



**Economic Stimulus & Recovery
Special Report, Number 1**

February 23, 2009

**Federal Economic Stimulus Legislation:
Nonprofit Grant Opportunities**

To promote better understanding about the intersection between the nonprofit sector and our nation's economic recovery, including the recently-enacted American Recovery and Reinvestment Act of 2009 ("Act"), the National Council of Nonprofits is preparing a series of Special Reports. This first Special Report presents the following materials:

- **Provisions of Potential Interest to Nonprofits** (pages 2-7)
This section provides detail on specific grants in program areas in the Act that potentially could be of interest to a wide range of nonprofits. Each summary describes the nature of the program and shows the amount appropriated.
- **Appendix** (pages 8-11)
For those interested in knowing the broader scope of this historic legislation (and perhaps seeing if your nonprofit might have other unique grant opportunities), the Appendix summarizes the major appropriations and tax cuts in the 407-page Act.

American Recovery and Reinvestment Act of 2009

These live links will give you quick access to the following useful materials:

- American Recovery and Reinvestment Act of 2009, PL 111-5: [ARRA](#)
- Conference Report – which often provides additional insights, rationales, and legislative history (you can access Parts A and B through the [House Rules Committee](#))
- Joint Explanatory Statement of the Conference Committee – which occasionally provides key explanations about why certain language is in the Act (access Parts A and B through the [House Rules Committee](#))
- [Full Summary of Provisions](#) by the Senate Finance and House Ways & Means Committees
- A new government website that answers Frequently Asked Questions, provides a timeline of when various events are to occur, and will serve as the official transparent public place where grant distribution information is to be posted: www.Recovery.gov Actual information regarding grants available will be on the established federal website, www.grants.gov.
- The Center for Budget & Policy Priorities has published [State-by-State Estimates of Key Provisions Affecting Low- and Moderate-Income Individuals](#)

Overview: American Recovery and Reinvestment Act of 2009

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009, PL 111-5 (“Act” or “ARRA”), providing new spending and tax cuts totaling \$787.2 billion. Section 3(b) of the Act directs the “President and heads of Federal departments and agencies” to “manage and expend the funds made available in the Act so as to achieve” the following purposes:

- (1) To preserve and create jobs and promote economic recovery.
- (2) To assist those most impacted by the recession.
- (3) To provide investments needed to increase economic efficiency by spurring technological advances in science and health.
- (4) To invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.
- (5) To stabilize State and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

Provisions of Potential Interest to Certain Nonprofits

Nonprofits may have a special interest in the following provisions of the Act, either because of special relief being provided to communities that nonprofits typically serve or provisions that would authorize new federal funds for grants that nonprofits could use to serve their local communities.

NOTE: Because the 407-page Act touches hundreds of federal programs, and because the nonprofit sector spans a diverse range of activities, this summary does not pretend to be a comprehensive analysis of all possible ways that different nonprofits might be able to access federal funds to serve their communities. For instance, specialized nonprofits and nonprofit research institutes interested in advancing environmental quality, health, science, technology, water quality, or a host of other issues might find new possibilities buried in obscure language of the Act. Therefore, nonprofits interested in pursuing federal grants to help them meet their missions should read the actual legislation rather than rely on this or any other summary.

ARTS & HUMANITIES

- **\$50 million to the National Endowment for the Arts** “to be distributed in direct grants to fund arts projects and activities which preserve jobs in the nonprofit arts sector threatened by declines in philanthropic and other support during the current economic downturn,” with 40% to “be distributed to State arts agencies and regional arts organizations in a manner similar to the agency’s current practice” and 60% of such funds to “be for competitively selected arts projects and activities.” See [ARRA](#), pp. 57-58; see also [Conference Report](#), p. 143.
- **\$25 million for the Smithsonian** for repair and revitalization of existing facilities. [ARRA](#), p. 57.

EDUCATION and INTERNET ACCESS

- **\$53.6 billion for the State Fiscal Stabilization Fund**, that the Secretary of Education will distribute to the Governor of each state, with 81.2% of the “State’s allocation for the support of elementary, secondary, and post-secondary education and, as applicable, early childhood education programs and services,” and 18.2% of the State’s allocation “for public safety and other government services, which may include assistance for elementary and secondary

education and public institutions of higher education.” See [ARRA](#), pp. 165-166; see also [Conference Report](#), p. 425.

