DRAFT – WORKING GROUP STIMULUS PLAN UPDATED 02-02-09

MODERNIZING U.S. TAX CODE TO CREATE JOBS:

Cost or CBO Score	Description of Tax Provisions
\$330 Billion	• Eliminate the 3.1% payroll tax for all American EMPLOYEES for 2 years, and use general revenue to pay for Social Security and Medicare obligations.
\$100 Billion	• Lower corporate tax bracket from 35% to 25% for 2 years.
\$ Comp Est	• Lower 35% tax bracket to 25% for small businesses filing as individuals using SBA definition of "small business."
\$75 Million or \$150 Million	 Accelerated Depreciation for Capital Investments for Small Businesses <u>for 1 year</u>. OR Accelerated Depreciation for Capital Investments for Small Businesses <u>for 2 years</u>.

\$430 Billion	Total Estimated Cost for Tax Provisions
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FIXING THE HOUSING CRISIS:

Cost or CBO Score	Description of Housing Provisions
\$11 Billion	 Keeping Families in Their Homes: Loan Modification Program: The federal government should allocate funding to increase the fee that servicers receive from continuing a mortgage and avoiding foreclosure from a one-time fee of \$1,000 to up to \$60 per month (\$720 per year) for the life of the loan to banks that modify the loans to workable terms.
	2. Safe harbor provisions that remove the legal constraints inhibiting modifications.
\$20.4 Billion	• Tax Incentives for Home Purchases: A tax credit in the amount of \$15,000 or 10 percent of the purchase price (whichever is less), with the option to utilize all in one year or spread out over two years. The tax credit is available to <u>all</u> purchases of <u>any</u> home from January 1, 2009 until December 31, 2009. If a home was purchased during the period of January 1, 2009 through the date of enactment, the buyer has the option between this tax credit and the previous \$7,500 Housing Tax credit. Able to claim the credit against the 2008 tax return. Buyers must occupy the homes for two years as their principle residences. Includes a two year recapture provision. Purchases of homes by investors are ineligible.
\$50 Million	 GSE/FHA conforming loan limits: The temporary increase in loan limits for Freddie Mac, Fannie Mae and FHA expired on December 31, 2008. As a result, the maximum limit for the GSEs and FHA dropped from \$729,750 to \$625,500. Returning these limits to their 2008 levels will strengthen the availability of mortgage credit and expand mortgage affordability in a time when home sales and refinance activity are necessary to stabilize the housing market and move the broader economy towards recovery. This will also assure that a wide range of borrowers have access to fair and affordable mortgages.

\$31 Billion	Total Estimated Cost for Housing Provisions
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INVESTING IN OUR INFRASTRUCTURE:

\$20 Billion	 Investment in National Infrastructure and Defense: <u>Veterans Health Facilities</u> (\$3 Billion): To facilitate the construction of three new hospitals, and provide funds to eliminate a significant backlog of repairs and improvements to existing healthcare facilities for our veterans around the country, including those administered by the States. <u>Defense Facilities</u> (\$9 Billion): To improve, repair and modernize Department of Defense facilities, restore and modernize barracks, improve facilities and infrastructure directly supporting the readiness and training of the Armed Forces, and invest in the energy efficiency of Department of Defense facilities. This activity would generate construction and craftsmen jobs in the short term by addressing the deteriorated conditions of existing facilities with projects that are ready to be carried out in the next nine months. <u>Resetting our Combat Forces</u> (\$8 Billion): The Department of Defense will request emergency supplemental appropriations in the spring of 2009 to support GWOT operations in Iraq and Afghanistan. Inclusion of this in the Stimulus accelerates those requirements and will be used to place new orders or to repair vehicles, equipment, material, ammunition required to fully equip our combat units, while generating jobs on assembly and manufacturing lines around the country.
\$71.195 Billion	 <u>Road and Bridge Infrastructure (\$66.240 Billion)</u>: Grants to States to build and repair roads and bridges. <u>Road and Bridge on Federal Lands (</u>\$855 Million): To construct or repair infrastructure on Federal lands. <u>Public Transit</u> (\$3 Billion): Grants to States to make capital investments in public transportations systems. <u>Airport Infrastructure Improvements</u> (\$1.1 Billion): Grants to airports for new runways, installation of runway incursion prevention devices, and other infrastructure investment. <u>Enhanced Environmental Review for Stimulus Construction Funding</u>: To ensure that the infrastructure funding for the stimulus package gets spent quickly on large capital infrastructure projects and does not get caught up in years of costly litigation, this proposal will set up an expedited review and approval/disapproval process for stimulus funded construction projects.

