

# Snapshots of the Economic Stimulus



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# Introduction

**This report provides an overview of the recently enacted American Recovery and Reinvestment Act of 2009 — also called the “Economic Stimulus Package.”**

**Its primary objective is to provide federal funds and tax breaks so as to stimulate spending and foster economic growth during this time of deepening recession.**

**The stimulus package has several ambitious goals, including the infusion of funds into the economy, strengthening the nation’s social safety net, while jumpstarting efforts to usher in America’s health care, education, and energy future.**

**Of the total \$827 billion in the package, there are two tranches of funding: \$447 for spending and \$380 billion for tax breaks. Here are some general observations:**

# Summary

## SPENDING

**Safety Net** – About 60% of spending is for health care, social services and housing. In particular, programs such as Medicare, Medicaid, food stamps, extended health insurance for the unemployed, and worker compensation strengthen the social “safety net” and also provide a quick infusion of money into the economy.

**Education** – About \$85 billion or 18% of stimulus spending is for education. Nearly half is for states to retain teachers and for school construction. The Education department is provided with \$13.7 billion for homeless, poor and low income students, special education needs, and \$15.8 billion for student financial assistance

**Transportation** –Transportation dominates construction spending at \$48.1 billion for highways, bridges, rails and ports. Of the 3+ billion jobs estimated by Congress, one third are expected to come from transportation construction.

# Summary (cont)

## SPENDING (cont)

**Energy** – About \$40 billion is dedicated to efforts to reduce energy use, increase renewable energy sources, electric grid modernization, and research and development.

**Environment** – Environmental spending is about \$23.4 billion. The EPA is provided with \$16.4 billion for superfund sites, water treatment plants, and other activities. The single largest effort is \$6 billion for the cleanup of Energy department nuclear sites.

**Housing** – About \$14 billion goes for housing which includes \$3 billion for community block grants, \$2.25 billion for low income home-owners, \$1.5 billion for homeless prevention, and \$2.3 billion for rent subsidies.

**Communications** – About \$7.3 billion is for communications, the majority of which is for expansion of broadband services.

**Science and the Arts** – Science receives nearly \$7 billion, which goes to the Energy department the national Science Foundation, NOAA, NASA and other agencies. \$50 million was approved for the National Endowment for the Arts.

# Summary (cont)

## TAX BREAKS

### Major Tax Breaks Include:

**Individual Tax Credit** – This credit is aimed at working people. A single person can receive up to \$400 and a family up to \$800 in tax breaks. (\$116 b)

**Repeal of the Alternative Minimum Tax** – This provision eliminates a tax increase for some 25 million people with incomes between \$100,000 and \$500,000. (\$70 b)

**Infrastructure Tax Relief** – This provision benefits mainly states, counties and cities by providing tax credits totaling \$19.4 billion for infrastructure investments.