- **\$13 billion for Title I** to enable disadvantaged students to reach their potential. See [ARRA](#), p. 67; see also [Conference Report](#), p. 168.
- **\$12.2 billion for “Special Education”** for carrying out the Individuals with Disabilities Education Act (IDEA). See [ARRA](#), p. 68; see also [Conference Report](#), p. 171.
- **\$4.7 billion for Broadband Technologies Opportunity Program** to provide access to consumers residing in unserved areas and training to schools, libraries, medical and health care providers, community colleges, and community support organizations to facilitate greater use of broadband by these organizations or for low-income, unemployed, aged or other vulnerable populations; with not less than \$250 million available for competitive grants for innovative programs to encourage sustainable adoption of broadband service. See [ARRA](#), pp. 14, 398-402; see also [Conference Report](#), p. 36.
- **\$720 million for School Improvement Programs**, including \$650 million for the Enhancing Education Through Technology program and \$70 million to Education for the Homeless Children and Youth program by providing state grants with subgrants to local education agencies. See [ARRA](#), p. 68; see also [Joint Explanatory Statement, Pt. A](#), p. 63.

EMPLOYMENT & JOB TRAINING

- **\$3.95 billion for Job Training and Employment Services under the Workforce Investment Act** for state formula grants for adult, dislocated workers, and youth programs, including \$1.2 billion “for grants to the States for youth activities, including summer employment” for up to one million summer jobs for youth. The worker training and employment needs also will be met through \$1.25 billion “for grants to the States for dislocated worker employment and training activities,” and \$750 million for new “competitive grants for worker training and placement in high growth and emerging industry sectors” (with priority consideration to “green” jobs and healthcare), and increased funds for the Job Corps and YouthBuild programs. See [ARRA](#), pp. 58-59. Green jobs training will include preparing workers for activities supported by other economic recovery funds, such as retrofitting of buildings, green construction, and the production of renewable electric power. See [Conference Report](#), p. 146.
- **\$400 million for “State Unemployment Insurance and Employment Service Operations,”** with \$250 million of the funds to “be used by the States for reemployment services for unemployment insurance claimants” to facilitate their reentry to employment. See [ARRA](#), p. 59.
- **\$120 million for “Community Service Employment for Older Americans” program** in the Older Americans Act of 1965, Title V (“to foster and promote useful part-time opportunities in community service Activities for unemployed low-income persons who are 55 years or older and who have poor employment prospects”), which “funds shall be allotted within 30 days of such enactment to current grantees in proportion to their allotment in program year 2008” (*so nonprofits that have such grants should be renewed*). See [ARRA](#), p. 59; see also [Conference Report](#), p. 148.

ENERGY

- **\$16.8 billion for “Energy Efficiency and Renewable Energy,”** with:
 - **\$5 billion for the Weatherization Assistance Program.**
 - **\$3.2 billion for Energy Efficiency and Conservation Block Grants** for implementation of programs under Title V of the Energy Independence and Security

Act of 2007, with \$2.8 billion distributed under formula grants and \$400 million to be awarded on a competitive basis.

- **\$3.1 billion for the State Energy Program** authorized under the Energy Policy and Conservation Act. See [ARRA](#), p. 24; see also [Conference Report](#), pp. 58-59.

