



ECONOMIC RECOVERY PACKAGE **FREQUENTLY ASKED QUESTIONS**

New as of January 22, 2009

On January 15, 2009, the U.S. House of Representatives Democratic leadership and Appropriations and Ways and Means Committees unveiled the American Recovery and Reinvestment Act of 2009, a \$825 billion proposal consisting of a \$275 billion tax cut and a \$550 billion spending bill.

The following details specifics on the draft House bill, House Committee mark ups and hearings, and Senate activities.

Q: When are funds available until? Will this have an impact on other appropriations bills?

A: This bill is set up and funding designated as an emergency requirement to meet emergency needs. The House bill will appropriate funds as available for obligation until September 30, 2010. This will have no effect on funds under the 2009 continuing resolution (CR) (PL 110-329) that keeps the federal government operating through March 2009.

Q: What accountability and transparency measures are included in the bill?

A: The bill requires a public website – www.recovery.gov – to gather accountability on the funds spent with opportunities for the public to comment. The federal agencies will be required to post a plan for using funds and all funding announcements. Federal, state and local agencies will also be required post all funds obligated to infrastructure investments, the intended use of the funds, and the number of jobs created or sustained. The US Comptroller General will conduct bimonthly reviews and prepare and post reports on use of funding.

The bill also establishes “Recovery Act Accountability and Transparency Recovery Board” to conduct spending oversight and establishes an “Independent Advisory Panel” to advise the Board.

Q: Will there be reporting requirements?

A: Yes, there are a number of reporting requirements for public review on www.recovery.gov. No later than 30 days after enactment, the Governor of each state shall certify that the state will maintain its effort with regard to state funding, as well as submit to the appropriate federal agency a statement identifying the non-federal amount of funds the state planned to expend as of the date of enactment through September 30, 2010. Also, each grant recipient shall submit periodic reports to the appropriate federal agency on how the funds were used. Reports will be collected and compiled by the federal agencies and transmitted to Congress.

The periodic reports required in the House bill include:

- Amount of federal funding appropriated, allocated, obligated and outlayed
- Number of projects put out to bid under the funding and the funding associated with such projects
- Number of projects awarded and the total amounts of federal funding associated
- Number of projects where work has begun and the federal funds associated
- Number of projects completed and federal funds associated
- Number of jobs created or sustained by the federal funds associated, including information on job sectors and pay levels
- Actual aggregate expenditures by each grant recipient from non-federal sources as compared to the levels that were planned to occur from enactment through 9/30/10

The periodic reports will be required according the following schedule:

- First report is required no later than 30 days after enactment
- Updated reports 60 days, 120 days, 180 days, one year and three years after enactment



Q: What funding is included?

A: There are several categories of funding, with a large portion dedicated to infrastructure. Funding categories are organized through traditional appropriations categories and those highlighted below are the most relevant to regional Councils of Governments (COGs), Metropolitan Planning Organizations (MPOs) and their member local governments.

Title II Agriculture, Nutrition & Rural Development

- \$350 million Watershed and Flood Prevention Operations, providing \$175 million to purchase and restore floodplain easements
- \$50 million Watershed Rehabilitation
- \$1.1 billion Rural Community Facilities Direct Loans
- \$2 billion Business and Industry Guaranteed Loans
- \$2.7 billion Rural Water and Waste Disposal Direct Loans
- \$63 million Rural Community Facilities Direct Loan
- \$137 million Rural Community Facilities Grants
- \$400 million Rural Water and Waste Disposal Direct Loans
- \$1.1 billion Rural Water and Waste Disposal Grants
- \$22.1 billion Rural Housing Service direct loan program
- \$2.8 billion Rural Utilities Service – rural broadband loan, loan guarantees and grants

Title III Commerce, Justice and Science

- \$250 million Economic Development Administration Economic Development Assistance Programs – up to \$50,000,000 may be transferred to federal regional commissions.
- \$1 billion 2010 Decennial Census
- \$2.825 billion Wireless and Broadband Development for Unserved and Underserved Areas - \$1 billion to Wireless Deployment Grants and \$1.825 billion for Broadband deployment grants
 - The National Telecommunications and Information Administration (NTIA) must develop and maintain a broadband inventory map to identify broadband deployment.
 - NTIA required to give grants to eligible entities for non-recurring costs associated with broadband in rural, suburban and urban areas.
 - NTIA to develop and maintain a public website for reporting.

