



ANNUAL REPORT TO  
THE PRESIDENT  
ON PROGRESS IMPLEMENTING THE  
AMERICAN RECOVERY  
AND REINVESTMENT ACT OF 2009

FEBRUARY 2010



Dear Mr. President,

A year ago on February 17, 2009, Congress passed, and you signed, H.R. 1, the American Recovery and Reinvestment Act. In the three months prior to the Act, the nation lost 2.2 million jobs. Financial institutions were on the brink of collapse, and the “Great Recession” was being recognized for what it was – the most calamitous economic downturn since the Great Depression. You asked me to lead the implementation of the Act, with a focus on getting its efforts underway quickly, watching the taxpayers’ funds carefully, and putting America back to work. Attached is a report on the first year of our implementation efforts.

One year after the passage of the Act, we can report that approximately 2 million jobs have been created or saved thanks to the Act’s impact on hiring in the private sector, by local and state governments and by non-profits. This estimate comes from the Congressional Budget Office and is corroborated by the analysis of the Council of Economic Advisers. In January, we received more than 160,000 reports on progress from recipients of funds under the Act. These reports provided a transparent look at what was going on in projects and activities that accounted for a sample representing about 20 percent of overall spending under the Act.

To date, I have spoken to governors of all 50 states and local officials from over 130 jurisdictions. These state and local officials – both Democrats and Republicans -- have widely acknowledged the critical role that the Recovery Act has played in preventing teacher layoffs and avoiding tax increases.

By design, the Act had three primary purposes: Rescue, Recovery and Reinvestment. The enclosed report reviews our progress in each of these three areas. Almost 20 million Americans have gotten extended unemployment benefits thanks to the Act, and over 95 percent of working families have had their taxes cut. Jobs have been created thanks to tens of thousands of projects now underway nationwide. And the groundwork for the economy of the next century is being put in place as we invest in high speed rail, health technology, broadband, a smarter electrical grid, clean cars and batteries, and renewable energy.

Our work is far from finished. Many projects are just now getting underway, and will be creating jobs throughout 2010 and beyond. Today, we are announcing an additional \$1.5 billion of innovative surface transportation projects that will support jobs and economic growth from coast to coast. Work on many Recovery Act projects will accelerate in the spring and summer months as weather conditions permit work on roads, bridges, water projects, and Superfund site clean ups.

Predictions at the outset of the Recovery Act warned of the potential for wide spread fraud. To combat this, Congress and the Administration put in place mechanisms to deter this fraud, including enhanced project reviews by agencies and the Office of Management and Budget, oversight of all spending and contracts by a team of 12 Inspectors General who make up the Recovery Accountability and Transparency Board, and focused work by the Justice Department’s Anti-Fraud Task Force on ‘Recovery Act activities. While any waste or fraud is unacceptable, the record to date compares very favorably with both public and private sector experience.

At the same time, we have been diligent in getting the funding into the hands of those who are creating jobs. Through the end of January, we have given tax cuts and obligated funds totaling \$453 billion. We are on target to meet the Administration’s commitment that 70 percent of the funds will have been outlayed and delivered in tax benefits by September 30, 2010 – indeed we are ahead of schedule in meeting that goal.

The work that you set us out to do a year ago is going well. Projects underway thus far range from clean energy programs to highway improvement projects, from new health care facilities to investments in the nation's "smart grid." These successes have been the product of work by the 28 agencies who received Recovery Act funds. I meet with the heads of the major cabinet agencies regularly and can report that they have been engaged and responsive. The excellent work of the various White House staff is the glue holding together the network of federal agencies, and is essential to our progress.

I want to thank you for the confidence you showed in giving me this important task and I believe that we have served the American people well.

Cordially,

A handwritten signature in blue ink, appearing to read "Bob Gates". The signature is written in a cursive style with a large, sweeping initial "B" and "G".

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# Chapter 1: The Year in Review

## Economic Review of the Recovery Act

### *What We Were Facing*

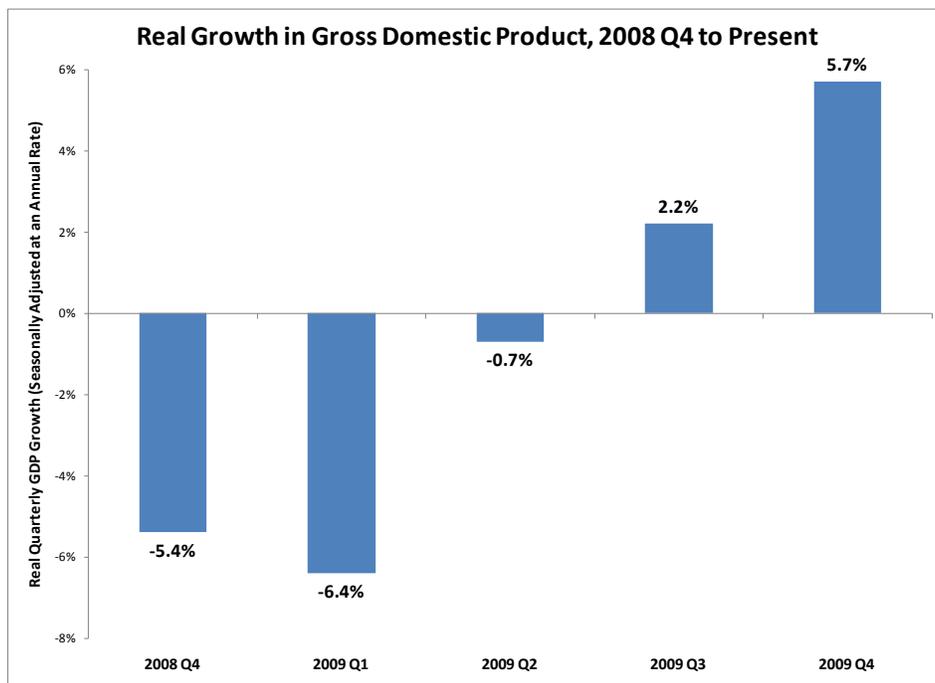
Enacted on February 17, 2009, the American Recovery and Reinvestment Act (“ARRA” or “the Recovery Act”) was designed to combat the largest downturn in the economy since the Great Depression and to help put Americans back to work. One year later, we can definitively say that ARRA is meeting its goals and providing a measureable benefit to the economy. When ARRA was passed, the economy was in freefall. Job numbers were plummeting and unemployment rolls were expanding. More and more Americans were losing their jobs and the country was in need of a jumpstart. ARRA has provided just that.

### *The Recovery Act Has Had an Effect*

As ARRA funds have begun to work their way through the economy, several key indicators show that they have clearly halted an economic freefall. In their recently released quarterly report, the Council of Economic Advisers (CEA) found that GDP had been positively impacted by ARRA:

“ARRA added between 2 to 3 percentage points to real GDP growth in the second quarter of 2009; between 3 and 4 percentage points in the third quarter, and between 1.5 and 3 percentage points in the fourth quarter. This is broadly similar to those of a wide range of other analysts.”<sup>1</sup>

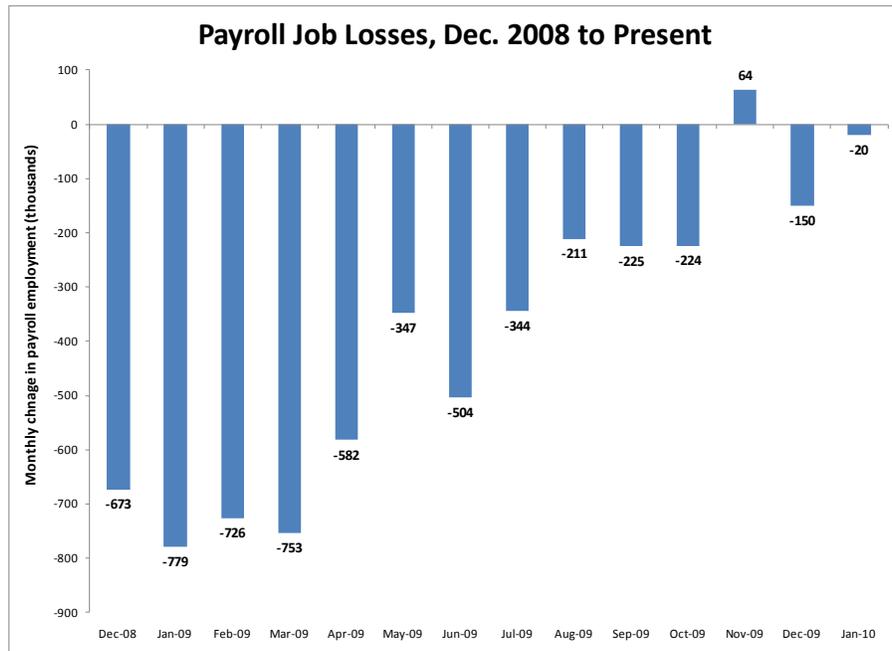
Figure 1 shows the progression of GDP over the past five quarters.



