
Impact of Recovery Act Direct Assistance Provisions in Montana's Economically Stressed Communities

The economic recession has challenged Montana —hardworking people have lost their jobs, savings have dwindled and families continue to struggle to make ends meet. However, for some communities in Montana, the recession was not the beginning of the economic crisis. These economically stressed communities suffered greatly compared to their neighbors well before the recession started. High unemployment, low levels of education and a lack of working age adults have prevented these communities from thriving, and these problems were only further compounded by the recession.

In an effort to provide economic assistance during a critical moment in America's financial history, Congress passed the American Recovery and Reinvestment Act. The Recovery Act supported education, health care, housing and other essential programs at a time when many families needed these services the most. For Montana's most economically stressed communities, the Recovery Act provided crucial assistance that sustained families and bolstered local economies across the state. Three particular elements of the Recovery Act were especially beneficial to economically stressed communities:

- An increase in food stamp benefits,
- A \$25 per week increase in Unemployment Insurance benefits,
- A \$250 one-time economic recovery payment.

This report summarizes how these three direct assistance provisions have injected over \$20 million into Montana's economically stressed communities. The Recovery Act began having positive impacts on these communities within weeks of being passed. The three provisions detailed in this research were designed to have that very effect, by directly targeting those families struggling most during the recession. Families struggling to make ends meet have spent the additional income quickly to meet their basic needs and, in the process, have supported local grocery stores, markets and community-owned businesses. These provisions prevented families in Montana's most vulnerable areas from falling further into poverty, strengthened their cities and towns, and provided a vital boost to Montana's economy.

Economically Stressed Communities

The economically stressed communities¹ discussed in this research include seventeen counties across Montana: Big Horn, Blaine, Deer Lodge, Glacier, Golden Valley, Lake, Liberty, Lincoln, Mineral, Musselshell, Phillips, Pondera, Roosevelt, Sanders, Sheridan, Wheatland, and Wibaux. The Economic Stress Index used includes typical measures of economic stress and factors that tend to be coincident with stress such as low education rates, a lack of working age adults, and a high share of total income coming from non-labor sources.

Counties home to American Indian reservations account for over 50% of the communities analyzed in this document. As a whole, the American Indian population in all seventeen of Montana's economically stressed counties is over 10% higher than the state average.²

American Indian communities in Montana have faced great economic challenges for generations. Unemployment and poverty rates are higher and average incomes lower than those for the total Montana population.³ The specific historical and structural factors contributing to this disproportionate impact of poverty on Montana's American Indian population is beyond the scope of this report. However, it is important to note that policies aimed at assisting economically stressed families and communities- like the direct assistance provisions outlined in this report- can be particularly critical for American Indian reservations and communities.

Supplemental Nutrition Assistance Program

As a result of the Recovery Act, Montanans participating in the food stamp, or Supplemental Nutrition Assistance Program (SNAP), received an increase in their benefits. This boost in benefits led to an average household increase of \$40 to \$50 per month, allowing hardworking Montanans to keep food on the table for their families during a time of economic uncertainty. Additionally, the Recovery Act suspended the benefit time limit for childless adults.

The SNAP increase was a particularly efficient mechanism for boosting the economy because it utilized existing systems within the US Department of Agriculture and Montana's Department of Public Health and Human Services to provide the additional benefits to families quickly and effectively. In fact, Montana's families received an increase in SNAP benefits within six weeks after the legislation took effect.

Table 1 shows the additional SNAP funding flowing to each of Montana's economically stressed communities. SNAP participants in these communities received nearly \$7.4 million as of May 2010.⁴ Ten of these counties experienced per capita increases higher than the state average, with the highest being Glacier (\$95), Roosevelt (\$85) and Big Horn (\$79) Counties.

The impact of the SNAP benefit increase for Montana's economically stressed communities went beyond combating hunger and helping participants meet their basic needs. In fact, increasing the food stamp benefit was one of the most effective forms of economic stimulus in the Recovery Act.

¹ The definition of economic stress was taken from Headwaters Economics "Conservation Atlas of the Northwest- Economic Stress Index," <http://www.headwaterseconomics.org/nwatlas/>, accessed August 19, 2010.

² U.S. Census Bureau, Census 2000.

³ 2006-2008 American Community Survey.

⁴ MBPC analysis of CBPP estimate of statewide ARRA SNAP and Montana DPHHS Program Statistics.

Montanans receiving SNAP benefits are struggling to make ends meet. Thus, they spend the additional food stamp income quickly to sustain their families. In this process, SNAP participants also sustained local grocery stores and markets, as their additional purchases increased demand and created a snowball effect throughout the community. As a result of increased demand at local markets, cashiers, stock clerks, delivery drivers, and warehouse employees were able to retain their employment, and subsequently support other local businesses.