Title V Energy and Water

- \$4.5 billion Corps of Engineers
- \$500 million Water and Related Resources – Bureau of Reclamation
 - Not less than \$80 million for rural water projects on water intake and treatment facilities
- \$1 billion Grants to Institutional Entities for Energy Sustainability and Efficiency (includes local govts)
- \$3.5 billion Energy Efficiency & Conservation Block Grants
- \$200 million Transportation Electrification (includes local govts and MTAs)
- \$400 million Alternative Fueled Vehicles Pilot Grant Program (includes local govts and MTAs)

Title VI Additional Energy Provisions (agreed to by House Energy and Commerce Committee 1/22/09)

- Additional state grants to be made available by the Secretary of Energy under the Energy Policy and Conservation Act. Units of local governments can get assistance for the adoption of building codes and to implement energy efficiency measures and renewable energy programs.

Title VIII Interior and Environment

- \$800 million Superfund Hazardous Waste Cleanup
- \$6 billion Clean Water State Revolving Fund
 - Grants for municipalities must be included in the state's priority list
 - 80% for projects to benefit municipalities that meet affordability criteria as determined by the Governor
 - 20% for projects that address water efficiency, energy efficiency, mitigate stormwater runoff or encourage environmentally sensitive planning, design and construction



- \$2 billion Drinking Water State Revolving Fund
 - 50% to provide municipalities assistance for projects included in the state priority list
- \$100 million competitive Brownfields grants for environmental site assessment and cleanup, and capitalize revolving funds and provide low interest loans, job training grants and technical assistance to local governments and non-profit organizations
- \$300 million for cleanup activities at closed military installations for local redevelopment

Title IX Labor, Health and Human Services, and Education

- \$4 billion Workforce Investment Act Training and Employment Services:
 - \$500 million for adult employment and training activities
 - \$1.2 billion for youth activities
 - \$1 billion for dislocated worker employment and training services
 - \$500 million for the dislocated workers assistance national reserve
 - \$50 million for Youthbuild
 - \$750 million for competitive grants for worker training and placement in high growth and emerging sectors, of which \$500million is reserved for training activities in the energy efficiency and renewable energy field

Title XII Transportation and Housing and Urban Development

Transportation:

- \$3 billion Grants-In-Aid for Airports (AIP), which is not subject to formulas and makes use of no less than 50% of funds within 120 days
- \$30 billion Highway Infrastructure Investment
 - Eligible for bridge replacement and rehab; federal aid highways; Interstate Maintenance; metro planning; Highway Safety Improvement Program; and, CMAQ.
 - \$300 million Indian reservation roads
 - \$250 million park roads and parkways
 - \$20 million highway surface transportation and technology training
 - \$20 million for DBE bonding assistance
 - 45% of state funds will be suballocated via STP (Title 23, Sec.133(d))
 - Priority given to projects that can award contracts within 120 days; are included in approved STIP and/or TIP; can be completed within a 3 yr timeframe; and, are located in economically distressed areas.
 - Federal share is 100%.
 - MPOs must have 50% suballocated funds spent out within 150 days (changed from 90 days)
 - Must have 50% of awarded to contracts within 90 days in order to receive full funding – if less than 50% is awarded to contracts within 90 days, the remaining money will be redistributed to the state.
 - Any funds not obligated/awarded contracts by August 1, 2010 shall be redistributed to states able to obligate funding
- \$300 million Capital Assistance to States—Intercity Passenger Rail Service
 - Preference to rehabilitation, repair, upgrade or purchase of rail assets or infrastructure within 180 day
 - Preference for the development of intercity high speed rail service
 - Federal share is 100%
- \$800 million Amtrak Capital Grants
- \$6 billion Transit Capital Assistance to purchase buses and equipment needed and make improvements to intermodal and transit facilities
 - Funds will be distributed through the existing urban and rural transit formulas – \$5.4 billion urban communities and \$600 million to rural communities
- \$1 billion Capital Investment Grants for light rail lines, rapid rail (heavy rail), commuter rail, automated fixed guideway system, or busway/ high occupancy vehicle (HOV) facilities