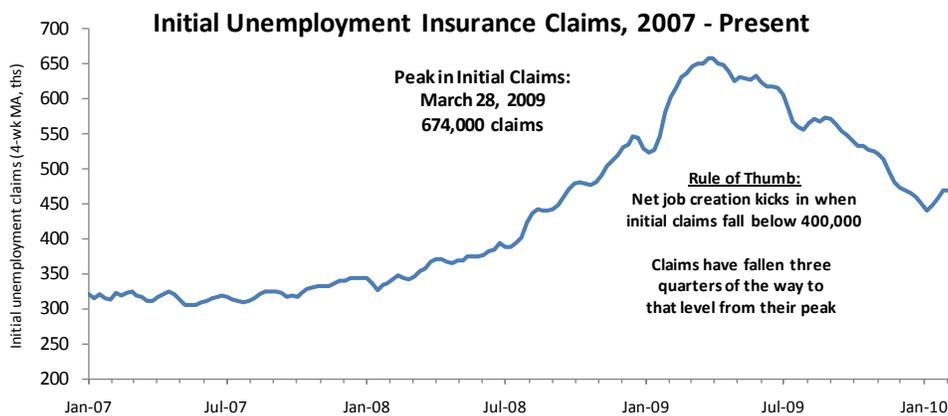
<sup>1</sup> CEA: “The Economic Impact of the American Recovery and Reinvestment Act of 2009 Second Quarterly Report” <http://www.whitehouse.gov/sites/default/files/microsites/100113-economic-impact-arra-second-quarterly-report.pdf>

**Figure 1 GDP Progression over the Past Five Quarters**

GDP is not the only indicator that shows a boost from ARRA funds. Payroll job losses are also lessening and, ever since a peak in March of 2009, unemployment insurance claims have been generally declining. Both these trends can be seen in Figures 2 and 3:



**Figure 2 Payroll Job Losses December 2008 – Present<sup>2</sup>**



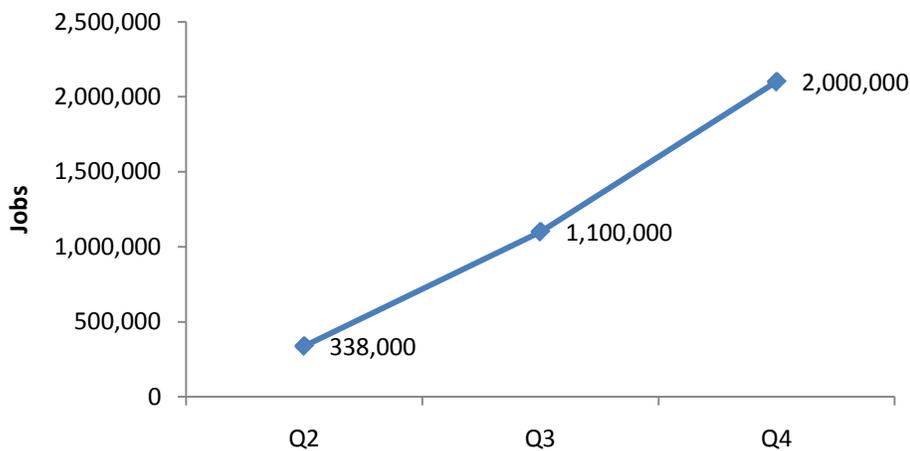
**Figure 3 Initial Unemployment Insurance Claims, 2007 - Present<sup>3</sup>**

<sup>2</sup> Source: Department of Labor, Employment and Training Administration

It is no accident that we have seen the labor market improve dramatically since the passage of ARRA – abundant evidence and many different experts say it is creating millions of jobs.

#### *The Recovery Act Has Created Jobs*

At the end of September 2009, CEA released their first quarterly report, finding that ARRA had created or saved over 1 million jobs. In their second quarterly report, CEA found that this positive trend continues, with ARRA having created or saved 1.5 to 2 million jobs in the fourth quarter of 2009, as shown in Figure 4. The Congressional Budget Office (CBO), in their latest report on the status of ARRA implementation, also found that ARRA funding has supported a comparable number of jobs – with their estimate being up to 2.4 million jobs supported.



**Figure 4 Recovery Act Jobs Created or Saved by Quarter, per CEA<sup>4</sup>**

These jobs not only span sectors, but also span the entire country as is seen in Figure 5.

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<sup>3</sup> Source: Department of Labor, Employment and Training Administration

<sup>4</sup> CEA: “The Economic Impact of the American Recovery and Reinvestment Act of 2009 Second Quarterly Report” <http://www.whitehouse.gov/sites/default/files/microsites/100113-economic-impact-arra-second-quarterly-report.pdf>

Cumulative ARRA Jobs per State per CEA

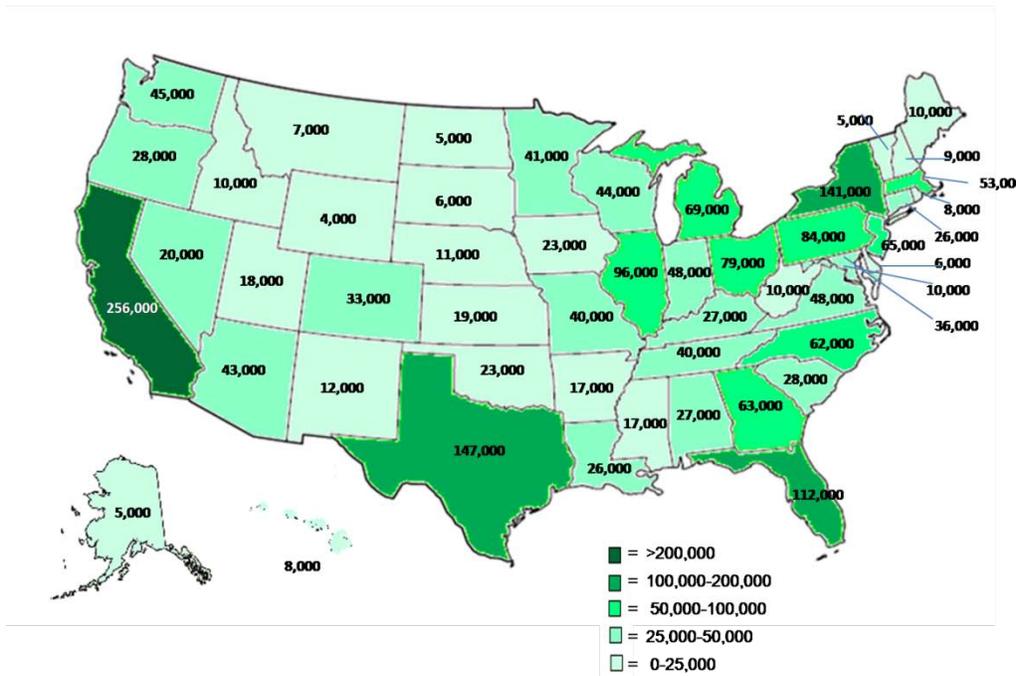


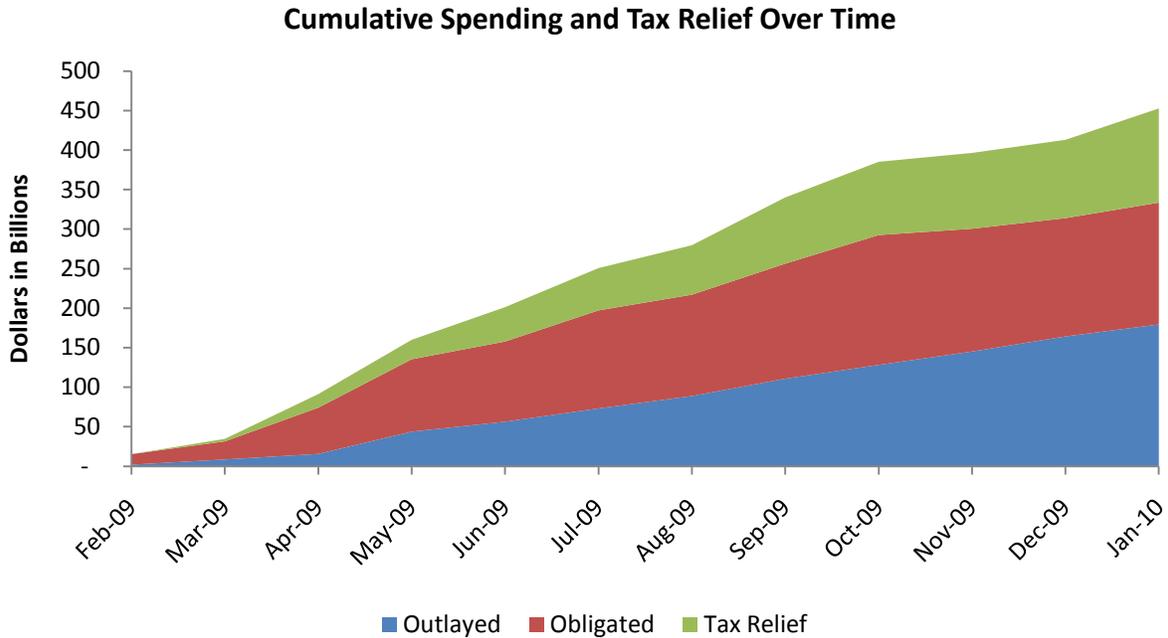
Figure 5 Cumulative ARRA Jobs Created or Saved by State per CEA<sup>5</sup>

Implementation Review of the Recovery Act

*Total Obligations and Outlays*

A primary goal of the Act was to get money into the economy in a rapid and responsible manner. Spending was intended to move out quickly but its primary impact was designed to be felt over a roughly a two year period. As of the end of January, the Recovery Act has obligated a total of \$334 billion in spending, outlayed \$179 billion of that amount, and provided an estimated \$119 billion in tax relief for families across the country. Thus, \$453 billion, or 57 percent of the \$787 billion total, as estimated at enactment, has been put to work in the economy, providing immediate rescue for those suffering the most, rebuilding our nation’s infrastructure, building industries of the future, and providing much needed tax relief including cuts for 95 percent of working families.

<sup>5</sup> CEA: “The Economic Impact of the American Recovery and Reinvestment Act of 2009 Second Quarterly Report” <http://www.whitehouse.gov/sites/default/files/microsites/100113-economic-impact-arra-second-quarterly-report.pdf>



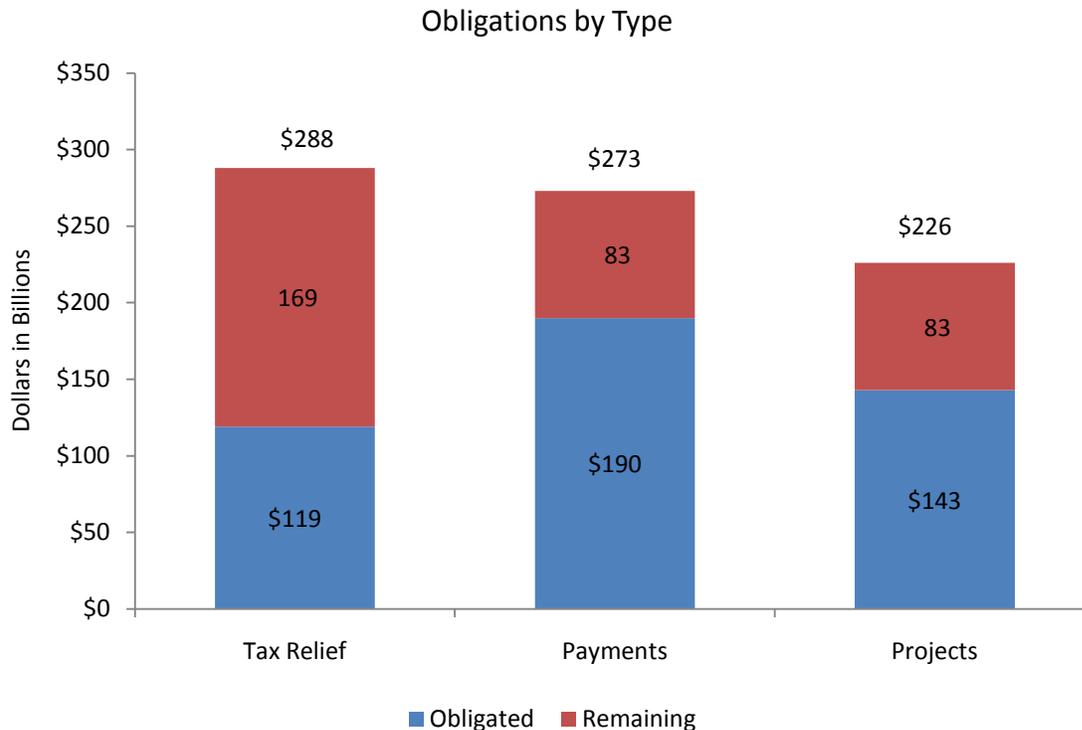
**Figure 6 Cumulative Spending and Tax Relief over Time<sup>6</sup>**

*The Structure of the Recovery Act*

Notwithstanding this progress, the nature of the Recovery Act remains misunderstood by many, and misconstrued by others: critics have suggested that the entire \$787 billion is being spent on earmarked programs. Instead, the Recovery Act is divided into three roughly equal parts: tax relief, direct aid to states and individuals (or “payments”), and projects that not only help rebuild today’s infrastructure, but also invest in the industries of tomorrow. And it has no earmarks.