Table 1- Estimated Average ARRA Food Stamp Benefits Increase By Economically Stressed Community, Through May 28, 2010

	PER CAPITA	TOTAL
STATE	\$31	\$30,000,000.00
ECONOMICALLY STRESSED COUNTIES		
Big Horn	\$79	\$1,208,108.48
Blaine	\$59	\$380,263.21
Deer Lodge	\$36	\$315,156.11
Glacier	\$95	\$1,290,533.76
Golden Valley	\$18	\$18,893.57
Lake	\$48	\$1,365,756.93
Liberty	\$11	\$19,156.89
Lincoln	\$45	\$837,263.70
Mineral	\$60	\$228,983.01
Musselshell	\$35	\$160,759.90
Phillips	\$27	\$105,198.33
Pondera	\$45	\$260,472.29
Roosevelt	\$85	\$879,044.60
Sanders	\$37	\$405,564.35
Sheridan	\$18	\$53,301.36
Wheatland	\$18	\$36,689.95
Wibaux	\$11	\$9,479.70
ECONOMICALLY STRESSED COUNTIES TOTAL	\$54	\$7,394,626.14

Additional \$25/Week Unemployment Insurance Benefits

Unemployment Insurance (UI) benefits provide a crucial support for Montanans who are laid off. While critical to the survival of many families across the state, Unemployment Insurance compensation levels are usually less than half of the workers' prior income, making it hard for many families to make ends meet.⁵ To help these out-of-work families provide for their basic needs, the Recovery Act provided an additional \$25 per week in UI benefits. As of the end of May, the \$25 increase amounted to over \$5.1 million flowing into Montana's economically stressed communities (See Table 2).

⁵ Center on Budget and Policy Priorities Introduction to Unemployment Insurance, retrieved July 2, 2010 from <http://www.cbpp.org/cms/index.cmf?fa=view&id=1466>.

This extra \$25 weekly payment was especially important for those areas with high unemployment. Eight of the communities analyzed experienced unemployment rates higher than the state average. Of these eight, Lincoln and Sanders Counties displayed rates over two times higher.⁶

Table 2- Additional \$25 Per Week For Unemployed Montanans Through May 28, 2010

	AVG. UNEMPLOYMENT RATE	PER CAPITA	TOTAL
STATE	6.6%	\$34	\$33,000,000
ECONOMICALLY STRESSED COUNTIES			
Big Horn	9.5%	\$38	\$500,891.33
Blaine	5.1%	\$23	\$147,380.48
Deer Lodge	7.3%	\$33	\$288,302.37
Glacier	9.3%	\$38	\$520,653.12
Golden Valley	5%	\$28	\$29,569.47
Lake	9%	\$36	\$1,027,461.41
Liberty	4.5%	\$19	\$33,071.12
Lincoln	14.3%	\$60	\$1,117,492.68
Mineral	10.2%	\$50	\$193,213.17
Musselshell	6.3%	\$35	\$163,254.62
Phillips	5.7%	\$33	\$129,016.28
Pondera	6%	\$27	\$154,150.34
Roosevelt	7.4%	\$29	\$293,749.38
Sanders	14.1%	\$56	\$618,313.27
Sheridan	4.2%	\$23	\$74,312.76
Wheatland	5.5%	\$28	\$56,804.52
Wibaux	4.2%	\$26	\$23,655.58
ECONOMICALLY STRESSED COUNTIES TOTAL	7.5%	\$37	\$5,371,291.90

\$250 “Economic Recovery Payments”

Montanans receiving Social Security, SSI, Railroad Retirement or disabled veteran’s benefits qualified for a one-time \$250 “Economic Recovery Payment.” In Montana’s economically stressed communities, over 30,000 individuals received a one-time payment, amounting to nearly \$7.6 million in additional income (See Table 4). This provision was especially important for both SSI recipients and disabled veterans. Both of these groups tend to have lower incomes, and thus likely spent the money quickly to meet their basic needs.

These one-time payments did have a larger overall impact on economically stressed communities, since they targeted counties with high percentages of the population who had either aged out of or cannot participate in the workforce. Thirteen of the counties displayed higher per capita benefits from

⁶ MBPC analysis of BLS Local Area Unemployment Statistics data.

the economic recovery payments than the state average. Four counties, Lincoln, Mineral, Sanders and Sheridan, exhibited per capita rates at least one and a half times higher than the state.⁷

Table 4- Total \$250 Economic Recovery Payments, By Economically Stressed Community

