

Congressman Sam Farr

Representing California's 17th Congressional District

AMERICAN RECOVERY AND REINVESTMENT ACT: ASSISTANCE FOR INDIVIDUALS



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Dear Friend:

Our nation is facing the worst economic crisis since the Great Depression. In an effort to jumpstart our economy, Congress passed and President Obama signed into law the American Recovery and Reinvestment Act. This bill provides nearly \$800 billion in federal spending and tax cuts to save millions of jobs and help struggling families.

While the bulk of the bill is designed to create jobs and spur the economy, there are many provisions that will benefit struggling families. Programs in the bill range from job training and health insurance subsidies to increased federal funds for college education and a range of tax breaks.

As always, I stand ready to assist you and hope this information is useful.

A handwritten signature in black ink, appearing to read "Sam Farr".

This Guidebook is available online at <http://www.farr.house.gov/recovery/>

Last updated on 4/9/2009

Section I **Employment**

The American Recovery and Reinvestment Act is designed to save or create 3.5 million jobs. According to the White House, 396,000 of these jobs will be located in California, with an estimated 7,000 jobs on the Central Coast.

This legislation appropriates nearly \$4 billion for training and employment services to help spur job growth. Below is a summary of some of the state and federal programs that may be of assistance for individuals seeking employment or training. Act.

California Employment Assistance

California Employment Development Department

Through the California Employment Development Department, unemployed individuals can search for jobs, locate training and more. Employers can find workers, post vacancies and research the labor market.

For information on careers, education, training and work statistics, you can visit the following Web site: <http://www.edd.ca.gov/>. For further information about out what specific services are available in your area, you can contact your local Workforce Investment Board or visit a career center.

Local Workforce Investment Board Offices

Monterey County Workforce Investment Board

Joseph Werner, Executive Director
730 La Guardia Street
Salinas, CA 93905
Phone: (831) 759-6644
Fax: (831) 796-3512
E-mail: wernerj@co.monterey.ca.us
<http://www.onestopmonterey.org>

Santa Cruz Workforce Investment Board

David Lundberg, Acting Director
1000 Emeline Ave.
Santa Cruz, CA 95060
Phone: (831) 454-4584
E-mail: david.lundberg@hra.co.santa-cruz.ca.us
<http://www.santacruzwb.com>

Local Career Centers

One Stop Career Center - King City

200 A Broadway, Suite 62
King City, CA 93930
Phone: (831) 386-6801

One-Stop Career Center - Hollister

1111 San Felipe Road, Suite 107
Hollister, CA 95023
Phone: (831) 637-5627

One-Stop Career Center - Seaside

1760 Fremont Blvd., Suite D2
Seaside, CA 93955
Phone: (831) 899-8236

One Stop Career Center - Salinas

730 La Guardia Street
Salinas, CA 93905
Phone: (800) 870-4750

One-Stop Career Center - Capitola

2045 40th Avenue, Suite B
Capitola, CA 95010
Phone: (831) 464-6286

Senior Community Service Employment Program (SCSEP)

SCSEP goals are the enhancement of employment opportunities for older Americans and the promotion of older workers as a solution for businesses seeking a trained, qualified, and reliable workforce.

You can find additional information by visiting the U.S. Department of Labor Senior Community Service Employment Program Web site at <http://www.doleta.gov/seniors/>.

Formula funds provided through the American Recovery and Reinvestment Act for this program are distributed to California, which in turn provides the funds to the County Area Agencies on Aging. You can view the California Department of Aging Web site <http://www.aging.ca.gov/>. For information about specific programs available in your area, you should contact your local office.

Monterey County AAA

713 La Guardia St., Suite A
Salinas, CA 93905
Phone: (831) 755-3403
Fax: (831) 783-7021
E-mail: remarkmr@co.monterey.ca.us
<http://www.co.monterey.ca.us/aaa/>

Seniors Council of Santa Cruz and San Benito, Inc.

234 Santa Cruz Ave.
Aptos, CA 95003
Phone: (831) 688-0400
E-mail: clayk@seniorscouncil.org
<http://www.seniorscouncil.org>

California Department of Social Services

Families and individuals who are going through exceptionally difficult times and need cash assistance, food stamps, help with child care or other assistance may be eligible for services from California.