HOUSING & COMMUNITY DEVELOPMENT

- **\$4 billion for the Public Housing Capital Fund** to enable local public housing agencies to address a \$32 billion backlog in capital needs. See [ARRA](#), p. 100; see also [Conference Report](#), p. 254.
- **\$2.25 billion for the HOME Investment Partnerships Program Block Grants** to enable state and local government, in partnership with community-based organizations, to acquire, construct, and rehabilitate affordable housing and provide rental assistance in low-income neighborhoods. See [ARRA](#), p. 106.
- **\$2 billion for emergency assistance for the redevelopment of abandoned & foreclosed homes** of which a portion “shall be allocated by competitions for which eligible entities shall be States, units of general local government, and nonprofit entities or consortia of nonprofit entities” and another portion “shall be awarded by competition to nonprofit entities or consortia of nonprofit entities to provide community stabilization assistance by” doing a number of things, with qualified local housing providers meaning “nonprofit organizations with demonstrated capabilities in real estate development or acquisition and rehabilitation or property management of single- or multi-family homes, or local or state governments or instrumentalities of such governments” See [ARRA](#), pp. 103-104; see also [Conference Report](#), p. 262. Importantly, the Secretary of Housing and Urban Development also “may use up to ten percent of the funds [\$200 million] for the provision of capacity building of and support for local communities receiving funding.” See [ARRA](#), pp. 103-104.
- **\$2 billion for HUD Section 8 Projects/ Project-Based Assistance** for full year payments to owners receiving Section 8 project-based rental assistance, of which \$250 million shall be for grants or loans for energy retrofit and green investments in such assisted housing. See [ARRA](#), p. 108; see also [Conference Report](#), p. 275.
- **\$1 billion for Community Development Block Grants** (through the Department of Housing & Human Development) for community and economic development projects to grantees that received funding in 2008. See [ARRA](#), p. 103; see also [Conference Report](#), p. 261.
- **\$1 billion for Community Services Block Grants** for the development and implementation of new and innovative approaches to deal with particularly critical needs or problems of the poor which are common to a number of communities. See [ARRA](#), p. 65; see also [Conference Report](#), p. 161.
- **\$510 million for Native American Housing Block Grants.** See [ARRA](#), p. 101; see also [Conference Report](#), p. 258.
- **\$150 million for Economic Development Assistance Programs** administered by the Department of Commerce, including \$50 million for economic adjustment assistance and \$50 million for federally authorized regional economic development commissions. See [ARRA](#), p. 13.
- **\$130 million for Rural Community Facilities Program** to provide financing for community facilities in rural areas, including health care facilities, fire, rescue, and public safety buildings, vehicles, and equipment, and other important community needs. See [ARRA](#), p. 4; see also [Conference Report](#), p. 8.
- **\$100 million for Community Development Financial Institutions** to provide immediate capital to qualified community development financial institutions (CDFIs) to invest in the development of underserved communities, including \$8 million for financial assistance, technical assistance,

training & outreach programs designed to benefit Native American, Native Hawaiian, and Alaskan Native communities through qualified CDFIs. See [ARRA](#), p. 34.

HUMAN & SOCIAL SERVICES

CHILDREN

- **\$2.1 billion for Head Start and Early Head Start** for early-education programs (through the Department of Health and Human Services) to allow additional children to participate. See [ARRA](#), pp. 64-65; see also [Conference Report](#), p. 161.
- **\$2 billion for payments to the States for Child Care and Development Block Grants** to supplement, not supplant, state funding to provide quality child care services for additional children in low-income families. \$93.5 million shall be for activities that improve the quality of infant and toddler care. See [ARRA](#), p. 64; see also [Conference Report](#), p. 160.

EMERGENCY ASSISTANCE, FOOD & SHELTER

- **Up to \$5 billion for an 'Emergency Contingency Fund for State Temporary Assistance for Needy Families Programs' (TANF)**. See [ARRA](#), p. 332.
- **\$1.5 billion for the Homelessness Prevention Fund and rapid re-housing activities** to states and local governments for the prevention of homelessness among children, and which includes housing relocation and stabilization services (defined broadly), credit repair, short or medium-term rental assistance, first and last month's rental payment, or utility payments. See [ARRA](#), p. 107; see also [Conference Report](#), p. 273.
- **\$150 million for the Emergency Food Assistance Program** that includes the activities and projects of a charitable institution, a food bank, a food pantry, a hunger relief center, a soup kitchen, or a similar public or private nonprofit eligible recipient agency providing nutrition assistance to relieve situations of emergency. See [ARRA](#), p. 5; see also [Conference Report](#), p. 13.
- **\$100 million for the Emergency Food and Shelter Program** for the homeless. See [ARRA](#), p. 50; see also [Conference Report](#), p. 125.

FOOD & NUTRITION

- **\$19.9 billion for additional Supplemental Nutrition Assistance Program (SNAP)** formerly Food Stamps, to increase the benefit by 13.6 percent. See [ARRA](#), p. 6-9; see also [Bill Summary](#) from the Speaker of the House.
- **\$500 million for Women, Infants, and Children (WIC) Program** to support participation in the federal "special supplemental nutrition" program authorized by the Child Nutrition Act of 1966. See [ARRA](#), p. 5; see also [Conference Report](#), p. 11.
- **\$100 million for the Senior Meals program** distributed under formula grants to states for elderly nutrition services including Meals on Wheels and Congregate Meals. See [ARRA](#), p. 65; see also [Conference Report](#), p. 162.

