



STATEMENT FROM CPPP ON EXTENDING THE AMERICAN RECOVERY AND REINVESTMENT ACT

“Congress is finally on the verge of extending the American Recovery and Reinvestment Act’s extra weeks of jobless insurance benefits. Doing so is critical to helping hardworking Texans who cannot find jobs and to sustaining our economic recovery.

“Unemployment Insurance benefits help the economy because unemployed workers spend their benefits quickly to cover household expenses and they spend them in their local communities. This emergency action adds a very small amount to the deficit that the country can cover after its economic recovery.

“Congress should now take a second important step and extend the American Recovery and Reinvestment Act’s help to states to balance their budgets. Texas balanced its present budget with federal help that largely runs out by December 31. By providing additional help, Congress can help Texas prevent job-killing state spending cuts.

“Because of the economic downturn, state tax collections have fallen dramatically. Texas may be \$15 to \$18 billion short in the amount needed to sustain state programs and services such as higher education, criminal justice, and transportation. While these are public programs, much of state spending flows into the larger economy through contracts with private companies and spending by public employees. If Congress refuses to provide additional help to the states, it threatens our immediate economic recovery by forcing job-killing budget cuts and endangers our long-term prosperity by forcing reductions in critical investments such as public education.

“The U.S. House has already passed House Resolution 4213, which provides for a higher federal matching rate for Medicaid to help the states balance their budgets. Under the House bill, Texas would get approximately \$1 billion in federal help. The House bill pays for the higher matching rate, so it does not add to the deficit.

“The question is what the Senate will agree to do. We urge Senator Hutchison and Senator Cornyn to act quickly to help Texas.”

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