



Michigan League FOR Human Services

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Recovery Act keeping roughly 215,000 in Michigan out of poverty *New study says plan boosted economy, added to payrolls*

Along with boosting the economy and saving and creating jobs, seven provisions of the American Recovery and Reinvestment Act of 2009 (ARRA) also are protecting about 215,000 residents of Michigan from poverty this year, according to a new study from the Washington, D.C.-based Center on Budget and Policy Priorities.

The Recovery Act, passed in February, is likely helping many more than the 215,000 estimated in the study since these seven provisions account for only about one-fourth of the act's total funding. It also lessened the severity of poverty for an estimated 994,000 in Michigan, the report concludes.

"The Recovery Act has been a lifesaver for struggling families in Michigan," said Karen Holcomb-Merrill, director of the state fiscal project for the Michigan League for Human Services. "As painful as this recession has been, it's clear that it would have been far worse without the supports offered by the Recovery Act."

The study looked at the Recovery Act'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 for those receiving unemployment benefits), and its one-time payment to many elderly people, veterans, and people with disabilities.

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.

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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.

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

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.

“When Michigan families spend the extra dollars for food assistance or unemployment benefits, they spend it quickly and in their local communities,” said Michigan League for Human Services President and CEO Sharon Parks. “That’s a win-win, helping both families and the economy.”

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

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

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 Center’s report, [State-Level Data Show Recovery Act Protecting Millions from Poverty](#), is available is available online.

The Center on Budget and Policy Priorities is a nonprofit, nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs.

The Michigan League for Human Services is a statewide, nonprofit, nonpartisan policy and advocacy group for low-income citizens. It has a network of more than 1,500 from business, labor, human service professions, faith-based organizations as well as concerned citizens.