



The Recovery Act: Direct Benefits in Wisconsin Six Provisions Benefit Wisconsin Residents by More Than \$3 Billion

Much of the public attention on the American Recovery and Reinvestment Act (ARRA) has focused on the spending that has directly created and protected jobs, such as investments in infrastructure. But a large portion of the funding that the Recovery Act is injecting into the economy goes straight to families and unemployed workers. Direct benefits account more than one in five dollars scheduled to be spent through ARRA overall.

These direct benefits have helped mitigate the recession's impact on Wisconsin families in two ways. First, these forms of direct benefit help keep struggling families afloat by putting money directly into their pockets using several different methods. Second, some of the direct benefits are aimed at people hurt worst by the recession, who are likely to spend the extra income right away and thus bolster the economy. It is worth noting that the direct benefits operate largely through existing funding mechanisms, meaning few new delivery systems had to be created and thereby minimizing the cost of administering the benefits.

Major Direct Benefits to State Residents

Six types of direct benefits provided by ARRA generated more than three billion for Wisconsin residents between February 2009 when ARRA was enacted and May 2010, the most recent month for which we have relatively complete information. The largest benefit is the Making Work Pay tax credit, which benefits a broad population of working families in the state regardless of whether they have been impacted by the recession. The other five benefits, which together add up to roughly the same size as the Making Work Pay credit, are aimed at low-income families as well as people who are jobless or otherwise not working. On average, Wisconsinites received \$532 per person in direct benefits. The programs and the amounts allocated in Wisconsin are shown in Table 1.

The Wisconsin Budget Project has analyzed the county-by-county distribution these six major direct benefits from February 2009 through May 2010. Table 3, at the end of this paper, shows that the benefit amount ranges from an estimated \$2.3 million in Florence County to an estimated \$537.4 million in Milwaukee County.

These six direct benefits are not the only forms of assistance in ARRA for workers and others hurt by the recession. There are several additional forms of direct benefit, including the Child Tax Credit and the Earned Income Tax Credit, that were expanded by ARRA. However, these other direct benefits represent relatively small pots of money and are harder to quantify on a state and county basis, and are therefore not included in this analysis.

Table 1: Selected ARRA Direct Benefit Provisions, February 2009 through May 2010

<u>Direct Benefit</u>	<u>Estimated Amount to State Residents</u>
Making Work Pay tax credit for workers, which results in a credit of \$800 for most married couples and \$400 for others	\$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
One-time \$250 “Economic Recovery Payment” to many elderly people, veterans and people with disabilities	\$254 million
Increased FoodShare benefits	\$162 million
Assistance to help workers who lose their jobs during the recession to purchase health care coverage through <u>their employer’s plan under the COBRA law</u>	<u>\$54 million</u>
Total of Selected Direct Benefit Provisions	\$3,024 million

Extending Direct Benefits

These direct benefits as originally implemented were temporary, with end dates for most of the benefits specified in the ARRA legislation. Since then, three of the six benefits have been extended: the additional weeks of unemployment benefits, the increase in unemployment benefits, and the COBRA assistance, all of which were originally scheduled to end in December 2009. (In the original ARRA legislation, nine months of COBRA assistance were available for workers who lost their jobs prior to the end of December 2009.). Most recently, on July 22nd the provision for additional unemployment benefits was extended through the end of November 2010. Many of these extensions have been accompanied by heated debate, and future efforts to expand or extend these benefits are likely to be contentious.

At the current time, three of the six direct benefits are still in effect: the Making Work Pay credit, the additional weeks of unemployment benefits, and the increase in FoodShare benefits. For another two benefits – the \$25 increase in unemployment benefits and the COBRA assistance – the eligibility period to qualify for benefits has ended, although benefits are still flowing to individuals who previously qualified. The Economic Recovery Payments were a one-time payment made in 2009 and have not been repeated. The beginning and ending dates of the direct benefits are shown in Table 2.

Table 2: Timeframes for Direct Benefits

<u>Direct Benefit</u>	<u>Date Benefit Began</u>	<u>Date Benefit Currently Set to End</u>
Making Work Pay tax credit	Tax year 2009	Tax year 2010
Additional weeks of unemployment benefits	April 2009	End of November 2010
An additional \$25 per week of unemployment benefits	February 2009	Initial claims filed after May 23, 2010 are not eligible.
Economic Recovery Payments	One-time payment in 2009	N/A
Increased FoodShare benefits	April 2009	Dependent on changes in food prices; estimated to last until 2014.
COBRA premium assistance	February 2009	Individuals must qualify before the end of May 2010, and may receive the benefit for up to 15 months.

CONCLUSION

In some ways the “shovel-ready” projects funded by The Recovery Act have been the most visible component of the stimulus effort. Direct benefits may be less visible than a highway repair project or high speed rail, but together these direct benefits provided more than \$3 billion in stimulus funding for Wisconsin residents. The Wisconsin Budget Project developed estimates of how much residents of each county received through these direct benefits.

