



INVESTING IN PEOPLE & PUBLIC SERVICES PROVIDES A MUCH BIGGER BANG FOR THE BUCK THAN DO TAX CUTS

The chart below shows that for every \$1.00 spent on state and local government services, the economy benefits by an estimated \$1.39. That is an immediate 39% return on the dollar. By comparison, for every dollar spent on most tax cuts, the economy loses money. For example, \$1 spent on corporate tax cuts returns just 51 cents—a *loss* of almost half of every dollar spent.

FISCAL STIMULUS MULTIPLIERS	Bang for the Buck
INVESTMENTS	
Unemployment Insurance Benefits	1.66
Increase Supplemental Nutrition Assistance Program (SNAP) Spending	1.64
Increase Infrastructure Spending	1.50
General Aid to State and Local Governments	1.39
TAX CUTS	
Payroll Tax Holiday for Employees	1.33
Refundable Tax Credits such as the Earned Income Tax Credit (EITC)	1.20
Cut to Individual Tax Rates	0.57
Cut in Corporate Tax Rate	0.51
<p>Note: The bang for the buck is estimated by the one-year \$ change in GDP for a given \$ reduction in federal tax revenue or increase in spending. Figures presented are for recessionary or early cycle expansion periods in the business cycle.</p>	
<p>Source: Moody's Analytics, "Struggling Through: Household Finances In the Pandemic," (Oct. 12, 2020), Table 1, p. 4. https://www.moodyanalytics.com/-/media/article/2020/struggling-through-household-finances-in-the-pandemic.pdf The payroll tax holiday for employees estimate is data behind a paywall that was prepared for AFSCME in Moody's Analytics, "U.S. Fiscal Multipliers and the Next Recession," (Feb. 2019). http://www.afscmeinfocenter.org/blog/2019/04/u-s-fiscal-multipliers-and-the-next-recession.htm</p>	