Housing:

- \$5 billion Public Housing Capital Fund to allow Public Housing Authorities (PHAs) to complete repair and construction projects – \$4 billion through existing formula and \$1 billion through a competitive process for projects that rehabilitate units to improve energy efficiency; increase affordable housing projects that are ready-to-go; and, address the housing needs of senior citizens and persons with disabilities.
- \$2.5 billion Elderly, Disabled, and Section 8 Assisted Housing Energy Retrofit awarded competitively to renovate and retrofit federally-assisted housing with 1% available for staffing, training, technical assistance, technology, etc.
- \$1 billion Community Development Block Grants distributed through the existing formula and required to adhere to an accelerated timeframe with priority given to projects that can be awarded within 120 days. HUD Secretary may waive any provisions to expedite funding
- \$4.19 billion Neighborhood Stabilization Program
 - Emergency assistance for redevelopment of abandoned and foreclosed homes
 - \$3.44 billion are competitive grants
 - 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.
- \$1.5 billion HOME Program to help rehabilitate and construct housing, as well as fill financing gaps caused by the credit freeze

Q: What does the tax package, HR598, cover that's most relevant to COGs, MPOs and local governments?

A: This plan, under the jurisdiction of the House Ways and Means Committee, includes tax, health and job-training benefits to American families, incentives for businesses to grow and create jobs and assistance for those who have lost their jobs or are economically disadvantaged. The most important sections for regional organizations and local governments are:

- Allowing financial institutions to purchase State and local bonds and other changes
- Repealing the Alternative Minimum Tax (ATM) limits on new private activity bonds
- Providing taxable bond option for governmental bonds
- Providing school construction bonds
- Allowing a one year deferral of withholding tax on government contractors
- Provide tax exempt bonds and tax credit bonds to “recovery zones.” These tax exempt bonds and tax credit bonds can be used for a wide array of purposes to stimulate economic development, including job training and education. A “recovery zone” would be an area within a State, city or county that has exhibited high unemployment, foreclosures or poverty. These bonds would be allocated automatically to States and large municipal governments based on the number of unemployed individuals within that area.

There are many energy tax incentives provided, including:

- long-term extension of renewable energy production tax credit
- temporary election to claim the investment tax credit in lieu of the production tax credit
- Coordination provisions with new grant program for renewable energy projects being designed by the Energy and Commerce Committee
- Clean Renewable Energy Bonds (“CREBs”)
- Qualified Energy Conservation Bonds
- Energy efficiency and conservation tax incentives
- Smart energy conservation, energy efficiency, and renewable energy R&D credit
- Refueling property credit expansions



Q: Are there any questions or doubts on the possible effectiveness of the economic recovery package?

A: Yes, both sides of the aisle – Democrats and Republicans. In fact, the Congressional Budget Office (CBO) and Senior Senators from both parties have expressed serious concerns about the length of time it will take for federal dollars dedicated to infrastructure to actually create new jobs.

A quote from Senator Ben Nelson (D-NE) provides an illustration of the concern being expressed, "Shovel-ready didn't mean two years. I don't know that the president would be excited about something that people talk about as being shovel-ready but you're not going to get the money out for two years."

The CBO report found that only about \$136 billion of the \$355 billion that House leaders want to allocate to infrastructure and other so-called discretionary programs would be spent by October 1, 2010. The rest would come in future years, long after the CBO and other economists predict the recession will have ended. The report does

not analyze the entire \$825 billion package assembled. Other portions of the proposal -- including \$275 billion in tax cuts and nearly \$200 billion for jobless benefits, health care for the poor and other entitlement programs -- are expected to pour cash into the nation's faltering economy much more quickly.

The CBO report details that of \$30 billion in highway spending, less than \$4 billion would occur over the next two years. Of \$18.5 billion proposed for renewable energy, less than \$3 billion would be spent by 2011. And of \$14 billion for school construction, less than \$7 billion would be spent in the first two years.

Q: What recent action has U.S. House of Representatives taken?

