

*Congressman Announces Updated Funding Figures for Transportation Projects, Education, Health Care, Renewable Energy, & Other Initiatives; Bill is Estimated to Save or Create 215,000 Jobs in New York*

*Kingston, NY* - Before heading back to Washington to continue working on legislation to stabilize and strengthen the economy, Congressman Maurice Hinchey (D-NY) today outlined how New York will benefit from the economic recovery package that he and his Democratic colleagues in Congress approved on February 13 and President Obama signed into law last week. The congressman also detailed the process for how funds will be allocated, and discussed areas where he believes Congress will need to make additional investments.

The economic recovery plan is expected to create and save an estimated 3.5 million jobs, including 7,600 jobs in the congressional district Hinchey represents and 215,000 jobs across New York, through various investments that will: modernize roads, bridges, schools and other infrastructure; improve education and health care; and advance the research and manufacturing of solar and other forms of renewable energy. The bill also provides 95 percent of working Americans with an immediate tax cut.

"This new federal funding comes at a time when New York and its residents need help the most," Hinchey said. "The economy is in its worst shape since the Great Depression and our state is feeling the impact as much as any state in the nation. The economic recovery measure that is now law will provide the state with tens of billions of dollars in new, special one-time federal funds that will help create jobs, cut taxes, close state and local government budget gaps, provide financial assistance and relief to those who lost their jobs, and fund renewable energy initiatives that will help pave the way for greater, sustained economic growth."

Just before Congress approved the economic recovery package, nearly 150 leading economists, including five recipients of the Nobel Prize for Economics, sent a letter to Congress calling for the quick passage of a major economic growth bill because swift, bold action is needed to restore the American economy. Hinchey and his Democratic colleagues focused on making sure the bulk of the money allocated in the economic recovery bill is spent in the first 18 months of the bill's enactment. More than 90 percent of the jobs created will be in the private sector – most of the rest will be public servants on the front lines.

Hinchey said the economic recovery bill will create jobs and grow the economy by: doubling renewable energy production -- putting people to work in the short-term and freeing the country from its dependence on foreign oil in the long-term; renovating public buildings and homes to make them more energy efficient; rebuilding crumbling roads and bridges; bringing high speed Internet to every community so rural and inner city businesses can link up to the global economy; saving both money and lives by updating and computerizing the country's health care system to cut red tape, prevent medical mistakes, and help reduce health care costs by billions of dollars each year; and investing in research and development to secure America's role as a world leader in a competitive global economy.

The bill will also protect vital services like law enforcement, education, health care and nutrition assistance for families who now find they are struggling to make ends meet. Additionally, the bill provides aid to those who have been hurt the most by the economic crisis by extending unemployment benefits, increasing food stamp benefits, and making it easier for those who lose their job to keep their health insurance.

New York's unemployment rate is currently 7.0 percent and that figure is unfortunately expected to climb. However, economists estimate that the unemployment rate in New York will be two percentage points lower than it would be without the passage of the economic recovery bill. As a large state, New York stands to benefit greatly from the economic recovery bill that Hinchey and his Democratic colleagues passed. However, the final version of the bill was not as robust as the one Hinchey and his House colleagues originally approved. The final version is smaller in scope because there was not enough support in the Senate for a more significant and powerful economic recovery bill. Only three Senate Republicans approved of the bill and they only agreed to support it if it had less funding than the House bill for education and other priorities. Nevertheless, the final bill designated significant levels of funding to New York that the state would have otherwise not received.

The economic recovery package is estimated to provide New York and its residents with:

- \$12.65 billion in additional Medicaid funding
- \$2.77 billion for highway, transit, and other infrastructure projects (House version included \$3.6 billion)
- \$3.03 billion in funding to prevent education and other cutbacks (House version included \$3.99 billion)
- Pell grant increases of \$500 for an estimated 461,816 students at higher education institutions in New York
- Higher education tax credits for 295,000 additional students
- Tax cuts for nearly 7.1 million families
- Relief for 3.14 million households from the unfairly Alternative Minimum Tax (AMT)

- Extended unemployment benefits for 1.1 million people
- Food Stamp benefits for 2.1 million people
- \$404 million to help low and moderate-income families have their homes made more energy efficient through weatherization initiatives (House version included \$600 million).

"Now that we've passed a major economic recovery package, the money has to be disbursed as effectively as possible," Hinchey said. "Governor Paterson will play the most critical role in the state in determining which specific projects, initiatives, and institutions will receive funding. I will continue to work with the governor's office to ensure that the most important projects, particularly those that are located in the congressional district I represent and ones that will generate economic growth for years to come, are the ones that receive funding."

