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ECONOMIC RECOVERY ACT HAS KEPT ROUGHLY 105,000 MISSOURIANS OUT OF POVERTY AND BOOSTED ECONOMY, NEW REPORT SHOWS

St. Louis, MO – 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 approximately 105,000 Missourians from falling into poverty this year. This number was released today in a new study, analyzing the impact of ARRA on states, by the Washington, DC-based Center on Budget and Policy Priorities.

The study looked at the Recovery Act's increase in food stamp benefits, expansions of the Child Tax Credit and Earned Income Tax Credit, 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 a one-time payment to many elderly people, veterans, and people with disabilities. The Recovery Act as a whole is likely keeping many more Missourians out of poverty, since these seven provisions account for only about one-fourth of the act's total funding.

“These are difficult times, but the Recovery Act has kept things from being much worse, as this study shows,” said Amy Blouin, Executive Director of the Missouri Budget Project. “Thousands of Missourians are getting help making ends meet despite the worst recession in decades.”

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.

“Missourians spend extra food stamps and unemployment benefits quickly and at retailers here in our state,” said Blouin. “This gives an immediate boost to local businesses and helps them avoid laying off workers.”

More than stimulus bills passed in earlier recessions, the Recovery Act was designed to reach a wide range of low- 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.

Missouri Families Hit Hard By Recession, More Assistance Needed

The current recession has had a significant impact on many Missouri families. The number of Missourians facing unemployment reached 9.5 percent in November 2009, nearly three times what it was in 2000.

Use of Missouri's Medicaid program, Missouri Health Net, is also on the rise, despite significant changes in 2005 that made it harder to qualify. In June 2008, Missouri Medicaid enrollment stood at about 832,000. As of June 2009, this number had climbed to 871,081, or an increase of 4.7 percent for the year.

“Missouri families are still struggling to overcome this recession, and at this time of great need our state's ability to assist these families has also diminished,” Blouin said. “Congress recently agreed to extend the extra unemployment benefits through February, but with unemployment likely to remain high for some time, a further extension may be needed early next year.”

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-cash benefits, such as extra food stamps or tax credits.

The report, titled *State-Level Data Show Recovery Act Protecting Millions from Poverty*, is available at <http://www.cbpp.org/cms/index.cfm?fa=view&id=3035>.

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The Mission of the Missouri Budget Project is: To advance public policies that improve economic opportunities for all Missourians – particularly low and middle-income families – by providing reliable and objective research, public education and advocacy. More information is available at www.mobudget.org.