



## \$787 billion economic stimulus package affects Wisconsin and Minnesota cooperatives

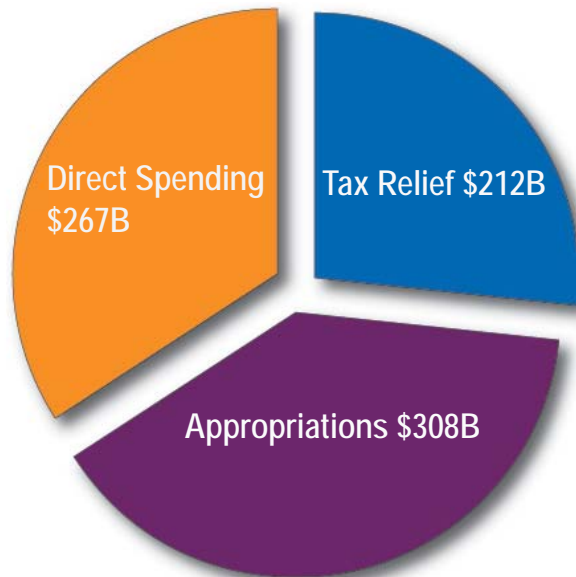
The American Recovery and Reinvestment Act of 2009 is an effort to create and save jobs, get the economy moving again, and provides funding for various programs. Largely on a party line vote, the U.S. Senate and House of Representatives approved a \$787 billion economic stimulus package. President Obama said he would sign the act on Tuesday, February 17. Major components of the bill that may be of interest to cooperative members include:

### Clean, Efficient,

**American Energy:** Over \$30 billion is allocated to transform the nation's energy transmission, distribution, and production systems, focusing on doubling renewable energy production. This includes investments in conservation and efficiency measures for public buildings, low-income housing, appliances, and vehicles, as well as programs to create jobs utilizing the improvements.

- **Reliable, Efficient Electricity Grid:** \$11 billion has been designated for research and development, pilot projects, and federal matching funds to modernize the electricity grid making it more efficient, secure, and reliable, and to build new power lines to transmit clean, renewable energy from sources throughout the nation.
- **Renewable Energy Loan Guarantees:** \$6 billion for loans for renewable energy power generation and transmission projects.
- **Energy Efficiency and Renewable Energy Research:** \$2.5 billion for energy efficiency and renewable energy research, development, demonstration, and deployment activities to foster energy independence, reduce carbon emissions, and cut utility bills.

**Science and Technology:** Provides more than \$26 billion that is largely designated for federal and state university research facilities. Research programs are intended to help businesses succeed in a global economy, provide new technology and grow the workforce.



**Total cost: \$787 billion**

Source: Congressional Budget Office

### How will the stimulus money be spent?

While this question seems like a good quandary for the states to have, the challenge has just begun for states when determining how stimulus money will be allocated. Not only will the states compete with each other over priorities, but they will face pressure from constituents, interest groups, and federal regulators.

President Obama was expected to sign the stimulus package into law on Tuesday in Denver. The law requires that some of the money be spent on projects that are determined to be "shovel ready." This means the projects must be able to begin within 120 days, and create jobs quickly. These conditions put added pressure on states to make quick decisions and determine which projects are funded and which are not.

Much of the money in the massive bill will be allocated through existing programs, however, many programs in the stimulus bill will be distributed to states through competitive grants, making it difficult to calculate how much each state will receive. The amount of money proposed and the speed at which the spending is intended has raised calls for transparency, disclosure, and a full accounting of how projects are selected and vetted.

States have taken different approaches when developing and evaluating projects. Many states are maintaining draft documents and thereby protecting them from public records laws, while others have posted lists of potential projects on-line and invited public scrutiny and comment.

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# Package affects cooperatives

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- **Wireless and Broadband Grants:** \$7.2 billion for broadband and wireless services in underserved areas to strengthen the economy and provide business and job opportunities in every section of America with benefits to e-commerce, education, and health care.
- **USDA's Rural Business-Cooperative Service:** \$150 million for rural business grants and loans to guarantee \$2.99 billion in loans for rural businesses at a time of unprecedented demand due to the credit crunch.

