic recovery bill provides $2 billion to jumpstart the investment in health information technology in order to curb health care costs and improve health care quality. This $2 billion investment will support the infrastructure necessary to allow for and promote the electronic exchange and use of health information consistent with the strategic plan outlined by the Office of the National Coordinator for Health Information Technology.

PUBLIC HEALTH AND SOCIAL SERVICES EMERGENCY FUND

(INCLUDING TRANSFER OF FUNDS)

Pandemic Flu, Biomedical Advanced Research & Development (BARDA), and Cyber Security
Recovery funding: $900 million

Pandemic influenza poses a major threat to the nation's public health, security, and economy. CBO has estimated that an influenza pandemic might cause a decline in U.S. gross domestic product of between 1 and 4.25 percent depending on the severity of the pandemic. Providing additional funding to prepare for and respond to a pandemic will ameliorate the morbidity and mortality associated with worst case scenarios of an influenza pandemic thereby reducing the potential economic burden. Another program funded in this recovery package is BARDA, which supports advanced development and procurement of medical countermeasures, such as vaccines, therapeutics, and diagnostics for chemical, biological, radiological, and nuclear agents, as well as other emerging infectious diseases. According to a recent independent economic analysis of BARDA, in order to develop countermeasures for all biodefense requirements identified in HHS's Public Health Emergency Countermeasures Enterprise Implementation Plan, significant increased investment in advanced development is required. BARDA also provides for the expansion of the domestic manufacturing infrastructure to support new vaccines and other countermeasures, where an expansion of domestic manufacturing is desired to provide sufficient quantities of products in a timely manner.

PREVENTION AND WELLNESS FUND

(INCLUDING TRANSFER OF FUNDS)

Prevention and Wellness Fund
Recovery funding: $3.000 billion

In 2005, U.S. health care expenditures totaled almost $2 trillion – 15 percent of the gross domestic product. The leading causes of death in the U.S. are preventable chronic diseases, such as cardiovascular disease and diabetes, which account for 75 percent of U.S. healthcare costs. Making increased investments in preventing diseases, rather than simply caring for those who are already sick is estimated in numerous studies to be one of the most effective ways to reduce healthcare spending, potentially saving billions of dollars per year. Within the total for the Prevention and Wellness Fund, funds are reserved for the discretionary immunization program that provides funding to public health departments to operate childhood, adolescent, and adult immunization programs. In addition, funds are provided for the Preventive Health and Health Services Block Grant, which will provide needed resources at State and local public health departments. Funds are also provided for healthcare-associated infection prevention programs and for evidence-based clinical and community-based prevention and wellness strategies and public health workforce development activities. These funds are to be distributed according to the public health priorities of the Secretary of Health and Human Services and the Director of the Centers for Disease Control and Prevention.

GENERAL PROVISIONS, THIS SUBTITLE

SEC.9201. FEDERAL COORDINATING COUNCIL FOR COMPARATIVE EFFECTIVENESS RESEARCH

The recovery package includes bill language establishing the Federal Coordinating Council for Comparative Effectiveness Research to coordinate comparative effectiveness and related health services research and to advise the President and Congress on strategies with respect to the infrastructure needs of comparative effectiveness research within the Federal government.

SEC.9202. HEALTH INFORMATION TECHNOLOGY

This general provision provides short-term authority to spend the $2 billion provided in the economic recovery bill. The Office of the National Coordinator for Health Information Technology will be able to use these funds to invest in health information technology (IT) architecture supporting the nationwide electronic exchange of health information, including health information exchanges; to support training of health care professionals who will be instrumental in improving the quality of health care through the electronic exchange of information; and to provide grants to institutions and providers to acquire health IT products if the products are certified as meeting the Office's standards. Health IT is an essential tool in transforming the healthcare system – to improve the quality and efficiency of healthcare, to reduce its costs, and to protect the privacy and security of personal health information. Investments in health IT also have the potential to ameliorate some of the biggest job casualties in the current economic downturn. Research conducted by Oregon Health and Science University in 2008 showed that to achieve the full benefits of health IT, an additional 40,000 IT professionals will be required. Investing in the retooling of IT professionals from other industries to work in health IT will also benefit the educational sector training this group.

Subtitle C—Education

DEPARTMENT OF EDUCATION

EDUCATION FOR THE DISADVANTAGED

Title I Grants
Recovery funding: $13.000 billion

Title I Grants to local educational agencies (LEAs) provide supplemental education funding, especially in high-poverty areas, for programs that provide extra academic support to help raise the achievement of students at risk of educational failure or to help all students in high-poverty schools meet challenging State academic standards. The Title I School Improvement Grants program is a State formula grant program, that makes awards to States to provide assistance for local school improvement activities for Title I schools that do not make adequate yearly progress (AYP) for at least 2 consecutive years. Providing additional funding will assist the more than 50,000 Title I schools, which serve more than 20 million students.

IMPACT AID

Impact Aid Construction
Recovery funding: $100 million

These funds shall be used to support school construction in local educational agencies (LEAs) that educate federally-connected students or have federally-owned land. Because school construction is primarily financed from local funds, and because federally-affected LEAs cannot tax certain lands, LEAs with large percentages of federally-connected students need supplemental funds for construction. The grants, which are awarded by formula and competition, enable eligible districts to undertake emergency renovations and modernization projects, which may include replacement of heating, ventilation, and air conditioning systems; repair of electrical systems; or replacement of faulty windows and roofs. These funds will assist an estimated 960 Impact Aid schools.

School Improvement Programs

Education Technology
Recovery funding: $1.000 billion

The Enhancing Education through Technology program supports State, district, and school efforts to integrate technology into curricula in order to improve teaching and learning. Funding shall be used for technology hardware, software applications, professional development and related instructional technology staff and services. These funds should be used to improve student academic achievement and ensure that students are college and workforce ready by ensuring that every student has 21st century skills and is technology literate. In addition, the funds should be used to increase ongoing and meaningful professional development around technology that leads to changes in teaching and curriculum and improves student achievement.

Education for Homeless Children and Youth
Recovery funding: $66 million

The Education for Homeless Children and Youth program provides formula grants to States to assist schools and districts with providing services for homeless children and youth, including meals, transportation and other needed support services. Fiscal constraints at the State and local levels have made it difficult for many school districts to provide services for homeless children. Further, the rising cost of food and transportation, which districts must provide to homeless students, and an influx of homeless students as a result of the home foreclosure crisis will serve to significantly stretch the already scarce resources available for these students. Estimates from the National Association for the Education of Homeless Children and Youth indicate that providing an additional $66 million over two years will allow an additional 205,000 homeless students to receive services.

Innovation and Improvement

Credit Enhancement for Charter Schools Facilities
Recovery funding: $25 million

The Credit Enhancement for Charter School Facilities program provides assistance to help charter schools meet their facility needs. Funds are provided on a competitive basis to public and nonprofit entities and consortia to leverage other funds and help charter schools obtain school facilities through such means as purchase, lease, and donation. Grantees may also leverage grant funds to help charter schools construct and renovate school facilities. The economic recovery funds for the Credit Enhancement program, when combined with FY 2009 funding already available, will leverage an estimated $414 million, for a total of $460 million. These funds will assist an estimated 276 schools with infrastructure projects, including the modernization, renovation, and repair of these facilities.