For more information, you can reach your county assistance office or visit <http://www.dss.cahwnet.gov> to determine if you can apply for benefits. If you do not have access to the Internet, you can contact the California Department of Social Services at the following contact information:

California Department of Social Services

744 P St.
Sacramento, CA 95814-5512
Phone: (916) 651-8848
<http://www.dss.cahwnet.gov>

Federal Programs

Unemployment Insurance Program

The Emergency Unemployment Compensation (EUC) program was created on June 30, 2008, by the Supplemental Appropriations Act of 2008. It made up to 13 additional weeks of federally-funded unemployment benefits available to unemployed individuals nationwide who had already collected all regular state benefits for which they were eligible and who met other eligibility requirements.

On November 21, 2008, the Unemployment Compensation Extension Act expanded EUC to 20 weeks nationwide and created a second tier of 13 more weeks of EUC for individuals in states with high unemployment rates, which includes California.

The Recovery Act includes funds for a \$25-per-week increase in unemployment benefits for individuals receiving Trade Readjustment Allowances, Disaster Unemployment Benefits, regular Unemployment Compensation, Extended Benefits, or Emergency Unemployment Compensation.

The Recovery Act also extends the deadline to qualify for the Emergency Unemployment Compensation extensions through the end of 2009. Previously, the program was set to expire on March 31, 2009.

General information about the Unemployment Insurance Program is available online here:

<http://www.edd.ca.gov>.

To file an Unemployment Insurance claim over the Internet, visit this Web site:

http://www.edd.ca.gov/Unemployment/Filing_a_Claim.htm.

To file a claim by telephone number, visit this Web site:

http://www.edd.ca.gov/Unemployment/Telephone_Numbers.htm.

Other Employment Assistance Initiatives

- The Recovery Act provides \$2.7 billion for temporary increased federal funding for the Temporary Assistance for Needy Families Program, known as TANF, including created a temporary TANF Emergency Contingency Fund to provide states with relief during this recession.
- The recovery package provides \$1 billion for the Community Services Block Grant Program, which helps local communities support employment, food, housing, and health care efforts serving those hardest hit by the recession. The bill also provides \$1 billion for the Community Development Block Grant Program, which supports local projects including housing and services for those hit hard by tough economic times.

Section II

Health Care Initiatives

Affordable, quality health care is key to strong economic growth. The Recovery Act protects health coverage for millions of Americans who have lost their jobs by providing subsidized COBRA health insurance continuation coverage, propping up state Medicaid programs for low-income families and investing in modernizing our health care system.

Federal Funds Administered by California

California Dept. of Health Care Services <http://www.medi-cal.ca.gov>

Medicaid Funds (Nationwide: \$87 billion)
(California: \$11.2 billion)

The Recovery Act protects health care coverage for millions of Americans during this recession, by providing a total of \$87 billion in additional federal matching funds to the states for Medicaid over a 27-month period beginning October 1, 2008 and running through December 31, 2009. This is designed to help states avoid further cuts in Medicaid enrollment and coverage.

President Obama announced that states would be able to access the first portion of this Medicaid Fiscal Relief starting on February 25, totaling \$15 billion. A state-by-state table can be found at: <http://www.hhs.gov/recovery/statefunds.html>.

For more information in the coming days, I encourage you to visit the Medi-Cal Web site at <http://www.medi-cal.ca.gov> or call 1-800-541-5555.

COBRA

The Recovery Act provides for premium reductions for health benefits. Under the Consolidated Omnibus Budget Reconciliation Act of 1985, commonly known as COBRA, laid-off workers can continue to receive their health coverage for up to 18 months, but only if they pay the entire premium, which is often very expensive.

The Recovery Act subsidizes 65 percent of COBRA premiums for employees who were laid off between Sept. 1, 2008, and the end of 2009. If you didn't accept COBRA coverage when you were laid off, you have 60 days to enroll after you receive notice from your employer. The subsidy kicks in on March 1, but employers have until April 17 to notify laid-off employees that they can take advantage of this benefit.

A guide to **Frequently Asked Questions** about COBRA and the Recovery Act compiled by the House of Representatives is available online here:

<http://www.farr.house.gov/images/stories/Documents/cobra%20faq.pdf>.

You can also access a fact sheet created by the Department of Labor here:

<http://www.dol.gov/ebsa/newsroom/fsCOBRApremiumreduction.html>.