A: Several House committees have either held mark ups of specific portions of the bill or held hearings on what should be included in the final package. House leaders have said they would like to have the bill on the floor Wednesday, January 28. In fact, House Majority Leader Steny Hoyer (D-MD) said the bill will likely be brought up on Wednesday, with a vote on passage expected that day. Hoyer also announced there would be no votes in the House on Thursday and Friday next week, to accommodate the GOP policy retreat.

The House Appropriations Committee held a mark up on Wednesday, January 21, 2009 to approve its portions of the bill, the \$550 billion spending portion, and is hoping to hold a floor vote next week.

During the mark up, House Republicans argued that the parts of the stimulus package under the committee's jurisdiction should be narrowed to focus on infrastructure projects that are guaranteed to create jobs quickly. They also complained that much of the funding will not boost the economy quickly and should instead be considered as part of the regular appropriations process. Ranking Member Lewis (R-CA) called for requiring federal agencies to submit individual spending plans before receiving funds to "ensure that every dollar is spent as intended." He warned against using the stimulus as a "vehicle" for increasing funding for popular domestic programs, which he said would create "unrealistic expectations for future spending."

The House Appropriations Committee adopted several amendments to the measure, including:

- requiring all contractors to pay their workers the prevailing wage under Davis-Bacon laws.
- requiring public works or public buildings projects funded by the bill to use iron and steel produced in the United States unless the department in charge of the project decided it did not meet certain criteria.
- Requiring states to spend all of their stimulus aid within 180 days, instead of the 120 days specified in the bill
- Barring states from spending any surplus stimulus funds on initiatives not approved by Congress
- earmarking at least 10 percent of the rural development aid in the package for high poverty counties



Some important changes for MPOs include:

- additional time given to MPOs for spending down 50% of their funds, from 90 to 150 days
- conforming the definition in the legislation of “obligated” to what is codified in federal law (23 CFR 630.106(c)). So now, states and regions’ clock begins ticking not on contracting the work out, but on the time the project agreement is executed.

[Click here](#) for more information from the House Appropriations Committee markup.

The House Ways and Means Committee approved its \$275 billion tax portion of the House economic stimulus bill on Thursday, January 22, 2009. The Committee approved the tax section of the legislation (HR 598) by a party-line vote of 24-13. Republicans unsuccessfully offered amendments that would have further reduced income taxes, eliminated taxes on unemployment benefits, “patched” the alternative minimum tax and expanded tax incentives for home purchases.

The most relevant portions for COGs, MPOs and local governments are:

- \$20 billion for renewable-energy industry via tax credits
- State and local governments would also get a range of assistance through the tax code with \$18.3 billion, allowing state and local governments to issue tax credit bonds instead of tax-exempt bonds in 2009 and 2010
- Allowing state and local governments to receive direct federal subsidies instead of tax credits if they choose, in a nod to the difficulties in the bond and tax-credit markets.
- \$25 billion in tax credit bonds would go to states and regions based on their job losses, to be spent in targeted “recovery zones” on infrastructure, job training and other investments.

[Click here](#) for more information from the House Ways and Means Committee markup.

The House Energy and Commerce Committee approved its portions of the economic stimulus bill – health, broadband and energy. The committee passed \$54 billion in economic stimulus spending on energy projects, with bipartisan support for the broad goals of modernizing the nation’s power grid and developing renewable and alternative energy on Thursday, January 22, 2009. Much of the discussion centered on how to define which renewable power sources and projects would qualify for stimulus dollars. GOP members said they were comfortable with most of the plan’s spending priorities, including weatherizing and retrofitting public buildings and low-income housing. About \$25 million of the package would be spent on such priorities as renewable energy, electricity transmission and energy efficiency. Other changes included the definition of renewable power to include incremental hydropower, and 500 million of the temporary guarantees would be eligible for leading edge biofuel projects...that will produce transportation fuels that substantially reduce lifecycle greenhouse gas emissions compared to other transportation fuels. The Committee also approved nearly \$3 billion in funding for broadband Internet infrastructure as part of the economic stimulus bill, but not without tangling for several hours over how the money should be spent. Much of the debate was centered around differing rural and urban interests.

[Click here](#) for more information from the House Energy and Commerce Committee markup.

