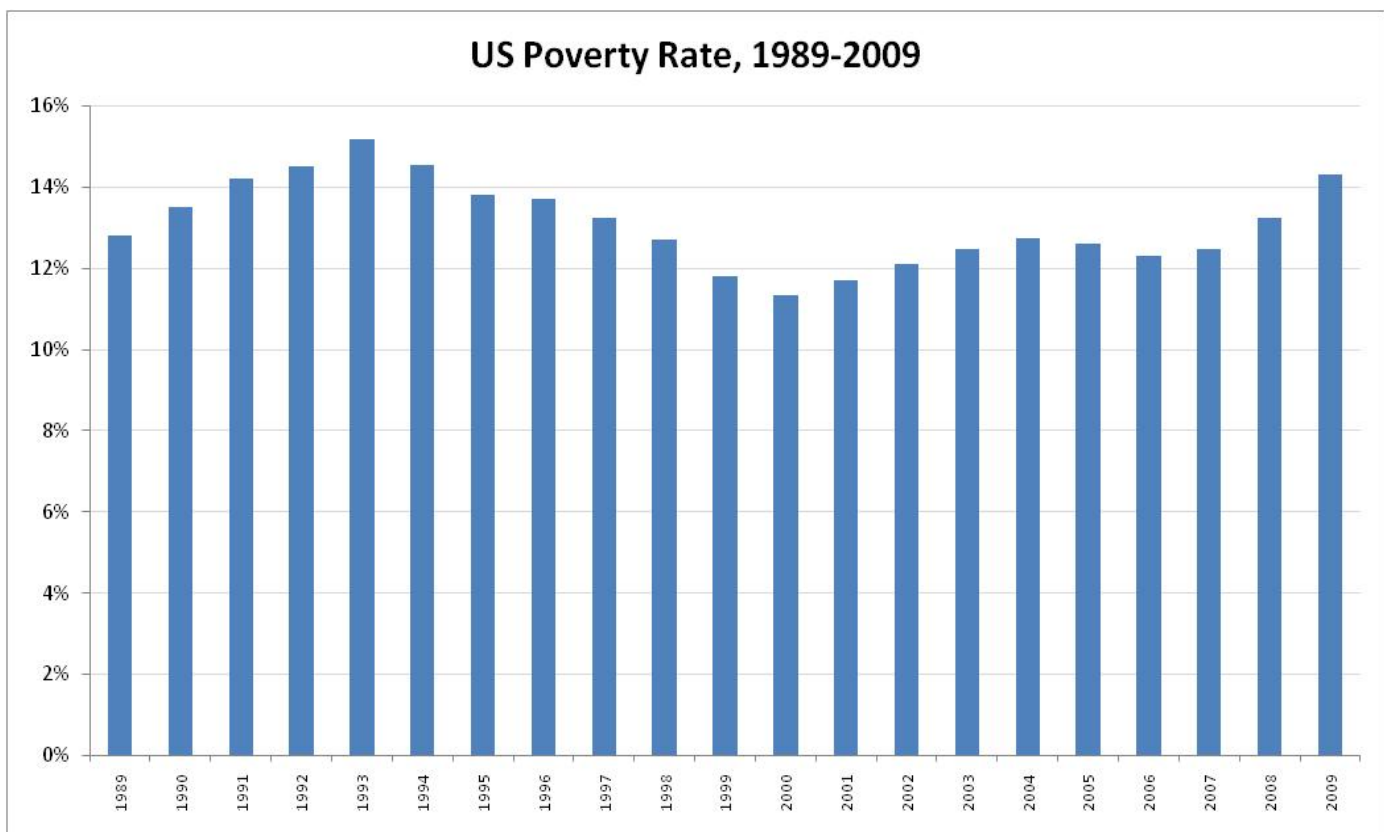


Poverty Rises Nationally in 2009, New Census Bureau Data Show

As a result of the Great Recession, the year 2009 saw a significant increase in the national poverty rate. The poverty rate rose to 14.3 percent in 2009 from 13.2 percent in 2008, new Census Bureau data show. The Census report released with today's new data highlights that the number of people officially in poverty was reduced substantially in 2009 by programs such as Unemployment Insurance (which reduced the number of working-age adults in poverty by 2.3 million) and Social Security (which reduced the number of seniors in poverty by 14 million).ⁱ (Reliable state-level estimates are not yet available. On September 28, the Census will release authoritative estimates of state and local poverty for 2009 from a different survey, the American Community Survey.)