Teacher Incentive Fund
Recovery funding: $200 million

The Teacher Incentive Fund (TIF) program provides competitive grants to encourage school districts and States to develop and implement innovative ways to provide financial incentives for teachers and principals who raise student achievement and close the achievement gap in some of the highest-need schools. The increased funding for TIF would enable States and school districts to develop and implement systems to attract and retain highly qualified teachers and principals, and to align their pay with student performance. These funds will also help participating States and school districts with budget shortfalls by providing significant assistance for teacher compensation, recruitment, and retention.

SPECIAL EDUCATION

IDEA, Part B State Grants
Recovery funding: $13.000 billion

The IDEA Part B, Grants to States program provides formula grants to assist the States and D.C., Puerto Rico and the Outlying Areas in meeting the excess costs of providing special education and related services to children with disabilities. Additional funding will assist States and school districts with paying for the rising cost of special education for the estimated 6.8 million students with disabilities. Although the number of students enrolled in special education programs has remained relatively steady over the past 5 years, the severity of students' disabilities has intensified, particularly the number of students with autism, which requires a greater investment of resources to provide an adequate education. As States begin tackling a projected 10 percent budget shortfall for FY 2009, with larger increases expected in FY 2010, education is an area that needs support. Although State funding for special education is mandatory, providing this funding will assist States and school districts and prevent them from reducing funding for general educational operations and allow all education programs to receive adequate funding during difficult economic times. The additional funding provided in the economic recovery bill, combined with the FY 2009 appropriation, will increase the Federal share for special education to an all-time high of 27 percent.

IDEA Infants and Families
Recovery funding: $600 million

The Grants for Infants and Families program provides formula grants to the States, including D.C., Puerto Rico and the Outlying Areas to assist them in implementing coordinated systems of comprehensive programs and making early intervention services available to children with disabilities aged birth through 2 and their families.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Vocational Rehabilitation State Grants
Recovery funding: $500 million

The Vocational Rehabilitation (VR) State Grants program supports VR services through formula grants to States. VR agencies provide a wide range of services designed to help persons with disabilities prepare for and engage in gainful employment to the extent of their capabilities. Nationally, there are about 1 million individuals with disabilities in various phases of the vocational rehabilitation process within the VR system. State VR agencies are facing numerous challenges. If a State VR agency cannot serve all eligible persons, it must first serve those individuals with the most significant disabilities under an “order of selection.” In FY 2007, about half of the 56 general and combined State VR agencies were on an order of selection. The increased funding will assist with the order of selection issue, and allow more individuals to receive services.

Centers for Independent Living
Recovery funding: $200 million

The Independent Living Program, administered by the Department of Education, consists of three separate programs: Independent Living State Grants, Centers for Independent Living, and the Services for Older Individuals Who Are Blind program. Each of the programs is a State population-based formula grant program. Independent Living State Grants provide funding to improve independent living services, and to support the operation of State Independent Living centers. Funding for the Independent Living Centers program is similar to the State Grants program, except these funds support nonresidential, community-based centers that are designed and operated within individual communities by individuals with disabilities. The Independent Living Services for Older Individuals Who Are Blind program supports services to assist individuals age 55 or older whose visual impairment makes employment difficult to obtain, but for whom independent living goals are feasible. Increased funding for these programs will enable States and local communities to continue providing needed support services for individuals with disabilities.

STUDENT FINANCIAL ASSISTANCE

Pell Grants
Recovery funding: $15.636 billion

Pell Grants provide need-based scholarships for undergraduate students. Under the economic recovery bill, the (discretionary) maximum Pell Grant would increase by $500, from $4,360 to $4,860 for the 2009-2010 academic year. With the additional $490 in mandatory funding, the total Pell maximum would be $5,350. The cost of a $500 Pell award increase, plus retiring prior year shortfalls, is now $15.6 billion over two years, based on interim updated CBO economic assumptions and applicant growth, as more students are applying and qualifying for more assistance. These additional funds will provide immediate financial relief to an additional 800,000 students and their families who are struggling to pay for the cost of a higher education during the economic downturn.

College Work-Study
Recovery funding: $490 million

College Work-Study provides funds to colleges, which must be matched with 25 percent non-Federal funds, to support low and moderate-income undergraduate and graduate students who work while attending school. In addition, each participating institution must use at least 7 percent of its Work-Study allocation for payments to students employed in community service activities, such as community-accessible childcare and assistance for disabled students. Providing increased funding would increase the number of students working in local communities. The additional funds in the economic recovery bill, when combined with institutional matching funds, will result in a total of $613 million that will be available to support an estimated 200,000 new students in fiscal years 2009 and 2010.

Student Aid Administration

Student Aid Administration
Recovery funding: $50 million

The Department of Education administers an estimated $82 billion in Federal student aid programs and policies, including Pell Grants, guaranteed and direct loans, and two new lender subsidy programs authorized by the College Cost Reduction Act, which help more than 11 million students and families pay for college. The Department of Education is under severe pressure to administer these surging student aid programs as more people seek a higher education due to the poor economy. Additional funds will support the staff and resources necessary to respond to the changing and complex student loan environment involving banks, colleges, and lenders, and to service the surge in the Direct Loan program administered by the Department.

Higher Education

Teacher Quality Enhancement, State Grants
Recovery funding: $100 million

The Teacher Quality State Grants program is a competitive program which provides grants to States to improve the quality of the teaching workforce. Among other things, States may use grant funds to reform teacher licensing and certification requirements; provide alternative methods of teacher preparation; and provide alternative routes to State certification. The funds provided in the economic recovery bill will assist States in modernizing the teaching workforce, address teacher shortages, and provide new routes to teaching for jobless individuals seeking to enter the teaching field.

INSTITUTE OF EDUCATION SCIENCES

Statewide Data Systems
Recovery funding: $250 million

The Department of Education makes competitive grants to States to enable them to design and develop statewide longitudinal data systems that use individual student data for reporting and improving student achievement, and to facilitate research to improve student achievement and close achievement gaps. Providing additional funding for Statewide Data Systems would enable States to increase the capacity of their data systems, provide teachers the information they need to tailor instruction to help each student improve, and give administrators the resources and information to effectively and efficiently manage their data systems. A recent report released by a group commissioned by Secretary Spellings, entitled, *Harnessing Innovation to Support Student Success: Using Technology to Personalize Education,* maintains the Federal government should invest further in Statewide Data Systems, including longitudinal data systems at the school and district levels. The panel maintains that numerous States are experimenting with online assessments that provide instant results for students and teachers, and that new computer-assisted assessment tools provide teachers with specific information on the areas where students need help, and allow teachers to change their practices in response. Only 14 States currently collect student-level college readiness scores, and only 18 States have the ability to match teacher data to student performance.

GENERAL PROVISIONS, THIS SUBTITLE

SEC.9301. SCHOOL MODERNIZATION, RENOVATION, AND REPAIR

K-12 Repair and Modernization
Recovery funding: $14.000 billion

The economic recovery bill includes $14 billion for school modernization, renovation, and repair, to be allocated to States based on their FY 2008 allocation under Title I of the Elementary and Secondary Act, after a one percent reservation of funds for outlying areas and Bureau of Indian Affairs schools. State educational agencies would distribute these funds, less an administrative set-aside, to school districts for school facility projects. Charter schools are eligible to receive this assistance. Allowable projects may include health and safety repairs, facility modifications to provide access for disabled students, and educational technology infrastructure upgrades, as well as projects to improve energy efficiency.