The Office of Management and Budget and the Treasury Department are quickly working to make the funding provided in the economic recovery measure available to agencies. The public will be able to track spending from the economic recovery bill through [www.recovery.gov](http://www.recovery.gov). Federal agencies will allocate the funds in five primary ways:

1) By Formula: Certain funds in the measure are allocated by a formula – usually set in law -- to states and localities. Examples include: Medicaid (Federal Medicaid Assistance Percentage payments, the State Fiscal Stabilization Fund (that will cover education and other priorities that would otherwise be cut), and highway infrastructure investments.

2) By Competition: Other programs allocate funding through competitive solicitations. In the coming weeks, agencies will distribute requests for proposals and convene panels to evaluate applications. Examples of agencies and programs that have or will hold such competitions include the National Institutes of Health, the National Science Foundation, and the broadband program.

3) By Demand: Some programs respond directly to demand from eligible individuals, including: premium subsidies for COBRA continuation coverage, unemployment insurance, education Pell Grants, food stamps, and small business loans.

4) By One-Time Automatic Disbursement: The economic recovery measure includes some one time benefits, such as payments of \$250 to Social Security, Veterans and Supplemental

Security Income beneficiaries.

5) By Agency Plan: Many programs in the measure allocate funding according to public operating and spending plans. These programs include: environmental cleanup of nuclear waste sites, national parks construction, and defense and veterans infrastructure programs.

Specifically, New York is expected to receive \$2.5 billion to restore proposed reductions in education funding; \$940 million for education programs that benefit disadvantaged students; \$760 million for special education programs; and \$61 million to improve technology in schools.

One particular area that was cut from the House version by the Senate, over the objection of Hinchey and many House Democrats, was funding for school construction. The House bill included \$14 billion for school construction, including \$1.3 billion for such projects in New York where school repairs and modernization efforts are desperately needed. While that huge portion of money specifically allocated to school construction was eliminated, Governor Paterson does have the option of using some of the \$3.03 billion allocated to prevent school and other important cutbacks for school construction initiatives. Hinchey said he will continue to press the governor to do just that.

"While the economic recovery package that ultimately became law is a good measure, it falls far short of what could have been achieved. The version my colleagues and I approved in the House invested much more heavily in education and other critical areas," Hinchey said. "I am deeply disappointed that the Senate, which became beholden to the requests of just a handful of Republican senators because the rest of Senate

Republicans opposed the bill altogether, approved a much less significant bill. Unfortunately, our children will not receive the full benefits they would have received had the level of funding provided in the House bill been included in the final bill. Investing in our children today not only provides them with a bright future, but helps ensure an educated American workforce tomorrow."

Schools in New York still stand to benefit from the economic recovery bill. Funds for disadvantaged children and special needs children will be allocated to schools located in the district Hinchey represents on a formula basis as follows: Dutchess County -- \$2.15 million (all

for the Poughkeepsie City School District); Orange County -- \$10.93 million (Newburgh City School District -- \$5.04 million, Middletown City School District -- \$2.8 million, Pine Bush Central School District -- \$1.6 million, and Valley Central School District \$1.48 million); Sullivan County -- \$7.56 million (Sullivan West Central School District -- \$524,000, Fallsburg Central School District -- \$675,000, Liberty Central School District -- \$599,000, Livingston Manor Central School District -- \$230,000, Monticello Central School District -- \$1.52 million, Roscoe Central School District -- \$115,000, Eldred Central Valley School District -- \$243,000, and Tri-Valley Central School District -- \$381,000) ; and Ulster County -- \$9.3 million (Ellenville Central School District -- \$786,000, Kingston City School District -- \$3.08 million, Highland Central School District -- \$543,000, Marlboro Central School District -- \$607,000, New Paltz Central School District -- \$661,000, Onteora Central School District -- \$680,000, Rondout Valley Central School District -- \$967,000, Saugerties Central Schools -- \$1 million, Walkill Central School District -- \$977,000).

Renewable energy programs in New York also stand to benefit significantly from the economic recovery bill. While individual state numbers have yet to be determined, the overall bill includes more than \$41 billion in investments and \$20 billion in tax incentives that will create 500,000 jobs nationwide in solar and other renewable, clean, efficient energy fields. Funds will help establish a significant new loan guarantee program and a new renewable energy grants program to keep the transition to renewable energy on track during the economic crisis. The bill also includes funding to help states and local municipalities tackle energy problems in an efficient manner.

"One of the best ways for America to ensure economic prosperity in the future is to invest heavily in solar and other forms of renewable energy today," Hinchey said. "By doing so, we are helping to position the United States at the front of the global race to develop the renewable energy technology that will once and for all free our country of its dependence on foreign oil and other forms of fossil fuels. This bill helps make some of those important investments. I am confident that New York will be front and center in the renewable energy field, particularly the solar energy field, for a long time to come."

