

# Fast Facts

## What the Federal Recovery Act Means for Low- and Moderate-Income Families

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Updated on March 17, 2009



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On February 17, President Obama signed into law the American Recovery and Reinvestment Act of 2009. The State of West Virginia is expected to receive more than \$1.5 billion for a wide range of public programs designated by the Act. Federal funds for designated programs will be distributed to states via the state agencies that currently manage those programs. The law also increases certain benefits paid to individuals in the form of tax credits, food stamps, and unemployment insurance.

The goals of the Recovery Act are to preserve and create jobs, promote economic recovery, invest in technology and infrastructure, and assist those most impacted by the recession. The table below summarizes major appropriations that are likely have the greatest impact low- and moderate-income West Virginians. Estimates were provided by Federal Fiscal Information for the States, February 20, 2009, unless otherwise noted. Links to federal agencies and national organizations are provided for more detailed information. (This report can be accessed with hyperlinks at [www.wvpolicy.org](http://www.wvpolicy.org).)

Program	Estimated \$ for WV
<p><b>Medicaid:</b> The Recovery Act provides a temporary increase in the federal share of the Medicaid program, which is about 3:1 in West Virginia. The provision will take effect immediately and cover nine calendar quarters (October 1, 2008 through December 31, 2010). The increase applies to the costs of Medicaid benefits and to Title IV-E foster care and adoption assistance. About one in five West Virginians receives services funded by Medicaid.</p> <p>Report from Kaiser Commission on Medicaid and Uninsured available at: <a href="http://www.kff.org/medicaid/upload/7872.pdf">http://www.kff.org/medicaid/upload/7872.pdf</a>.</p>	<b>\$450 million<sup>1</sup></b>
<p><b>State Fiscal Stabilization Fund:</b> This appropriation is aimed at helping state and local governments avert budget cuts in critical services. The Fund provides two block grants for states – one for education and another for other key services, such as public safety and law enforcement, services for the elderly and people with disabilities, and child care. The funds are available immediately, and must be spent within two years of receipt of the grant.</p> <p>Detailed information from U.S. Department of Education available at <a href="http://www.ed.gov/print/policy/gen/leg/recovery/factsheet/stabilization-fund.html">http://www.ed.gov/print/policy/gen/leg/recovery/factsheet/stabilization-fund.html</a> and from the national Center on Budget and Policy Priorities at <a href="http://www.cbpp.org/1-22-09bud-sfsf.pdf">http://www.cbpp.org/1-22-09bud-sfsf.pdf</a>.</p>	<b>Total: \$266.5 million</b> Education: \$218.0 million Other: \$48.5 million

<p><b>Food Stamps:</b> The Recovery Act includes an increase in the Supplemental Nutrition Assistance Program (SNAP), most of which will be used to fund a 13.6 percent increase to maximum food stamp benefits, effective April 2009. Food stamps are one of the most successful forms of economic stimulus because low-income individuals generally spend their available resources on meeting their daily needs. USDA research found that \$1 in food stamps generates \$1.84 in total economic activity. Approximately 295,000 West Virginians are expected to benefit from this measure.</p> <p>New maximum benefit levels are available at:  <a href="http://www.fns.usda.gov/fsp/rules/Memo/09/021809.pdf">http://www.fns.usda.gov/fsp/rules/Memo/09/021809.pdf</a></p> <p>Implementation information from U.S. Dept. of Agriculture available at:  <a href="http://www.fns.usda.gov/fsp/rules/Memo/09/022309.pdf">http://www.fns.usda.gov/fsp/rules/Memo/09/022309.pdf</a></p>	<p><b>\$189.5 million<sup>2</sup></b></p>
<p><b>Title I:</b> The Recovery Act provides additional funding to this federal program for schools and school districts with a high percentage of students from low-income families. The economic stimulus bill provides grants for Local Education Agencies (LEAs) and funding for school improvement programs.</p> <p>Detailed information from U.S. Department of Education available at:  <a href="http://www.ed.gov/print/policy/gen/leg/recovery/factsheet/title-i.html">http://www.ed.gov/print/policy/gen/leg/recovery/factsheet/title-i.html</a></p>	<p><b>Total: \$82 million</b></p> <p>LEA grants: \$61 million</p> <p>School Imp: \$21 million</p>
<p><b>Housing and Urban Development (HUD)</b></p> <p><b>Tax Credit Assistance Program</b> helps State Housing Finance Agencies to kick-start the production of stalled affordable rental housing projects that rely on Low-Income Housing Tax Credits. These agencies will distribute the funds competitively and give priority to housing projects that can begin construction immediately.</p> <p><b>Public Housing Capital Fund</b> provides funds to public housing agencies for the development, financing, and modernization of public housing developments and for management improvements.</p> <p><b>Project Based Rental Assistance</b> provides funding for Section 8 project-based housing contracts to enable owners to undertake project improvements to maintain the quality of affordable housing.</p> <p><b>Homelessness Prevention Fund</b> provides support to local programs to prevent people from becoming homeless, including short-term rental assistance, housing relocation, or security and utility deposits. An estimated 3,000 West Virginia households will benefit from the Recovery Act increase.</p> <p><b>Community Development Block Grant</b> enables local governments to undertake a wide range of activities intended to create suitable living environments, provide decent affordable housing and create economic opportunities, primarily for persons of low and moderate income. Under the Recovery Act, recipients shall give priority to projects that can award contracts based on bids within 120 days of the grant agreement.</p> <p>Detailed information from the U.S. Department of Housing and Urban Development available at: <a href="http://www.hud.gov/recovery/index.cfm">http://www.hud.gov/recovery/index.cfm</a>.</p>	<p><b>Total: \$58.9 million<sup>3</sup></b></p> <p>TCAP: \$16.5 million</p> <p>PHCF: \$13.2 million</p> <p>PBRA: 12.3 million</p> <p>HPPF: \$10.2 million<sup>4</sup></p> <p>CDBG: \$6.7 million</p>

