



Serving Idaho's Children, Youth and Young Adults: Tracking ARRA Spending in Idaho

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Quarterly reports on American Recovery and Reinvestment Act (ARRA) activities for the first quarter of 2010 were due to the federal government by April 10. Due to technical delays in the electronic filing process, however, the deadline has been extended to April 16.² As a result, reporting data on uses of specific funding streams under ARRA will now not be available on www.recovery.gov, the federal government's ARRA website, until April 30 at the earliest. In addition, www.accountability.idaho.gov, Idaho's ARRA website, still has not been updated since early January.

Meanwhile, ARRA spending and ARRA projects continue to move along. This tracking report briefly updates Idaho's progress in accessing and using ARRA funds in relation to the other states. It also reports on recent federal action to further strengthen Pell grants, which broaden access to higher education, and on a just-released national study of the state-by-state impacts of ARRA's major tax cuts for families.

Idaho is accessing a low level of ARRA funds: Table 1 on the last page updates Idaho's progress in accessing and using ARRA funds. A month ago, Idaho had applied for 86 percent of the funds available to the state.³ That percentage has now dropped to 79 percent. As more ARRA funds become available, Idaho is applying for and receiving a smaller share. Much of this is likely due to Idaho's not drawing down as much in enhanced Medicaid matching funds as it could.

As noted last month, by now most states have received *more* in ARRA stimulus funds than originally estimated. Half the states have received to date at least 113 percent of their original projection. New Jersey leads in this regard, having received 60 percent more in ARRA funding than first anticipated.

Remember: the overarching purpose of ARRA was to stimulate the economy and jump-start a recovery. By failing to take full advantage of ARRA's opportunities, Idaho may be delaying and stunting its recovery.

Additional funding for Pell grants: President Obama has said that one of his highest domestic priorities was expanding access to higher education. ARRA contained some funding for making higher education more affordable and promoting a better-educated workforce, most notably \$17.1 billion nationwide for needs-based Pell grants. The maximum Pell grant was increased from \$4850 to \$5350, the first significant increase in the maximum grant in many years. However, this increase was for the 2009-2010 school year only.

Meanwhile, the recession made many current students poorer while also producing a sharp increase in unemployed workers returning to college. The result: ARRA’s Pell grant funding fell short of the increased demand.

On March 30, President Obama signed the Health Care and Education Reconciliation Act of 2010. This law enacts a sweeping overhaul of the federal student loan program. It also includes another \$36 billion for Pell grants.⁴ \$13.5 billion will cover the shortfall just described. The maximum Pell grant will remain at \$5350 for three years and thereafter will increase with inflation.⁵ Currently some 8.5 million students receive Pell grants. The new funding should provide 820,000 additional grants by 2020.

ARRA delivers significant tax relief to Idaho’s families with children and young adults: 37 percent—over one third—of ARRA spending was in the form of tax cuts. The principal tax credits most likely to benefit Idaho’s families with children and young adults are⁶

- the Making Work Pay Tax Credit of up to \$400 for individuals and \$800 for married couples in 2009 and 2010;
- the expanded Earned Income Tax Credit for 2009 and 2010, including an increased credit for families with three or more children and a reduction in the marriage penalty; and
- the expanded Child Tax Credit, which makes the credit available to more lower-income parents for 2009 and 2010.

Although these are federal credits, it would be nice to know how much money they put in the pockets of working families in Idaho. Citizens for Tax Justice, a D.C.-based nonpartisan nonprofit with a sophisticated microsimulation model, has just released state-by-state estimates of the impact of these three tax credits.⁷ See Table 2 below.

Table 2. Impact of ARRA Tax Credits on Idaho Working Families

Working Families in Idaho		Expanded EITC and Child Credit		Making Work pay Credit	
<u>Income Group</u>	<u>Average Income</u>	<u>Average Tax Cut</u>	<u>Share of Tax Cut</u>	<u>Average Tax Cut</u>	<u>Share of Tax Cut</u>
Lowest 20%	\$10,680	-\$150	22.0%	-\$374	11.2%
Second 20%	\$23,610	-\$228	39.1%	-\$497	17.3%
Middle 20%	\$39,250	-\$138	24.0%	-\$558	19.7%
Fourth 20%	\$59,440	-\$76	14.5%	-\$696	27.0%
Next 15%	\$96,460	-\$2	0.3%	-\$749	21.4%
Next 4%	\$201,100	-	-	-\$409	3.2%
Top 1%	\$937,500	-	-	-\$28	0.1%
ALL	\$58,030	-\$114	100.0%	-\$562	100.0%

Source: adapted from Citizens for Tax Justice (April 2010)

The Making Work Pay Credit put several hundred dollars, on average, in the pockets of families at all income levels except the very highest. The EITC and Child Credits put more money in the pockets of lower-income families than of higher-income families. Combined, the three tax credits provided, on average, tax relief of \$524 to families in the lowest income group, \$725 in the second-lowest income group, \$696 in the middle income group, and \$772 in the fourth-lowest income group.