**Modernize Roads, Bridges, Transit and Waterways:** Provides more than \$80 billion for infrastructure improvements largely related to highway construction, public transportation, and efficiency upgrades at federal facilities.

- **Rural Water and Waste Disposal:** \$1.38 billion to support \$3.8 billion in grants and loans to help communities fund drinking water and wastewater treatment systems.

**Quality Affordable Health care:** Provides more than \$24 billion to improve health care and reduce costs through individual awareness, modern record keeping, and greater efficiency.

- **Health Information Technology:** \$19 billion to jumpstart efforts to computerize health records to cut costs and reduce medical errors.
- **Prevention and Wellness Fund:** \$1 billion to fight preventable chronic diseases, the leading cause of deaths in the U.S., and infectious diseases.

**Helping workers hurt by the economy:** Provides aid for struggling families, including job training and housing assistance, funding for food programs and emergency shelters.

- **COBRA premium assistance:** \$21 billion which provides a 65 percent subsidy for up to 9 months to help workers keep their health insurance.
- **Housing loans:** \$200 million to support \$11 billion in loans to help people buy homes or avoid foreclosure.
- **For agriculture and rural communities:** Funds will help family farmers.
- **Farm ownership loans:** \$17.5 million to support \$400 million in direct and guaranteed loans.
- **Farm operating loans:** \$24.9 million to support \$250 million in direct and guaranteed farm operating loans.

The federal stimulus bill is expected to bring \$3.5 billion to Wisconsin.

Governor Doyle hopes that the funding will help reduce the state's \$5.7 billion budget shortfall. The aid is expected to include increased benefits to unemployed workers, tax cuts for families, and funding for schools and health care.

Minnesota expects to receive about \$9 billion in federal aid from the stimulus bill.

## Cooperative Network Focus On...

Prepared and distributed to provide issue-specific information on matters pertaining to Wisconsin's and Minnesota's member-owned cooperatives.

### Cooperative Network

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## For more information

For more information regarding the federal economic stimulus package, please contact Cooperative Network's Matt Krumenauer at 608-258-4402 or [matt.krumenauer@cooperativenetwork.coop](mailto:matt.krumenauer@cooperativenetwork.coop).

### Wisconsin

<http://www.recovery.wisconsin.gov/>

### Minnesota

No state website has been established. Please visit [www.cooperativenetwork.coop](http://www.cooperativenetwork.coop) for updates.

### Federal

[www.Recovery.gov](http://www.Recovery.gov)

## State spending

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### Wisconsin

In Wisconsin, Governor Jim Doyle has established a state Office of Recovery and Reinvestment. This office is led by Alan Fish—Associate Vice Chancellor at the University of Wisconsin, and Gary Wolter—CEO of Madison Gas and Electric. The Office of Recovery and Reinvestment is charged with the following:

- Understand fully the stimulus package
- Identify obstacles to moving funds quickly and recommend how to remove them
- Serve as a resource for local governments to help them coordinate and access funds
- Work with the private sector to determine the availability of labor, materials and markets
- Prioritize projects according to federal criteria

The office has set up a website at [www.recovery.wisconsin.gov](http://www.recovery.wisconsin.gov). The website includes information on the stimulus package and has a form for submitting project ideas.

### Minnesota

In Minnesota, Governor Tim Pawlenty has appointed Tom Hanson as the Federal Stimulus Coordinator. Hanson serves as Commissioner of Minnesota Management and Budget. Hanson will work with state agencies including Minnesota Department of Transportation and the state's Office of Energy Security to:

- Coordinate efforts among Minnesota state agencies and boards
- Oversee accountability measures related to the stimulus
- Work with the state's federal affairs office in Washington, D.C. to coordinate with the state's congressional delegation

Cooperative Network is working with officials in both states to ensure that cooperatives are considered when developing projects and determining priorities for stimulus spending. Cooperative Network is assisting members to determine if projects are eligible, the priorities that each state is placing on various projects, and how to submit appropriate proposals.