

THE NETWORKER

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Article in the Star Press Examines the Effect of the Recession on TANF Rolls

An article in the Star Press on July 16, 2009 shows that despite facing the worst recession since the Great Depression, the number of Hoosiers who receive Temporary Assistance for Needy Families (TANF) has actually decreased. However, looking at the size of TANF rolls alone will not give an accurate picture of how the recession as affected Indiana. This is due in part to Indiana's eligibility standards for TANF. The income and asset limits are among the lowest in the country. A family of three cannot earn more than \$378 a month. As FSSA analyst, Jim Dunn points out in the article, "You have to be poorer than poor...anyone who continues to get unemployment benefits has too much income to qualify for cash assistance in Indiana."

The Government Accountability Office has found the same to be true across the country stating they found "no clear association between a state's unemployment rate and its cash assistance caseload." They go on to explain that this does not mean there is no relationship between the two, but that there are many other factors that play into a state's cash assistance caseload, including a state's eligibility guidelines and application process.

The number of participants in safety net programs and work supports such as SNAP (formerly Food Stamps) and Medicaid seem to be more affected by periods of recession. These programs have higher eligibility standards and are able to help many families before they reach 100 percent of the poverty level which would make them eligible to receive TANF in Indiana. These programs have grown in recent years. In fact, the number of Hoosiers receiving SNAP assistance as increased by 45 percent since 2005. Participation in Medicaid is up 27 percent over that same time period.

To read the full article visit:

<http://www.thestarpress.com/article/20100716/NEWS01/7160311>

Unemployment Insurance Benefits Extension Becomes Law

On Thursday, July 22, 2010, President Barack Obama signed The Unemployment Compensation Extension Act of 2010 (H.R. 4213). The bill extends unemployment benefits through the end of November and retroactively restores benefits to the roughly 2.5 million long-term unemployed whose benefits ran out at the end of May.

H.R. 4213 extends program benefits for up to 99 weeks, depending on individual state guidelines. Yet, it does not include the \$25 per week bonus benefit provided to unemployed workers since 2009 when the Stimulus Package was passed. However, with unemployment continuing to hover near 10 percent, the passage of the bill is a welcome relief to millions of unemployed workers across the country. Many in Congress are now turning their attention to measures focused at improving job creation for the so-called "99ers," those who have been unemployed for longer than 99 weeks and are no longer eligible for unemployment benefits.

Several other programs that were in the original legislation were stripped from this extension, including COBRA benefit assistance for the unemployed, the TANF Emergency Fund extension and the Summer Youth employment program. Both of which had the potential to create thousands of jobs.

For complete information about H.R. 4213 visit: <http://www.govtrack.us/congress/bill.xpd?bill=h111-4213>

Subsidized Job Programs are Putting Thousands of Americans to Work Each Week

According to a report by the Center on Law and Social Policy (CLASP), there are subsidized jobs programs, paid for by TANF Emergency Fund dollars, in 34 states, D.C., and the Virgin Islands. These programs are set to create 240,000 jobs by September 2010. The deadline to expend TANF Emergency Funds is September 30, 2010 subsequently when many of these programs will end.

Subsidized jobs account for about \$1 billion of the total amount of TANF Emergency Funds allocated. While the program got off to a slow start, it now has the potential to create thousands more jobs moving forward. When the American Recovery and Reinvestment Act (ARRA) was passed, many legislatures were in recess or about to recess for the year. It was therefore not possible to bring programs such as this before states' legislative bodies. Additionally, there were administrative delays regarding paperwork and some confusion regarding what types of funds could be used as state "matches." Now that programs are up and running many states want to continue their successes.

Among the many subsidized employment programs, there are quite a few that have been very successful. For example, Illinois has created 20,000 jobs, well above the 12,000 they set as their goal. In fact, five states estimate that their total year placements as of September 30, 2010, will be over 10,000 new jobs. In Tennessee, a rural community was able to create 400 new jobs and reduce the county's unemployment rate by nearly 9 percentage points. The funds are also being used for youth employment and small

business creation. The Mississippi STEPS New Start program will provide \$5,000 grants for qualified participants who commit to starting a new business within 60 days of receiving the grant.

Unfortunately, a measure to extend these funds until September 30, 2010 was stripped from the original version of the recently passed Unemployment Compensation Extension Act of 2010. According to a report by the Center on Budget and Policy Priorities (CBPP), many states will have to end or cut back their programs. "...in Illinois, where nearly all 20,000 participants are likely to lose their jobs, the loss of so many jobs at one time could increase the unemployment rate from 10.4 to 10.7 percent (all other things being equal)." The CBPP report shows that 14 states will close their programs and seven programs will scale back to smaller programs, if the TANF Emergency Funds are not extended.

To read the full report from CLASP visit:

<http://www.clasp.org/admin/site/publications/files/Emergency-Fund-Extension.pdf>

To read the full report from CBPP visit: <http://www.cbpp.org/cms/index.cfm?fa=view&id=3240>

The Child Tax Credit and Earned Income Tax Credit Provisions from ARRA Should Not Be Allowed to Expire

Allowing the Child Tax Credit (CTC) and the Earned Income Tax Credit (EITC) expansions to expire would cut an important income support for millions of American working families. In addition to income support, the provision provides work incentives to low-income families.

The Child Tax Credit (CTC) is a \$1,000 per child credit available to families to reduce the taxes they owe. When there are no taxes owed, the credit can also be refunded to families meeting certain income thresholds. The American Recovery and Reinvestment Act (ARRA), expanded the credit eligibility level (called the refundability level) to include families with incomes as low as \$3,000. Prior to ARRA, the threshold for 2009 was \$12,550. ARRA's reduction of this threshold was intended to bring the benefit of this credit to low-income families. In fact, 90 percent of the benefits of lowering the threshold from its 2008 level will go to the bottom two-fifths of Americans. According to CBPP, the expansion protected 2.3 million people from poverty, including 1.3 million children.

Unfortunately, ARRA only expanded the program for 2009 and 2010. The Administration's 2011 budget proposal does continue the expansion. However, if the budget proposal is not adopted, the expanded threshold will not continue. A report from the Metropolitan Policy Program at the Brookings Institute (Brookings) shows how devastating the loss of this expanded credit would be to low-income working families. According to the report, almost 9 million families will lose part or all of their credit if the expiration happens. Families with incomes between \$3,000 to \$12,750 would lose the credit entirely; while families with incomes between \$10,000 and \$20,000 would account for 58 percent of the total decreases.

ARRA also expanded the Earned Income Tax Credit (EITC) for 2009 and 2010. This expansion added a "third tier" of the EITC for families with three or more children. These larger families can now receive \$629 more than families with only two children. The expansion also provided "marriage penalty" relief in the EITC, reducing the financial penalty some couples receive when they marry by allowing married

couples to receive larger benefits. These two expansions together benefited over 7million people, and kept over 3 million people out of poverty. These provisions will expire in 2010 but are continued in the President's 2011 budget proposal.

For more information about the Child Tax Credit from the CBPP, visit:

<http://www.cbpp.org/cms/index.cfm?fa=view&id=2989>

<https://www.cbpp.org/files/1-22-09bud-ctc.pdf>

To read the report from the Brookings Institute, visit:

http://www.brookings.edu/papers/2010/0708_child_tax_credit_kneebone.aspx

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