<p><b>Weatherization:</b> Additional funds are provided to the Weatherization Assistance Program, which enables low-income families to permanently reduce their energy bills by making their homes more energy efficient. The Recovery Act increases family income eligibility from 150 to 200 percent of the poverty level and raises the average expenditure limit per home from \$2,500 to \$6,500.</p> <p>Detailed information from U.S. Department of Energy available at: <a href="http://www.waptac.org/si.asp?id=1329">http://www.waptac.org/si.asp?id=1329</a>.</p>	<p><b>\$38.5 million</b></p>
<p><b>Unemployment Insurance:</b> The Recovery Act will help more than 88,000 jobless workers in West Virginia by (a) raising their maximum weekly unemployment benefits by \$25, and (b) extending the Emergency Unemployment Compensation Fund through December 31, 2009. Additional funds are available to states that have adopted certain reforms to their unemployment insurance programs. West Virginia’s program does not currently qualify, but will if the state makes the required changes.</p> <p>Report from WV Center on Budget and Policy available at: <a href="http://www.wvpolicy.org/downloads/2009session/UnempPoints030609.pdf">http://www.wvpolicy.org/downloads/2009session/UnempPoints030609.pdf</a></p> <p>Detailed information from the U.S. Department of Labor available at: <a href="http://wdr.doleta.gov/directives/attach/UIPL/UIPL14-09.pdf">http://wdr.doleta.gov/directives/attach/UIPL/UIPL14-09.pdf</a></p>	<p><b>\$33.2 million<sup>5</sup></b> for UI modernization</p>
<p><b>Job Training and Employment:</b> The Workforce Investment Act (WIA) provides funds for job training and employment services. The Recovery Act includes an addition \$3.95 billion for WIA, of which \$2.95 billion will be distributed to states using standard WIA grant formulas for dislocated workers, youth activities adult activities.</p> <p>Detailed information from U.S. Dept. of Labor available at: <a href="http://wdr.doleta.gov/directives/attach/TEGL/TEGL13-08.pdf">http://wdr.doleta.gov/directives/attach/TEGL/TEGL13-08.pdf</a></p>	<p><b>Total: \$11.3 million</b></p> <p>Dis. Workers: \$3.6 million Youth Activities: \$5.3 million Adult Activities: \$2.4 million</p>
<p><b>Child Care:</b> The Recovery Act will provide an additional \$2 billion in funding under the Child Care and Development Block Grant (CCDBG). CCDBG provides funding to states to subsidize child care for children in low-income working families and low-income families in which parents are engaged in education or training.</p> <p>Report on state implementation options from National Women’s Law Center and Center on Law and Social Policy available at: <a href="http://www.nwlc.org/pdf/ccdbg_arra_policies.pdf">http://www.nwlc.org/pdf/ccdbg_arra_policies.pdf</a>.</p>	<p><b>\$13 million</b></p>
<p><b>Community Services Block Grant:</b> The Act includes additional funds for this federal program that aims to alleviate the causes and conditions of poverty in communities. Funds are used for services and activities that address employment, education, money management, housing, nutrition, emergency services and/or health.</p> <p>Letter on CSBG from U.S. Dept. of Health and Human Services available at: <a href="http://www.acf.hhs.gov/programs/ocs/csb/csbg_program.htm">http://www.acf.hhs.gov/programs/ocs/csb/csbg_program.htm</a>.</p>	<p><b>\$11.2 million</b></p>

