

# THE WHITE HOUSE

Washington

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## **American Recovery and Reinvestment Act: A Progressive Plan to Create Jobs and Help Families**

The American Recovery and Reinvestment Act is based on the simple premise: what is good for working families is good for the economy and what is good for the economy is good for working families. Specifically, cutting taxes for working families helps to create jobs because these families are the most likely to spend the money. And staving off a deep recession disproportionately helps working families that would have been most likely to get hurt by the recession. Here are some of the highlights of the plan:

- **129 Million Working Households will Receive a Tax Cut, about 95% of All Working Households.**
- **A True Working Family Tax Cut:** 70% of the tax benefits in the recovery act go to the middle 60% of workers.
- **Provides more than \$150 billion to low-income and vulnerable households – spurring increased economic activity that will save or create more than 1 million jobs.** The Congressional Budget Office finds that tax cuts and other benefits for low- and middle-income households are more than three times as effective stimulus as tax cuts for high-income households.
- **1/250<sup>th</sup> as much Benefit to the Top 1% as the tax cuts of George Bush:** While 25% of the Bush tax cut went to those making in top 1% (currently over \$475,000)— only 1/10<sup>th</sup> of 1% of our major new tax provisions did. Under the recovery act, less than 1% of the tax benefits go to the top 5% of earners, compared to nearly 40% of the benefits from the Bush tax cuts.
- **Largest After-Tax Income Increases to the Bottom 40% of Workers:** The bottom 40% of workers saw the largest after tax income gains—3.45%. That was 10 times higher than the percentage income gain of the top 20%.
- **Provides more than \$150 billion to low-income and vulnerable households – spurring increased economic activity that will save or create more than 1 million jobs.** The Congressional Budget Office finds that tax cuts and other benefits for low- and middle-income households are more than three times as effective stimulus as tax cuts for high-income households.
- **Ensures that a family working full-time can raise their children above the poverty line.** Currently a family of four with one parent working full time at the minimum wage falls about \$400 below the poverty line. Under the American Recovery and Reinvestment Act this family would get \$800 from the Making Work Pay tax credit and about \$1,200 in additional refundable child tax credits – lifting them above the poverty line.
  - *In total more than 2 million Americans will be lifted above the poverty line.*