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<sup>6</sup> Financial and Weekly Reports from agencies; Office of Tax Analysis tax estimates



**Figure 7 Three Major Categories of Spend and Where They Are as of the End of January, 2010<sup>7</sup>**

*Spending at Different Paces*

The Recovery Act is a balanced package that anticipated a multi-year recovery. By design, it includes some investments that spent out immediately, and others that kick in later so that the stimulating affects of the Act support a more sustained recovery. The single largest part of the Recovery Act — more than one-third of it — is tax cuts: 95 percent of working Americans have seen their taxes go down as a result of the Act, the broadest tax cut in history. This was designed to provide gradual and sustained tax relief to families over a period of time. And it kicked in right away.

The second largest part of the Act — just under a third — is direct relief to state governments and individuals. The money is allowing state governments to pay teachers (hundreds of thousands across the country according to reports filed from state governments), firefighters and police officers and is also preventing states’ budget gaps from growing wider. And those hardest hit by the recession are getting extended unemployment insurance, health coverage, and other help to get through these tough times. This money goes to state governments and families in need, without red tape or delays, and was designed to be the quickest acting mechanism to save our economy from the brink of a second Great Depression. For this reason, over 80 percent of the outlays in the spending categories of the Recovery Act in 2009 came in the form of payments that did exactly this. And without these payments, those hurting the most in our country would have found themselves in even greater need, and our economy would have suffered much greater damage.

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<sup>7</sup> Financial and Activity Weekly reports as of 1/29/10, Office of Tax Analysis tax estimates

The final third of the Act comes in the form of projects. These projects are not only comprised of the critical work that needs to be done to rebuild our country today, but also the work that needs to be done to lay the foundation for a stronger economy – one that will position America to compete for the jobs and in the industries of tomorrow. Investments in new technologies such as high speed rail, health information technology, and the clean energy economy were designed to start spending out later in the Act and to last longer, providing an infusion of funds to keep the recovery on track. And here too, much progress has been made. In fact, while many doubted the speed at which such funds could be put to work, the federal agencies in charge of implementing these programs instead just worked harder and organized around the goal to make sure those doubts did not become reality. And the results are clear: in fact, despite this being the smallest of the three parts of the Recovery Act, just about a third of money currently at work (obligations + taxes) is coming from project related activity. Moreover, the majority of project funds are already obligated. This means that economic activity is already underway as states and localities hire contractors, companies hire workers, and work gets started. And much more project work is still to come.

As shown in Figure 7 above, even with these different spend out rates, all three categories have committed funds at work in the economy.

It is also important to note that, of the \$166 billion in funds remaining to be obligated, almost every dollar has already been spoken for, even if not yet obligated. Many of the ‘payment’ types of funds, such as Medicaid, are allocated on a quarterly basis, and are not obligated until the start of each quarter. Of the project related funds, many, such as High Speed Rail and smart grid funds, have already been awarded to recipients but have yet to be obligated. In addition, approximately \$20 billion in unobligated funding is related to Health IT investments some of which will be awarded later this year, and the rest of which will be spent in the form of incentive payments starting in 2011 for providers who adopt Health IT.

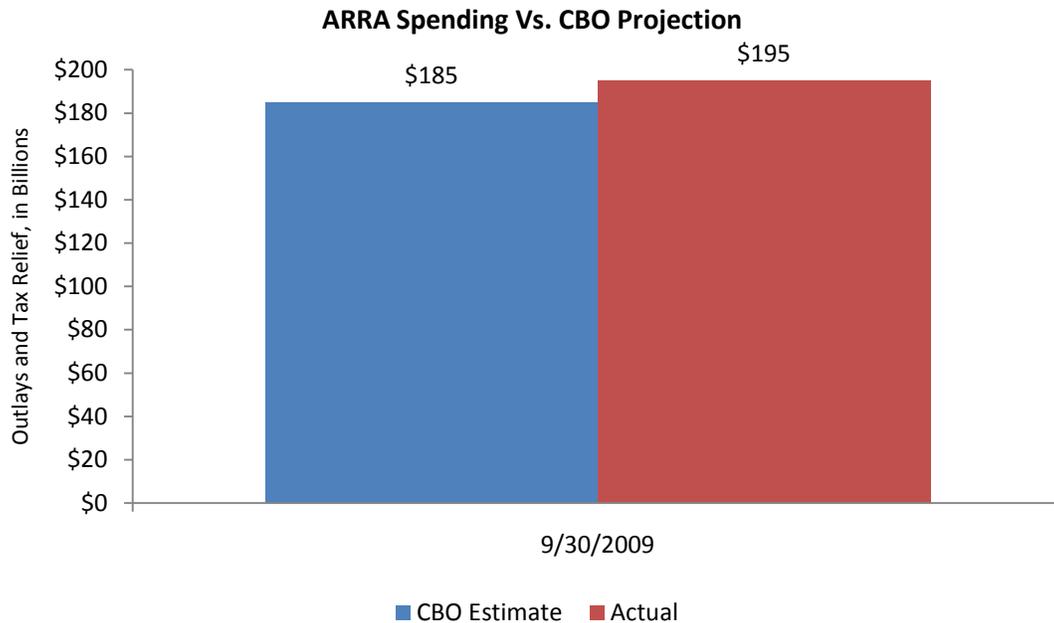
#### *Ahead of Anticipated Pace*

Though each part of the Act was designed to spend at different rates, the Act overall represents one of the largest and fastest infusions of direct funding into the economy. Just as the Congress understood the urgency of passing the Recovery Act, so too did the Federal agencies and their partners in charge of implementing it. In fact, Recovery Act funds have not only moved into the economy quickly, but the pace has also exceeded the Congressional Budget Office’s (CBO) original ambitious projection, as shown in Figure 8.

Part of keeping up the pace of moving funds out into the economy is tied directly to the oversight and management capabilities of the Federal agencies. Agencies have worked diligently to move funds out the door as fast as possible, while not sacrificing the careful selection processes, monitoring, and oversight necessary to make sure that Recovery Act funds are being used in a prudent manner. Understanding that speed in getting funds into the economy is crucial to achieving the goals of the Act, agencies, such as the Department of Defense, have reallocated funds from projects that, while worthy, are not able to execute in a timely fashion. In other cases, agencies have realized bid savings on project costs – and have quickly reallocated those “excess” funds to new projects, allowing more projects to be started than originally projected. For example, in August, the Department of Homeland Security was able to quickly reallocate \$240 million in bid savings on current projects to new in-line baggage screening projects at ten additional airports across the country<sup>8</sup>.

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<sup>8</sup> [http://www.dhs.gov/ynews/releases/pr\\_1251299226398.shtm](http://www.dhs.gov/ynews/releases/pr_1251299226398.shtm)



**Figure 8 Recovery Act Spending vs. CBO Spending Projection as of September 30, 2009<sup>9</sup>**

It is important to note that ARRA funds are not only going out ahead of schedule, but also with unprecedented transparency. The last recipient reporting period, covering work through December 2009, exhibited over 160,000 reports from those recipients required to submit reports on ARRA funds. Those 160,000 reports were reviewed and made public on deadlines that are faster than any other major financial reporting activities would require.<sup>10</sup>

*What We've Done So Far*

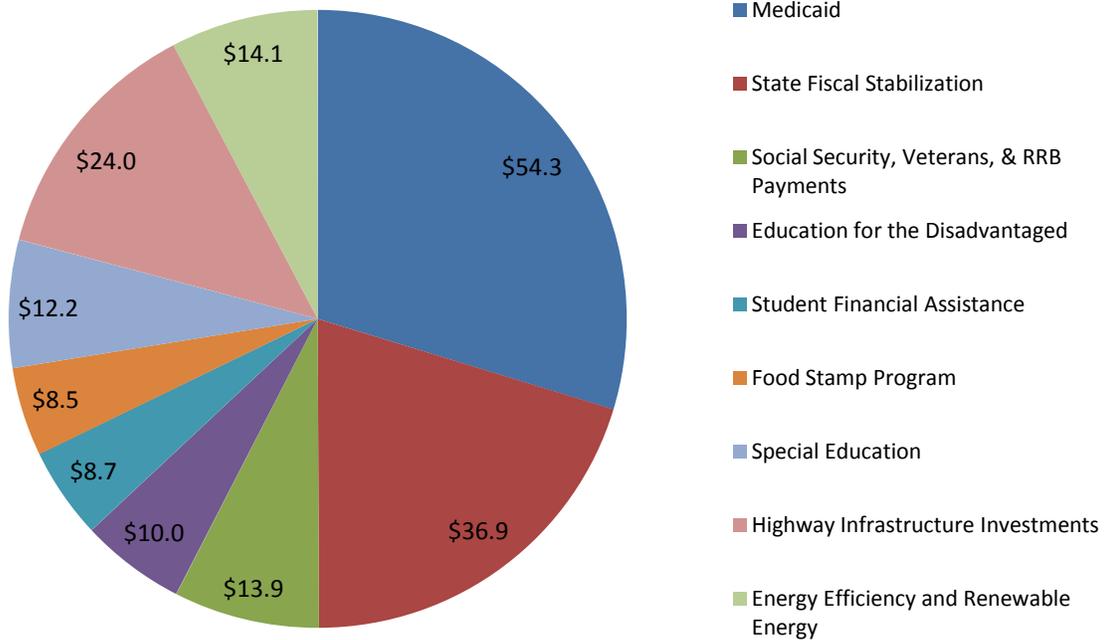
Funds across the three major categories of spending –Rescue, Recovery, and Reinvestment – are moving out into the economy, as can be seen in Figure 9 below.

