



News Release

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ECONOMIC RECOVERY ACT KEEPING ROUGHLY 200,000 OHIOANS OUT OF POVERTY IN RECESSION

ARRA Has Boosted Economy, Saved and Created Jobs

(Cleveland, OH) Along with boosting the economy and saving and creating jobs, seven provisions of the American Recovery and Reinvestment Act of 2009 (ARRA) passed in February are also keeping about 204,000 Ohioans from falling into poverty this year according to a new study from the Washington, DC,-based Center on Budget and Policy Priorities.

The Recovery Act as a whole is likely keeping many more Ohioans out of poverty, since these seven provisions account for only about one-fourth of the act's total funding.

"Not only has the Recovery Act saved and created jobs and prevented the recession from being even more severe, but it has also provided real help to struggling families," said Emily Campbell, policy and planning associate with The Center for Community Solutions in Cleveland.

Act Includes Expanded Food Stamps, Tax Credits for Workers, Jobless Benefits

The study looked at ARRA's increase in food stamp benefits, expansions of the Child Tax Credit and Earned Income Tax Credit, its new Making Work Pay tax credit for workers, two forms of help for unemployed workers (extra weeks of jobless benefits for the long-term unemployed and an additional \$25 per week of jobless benefits), and its one-time payment to many older adults and people with disabilities.

"Congress agreed to extend the extra unemployment benefits through February," said Campbell. "But with unemployment likely to remain high for some time, it will need to extend them further. Congress should also extend the Act's refundable tax credits next year so they continue to boost the economy and help families."

Researchers lacked the data to examine other Recovery Act elements that are likely fighting poverty as well, such as funding for health care and child care.

In five populous states -- California, Texas, New York, Florida, and Illinois -- the above seven provisions kept at least 300,000 people out of poverty. Even in a much smaller state like Maine the provisions kept at least 22,000 people out of poverty, the study estimates. (There were insufficient data to examine 14 states).

Recovery Act Also Helping Economy and Jobs

Along with stemming the increase in poverty during the recession, the Recovery Act is also boosting the economy and preserving jobs, the study notes.

“These Recovery Act dollars are doing double-duty,” said Campbell. “Not only are they keeping families out of poverty, but they are also spent quickly and close to home, giving Ohio’s economy a needed boost.”

More than stimulus bills passed in earlier recessions, ARRA was designed to reach a wide range of low-, moderate-, and middle-income Americans, the report notes. Policymakers included extensive help for low-income families not only because they stand the greatest risk of hardship during recessions but also because they are the most likely to spend quickly whatever money they receive, thereby pumping it into the economy.

Study Uses Broader Definition of Poverty

To determine the poverty-fighting impact of the seven provisions, the researchers used a broad poverty measure, which the National Academy of Sciences has recommended and a wide array of analysts favor, rather than the government’s official measure of poverty. The official measure considers only a family’s cash income, the report explains. Thus, it would miss many of the Recovery Act provisions that provide non-case benefits, such as extra food stamps or tax credits.

The report is available at <http://www.cbpp.org/cms/index.cfm?fa=view&id=3035>.

The Center for Community Solutions is a nonpartisan, nonprofit organization focused on policy and system reform. It provides strategic leadership to improve targeted health, social, and economic conditions. Established in 1913, it is a United Way agency.

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