Other Health Care Initiatives

- The Recovery Act invests \$2 billion in community health centers to increase the number of uninsured Americans who receive quality health care and to renovate clinics and make health information technology improvements. To read more about funds that were made available to the Central Coast, view this press release: http://www.farr.house.gov/index.php?option=com_content&task=view&id=494.
- The Recovery Act made \$2.3 billion available for crucial health and human services programs that help to provide care for children and prevent disease, including \$300 million in vaccines and grants available to ensure more underserved Americans receive the vaccines they need.

Section III **Education**

Strategic investments in education are one of the best ways to help America become more productive and competitive economically. The Recovery Act makes investments to modernize our schools, help states avoid teacher layoffs and other education cutbacks, and make college more affordable. There are also funds available to invest in early childhood development.

Federal Education Assistance

Federal Pell Grant Funding **(Nationwide: \$15.64 billion)**

The American Recovery and Reinvestment Act increases the maximum Pell Grant to \$5,350 for the 2009-2010 school year and to \$5,550 for the 2010-2011 school year.

Under the Federal Pell Grant program, Pell Grants are made available to low-income undergraduate students to help offset their costs associated with obtaining a postsecondary education. The Pell Grant program is the largest source of federal grant aid to postsecondary students. Pell Grants are portable, in that the grant aid follows students to the eligible postsecondary education institutions in which they enroll.

The Pell Grant award amount is primarily based on the financial resources that a student and the student's family are expected to contribute toward postsecondary education expenses—the student's expected family contribution (EFC). The Pell Grant award is considered to be the foundation of a student's financial aid package because all other forms of federal student aid (e.g., federal student loans) are awarded after the Pell Grant award amount has been determined.

Financial need is determined by the U.S. Department of Education using a standard formula, established by Congress, to evaluate the financial information reported on the *Free Application for Federal Student Aid* (FAFSA) and to determine the family EFC.

The deadline for filing the FAFSA for the 2009-2010 school year is June 30, 2009. To learn more and download a copy of the FAFSA, visit the Department of Education Web site at www.fafsa.ed.gov.

Higher Education Tax Credit

The American Recovery and Reinvestment Act creates a new "American Opportunity" tax credit of up to \$2,500 of the cost of tuition and related expenses paid during the taxable year.

Under this new tax credit, taxpayers will receive a tax credit based on one hundred percent of the first \$2,000 of tuition and related expenses (including books) paid during the taxable year and twenty-five percent of the next \$2,000 of tuition and related expenses paid during the taxable year. Forty percent of the credit would be refundable. This tax credit will be subject to a phase-out for taxpayers with adjusted gross income in excess of \$80,000 or \$160,000 for married couples filing jointly.

For further details, I encourage you to visit the Internal Revenue Service (IRS) Web site at www.irs.gov and www.recovery.gov in the coming days for more information.

Section IV

Tax Assistance for Individuals

The tax cuts included in the Recovery Act were designed to jumpstart the economy by putting money back into the hands of 95 percent of American workers. There are also a variety of tax incentives targeted toward individuals to stimulate the economy and toward businesses to hire workers.

The American Recovery and Reinvestment Act cuts taxes for 95 percent of working families in the nation. Below is a summary of some of the tax cuts and credits created.

One-Time Economic Recovery Payment

The American Recovery and Reinvestment Act provides for a one-time payment of \$250 to individuals who receive Social Security benefits, Railroad Retirement benefits, veteran's compensation or pension benefits and Supplemental Security Income (SSI), excluding individuals who receive SSI while in a Medicaid institution.

Furthermore, in order to qualify, individuals must have been participating in one of these programs three months prior to Feb. 17, 2009.

The one-time payments will not come from Internal Revenue Service (IRS) as they have in previous legislation. The Social Security Administration expects everyone who is entitled to a payment to receive it by late May 2009. No action is required by the individual at this time.

For further details, I encourage you to visit the Social Security Administration Web site at <http://www.socialsecurity.gov/payment/> and <http://www.recovery.gov> in the coming days for more information. If you do not have access to the Internet, you can call the Social Security Administration toll free at (800) 772-1213.

Making Work Pay Tax Credit

A refundable tax credit will be issued of up to \$400 for working individuals and \$800 for working families in 2009 and 2010.

