



**WISCONSIN
BUDGET
PROJECT**

An Initiative of the Wisconsin Council on Children and Families

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Recovery Act Provided \$3 billion in Direct Benefits for State Residents

As we mark the 18-month anniversary of the American Recovery and Reinvestment Act, most people recognize that the Act has funded “shovel-ready” projects that have helped improve infrastructure and public buildings. But it’s a well-kept secret that a large portion of the stimulus dollars went straight into the pockets of families and unemployed workers in the form of direct benefits.

A [new analysis by the Wisconsin Budget Project](#) finds that six types of direct benefits provided by the Act generated more than \$3 billion for Wisconsin residents between February 2009 and May 2010. Wisconsin residents have received an average of \$532 in direct benefits per person.

The programs and the amounts allocated in Wisconsin are:

- the Making Work Pay tax credit for workers – \$1,547 million;
- additional weeks of jobless benefits for the long-term unemployed – \$683 million;
- an additional \$25 per week of jobless benefits – \$324 million;
- a one-time “Economic Recovery Payment” to many elderly people, veterans and people with disabilities – \$254 million;
- increased FoodShare benefits – \$162 million; and
- health insurance premium assistance – \$54 million.

“These benefits are important to Wisconsin residents who are feeling the effects of the recession and struggling to make ends meet,” said Jon Peacock, director of the Wisconsin Budget Project. “Money provided through direct benefits also plays an important role in stimulating the Wisconsin economy, since it is usually spent right away in ways that in turn help preserve and create more jobs.” Peacock noted that the Recovery Act’s policies lowered the unemployment rate by between 0.7% and 1.5% in the first quarter of 2010 and increased the number of people employed by between 1.2 million and 2.8 million, according to estimates by the nonpartisan Congressional Budget Office.

The Budget Project analyzed the county-by-county distribution of funding from six of the direct benefits. It calculated, for example, that Dane County residents received more than \$238 million from the Act’s direct benefits so far, including \$152.2 million from the Making Work Pay tax credit, \$57.2 million from extended or increased unemployment

insurance benefits, \$16.4 million from the Economic Recovery Payments, \$9.5 million from increased Food Share benefits, and \$3.1 million from COBRA premium assistance.

Jon Peacock warned that most of the direct benefits are provisional measures and are drawing to a close. “We know that the Recovery Act has helped create jobs, but there’s still a lot of concern about how the economy will respond as the funding it has provided expires,” he said. “We hope Congress will keep an eye on unemployment rates and consider extensions of some of these direct benefits as needed,” Peacock said.

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