

**Small Faces in a BIG Recession:
Government Responses
to help children and families**

**by Judith Brown, Director
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Idaho Center on Budget and Tax Policy

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Building Supports for Families

- **Community and Family**
- **Public Services**
- **Economic Development**

Community and Family

- **Examples**

Food Stamps at farmer's market

Backyard harvest or gleaning

Outreach around tax credits

Federal Reserve Bank toolkit

www.frbsf.org

- **Coordinating council**

Public Services

- **Federally funded: ARRA**

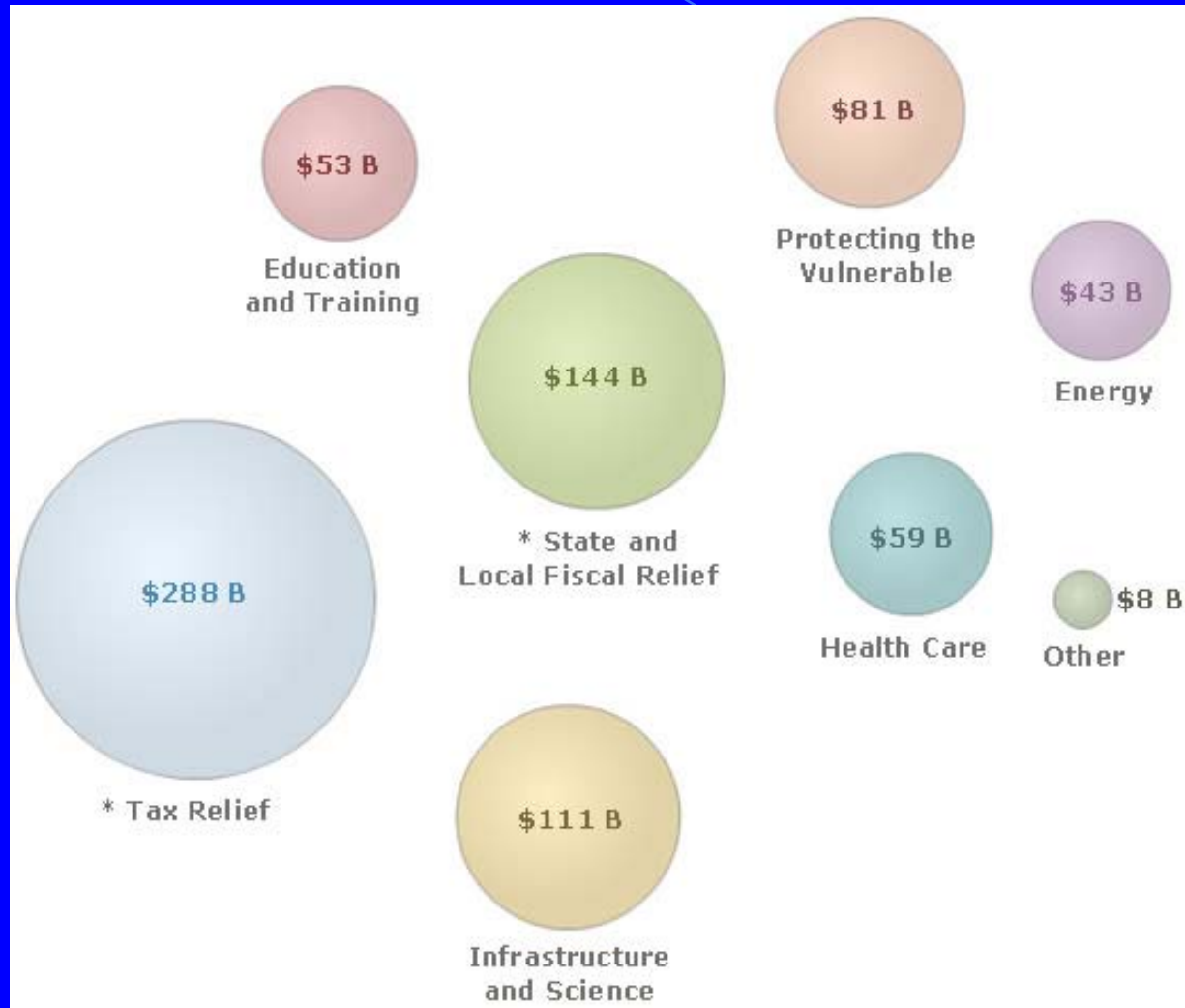
Create jobs

Jump-start the economy

**But lots to help families weather
the storm**

- **State funded**

What is ARRA?



