



ARRA: Support for Low-income Families

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Support for Low-income Families

Program Funds

- Medicaid, Workforce Development, TANF, Child Support

Direct Support for Individuals

- Food Stamps, SSI/Veterans, Unemployment

Tax Credits

- Unemployment Exclusion, Child Tax Credit, Making Work Pay, EITC, Higher Education Tax Credit



Program Funds

- Medicaid
- Workforce Development
- TANF / Child Support
- Child Support



Medicaid

- Increase in federal share of Medicaid costs
- From Oct. 2008 – Dec. 2010
- Fed share increased from 52.59 – 63.89%
- “New” federal funds: \$393.4M - \$470M
- Depends on what the state spends
 - Can't cut eligibility
 - Can cut scope of benefits, provider rates



Medicaid

Example: \$10M in Medicaid Costs (FFY09 FMAP rate)

	State Share	Federal Share
Reg FMAP	\$4.741M	\$5.259M
New	\$3.611M	\$6.389M
Difference	\$1.130M	

Key issue: how much will state invest?



Medicaid

- Enhanced FMAP Oct 2008 – Dec 2010
 - Blended rate for state fiscal year
- Oct 2008 – June 2009: 61.04%
- July 2009 – June 2010: 63.92%
- July 2010 – Dec 2010: 58.28%



Workforce Development

Increase in Workforce Investment Act Title I funding for:

- Youth Services: \$5.7M
- Dislocated Workers: \$7.0M
- Adult Services: \$2.1M



Workforce Development

- Funds to state 3/09 to WIBs by 4/09
- Must be expended by 6/30/11
 - 15% of funds at state level
 - 85% to 2 local WIBS
- Encouraged to spend soon
 - Workforce Solutions of Providence/Cranston
 - Workforce Partnership of Greater RI



Workforce Development

Adult Funds:

- Priority to intensive and training services for public benefit recipients and low-income
Funds can be used for group contracting

Dislocated Worker:

- Employment and training

Youth:

- Summer jobs are first priority



Workforce Development

- Competitive Grants for High Growth Industries
 - Green Jobs
 - Health Care
- For worker training and placement
- State applies to US Dept. of Labor



TANF (Cash Assistance)

- Emergency Contingency Fund
 - Eligible to 80% of federal funding for FY09-10 for increased TANF spending in the following:
 - Basic assistance (caseloads must increase)
 - Short term benefits
 - Subsidized employment
- Possible: \$48M over FY09-10



Child Support

- \$4.6M in incentive grants for meeting certain performance standards
 - Retroactive to 10/08 and extends through FY2010
 - \$1.2M already received



Direct Support for Individuals

- Food Stamps
- SSI/Social Security/Veterans
- Unemployment Insurance



Food Stamps (SNAP)

- Increase in food stamp benefits
 - Total of \$52.9M (includes \$900,00 for admin)
- Benefits increase April 1, 2009 and continue through FY2013
- 91,000+ Rhode Islanders affected each year



Food Stamps: Amount of Increase

People in Household	Food Stamp Increase/Month
1	\$24
2	\$44
3	\$63
4	\$80
5	\$95
6	\$114
7	\$126
8	\$144
Each add'l	+\$18

- Note: Households with 1-2 people who get minimum benefit of \$14 only get \$2 increase



SSI/Social Security/Veteran/RR

- One time \$250/per person
 - Total of \$54.7M
- Payment arriving in late May 2009
- Approximately 219,000 Rhode Islanders



Unemployment Insurance: Increase

- Increase of \$25/week/per recipient
 - Began 3/1/09
 - 86,100 Rhode Islanders
 - Total of \$42.4M



Unemployment Insurance: Extension

- Benefits to end 3/31/09 but now extend through 12/09
 - 17,442 Rhode Islanders
 - Total of \$219M



Unemployment Insurance: Modernization Act

- Possible \$23.5M in benefits and \$1.7M for admin
 - Eligible for 1/3rd immediately and rest after reforms
 - Must have 2 of 4:
 - Eligibility for part time workers (H5383)
 - Eligibility for compelling family reasons
 - Dependence allowance
 - State operated training program



Tax Credits

- Unemployment Exclusion
- Child Tax Credit
- Making Work Pay
- EITC
- American Opportunity Tax Credit (Hope)



Unemployment Exclusion

- First \$2,400 of unemployment benefits received in 2009 excluded from federal taxes
- Governor's budget proposes to exclude from state taxes



Child Tax Credit

- Earned income threshold now \$3,000 down from \$8,5000
- Refund of \$1,000/per eligible family (or 15% of earned income above threshold)
 - \$44.3 million total
- File on tax returns (2009 & 2010)
- Approx. 3,900 children will become newly eligible or receive increased amount



Earned Income Tax Credit (EITC)

- Expansion:
 - Third tier for families with 3 or more kids
 - Increase phase-out threshold for married couples
- File on tax returns for tax year 2009
- Benefit 20,567 Rhode Islanders
 - \$12.3M total



Making Work Pay Tax Credit

- \$400/worker or \$800 couple
 - \$428.6M total
- Automatic in pay check. Should begin April 1st
 - Phases in at same rate at Social Security tax
 - Phases out when income reaches \$75K (\$150K/couple)
- 391,000 workers



American Opportunity Tax Credit

- Higher Education Tax Credit (“Hope”)
- Now refundable
 - up to 40% of qualifying expense (for a max of \$1,000)
- 14,000 Rhode Islanders potentially helped

