

**National Center on Education and the Economy
Workforce Development Strategies Group**

**Summary of Education and Workforce-Related Provisions in the American
Recovery and Reinvestment Act of 2009**

Enacted: February 17, 2009

Estimated to create 3.5 million new jobs

Total Funding: \$789 billion

- **\$288 bil Tax Cuts (37%)**
- **\$144 bil State & local fiscal relief (18%)**
- **\$357 bil Federal spending programs (45%)**

Infrastructure and Science: \$120 billion

(Infrastructure, Transportation; Public Housing; Environmental Clean-up; Science)

Health: \$14.2 billion (non-entitlement funding)

(Medicare/Medicaid grants to states; Prevention/Wellness; Biomedical research; Relative Effectiveness; \$2 billion for Community Health Centers to help the uninsured access healthcare)

Energy: \$37.5 billion

(Fossil Energy Research, Efficiency & Renewable Energy Research; Federal Building Repairs; Electric Grid Modernization; Energy Efficiency, Conservation, Weatherization.)

Law Enforcement, Oversight, etc. \$7.8 billion

Education and Training: \$105.9 billion

- **\$53.6 bil State Fiscal Stabilization fund including --**
 - **\$39.5 billion to local school districts to prevent layoffs, cutbacks, for school modernization, etc.**
 - **\$5 billion for bonus grants to States for meeting performance**
 - **\$8.8 billion to states for high priority needs (safety, repair/renovation including for higher education facilities);**
- **\$13 billion for Title I;**
- **\$12.2 billion for IDEA;**
- **\$15.6 billion for increasing Pell Grant maximums by \$500.**

- **\$3.95 billion for Workforce Investment – “Job Training” including –**
 - \$500 million for the Adult WIA formula grants (including supportive services for and service delivery to priority populations including low income individuals);
 - \$1.25 billion for the Dislocated Worker formula grants (with special emphasis on supportive services and income support to enable participation in training);
 - \$1.2 billion for Youth formula grants for youth up to age 24 (especially focusing on Summer Jobs);
 - \$50 million for YouthBuild;
 - \$250 million for JobCorps;
 - \$200 million for National Emergency Grants (especially to respond to plant closings and mass layoffs);
 - \$750 million for Competitive Grants for High Growth and Emerging Industry Sectors (\$500 million for Green Jobs, \$250 million for high demand sectors, with priority on healthcare, also advanced manufacturing and broadband deployment).
 - Note: to encourage training for high demand occupations/sectors in formula programs, workforce boards are allowed to contract for such training with institutions of higher education and other eligible training providers.

Additional Employment Assistance Programs:

- \$400 million for Reemployment Grants (State Employment Service);
- \$120 million for Community Service Employment for Older Workers;
- \$540 million for Vocational Rehabilitation.

Helping those Hit Hardest by the Economic Crisis - \$24.3 billion (non-entitlement)

- \$19.9 billion for “Food Stamps”;
- TANF: Additional emergency contingency funds for FY 2009 & 2010 for states with increased caseloads or increased expenditures under TANF;
- CSBG: \$1 billion;
- CDBG: \$2 billion;
- Head Start & Early Start: \$2.1 billion

Unemployment Insurance:

- Extends the Emergency Unemployment Compensation Program through December 2009 which provides up to 33 weeks of extended UI benefits to workers exhausting their regular benefits. Cost estimated at \$26.9 billion.
- Increases unemployment weekly benefits by an additional \$25 through 2009. Cost estimated at \$8.8 billion.

- Waives (temporarily) interest payments and the accrual in interest on loans received by states unemployment trust funds through December 31, 2010. Costs estimated at \$1.1 billion.

UI Modernization:

- Provides up to \$7 bil to encourage and/or reward States that enact specific reforms to increase UI coverage among low-wage, part-time and other jobless workers by adopting the alternative base period for determining coverage and adopting two additional reforms from the following: inclusion of part-time workers, longer benefits for dislocated workers from declining industries who are in training, coverage of individuals leaving work due to compelling family reasons, or providing additional benefits for dependents;
- Provides an additional \$500 mil in UI administrative funding for all states.
- Cost estimated at \$2.975.

Trade Adjustment Assistance (TAA):

- Reauthorizes TAA through December 31, 2010, expanding TAA significantly; costs estimated at \$1.6 billion.
- Extends TAA to trade affected service sector workers and to workers affected by off shoring or outsourcing to other countries;
- Increases training through TAA by 160% to \$575 million per fiscal year.
- Creates 3 new TAA grant programs for trade impacted communities, including a \$50 million new grant program for community colleges; a \$50 million grant program for sector-based training; and a \$190 million economic adjustment program – all funded through December 2010.
- Allows for automatic TAA eligibility for workers suffering from import surges and unfair trade.
- Makes training, healthcare, and reemployment TAA benefits more accessible and flexible.
- Improves TAA for firms.
- Improves TAA for farmers.

COBRA: Provides a 65% subsidy for COBRA continuation premiums for up to 9 months for workers (and their families) who have been involuntarily terminated. Subsidy also applies to health care continuation coverage if required by states for small employers. Cost estimated at \$24.7 billion.

Some Key Education and Work-related Tax & Bond Provisions:

- **Making Work Pay Tax Credit:** up to \$400 per working individuals; \$800 per working family; phases out beginning at adjusted gross incomes in excess of \$75,000 (\$150,000 for married couples).
- **Work Opportunity Tax Credit:** Adds unemployed veterans and disconnected youth to those currently covered – allowing businesses to claim

a work opportunity tax credit equal to 40 percent of the first \$6,000 of wages paid to employees of one of nine target groups. Cost estimated at \$231 mil over 10 years.

- **Earned Income Tax Credit:** Temporarily increases the EITC for working families with 3 or more children. Cost estimated at \$4.6 billion over 10 years.
- **“American Opportunity” Education Tax Credit:** In 2009 and 2010, will provide a tax credit of up to \$2500 of the cost of tuition and related expenses paid over a taxable year – subject to phase out for taxpayers with adjusted gross incomes in excess of \$80,000 (\$160,000 for married couples).
- **Recovery Zone Bonds:** The bill creates a new category of tax credit bonds for investment in economic recovery zones – authorizing \$10 billion in Recovery Zone Economic Development Bonds to be issued in 2009 and 2010 to states and local communities who are hard-hit by the economic crisis (recovery zones are determined by significant poverty, unemployment, rate of home foreclosures, or general distress and designation as an empowerment zone or a renewal community). The economic development bonds can be used for capital ex expenditures paid or incurrent re/ property located in a zone; expenditures of public infrastructure and construction of public facilities; and expenditures for job training and educational programs. Estimated cost of \$5.371 billion over 10 years.

Training Provisions in Transportation:

\$20 million is provided under Section 140(b) of the Highway Act to the Federal Highway Administration Office of Civil Rights to support programs that enhance training opportunities for members of minority groups and women.

In addition, the Surface Transportation Act has a provision in current law that allows for 0.6% of the funding states received to be used for workforce training. We understand that this is generally is used for management/supervisory training and incumbent worker training but it appears that it may apply to the stimulus monies as well.

Education Provisions in Healthcare:

The Act provides \$500 million to the Health Resources and Services Administration to address health professions workforce shortages -- by helping workers access scholarships, loan repayment and grants for training programs -- primarily directed to nurses, doctors and dentists.