Tax relief: 37% of ARRA funds

- Making Work Pay Tax Credit
- expanded Child Tax Credit
- American Opportunity Tax Credit
- First-time Homebuyer Credit
- tax-free unemployment benefits
- expanded Earned Income Tax Credit
- tax-free unemployment benefits
- etc.

Protecting the vulnerable

10% of ARRA funds

- **Unemployment Insurance**
- **Food Stamps**
- **TANF**
- **Community Services Block Grant**
- **child care (CCDBG)**
- **child support**
- **WIC**
- **Homelessness prevention etc.**

Health care: 7.5% of ARRA

- **COBRA**
- **Medical care for members of the military, veterans, Community Health Centers, tribal health care**
- **(State fiscal relief)**

Education & training

7% of ARRA

- Public Education
- Higher Education
- Job training
- (State Fiscal Stabilization Fund)

**To date, Idaho has been very
slow in drawing down ARRA
funds**

see recovery.gov

State fiscal relief: 18% of ARRA

- Medicaid
- State Fiscal Stabilization Fund
(for public and higher education)
- Impact on the rest of the budget
- The outlook going forward

State fiscal relief: Medicaid

- FMAP increase
- “freed up” for rest of budget
\$52 m FY 09, \$73 m FY10

State fiscal relief: Education

State Fiscal Stabilization Fund

- **K – 12 (plus early)**

w/o ARRA: 7.7% cut

w/ ARRA: 0.4% increase

- **Higher ed**

w/o ARRA: 14.7% cut

w/ ARRA: 5.8% cut

State fiscal relief: the rest of the budget

2009 Legislative Session

FY 10

w/o ARRA: 9% below FY 09

w/ ARRA: 3% below FY 09

Additional holdbacks 9/25

Public schools 0%

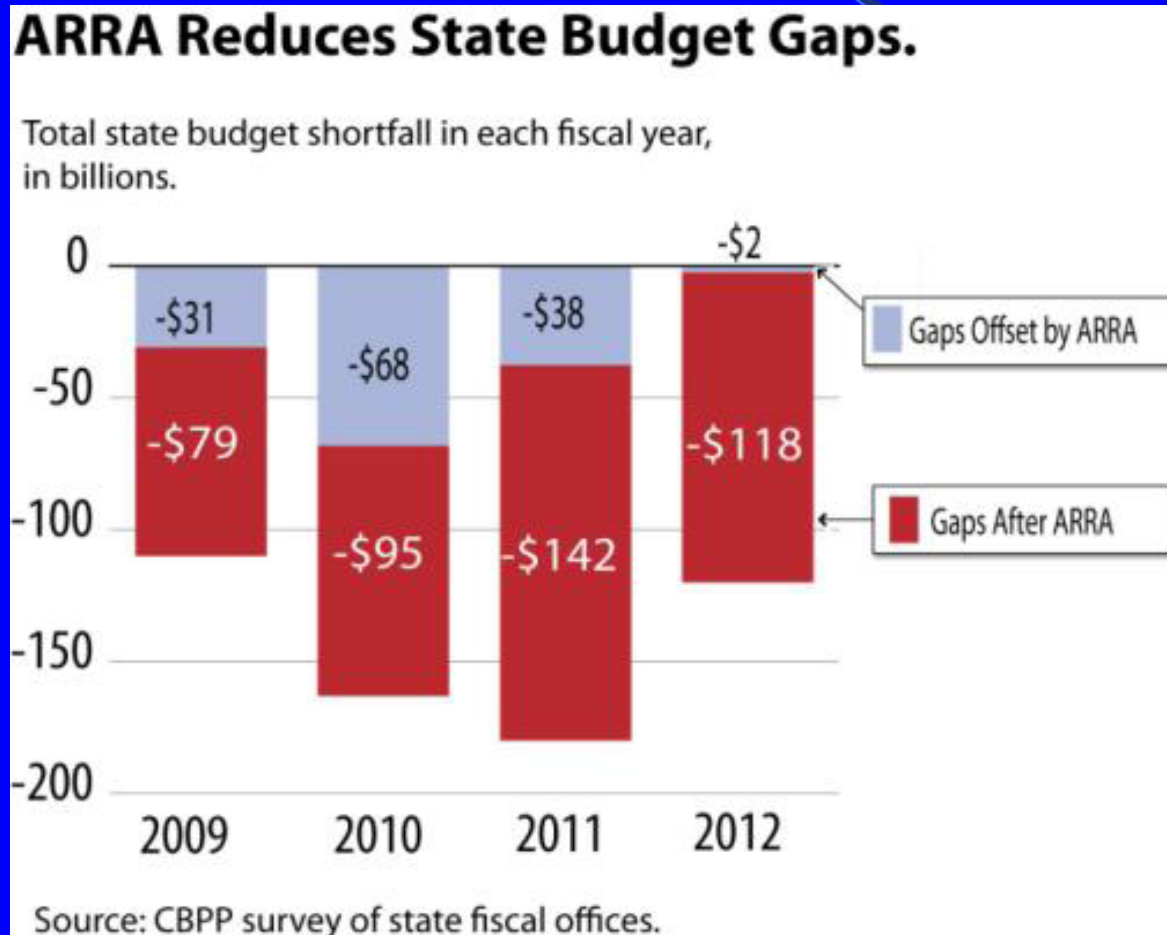
Universities 6%

Independent Living Council 7.5%

FY 11??

Opportunities for youth and young adults in ...

State fiscal relief: the outlook



Luna: Deeper cuts will hurt kids

Superintendent says public schools can't handle more budget cuts without affecting student achievement

By William L. Spence of the Tribune
October 2, 2009



This far, but no farther.

Idaho Superintendent of Public Instruction Tom Luna drew a fiscal line in the sand Thursday, telling teachers - and the Legislature - that public schools can't support any additional budget cuts without harming student achievement.

Luna was in town for the Idaho Indian Education Summit at the Red Lion Inn. He also spoke at the Partnerships in Education conference at Lewiston High School, where he discussed his 2011 budget proposal and other issues with about 30 state educators.

