# Moody's Mega Math Challenge 2009

### A contest for high school students

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**M3 CHALLENGE**

# $787 Billion: Will the Stimulus Act Stimulate the U.S. Economy?

Last month, Congress passed and President Obama signed into law the American Recovery and Reinvestment Act of 2009—the stimulus package. Since then, there has been considerable discussion of the likely effectiveness of this legislation.

Your team has been asked by the Congressional Budget Office to answer the following questions:

1. Which elements of this $787 billion package are most likely to produce the greatest improvements in employment?

2. How quickly can they be expected to produce results? How will we know whether the stimulus package is "working"? How confident are you in your predictions?

3. There is considerable discussion about a second stimulus package. How will we know if such a package will be needed? If it is needed, how large should it be, and how should it be structured? Are there better ways to stimulate the economy and increase employment?

Information from the Bureau of Labor Statistics, the Congressional Budget Office, and the Council of Economic Advisors may be helpful.

Carefully identify all your assumptions, and clearly and completely reference all data and analysis you have used in your model(s). Your one-page summary at the beginning of your paper should present your main conclusions, free of technical jargon.