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## The American Recovery and Reinvestment Act (ARRA) Overview of Key Provisions Affecting Low and Moderate Income People in Maine

The American Recovery and Reinvestment Act (ARRA) was passed by Congress and signed into law by President Obama in February. Maine is expected to receive more than \$1 billion for state and local programs and millions more through tax credits for low and middle income families. These new dollars will create approximately 15,000 new jobs in Maine. They will bring much needed relief to thousands of Maine people who are unemployed, who receive Food Stamps or SSI, or who work for low wages and struggle to make ends meet. These funds will also prevent millions of dollars in state budget cuts, largely in health care and education.

We thank Maine's Senators Snowe and Collins who were key to passage of this bill in the United States Senate. We also recognize Representatives Michaud and Pingree for their strong support of this legislation.

This article outlines some of the ways the Act will help people in Maine. The numbers in the article are early estimates. For more up-to-date information about the impact of the Recovery Act in Maine, you can go to the Governor's website at:  
<http://www.maine.gov/governor/baldacci/policy/Recovery2009.shtml>

**Temporary Increase in Federal Funding for Medicaid.** The federal government will increase its funding for MaineCare, Maine's Medicaid program. The extra funds will be limited to a 27-month time period, from October 2007 through December 2010. In order to get these new funds states must agree not to cut Medicaid eligibility. This ensures that all eligible families will continue to be served. This is very important as more people turn to the program for health care coverage in tough economic times.

**Increase in Food Supplement benefits (formerly Food Stamps).** Maine will receive additional funds to provide more Food Supplement (FS) benefits to eligible households.

- The *maximum* FS benefit will increase by over 13% to help offset rising food costs. Most households will receive about \$20 to \$24 more per person per month, beginning in April. All 196,000 Maine people who are currently receiving Food Supplement benefits will see an increase in their benefit amount. This new amount will stay in place until the program's regular annual inflation adjustments reach this level.
- Currently, some individuals between the ages of 18 through 49 who do not have children at home can only receive Food Supplement benefits for a 3-month period. From April 2009 through September 2010 there is no time limit. This group will now continue to receive assistance as they need it during this period, provided they comply with program rules.

**Help for unemployed workers.** As Maine's unemployment rate tops 7%, the Act will provide help for people who have lost their jobs:

- Unemployment checks will increase by \$25 a week for the rest of 2009. This increase starts with unemployment benefit claims filed for the week ending Saturday, Feb. 28, 2009.
- The temporary federal extended unemployment benefit program is extended through December 2009. It was set to expire in March. Beginning mid-February, up to 59 weeks of benefits are available to laid-off Maine workers.
- The first \$2,400 in unemployment benefits will be exempt from federal income tax.
- Maine will receive more additional funds to help other unemployed workers. This money can be used to provide unemployment benefits to workers who currently fall through the cracks and don't qualify for benefits when they are unemployed.

**One-time bonus payment for Social Security and SSI recipients and certain others.** Social Security and SSI recipients who do not work and don't qualify for other tax credits will get a one-time payment of \$250. This payment will also be made to those receiving Veteran's Disability Compensation and Railroad Retirement benefits. The Act calls for the Treasury to send these checks as soon as possible.

#### **Tax Relief for Low and Moderate-Income Workers**

- **"Make Work Pay" Credit.** A new refundable tax credit provides up to \$400 to individuals and \$800 to couples in 2009 and 2010. The credit works by taking less tax money out of a worker's paycheck each week. This tax cut is estimated to equal about \$13 a week in 2009. It is expected to begin showing up in paychecks as early as April. This tax cut is targeted at low and middle-income workers. Individuals who make more than \$100,000 and couples making more than \$200,000 won't get it. Approximately 495,000 Maine workers are expected to get this credit.
- **Child Tax Credit expanded.** The Child Tax Credit gives a partially refundable federal income tax credit of up to \$1,000 per child under age 17. This credit is to help offset the costs of raising children. Before the Act, families could receive at least a partial credit if they earned at least \$8,500 in 2008 and \$12,550 in 2009. Now they can earn as little as \$3,000 and still get some help. The amount that a family must earn to qualify for the full credit of \$1,000 has also been lowered from \$21,833 to \$16,333. It is estimated that up to (?) 50,000 Maine children will be helped by this change.
- **Earned Income Tax Credit (EITC).** The EITC is one of the most successful programs in the nation to help low-wage working families escape poverty. The Act will boost the amount of this credit for families with 3 or more children. For example, in 2009, a family with 3 or more qualifying children will receive up to \$5,656. This is \$628 more than they would have received before the recovery act.

**New help for weatherization.** The Act includes \$5 billion nationally to help low-income families weatherize their homes. It increases the number of people eligible for weatherization assistance by expanding the income eligibility limit from 150% of the federal poverty level to 200% of poverty. It also increases the total value of weatherization assistance that a household can receive from \$2,500 to \$6,500.

**Additional Funds for Child Care and Head Start.** The ARRA increases funding for Maine's Child Care and Development Block Grant by more than \$6.7 million. Most of the funds can be used to help reduce long waiting lists for subsidized care. Nearly \$900,000 must be used to help improve the quality of child care services. The state does not have to provide funds to match these new federal funds. This will help Maine put the money to good use without delay.

Additionally, nearly \$3 million dollars in new funds will go directly to Maine's Head Start programs. New funds may also be available for Early Head Start.

**New Employment and Training Opportunities.** Maine will receive new funds for the state's Workforce Investment Act (WIA) programs to increase access to education and training opportunities throughout the State. These funds will be for training opportunities for youth, adults and dislocated workers. Maine's allocation will nearly double the amount of WIA funding currently available to Maine. The money will be distributed to Maine programs some time this spring. People interested in opportunities for education and training available through these new funds may want to contact their local CareerCenter beginning in April.

Nationally, nearly \$540 million will also be available to increase access to Vocational Rehabilitation Services for people with disabilities.

**Increases in Pell Grants.** The Act increases the maximum Pell grant for students by \$500, for a maximum grant of \$5,350 in 2009 and \$5,550 in 2010. Additional work study funds are also expected to be available to Maine students.

**Additional support for schools to help low-income students and those needing special education services.** Maine will receive new Title I funds. These funds will be used to provide extra academic support to raise student achievement in high poverty areas. Maine will also receive additional funding to assist the State and school districts with the cost of special education services for students with disabilities.

The Recovery Act also provides additional funds to the following critical programs:

- Emergency Food and Shelter Program, which supplements the work of local social service organizations to help people in need of emergency assistance;
- The Emergency Food Assistance Program, which provides donations of federal commodities to approximately 250 local food banks and soup kitchens in Maine.
- The Foster Care and Adoption Assistance Programs, to help pay for the costs of caring for children in foster or other out of home placements.
- The Meals on Wheels and Congregate Nutrition Services Programs, to help deliver services at the local level.
- Homelessness prevention and other programs to help people who are homeless find new housing.
- Domestic violence prevention programs. Just over 20% of these funds are for transitional housing assistance for victims of domestic violence, stalking or assault.
- Supplemental Nutrition Program for Women, Infants and Children (WIC). Additional funds will cover the costs of increased enrollment in Maine's WIC program.