	PER CAPITA	TOTAL
STATE	\$46	\$45,140,000
ECONOMICALLY STRESSED COUNTIES		
Big Horn	\$34	\$440,000
Blaine	\$45	\$290,000
Deer Lodge	\$67	\$590,000
Glacier	\$37	\$500,000
Golden Valley	\$57	\$60,000
Lake	\$51	\$1,450,000
Liberty	\$57	\$100,000
Lincoln	\$72	\$1,350,000
Mineral	\$76	\$290,000
Musselshell	\$63	\$290,000
Phillips	\$66	\$260,000
Pondera	\$57	\$330,000
Roosevelt	\$44	\$450,000
Sanders	\$69	\$770,000
Sheridan	\$71	\$230,000
Wheatland	\$49	\$100,000
Wibaux	\$67	\$60,000
ECONOMICALLY STRESSED COUNTIES TOTAL	\$55	\$7,560,000

American Indian Communities

Montana’s American Indian communities face especially difficult economic challenges. Nine of the economically stressed counties contain reservation lands. These counties represent six of the seven federally recognized reservations in Montana.⁸

For years, these communities have struggled with unemployment rates comparable to those states considered to be the most devastated by the current recession.⁹ Median household income for American Indians in Montana is 37% less than Montana as a whole.¹⁰ High unemployment and low wages compound to force many American Indian families into poverty. American Indians in Montana experience a poverty rate more than twice as high as the total state population. Children in these

⁷ MBPC analysis of Social Security Administration data.

⁸ The American Indian reservations represented in the economically stressed communities include the: Blackfeet, Crow, Flathead, Fort Belknap, Fort Peck, and Northern Cheyenne Reservations. Rocky Boy is the only reservation not represented in this document.

⁹ Bureau of Labor Statistics. (2010). Local Area Unemployment Statistics. Retrieved from <http://bls.gov/lau/>.

¹⁰ 2006-2008 American Community Survey. Additional calculations by MBPC.

communities suffer the most. Nearly 42% of American Indian children in Montana live below the poverty line.¹¹

The three direct assistance provisions discussed in this document were especially important for Montana’s economically stressed American Indian communities. Over \$14 million was injected into the economies in Montana counties containing tribal lands (See Table 5). This additional income bolstered cities and towns in and around reservations across the state and protected some of Montana’s most vulnerable families.

Table 5- ARRA Direct Assistance Provision Totals By Economically Stressed American Indian Communities

	RESERVATION	PER CAPITA	TOTAL
STATE		\$111	\$108,140,000
Big Horn	Crow and Northern Cheyenne Reservations	\$165	\$2,148,999.81
Blaine	Fort Belknap Reservation	\$126	\$817,643.69
Glacier	Blackfeet Reservation	\$170	\$2,311,186.88
Lake	Flathead Reservation	\$134	\$3,843,218.34
Phillips	Fort Belknap Reservation	\$125	\$494,214.61
Pondera	Blackfeet Reservation	\$128	\$744,622.63
Roosevelt	Fort Peck Reservation	\$158	\$1,622,793.98
Sanders	Flathead Reservation	\$162	\$1,793,877.62
Sheridan	Fort Peck Reservation	\$110	\$357,614.12
TOTAL		\$147	\$14,134,171.68

Conclusion

In just over one year, the Recovery Act’s direct assistance provisions provided over \$20 million to Montana’s economically stressed communities (See Table 6). This additional income sustained families, allowed them to meet their basic needs and prevented them from falling further into poverty. In the process, \$20 million streamed through local businesses and supported the economies of struggling communities.

The additional income provided by the Recovery Act’s direct assistance provisions was a necessary first step in providing some relief to Montana’s communities suffering from years of economic strife. Residents of these counties who have struggled for so long with low incomes, high unemployment and pervasive poverty were able to better provide for their families and support their local economies.

¹¹ 2006-2008 American Community Survey. Additional calculations by MBPC.

Table 6-Total Direct Assistance From Three Direct Assistance Provisions, Through May 28

STATE	PER CAPITA	TOTAL
	\$111	\$108,140,000
Big Horn	\$165	\$2,148,999.81
Blaine	\$126	\$817,643.69
Deer Lodge	\$136	\$1,193,458.48
Glacier	\$171	\$2,311,186.88
Golden Valley	\$103	\$108,463.04
Lake	\$134	\$3,843,218.34
Liberty	\$87	\$152,228.01
Lincoln	\$177	\$3,304,756.38
Mineral	\$186	\$712,196.18
Musselshell	\$133	\$614,014.52
Phillips	\$125	\$494,214.61
Pondera	\$128	\$744,622.63
Roosevelt	\$158	\$1,622,793.98
Sanders	\$162	\$1,793,877.62
Sheridan	\$110	\$357,614.12
Wheatland	\$95	\$193,494.47
Wibaux	\$104	\$93,135.28
TOTAL	\$148	\$20,325,918.04