Most of the direct benefits analyzed in this paper are still benefitting Wisconsinites. However, several of the direct benefits are either drawing to a close or are only benefitting individuals who qualified during an earlier eligibility period. Unless federal policymakers act to extend these provisions, Wisconsin residents may have already received the majority of the total stimulus funding available through the direct benefits provisions. It remains to be seen how the state’s low- and middle-income families will be affected by the loss of these benefits.

**Table 3: Selected Recovery Act Direct Assistance Provisions in Wisconsin, Estimates By County
February 2009 to May 2010**

<u>County</u>	<u>Making Work Pay Credit</u>	<u>Extended Unemployment Benefits</u>	<u>Unemployment \$25 Increase</u>	<u>Economic Recovery Payments</u>	<u>FoodShare Increase</u>	<u>COBRA Assistance</u>	<u>Total</u>
Adams	\$5,000,000	\$1,796,000	\$852,000	\$1,570,000	\$793,000	\$148,000	\$10,159,000
Ashland	4,493,000	2,662,000	1,263,000	960,000	757,000	212,000	10,347,000
Barron	12,748,000	5,627,000	2,670,000	2,760,000	1,575,000	459,000	25,839,000
Bayfield	4,015,000	1,590,000	754,000	990,000	304,000	131,000	7,784,000
Brown	70,617,000	29,011,000	13,762,000	9,790,000	6,181,000	2,288,000	131,649,000
Buffalo	4,344,000	945,000	448,000	730,000	321,000	77,000	6,865,000
Burnett	3,853,000	1,644,000	780,000	1,170,000	587,000	132,000	8,166,000
Calumet	12,968,000	5,706,000	2,707,000	1,670,000	666,000	448,000	24,165,000
Chippewa	16,889,000	7,071,000	3,354,000	2,910,000	1,858,000	575,000	32,657,000
Clark	8,990,000	4,479,000	2,125,000	1,560,000	698,000	357,000	18,209,000
Columbia	15,849,000	7,817,000	3,708,000	2,500,000	1,176,000	627,000	31,677,000
Crawford	4,690,000	2,149,000	1,019,000	980,000	471,000	176,000	9,485,000
Dane	152,170,000	38,814,000	18,413,000	16,400,000	9,536,000	3,056,000	238,389,000
Dodge	23,837,000	11,853,000	5,623,000	3,770,000	1,797,000	928,000	47,808,000
Door	8,738,000	4,246,000	2,014,000	1,860,000	490,000	342,000	17,690,000
Douglas	11,650,000	3,032,000	1,438,000	2,140,000	1,578,000	247,000	20,085,000
Dunn	13,261,000	3,855,000	1,829,000	1,790,000	1,239,000	308,000	22,282,000
Eau Claire	29,062,000	8,797,000	4,173,000	4,390,000	2,655,000	705,000	49,782,000
Florence	1,216,000	389,000	184,000	310,000	140,000	34,000	2,273,000
Fond du Lac	28,348,000	13,034,000	6,183,000	4,510,000	2,104,000	1,016,000	55,195,000
Forest	2,404,000	1,292,000	613,000	640,000	290,000	105,000	5,344,000
Grant	14,676,000	4,568,000	2,167,000	2,520,000	998,000	372,000	25,301,000
Green	10,204,000	4,358,000	2,067,000	1,620,000	864,000	342,000	19,455,000
Green Lake	5,135,000	2,645,000	1,255,000	1,050,000	433,000	214,000	10,732,000
Iowa	7,193,000	2,713,000	1,287,000	970,000	549,000	216,000	12,928,000
Iron	1,451,000	743,000	352,000	460,000	190,000	61,000	3,257,000
Jackson	5,009,000	1,934,000	917,000	1,010,000	555,000	159,000	9,584,000
Jefferson	21,506,000	9,671,000	4,588,000	3,480,000	1,644,000	754,000	41,643,000
Juneau	6,715,000	3,540,000	1,679,000	1,390,000	773,000	285,000	14,382,000
Kenosha	41,832,000	15,821,000	7,505,000	6,680,000	6,014,000	1,245,000	79,097,000
Kewaunee	5,918,000	2,217,000	1,051,000	890,000	366,000	174,000	10,616,000
La Crosse	33,263,000	9,502,000	4,507,000	4,800,000	2,808,000	758,000	55,638,000
Lafayette	4,810,000	1,335,000	633,000	780,000	346,000	107,000	8,011,000
Langlade	5,389,000	3,021,000	1,433,000	1,210,000	824,000	239,000	12,116,000
Lincoln	7,768,000	5,557,000	2,636,000	1,670,000	806,000	441,000	18,878,000
Manitowoc	23,004,000	13,338,000	6,327,000	4,410,000	1,676,000	1,032,000	49,787,000
Marathon	37,466,000	20,263,000	9,612,000	5,910,000	3,386,000	1,548,000	78,185,000
Marinette	11,020,000	6,569,000	3,116,000	2,610,000	1,306,000	520,000	25,141,000
Marquette	3,885,000	2,574,000	1,221,000	960,000	445,000	211,000	9,296,000
Menominee	796,000	653,000	310,000	210,000	432,000	53,000	2,454,000
Milwaukee	228,112,000	138,235,000	65,575,000	42,860,000	51,817,000	10,831,000	537,430,000
Monroe	12,711,000	4,521,000	2,145,000	1,900,000	1,194,000	375,000	22,846,000
Oconto	10,137,000	6,013,000	2,852,000	1,960,000	907,000	481,000	22,350,000
Oneida	9,448,000	4,808,000	2,281,000	2,670,000	976,000	390,000	20,573,000
Outagamie	49,340,000	21,487,000	10,193,000	6,800,000	3,073,000	1,686,000	92,579,000

