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## **The American Recovery and Reinvestment Act of 2009** *Creating Jobs, Investing in Our Country's Future, and Cutting Taxes For the People of Alabama*

*Today does not mark the end of our economic troubles. Nor does it constitute all of what we must do to turn our economy around. But it does mark the beginning of the end - the beginning of what we need to do to create jobs for Americans scrambling in the wake of layoffs; to provide relief for families worried they won't be able to pay next month's bills; and to set our economy on a firmer foundation, paving the way to long-term growth and prosperity.*

*-President Barack Obama, 2/17/09, Denver, CO*

On February 17, 2009, President Obama signed the *American Recovery and Reinvestment Act of 2009* into law. This urgently-needed legislation requested by President Obama was passed by a 60-vote supermajority in the Senate on February 13. It will create and protect 3.5 million jobs for American workers and begin to put the nation's economy back on track. We are confronting the most severe economic problems in generations as millions of Americans are struggling. That's why the *American Recovery and Reinvestment Act of 2009* will **create good-paying jobs; make investments in America's future;** and **cut taxes** for working families. Our plan also delivers transparency and accountability to guarantee that all taxpayer money is invested responsibly.

### **What does this mean for Alabama?**

#### **Job-Creating Investments**

Since the recession began in December 2007, the nation has lost more than 3.6 million jobs, with 50 percent of those losses occurring within the last three months, and the national unemployment rate has skyrocketed to 7.6 percent. Without swift action, economists estimate that an additional five million job losses could occur this year and the unemployment rate could rise to 10 percent.

The *American Recovery and Reinvestment Act of 2009* will create or save 3.5 million good-paying jobs nationally over the next two years, more than 90 percent of which will be in the private sector. According to the White House, **52,000 of these jobs will be in Alabama.** Getting America back to work is the first step on the road to economic recovery and long-term competitiveness and prosperity.

**Infrastructure and science.** In order to rebuild our weakening economy, these investments in our physical and cyber infrastructure will put Alabamians immediately to work rebuilding our crumbling roads and bridges, and will also enable the creation of a stronger and more efficient infrastructure for the 21st century economy. According to the Senate Committee on Appropriations, our economic recovery package includes the following estimated benefits for Alabama:\*

- **\$19.7 million** through the **Drinking Water State Revolving Fund** to address the backlog of drinking water infrastructure needs
- **\$45 million** through the **Clean Water State Revolving Fund** to address the backlog of clean water infrastructure needs
- **\$514 million** in **Highway Funding** to be used on activities eligible under the Federal-aid Highway Program's Surface Transportation Program and could also include rail and port infrastructure activities at the discretion of the states
- **\$46.5 million** in **Transit Formula Funding** for investments in mass transit
- **\$92.3 million** through the **Public Housing Capital Fund** to enable local public housing agencies to address a national \$32 billion backlog in capital needs – especially those improving energy efficiency in aging developments – in this critical element of the nation's affordable housing infrastructure
- **\$32.2 million** in **HOME Funding** to enable state and local government, in partnership with community-based organizations, to acquire, construct, and rehabilitate affordable housing and provide rental assistance to poor families
- **\$20.2 million** through the **Homelessness Prevention Fund** to be used for prevention activities, which include: short or medium-term rental assistance, first and last month's rental payment, or utility payments. As such, most of this funding will go directly into the economy of local communities, as the funds will be used to pay housing and other associated costs in the private market

**Education and Training in Alabama.** In order to compete in the 21st Century, we must have a well-educated workforce, capable of adapting to an ever-changing economic environment. Investing in education now will ensure that the next generation of Alabama's workers is ready and able to meet the challenge of global competition. In the near-term, millions of workers have seen their jobs disappear, and find themselves unable to match their skill sets with existing opportunities. Providing job training in new and expanding fields will help to lower the unemployment rate and help today's workers better compete against foreign competition.