For individuals who receive a paycheck and are subject to withholding, the credit will typically be handled by their employers through automated withholding changes in early spring. These changes may result in an increase in take-home pay. The amount of the credit must be reported on the employee's 2009 income tax return filed in 2010. Taxpayers who do not have taxes withheld by an employer during the year can also claim the credit on their 2009 tax return.

It is not necessary to submit a Form W-4 to get the automatic withholding change. However, an employee with multiple jobs or married couples whose combined incomes place them in a higher tax bracket may elect to submit a revised [W-4](#) to ensure enough withholding is held to cover the tax for his or her combined income. Individuals with a gross income above \$75,000 or married couples filing jointly are not eligible for this tax credit.

To date, no further details about this program have been released. I encourage you to visit the Internal Revenue Service (IRS) Web site at <http://www.irs.gov> and <http://www.recovery.gov> in the coming days for more information. If you do not have access to the Internet, you can call the IRS toll free at (800) 829-1040.

Refundable First-Time Home Buyer Credit

Last year, Congress provided taxpayers with a refundable tax credit that was equivalent to an interest-free loan equal to 10 percent of the purchase of a home (up to \$7,500) by first-time home buyers. Taxpayers receiving this tax credit are currently required to repay any amount received back to the government of 15 years in equal installments, or, if earlier, when the home is sold.

The American Recovery and Reinvestment Act eliminates the repayment obligation for taxpayers that purchase homes after January 1, 2009 and before December 1, 2009. In addition, the credit is increased to \$8,000 and removes the prohibition on financing by mortgages revenue bonds.

This provision only applies to the individual's primary residence and if the individual changes residency within 36 months of the purchase, they will be required to payback the credit.

For further details, I encourage you to visit the Internal Revenue Service (IRS) Web site at <http://www.irs.gov> and <http://www.recovery.gov> in the coming days for more information. If you do not have access to the Internet, you can call the IRS toll free at (800) 829-1040.

Sales Tax Deduction for Vehicle Purchases

The American Recovery and Reinvestment Act provides taxpayers with a deduction for State and local sales and excise taxes paid on the purchase of a qualified motor vehicle until January 1, 2010.

A qualified motor vehicle means a passenger automobile, light truck, or motorcycle which has a gross vehicle weight of not more than 8,500 pounds, or a motor home.

For further details, I encourage you to visit the Internal Revenue Service (IRS) Web site at <http://www.irs.gov> and <http://www.recovery.gov> in the coming days for more information. If you do not have access to the Internet, you can call the IRS toll free at (800) 829-1040.

Section V

Small Business Assistance

Small Business is the engine that drives our economy. The American Recovery and Reinvestment Act provides \$730 million to the Small Business Administration (SBA) and makes changes to the agency's lending and investment programs so that they can reach more small businesses that need help. Below is a summary of some of the changes.

Small Business Administration

<http://www.sba.gov>

Temporary Fee Reductions or Eliminations **(Nationwide: \$375 million)**

The American Recovery and Reinvestment Act provides \$375 million for temporary fee reductions or eliminations on Small Business Administration (SBA) loans. Most fees are reduced or eliminated through September 2010 on certain SBA loans.

90 Percent Guarantee

The American Recovery and Reinvestment Act allows the SBA to raise its loan guarantee from the current levels to as much as 90 percent for some loans. At present, SBA can guarantee loans up to 85 percent on loans up to \$15,000 and up to 75 percent on loans greater than \$150,000. The 50 percent guarantee on SBA Express loans would remain unchanged.

Business Stabilization Loans **(Nationwide: \$225 million)**

The American Recovery and Reinvestment Act creates a new SBA loan program to provide deferred-payment loans of up to \$35,000 to viable small businesses that need the money to make payments on an existing, qualifying loan for up to six months. These loans will be 100 percent guaranteed by SBA. Repayment would not have to begin until 12 months after the loan is fully disbursed.

Microloans **(Nationwide: \$30 million)**

The American Recovery and Reinvestment Act provides \$30 million for expanding SBA's Microloan program, enough to finance up to \$50 million in new lending and \$24 million in technical assistance grants to microlenders. This expands SBA's Microloan program, which provides small loans (up to \$35,000) paired with technical assistance to start-up, newly established or growing small businesses. Historically, these loans reach low-income individuals, women and minorities in both rural and urban areas. The program is expanded through September 30, 2010.