HEALTH

- **\$87 billion to increase the Federal Medical Assistance Percentage of Medicaid (FMAP)** for a 27-month period beginning October 1, 2008, through December 31, 2010, with an across-the-board increase to all states of 6.2% and a similar increase for territories. Congress declared it took this "temporary action" to "protect and maintain State Medicaid programs during a period of economic downturn, including by helping to avert cuts to provider payments rates and benefits or services, and to prevent constrictions on income eligibility requirements for such programs." See [ARRA](#), pp. 382-383; see also [Bill Summary](#), Speaker of the House.

- **Estimated \$24.7 billion in Premium Subsidies for COBRA Continuation Coverage for Unemployed Workers**, by providing a 65% subsidy for COBRA continuation premiums for up to nine months for workers who have been involuntarily terminated, and for their families. To qualify for premium assistance, a worker must be involuntarily terminated between September 1, 2008, and December 31, 2009. The subsidy would terminate upon offer of any new employer-sponsored health care coverage or Medicare eligibility. Workers who were involuntarily terminated between September 1, 2008, and enactment, but failed to initially elect COBRA because it was unaffordable, would be given an additional 60 days to elect COBRA and receive the subsidy. See [ARRA](#), p. 341 - 352.
- **\$ 2.5 billion for Health Centers Resources and Services** funded by the Department of Health & Human Services, including:
 - \$1.5 billion for construction, renovation, and equipment, plus the acquisition of health information technology systems for community health centers;
 - \$500 million for grants to community health centers; and
 - \$500 million to address health professions workforce shortages. See [ARRA](#), p. 61; see also [Conference Report](#), p. 152.
- **\$1.3 billion for the extension of Transitional Medical Assistance (TMA)** beyond the current expiration date of June 30, 2009, to December 31, 2010. See [ARRA](#), p. 389.
- **\$1 billion for prevention and wellness programs** to fight preventable diseases and conditions with evidence-based strategies, with \$300 million to immunization programs, and \$650 million to carry out evidence-based clinical and community-based prevention and wellness strategies. See [ARRA](#), p. 66; see also [Conference Report](#), p. 165.
- **\$550 million for the extension of the Qualifying Individual Program** which assists certain low-income individuals with Medicare Part B premiums, through December 31, 2010. See [ARRA](#), p. 391.
- **\$134 million for Protections for American Indian Health Care** by eliminating cost-sharing for Americans Indians and Alaska Natives in Medicaid, protecting Indian Tribal property, and maintaining access to Indian health facilities. See [ARRA](#), p. 391.
- **Financial assistance** through the new National Coordinator for Health Information Technology established in the Department of Health and Human Services, for “consumer advocacy groups and not-for-profit entities that work in the public interest for purposes of defraying the cost to such groups” to participate in the National Technology Transfer ARRA of 1995. See [ARRA](#), p. 119; see also [Conference Report](#), p. 302.

NATIONAL SERVICE

- **\$160 million** to carry out the Domestic Volunteer Service Act of 1973 and the National and Community Service Act of 1990, including \$89 million “to make additional award to existing AmeriCorps grantees” and \$65 million for VISTA. See [ARRA](#), p. 65; see also [Joint Explanatory Statement](#), Pt. A, p. 59.
- **\$50 million for a “new initiative” for “nonprofit capacity building grants”** to “expand the delivery of social services to individuals and communities affected by the economic downturn,” to be administered by the Department of Health & Human Services’ Children and Families Services Programs under section 1110 of the Social Security. See [ARRA](#), p. 65; see also [Joint Explanatory Statement](#), Pt. A, p. 59.
- **\$40 million for the National Service Trust**, through the National and Community Service Act of 1990 (national service educational awards and grants to carry out service learning programs). See [ARRA](#), p. 71; see also [Conference Report](#), p. 175, 177.
- **Department of Interior and Agriculture projects** in Title VII of the Act require extra thought:

“In carrying out the work for which funds in this title [Title VII; items on pages 52-58] are being made available, the Secretary of the Interior and the Secretary of Agriculture shall utilize, where applicable, the

- Public Lands Corps,
- Youth Conservation Corps,
- Student Conservation Association,
- Job Corps, and
- other related partnerships with Federal, State, local, tribal or non-profit groups that serve young adults.” [ARRA](#), p. 58 (emphasis added).