INVESTING IN OUR INFRASTRUCTURE CONTINUED:

\$13.8 Billion	• <u>Assisting States with Unfunded Mandates</u> : The bill directs that, to the extent possible, any funds provided in should be obligated for programs considered to be unfunded mandates. The bill directs funding for several programs, including Combined Sewer Overflows program, environmental cleanup (Brownfields) Uranium Enrichment and Decontamination and Decommissioning, Clean water and drinking water programs, waste disposal programs, and others.
\$4.6 Billion	• <u>Corps of Engineers Projects</u> : To accelerate ongoing work within the Corps through reduction of floodland storm damages and transportation savings. No new programs, projects or activities may be initiated by the Corps with these funds.
\$1.55 Billion	• Border security and Ports of Entry infrastructure: To accelerate ongoing work to construct and repair our ports of entry and fencing along the border.
\$1.062 Billion	 <u>Small Business Loan Program</u>. To make loans for plant acquisition, construction, conversion or expansion, including for acquiring land, material, supplies, equipment, and working capital.
\$1.4 Billion	• <u>Bureau of Reclamation</u> : Funding for the development, management, and restoration of water and related resources.

Solution Solution Total Estimated Cost for Investing in our Infrastructure	Est. \$114 Billion
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ASSISTING AMERICANS IN NEED:

\$38 Billion	Extension of Unemployment Insurance Benefits until 12-31-2009
\$8 Billion	Extension of Food Stamps until 12-31-2009
\$10 Billion	Unemployment Insurance Benefits tax free until 12-31-2009
\$1.98 Billion \$65 Million	 Training and Employment Services for dislocated workers (including \$20M for BIA workforce training) Americorp VISTA: To encourage Americans to seek jobs assisting others in our nation, specifically in
	VISTA's unique mission to alleviate poverty.
\$1.5 Billion	• <u>Homeless Prevention Fund</u> : To administer Emergency Shelter Grants to communities to assist tenants who reside in units that are in default or foreclosure and face eviction, or other vulnerable individuals who become homeless. Eligible uses of funding include rental assistance; housing relocation and stabilization services, including housing search, credit repair, security or utility deposits, utility payments, rental assistance moving cost assistance, or other appropriate activities. [Open issue]
\$87 Billion	• <u>Payments to States for Medicaid FMAP</u> : As a condition of receiving the temporary increase in the FMAP, a state must submit a Medicaid Action Plan for approval by the Secretary of HHS before funding can be released. The plan must include performance goals and benchmarks to demonstrate program integrity, reform and efforts to implement cost savings. [Open issue: direct payment or loan?]
\$1.5 Billion	• <u>Community Health Centers</u> for construction, renovation and equipment at our nation's community's health care centers.
\$100 Million	• <u>Senior Meal Program</u> : funding to help offset cutbacks in home delivery meal services by non-profits to seniors who are at risk of hunger, poor health and isolation.

Est. \$138	Billion	Total Estimated Cost for Assisting Americans in Need	
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PROMOTE FISCAL RESTRAINT AND GOVERNMENT ACCOUNTABILITY:

	• Require all spending programs in the stimulus bill to sunset three years from enactment.	
	 Re-implement Gramm-Rudman-Hollings After 2 consecutive quarters of economic growth greater than 2% of inflation adjusted GDP, the following control mechanisms will trigger to reduce the deficit and promote long term economic growth: 	
	a) pay-go	
	 b) All spending provisions in the economic stimulus legislation where funds have not been spent or legally obligated will be cancelled and permanently rescinded. 	
	c) The budget baselines shall be adjusted downward to ensure that all spending in the stimulus, whether spent or canceled, is treated as a one-time expenditure and not assumed to be repeated.	
	 d) An automatic deficit sequester under the provisions of the expired Balanced Budget and Emergency Deficit Control Act of 1986 (Gramm-Rudman-Hollings) will be triggered and these reductions must be a 2% across the board reduction as specified under the deficit reduction provisions of GRH for each of the 6 fiscal years in order to balance the budget by 2015. 	
	• Establish Entitlement Commissions: One to review the current and long-term solvency of Social Security and another to review the current and long-term solvency of Medicare and Medicaid.	
	 Require recipients to disclose lobbying costs for awarded projects. Prohibit any of the funds provided by this stimulus to be used for lobbying activities. 	
\$57 Million	• Accountability, Transparency, Oversight and Results. Ensure robust oversight and accountability is conducted with respect the funding provided in this stimulus package. In addition to creating a Recovery Accountability and Transparency Board (with website), it would create a Congressional Oversight Panel, establish a Recovery and Reinvestment Oversight Board composed of Federal Agency heads, require review and audits by the Comptroller General on the bill's effectiveness in achieving economic and workforce recovery goals, and establish a Special Inspector General (modeled after the oversight required for TARP).	

TOTAL COST ESTIMATE:

\$ 713 Billion <u>Total Cost of all Provisi</u>	ions