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<sup>9</sup> CBO; Financial and Activity Reports as of 9/30/09

<sup>10</sup> Financial reports such as the Non-profit IRS 990, Private Sector Year-End SEC 10K, and the Private Sector Quarterly SEC 10Q, and the deadlines for federal agency financial statements.

### Top Ten Obligated Programs (\$B)



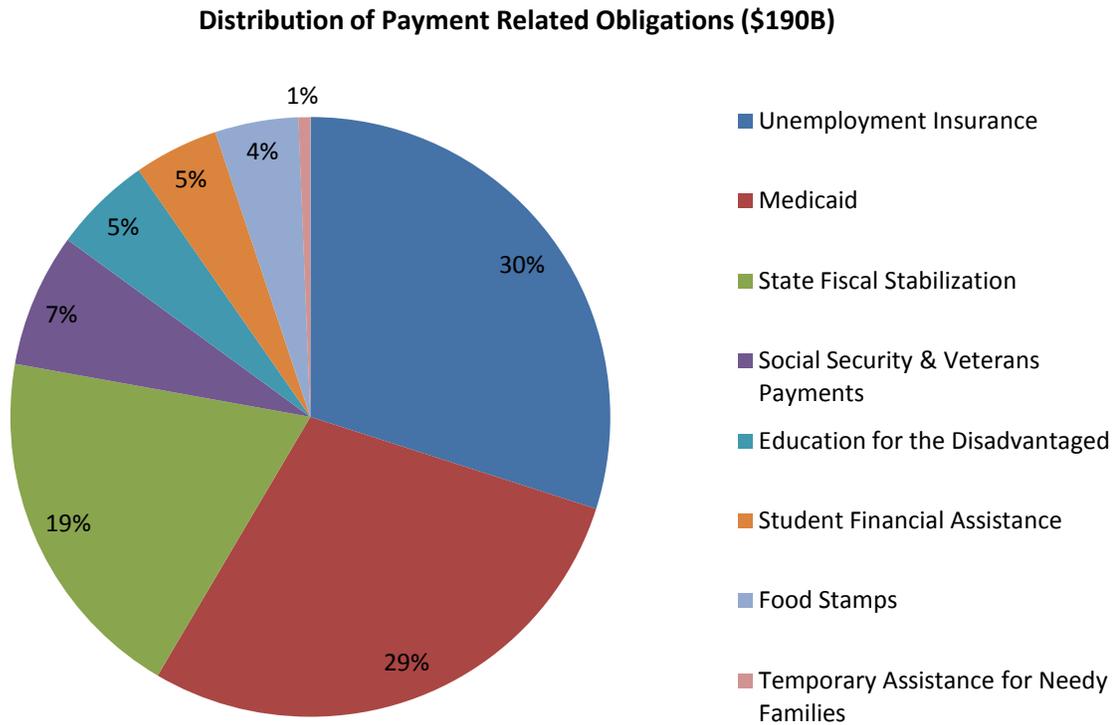
**Figure 9 Top Ten Obligated Programs as of the end of January, 2010<sup>11</sup>**

At the end of January, the majority of funds that have been disbursed into the economy were those providing Rescue and Relief to Americans, including the estimated \$119 billion dollars in tax relief provided as of the end of January. In addition to tax relief, \$190 billion in obligations and \$145 billion in outlays (over 80 percent of all outlays) had gone towards direct support of individuals, states and cities, supporting programs such as:

- Unemployment Insurance – both the extension of benefits up to 79 weeks as well as an increase in the amount of payments (these have since been expanded and extended by further legislation);
- Medicaid – allowing states to maintain benefits and support increasing numbers of people requiring medical care;
- State Fiscal Stabilization funds – providing much needed funds for state governments to use to support both education as well as other government services;

<sup>11</sup> Financial and Activity Report as of 1/29/10

A distribution of the obligations associated with these payments can be seen in the following chart.



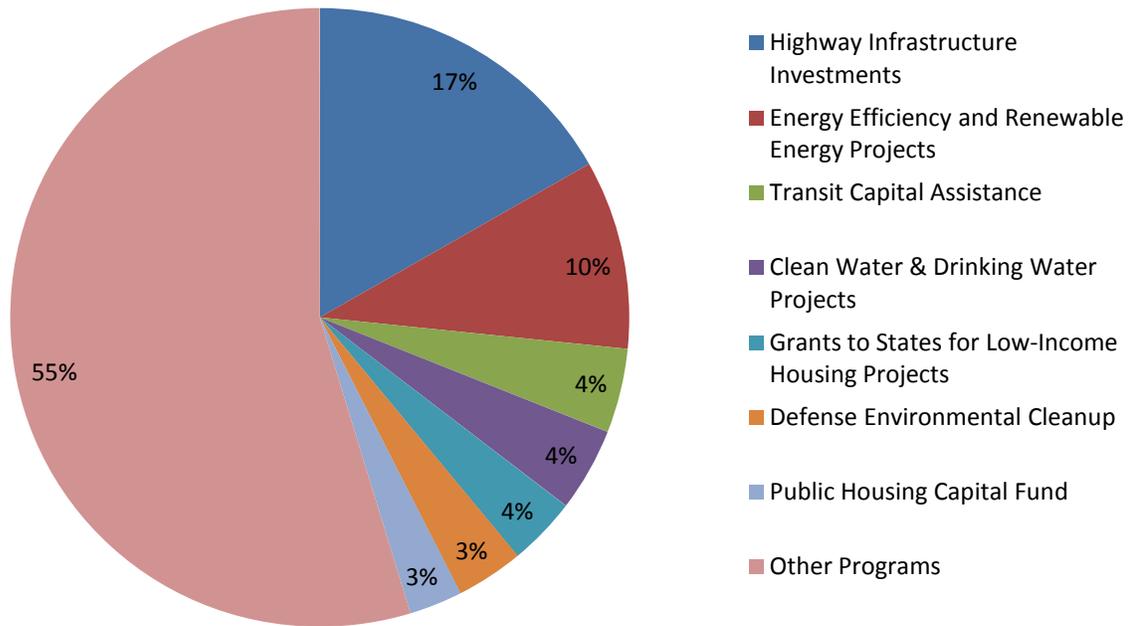
**Figure 10 Distribution of Obligations Associated with Payments in the Recovery Act, as of the end of January, 2010<sup>12</sup>**

The remaining funds that are those supporting projects, such as investments in highways, airports, water projects, housing and other infrastructure projects, as well as projects in green energy programs and other programs that help build industries of tomorrow. In total, over \$140 billion has been obligated to project related activities. As shown in Figure 11 below, these funds span a wide array of programs and, as such, are more fragmented than are the funds that go towards “payments.”

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<sup>12</sup> Financial and Activity Reports as of 1/29/10

### Distribution of Project Related Obligations (\$143B)



**Figure 11 Distribution of Obligations Associated with Projects in the Recovery Act as of the end of January, 2010<sup>13</sup>**

And areas such as HHS's Health IT program, DOE's smart grid or loan guarantee programs, Commerce's and USDA's broadband programs, or DOT's high speed rail program have all started or finished awarding their funds, have all started obligating their funds, and will all play a bigger role in recovery in the year ahead.

With over \$453 billion obligated, or almost 60 percent of the Recovery Act at work in the economy today, the stories that speak to those funds' effects and the yardsticks that measure the funds' impact abound. Since the Recovery Act's passage a year ago, we have:

- Cut taxes for 95 percent of working families through the Making Work Pay tax Credit – that's \$37 billion in tax relief for 110 million working families in 2009
- Made loans to over 42,000 small businesses, providing them with nearly \$20 billion in much-needed capital.
- Funded over 12,500 transportation construction projects nationwide, ranging from highway construction to airport improvement projects.
- Funded projects at 51 Superfund sites from the National Priority List. Of those sites, 34 already have on-site construction.

<sup>13</sup> Financial and Activity weekly reports from agencies as of 1/29/10.

- Started more than 2,850 construction and improvement projects at over 350 military facilities nationwide, with more than 950 projects completed.
- Made multi-billion dollar investments in innovation, science and technology that are laying the foundation for our 21<sup>st</sup> century economy including:
  - \$2.4 billion in grants to companies and educational institutions in over 20 states to fund 48 new advanced battery and electric drive projects that will help power the next generation of advanced vehicles.
  - \$3.4 billion in grants to private companies, utilities, manufacturers and cities to fund smart energy grid projects that will support tens of thousands of jobs and benefit consumers in 49 states.
  - The first of over \$7 billion in awards to bring broadband to communities where there is little or no access – a significant step forward in driving local economic development.
  - More than \$5 billion in grants to fund 12,000 cutting-edge medical research projects at research and educational institutions in every state across the country.
  - \$8 billion in awards to fund projects in 31 states that lay a foundation for a high speed rail network here in the U.S. – a move that will not only create jobs and drive economic growth, but jump-start a critical element of our 21<sup>st</sup> century infrastructure.
- Provided critical relief for state governments facing record budget shortfalls, including:
  - More than \$50 billion to help prevent cuts to Medicaid programs across the country.
  - Nearly \$60 billion in funding for education – a move that governors say is already responsible for creating and saving over 300,000 education jobs in the fourth quarter of 2009

But we will not be satisfied until every dollar is at work, aiding Americans hurt and out of work, helping Americans who want a job find a job, and building the economy of tomorrow.