Importantly, those projects include the following (and many other) outdoor projects in which certain nonprofits might participate:

- \$589 million to the National Park Service for “repair and restoration of roads; construction of facilities, including energy efficient retrofits of existing facilities; equipment replacement; preservation and repair of historical resources within the National Park System; cleanup of abandoned mine sites on park lands; and other critical infrastructure projects,” and another \$146 million for “deferred maintenance of facilities and trails and for other critical repair and rehabilitation projects”
- \$180 million to the Bureau of Land Management for “activities on all Bureau of Land Management land including construction, reconstruction, decommissioning, and repair of roads, bridges, trails, property, and facilities and for energy efficient retrofits of existing facilities,” and another \$125 million for “maintenance, rehabilitation, and restoration of facilities, property, trails, and lands and for remediation of abandoned mines and wells”
- \$165 million to the U.S. Fish and Wildlife Service for “deferred maintenance, construction, and capital improvement projects on national wildlife refuges and national fish hatcheries and for high priority habitat restoration projects”

APPENDIX: American Recovery and Reinvestment Act of 2009

This Appendix presents a general summary (not a complete listing) of most of the items in the Act with a price of \$100 million or more. Dollar amounts of the items listed in this Appendix come from a variety of sources, including House and Senate press releases and bill summaries, which may characterize or identify the amount of funds available or the cost of the provision in different ways.

Although this particular Appendix groups those items into six broad categories, it is important to realize that everyone who reads this 407-page Act will think of different ways to categorize the hundreds of spending measures and tax cuts. Therefore, please do not be confused when you see other summaries that use different “buckets” into which to place the various items. Instead, embrace the alternative approaches for categorization because each approach may give you a new perspective.

Also, it is important to know that funding appropriated to a particular level of government (for example, to the U. S. Department of Health and Human Services) may be spent elsewhere. For instance, HHS funds may be sent to a state government, which in turn may send it to a local government, which in turn may “spend” the funds by entering a contract with or issuing a grant to a nonprofit that actually provides the particular services. Indeed, since the Great Society programs of the 1960s, governments have turned more frequently to nonprofits for more effective delivery of services. According to research by the Urban Institute’s National Center for Charitable Statistics approximately 29% of the entire nonprofit sector’s revenues (as a whole sector, not individual entities) comes from government contracts and grants to perform government services. Most nonprofits receive no money from government contracts or grants, whereas others – given the nature of their missions and the work they perform – may receive more.

1 = Funding for Federal Agencies to Support Recovery and Reinvestment

- \$120 billion for **infrastructure and science**, of which \$27.5 billion is for highways, \$9.3 billion for rail transportation, \$8.4 billion for public transportation, \$7.2 billion to improve broadband access, \$6 billion for environmental cleanup at former weapons production sites, and \$6 billion for local clean-water infrastructure
- \$37.5 billion for **energy** programs, with \$3.2 billion available for Energy Efficiency and Conservation Block Grants
- \$19.2 billion for **health information technology** through Medicare and Medicaid incentives to promote the use of electronic health records, and if – as predicted – 90% of doctors and 70% of hospitals start using certified electronic health records in the next decade, then it should yield more than \$12 billion in savings
- \$14.2 billion for **health investments**, including \$10 billion for National Institutes of Health biomedical research and facilities improvements, and \$1 billion for prevention and wellness programs

2 = Funding to Help States and Local Governments

- \$87 billion increase in the **Federal Medicaid Assistance Percentage** (“FMAP”) over 15 months
- \$53.6 billion for **State Fiscal Stabilization Fund**, nominally for **fiscal relief to state and local governments** to help avoid more severe state and local budget cuts (but targeted largely for education, with \$39.5 billion in block grants to school districts for education and \$8.8 billion block grants for high priority needs); plus \$5 billion for incentive grants and other purposes

