

# American Recovery and Reinvestment Act

Overview

Pennsylvania Stimulus Oversight Committee

March 31, 2009

# Direct Benefits to Pennsylvanians

- **Tax rebates** - **Over five million** Pennsylvanians will take home more in their pay checks due to the \$400 tax rebate provided for individuals earning under \$75,000 or the \$800 tax rebate for families with earnings under \$150,000.
- **Federal tax cut** - With the correction in the federal AMT calculation, over **970,000 Pennsylvania families** will have more disposable income because they will pay less in federal taxes.
- **College tax credit** - An estimated **138,000 Pennsylvania families** will get extra help from the American Opportunity Tax Credit to pay for college this fall.
- **Increased unemployment benefits** - For Pennsylvanians who have lost their jobs, as of March 10<sup>th</sup>, the checks they receive every other week for unemployment compensation will include an extra \$25 per, and for those who lost their jobs as of last September, if they are not working yet, unemployment compensation payments will be extended to 59 weeks.
- **COBRA** - For some of the unemployed – those that received health benefits on the job, the stimulus package will help them keep their health benefits. This benefit is limited to those who lost their jobs in the last six months. The federal government will rebate via refundable tax credits to the employer, 65% of the employees COBRA premium. The former employee is required to pay the balance of the COBRA premium.
- **Increased food stamp benefits** - Nearly **1.3 million Pennsylvania** families receiving food stamps will have approximately \$32 more per month to spend on food – increasing sales in grocery stores across the state by a half a billion dollars a year.
- **Medicaid** - **Over two million Pennsylvanians** can continue to get health care via our Medicaid program.

# State Stabilization Funds

- Total of \$1.9 billion must be expended by September 30, 2011
- 81.7% (\$1.56 billion) must go directly to school districts via state formulas (based on equity or adequacy) or by federal formula for high poverty schools (Title 1), and to make up for planned or enacted cuts to appropriations made to public colleges (\$44 million)
- 18.3% (\$347 million) may be used by the Commonwealth for public safety over a 27 month period. Funds will be applied to operational costs of the Department of Corrections.

# Overview of Major Sources of Funding

- \$4 billion, over 24 months, for **Medicaid** expenditures which will allow the state to bill the federal government for a larger share of the costs of the existing Medicaid program
- \$2.56 billion, over 27 months, **direct to school districts** using primarily two existing federal formulas – Title 1 and Special Education (IDEA)

# Transportation

	Total US Funding	Total PA Funding	Target Dates	Distribution Method
Highways and Bridges	\$27.5 Billion	\$1.026 Billion	4-12 months	MPO's and RPO's
Transit	\$8.4 Billion	\$347 Million	6-12 months	Direct to Transit Agencies/Rural Agencies through Penndot
Airports	\$1.3 Billion	TBD	TBD	Direct to Airport
Inter-City Rail	\$9.3 Billion	TBD	TBD	Competitive Grants/Reserve for Amtrak
Discretionary Grants	\$1.5 Billion	TBD	TBD	TBD

# Housing and Community Development

Program	Estimated State Allocation	Target Dates/Agency
Low income housing gap financing	\$95 million	May/ PHFA
Exchangeable Tax Credits	\$197 million	Under development/ PHFA
Homelessness Prevention Funding	\$30.45 million	TBD/ DCED
State CDBG Funding	\$12.2 million	TBD/ DCED
Public Housing Authority Assistance	\$344 million	TBD/ Local Housing Authorities
Direct CDBG Enhancement	\$40 million	TBD/ Direct CDBG Allocation Municipalities

# Water and Wastewater Infrastructure

Program	Allocation
Drinking Water	\$65 million
Wastewater	\$155 million

- Distributed through Pennvest
- 50% must be distributed as grants
- 20% must be used for “green” projects
- All must be under construction by February 17, 2010
- 50% must be under construction by June 17, 2009
- Pennvest will award in April and July

# Energy

Program	Allocation	Target Date/Agency
Weatherization	\$258 million	May/ DCED
State Energy Programs	\$99 million	May/DEP
Energy program for small municipalities and counties	\$13 million	May/DEP to municipalities less than 35,000 and counties less than 250,000
Direct allocation to municipalities	\$76 million	June/Federal DOE to municipalities and counties