The nation’s school infrastructure is aging; the average public school facility is more than 40 years old. Approximately one-third of public school buildings need extensive repair or total replacement and two-thirds have environmental problems such as the presence of asbestos or lead-based paint that are unhealthy for children. The Government Accountability Office has estimated that the nation’s schools would need $112 billion just to take care of deferred maintenance, building safety, and accessibility. Further, many school districts are unable to wire aging school buildings for modern technology.

SEC.9302. HIGHER EDUCATION MODERNIZATION, RENOVATION, AND REPAIR

Higher Education Repair and Modernization
Recovery funding: $6.000 billion

The economic recovery bill includes $6 billion for institutions of higher education (IHEs) for modernization, renovation, and repair projects. The funds would be distributed to States by formula in proportion to the State's share of full-time equivalent undergraduate students. Funding will be allocated by States to institutions based on the demonstrated need of each institution for facility modernization, renovation, and repair. Priority consideration shall be given to institutions that serve high numbers of minority students, institutions impacted by a major disaster; and institutions proposing to improve energy efficiency. The higher education modernization grants would be used for the same purposes as the K-12 modernization grants, including health and safety repairs, facility modifications to provide access for disabled students, and educational technology infrastructure upgrades, as well as energy efficiency projects.

SEC. 9303. MANDATORY PELL GRANTS

Pell Grants (mandatory)
Recovery funding: $1.474 billion

In addition to the shortfall for the discretionary part of the Pell Grant program, there is a mandatory Pell Grant shortfall for the 2009-2010 award year. This funding, initially included as part of the College Cost Reduction Act, enables a student's Pell Grant award to be increased by $490 each year. Providing this additional funding in the economic recovery bill will provide additional financial relief to the estimated 7 million Pell Grant recipients and their families who are struggling to pay for the cost of a higher education during the economic downturn.

SEC. 9304. INCREASE STUDENT LOAN LIMITS

Student Loan Limit Increase
Recovery funding: N/A ($30 million estimated savings)

There are statutory limits of how much funding students and their families can borrow through the Federal Stafford loan program to pay for college. However, significant job loss, high tuition prices, and poor credit are making it difficult for students and their families to borrow adequate amounts through the Federal guaranteed loan program, and in some instances forcing them to take out unsubsidized, private loans. The economic recovery bill includes a provision to increase unsubsidized loan limits (loans for which the Federal government does not pay loan interest while a student is enrolled in school) by $2,000 for undergraduate students. This action will help students and their families avoid having to seek private loans which have significantly less-favorable terms for students.

SEC. 9305. STUDENT LENDER SPECIAL ALLOWANCE

Student Loan Lender Special Allowance Payments (SAP)

Recovery funding: $10 million

Under the Federal Family Education Loan (FFEL) program, the Federal government ensures lender participation through a subsidy known as the Special Allowance Payment (SAP), which includes a lender's cost of borrowing money. The SAP is currently indexed to the Commercial Paper rate (CP), which Congress intended to serve as a measure of the rate at which lenders were able to borrow money. The recent economic crisis has left the CP rate artificially low, due to limited trading. Language is included in the economic recovery bill to index the SAP to the London Interbank Offered Rate (LIBOR), which is closer to the historical CP rates prior to the economic crisis, for one quarter. Substituting LIBOR for CP will help lenders avoid significant loss resulting from differences between the two rates, provide stability in the student loan system, and help to ensure access to financial aid for college students in 2009.

Subtitle D—Related Agencies

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

OPERATING EXPENSES

AND

NATIONAL SERVICE TRUST

(INCLUDING TRANSFER OF FUNDS)

AmeriCorps Programs
Recovery funding: $200 million

The non-profit sector of the U.S. economy is in danger of facing significant job losses due to shrinking revenue as a result of the recession. But at the same time, non-profit organizations are also experiencing an increased number of applications for service opportunities and increased demand for services for vulnerable populations to meet critical needs in communities across the U.S. By providing AmeriCorps with increased funding, not only will those seeking service opportunities find a way to contribute needed services to their communities, but they will be rewarded for that service with education awards to help pay for further education or pay off student loans. This recovery package will engage an estimated 16,000 additional volunteers in service opportunities.

SOCIAL SECURITY ADMINISTRATION

LIMITATION ON ADMINISTRATIVE EXPENSES

(INCLUDING TRANSFER OF FUNDS)

Social Security Administration Modernization
Recovery funding: $400 million

The Social Security Administration (SSA) National Computer Center (NCC) is nearly 30 years old and it will soon be unable to support the critical systems necessary to SSA's mission. The construction of a new center is necessary to meet the growing needs of SSA for the processing of retirement and disability claims, and storage of wage and medical records. An estimated 400 jobs will be created during the construction process.

Social Security Administration Disability Backlog and Claims Processing
Recovery funding: $500 million

SSA's actuaries are projecting a steep rise in disability and retirement claims due to the economic downturn. These additional funds will allow SSA to process new claims in a timely manner and to accelerate activities to reduce the backlog of disability hearings. Hundreds of thousands of disability claimants have been affected by the backlog in disability hearings. Expediting additional hearings will also stimulate the economy, as retroactive benefits are paid to eligible claimants, providing them with the resources to meet their living costs. In addition, as the largest repository of electronic medical images in the world, SSA has a vital interest in exploring how health information technology can be integrated into the disability process through the widespread adoption of electronic medical records. The funds for agency operations include resources for SSA health information technology research and activities.

TITLE X—MILITARY CONSTRUCTION AND VETERANS AFFAIRS

Funding is provided in this title to develop infrastructure for the benefit of currently serving members of the military and their families, as well as veterans, while promoting employment in the construction sector. Many of the facilities built with funds in this title will also provide additional employment opportunities upon completion.

DEPARTMENT OF DEFENSE

MILITARY CONSTRUCTION, ARMY

Military Construction, Army
Recovery Funding: $920 million

Funding is provided for troop housing and child development facilities. The Army in 2008 identified a need of approximately $10 billion to address a deficit of adequate barracks spaces for a projected 147,700 permanent party soldiers and 109,400 trainees and recruits. Many existing barracks were built during the World War II or Korean War eras. The bill provides $820 million to target this backlog. In addition, $100 million is provided for child development centers. The Army in September 2008 reported that waiting lists for child care across all installations totaled 10,911 spaces.

MILITARY CONSTRUCTION, NAVY AND MARINE CORPS

Military Construction, Navy and Marine Corps
Recovery Funding: $350 million

Funding is provided for sailor and Marine housing and child development facilities. The Navy and Marine Corps have a large uncorrected backlog of adequate housing and $170 million is targeted to address this backlog. The Marine Corps alone in 2008 identified a need for over 26,000 new barracks spaces to bring current unaccompanied housing up to standard and accommodate end-strength increases. Many existing barracks date to the World War II or Korean War eras. In addition, $180 million is provided for child development centers. The Navy in July 2008 reported that waiting lists for child care across all installations totaled 8,131 spaces; the Marine Corps reported a total waiting list of 2,337.