Referring to an annual performance measurement

Time to “Save Our State”?

Economic Development

- “jobless recovery”

jobs needed: 59,900

unemployment rate *tripled* over
26 months

Idaho’s recovery will be slower
than the nation’s

- the state’s failed economic
development policy

Dell call center closure cuts 500 jobs

Company threatens loss of severance pay if employees speak to media

Associated Press

Saturday, September 12, 2009

TWIN FALLS - Dell Computer Inc., the world's second-largest computer maker, is closing its Twin Falls customer support call center by January, eliminating 500 jobs that remained at the facility since layoffs began in 2007.

The center opened eight years ago **after millions of dollars in enticements from local and state government.**

Company officials announced the news to employees Thursday. Some of the workers told The Times-News they were stunned and angry, but all asked that their names not be used because the company threatened to take away severance pay if they commented to the media.

Dell spokeswoman Harjit Kaur confirmed that company policy bars employees from speaking to the media. She said about 125 employees will be offered jobs at call centers in Texas and Oklahoma or with the company's work-from-home program.

Dell has been laying off thousands of workers as part of efforts to reduce its costs by \$4 billion annually. The company has been struggling with ever-slimmer margins as PC prices dropped, but the recession has added to its woes as consumers and businesses postpone computer purchases.

Economic Development, cont'd.

- an Obama jobs program
 - tax credits?
- better economic development policy for Idaho
 - educated workforce
 - infrastructure: roads, broadband

How Does This Compare to Great Depression?

	Current Crisis	The Great Depression
GDP decline	3.9%	36%
Unemployment	9.4%	25%
Stock Market decline	48%	87%
Mortgage Delinquency	10.5%	50%
Bank Failures	100	Thousands

Source: FRBSF and Haver Analytics, as of July 2009.

On the other hand...

- **graduating in a recession**
- **long-term unemployment**
- **children growing up in poverty**

...*all* have lasting effects

Conclusion:

Policy matters!

- **Take full advantage of ARRA**
- **Support more federal stimulus**
- **Find a way to “Save Our State”**

Thank you!



