



WISCONSIN COUNCIL ON

**children
& families**

Raising Voices to Make Every Kid Count

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Recovery Act Provided \$2 billion in Direct Benefits for State Residents

The American Recovery and Reinvestment Act (ARRA), enacted one year ago today, has pumped money into the economy in a variety of ways. Most of the public attention has focused on the spending that has directly created and protected jobs, such investments in infrastructure. But a large portion of the funding that the Recovery Act is injecting into the economy goes straight to families and unemployed workers.

Figures from the Center on Budget and Policy Priorities (CBPP), a think tank based in Washington, DC, show that five types of direct benefits provided by the Act generated more than \$2 billion for Wisconsin residents between February 2009 and January 2010. The programs and the amounts allocated in Wisconsin are:

- the new Making Work Pay tax credit for workers – \$852 million;
- additional weeks of jobless benefits for the long-term unemployed – \$599 million;
- an additional \$25 per week of jobless benefits – \$261 million;
- a one-time “Economic Recovery Payment” to many elderly people, veterans and people with disabilities – \$254 million; and
- increased FoodShare benefits – \$111 million.

“People across the state are getting help making ends meet as they struggle to get through the worst recession in more than half a century. The money they receive gets recirculated and is helping keep the recession from being far worse,” said Ken Taylor, executive director of the Wisconsin Council on Children and Families (WCCF). He noted that the nonpartisan Congressional Budget Office estimates that the country would have lost as many as 2.4 million more jobs in 2009 if the Recovery Act had not been enacted.

WCCF has analyzed the county-by-county distribution of the funding from five of the direct benefits for Wisconsinites. For example, the Council concluded that Dane County residents received more than \$155 million from the Act’s direct benefits in 2009, including \$83.5 million from the Making Work Pay tax credit, \$48.6 million from extended or increased unemployment insurance benefits, \$16.4 million from the Economic Recovery Payments, and \$6.6 million from increased Food Share benefits.

The Council observed that another way the Recovery Act helped put the brakes on the recession was by providing fiscal relief to financially strapped states in order to protect spending and jobs in areas like education and health care.

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Congress is expected to take up a jobs bill next week that contains tax credits for small businesses that create new jobs. Taylor called on lawmakers to include in that bill an extension of the Recovery Act's fiscal relief to the states, continuation of unemployment benefits for the long-term unemployed, and tax credits that help recently unemployed workers continue their previous employer-sponsored health insurance, known as COBRA.

Jon Peacock, WCCF's research director, said the fiscal relief for the states was ending too soon because states have yet to see any rebound in their severely depressed tax collections, and deeper state budget cuts would cause a new round of economic problems. "If Congress provides no additional fiscal aid, states will be forced to take actions that will reduce the nation's economic output by nearly one percentage point next year, which would could cost the economy 900,000 jobs," Peacock said.

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