FEDERAL ASSISTANCE LESSENED THE BLOW, KEPT MILLIONS IN THE U. S. OUT OF POVERTY

These new Census data, as noted, are from 2009, and thus reflect conditions resulting from the severe economic downturn that began in late 2007. In response to the downturn, in early 2009, Congress approved and the President signed the American Recovery and Reinvestment Act (ARRA), with ARRA dollars

beginning to arrive to individuals and families in the spring of 2009 and in greater amounts as the year continued. Thus, despite the large increase in poverty produced by the Great Recession, the national poverty rate would have risen still further had ARRA dollars not provided additional support to millions of Americans during 2009 and beyond, through increases or extensions of core safety net programs such as Unemployment Insurance and Social Security.

Beyond these ARRA provisions that *directly* affect the official measure of US poverty, other ARRA provisions delivered additional assistance to millions of Americans in 2009 (and continue to do so). Not included in the *official* measure of poverty are supports provided through other, non-cash and tax credit programs such as the Supplemental Nutrition Assistance Program (food stamps) or the Earned Income Tax Credit. (The official poverty measure reflects the impact of some benefit programs that the Recovery Act temporarily expanded, such as unemployment insurance or Social Security. Other expansions provided by ARRA -- to programs such as food stamps or to various tax credits for working families -- have offered tangible benefits to many Americans, but these benefits are not included in the official measure of family income. As such, these expansions do not directly reduce the official poverty rate.)

In addition to ARRA provisions that provide direct benefits to individuals and families, other ARRA programs have provided more general support to Massachusetts, delivering hundreds of millions in federal aid to the state and to local governments. These ARRA dollars have helped protect our schools, healthcare system, transportation infrastructure and other public services from undergoing deeper budget cuts, which in turn has helped protect jobs and the overall Massachusetts economy.

RECOVERY ACT BENEFITS MASSACHUSETTS WORKING FAMILIES

In Massachusetts, ARRA funding has provided several billion dollars in *direct* benefits to families and individuals since the spring of 2009 (through August, 2010) including: ⁱⁱ

• Making Work Pay credit =	\$1.65 billion
• \$250/individual Economic Recovery Payment =	\$289 million
• extended and expanded Unemployment Insurance benefits =	\$1.70 billion
• <u>expanded Food Stamp program =</u>	<u>\$252 million</u>
Total =	\$3.89 billion

With Recovery Act expansions scheduled to phase out during 2011 -- well before the job market and family incomes are projected to rebound -- we may see more people fall below the official poverty line (as data for 2010 and beyond become available). Stubbornly high unemployment bodes poorly for improvements to poverty in 2010 and 2011. Moreover, under a broader measure of poverty that accounts for the effects of taxes and tax credits on family income (which the current official poverty measure does not include), the expiration of Recovery Act provisions like the expansions to the Earned Income Tax Credit and Child Tax Credit, and the Making Work Pay credit could contribute to further poverty increases in 2011.

ⁱ These estimates include all funding distributed through these programs including additional dollars provided through these programs by the American Recovery and Reinvestment Act of 2009. The figure for UI is for adults only. The Center on Budget and Policy Priorities estimates an additional 1 million children were moved out of poverty as a result of UI benefits received by their families.

ⁱⁱ Estimates are provided by the Center on Budget and Policy Priorities. These figures do not include the millions of additional ARRA dollars provided to Massachusetts working individuals and families through alterations to the income tax code, including expansions of the Earned Income Tax Credit and Child Tax Credit.