#### Looking Ahead With the Recovery Act

##### *Progress toward Our Goals*

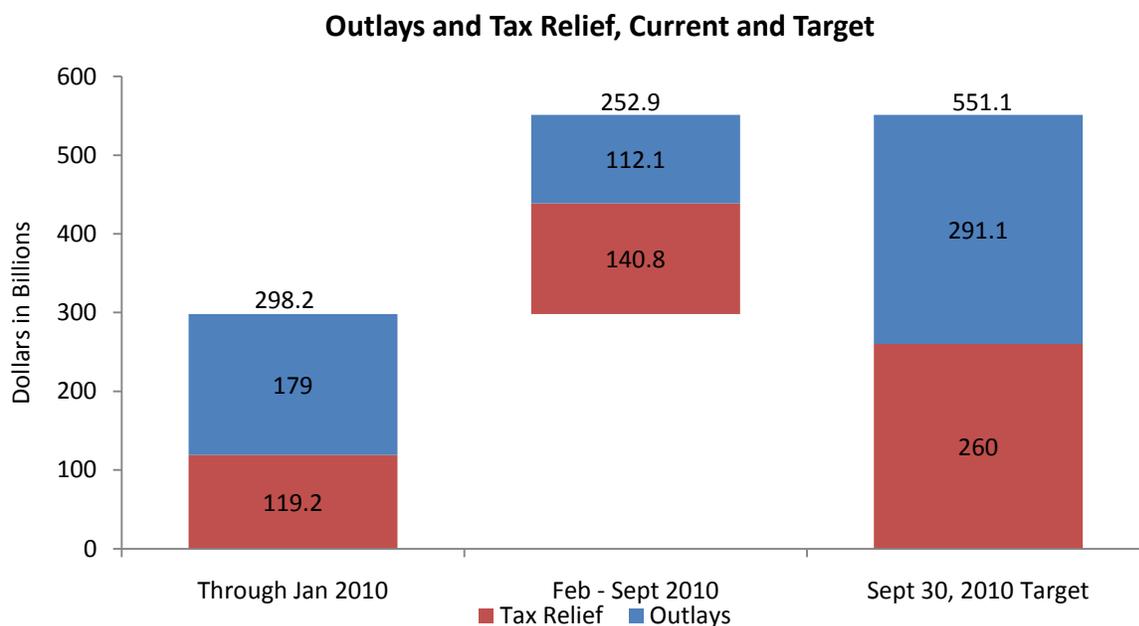
Looking forward, we have a clear goal to disburse (outlays + taxes) 70 percent of Recovery Act funds, or \$551 billion, by September 30, 2010. We are on track to achieve this goal.

We have disbursed to date nearly \$300 billion in outlays and taxes for an average monthly rate of about \$27 billion. Of that \$27 billion, \$11 billion has been in the form of tax relief and \$16 billion in spending.

To achieve our goal for a \$551 billion in disbursements by the end of September, we will need to disburse \$32 billion per month going forward, a pace which we will meet or exceed. From February onwards, monthly tax relief should increase from \$11 billion to \$18 billion. Though the mix in type of outlays will

change significantly going forward, as discussed later in this report, the rate of outlays will not see a drastic change given the continued focus on turning obligations into outlays and the increase in tax relief that we expect. Nevertheless, we expect to see a flat to modest increase in the pace of outlays which will further ensure that we meet our September 30, 2010 disbursement target.

Vice President Biden has directed all agencies to submit regular obligation and outlay updates, and has made clear to all agencies that these forecasts are the basis of meeting the Administration's goal of getting money into the economy quickly. These forecasts are being tracked rigorously and deviations will be addressed immediately.

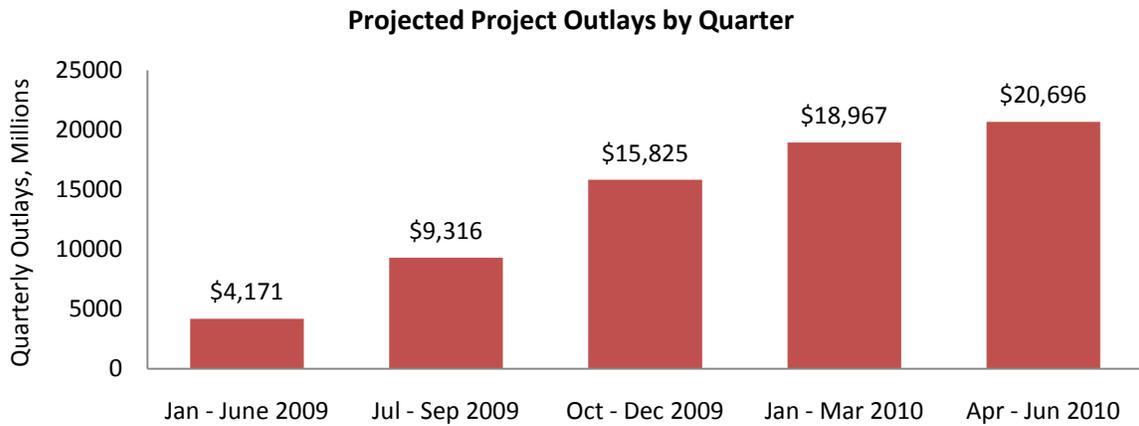
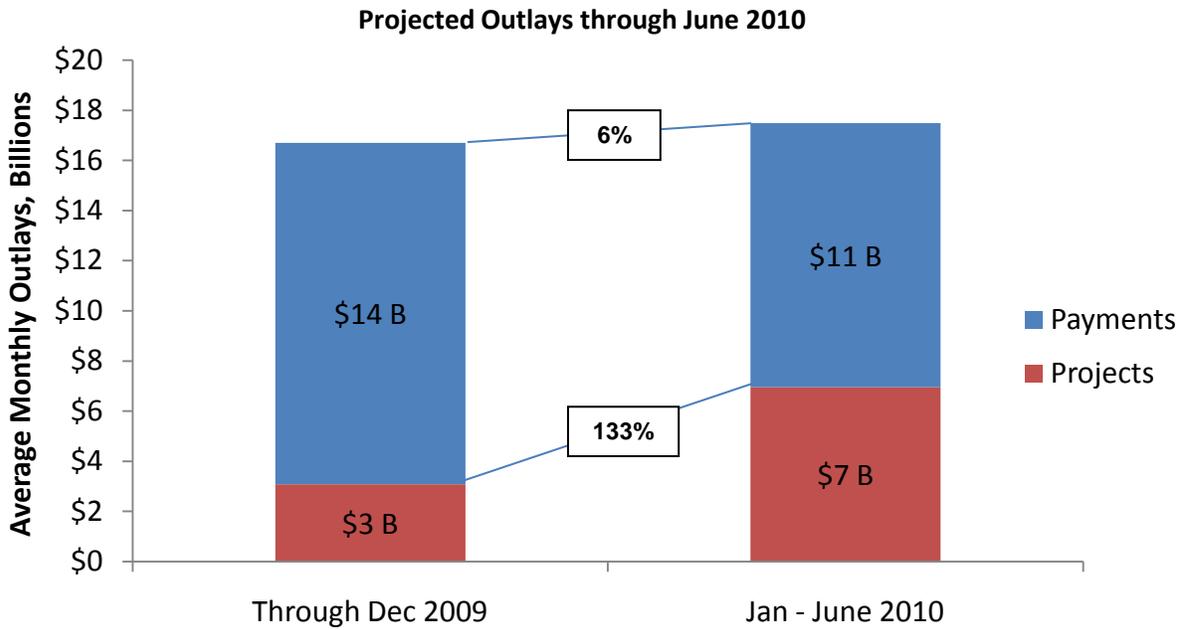


**Figure 12 Outlays and Tax Relief, Current and Target<sup>14</sup>**

*Mix of Outlays Changes in 2010, With Projects Spending Accounting for a Larger Share*

Just as tax relief will play a major part in 2010 disbursements, so will spending, as outlays comprise the second and critical part to meeting the goal of disbursing 70 percent of the Act by September 30. In the months ahead, there will be a modest uptick in the monthly outlay rate of the Act. More importantly however, the mix in spending will shift significantly from being primarily payment driven to being more evenly matched between payments and projects. In fact, monthly project outlays are expected to more than double compared to the 2009 average. Since payments were the portion of the Act most quickly disbursed in 2009 to rescue the economy from freefall, 2010 payment outlays may see a slight drop off in pace. Nevertheless, total monthly outlays will see a modest uptick which will be driven by projects.

<sup>14</sup> Data from 02/12/2010. Tax dollars data from the Office of Tax Analysis estimates.



**Figures 13 and 14 Projected Outlays through June 2010<sup>15</sup>**

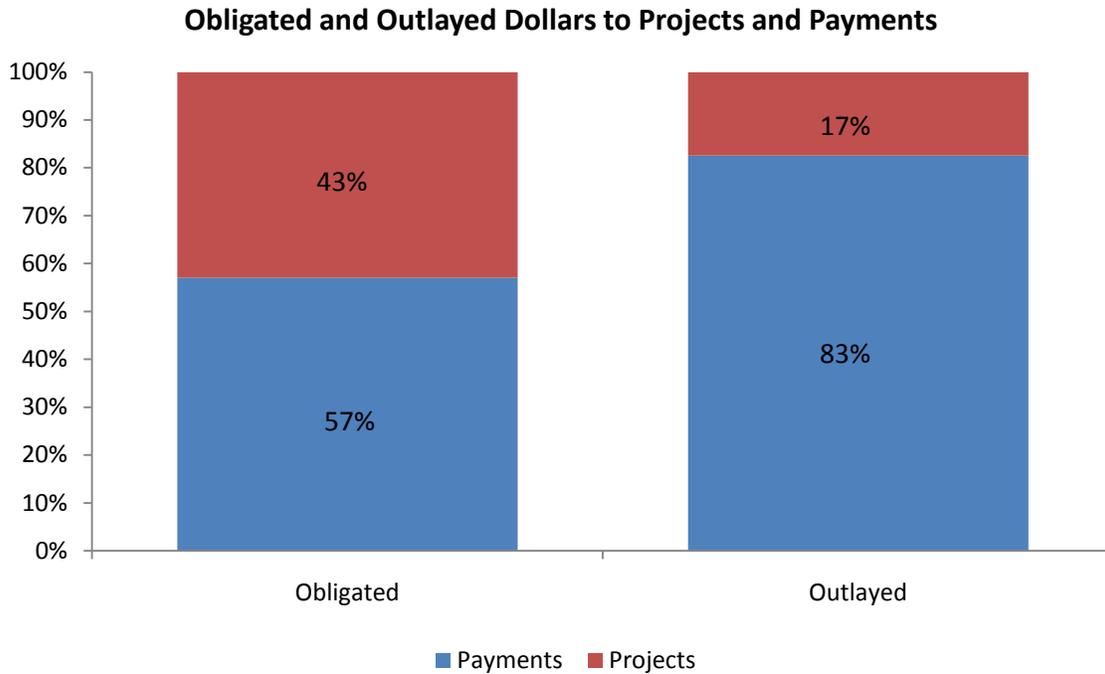
*Building on the Successes of the First Year*

The increase expected in overall outlay pace going forward, as well as in the change in mix, can be directly traced to a groundwork that was laid in the first year of the Act's implementation. Through the

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<sup>15</sup> Data as of 1/29/10; quarters based on calendar year. Projections have been calibrated to match actual outlays. Source: Agency spending projections; administration estimates.