In 2007, Hinchey helped organize and create The Solar Energy Consortium (TSEC) -- an industry-driven, non-profit organization that provides leadership, organization, resources, and support for the establishment of a major solar energy industry cluster in New York. The consortium has already partnered with two major manufacturing partners, which plan to bring more than 800 new jobs to upstate New York within 4-5 years. In addition, TSEC is currently partnering with several smaller companies who have already generated more than 70 jobs through their efforts with the consortium. The consortium has also partnered with six research universities in New York. Funds from the economic recovery package could directly benefit TSEC and its partners in their ongoing research and development of solar products. Funds

could potentially be used for the reconstruction of Tech City to serve as the home of various solar companies.

The economic benefits from all of the investments made in the economic recovery plan are significant. Economists estimate that for every \$1 billion the U.S. invests in transportation infrastructure, 35,000 jobs are created as well as up to \$6 billion in gross domestic product; every \$1 spent on food stamp benefits generates \$1.73 in economic activity; every \$1 spent of unemployment benefits generates \$1.64 in new economic demand; and every \$1 in general aid to state government generates \$1.36 in economic activity.

Local projects eligible for funding must meet the requirement of being "shovel-ready" within 180 days of the bill's enactment. The congressman and his office have already had several discussions with Governor Paterson's office about projects in Hinchey's district that meet the eligibility requirements and are worthy of receiving funds from the economic recovery measure. The first round of funding is expected to be announced in the coming days.

While there is no guarantee that the following projects will receive funds, they are the types of projects that stand to potentially benefit directly from the economic recovery package that Hinchey recently helped pass: \$100 million for the Route 17 (Future I-86) exchange at Parksville; \$11 million for the rehabilitation of the Kingston Sewer Line; \$7.2 million for a wastewater treatment plant in Ellenville; \$4.6 million for the replacement of the Kerhonkson Bridge; \$4.3 million for an affordable senior housing construction project in Livingston Manor; \$4 million for a Green Technology Commerce & Research Park and the Center for Advanced Sciences & Technology at Sullivan County Community College; \$1.8 million for the expansion of the Kingston business park; and \$317,000 for "Main Street" revitalizations in Sullivan County.

The congressman said he believes, as President Obama's spokesman suggested as a possibility last week, that there will be a second economic recovery bill this year. Hinchey said that the economy is in such bad shape that it warrants further federal investments to create jobs and get the country back on track. This week, Hinchey and his House colleagues will be voting on a massive funding bill for Fiscal Year 2009 that had been stalled by former President Bush. The measure does not provide funds beyond the annual, expected appropriations of the U.S. Department of Education, the U.S. Department of Health and Human Services, the U.S. Department of Justice, and several other important federal agencies, but it does include critical pieces of funding for specific initiatives that Hinchey had included in the bill, using his seat on the House Appropriations Committee. The announcement of those local funds will be made in the days and weeks ahead.

Hinchey said that the need for the economic recovery package is abundantly clear. The economy lost 3.6 million American jobs since the recession began in December 2007 -- the culmination of a failed economic approach over the previous eight years of the Bush administration. More than 1 out of 7 American workers are either unemployed or underemployed (those who are forced to work part-time or in jobs for which they are far overqualified). Over the past four months, the economy has lost an average of 530,000 jobs per month, compared to an average loss of 118,000 per month from January to September of 2008. The Congressional Budget Office (CBO) forecasts that the average unemployment rate in 2009 will be 8.2 percent and in 2010 that figure will rise to 9 percent. In the fourth quarter of 2008, the economy contracted by 3.8 percent. CBO forecasts that the economy will shrink by 2.2 percent over 2009, making this the deepest recession since the end of World War II.

The congressman noted that the decline of the economy can be directly traced back to President Bush and his reckless economic policies. When President Clinton left office in 2001, the country had a projected budget surplus of \$5.6 trillion over the following five years. The Bush administration destroyed that economic prosperity and left office with a projected deficit well over \$4 trillion for the following five years. As the result of wasteful spending and an overall disastrous economy, the Bush administration helped to nearly double the gross national debt to \$10.6 trillion.

The Bush tax cuts for millionaires and corporations did not pay for themselves or create economic growth as the former president promised. From 2001 through 2007, the Treasury received revenues that were \$2.6 trillion lower than what the CBO projected in 2001, demonstrating that the administration's much-touted higher revenues never materialized. In fact, Bush the administration's fiscal policies were paid for by adding some \$3.7 trillion to the national debt, or about \$48,600 per family of four.