



## **American Recovery and Reinvestment Act: Helping Workers Hurt by the Recession**

**In this economic crisis, high unemployment and rising costs have put a huge strain on many American families. The American Recovery and Reinvestment Act, signed into law by President Obama on February 17, contains a series of provisions to help, including helping workers train and find jobs, extending unemployment benefits, and increasing food stamp benefits. Not only will these steps provide relief to American families, they will help jumpstart our economy as these funds are spent quickly and have the most “bang for the buck” in creating jobs and spurring economic growth.**

*“Increased income support has been part of the federal response to most recessions, and for good reason. It is the most efficient way to prime the economy’s pump. ... Every dollar spent on UI benefits generates an estimated \$1.63 in near-term GDP. Boosting food stamp payments by \$1 increases GDP by \$1.73. People who receive these benefits are hard-pressed and will spend any financial aid they receive very quickly.” (Chief Economist Mark Zandi of Moody’s Economy.com, 1/21/09)*

### **Extending and Improving Unemployment Benefits**

- Continues through December 2009 the extended unemployment benefits program (which provides up to 33 weeks of extended benefits), that is otherwise scheduled to begin to phase out at the end of March 2009 – thereby helping an additional 3.5 million jobless workers.
- Increases unemployment benefits for 20 million jobless workers by \$25 per week.
- Temporarily suspends the taxation of some unemployment benefits.
- To encourage states to modernize their Unemployment Insurance (UI) systems to keep up with the changing workforce, provides a total of up to \$7 billion for states implementing specific UI reforms to improve access for low-wage, part-time and other workers who are often now excluded from the program.
- Every dollar in unemployment benefits creates at least \$1.63 in economic activity, according to chief economist Mark Zandi of Moody’s Economy.com.

### **Increasing Food Stamp Benefits**

- Provides \$19.9 billion to increase food stamp benefits by 13% to help offset rising food costs for more than 31 million Americans, half of whom are children.
- Every dollar in food stamps creates at least \$1.73 in economic activity, according to economist Mark Zandi of Moody’s Economy.com.

### **Increasing Other Food Assistance**

- Provides \$150 million for the Emergency Food Assistance Program to purchase commodities for food banks to refill emptying shelves.
- Provides \$100 million for formula grants to states for elderly nutrition services including Meals on Wheels and Congregate Meals.
- Provides \$100 million for the School Lunch Program in order to provide schools with assistance in purchasing equipment, with priority for low-income schools.

## **Providing Health Insurance for Unemployed Workers**

- As millions of people are losing their jobs in this recession, they are also losing their health insurance. This bill has a key provision to strengthen COBRA to help maintain health insurance coverage during this downturn.
- COBRA currently provides temporary coverage for workers between jobs, but it is expensive. A typical family premium on COBRA is over \$1,000 a month. To help people maintain their health coverage, the bill provides a 65% subsidy for COBRA premiums for up to 9 months for people who were involuntarily separated from their jobs between 9/1/08 and 12/31/09. The assistance is limited to individuals with incomes up to \$125,000 and families with incomes up to \$250,000.
- This provision is estimated by the Joint Committee on Taxation and CBO as assisting 7 million people with the cost of their health insurance coverage.

## **Helping Workers Find Jobs**

- Training and Employment Services: Provides \$3.95 billion for job training including increased funding for formula grants for adult, dislocated worker, and youth job training ; increased funding for the YouthBuild program; and funding for competitive grants for training in health care and green jobs.
- Vocational Rehabilitation State Grants: Provides \$500 million for state formula grants to help persons with disabilities prepare for gainful employment.
- Employment Services Grants: Provides \$400 million to match unemployed individuals to job openings through state employment service agencies and allow states to provide customized services.
- Community Service Employment for Older Americans: Provides \$120 million to provide subsidized community service jobs for low-income older Americans.

## **Providing Aid to Seniors, Disabled Veterans, and SSI Recipients**

- Provides a payment of \$250 to retirees, disabled individuals, and SSI recipients receiving benefits from the Social Security Administration, Railroad Retirement beneficiaries, and disabled veterans receiving benefits from the Department of Veterans Affairs.

## **Providing Other Key Investments**

- Housing Assistance: Increases support for several critical housing programs, including providing \$2 billion for the Neighborhood Stabilization Program to help communities purchase and rehabilitate foreclosed, vacant properties and \$1.5 billion for the Emergency Shelter Grant program to provide short-term rental assistance and housing relocation and stabilization services for families during this economic crisis.
- Trade Adjustment Assistance: Extends all Trade Adjustment Assistance (TAA) programs through December 31, 2010. Also significantly expands TAA programs, including extending TAA to trade-affected service sector workers and to workers affected by the offshoring or outsourcing of jobs to other countries, such as China and India.
- TANF: Provides \$2.7 billion for temporary increased federal funding for the Temporary Assistance for Needy Families (TANF), including created a temporary TANF Emergency Contingency Fund to provide states with relief during this recession.
- Child Support Enforcement: Suspends for FY 2009 and FY 2010 damaging cuts made in federal funding for child support enforcement by a GOP-controlled Congress in 2006.
- Community Services Block Grant: Provides \$1 billion for grants to local communities to support employment, food, housing, and health care efforts serving those hardest hit by the recession.
- Community Development Block Grant: Provides \$1 billion for community and economic development projects including housing and services for those hit hard by tough economic times.