At the family level, ARRA tax credits have provided sizable stimulus payments to most Idaho families, hopefully helping families through these difficult times while contributing to the beginnings of an economic recovery.

Endnotes

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²"Recipient reporting extended" at <http://www.recovery.gov/FAQ/Pages/RecipientReporting.aspx>.

³See Table 1 in "Serving Idaho's Children Youth and Young Adults: Tracking ARRA Spending in Idaho—February 2010," by Judith L. Brown for Idaho KIDS COUNT at http://www.idahokidscount.org/downloads/library/downloads/primary_research/ARRA_report_Feb2010.pdf.

⁴"Obama signs overhaul of student loan program," *New York Times*, March 31, 2009, p. A14; "Obama to sign revised student loan legislation," *Daily Evergreen* (Washington State University newspaper), March 31, 2010, p. 7; "Bill proposes increased aid to the needy for college," *New York Times*, March 19, 2009, p. A11; "Taking an Incomplete," by Kevin Carey in *The New Republic* April 13, 2010 at <http://www.tnr.com/article/politics/taking-incomplete>.

⁵It should be noted that the cost of higher education has been increasing much faster than the overall rate of inflation for some time. If this trend continues, indexing Pell grants to the rate of inflation will not serve to make higher education more affordable.

⁶For more detailed explanations of ARRA's tax relief components, see "Making Use of Economic Recovery Funds: Opportunities for Idaho to Better Serve Youth and Young Adults" by Judith L. Brown for Idaho KIDS COUNT, September 2009, at http://www.idahokidscount.org/downloads/library/downloads/primary_research/Small_Faces/SmallFacesPart5.pdf.

⁷Citizens for Tax Justice (April 2010), "President Obama Cut Taxes for 99% of Working Families in Idaho in 2009," at <http://www.ctj.org/obamastaxcuts/id.pdf>.