**Renewable Energy** – Tax breaks totaling \$20 billion go for renewable energy.

# Major Elements

**\$447 billion in  
spending**



**\$380 billion in tax  
breaks.**

# Economic Stimulus Spending

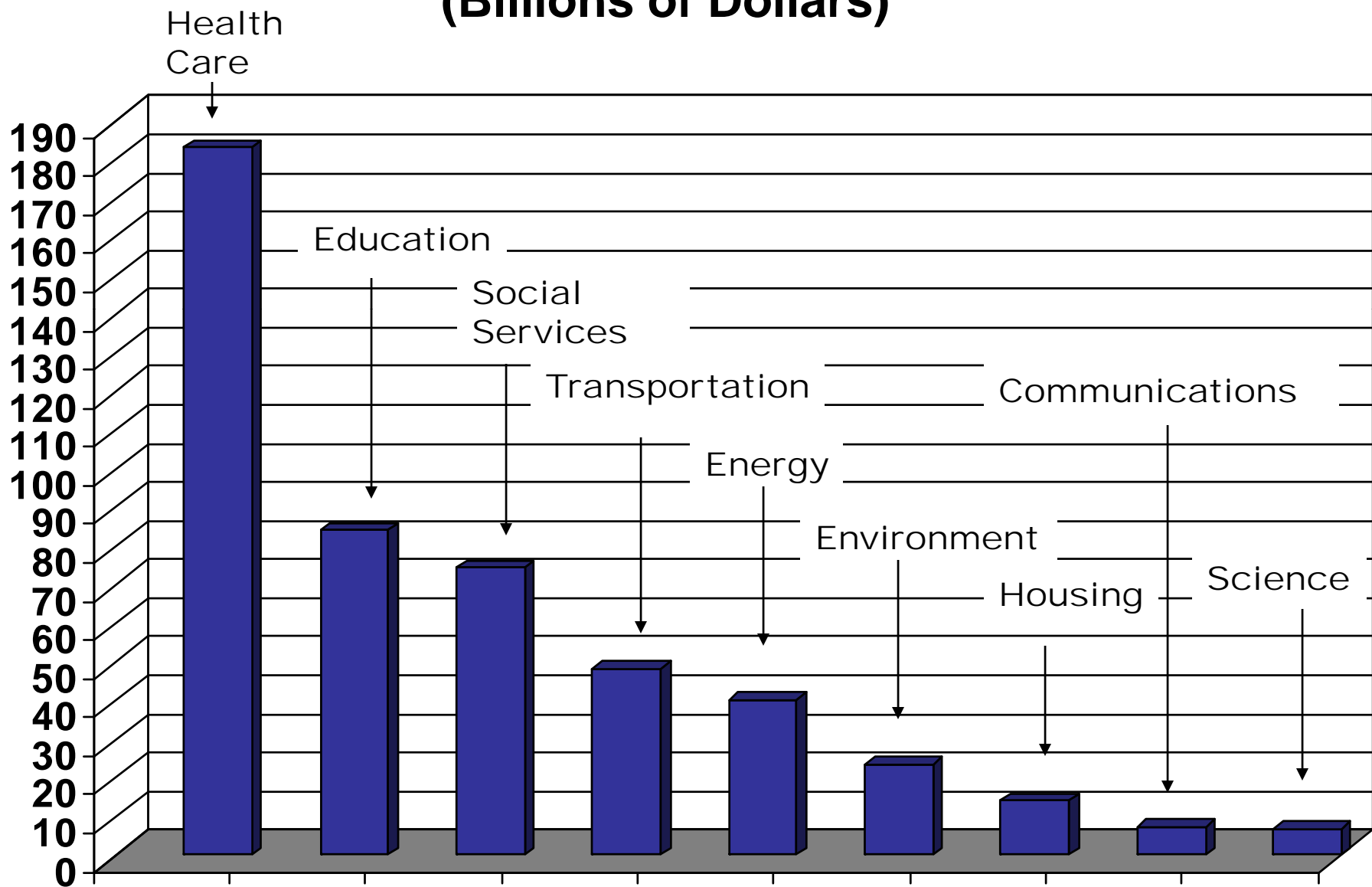


- About 75% of stimulus spending is for health care, education, social services and housing. Health care makes up 40%.

- Funds that circulate into the economy the fastest are unemployment payments, food stamps, and health care spending.



# General Categories of Stimulus Spending (Billions of Dollars)



# Stimulus and the States



- States receive \$53.6 billion in grants — mostly for education, but also for other services that stand to be cut.

- Medicaid matching payments to states total \$87 billion.