MILITARY CONSTRUCTION, AIR FORCE

Military Construction, Air Force
Recovery Funding: $280 million

Funding is provided for airmen housing and child development facilities. The Air Force has identified a need for over 15,000 spaces to eliminate inadequate airmen housing and bring all dormitories up to the current standard. The bill provides $200 million to address this backlog. In addition, $80 million is provided for child development centers. The Air Force in September 2008 reported that waiting lists for child care across all installations totaled 6,474 spaces.

MILITARY CONSTRUCTION, DEFENSE-WIDE

Military Construction, Defense-Wide
Recovery Funding: $3.750 billion

Funding is provided for construction of hospitals and ambulatory surgical centers. The Department of Defense has identified an enormous need for the recapitalization of major medical facilities. The Department's inventory of medical treatment facilities is riddled with aging facilities that are inadequate to meeting current standards for medical care and growth in beneficiary populations. Many existing hospitals are more than 30 years old; some are more than 50 years old. Funding is provided to make significant progress on addressing this unmet need and provide state-of-art medical care for servicemembers and their families at several military installations.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

Military Construction, Army National Guard
Recovery Funding: $140 million

Funding is provided for a variety of construction projects to support guard units across the country. Projects funded by these accounts include facilities for operations, training, maintenance, supply, and force protection, as well as utilities infrastructure and land acquisition.

MILITARY CONSTRUCTION, AIR NATIONAL GUARD

Military Construction, Air National Guard
Recovery Funding: $70 million

Funding is provided for a variety of construction projects to support guard units across the country. Projects funded by these accounts include facilities for operations, training, maintenance, supply, and force protection, as well as utilities infrastructure and land acquisition.

MILITARY CONSTRUCTION, ARMY RESERVE

Military Construction, Army Reserve
Recovery Funding: $100 million

Funding is provided for a variety of construction projects to support reserve units across the country. Projects funded by these accounts include facilities for operations, training, maintenance, supply, and force protection, as well as utilities infrastructure and land acquisition.

MILITARY CONSTRUCTION, NAVY RESERVE

Military Construction, Navy Reserve
Recovery Funding: $30 million

Funding is provided for a variety of construction projects to support reserve units across the country. Projects funded by these accounts include facilities for operations, training, maintenance, supply, and force protection, as well as utilities infrastructure and land acquisition.

MILITARY CONSTRUCTION, AIR FORCE RESERVE

Military Construction, Air Force Reserve
Recovery Funding: $60 million

Funding is provided for a variety of construction projects to support reserve units across the country. Projects funded by these accounts include facilities for operations, training, maintenance, supply, and force protection, as well as utilities infrastructure and land acquisition.

DEPARTMENT OF DEFENSE BASE CLOSURE ACCOUNT 1990

Department of Defense Base Closure Account 1990
Recovery Funding: $300 million

Department of Defense Base Closure Account 1990 provides funds for cleanup activities at closed installations dating back to the 1988 BRAC round. The Department estimates there is a $3.5 billion backlog in needed environmental cleanup at bases that were closed during the four previous BRAC rounds. These funds will accelerate the pace cleanup, providing not only an immediate short-term impact in job creation but also aiding local communities in their efforts to redevelop these properties for economically productive uses.

DEPARTMENT OF VETERANS AFFAIRS

VETERANS HEALTH ADMINISTRATION

MEDICAL FACILITIES

Veterans Health Administration – Medical Facilities
Recovery Funding: $950 million

Medical Facilities provides for the operation and maintenance of the Department's health care system's capital infrastructure, including costs associated with utilities, engineering, capital planning, leases, laundry, groundskeeping, garbage, housekeeping, facility repair, and property disposition and acquisition. The Department has identified a $5 billion backlog in non-recurring maintenance projects, including energy projects, at its 153 medical facilities. Stimulus funding is provided to address this backlog.

NATIONAL CEMETERY ADMINISTRATION

Veterans Affairs, National Cemetery Administration
Recovery Funding: $50 million

National Cemetery Administration provides for the operation and maintenance of 164 cemeterial installations in 39 States, the District of Columbia, and Puerto Rico. Stimulus funding is provided for monument and memorial repairs.

TITLE XI—DEPARTMENT OF STATE

DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS

CAPITAL INVESTMENT FUND

Information Technology
Recovery Funding: $276 million

These funds are for immediate information technology upgrades. This investment will address deferred maintenance and upgrades to improve the efficiency of Department of State operations. Of the funds provided, up to $120 million is provided for design and construction of a backup information management facility in the United States to protect the Department of State from mission failures. Reviews conducted after the terrorist attacks of September 11, 2001 identified the lack of a redundant or back-up communications facility as a security vulnerability for the Department of State. In addition, up to $98.527 million is provided to support the Comprehensive National Cybersecurity Initiative to prevent and address cyber security threats. Finally, the bill provides funds for immediate hardware and software upgrades to the Department's information technology platforms.

INTERNATIONAL COMMISSIONS

INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES AND MEXICO

CONSTRUCTION

(INCLUDING TRANSFER OF FUNDS)

Water Quantity Program
Recovery Funding: $224 million

These funds will be used for immediate repair and rehabilitation requirements in the water quantity program, which will upgrade 506 miles of flood control levees and will create approximately 240 jobs in the United States. The Commission identified $224 million in the fiscal year 2009 budget request in immediate infrastructure upgrades necessary on the Rio Grande River as a result of a series of natural disasters that significantly degraded levees on the United States border with Mexico and interior floodway levees in the United States. This investment will address an identified weakness in management of boundary waters and protect border communities from natural disaster. Funds also will be used to support identified urgent needs of the Colorado River Boundary and Capacity Preservation Project. Within the funds provided, $2 million may be transferred to the "Salaries and Expenses" account for management and oversight of the construction program.

TITLE XII—TRANSPORTATION, AND HOUSING AND URBAN DEVELOPMENT

DEPARTMENT OF TRANSPORTATION

GRANTS-IN-AID FOR AIRPORTS (AIP)

Grants-In-Aid for Airports (AIP)
Recovery Funding: $3 billion

These funds, awarded on a discretionary basis, will be used for airport improvement projects that are ready-to-go and will create over 75,000 jobs. The Federal Aviation Administration's

"National Plan of Integrated Airport Systems" indicates that between the years 2007-2011, there will be $41.2 billion of eligible airport infrastructure development projects for all segments of civil aviation. These investments will not only provide important safety benefits but will improve capacity and efficiency at our nation's airports at a time when nearly one out of four commercial aircraft experiences 15 minutes or more of delay.