The Congressional Research Service estimates that our economic plan includes **\$730.2 million** through the **State Fiscal Stabilization Funds** to local school districts and public colleges and universities in Alabama and additional funding for other high-priority needs such as public safety and other critical services, which may include education

According to the Senate Committee on Appropriations, our economic recovery package includes the following estimated benefits for Alabama:\*

- **\$181.9 million** for **Special Education Part B State Grants** to help improve educational outcomes for individuals with disabilities, raising the federal contribution to nearly 40 percent, the level established when the law was authorized more than 30 years ago

- **\$9.7 million** in **education technology** funds to purchase up-to-date computers and software and provide professional development to ensure the technology is used effectively in the classroom
- **\$199 million** for **Title I Education for the Disadvantaged** to help close the achievement gap and enable disadvantaged students to reach their potential
- **\$5.2 million** in **State Employment Service Grants** to match unemployed individuals to job openings through state employment service agencies and allow Alabama to provide customized reemployment services
- **\$10.3 million** in **Dislocated Workers State Grants**, particularly for grants that support immediate strategies for regions and communities to meet their need for skilled workers, as well as longer-term plans to build targeted industry clusters with better training and a more productive workforce
- **\$5.2 million** for Department of Labor's **Adult State Grants**
- **\$11.8 million** for Department of Labor's **Youth State Grants**
- **\$9.7 million** for **Vocational Rehabilitation** to help individuals with disabilities prepare for and sustain gainful employment

According to the White House, the economic recovery package also includes more Pell Grants for the **125,000 Pell Grant recipients** in Alabama.

**Alabama's Energy.** The *American Recovery and Reinvestment Act of 2009* provides investments in areas critical to the development of clean, efficient, American energy, including modernizing energy transmission, research and development of renewable energy technologies, and modernizing and upgrading government buildings and vehicles. According to the Senate Committee on Appropriations, our economic recovery package includes the following estimated benefits for Alabama:\*

- **\$55.1 million** through the **State Energy Program**
- **\$75 million** through the **Weatherization Assistance Program**

**Protecting the Vulnerable in Alabama.** The current economic crisis has affected all Alabamians, but none more so than the most vulnerable among us. The spending proposed here will serve to lessen the blow of the current recession, providing immediate relief for children, the poor, and others who may find themselves struggling to put food on the table or a roof over their head. It will also address the urgent need to provide safe and secure places to live, even in neighborhoods that are struggling with high unemployment and surging foreclosure rates. According to the Senate Committee on Appropriations, our economic recovery package includes the following estimated benefits in the state:\*

- **\$1.7 million** for **National School Lunch Program Equipment Assistance**
- **\$1.6 million** through the **Emergency Food Assistance Program**
- **\$381 million** in **Supplemental Nutrition Assistance Program** benefits (formerly Food Stamps)
- **\$1.1 million** for the **Emergency Food and Shelter Program**, which provides grants to nonprofit and faith-based organizations at the local level to supplement their programs for emergency food and shelter to provide for the immediate needs of the homeless
- **\$38.5 million** in **Child Care and Development Block Grants** to provide quality child care services for in low-income families who increasingly are unable to afford the high cost of day care

- **\$11.6 million** for **Head Start** to allow additional children to participate in this program, which provides development, educational, health, nutritional, social and other activities that prepare children to succeed in school
- **\$18.5 million** in **Community Services Block Grants** to local community action agencies for services to the growing numbers of low-income families hurt by the economic crisis, such as housing and mortgage counseling, jobs skills training, food pantry assistance, as well as benefits outreach and enrollment
- **\$1.9 million** for **Senior Meals Programs** to help senior meals programs cope with steep increases in food and fuel costs. Many programs are reducing meal deliveries to seniors or closing meal sites

According to the Center for Law and Social Policy, Alabama will receive an estimated **\$20.1 million**, benefiting an estimated **5,600 households** in Alabama for **Homelessness Prevention activities**, which include short- to medium-term rental assistance, housing relocation and stabilization assistance, and rapid re-housing assistance for those who have become homeless

**Law Enforcement in Alabama.** Nearly every sector of the American job market has suffered job loss and programming cuts, including state and local law enforcement. Cuts in this field can have a devastating direct and indirect effect on the health of a community by way of increased crime, lowered property values, business closings, and the loss of good paying, upwardly-mobile, middle class growing jobs. According to the Senate Committee on Appropriations, our economic recovery package includes the following estimated benefits for Alabama:\*