# Infrastructure Spending

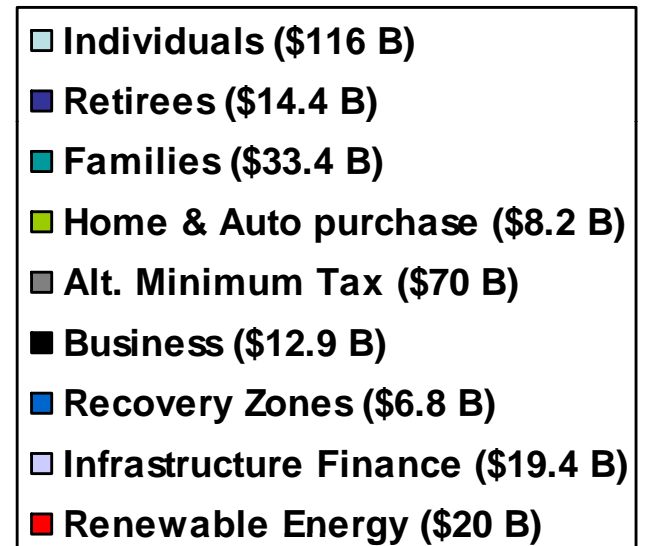
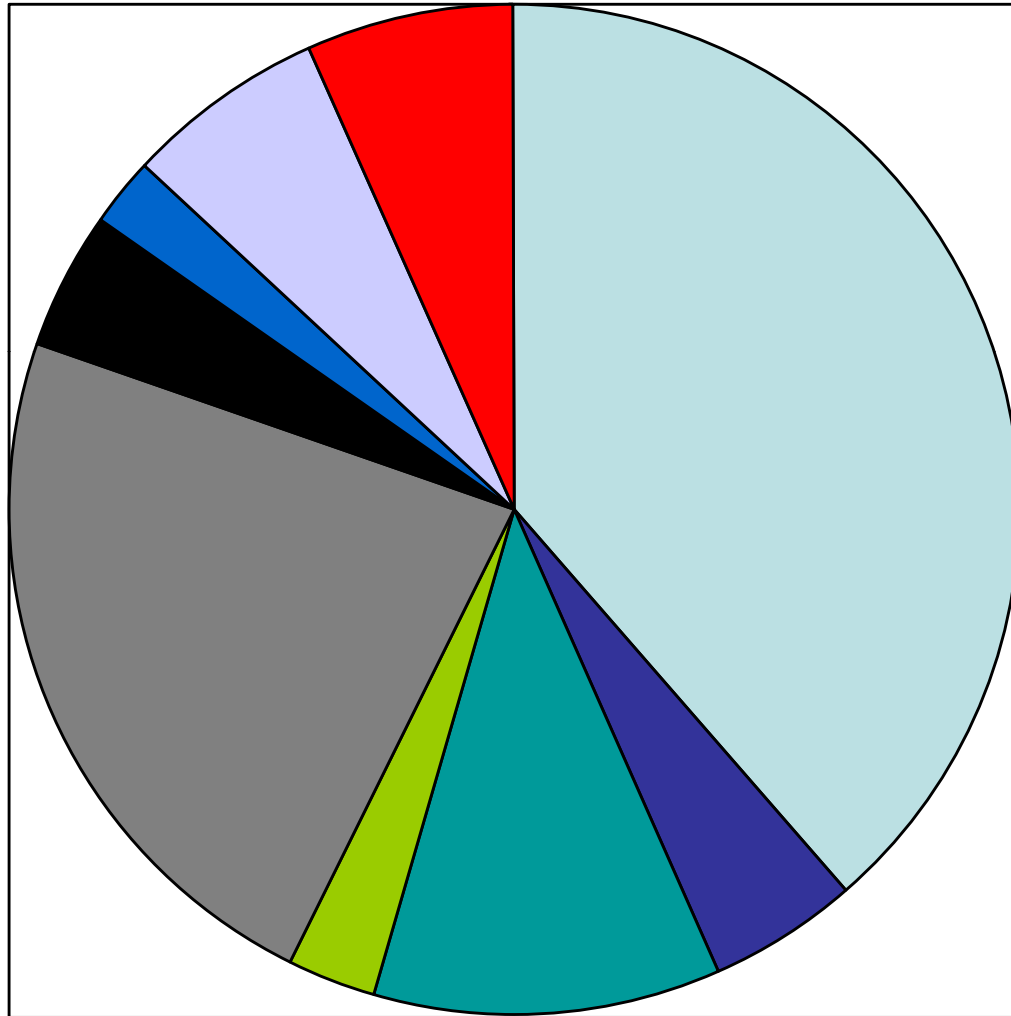


- **Transportation dominates construction spending — followed by schools, federal buildings, energy projects, public housing, parks and health care.**