<p><b>Head Start:</b> Head Start and Early Head Start are child development programs that serve children from birth to age five, pregnant women, and their families. Head Start programs emphasize school readiness, health screening, parent involvement, and accessing existing social services. The Act includes an additional \$1 billion for Head Start and \$1.1 billion for Early Head Start.</p>	<p><b>\$5.6 million</b></p>
<p><b>Rehabilitation Services:</b></p> <p><b>Vocational Rehabilitation</b> received additional funds under the Act in grants to state VR agencies, which coordinate and provide counseling, evaluation and job placement services for people with disabilities.</p> <p><b>Independent Living</b> received additional funding for Centers or Independent Living, which provide information and referral, skills training, counseling and other supports for people with disabilities.</p>	<p><b>Total: \$4.6 million</b></p> <p>VR: \$4,313,000</p> <p>IL: 243,000</p>
<p><b>Work Study:</b> The Act increases funding for the federal Work Study program, which provides part-time jobs for economically-disadvantaged college students.</p>	<p><b>\$1.3 million</b></p>
<p><b>Nutrition Programs:</b></p> <p><b>The Emergency Food Assistance Program (TEFAP)</b> is a federal program that helps supplement the diets of low-income needy persons, including elderly people, by providing them with emergency food and nutrition assistance.</p> <p><b>The Elderly Nutrition Program (ENP)</b> provides funding for congregate meals and home-delivered meals (“Meals on Wheels”) for seniors. Both services are offered to seniors, regardless of income, at no cost.</p>	<p><b>Total: \$955,000</b></p> <p>TEFAP: \$666,000</p> <p>ENP: \$289,000</p>
<p><b>Emergency Food and Shelter Program:</b> The Act increases funding used in local communities for soup kitchens, food banks, and shelters, and also provides homeless prevention services. Local communities largely determine how funds will be used.</p>	<p><b>\$545,000</b></p>
<p><b>Temporary Assistance for Needy Families (TANF):</b> The Act includes a new TANF Emergency Contingency Fund that will cover 80 percent of additional state costs for caseload increases and for short-term non-recurring benefits and subsidized employment. A total of \$5 billion is available, but no state may receive more than 50 percent of its annual TANF allocation from the contingency fund over a two-year period.</p>	<p><b>NA</b></p>

## Additional Benefits to Individuals

Low- and moderate-income West Virginians will also benefit from the following individual grants, subsidies and tax credits provided under the Recovery Act:<sup>6</sup>

**Child Tax Credit:** Currently, a family earning less than \$8,500 a year cannot benefit from the child tax credit, which provides a maximum credit of \$1,000 per child. The Recovery Act lowers the threshold for refundability to \$3,000 for 2009 and 2010. Refundability phases in at a rate of \$0.15 per \$1 of earnings, so a family with two children would still need \$16,333 in earnings to qualify for the full tax credit. Between 76,000 and 93,000 West Virginia children will benefit from this credit.

**Earned Income Tax Credit:** The Recovery Act temporarily creates a new “third tier” of the Earned Income Tax Credit (EITC) for families with three or more qualifying children. In this tier, the credit phases in at 45 percent of earned income (up from 40 percent under current law), and the maximum credit for these families increases by almost \$600. In addition, the Act increases marriage penalty relief by raising the phase-out threshold for married couples by \$1,880.

**Making Work Pay Tax Credit:** For 2009 and 2010, the Act creates a credit of up to \$400 for individuals and \$800 for married couples, who work. It phases in at 6.2 percent of each dollar earned, so an individual would need \$6,452 in earnings to qualify for the full \$400 credit. The credit phases out for taxpayers with adjusted gross incomes in excess of \$75,000 (\$150,000 for married couples filing jointly). An estimated 596,000 West Virginia taxpayers will benefit from this credit.

**Recovery Payments to Retirees and Disabled Individuals:** The Recovery Act provides a one-time \$250 payment to individuals receiving SSI, Social Security, veterans’ benefits, and railroad retirement. It also provides a one-time refundable \$250 tax credit to certain government retirees who are ineligible for Social Security. 495,000 West Virginians are expected to receive this payment.

**Pell Grants:** The Recovery Act provides \$15.6 billion for Pell Grants to low-income students, increasing the maximum grant by \$500 for two years, to \$5,350 in 2009-2010, and \$5,550 in 2010-2011. The Act also addresses the existing shortfall in the program.

**Health subsidies for the uninsured:** The Recovery Act provides for a 65 percent subsidy of the cost of continuing the group insurance plans of unemployed people through COBRA for up to 9 months. This is limited to individuals with income under \$125,000 and families with income under \$250,000.

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<sup>1</sup> State estimates prepared by the Government Accountability Office, February 11, 2009, for the U.S. Senate Committee on Finance.

<sup>2</sup> Center on Budget and Policy Priorities, based on Congressional Budget Office cost estimates and 2006 food stamp administrative data. Available at: <http://www.cbpp.org/1-22-09bud-fs.pdf>.

<sup>3</sup> U.S. Department of Housing and Urban Development, <http://www.hud.gov/recovery/tcap.cfm>.

<sup>4</sup> Homelessness Prevention Funds include \$7,977,649 for the state program, \$760,168 for Charleston, \$854,337 for Huntington, and \$606,447 for Wheeling.

<sup>5</sup> U.S. Department of Labor, Employment and Training Administration. Unemployment Insurance Program Letter No. 14-09, February 26, 2009.

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<sup>6</sup> Excerpted from “Preliminary Summary of Key Provisions of the American Recovery and Investment Act Aimed at Improving the Lives of Low-Income Americans,” by the Center on Law and Social Policy, February 13, 2009; available at: <http://www.clasp.org/publications/preliminarysummaryofarra021309.pdf>. Estimates of West Virginians who will benefit provided by the Center on Budget and Policy Priorities, February 13, 2009; available at: <http://www.cbpp.org/1-22-09bud.htm>.