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For More Information, Contact:

Joy Margheim (503) 873-1201
Chuck Sheketoff (503) 873-1201
Juan Carlos Ordóñez (503) 873-1201

Five Recovery Act Programs Pump Over \$1.5 Billion Into Oregon

(Silverton) — Five highly effective programs in the 2009 federal Recovery Act together have pumped about as much money into Oregon as all of the venture capital invested in the state from 2001 through last year, according to the Oregon Center for Public Policy.

A new report released today by OCPP documents the success of the Recovery Act and highlights five programs that put \$1.5 billion directly into the wallets of Oregonians over the past year.

“The Recovery Act has saved and created jobs and spurred economic activity, and an important part of that success stems from five direct assistance programs,” said OCPP policy analyst Joy Margheim.

The five programs examined by OCPP are extended unemployment insurance benefits, a \$25 increase in the amount of weekly unemployment insurance benefits, an expansion of benefits under the Supplemental Nutrition Assistance Program (SNAP, formerly known as the food stamp program), a cash payment to elderly and disabled Oregonians and the Making Work Pay tax credit.

These programs stimulate the economy because, by and large, they put money into the hands of those likely to spend it quickly, rather than save it, according to the report.

A family receiving unemployment insurance benefits, for example, will spend the money at their local grocery store or other businesses, the report said. That enables those businesses to retain existing employees or hire more workers, who in turn spend money in the community.

“Direct assistance programs create a snowball effect in the economy,” said Margheim. She noted that by one estimate, every dollar spent on increased unemployment insurance benefits produces \$1.61 in total, national economic activity, while food stamp benefits offer an even better “bang for the buck” at \$1.74.

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The five direct assistance programs together account for about a fifth of the total federal spending in the Recovery Act, the report said.

The Recovery Act's full set of programs boosted the nation's real gross domestic product by 2-3 percentage points in the last three quarters of 2009 and had created or saved between 1 and 2 million jobs through the end of last year, according to federal government analysts and independent economists.

Although there are no estimates of the boost to the state's gross domestic product, the report noted that the President's Council of Economic Advisors has estimated that the Recovery Act saved or created about 28,000 jobs in Oregon by the fourth quarter of 2009.

In spite of the success of the Recovery Act, many Oregonians have yet to experience economic recovery, the OCPP report acknowledged.

"The recession turned out to be longer and deeper than many anticipated, and few promised that the Recovery Act was a silver bullet," the report said. Yet the "Recovery Act has protected thousands of Oregon families from the worst of the recession's effects and has helped stabilize Oregon's economy."

The Oregon Center for Public Policy is a nonpartisan research institute that does in-depth research and analysis on budget, tax and economic issues. The Center's goal is to improve decision making and generate more opportunities for all Oregonians.