FEDERAL HIGHWAY ADMINISTRATION

HIGHWAY INFRASTRUCTURE INVESTMENT

Highway Infrastructure Investment
Recovery Funding: $30 billion

The Department of Transportation's 2006 Conditions and Performance Report indicated there is an annual investment gap of $8.5 billion to maintain our current systems and an annual gap of $61.4 billion to improve highway and bridges. Furthermore, the recent report of the National Surface Transportation Policy and Revenue Study Commission recommended investing $225 billion annually from all sources over the next 50 years to maintain, upgrade, and expand our transportation networks. These funds will be used for ready-to-go, quick spending highway projects for which contracts can be awarded quickly. Twice last year, the American Association of State Highway and Transportation Officials (AASHTO) surveyed State transportation departments and reported on the number and dollar value of additional highway projects that each State could undertake quickly if supplemental Federal funds were made available. The results of AASHTO's December 2008 survey showed that all 50 States combined had over 5,100 projects totaling more than $64 billion that could be under contract within 180 days after enactment of Federal economic recovery legislation. These projects would include resurfacing and pavement preservation projects, traffic signal system upgrades, bridge projects, and intelligent transportation systems.

Research indicates that highway investments deliver broad, substantial and lasting benefits to the economy. In the short term, money spent to improve and maintain highways supports private businesses with employment and the purchase of goods and services. Investments in the highway system provide benefits to commuters and travelers, including time savings, safety improvements, and vehicle operating cost reductions, and contributes to industry productivity growth, national economic performance, and international competitiveness.

Funds are distributed by formula, with a portion of the funds within each State being suballocated by population areas. Set asides are also provided for: Indian reservation roads; park roads and parkways; on-the-training programs focused on minorities, women, and the socially and economically disadvantaged; a bonding assistance program for minority and disadvantaged businesses; and environmentally friendly transportation enhancements. According to the FHWA's job model, this investment will create approximately 835,000 jobs across all sectors of the economy.

FEDERAL RAILROAD ADMINISTRATION

CAPITAL ASSISTANCE INTERCITY PASSENGER RAIL SERVICE

Capital Assistance to States—Intercity Passenger Rail Service
Recovery Funding: $300 million

The Capital Assistance to States—Intercity Passenger Rail Service program provides grants on a discretionary basis to states to fund necessary capital improvements to improve intercity passenger rail service. Over the last 10 years, ridership on intercity routes that benefit from state support has grown by 73 percent. Grants under this program are awarded to the most meritorious projects as measured against statutory criteria. The FY 2008 grants demonstrated the demand of this program. Applications were greatly oversubscribed even though applications were required within 90 days of the start of this new program. AASHTO has estimated intercity passenger rail corridor investment needs during the 2007-2012 timeframe as totaling $18.502 billion.

CAPITAL AND DEBT SERVICE GRANTS TO THE NATIONAL RAILROAD PASSENGER CORPORATION

Amtrak Capital Grants
Recovery Funding: $800 million

The National Railroad Passenger Corporation (Amtrak) provides intercity passenger rail service over a system of approximately 20,000 miles in 46 states. It also owns and maintains the most intensively used segment of railroad in the U.S., the Washington, D.C. – New York City – Boston, Northeast Corridor (NEC), which is an integral part of the intercity passenger transportation system in the most densely populated section of the U.S. The NEC carries a majority of air/ rail trips between Washington and NYC. The NEC also hosts commuter and freight rail systems serving the major cities of the Northeast. Amtrak has been consistently undercapitalized during its 37 year existence, and its infrastructure is aging. Recent estimates by the Department of Transportation's Inspector General of Amtrak's capital backlog, just on the NEC, exceeded $10 billion. As a result of aging infrastructure both the speed and capacity of NEC rail passenger operations are limited.

FEDERAL TRANSIT ADMINISTRATION

TRANSIT CAPITAL ASSISTANCE

Transit Capital Assistance
Recovery Funding: $6.000 billion

These funds will be used to purchase buses and equipment needed to provide additional public transportation service and to make improvements to intermodal and transit facilities. The Department of Transportation's 2006 Conditions and Performance Report indicated there is an annual investment gap of $3.2 billion to maintain our transit systems and an annual gap of $9.2 billion to begin to improve our transit systems. In addition, a January 2009 survey of the American Public Transportation Association (APTA) identified 787 ready-to-go transit projects totaling $15.9 billion. Funds will be distributed through the existing urban and rural transit formulas. $5.4 billion will be distributed to urban communities and $600 million will be distributed to transit agencies that serve rural communities. It is estimated that over 165,000 jobs will be created by this investment.

FIXED GUIDEWAY INFRASTRUCTURE INVESTMENT

Fixed Guideway Infrastructure Investment
Recovery Funding: $2.000 billion

These funds will be used for capital projects to modernize or improve existing fixed guideway systems, including purchase and rehabilitation of rolling stock, track, line equipment, structures, signals and communications, power equipment and substations, passenger stations and terminals, security equipment and systems, maintenance facilities and equipment, operational support equipment including computer hardware and software, system extensions, and preventive maintenance. Funds will be distributed through the existing fixed guideway formula. It is estimated that the state-of-good-repair capital backlog for existing fixed guideway systems is nearly $50 billion.

CAPITAL INVESTMENT GRANTS

Capital Investment Grants
Recovery Funding: $1.000 billion

These funds will be used for light rail lines, rapid rail (heavy rail), commuter rail, automated fixed guideway system, or bus-way/high occupancy vehicle (HOV) facilities. These projects help relieve congestion in major metropolitan areas and reduce the carbon footprint caused by automobile travel. Funds will be distributed on a discretionary basis and will assist the advancement of full funding grant agreement projects that are already in construction as well as final design projects that are nearly ready to begin construction. The Federal Transit Administration has documented more than $2.4 billion in pre-approved funding that could be advanced to 19 projects across the country to construct New Starts and Small Starts projects. It is estimated that this investment will create nearly 35,000 new jobs.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

PUBLIC HOUSING CAPITAL FUND

Public Housing Capital Fund
Recovery Funding: $5 billion

A HUD study substantiates an $18-20 billion backlog in the Public Housing Capital Funding account, an amount that grows annually without significant investments in public housing units. This funding will allow Public Housing Authorities (PHAs) to complete repair and construction projects, including critical safety repairs, create jobs for underemployed construction workers, and will return funds to local economies. It is estimated that every dollar of Capital Fund expenditures produces $2.12 in economic return. Of the amount appropriated, $4 billion of the funds will be distributed to PHAs through the existing formula and $1 billion will be awarded through a competitive process for projects that rehabilitate units to improve energy efficiency; that increase affordable housing projects that are ready-to-go; and, address the housing needs of senior citizens and persons with disabilities.

ELDERLY, DISABLED, AND SECTION 8 ASSISTED HOUSING ENERGY RETROFIT

Elderly, Disabled, and Section 8 Assisted Housing Energy Retrofit
Recovery Funding: $2.5 billion

Funding will be awarded competitively to renovate and retrofit federally-assisted housing, including Housing for the Elderly (Section 202), Housing for Persons with Disabilities (Section 811), and Project-Based Section 8 units. These units are aging and in need of energy efficiency retrofits, which will reduce the carbon footprint, as well as reduce the utility bills for the residents of these homes. This funding will also create jobs in the construction industry and spur developments in sustainable building/rehabilitation practices.

NATIVE AMERICAN HOUSING BLOCK GRANTS

Native American Housing Block Grants
Recovery Funding: $500 million

It is estimated that 42,000 units of housing being maintained by Native American housing programs need to be rehabilitated and retrofitted. By rehabilitating and repairing these units, more than 2,000 new jobs could be created for areas with high unemployment rates. Of the amount appropriated, $250 million will be distributed by existing formula and $250 million will be awarded through a competitive process for large-scale, transformative redevelopment projects.

