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ECONOMIC RECOVERY ACT KEEPING 640,000 TEXANS OUT OF POVERTY DURING RECESSION

Act Boosted Economy, Saved and Created Jobs

Austin, Texas—The Center for Public Policy Priorities (CPPP) today highlighted a new report showing that, along with boosting the economy and saving and creating jobs, seven provisions of the American Recovery and Reinvestment Act of 2009 (ARRA) enacted in February kept 640,000 Texans from falling into poverty this year. According to the study, released today by the Washington, D.C.-based Center on Budget and Policy Priorities (CBPP), ARRA also reduced the severity of poverty for another 2.9 million impoverished Texans by boosting their incomes, in most cases by at least $700.

The Recovery Act likely keeps even more Texans out of poverty than the study reports, because these seven provisions account for only about one-fourth of the act's total funding.

"These are difficult times, but as this study shows, the Recovery Act is making a difference. Thousands of Texans are getting help making ends meet despite the worst recession in decades," CPPP Senior Policy Analyst Don Baylor said.

Congress Should Extend Tax Credits for Workers, Jobless Benefits

The study examined seven aspects of Recovery Act spending:

- Food Stamp benefits increases,
- Expansion of the Child Tax Credit
- Expansion of the Earned Income Tax Credit,
- New Making Work Pay tax credit for workers,
- Extra weeks of jobless benefits for the long-term unemployed,
- An additional $25 per week of jobless benefits), and
- One-time payments to many elderly people and people with disabilities.

"Congress and the Administration should extend the Recovery Act's additional unemployment benefits before they expire at year's end. Congress should extend the Act's refundable tax credits so they continue to boost the economy and help families," Baylor said.

Researchers lacked the data to examine other Recovery Act elements that likely fight poverty as well, such as funding for health care and child care. In each of the most populous states—California, Texas, Florida, New York, and Illinois—the above provisions kept at least 300,000 people out of poverty. Even in much smaller states, the provisions kept at least 10,000 people out of poverty. (Fifteen states were not examined by CBPP because of insufficient data.)

Recovery Act Helps Economy and Jobs

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, the report notes. Policymakers included extensive help for low-income families because they stand the greatest risk of hardship during recessions and because they are the most likely to spend quickly whatever money they receive, 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 government's 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.

The report, *State-Level Data Show Recovery Act Protecting Millions From Poverty*, is available at www.cbpp.org/files/12-17-09pov.pdf

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The Center for Public Policy Priorities (CPPP) is a non-profit, non-partisan policy institute dedicated to improving the economic and social conditions of low- and moderate-income Texans. You can learn more about CPPP at http://www.cppp.org.