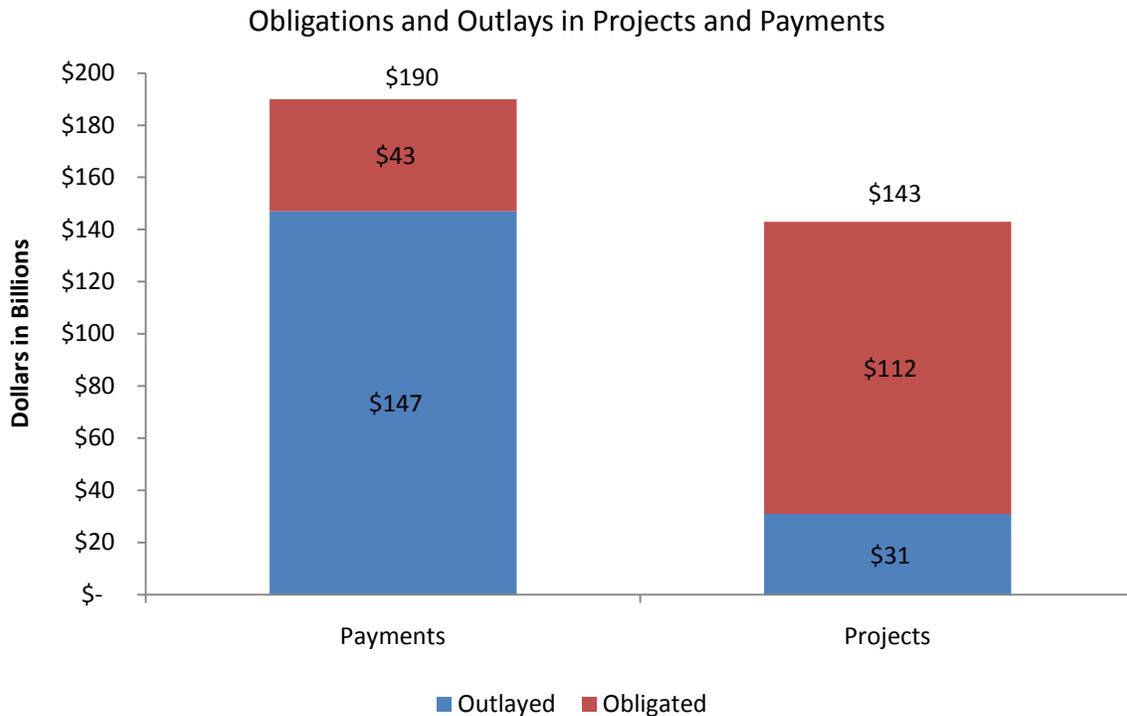
end of January, a total of \$334 billion in spending had been obligated, of which \$179 billion had been outlayed. The portion of obligations made up by payments was greater than the portion made up by projects, but by less than 15 percent. However, the split within the portion outlayed is dramatically different, with over four times as much going towards payments v. projects. In other words, less than one fifth of outlays through January were project related outlays. Thus, project related dollars that are already obligated and working in today's economy will transition into significant corresponding outlays. By the numbers, in addition to the money that is left to be obligated, there remains \$112 billion in obligated project dollars that have yet to be outlayed, while by contrast, there remains only \$43 billion in obligated payment dollars that have yet to be outlayed.



**Figure 15 Obligated and Outlayed Dollars to Projects and Payments, February 2009 through January 2010<sup>16</sup>**

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<sup>16</sup> Financial and Activity Weekly reports from agencies



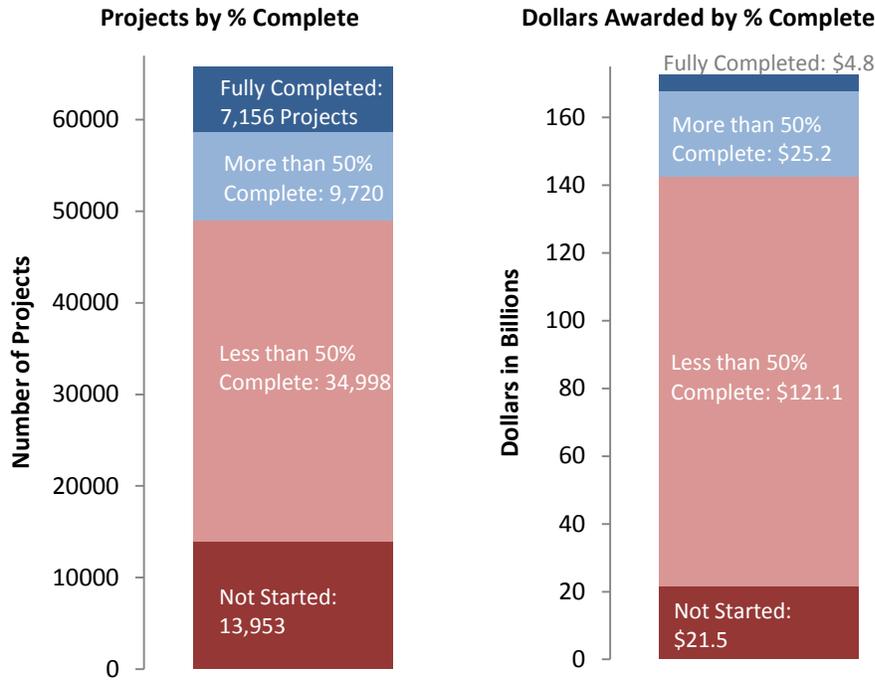
**Figure 16 Obligations and Outlays in Projects and Payments, February 2009 through January 2010<sup>17</sup>**

Therefore, fueled largely by a strong first year performance of getting dollars awarded and projects obligated and started, the year ahead will see a capitalizing on an inventory of work that is awarded and “ready to go”. This capitalizing explains much of the increase in outlay pace as well as the change in outlay mix that will be seen in the months ahead.

Further evidence of this lies in reports filed by a portion of Recovery Act funding recipients who, by law, report on the use of their funds every quarter. These recipients filed reports in January detailing the status and progress made on their awards through December 31, 2009. Despite the sizeable activity that these recipients depict, their reports tell us that the vast majority of their projects are less than half complete. This assessment remains the same whether made in terms of project numbers or in terms of dollars as is seen in Figure 17.

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<sup>17</sup> Financial and Activity Weekly reports from agencies



**Figure 17 Projects and Dollars by Level of Completeness<sup>18</sup>**

With a strong and increasing base of awards that have been made, and with large numbers of awards that still have more than half of their work remaining to be done, the level of on-the-ground work being done by the Recovery Act will remain strong and the pace of outlays will accelerate during Fiscal Year 2010.

*Signature Projects Come Online*

In addition to the increase from standard infrastructure related projects, 2010 will also see work getting underway on several of the longer-term signature investments in the Recovery Act, including the recently awarded High Speed Rail, Health IT and Broadband related grants. The table below provides some highlights on signature programs – part of the Reinvestment phase of ARRA – that are scheduled to spend out over 2010 and beyond, keeping the Recovery moving forward.

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<sup>18</sup> Second Quarter Prime Recipient Reports as posted on Recovery.gov on Feb 10, 2009

Agency	Program	Cost	Awarded?	Still to Obligate	Still to Outlay	Notes
HHS	Health IT	\$20B	In process	\$19B	\$20B	Extension centers and state grants just awarded their first batches of funds, with more to come. Beacon communities and remaining upfront portions of spend will commence awarding in the months ahead, while the remaining \$20B+ in incentive payments for adopting Health IT will start in 2011.
HHS	NIH grants	\$10B	In process	~\$5B	~\$9B	Outlays will be steadily drawn down over 2010 and 2011, with a surge in August and September when multiyear research grants and contracts receive their second year of funding
DOE	Smart Grid	\$4.5B	Completed	\$1.6B	\$4.5B	Awards were made in October and, as the funds are placed under contract, awardees will start expanding operations and hiring
DOE	1705 Loan Guarantees	\$4B	In process	\$3.9B	\$4.0B	As loans move from the conditional offer to the contract closing phases, companies will expand and create jobs
DOE	Weatherization	\$5B	Completed	\$0.2B	\$4.5B	Most states have recently finished establishing and training a workforce, and nationwide units weatherized should number in the 10s of 1000s per month going forward
DOT	High Speed Rail	\$8B	Completed	\$8B	\$8B	Rail corridor awards were announced on January 28 <sup>th</sup> . Now that all awards have been announced, funds will be obligated and drawn down over time.
DOC/ USDA	Broadband	\$7.2B	In process	~\$6.9B	~\$7.2B	First awards were announced in December and January. Rolling announcements are underway and the program expects to be fully awarded by Sept. 2010.
ED	Race to the Top	\$4.3B	Not started yet	\$4.3B	\$4.3B	Applications have been received in January. Awards are expected in the spring.

**Figure 18 Signature ARRA Project Status<sup>19</sup>**

<sup>19</sup> Financial and Activity Report data as of January 29<sup>th</sup>, 2010.

## Chapter 2: A State View on Recovery

### Obligations by State

As mentioned in Chapter 1 above, the initial concentration of ARRA funds went out through payments to states and individuals. Figure 19 below shows the latest amount of funding obligated on a per state basis.

