

Federal Economic Recovery Legislation Would Bring Approximately \$978M Into Rhode Island Over the Next Few Years for Programs and Services that Help Low- and Moderate- Income Rhode Islanders¹ *(January 29, 2009)*

The U.S. House and Senate are currently negotiating Economic Recovery Legislation that would bring hundreds of millions of dollars into Rhode Island over the next several years for services and programs that benefit low- and moderate-income Rhode Islanders. The House passed its bill on January 28. The Senate is expected to vote on its bill early next week. We will update this analysis as more information and details become available. The provisions in the two recovery packages are not identical and currently more detail is available on the House package than on the Senate package. Thus, each provision described below indicates whether the Rhode Island estimates are for a House provision, a Senate provision, or whether the provisions in both packages are the same.

MEDICAID: Both the House and Senate proposals would provide states with fiscal relief for state Medicaid costs. In the House version, Rhode Island would receive \$454.1 Million over State Fiscal Years (SFY) 2009-2011. In the Senate bill, Rhode Island would receive \$434,368 M over SFY2009-2011.²

EDUCATION: Under the House proposal, \$132.4 million would come to Rhode Island for education through a Stabilization Fund block grant over SFY2009-2011. In addition, Rhode Island would receive an additional \$48.3M in Title I funding, \$51.8M in IDEA funding, \$53.4M for school modernization and \$30.1M for higher education modernization (amounts are totals over SFY2009-2011).

SUPPORT FOR STATE SERVICES: The House proposal's State Fiscal Stabilization block grant would also include \$84.6M (total over SFY2009-2011) for Rhode Island to support state services (pay employees, contracts, etc). The House package would also provide \$15B for "State Incentive Grants" but state specific information is not available for these grants.

CHILD CARE: Under the House proposal, Rhode Island would receive an additional \$5.2 M total over 2 years in Child Care and Development Block Grant funds (\$2.6M upon enactment and \$2.6 in Oct 2009). This could be used to provide child care assistance to

¹ Unless otherwise noted, information from CBPP, 1/22/09 report: House Economic Recovery Package: State by State Estimates of Key Provisions Affecting Low- and Moderate-Income Individuals (revised 1/29/09)

² From CBPP, 1/23/09 report: Preliminary Analysis of Medicaid Assistance for States in the Senate Economic Recovery Package

approximately 670 more children.³ The proposal also includes additional funding for Head Start and Early Head Start but state specific information is not available.

CHILD SUPPORT⁴: Both Senate and House provisions include language to restore child support funding which was cut this year. Rhode Island would receive approximately \$4.6 million over 2009 and 2010 if it meets certain performance measures.

WORKER TRAINING & EMPLOYMENT SERVICES: The House proposal includes provisions that would result in Rhode Island receiving additional WIA funds: \$4.4M for Youth Services, \$3.9M for Dislocated Workers and \$1.6M for Adult Activities. All funding would be for FY2009.

FOOD STAMPS: The House proposal includes provisions to increase food stamp funding over FY2009-2013. Over those five years, 90,000 Rhode Islander would receive \$52M in increased food stamp benefits. In addition, Rhode Island would receive \$1M to help run the Food Stamp program.

In the Senate proposal, 90,000 Rhode Islanders would receive \$42 M in increased food stamp benefits over the next 5 years and the state would receive an additional \$900,000 for administration of the program.

SSI: Under the House proposal, Rhode Island would receive \$17.7M in FY2009 in additional SSI funding, benefiting 31,100 Rhode Islanders.

HOMELESS: Under the House proposal, Rhode Island would receive an additional \$7.0M in FY2009 through the Emergency Shelter Grant Program, benefiting 1,100 Rhode Islanders.

CASH ASSISTANCE (TANF): Both the House and Senate proposals would provides states that see increased cash assistance caseloads access to “emergency contingency” funds. This could mean up to \$24M for Rhode Island in both 2009 and 2010. (25% of the federal block grant amount). (The House proposal has no global cap while the Senate proposal is capped at \$3B). In addition, both versions, states would receive caseload reduction relief if their TANF programs expand to provide assistance to more families.

OTHER PROVISIONS THAT WILL HELP LOW-INCOME RHODE ISLANDERS

UNEMPLOYMENT INSURANCE: Under the House bill, each state would receive funds to pass on a \$25/week increase in unemployment benefits. Approximately 86,110 Rhode Islanders would benefit. In addition, Rhode Island would be able to apply for Emergency

³<http://www.clasp.org/ChildCareAndEarlyEducation/2DollarBillHouseAppropsCtte.pdf>

⁴ http://www.clasp.org/publications/state_by_state_match_012709.pdf

Unemployment Compensation through the end of 2009, which would benefit 17,442 Rhode Islanders.⁵

CHILD TAX CREDIT: Both the House and Senate versions provide two options for increasing the Child Tax Credit for low-income families.

- House version would help 44,000 Rhode Island children in tax year 2009 by lowering the threshold from \$8,500 to \$0 or 50,000 children by lowering the threshold from \$12,550 to \$0
- Senate version would help 34,000 Rhode Island children in tax year 2009 by lowering the threshold from \$8,500 to \$6,000 or 41,000 children by lowering the threshold from \$12,550 to \$6,000.

MAKING WORK PAY TAX CREDIT: This House proposal would provide for a new tax credit of up to \$500 per worker. Approximately 391,000 Rhode Islanders would benefit.⁶

EITC EXPANSION⁷: House and Senate provisions would temporarily expand the federal EITC for two groups: married couples and families with 3 or more children. The House proposals would benefit 20,567 Rhode Islanders. More specifically, the proposals would:

- Raise the income threshold at which the EITC begins to phase out for married couples to \$5,000 above the amount for unmarried filers (an increase of \$2,000 over tax year 2008 law)
- Create a third tier for families with 3 or more children. In this third tier, the credit would phase in at 45 percent of earned income (up from 40 percent under current law), and effectively increase the maximum credit for these families by almost \$600

⁵ <http://www.nelp.org/page/-/UI/Recoveryplanestimates.pdf>

⁶ <http://www.cbpp.org/1-21-09tax3.htm>

⁷ http://www.brookings.edu/~media/Files/rc/papers/2009/0129_eitc_kneebone/20090126_eitc_kneebone.pdf