**Table 1. ARRA Investments by State
as of 4/7/10**

State	Announced	Made Available	Paid Out	Avail/Ann		Pd/Avail		Pd/Ann	
				%	rank	%	rank	%	rank
Alabama	\$ 3,563,891,700	\$ 4,180,443,614	\$ 2,095,471,011	117%	30	50%	13	59%	23
Alaska	\$ 1,602,225,715	\$ 1,342,456,968	\$ 461,897,947	84%	5	34%	2	29%	1
Arizona	\$ 5,887,001,050	\$ 6,675,119,915	\$ 3,980,256,146	113%	26	60%	32	68%	30
Arkansas	\$ 2,542,607,774	\$ 2,644,579,086	\$ 1,462,976,386	104%	18	55%	22	58%	21
California	\$ 29,440,495,758	\$ 37,346,150,425	\$ 25,444,197,523	127%	39	68%	49	86%	48
Colorado	\$ 4,214,357,344	\$ 4,365,131,096	\$ 2,558,186,777	104%	17	59%	29	61%	25
Connecticut	\$ 2,966,478,134	\$ 3,865,951,070	\$ 2,430,289,710	130%	44	63%	44	82%	43
Delaware	\$ 938,949,331	\$ 1,105,896,674	\$ 533,189,725	118%	31	48%	11	57%	20
D.C	\$ 2,646,502,791	\$ 3,268,335,983	\$ 961,090,060	123%	35	29%	1	36%	2
Florida	\$ 13,029,591,066	\$ 16,769,560,774	\$ 9,191,262,135	129%	42	55%	21	71%	33
Georgia	\$ 7,154,559,032	\$ 8,984,884,358	\$ 5,253,877,478	126%	37	58%	28	73%	35
Hawaii	\$ 1,519,981,948	\$ 1,359,741,042	\$ 636,420,767	89%	10	47%	9	42%	10
Idaho	\$ 1,777,352,502	\$ 1,404,678,398	\$ 844,062,434	79%	2	60%	35	47%	14
Illinois	\$ 11,922,298,302	\$ 13,809,026,145	\$ 9,470,893,594	116%	29	69%	50	79%	39
Indiana	\$ 5,234,907,275	\$ 6,999,945,679	\$ 4,317,478,806	134%	46	62%	41	82%	45
Iowa	\$ 2,584,219,589	\$ 2,978,300,728	\$ 1,935,954,839	115%	28	65%	45	75%	36
Kansas	\$ 2,225,433,989	\$ 2,389,490,913	\$ 1,407,108,538	107%	24	59%	31	63%	28
Kentucky	\$ 3,464,917,268	\$ 3,952,210,423	\$ 2,383,881,015	114%	27	60%	36	69%	32
Louisiana	\$ 3,797,828,168	\$ 4,038,919,002	\$ 1,960,595,114	106%	20	49%	12	52%	16
Maine	\$ 1,471,288,046	\$ 1,570,087,238	\$ 957,104,847	107%	22	61%	39	65%	29
Maryland	\$ 5,124,542,396	\$ 5,240,806,284	\$ 2,714,277,927	102%	15	52%	16	53%	17
Massachusetts	\$ 6,568,876,306	\$ 9,437,240,732	\$ 5,554,154,282	144%	48	59%	30	85%	47
Michigan	\$ 8,231,648,716	\$ 12,296,531,283	\$ 7,386,584,030	149%	50	60%	34	90%	49
Minnesota	\$ 4,375,801,291	\$ 5,382,361,522	\$ 3,622,968,779	123%	34	67%	48	83%	46
Mississippi	\$ 2,776,903,160	\$ 2,752,263,691	\$ 1,552,751,994	99%	14	56%	23	56%	18
Missouri	\$ 4,950,818,081	\$ 5,431,858,768	\$ 3,358,431,424	110%	25	62%	42	68%	31
Montana	\$ 1,473,246,244	\$ 1,181,122,932	\$ 597,154,426	80%	3	51%	15	41%	8
Nebraska	\$ 1,452,139,243	\$ 1,395,215,568	\$ 587,708,497	96%	12	42%	5	40%	7
Nevada	\$ 1,907,652,814	\$ 2,844,649,034	\$ 1,869,945,705	149%	49	66%	47	98%	50
New Hampshire	\$ 1,492,460,272	\$ 1,134,463,375	\$ 600,687,377	76%	1	53%	18	40%	6
New Jersey	\$ 6,092,865,161	\$ 9,763,541,053	\$ 6,828,020,778	160%	51	70%	51	112%	51
New Mexico	\$ 2,589,181,718	\$ 2,145,378,324	\$ 1,009,936,104	83%	4	47%	10	39%	5
New York	\$ 20,002,947,806	\$ 25,311,395,961	\$ 15,351,747,518	127%	38	61%	38	77%	37
North Carolina	\$ 6,593,075,701	\$ 9,041,309,039	\$ 5,401,790,858	137%	47	60%	33	82%	44
North Dakota	\$ 868,954,145	\$ 772,577,899	\$ 361,022,698	89%	9	47%	8	42%	9
Ohio	\$ 9,068,132,372	\$ 11,519,598,498	\$ 6,515,202,732	127%	40	57%	24	72%	34
Oklahoma	\$ 3,164,845,766	\$ 3,365,914,064	\$ 1,959,357,529	106%	21	58%	27	62%	27
Oregon	\$ 3,467,316,676	\$ 4,216,719,612	\$ 2,754,882,533	122%	33	65%	46	79%	40
Pennsylvania	\$ 10,293,320,338	\$ 13,407,919,965	\$ 8,092,395,719	130%	43	60%	37	79%	38
Rhode Island	\$ 1,113,096,478	\$ 1,427,266,401	\$ 896,038,722	128%	41	63%	43	80%	41
South Carolina	\$ 4,979,265,323	\$ 4,180,212,584	\$ 2,247,094,923	84%	6	54%	19	45%	13
South Dakota	\$ 1,085,574,775	\$ 931,144,789	\$ 419,025,292	86%	7	45%	6	39%	4
Tennessee	\$ 5,773,720,765	\$ 5,960,804,790	\$ 3,405,149,713	103%	16	57%	26	59%	24
Texas	\$ 19,464,293,678	\$ 20,806,821,338	\$ 10,957,380,739	107%	23	53%	17	56%	19
Utah	\$ 2,208,505,792	\$ 2,343,385,578	\$ 1,279,735,338	106%	19	55%	20	58%	22
Vermont	\$ 718,782,307	\$ 871,355,507	\$ 439,674,976	121%	32	50%	14	61%	26
Virginia	\$ 5,691,426,613	\$ 5,614,514,310	\$ 2,561,580,698	99%	13	46%	7	45%	12
Washington	\$ 7,643,304,414	\$ 6,663,649,334	\$ 3,775,558,894	87%	8	57%	25	49%	15
West Virginia	\$ 1,774,105,352	\$ 2,205,992,635	\$ 781,858,418	124%	36	35%	3	44%	11
Wisconsin	\$ 4,288,088,695	\$ 5,722,377,069	\$ 3,497,457,750	133%	45	61%	40	82%	42
Wyoming	\$ 669,512,832	\$ 636,769,338	\$ 253,932,158	95%	11	40%	4	38%	3