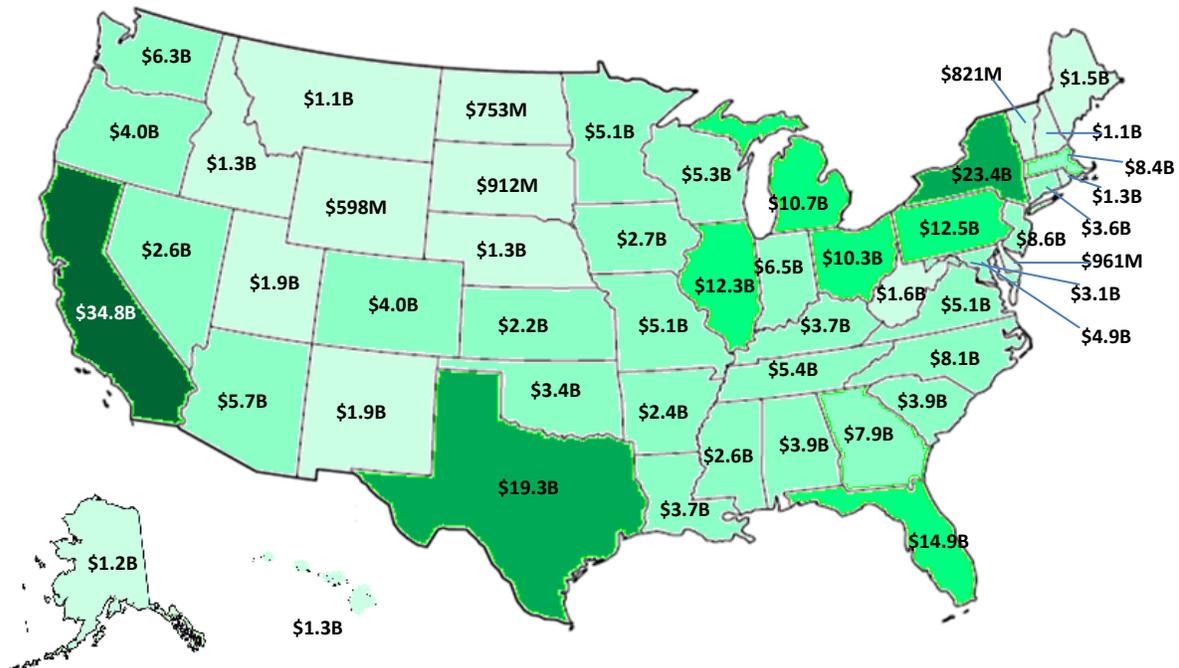


Figure 19 Obligations per state<sup>20</sup>

### Highlighted Projects:

Funding aside, the real story to be seen at the state level is the projects that are underway, changing the face of the country and putting people to work. Highlighted below are just some of the over 55,000 projects currently approved that are supported by ARRA funding. These projects provide a representative sample of the entire universe of ARRA projects. However, ARRA funded projects are not limited to just these types. These projects were selected as they will have a lasting impact on our nation's infrastructure and economy.

### California

*Solyndra, Inc.* *Solyndra, Inc.* received a loan guarantee in September 2009 to finance up to \$535 million to build a factory that will manufacture innovative cylindrical solar photovoltaic cells. The annual output of solar panels from the first phase of the expansion will go to generating the energy equivalent of powering

<sup>20</sup> Data as of January 29, 2010. Source: Financial and Activity Report

24,000 homes a year. Construction of the new site has already created 541 direct jobs. Solyndra estimates that the new plant will initially create 3,000 construction jobs and lead to as many as 1,000 permanent jobs once the facility opens. The first solar panels are scheduled to come off the line in October this year.

*California DOT and HSR Authority, High Speed Rail:* The California Department of Transportation and the California High Speed Rail Authority were awarded \$2.35 billion on January 28, 2010 for the construction of a new, electrically powered high-speed rail system of 800 miles with over 300 trains per day. Phase I calls for a 520-mile system connecting Anaheim and Los Angeles through the Central Valley to San Francisco by 2020, while Phase II would extend the system north to Sacramento and south to San Diego by 2026. Trains will reach speeds of 220mph, providing a travel time between Los Angeles and San Francisco of less than 2 hours 40 minutes, compared to 6 hours by car. At full build-out, California expects up to 100 million passengers per year, making it one of the busiest passenger rail lines in the world. Survey work has already begun.

## Florida

*Florida DOT, Expressway Connector Project:* The Florida Department of Transportation has received a \$105 million grant on October 30, 2009 to build the I-4/Selmon Expressway Connector, a new toll road that will connect Interstate 4 to the Selmon Expressway. This road will provide commercial trucks direct access to the Port of Tampa and make the movement of goods more efficient. In building this new road, Recovery Act dollars are helping create a safer, more efficient means of transportation for visitors, commuters and commerce in the area.

## Kansas

*Rural Telephone Service Co., Inc.:* Rural Telephone Service Co., Inc. has received a \$51.6 million loan and a \$49.5 million grant in Recovery Act money on January 25, 2010 from the U.S. Department of Agriculture, Broadband Initiatives Program. Rural Telephone Service Co., Inc. has already hired four new employees, and engineering and electronics firms associated with the project have created or saved 28 jobs. The project will provide broadband service in an area of western Kansas that is 99.5 percent unserved or underserved, and covers 21 communities and 26 rural areas spanning over 4,600 square miles. It will provide the infrastructure required for economic stability, education and healthcare.

## Massachusetts

*Massachusetts Clean Energy Center:* The Massachusetts Clean Energy Center (CEC) in Boston received \$24.7 million in Recovery Act funding from the Department of Energy. The CEC will design, construct, and operate the Large Wind Turbine Blade Test Facility—an advanced blade testing facility capable of testing blades up to at least 70 meters in length on three test stands. CEC has already reported the creation of 30 jobs in management, design, engineering and construction, and will use Recovery Act funds to accelerate the project schedule in anticipation of increasing domestic growth and continued large-scale domestic deployment of wind energy.

*New Bedford Harbor, Superfund Site Cleanup:* The New Bedford Harbor Superfund site in New Bedford, Massachusetts received \$30 million in Recovery Act funds on April 15, 2009 to accelerate the ongoing cleanup of an urban tidal estuary with sediments that are highly contaminated with polychlorinated biphenyls (PCBs) and heavy metals. The project has already created 82 new jobs, and will help facilitate the City's plans to develop shoreline public access and wetland restoration in the upper and lower harbor

areas. Since initiating ARRA-funded work in June, EPA has dredged approximately 25,000 cubic yards of contaminated sediments.

## Michigan

*A123, EERE/Battery Manufacturing and Electric Drive Component Grants:* A123 is using its \$249 million award to build battery factories in Livonia, Romulus and Brownstown, Michigan. The company, which received its award on December 3, 2009, has already reported the creation of 90 new jobs, and expects to hire over 3,000 people by 2012. A123 has partnerships with several well known carmakers, and the company's first large scale plant is a great story of American innovation. The company started as a spinoff from MIT's labs in 2001, with help from a \$100,000 DOE Small Business Innovation Research grant. Since its inception, A123's small, five-person operation has grown to 1,600 employees worldwide. In 2009, A123 held a successful initial public offering and raised over \$300 million.

## New York

*ION Hold Co. LLC, Broadband Initiative:* ION Hold Co. LLC was awarded \$39.7 million in December 2009 to implement a rural broadband infrastructure project. ION will build 10 new segments of fiber optic middle mile broadband infrastructure serving more than 70 rural communities in upstate New York and parts of Pennsylvania and Vermont. The project will enable wired and wireless last mile service providers to make broadband more readily available to 250,000 households and 38,000 businesses, and extend middle mile infrastructure to low-income rural areas with higher than average unemployment.

## Ohio

*Ohio DOT, Nelsonville Bypass Project:* The Ohio Department of Transportation has received \$138 million for the Nelsonville Bypass project which is the largest infusion of Recovery Act funds Ohio has received for a single project. The Ohio DOT has already broken ground on the new 8.5 mile, four-lane highway to divert freight traffic away from town. The project is already on its way to supporting 305 jobs. The Nelsonville Bypass will take trucks off the local roads, which will allow the 620,000 trucks that travel this route every year to pass through more quickly and efficiently. The new bypass, which is the final upgrade of the U.S. 33 corridor in southeast Ohio, will also provide the needed transportation infrastructure to support current and future commerce to Appalachia.

## Oregon

*Cascade Sierra Solutions, EPA Grant:* Cascade Sierra Solutions (CSS), based in Coburg, Oregon, has received a \$9 million SmartWay Clean Diesel Innovative Finance Program Grant from the Environmental Protection Agency on July 29, 2009. CSS is a non-profit organization dedicated to saving fuel and reducing emissions from diesel engines, and will use this grant to fund the financing of truck replacement and retrofit projects, targeting heavy-duty diesel trucks. CSS reports that it has been able to create or save 80 jobs using the EPA grant. According to CSS, this lease program for trucking companies it has extended to drivers would not have been possible without ARRA money.

## Pennsylvania

*Research on Genomic Function, National Institutes of Health:* Pennsylvania State University was awarded \$750,000 in October 2009 to conduct research on genome function. Principal Investigator Ross Hardison's study is one of many research projects across the nation dedicated to using the tools and

technologies produced by the Human Genome Project to better understand biology and improve human health. Fueled by \$1 billion in new funding, these efforts will allow researchers to make quantum leaps in studying the genomic changes linked to cancer, cardiovascular disease, autism and many other health conditions — paving the way for new strategies to detect, treat and prevent disease.

*Fidelis Construction, Coatesville VA Medical Center:* *Fidelis Construction*, a veteran-owned business, has received a \$2.3 million Recovery Act contract on September 17, 2009 for a pharmacy renovation project at the VA Medical Center in Coatesville, Pennsylvania. The company has already begun to hire new employees and estimates that the project will create 40 jobs. The goal of the renovation is to improve the efficiency and privacy of a hospital pharmacy that serves around 22,000 veterans.

## South Carolina

*Itron, Inc, Advanced Energy Manufacturing Tax Credit:* *Itron, Inc* was selected to receive a \$5 million renewable energy manufacturing tax credit on January 8, 2010 that will allow it to expand its smart grid component manufacturing facility in South Carolina. The company recently expanded its North American facilities that produce circuit boards and "smart" meters to accommodate increasing orders for smart grid components to supply recipients of the Smart Grid Investment Grant and demonstration projects. *Itron* is actively hiring new employees at all of their North American facilities, and has currently increased its number of employees in the South Carolina facility to 900 full and part-time workers. The re-equipped facility will allow an annual production capacity of 4 million meters, and *Itron* estimates that a single year's output will be able to reduce electricity use by approximately 1.7 million MWh per year.

## Texas

*Fort Bliss, Wounded Warriors Unit:* *Fort Bliss* was awarded \$51 million of DOD's Recovery Act funding on May 1, 2009 to complete a Wounded Warriors Unit for recuperating injured soldiers and their families in El Paso, Texas. The project is expected to benefit thousands of soldiers and their families over the lifetime of the facility. The project has already created or saved 45 jobs, and will employ more than 50 staff upon completion. The three-building complex includes a 140,000-square-foot barracks capable of housing 232 injured soldiers. The project also includes a soldier and family assistance center, and a warrior care headquarters and administrative building. Construction of the complex has already begun.