<u>County</u>	<u>Making Work Pay Credit</u>	<u>Extended Unemployment Benefits</u>	<u>Unemployment \$25 Increase</u>	<u>Economic Recovery Payments</u>	<u>FoodShare Increase</u>	<u>COBRA Assistance</u>	<u>Total</u>
Ozaukee	23,730,000	8,617,000	4,088,000	3,880,000	826,000	661,000	41,802,000
Pepin	2,136,000	549,000	260,000	390,000	172,000	45,000	3,552,000
Pierce	11,967,000	2,246,000	1,066,000	1,330,000	594,000	176,000	17,379,000
Polk	12,185,000	4,787,000	2,271,000	2,310,000	1,091,000	380,000	23,024,000
Portage	21,885,000	7,465,000	3,541,000	2,770,000	1,474,000	592,000	37,727,000
Price	4,188,000	2,599,000	1,233,000	930,000	447,000	203,000	9,600,000
Racine	48,814,000	28,746,000	13,636,000	9,350,000	6,949,000	2,261,000	109,756,000
Richland	5,293,000	2,146,000	1,018,000	920,000	587,000	167,000	10,131,000
Rock	40,191,000	25,670,000	12,177,000	7,630,000	6,055,000	2,082,000	93,805,000
Rusk	3,595,000	3,007,000	1,427,000	860,000	639,000	236,000	9,764,000
Sauk	17,986,000	7,724,000	3,664,000	2,800,000	1,474,000	622,000	34,270,000
Sawyer	4,507,000	2,314,000	1,098,000	1,150,000	758,000	193,000	10,020,000
Shawano	11,344,000	5,372,000	2,549,000	2,210,000	1,017,000	421,000	22,913,000
Sheboygan	32,649,000	16,971,000	8,051,000	5,430,000	2,865,000	1,339,000	67,305,000
St. Croix	23,652,000	5,034,000	2,388,000	2,650,000	1,249,000	390,000	35,363,000
Taylor	5,211,000	3,663,000	1,738,000	870,000	568,000	293,000	12,343,000
Trempealeau	8,377,000	2,912,000	1,381,000	1,360,000	676,000	242,000	14,948,000
Vernon	7,736,000	2,535,000	1,203,000	1,470,000	681,000	203,000	13,828,000
Vilas	5,383,000	2,578,000	1,223,000	1,830,000	449,000	209,000	11,672,000
Walworth	28,134,000	10,679,000	5,066,000	4,210,000	2,440,000	844,000	51,373,000
Washburn	3,926,000	1,914,000	908,000	1,080,000	606,000	160,000	8,594,000
Washington	36,526,000	16,749,000	7,945,000	5,260,000	1,906,000	1,284,000	69,670,000
Waukesha	106,013,000	38,953,000	18,478,000	15,110,000	3,184,000	2,992,000	184,730,000
Waupaca	14,143,000	7,185,000	3,409,000	2,680,000	1,179,000	577,000	29,173,000
Waushara	6,396,000	3,058,000	1,450,000	1,470,000	702,000	247,000	13,323,000
Winnebago	48,166,000	18,504,000	8,778,000	7,400,000	3,572,000	1,452,000	87,872,000
Wood	20,932,000	9,459,000	4,487,000	3,930,000	2,238,000	765,000	41,811,000

Methods

Direct Benefit

Source and Method for Estimating County Amounts

Making Work Pay
Credit

State dollar amount is from Center on Budget and Policy Priorities estimates based on Department of Treasury outlay estimates. County estimates were made by assuming the benefit was distributed according to each county's share of state employment, as determined by the Bureau of Labor Statistic's Local Area Unemployment Statistics for the period February 2009 through May 2010.

Unemployment
Extended Benefits and
\$25 Increase

State dollar amount is from Recovery.gov. County estimates were made by assuming the benefit was distributed relative to the number of continuing regular and extended benefit claims in each county, averaged from the last week in February 2009 through May 2010.

Economic Recovery
Payments

County dollar amounts are from the Social Security Administration.

FoodShare

State dollar amount is from Weekly ARRA report of U.S. Department of Agriculture. County estimates were made by assuming the benefit was distributed relative to the number of recipients in each county, averaged over the period April 2009 through May 2010.

COBRA premium
assistance

State amount is from U.S. Treasury Department; the amount includes premium assistance from 2009 and a portion of the first quarter of 2010. County estimates were developed by assuming the benefit was distributed relative to the number of continuing regular and extended benefit claims in each county, averaged from September 2008 through May 2010. Cobra premium assistance started in February 2009, but the eligibility period to qualify for that assistance started in September 2008.

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