- \$25.2 billion additional for **education and training**, including \$10 billion for Title I programs helping disadvantaged students, \$3 billion for school improvements, and \$12.2 billion for special-education programs
- \$4 billion for local **public housing** agencies
- \$4 billion for **local law enforcement** programs
- \$3.9 billion to localities for **job training and employment** services for dislocated workers, youth, and adults
- \$2.9 billion for one-time incentive grants to reward and encourage States to **modernize their unemployment compensation systems** and increase unemployment compensation coverage among low wage, part-time, and other jobless workers
- \$2.4 billion for an **Emergency Contingency Fund for State Temporary Assistance for Needy Families Programs (TANF)**
- \$2.2 billion to enable state and local government, in partnership with community-based organizations, to acquire, construct, and **rehabilitate affordable housing and provide rental assistance** to poor families (HOME Investment Partnership Block Grants)
- \$2 billion for **redevelopment of abandoned and foreclosed homes**
- \$2 billion for states to **subsidize the cost of child care** for low-income families in which parents are enrolled in education or training programs
- \$1.5 billion for **Emergency Shelter Grants** to state and local governments to conduct **homelessness prevention** Activities
- \$1.1 billion to assist States in **protecting Unemployment Trust Funds**, by covering the interest payments and accrual of interest on loans received by state unemployment trust funds through December 2010
- \$1 billion for Child Support Enforcement by repealing previous cuts enacted in 2006
- \$300 million for state and local **emergency management** programs
- \$100 million for the **Emergency Food and Shelter** Program for the homeless

3 = Funding to Help Individuals and Communities--the federal safety net for those facing loss of jobs, housing, and healthcare:

- \$29.9 billion to **extend the Emergency Unemployment Compensation program** by providing (through December 31, 2009) up to 33 weeks of benefits to workers who exhaust their regular 26 weeks of benefits
- \$24.7 billion to subsidize **COBRA health insurance premiums** — at a level of 65 percent, for nine months — for workers who have lost their jobs
- \$19.9 billion for the **Supplemental Nutrition Assistance Program (“SNAP,” formerly the Food Stamp Program)**, which will result in a 13.6 percent increase in the maximum food stamp benefits
- \$14 billion for one-time **payments of \$250 to retirees, disabled, and other recipients of Supplemental Security Income, and to veterans** receiving disability compensation and pension benefits
- \$8.8 billion to **increase unemployment compensation benefits** by \$25 per week
- \$5 billion to increase the threshold for household eligibility for the **Weatherization Assistance Program**
- \$4.7 billion to **exclude from taxation** the first \$2,400 a person receives in unemployment compensation benefits in 2009
- \$2.1 billion for **early-education programs (Head Start & Early Head Start)** to allow additional children to participate
- \$2 billion for **Child Care and Development Block Grants**

- \$2 billion for **Community Health Centers**
- \$2 billion to provide full year payments to owners receiving **HUD Section 8 project-based rental assistance**
- \$1.6 billion to **extend Trade Adjustment Assistance** benefits for new workers over the next 2 years
- \$1.3 billion for the extension of **Transitional Medical Assistance**
- \$1 billion for **Community Development Block Grants**
- \$1 billion for **Community Services Block Grants**
- \$550 million for the extension of the **Medicare Part B Qualified Individual Program**
- \$510 million for **Native American Housing** Block Grants
- \$500 million for Women, Infants, and Children (WIC) Program, a federal “**special supplemental nutrition**” program
- \$150 million for **emergency food assistance** through food banks
- \$150 million for **economically distressed communities**
- \$134 million for protections for **American Indian Health Care**
- \$130 million for financing for **community facilities in rural areas**, including health care facilities, fire, rescue, and public safety buildings, vehicles, and equipment, and other important community needs
- \$120 million for “**Community Service Employment for Older Americans**” program
- \$100 million for qualified **Community Development Financial Institutions (CDFIs)** to invest in the development of underserved communities
- \$100 million for the **Emergency Food and Shelter** Program for the homeless
- \$100 million for states for **senior meals** including Meals on Wheels and Congregate Meals