## Chapter 3: Selected Accomplishments

To meet the goals of the Recovery Act, 28 federal agencies were given the responsibility of using both existing and new programs to provide the Rescue, Recovery and Reinvestment funds necessary to jump start the economy. The agencies have dedicated teams of people throughout the nation to provide outreach, counseling, assistance and oversight to recipients of funds. In most cases, federal agencies do not spend the funds themselves, but rely on their state and local government, non-profit, and private sector partners to execute the missions that Congress set out.

Below, we have summarized selected accomplishments from some of the federal agencies and their recipient partners. For a more complete description of agency level activities, please go to the websites of the individual agencies.

### Department of Transportation

- **Improving our Nation's Highways and Transit Systems:** The single largest investment of Recovery Act transportation dollars – \$27.5 billion – was targeted at improving highways and bridges. As we approach the one-year anniversary, the Federal Highway Administration (FHWA) has approved 11,300 highway projects in total. More than 2,100 of these projects have been completed and nearly 7,000 are currently underway.

Similarly, the Recovery Act provided \$8.4 billion to be used to improve transit systems. During the past year, the Federal Transit Administration (FTA) has approved the purchase of more than 11,000 bus and rail vehicles. Many of these will replace buses and other vehicles that have surpassed their useful life. At the same time, these purchases support domestic manufacturing jobs right here in America.

- **Making the Vision for High-Speed Rail a Reality:** The \$8 billion to establish America's high speed rail capability is a significant down payment for 13 new, substantial high-speed rail corridors in 31 states across the country. And with over \$55 billion in project proposals for the initial \$8 billion in funds awarded, there is obviously strong interest in the development of high-speed rail throughout the country. Federal support for High Speed Rail is unlocking other investment. For example, California has pledged to match the \$2.25 billion in Recovery Act funded High Speed Rail grants.

### Department of Education

- **Sustaining Schools in Crisis:** Faced with dramatic declines in revenues last year, states were on the brink of financial crisis. The primary goal of ARRA education grants was to fill dramatic budget shortfalls, protect the jobs of teachers and other workers in our school systems, and provide stability for our students. The Department of Education is doing just that. It has made \$69 billion in awards to fill \$34 billion in state education budget gaps for FY 09 and '10 and is funding over 300,000 education jobs out of a total of 400,000 public service jobs nationwide. These ARRA funds also prevented tuition increases in universities and colleges throughout the nation.
- **Advancing Much Needed Education Reforms:** In addition to supporting education jobs throughout the country, Recovery Act funds have laid the groundwork for needed reforms that will improve our schools. Twelve states have passed significant legislation to align themselves with

the criteria for the \$4.35 billion Race to the Top (RTT) grant competition in which forty-one states are participating. Other Recovery Act education awards are also at work improving our nation's schools. Specifically, 23 states were able to expand and improve special education programs through the use of ARRA grants. Furthermore, 24 states used ARRA funds for essential instructional technology upgrades.

### U.S. Department of Energy

- **Launching the U.S. Smart Grid:** \$4B in Recovery Act funds have been committed to modernizing the electricity grid, including obligated funding that will support the deployment of nearly 18 million smart meters and 877 digital sensors across the entire US transmission system to provide real-time system data to improve reliability and help better manage peak demand. These investments are important first steps toward the modernization of our nation's power infrastructure that will result in a grid that can detect outages before they happen, re-route power where it is needed, and aid in connecting renewable energy resources to the grid.

### Department of Housing and Urban Development

- **Improving Homes in Urban America:** ARRA provided housing loans and capital funding to build or renovate homes in urban America to save, stabilize, and invest in some of our most critical housing situations across America. HUD has been aggressive in its goals for this program and has rehabbed or developed 143,422 units across three HUD programs, substantially higher than its original targets.

### Department of Health and Human Services

- **Serving More Patients through Federally Qualified Health Centers:** Health Resources and Services Administration awarded Recovery Act funds that served nearly 1.6 million new patients in more than 1,100 health centers in 50 States and eight Territories, including more than 920,000 uninsured patients. Health Centers provide comprehensive, quality and affordable primary and preventive health care services for medically underserved individuals across the country.
- **Reinvesting in Scientific Research:** The Recovery Act has provided a tremendous boost to scientific research. As of Feb. 1, the National Institutes of Health has funded 13,680 research projects at universities research institutions in all 50 states, supporting innovative projects to address major challenges in biomedical research and accelerate critical breakthroughs and applied research on cutting-edge technologies.

### Department of Labor

- **Extending the Net for the Unemployed:** As of January 29, 2010, the Recovery Act has funded over \$49 billion in benefits to unemployed workers. These funds directly help families struggling to make ends meet during this recession. DOL has also distributed \$2.8 billion to 32 states for Unemployment Insurance Modernization incentive payments, which increased the share of unemployed workers receiving benefits to its highest level in over 30 years.

### Department of Commerce

- **Building the Infrastructure of the 21st Century:** The Department of Commerce awarded six infrastructure grants (GA, ME, NY, SD, NC, MI) for a total of \$180.7 million that will result in increased access to broadband for more than 3,000 schools, libraries, hospitals and public safety entities. This represents nearly 4,400 miles of additional middle mile broadband fiber deployed to for unserved and underserved areas, including economically disadvantaged areas.
- **Driving Economic Development in our Communities:** The Department of Commerce is putting \$150 million of Recovery Act funding to work today with funding for 68 projects in 37 states—and just as importantly, it will create a cycle of investment, innovation, and job creation for tomorrow. These funds are creating high-skill, high-wage jobs, and attracting private investment. In the first quarter of fiscal year 2010 alone, EDA has leveraged \$792 million in private investment—a return of more than nine to one.

### Department of Agriculture

- **Increased Food Benefits for Over 38 Million People Each Month:** The Recovery Act increases the benefits for those participating in the Supplemental Nutrition Assistance Program (SNAP, formerly named the Food Stamp Program), which helps low-income households better meet their nutritional needs. On average, households of four receive an increase in benefits of \$80 per month. This increase not only provides more food to families who need it, but also delivers a direct and immediate stimulus to the economy. Almost all (97 percent) of SNAP benefits are redeemed in grocery stores or farmer's markets within 30 days. Currently, more than \$830 million in ARRA SNAP benefits are spent at food retailers each month.

### Department of the Treasury

- **Provided State and Local Governments Much Needed Access to Capital through the Build America Bond (BAB) Program:** The BAB program has given state and local governments much needed access to capital by allowing them to issue taxable debt while receiving a payment from Treasury for 35 percent of the interest cost. The program has allowed issuers to attract new investors such as pension funds and foreign investors who typically do not buy tax-exempt municipal debt. Because of the availability of BABs, local governments have been able to accelerate much needed projects such as school construction and water upgrades. From the program's inception on April 3, 2009 until January 31st, 2010, over \$70.8 billion of BABs have been issued by 47 states in 834 separate issues representing roughly 19.2 percent of municipal bond market issuances.
- **Investing in Renewable Energy:** Since July 2009, Treasury has made nearly \$2.4 billion in payments in lieu of tax credits, offsetting nearly \$8 billion in investments in renewable energy production in 273 separate properties across 36 states and Puerto Rico. These properties have already produced more than 11.7 billion kilowatt hours of energy, enough to power 1.1 million homes for an entire year from renewable sources produced within the United States.

### Department of the Interior

- **Investing in Our Nation's Parks:** The Department of the Interior has invested approximately \$100 million to restore and improve some of our nation's most iconic structures, such as the Jefferson Memorial in DC, and the Skyline Drive in Virginia. To date, 21 different parks have had improvement awards made. The Department is also using almost \$270 million in funds to enhance the infrastructure, facilities and overall user experience within some of our most treasured landscapes in our National Parks and Wildlife refuges, such as replacing the visitor center at the Dinosaur National Park in Utah. On-site work is underway on 243 projects in National Parks, with 86 projects already completed, and over 670 Fish and Wildlife Service projects have started as well.

### Department of Homeland Security

- **Emergency Food and Shelter Grants:** The Emergency Food and Shelter National Board has distributed more than \$96 million to more than 10,450 local organizations across the country. This funding provided almost 48 million meals, over 3 million nights of emergency shelter, over 164 thousand utility payments, and helped over 75,000 families with rental assistance in the most troubling times of the current recession.
- **Aviation Security:** TSA has awarded over \$576 million to date for inline baggage handling systems at 16 airports, closed circuit television at 12 airports, and screening. This program assures the flying public of safer, more efficient travel and reduces wait times for boarding.

### Department of Veterans Affairs

- **Improving 120 Veteran Medical Centers across 45 states, Providing Facilities that are Safer, More Secure, and Energy Efficient:** VA is investing \$1 billion in Recovery Act funding to make over 940 medical infrastructure improvements to enhance the safety, security, and energy efficiency of VA facilities nationwide. Projects at VA Medical Centers include renovations to inpatient and outpatient care units; the expansion and modernization of Traumatic Brain Injury, Rehabilitation, Intensive Care, and Vascular Surgery units; and the expansion and modernization of outpatient pharmacies.
- **Funded Major Renovation and Modernization of State Veteran Homes:** VA Recovery Act funding provides financial assistance to states to construct/acquire nursing home, domiciliary and adult day health care facilities for Veterans. First year accomplishments included funding 29 projects in 18 states for the renovation of State Veteran Homes to create new and modern facilities to house our Nation's Veterans. These homes provide a total of nearly 7,000 beds for our Nation's Veterans.

### General Services Administration

- **GSA Put the Construction Industry to Work Building a Clean Energy Economy:** GSA has put more than 400 companies to work on clean energy projects across the country so far. At a time when there isn't much work going around, GSA is driving the industry toward green projects and technologies. In addition, bids on projects have consistently come in 8-10 percent under budget allowing GSA to make its Recovery Act funds go farther – funding more than \$165 million worth

of additional work without any additional cost to the taxpayer – while improving its processes to be better and faster now and in the future.

### Environmental Protection Agency

- **Revitalizing Water and Wastewater Infrastructure:** A total of \$6 billion in Recovery Act funds has gone to 50 State and 6 Territorial programs to capitalize Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) programs and provide direct grants for projects in the territories. The States and Territories have provided assistance for approximately 3000 projects serving over 114 million people (65 million under the CWSRF program, 49 million under the DWSRF program). Approximately \$1.6 billion is being spent on “green” projects, such as projects that address water efficiency, energy efficiency, green infrastructure, and other environmental innovations.