- **Roughly one-third of an estimated 3+ million jobs are to be generated by transportation — followed by education, environmental, energy, communications and other categories.**

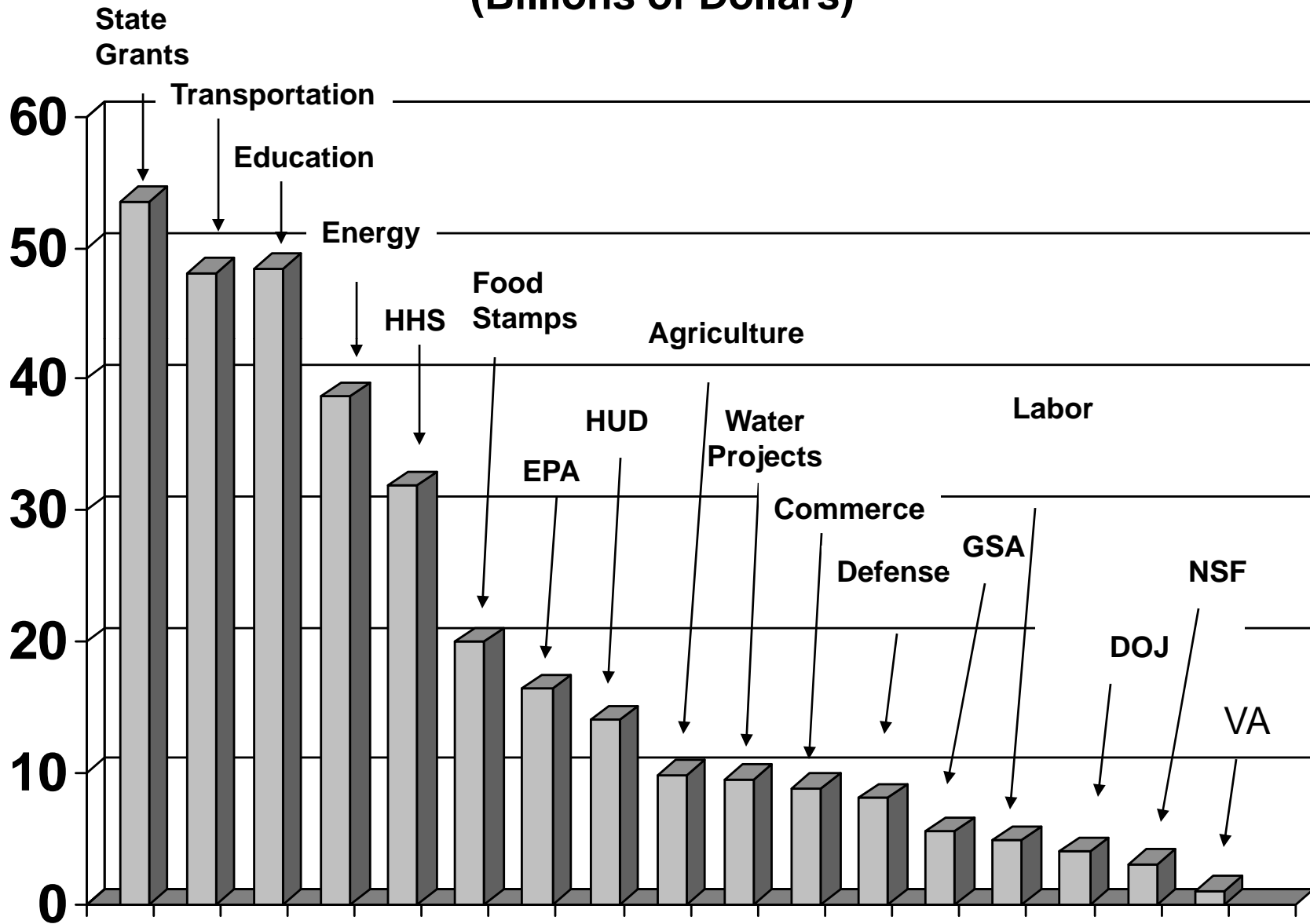


# Stimulus Tax Credits

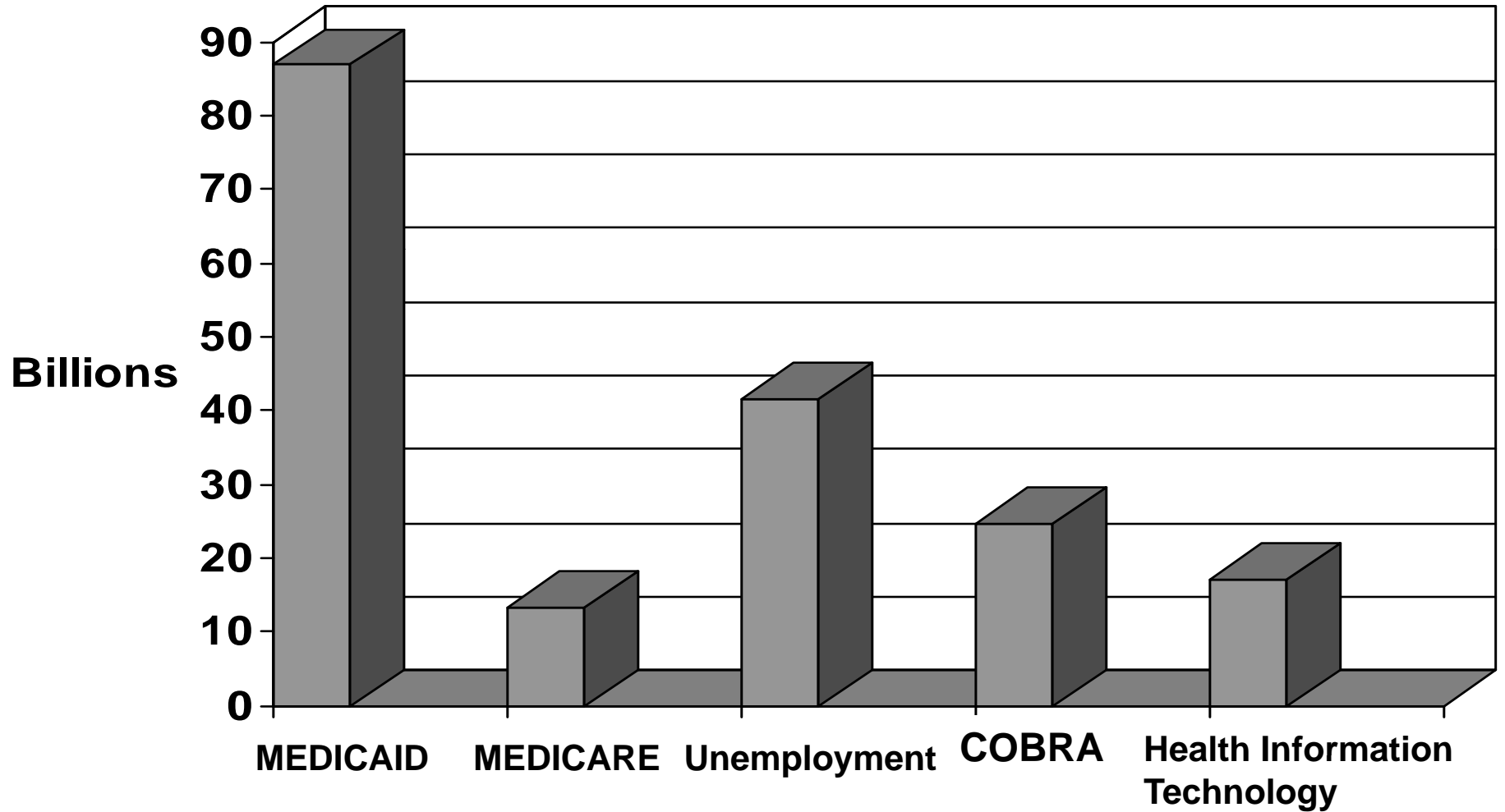


**Tax Credits Total \$380 billion**

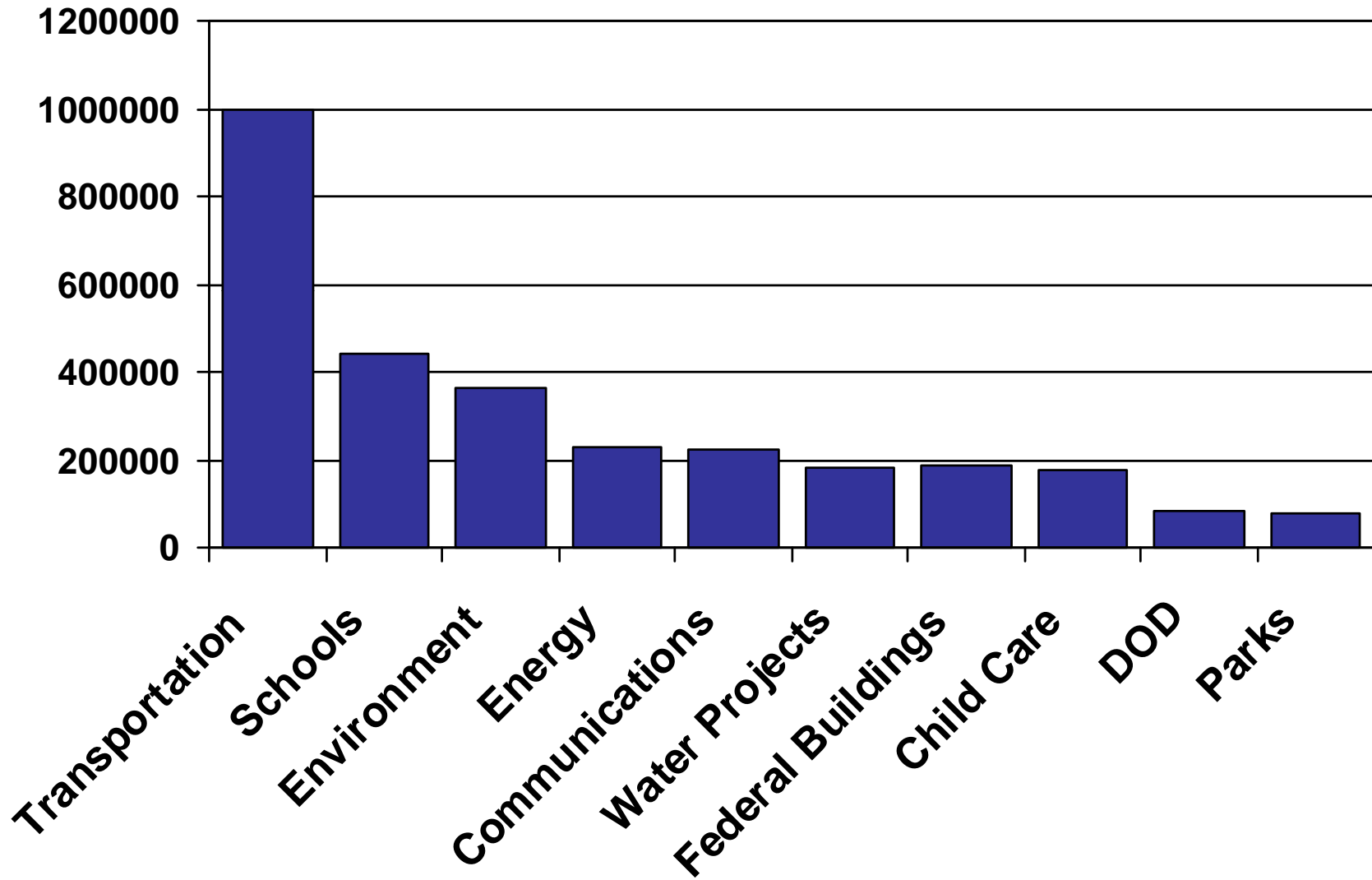
# Discretionary Stimulus Spending (Billions of Dollars)



# Non-Discretionary Stimulus Spending



# Congressional Job Estimates from Stimulus Spending



Sources: House and Senate Appropriations Committees, CRS, CNN