- **\$30.2 million** in **Byrne/JAG grants** to support law enforcement efforts
- **\$ 1.1 million** for **crime victims compensation and assistance**
- **\$726,610** in **Internet Crimes Against Children Grants** to help law enforcement agencies enhance their investigative response to offenders who use the Internet, online communication systems, or other computer technology to sexually exploit children
- **\$2.7 million** in **Violence Against Women Grants** for victim services programs to improve the criminal justice system's response to violent crimes against women and to assist victims of domestic violence, dating violence, sexual assault and stalking who are in need of transitional housing, short-term housing assistance, and related support services

The Center for Law and Social Policy estimates that the *American Recovery and Reinvestment Act of 2009* also includes **\$16.5 million** for Alabama in federal matching funds for child support enforcement, which will improve Alabama's ability to collect child support – a critical safety net for struggling families and a reliable source of economic stimulus because those families reinvest the money into the local economy for basic needs.

### [Extended Unemployment Insurance for Alabama](#)

Unemployment in Alabama stood at 6.7 percent in December 2008 (the last month for which we have data). The Department of Labor estimates that Alabama could receive **\$101.1 million** in new funding if Alabama fully enacts the UI modernization incentives that the new law provides.

According to the National Employment Law Project, this means that an additional **\$100** in unemployment insurance benefits will be offered to approximately **247,000 workers** who have lost their jobs in this recession.

## Fiscal Relief for Alabama Through FMAP

Rising unemployment rates mean that more people are losing their health insurance and relying on Medicaid to maintain coverage. The *American Recovery and Reinvestment Act of 2009* provides almost \$87 billion over the next two years in additional federal matching funds to help states, like Alabama, maintain their Medicaid programs. Already 28 states have proposed or enacted cuts to public health programs and state budget deficits continue to grow. This temporary, targeted funding is critical to ensuring that states experiencing significant unemployment receive additional funding. Alabama will receive **\$850 million** that will help Alabama avoid cutting eligibility for Medicaid and maintain the services available to recipients.

## Tax Relief for Alabama Families and Businesses

According to the Senate Committee on Finance, the following are examples of tax provisions in the *American Recovery and Reinvestment Act of 2009* that will help Alabama businesses and families, create jobs and get Alabama's economy moving:

- Up to **\$400** for workers (or **\$800** for married couples) in the new **Making Work Pay Tax Credit for 1.8 million workers** and their families in Alabama
- **\$250** to Social Security beneficiaries, SSI recipients, and disabled veterans
- **\$2,500** for **70,000 additional families** in Alabama that will qualify for the new **American Opportunity Tax Credit** that makes college more affordable for 3.8 million families nationwide
- **Extended and increased first-time Homebuyer Tax Credit** to both help aspiring homeowners and stabilize plummeting home prices
- **Extended Bonus Depreciation and Small Business Expensing** through 2009, allowing businesses that make capital investments to immediately deduct one-half the cost. Small businesses can immediately deduct 100 percent of the cost of these investments

The *American Recovery and Reinvestment Act of 2009* would protect over 26 million working families across the nation from the **Alternative Minimum Tax**, representing thousands of dollars in additional income taxes. According to the Congressional Research Service, **152,000 Alabamians** would be protected from the Alternative Minimum Tax in 2009.

## Temporary Assistance to Needy Families in Alabama

The Congressional Research Service estimates that Alabama would receive **\$11.1 million** in TANF supplemental grants under the *American Recovery and Reinvestment Act of 2009*. These supplemental grants provide additional assistance to states with high population growth and/or increased poverty. Seventeen states qualify and currently receive these grants, which would expire in June 2009. The legislation would extend these grants for Fiscal Year 2010.

*\*Note that this provides estimates of highlights of the Division A of the American Recovery and Reinvestment Act of 2009. It is not a complete listing of all the benefits for Alabama in the economic recovery package.*