Refinancing

The American Recovery and Reinvestment Act authorizes refinancing for certain SBA loans so borrowers can expand their businesses on favorable terms, and help create jobs in their communities. This loan authority is through the 504 Certified Development Company program.

Secondary Market Expansion

The American Recovery and Reinvestment Act authorizes SBA to establish a secondary market for pools of "first lien" loans under the 504 program. These "first lien" loans from commercial lenders currently have no SBA guarantee. The Act authorizes SBA to deploy federal guarantees for pools of these first lien loans, so that they can be sold to investors in a secondary market. Providing liquidity for these first mortgages will help encourage lenders to continue participating in SBA's 504 loan program, which provides a key source of capital for community development and other projects.

The Act also empowers SBA to set up a Secondary Market Lending Authority that would make direct loans to broker-dealers that participate in the secondary market for SBA-guaranteed 7(a) loans.

Surety Bonds **(Nationwide: \$15 million)**

The American Recovery and Reinvestment Act raises the maximum contract amount that can be covered by an SBA guaranteed surety bond from \$2 million to \$5 million, and, under certain circumstances, for contracts amounting to \$10 million, and provides additional funds to cover the costs of expanding this program.

Small businesses need surety bonds in order to bid on and obtain many federal and other contracts. SBA guarantees surety bonds to small businesses that private surety companies would not otherwise be able to extend.

Investment Program

The American Recovery and Reinvestment Act helps SBA-licensed Small Business Investment Companies (SBICs) and families of SBIC funds better leverage the capital they use to invest in small businesses. The Recovery Act sets maximum levels of funding the agency can provide to these companies at up to three times the private capital raised by those companies, or \$150 million, whichever is less. It also raises the percentage any one SBIC can invest in a single small business to 10 percent of total capital, and raises from 20 percent to 25 percent the percentage of any licensee's dollar investments that must be made in "smaller" businesses.

SBA Contact Information

The Small Business Administration (SBA) will administer any changes included in the American Recovery and Reinvestment Act. For more information, I encourage you to visit the SBA Web site at <http://www.sba.gov> or contact the local office at the following contact information:

Fresno District Office

2719 North Air Fresno Dr., Suite 200

Fresno, CA 93727

Phone: (559) 487-5791

Fax: (559) 487-5636

<http://www.sba.gov/localresources/district/ca/fresno/index.html>

I also encourage you to consult with our local Small Business Development Center (SBDC). The SBDC program is a cooperative effort of the private sector, the educational community, and federal, state, and local governments. You can visit the SBDC free of charge through the following contact information:

Cabrillo College SBDC

(Serves Santa Cruz and Monterey Counties)

6500 Soquel Dr.

Aptos, CA 95003

Phone: 831-479-6136

Email: sbdc@centralcoastsbdc.org

<http://www.cabrillo.edu/services/sbdc/>

UC Merced SBDC

(Serves Monterey East of the Salinas River and San Benito County)

550 East Shaw Avenue, Suite 100

Fresno, CA 93710-7702

Phone: (877) 826-7232

E-mail: casbdc@ucmerced.edu

<http://sbdc.ucmerced.edu>

Section VI

Other Support Programs

Supplemental Nutrition Assistance Program

The Recovery Act provides \$19.9 billion to increase the Supplemental Nutrition Assistance Program benefits, formerly known as food stamp, by 13.6 percent to help offset rising food costs for more than 31 million low-income and out-of-work Americans, half of whom are children.

That began to be provided on Wednesday, April 1st. As a result, the average four-person household has begun to receive an \$80 increase in their monthly food stamp benefit. This increase will help people purchase nutritious foods and stimulate the economy. Every \$5 in increased food stamp benefits generates \$9.20 in total economic activity, as additional economic stimulus.

Senior Nutrition Programs

The Recovery Act provides a total of \$100 million for senior nutrition programs to provide meals to tens of thousands of low-income older Americans in need. The funding is expected to provide nearly 14 million meals nationwide.

On March 18, Vice President Biden announced the release of this funding – including \$65 million for Congregate Meals served at senior centers and other community sites and \$32 million for home-delivered meals, including Meals on Wheels.

A state-by-state table, showing how much of the \$65 million for congregate meals for seniors and the \$32 million for home-delivered meals for seniors each state has been allocated can be found at:

<http://www.hhs.gov/recovery/programs/aoa/arrafunding.html>.