

The Providence Journal

Op-Ed: Federal stimulus sending big benefits to R.I.

Tuesday, November 3, 2009

By KATE BREWSTER

“It could have been worse” might not be an inspirational slogan, but it aptly describes the situation in Rhode Island and other states thanks to unprecedented federal efforts to fight back against one of the worst recessions in memory.

The stimulus money that started flowing from Washington has had a positive impact on the people of Rhode Island and its economy. Some of that help is coming in the form of money going directly into the pockets of families hardest hit by unemployment.

For example, of the \$2.2 billion in federal funds expected for Rhode Island in the next two years, about \$655 million is to be distributed directly to Rhode Islanders in the form of benefit increases or tax credits. This is money that will be spent quickly and close to home by people with real needs.

As reported recently by The Journal, the number of Food Stamp users has risen to a record of well over 100,000. Thanks to \$52.9 million for this year and next from the American Renewal and Recovery Act, those people are receiving \$24 to \$144 more a month (the amount depends on family size) to spend on food. ARRA also provided funds to the state to hire people to help administer the program and to improve the phone system to help keep up with increased need.

Last May, about 219,000 Rhode Islanders who get Supplemental Security Income payments, Railroad Retirement benefits, or certain forms of aid from the U.S. Department of Veterans Affairs received an extra \$250 check in the mail. If that doesn't sound like much, it is — those payments alone added up to \$54.7 million coming into the state.

Those receiving unemployment-insurance payments received both an increase in their monthly checks and an extension on how long they are allowed to receive assistance. Beginning in March, all 86,100 Rhode Island unemployment recipients got \$25 more a week in their unemployment checks, resulting in a \$46.6 million boost to the state economy over this year and next. And those about 17,500 men and women who would have seen their checks stop coming at the end of March because they had gone jobless for the maximum time covered by law will instead keep getting payments through the end of 2009 if they haven't found work. That's another \$25.1 million for Rhode Island's economy.

Thanks to changes to the child tax credit, about 3,900 children will be newly eligible for a tax credit of \$1,000 or eligible for a larger credit than they had gotten before. For this year and next that means \$42.9 million more coming back to Rhode Island families. And beginning in April,

eligible workers began to receive a credit in their paychecks under the Making Work Pay Tax Credit. About 391,000 workers are eligible for the credit of \$400, or \$800 per couple. Rhode Islanders will receive about \$435 million from this.

By now it is clear this adds up to real money. And that's on top of federal assistance that helped Rhode Island balance its state budget this year without having to make even deeper service cuts than what took place.

Without the stimulus funds to help plug the budget holes, cuts would have probably been made to health insurance, child-care assistance and cash assistance programs upon which so many Rhode Island workers rely.

The recession presents a cruel irony. Just as struggling families need more help, declining tax revenues reduce the state's ability to meet this rising demand. Without the stimulus money, hard-working men and women would face even greater challenges in paying for basic needs. Thanks to action taken in Washington, however, the worst didn't happen.

Kate Brewster is executive director of The Poverty Institute, based at Rhode Island College.