The House Transportation and Infrastructure Committee held a hearing on Thursday, January 22, 2009 to discuss the role that infrastructure investment will take in the economic stimulus package. The Committee leaders were pushing for more funding to be spent on ready-to-go infrastructure projects under the Committee’s jurisdiction, praising the long history of success for jobs creation and economic benefits. Chairman James Oberstar (D-MN) and ranking member John Mica (R-FL) both criticized the House proposal, which cut the committee’s request for \$85 billion for projects under its jurisdiction by more than \$20 billion.

The hearing conducted four panels of witnesses to address infrastructure across the Committee’s jurisdiction, including highways, bridges, public transportation, rail, aviation, ports, waterways, wastewater treatment facilities, and Federal buildings.

House Transportation & Infrastructure Committee Chairman Oberstar and Appropriations Chairman David Obey (D-WI) both have said that they want any stimulus cash that is set aside for transportation projects to be sped out



the door to give a needed boost to the ailing construction sector as quickly as possible -- even if it comes at the expense of "green" projects that environmentalists have called for.

During the hearing several interesting comments were made by members of the Committee, including (NOTE: the following is a summary, not direct, attributable quotes):

- Rep. Corrine Brown (D-FL) questioned whether states will appropriately spend money to help communities and citizens directly – there is concern, based on previous history, that this will not happen.
- Rep. Timothy Bishop (D-NY) stated that we must see the suballocation process move quickly and smoothly and get as much money flowing to local governments – this is of utmost importance. States must be working with counties, cities and towns to get projects ready.
- Rep. Aaron Schock (R-IL) voiced concerns that the bulk of the stimulus funding is not being spent on infrastructure.
- Rep. Mazie Hirono (D-HI) expressed interest in including intermodal strategic spending in the stimulus.
- Rep. Michael Arcuri (D-NY) stated that connecting big cities and rural communities must be a goal of the stimulus efforts.
- Rep. Bill Shuster (R-PA) indicated that the transportation funding in the stimulus was too small, and overlooked opportunities like rail.
- Rep. Peter DeFazio (D-OR) said he would nonetheless support the stimulus legislation, but that the bill is not enough for what is needed for short-term investment and it doesn't come close to long-term needs, but that it is better than nothing. He also mentioned the idea that there could be a second shot of stimulus funding to states to further address the known deficit in transportation funding.

[Click here](#) for more information from the House Transportation & Infrastructure Committee hearing.

Q: Is there further stimulus discussion coming up in the House?

A: Yes, GOP leaders and President Obama are scheduled to meet next week on stimulus. This comes after House Republican leaders sent a letter to President Obama on Thursday, January 22, 2009, requesting a meeting to discuss their competing stimulus proposals. Minority Leader John A. Boehner, R-Ohio, said House GOP leaders wanted to present President Barack Obama with what they viewed as a complete package. Boehner declined to disclose any details until after the meeting. He and other Republican leaders have made it clear that their focus is on tax cuts for businesses and families, and that they view House Democrats' plans for increased government spending as wasteful and too slow to help the economy in 2009.

Additionally, President Obama will hold a bipartisan, bicameral meeting that with congressional leaders at the White House on Friday, January 22, 2009.

Q: Where does the Senate stand on stimulus activities?

A: Senate leadership and the Senate Appropriations Committee are working on their economic recovery bill, S1, which was expected to be introduced next week and it is likely the Senate bill will have a higher overall price tag than the House bill. Senate Finance Committee Chairman Max Baucus (D-MT) today unveiled an original Chairman's Mark of economic recovery provisions for inclusion in the American Recovery and Reinvestment Act of 2009, including \$275 billion in tax cuts and investments that will create jobs in fields like green energy, highways, and health care, and provide relief for working families and businesses. The plan, which the Finance Committee will formally consider next week, also contains approximately \$180 billion in additional investments to help Americans who have lost their jobs to keep their health care coverage and find new work, and to inject cash into struggling state economies. The Appropriations Committee will consider a separate and additional package of spending matters. The Finance Committee will consider its own Chairman's Mark on Tuesday, January 27, at 10:30 a.m. in Room 215 of the Dirksen Senate Office Building.

[Click here](#) for Chairman Baucus' mark of the stimulus tax provisions and [click here](#) for additional Senate Finance Committee provisions.