4: Tax Cuts for Individuals

- A **tax cut for 95% of working families** via “**Making Work Pay**,” a tax credit to offset payroll taxes – \$400 per person and \$800 per married couple – which will be phased out for taxpayers with adjusted gross income in excess of \$75,000 (\$150,000 for married couples filing jointly); taxpayers can receive this benefit through a reduction in the amount of income tax withheld from their paychecks or through claiming the credit on their tax returns [cost of \$116 billion]
- Tax relief for 26 million families by extending the **Alternative Minimum Tax relief** for 2009 [cost of \$69.7 billion]
- **Increase eligibility for child tax credit**, by reducing the minimum income for the refundable portion of the child tax credit to \$3,000 [cost of \$14.8 billion]
- The “**American Opportunity**” **Education Tax Credit**, to provide financial assistance for those seeking a college education by giving a new tax credit of up to \$2,500 for college tuition and related expenses, with the credit phasing out for taxpayers with income greater than \$80,000 (or \$160,000 for married couples filing jointly) [cost of \$13.9 billion]
- **First-time homebuyers** – **increases the tax credit** to \$8,000 (up from \$7,500) and **eliminates the repayment requirement** for new homes purchased between Jan. 1, 2009 – Dec. 1, 2009 [\$6.6 billion]
- Temporary **suspension of taxation of unemployment** payments; instead of paying income tax on all unemployment benefits, first \$2,400 will be tax-free in 2009 [cost of \$4.7 billion]
- A temporary **increase in the Earned Income Tax Credit** by increasing the tax credit for working families with three or more children [cost of \$4.6 billion]
- A **tax deduction for purchasing new cars, light trucks, recreational vehicles, and motorcycles** in the amount of the state and local sales and excise taxes paid; deduction phased out for taxpayers with incomes greater than \$125,000 (\$250,00 for married couples filing jointly) [cost of \$1.6 billion]

5: Tax Cuts and Incentives for Businesses

- **Repeal of Treasury Section 382 Notice**, which in 2008 liberalized the tax code rules that are intended to prevent taxpayers that purchase companies from claiming losses that were incurred by the acquired company prior to the change in ownership [\$6.9 billion over 10 years]
- **Extends the “Bonus Depreciation”** into 2009 by allowing for businesses to recover their costs for capital expenditures (*e.g.*, equipment, tractors, wind turbines, solar panels, computers) faster than the normal depreciation schedules by letting businesses immediately write-off 50% of the cost of depreciable property for use in the U.S. [cost of \$5 billion]
- **Clarify application of Section 382** to certain companies restructuring under the Emergency Economic Stabilization Act of 2008 [cost of \$3.1 billion]
- Delays recognition of certain “**cancellation of debt income**” (CODI) – instead of having to pay income tax for canceling or repurchasing its debt for less than the original amount, some businesses will be able to delay recognition of that income over 10 years [cost of \$1.6 billion]
- Extends the **carry back period of Net Operating Losses** for small businesses with losses and gross receipts of \$15 million or less by allowing them to carry the losses back from two to five taxable years before the loss occurred, and allows life insurance companies that have not received TARP monies to choose four or five year carry back periods [cost of \$947 million]
- Allows certain **Small Business Capital Gains exclusion** [cost of \$829 million]
- Election to **Accelerate Recognition of Historic AMT/R&D Credits** [cost of \$805 million]
- **Incentives to hire unemployed veterans** (discharged from active duty during the previous five years and received unemployment compensation for more than a four week during the year before being hired) and **disconnected youth** (between ages of 16-25 who have not been regularly employed or attended school in the past 6 months), by allowing businesses to claim a work opportunity tax credit of 40% of the first \$6,000 of wages paid [cost of \$231 million]

6: Miscellaneous Bonds and Other

- **Economic recovery tools** such as recovery zone bonds, tribal economic development bonds, an increase in new markets tax credit, and coordination of low-income housing credit and housing grants
 - For example, **recovery zone bonds** are a new category of tax credit bonds for investment in economic recovery zones. The bill would authorize \$10 billion in recovery zone economic development bonds and \$15 billion in recovery zone facility bonds. Each state would receive a share of the national allocation based on that state’s job losses in 2008 as a percentage of national job losses in 2008. These allocations would be sub-allocated to local municipalities. Municipalities receiving an allocation of these bonds would be permitted to use these bonds to invest in infrastructure, job training, education, and economic development in areas within the boundaries of the State, city or county (as the case may be) that has significant poverty, unemployment or home foreclosures. [cost of \$5.4 billion over 10 years]
- **Qualified School Construction Bonds**. The bill creates a new category of tax credit bonds for the construction, rehabilitation, or repair of public school facilities or for the acquisition of land on which a public school facility will be constructed. [\$9.9 billion over 10 years]
- Another business-related item (though probably not viewed as an incentive by some) is the new **limits on executive compensation** for companies getting TARP funding

For a full review of the tax and bonding provisions of the Act, see the [Full Summary](#) of the Provisions.

Special Reports on Economic Recovery

This Special Report is one in a series prepared by the National Council of Nonprofits to help nonprofit leaders, grantmakers, policymakers, and the general public better understand the intersections between the nonprofit sector and our nation's economic recovery. To review the other Special Reports, go to www.councilofnonprofits.org/stimulus