

**FOR IMMEDIATE RELEASE**  
**Thursday, December 17, 2009**

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## **Economic Recovery Act Keeping Roughly 56,000 Connecticut Residents Out Of Poverty During Recession**

### ***CT Group Urges Congressional Delegation to Further Extend Jobless Benefits***

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 also have protected approximately 56,000 Connecticut residents from living in poverty this year, according to a new study released today by the Washington, DC-based Center on Budget and Policy Priorities.

The Recovery Act as a whole is likely keeping many more Connecticut residents 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 helped Connecticut to save and create jobs, preventing our recession from becoming even worse, it has also helped many struggling families to make ends meet during this difficult time," said Jamey Bell, Executive Director of Connecticut Voices for Children.

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

The study looked at the Recovery Act's increase in food stamp benefits, its 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 elderly people, veterans, and people with disabilities. The report is released as Congress and the Obama administration are developing job creation proposals.

"Congress agreed to extend the extra unemployment benefits through February," said Sharon Langer, Senior Policy Fellow at Connecticut Voices for Children. "But with unemployment likely to remain high for some time, it will need to extend them further."

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, Florida, New York, 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.

“When Connecticut families spend the extra nutrition assistance or jobless benefits they get from the Recovery Act in local stores, that is a direct boost to the local economy,” said Jamey Bell, “It helps those stores to stay in business and avoid laying off workers.”

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 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-cash benefits, such as extra nutrition assistance or tax credits.

The study found that in addition to keeping many Connecticut residents above the poverty line, the Act reduces the severity of poverty for approximately 263,000 Connecticut residents who were under the poverty line.

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

Connecticut Voices for Children ([www.ctkidslink.org](http://www.ctkidslink.org)) is research-based policy think tank that works at the state and federal levels to advance public policies that benefit the state’s children, youth and families. The Center on Budget and Policy Priorities ([www.cbpp.org](http://www.cbpp.org)) is a nonprofit, nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs.

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