



SENATOR BYRON L. DORGAN, CHAIRMAN  
419 HART  
4-3232

DEMOCRATIC POLICY COMMITTEE

DPC Staff Contact: Erika Moritsugu (202) 224-3232  
DPC Press Contact: Barry Piatt (202) 224-3232  
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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 North Dakota*

*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 North Dakota?**

#### **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, **8,000 of these jobs will be in North Dakota**. 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 North Dakotans 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 North Dakota:\*

- **\$19.7 million** through the **Drinking Water State Revolving Fund** to address the backlog of drinking water infrastructure needs
- **\$19.5 million** through the **Clean Water State Revolving Fund** to address the backlog of clean water infrastructure needs
- **\$170.1 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
- **\$11 million** in **Transit Formula Funding** for investments in mass transit
- **\$3.5 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
- **\$4.6 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
- **\$2.6 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 North Dakota.** 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 North Dakota'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 **\$105.6 million** through the **State Fiscal Stabilization Funds** to local school districts and public colleges and universities in North Dakota 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 North Dakota:\*

- **\$26.6 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

- **\$3.1 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
- **\$34.4 million** for **Title I Education for the Disadvantaged** to help close the achievement gap and enable disadvantaged students to reach their potential
- **\$3 million** in **State Employment Service Grants** to match unemployed individuals to job openings through state employment service agencies and allow North Dakota to provide customized reemployment services
- **\$1 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
- **\$1.2 million** for Department of Labor's **Adult State Grants**
- **\$2.9 million** for Department of Labor's **Youth State Grants**
- **\$1.6 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 **17,000 Pell Grant recipients** in North Dakota.

**North Dakota'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 North Dakota:\*

- **\$24.5 million** through the **State Energy Program**
- **\$25.8 million** through the **Weatherization Assistance Program**

**Indian Country Investments.** According to Senator Byron Dorgan, Chairman of the Senate Committee on Indian Affairs, "Nowhere in this nation are jobs and construction improvements more needed than on American Indian reservations. Tribal communities suffer an average unemployment rate of 50 percent and have faced longstanding infrastructure needs."

To address these concerns, the *American Recovery and Reinvestment Act of 2009* has included approximately \$2.6 billion in funding for construction and infrastructure improvements and more than \$2.4 billion in bond authority for financing opportunities to create jobs, improve infrastructure, and generally improve the quality of life of Native Americans in North Dakota. Provisions in our economic recovery plan are dedicated to:

- **Improving Indian Health Service and Indian Health Facilities** (\$500 million). \$227 million will fund two new construction projects, \$100 million will be spent on maintenance and improvement programs, \$68 million constructing and repairing sanitation facilities, and \$20 million for medical equipment. The economic recovery plan also includes \$85 million to upgrade and improve information technology at Indian Health Service facilities to improve the delivery of health care services to American Indians.
- **Enhancing Tribal Economic Opportunities.** The economic recovery plan creates \$2 billion in tax exempt bonds authority for tribal economic development endeavors,

provides \$10 million to establish and improve Tribal Community Development Financial Institutions, and includes \$10 million for the BIA Indian Loan Guarantee Program.

- **Improving Access to Health Care** by prohibiting co-payments for Medicaid recipients, exempting some Indian property from inclusion in resource determinations for Medicaid and CHIP, and making it easier for American Indians to utilize Medicaid benefits through Medicaid-managed care organizations (\$25 million). Indian tribes are also expressly included as eligible for the Emergency Contingency Fund for State Temporary Assistance for Needy Families (TANF).
- **Strengthening Indian Education.** Tribes will receive set-asides under Head Start, Early Head Start and Special Education (IDEA) programs. Tribes will also benefit from the \$100 million for Impact Aid. The economic recovery plan provides funding for construction and improvements to tribal and Bureau of Indian Affairs schools, and includes up to \$400 million for qualified Indian school construction bonds.
- **Improving Tribal Infrastructure.** The economic recovery plan includes \$450 million to build new and improve existing tribal government infrastructure, including Indian schools, roads, jails, and irrigation and dams projects on Indian lands.
- **Addressing Tribal Public Safety and Justice.** \$225 million in funding is dedicated through the Department of Justice to building new and improving existing detention centers in Indian Country. The Act provides \$22.5 million to prevent and prosecute violence against women in Indian country. And Tribes are also eligible to compete for \$1 billion in Community Oriented Policing Services program.
- **Improving Tribal Housing.** \$510 million is dedicated to block and competitive grants administered by the Department of Housing and Urban Development through the Native American Housing Assistance and Self-Determination Act to construct and rehabilitate reservation homes and other authorized projects. Additional funding would go to the housing improvement program administered by the BIA. Tribes are also eligible to compete in HUD's \$5 billion weatherization assistance program.
- **Improving Indian Reservation Roads.** \$327.5 million is allocated to improving tribal and BIA roads, bridges, and reservation transit systems. Of this amount, \$310 million would go the Indian Reservation Roads program within the Department of Transportation. An additional \$17.25 million will go to improve tribal transit programs.
- **Improving drinking water and water service systems on reservations.** In addition to construction funds administered by the BIA, \$60 million is dedicated for Bureau of Reclamation Indian water intake and treatment facilities. And tribal governments would also receive approximately \$120 million through a set-aside in the Safe Drinking and Clean Water Revolving Funds.
- **Expanding Nutrition Programs.** The economic recovery plan allocates \$5 million to the Food Distribution Program for Indian Reservations (USDA) to support the approximately 86,000 low-income Native Americans who receive monthly assistance. The Native Elder Nutrition program also receives \$3 million to care for tribal elders.

**Protecting the Vulnerable in North Dakota.** The current economic crisis has affected all North Dakotans, 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:\*

- **\$230,072 for National School Lunch Program Equipment Assistance**

- **\$166,682** through the **Emergency Food Assistance Program**
- **\$32 million** in **Supplemental Nutrition Assistance Program** benefits (formerly Food Stamps)
- **\$163,398** 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
- **\$3.6 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
- **\$1.6 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
- **\$4.6 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
- **\$500,000** 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, North Dakota will receive an estimated **\$2.6 million**, benefiting an estimated **800 households** in North Dakota 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 North Dakota.** 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 North Dakota:\*

- **\$5 million** in **Byrne/JAG grants** to support law enforcement efforts
- **\$142,682** for **crime victims compensation and assistance**
- **\$403,670** 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
- **\$882,508** 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 **\$6.5 million** for North Dakota in federal matching funds for child support enforcement, which will improve North Dakota'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 North Dakota

Unemployment in North Dakota stood at 3.5 percent in December 2008 (the last month for which we have data). The Department of Labor estimates that North Dakota could receive **\$14.6 million** in new funding if North Dakota 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 **29,000 workers** who have lost their jobs in this recession.

## Fiscal Relief for North Dakota 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 North Dakota, 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. North Dakota will receive **\$110 million** that will help North Dakota avoid cutting eligibility for Medicaid and maintain the services available to recipients.

## Tax Relief for North Dakota 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 North Dakota businesses and families, create jobs and get North Dakota's economy moving:

- Up to **\$400** for workers (or **\$800** for married couples) in the new **Making Work Pay Tax Credit for 280,000 workers** and their families in North Dakota
- **\$250** to Social Security beneficiaries, SSI recipients, and disabled veterans
- **\$2,500** for **6,000 additional families** in North Dakota 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, **23,000 North Dakotans** would be protected from the Alternative Minimum Tax in 2009.

*\*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 North Dakota in the economic recovery package.*