

Addressing The Fiscal
Crisis Through the
American Recovery and
Reinvestment Act

May 2009



Purposes of the Recovery Act

- To preserve & create jobs & promote economic recovery
- To assist those most impacted by the recession
- To provide investments needed to increase economic efficiency by spurring technological advances in science & health
- To invest in transportation, environmental protection, & other infrastructure that will provide long-term economic benefits
- To stabilize state & local government budgets, to minimize & avoid reductions in essential services

Purpose: Recovery or Reinvestment (\$ in billions)

*Tax Relief	\$288
State and Local Fiscal Relief	144
Infrastructure and science	111
Protecting the Vulnerable	81
Health Care	59
Education and Training	53
Energy	43
Other	8

•**Tax Relief** - includes \$15 B for Infrastructure and Science, \$61 B for Protecting the Vulnerable, \$25 B for Education and Training and \$22 B for Energy, so total funds are \$126 B for Infrastructure and Science, \$142 B for Protecting the Vulnerable, \$78 B for Education and Training, and \$65 B for Energy.

Source: Recovery.gov

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Ways to Understand the Recovery Act

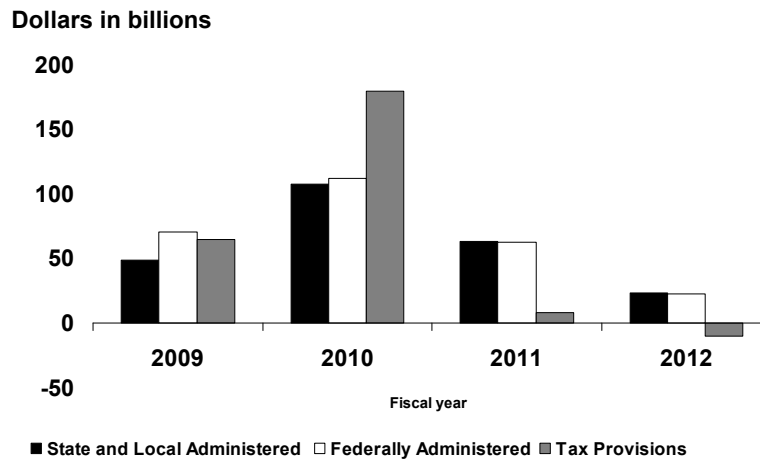
- Tax Provisions or Spending Programs
 - Tax Credits (~\$207 billion in foregone revenue)
 - Entitlement/Mandatory Spending (~\$269 billion)
 - Goods & Services — federal spending provided directly or through grants (~\$311 billion)

- New or Existing Programs
 - Existing Programs: 1X Increase or Expansion

- Purpose: Recovery or Reinvestment
 - Countercyclical & Safety Net
 - Near-Term Stimulus
 - Foundation for Economic Growth

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Projected Timing of Recovery Act Funding by Fiscal Year



Source: GAO analysis of CBO data

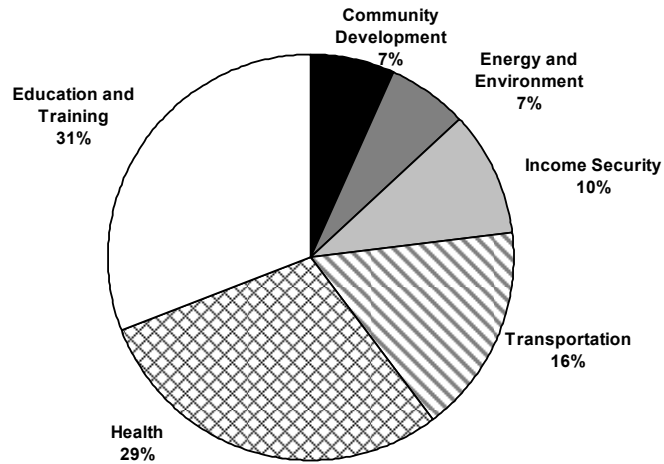
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New & Existing Programs

- **New Programs:**
 - High-Speed & Intercity Passenger Rail Grant; Low-Income Housing Tax Credit (LIHTC); State Fiscal Stabilization Fund
- **One-Time Funding Increases:**
 - Federal-aid Highways; Public Transit; Public Housing Capital Fund
- **Expansion of Existing Programs:**
 - Special Education (IDEA); Clean Water State Revolving Fund; & COPS Hiring Grants