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT FUND

Community Development Block Grants
Recovery Funding: $1 billion

Funding for CDBG is one of the fastest ways to get dollars in the hands of local governments for critical housing, services and infrastructure needs. The funding provided in this legislation will be distributed through the existing formula for expediency, and is required to adhere to an accelerated timeframe. These dollars will help to support community services, will provide infrastructure dollars for local governments, and will help to stem the number of foreclosures in local communities.

Neighborhood Stabilization Program
Recovery Funding: $4.19 billion

Nearly $4 billion was provided for the Neighborhood Stabilization Program through the Housing and Economic Recovery Act of 2008. This funding was provided to local governments and States with high levels of foreclosures as a way for the local community to purchase and rehabilitate this vacant housing. In an effort to eliminate blight and return these vacant units to use as affordable rental housing and affordable homeownership opportunities, this funding will help local communities remediate the consequences of the foreclosure crisis and will increase the number of assisted low-income families. An additional $4.19 billion is necessary to address the increasing number of foreclosures, the numbers of which are expected to climb over the coming year. Up to $750 million may be used for a competition for nonprofit entities to enhance the funding included under this heading through capitalization of the funds.

HOME INVESTMENT PARTNERSHIPS PROGRAM

HOME Program
Recovery Funding: $1.5 billion

HOME is a very flexible source of dollars for local jurisdictions, and funding provided through this account will help to rehabilitate and construct housing, as well as fill financing gaps caused by the credit freeze. There are thousands of ready-to-go housing projects that have been stalled due to the economic crisis. HOME will serve as a financing mechanism to fill the gaps left by the private market, and will spur construction jobs in the hard-hit homebuilding industry. Funds are distributed by formula. These dollars will also be focused on building sustainable, low-income units, thereby encouraging the use of green technologies in affordable home construction.

SELF-HELP AND ASSISTED HOMEOWNERSHIP OPPORTUNITY PROGRAM

SHOP Program
Recovery Funding: $10 million

The SHOP funding will be competitively awarded to eligible national and regional nonprofit housing organizations to develop or rehabilitate low-income housing. This competition will emphasize rehabilitation in rural, high-need areas, especially projects that will employ sustainable building practices for increased energy efficiency. Grants will be awarded quickly, and construction work will begin rapidly to help employ underemployed construction workers while building and improving housing for low-income Americans.

HOMELESS ASSISTANCE GRANTS

Emergency Shelter Grants
Recovery Funding: $1.5 billion

As foreclosure and unemployment rates continue to rise, many families are in danger of becoming homeless. To prevent a surge in homelessness, funding through the Emergency Shelter Grant program will provide short term rental assistance, housing relocation, and stabilization services for homeless families and those at risk of homelessness. It is estimated that $1.5 billion may prevent 300,000 households from becoming homeless. These funds will be distributed by formula for fast, efficient assistance to families.

OFFICE OF HEALTHY HOMES AND LEAD HAZARD CONTROL

LEAD HAZARD REDUCTION

Lead-Based Paint Hazards
Recovery Funding: $100 million

Funding will be awarded competitively to states and local governments to evaluate and reduce lead-based paint hazards in low-income housing and to nonprofit organizations to leverage private sector resources to eliminate lead poisoning as a public health threat to children. The remediation of lead-based paint in housing requires rehabilitation work and will create jobs in the construction industry, as well as reduce the threat to low-income children.

GENERAL PROVISIONS, THIS TITLE

Section 1201 ensures continued State investment in certain identified programs for which the state receives funding in this Act and requires grant recipients to report regularly on the use of those funds.

Section 1202 prevents loan limits from being below the levels in effect in 2008.

Section 1203 gives the HUD Secretary and GSE Director the authority to raise loan limits in subareas if warranted, but in no case higher than the nationwide ceiling.

Section 1204 creates a temporary loan limit for 2009 FHA reverse mortgage loans.

TITLE XIII—STATE FISCAL STABILIZATION FUND

DEPARTMENT OF EDUCATION

STATE FISCAL STABILIZATION FUND

State Fiscal Stabilization Fund
Recovery funding: $79.000 billion

The economic recovery bill provides $79 billion for a State Fiscal Stabilization Fund in order to provide fiscal relief to the States to prevent tax increases and cutbacks in critical education and other high priority services over the next two years.

GENERAL PROVISIONS, THIS TITLE

Section 13001 provides for the allocation of $79 billion for the State Fiscal Stabilization Fund to States and outlying areas. Of the funds provided each year, one-half of 1 percent is reserved for the outlying areas; $12.5 million is reserved for the Secretary of Education for administration and oversight, including program evaluation, and $7.5 billion is reserved for State Incentive Grants. The Secretary shall allocate the remaining funds to States, of which 61 percent is allocated based school-aged population and 39 percent is allocated based on total population.

Section 13002 provides that states shall use at least 61 percent of the funds to support elementary, secondary, and higher education. These funds must first be used by States to restore State aid to school districts under the primary State K-12 education funding formula and to institutions of higher education to FY 2008 levels, to the extent feasible given available State Stabilization Funds. Any remaining funds shall be allocated to school districts based on the formula under title I of the Elementary and Secondary Education Act. For each fiscal year, the Governor may use up to 39 percent of the funds for public safety and other government services, which may include assistance for elementary and secondary education and public institutions of higher education.

Section 13003 provides that a local educational agency receiving funds under this title may use these funds only for activities authorized under the Elementary and Secondary Education Act, the Individuals with Disabilities Act, and the Carl D. Perkins Career and Technical Education Act of 2006. Funds may not be used for capital projects unless authorized by these Acts.

Section 13004 provides that public institutions of higher education that receive funds under this title shall use the funds for educational and general expenditures, and in such a way as to mitigate the need to raise tuition and fees for in-State students. An institution of higher education may not use these funds to increase its endowment or for construction, renovation, or facility repair.

Section 13005 provides that the Governor of a State desiring funding under this title must submit an application in fiscal year 2009 and fiscal year 2010, including assurances pertaining to maintenance of effort of State support for education, achieving equity in teacher distribution and quality, establishing a longitudinal data system, and enhancing the quality of academic assessments for English Language Learners and students with disabilities. In addition, States may submit an additional application for an Incentive Grant, which shall describe the status of the State's progress on each assurance and the strategies the State employs to ensure that high-need students continue making progress towards the State's academic achievement standards.

Section 13006 provides that the Secretary is authorized to make Incentive Grant awards to States that have made significant progress in meeting the objectives of the assurances made in State applications under section 13005, on the basis of information provided in the State application under section 13005. Each State that receives a State Incentive Grant must allocate at least 50 percent of the funds to local educational agencies based on the formula under title I of the Elementary and Secondary Education Act.

Section 13007 authorizes up to $325 million each year for an Innovation Fund to support awards by the Secretary of Education to recognize States, local educational agencies, or schools that have made significant gains in closing achievement gaps.

Section 13008 provides that, for each year of the State Fiscal Stabilization Fund, a State receiving funds under this title shall submit a report to the Secretary describing the uses of funds provided within the State, the distribution of funds received, the number of jobs saved or created, tax increases averted, the State's progress in reducing certain education inequities, actions taken to limit tuition and fee increases at public institutions of higher education, and the extent to which public institutions of higher education maintained, increased, or decreased enrollments of in-State students.

