



# Iowa Fiscal Partnership

**NEWS RELEASE**

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## *On Stimulus Anniversary, A Look at Food Assistance Impact*

IOWA CITY, Iowa (February 17, 2010) — In the first year of the federal recovery act, food assistance increases alone have boosted economic activity and income, and saved or created jobs in Iowa, according to a new report.

“The recovery act is doing what it was intended to do in Iowa,” said Molly Fleming, a co-author of the report for the nonpartisan Iowa Fiscal Partnership (IFP). “Through the food assistance it provides, the act is boosting economic activity and creating or saving jobs.”

Fleming, who is a graduate student research intern at the nonpartisan Iowa Policy Project, part of IFP, joined Iowa State University economic analyst David Swenson and Iowa Policy Project Research Director Peter Fisher in analyzing the impact of an increase in food assistance programs as part of the American Recovery and Reinvestment Act (ARRA), commonly known as the federal stimulus package.

Spending through ARRA and ripple effects in the economy have produced, according to the researchers, an estimated \$57.6 million increased economic activity, \$12.9 million in income and 428 jobs saved or created, in the first year. The researchers estimated similar results for the second year.

“Some federal ARRA funds, originally destined for low-income households as food assistance, in turn reach Iowa businesses in the form of boosted sales. With greater sales and profits, Iowa businesses can employ more workers and pay greater incomes to residents,” the report explained.

“With increased incomes, households can buy more at their neighborhood small businesses.”

The report analyzed the impact of ARRA funding increases for the Supplemental Nutrition Assistance Program, SNAP, formerly known as “Food Stamps,” and The Emergency Food Assistance Program, or TEFAP, which provides commodities to food pantries and soup kitchens.

The researchers noted that the estimates show food assistance “has an economic benefit to the state of Iowa greater than the federal government’s initial investment.”

“Though ARRA allocates only \$43 million in food assistance funding to the state, the stimulus’ impact on Iowa’s total economic output in fiscal year 2009 is nearly \$58 million. This 35 percent increase is the stimulus’ economic impact on the Iowa economy,” the report stated.

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“In other words, every federal dollar of stimulus spent on food assistance in Iowa yields about \$1.35 in total output for the state. Out of the original dollar, 30 cents is returned to Iowa workers and businesses owners in the form of wages, salaries and proprietor’s income.”

The report also finds that for every \$1 million invested in SNAP or TEFAP, about 10 Iowa jobs are saved or created.

The Iowa Fiscal Partnership is an initiative of the Iowa Policy Project and the Child & Family Policy Center, two nonprofit, nonpartisan Iowa-based organizations that cooperate in analysis of tax policy and budget issues facing Iowans. Reports are available at [www.iowafiscal.org](http://www.iowafiscal.org).

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*For more information about Iowa’s state fiscal situation, see the [Iowa Fiscal Partnership](http://www.iowafiscal.org) website [www.iowafiscal.org](http://www.iowafiscal.org). The Iowa Fiscal Partnership is a joint budget and tax policy initiative of two nonpartisan, Iowa-based organizations, the Iowa Policy Project in Iowa City and the Child & Family Policy Center in Des Moines.*