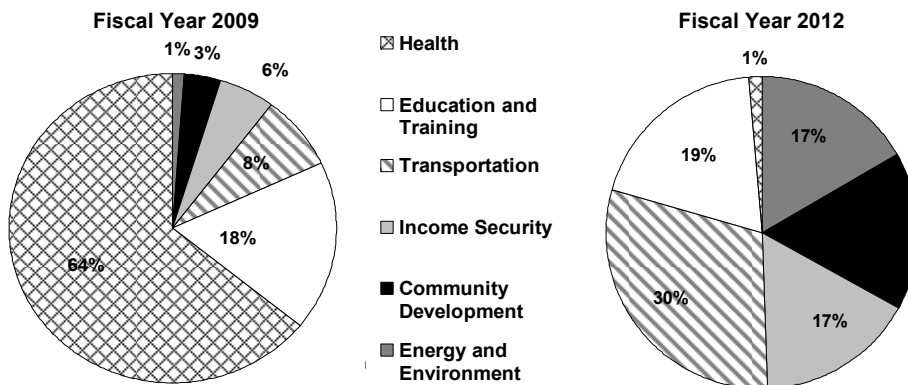
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State & Local Recovery Act Funding by Broad Functional Category, Fiscal Years 2009-2019



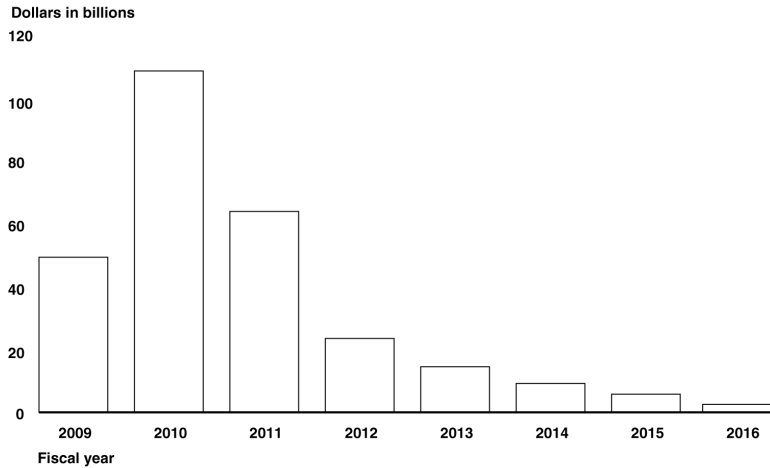
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Composition of State & Local Recovery Act Funding, Fiscal Years 2009 & 2012



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Projected Timing of Federal Recovery Act Funding Made Available to States & Localities by Fiscal Year (Federal Outlays)



Source: GAO analysis of CBO and FFIS data.

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Countercyclical & Safety Net

- **To stabilize state & local government budgets, to minimize & avoid reductions in essential services**
 - State Fiscal Stabilization Fund (\$53.6 billion)
 - Title I Grants to LEAs
 - Special Education IDEA
- **To assist those most impacted by the recession**
 - Supplemental Nutrition Assistance Program (SNAP)(\$20 billion)

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Near-Term Stimulus

- **To invest in transportation, environmental protection, & other infrastructure that will provide long-term economic benefits**
 - Highway Infrastructure Investment (\$27.5 billion)
 - Transit Capital Assistance (\$6.9 billion)
 - Clean Water State Revolving Fund (\$4 billion)
 - Home Weatherization (\$5 billion)

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Foundation for Economic Growth

- **To provide investments needed to increase economic efficiency by spurring technological advances in science & health**
 - High-Speed & Intercity Rail (\$8 billion)
 - Broadband: Tech Opportunities & Distant Learning/Telemedicine (\$7.2 billion)
 - Energy Efficiency & Conservation Block Grant (\$3.2 billion)
 - State Energy Program (\$3.1 billion)

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Further Information on the Recovery Act

- Full Text Of The Law frwebgate.access.gpo.gov
- CBO Cost Estimates www.cbo.gov
- OMB Guidance www.omb.gov
 - Memorandum (M-09-10) 2/13/09
 - Memorandum (M-09-15) 4/3/09
- Recovery.gov www.recovery.gov
- StateRecovery.org www.csg.org
- Other National State Organizations:
 - NGA, NASBO, NASACT, NCSL