Section 13009 provides that the Government Accountability Office shall conduct evaluations of the programs under this title, which shall include, but not be limited to, the impact of the funding provided on the progress made toward closing achievement gaps.

Section 13010 directs the Secretary of Education to submit a report to certain committees of the House of Representatives and the Senate that evaluates the information provided in the State reports submitted under section 13008.

Section 13011 provides that no recipient of funds under this title shall use such funds to provide financial assistance to students to attend private elementary or secondary schools.

Section 13012 defines certain terms used in this title.

Economic Analysis in Support of Economic Recovery & Reinvestment Act

The proposed $550 billion package of well-targeted government spending makes sense today because

- the economy and jobs are sinking fast and need a big boost;
- we have a large backlog of worthwhile infrastructure projects that have been studied and approved;
- states are on the verge of sharply reducing investments in education, health, and public safety;
- investments in technology and skills will pay dividends for many years; and
- as millions of additional families face severe economic hardship, we should take forceful action to support employment and to provide income support for those who lose their jobs and income.

This package should have the effect of staving off the worst prospects of the current economy now in the process of "shutting down" in the words of a recent congressional economic witness. But there remains a significant likelihood that further action will be needed. There is a very real risk that, because of unanticipated economic bad news, this legislation may undershoot its target. Congress must be alert to counter additional economic weakness because the strength of the country and security of American families are at stake.

Lack of Demand Creates Extraordinary Slack

The federal government should step in to increase demand for American goods and services because all other sources of demand are declining.

- Households are spending less because they're losing jobs and their homes and investments are losing value. In the second half of 2008, real consumer spending on goods plunged at the fastest rate in six decades of data.
- Businesses are scaling back investment because they have more and more excess capacity and they lack confidence that demand for their goods and services will recover soon enough to justify adding more capacity.
- State and local governments are retrenching because of falling revenues and balanced budget requirements. The Center on Budget and Policy Priorities estimates that the states' fiscal gap will reach 17 percent of their general budget in the next fiscal year and that they face a combined $350 billion shortfall for the remaining six months of this fiscal year and the next two fiscal years.
- Recessions abroad are shrinking demand for our exports. The consensus of economic forecasters calls for GDP to shrink this year in Europe and Japan by the same 1-1/2 percent as in the United States.

The recession has already created considerable economic slack and forecasters expect that slack to increase. Improving technology and rising population together raise the economy's potential output by at least 3 percent a year. Actual output today is lower than it was five quarters ago. That 3 percent shortfall means that we are already producing about $500 billion below our potential. Although they are factoring in positive effects from stimulus legislation, economic forecasters expect that shortfall to double over the next year and to remain large for an extended period after that.

We will need a strong fiscal boost to continue even after the economy hits bottom and starts to grow again, possibly later this year or early next year. The usual drivers of strong recoveries – housing and autos – seem unlikely to provide the typical boost this time around. Even after output hits bottom, employers seem likely to hold off hiring, just as they did in the years just after the last two recessions. Unemployment rose another 1.5 million in the 15 months after the 1990-91 recession and by 1.3 million in the 19 months after the 2001 recession. Because of the continued overhang of vacant housing, economic forecasters expect to see subpar growth throughout 2010 and thus unemployment to exceed 8 percent -- higher than at any time in the last quarter century.

Unfortunately, the current trajectory of the economy allows ample capacity to absorb the 3.7 million jobs that the Obama economic team projects will be created or saved by the recovery bill. That's less than the 4.3 million rise in unemployment that has occurred from 6.8 million in mid 2007 to 11.1 million in December 2008. The consensus of economic forecasters expects unemployment to reach 13 million people in 2010, even after they factor in sizable economic stimulus. Forecaster Zandi projects that, without stimulus, we would see unemployment reach 16 million people in 2010.

The rate of deterioration in the job market has been accelerating. The January 9 labor report came in worse than had been expected at the time of the projections made in the last paragraph, not only for December but for prior months. Over the last three months of 2008, both job loss and unemployment increases have been running about 500,000 a month, for an annual rate of 6 million.

The current downturn has also seen an unprecedented level and increase in the number of people who have been involuntarily cut back from full-time to part-time work by their employer. That number has doubled from less than 2.9 million in the summer of 2007 to 5.9 million in December 2008. 4.2% percent of those still employed – one in every 24 – have held on to their job but have only part time hours instead of the full time hours that they had and want. The combination of rapidly falling employment and massive shift from full time to part time work resulted in the steepest decline in hours worked since 1974.

Positive Effects from the Recovery Bill

Two recent economic studies reached similar conclusions with respect to the benefits of an economic stimulus bill along the lines of this one. They both find that such a bill would slow the inexorable economic decline over the next year and bring a stronger recovery sooner. Neither study expects unemployment to decline back to the levels of a few months ago any time soon.

A January 10 analysis done by Christina Romer (President-elect Obama's nominee to chair the Council of Economic Advisers) and Jared Bernstein (economic adviser to Vice President-elect Biden) estimated that, by the end of 2010, the package would:

- lower the unemployment rate by 1.8 percentage points and
- save or create 3.7 million jobs

relative to what would occur without a stimulus package.

A January 6 analysis by Mark Zandi of Moody's Economy.com (and prominent economic advisor to the presidential campaign of Senator McCain in 2008) found that a $750 billion stimulus package:

- would lower the unemployment rate by 2 percentage points in mid 2010 relative to the rate without the stimulus; and
- lead to 3.8 million more payroll jobs in 2010 and, even more striking, 17 million more job-years over the next four years.

Although the two studies find that the recovery package would have comparable effects, Zandi starts with a much more pessimistic base line. While he finds that the package would lower unemployment from 11 percent to a bit less than 9 percent in late 2010, Romer-Bernstein say it would lower unemployment from a base case of 8.8 percent to 7.0 percent. Both studies could correctly estimate the effects of the proposed recovery package but, if the pessimistic Zandi baseline is correct, the actual path of unemployment could resemble what the Obama team is projecting if nothing is done.

Lessons from the Great Depression

The Great Depression of the 1930s taught some hard lessons. After the financial bubble burst in 1929, both fiscal and monetary policy turned restrictive. Over the next four years, real per capita income dropped by a third and unemployment soared from 3.2 percent to 22.5 percent. The aggressive spending, regulatory and monetary reforms of the New Deal revived the economy: unemployment dropped to 9.1 percent by 1937 and GDP per capita had fully recovered its 1929 level. In 1937 policy makers mistakenly decided that they needed to eliminate the deficit of 2.2 percent of GDP. Slashing New Deal jobs programs and raising taxes did succeed in lowering the deficit to 0.1 percent of GDP, but it also threw the economy into a recession. Unemployment jumped back up to 12.5 percent by 1938 and manufacturing production plunged 24 percent. Both the successes of 1933-37 and the failure of 1937-38 should inform our policy-making in this economic downturn.

Infrastructure and Construction Issues

A large boost to federal infrastructure spending makes sense for several reasons:

1. Infrastructure projects – transportation, scientific facilities, improved energy efficiency – make the economy more productive and reduce oil imports and greenhouse gas emissions while raising the quality of life.
2. State and local governments are scaling back needed infrastructure projects because of budget pressures.

3. Construction workers have by far the highest unemployment rate of any industry.

Construction has been the hardest hit industry and occupation in this recession. In just the last year, construction employment has plummeted by 1.3 million workers, from 9.3 million to 8.0 million while unemployment among construction workers far exceeds that in any other occupation.

The rapid deterioration in construction and manufacturing has caused unemployment to rise much faster among men than among women. In the summer of 2007, men and women had comparable unemployment rates (4.7 percent versus 4.6 percent, respectively). By the end of 2008, however, unemployment among women rose to 6.4 percent as it soared to 7.9 percent among men. The 1.5 percent gap between men's and women's unemployment is the largest margin that men's unemployment has exceeded women's on record. (Unemployment rates for men and women have closely tracked each other for most of the last 30 years, but before that women's unemployment usually exceeded men's, often by large margins.)

According to the previously cited study by Christina Romer and Jared Bernstein for the Obama transition, “women have accounted for roughly 20% of the decline in payroll employment,” but “the total number of created jobs likely to go to women is roughly 42% of the jobs created by the package.” They found that, while infrastructure spending will favor men who predominate in construction, other parts of the package boost jobs in industries that favor women. For example, fiscal relief to states will support jobs in health and education while reduced income taxes will favor retail jobs.

The recovery bill has been structured to generate spending at a much faster rate over the next two years than typical infrastructure legislation:

1. In many cases, state and local governments are given deadlines to commit to projects. If they do not meet those deadlines, the money will be allocated to other states ready to spend it.
2. The bill's guidelines also favor projects with faster spend-out rates.
3. Because of the fiscal bind of most state and local governments, matching requirements are waived.

Current conditions also favor faster than normal spend-out rates:

1. State and local governments have many ready-to-go infrastructure projects that they have had to put on the shelf under current budget pressures.
2. With so much economic slack – particularly in construction, the necessary labor, equipment, and materials can be staged to move into place more quickly.
3. Some infrastructure projects are ready to go in 2009. Other projects are in the pipeline and, with the incentives created by this bill, will be ready to go in 2010.

There are advantages to the fact that not all infrastructure spending will disburse in the first year. When the Wall Street Journal recently asked various economists for their remedies to address the current downturn, it quoted and paraphrased noted economist Alan Blinder:

> "The downturn is still young, it is going to go on for much longer, and it will be very deep. 'We need to think of having time-release capsules,' he says, that will help boost the economy a year from now. Infrastructure spending, which some economists argue against because it takes awhile to be put in place, does exactly that."

Net Addition to Federal Debt Much Less than Budgeted Cost

At the end of the day, the net fiscal cost of this bill will be substantially less than its budgeted cost. Compared to what would happen if we failed to act, the bill will:

1. create jobs for people who would otherwise be unemployed;
2. generate sales at companies that would otherwise not occur; and thus
3. increase tax revenues and lower income support payments.

Mark Zandi projects that a $750 billion recovery package along the lines being proposed would raise GDP by $2.9 trillion over the next four years – about four times as much as the initial cost. He projects that GDP will be about $1 trillion higher in both 2011 and 2012. For every dollar of increased GDP, federal revenues tend to go up by more than $0.20. If Zandi's estimate of the effect on GDP is anywhere close to correct, the true net fiscal cost of the bill would be very modest and the deficit will be substantially lower in 2011 and 2012 than without the recovery package. It is worth noting that fiscal stimulus could have such a substantial effect on GDP and therefore revenues over such a long period only because the base case is so dire – 11 percent unemployment in 2010 and GDP not recovering its 2008 level until 2012. In less dire economic times, such a modest net budget cost of spending and lower future deficits would not be possible.

High Bang for the Buck

Unlike the stimulus bill of early 2008 that provided only tax cuts, this recovery package emphasizes the spending side because it provides more "bang for the buck" under current conditions. The tax rebates last spring showed that Americans have become so concerned about their debt and saving that they will not spend a large fraction of any tax cut. Over the last two decades, Americans' saving rate went from 8 percent of income to near zero. Many were running up debts as they tried to make ends meet with stagnant or declining real income. Others felt confident in spending all their income and becoming highly leveraged as they enjoyed rising wealth from homes and stocks without having to save. All that has changed. Credit to financially stressed families has dried up. Falling home and stock prices are causing the net worth of middle and higher income households to shrivel up. While the first group can be counted on to spend their tax cuts, that is not the case of families more concerned with their shrinking net worth. As we saw in the spring, a sizable fraction of any tax cut to them will be used to pay down debts and not be spent. The same logic applies to tax cuts for corporations who have become more obsessed with reducing their excessive leverage than in hiring or investing.

The proposed increases in federal spending, on the other hand, will have nearly complete pass through to additional demand for goods and services.

1. Because infrastructure projects are ready to go or soon will be, they will lead to direct spending in the next two years.
2. Federal relief for state and local operating budgets will prevent them from making cuts in spending or increases in taxes of an almost equal amount in the next two years.
3. Economically stressed families will increase spending by as much as their unemployment insurance, food stamp, and other financial help goes up.

Studies done by the Congressional Budget Office and by Mark Zandi have found that providing income to lower income people – through unemployment insurance, food stamps, or tax cuts – have the highest “bang for the buck” in terms of deficit cost (as well as meet humanitarian goals).

Fear Shifting from Inflation to Deflation

Although inflation worries were widespread as recently as last summer, a growing number of economists have become quite concerned about the opposite, falling prices or deflation. For example, the recently released minutes of the monetary policy committee of the Federal Reserve reveal a growing concern about deflation. The U.S. has not experienced deflation since the Great Depression. Deflation reinforces a downward economic spiral for several reasons. It gives people an incentive to postpone purchases to get a lower price later. It also discourages businesses from investing because they fear that they will not be able to make a return on their investment, especially if they must take on debt to finance investment.

Since the credit crunch hit with full force in September, prices of crude and intermediate goods have been falling sharply – not only for energy but for non-energy categories. We also observe rapidly declining prices in major inputs to infrastructure projects. For example, prices for steel rebar plunged 36 percent from August to December. Prices of asphalt have dropped even more in most parts of the country. Falling demand and rising capacity is also putting downward pressure on cement. With so much excess capacity from falling private demand, we should expect a major push on infrastructure to help stabilize prices but not to raise them in general. Nevertheless, out of concern that some capacity bottlenecks could develop, the Committee has been somewhat more restrained in infrastructure investments than some have urged.

Conclusion

Standing alone, this recovery package is not sufficient to deal with the depth of the current economic crisis. Combined with other needed actions, however, it should make an important contribution to alleviating the current crisis by

- helping to end the recession sooner and to create a faster recovery;
- producing assets in the form of infrastructure, technology, and skills that will strengthen our economy for the future;

- reducing the amount by which state and local governments raise taxes and reduce education, health, and public safety programs;
- increasing jobs by almost four million next year and by millions more after that;
- creating a substantial increase in national output and income over the next few years such that its net fiscal cost will be modest overall and bring about lower deficits in future years; and
- providing important assistance to low income families laid low by the current downturn.