



Special Report

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The *Recovery Act*: Creating Jobs and Making a Difference in Iowa

Earlier this year, the Democratic Congress worked with President Obama to enact the *American Recovery and Reinvestment Act* (the *Recovery Act*) in an effort to rescue, rebuild, and strengthen our struggling national economy. Eight years of failed fiscal policies and misguided economic priorities had left our national economy on the brink of disaster, and now – only nine months later – our economy is on the brink of recovery. The *Recovery Act* and the efforts of American businesses and workers, like those in Iowa, made this progress possible.

Despite this encouraging news, Democrats know that many Iowans are still struggling, and unemployment – a lagging economic indicator – remains far too high. In response, Democrats are working to create and save millions of jobs with *Recovery Act* dollars and tax relief. Already, with more than half of the dollars yet to be spent, the recovery package has provided for more than one million jobs and the rate of job loss has slowed significantly. As we look toward the future, Democrats believe that the *Recovery Act*, combined with the American work ethic and ingenuity, will continue to make a difference for families in Iowa and will deliver on its promise to rebuild our economy and get Iowans back to work.

The Recovery Act is Creating Jobs and Making a Difference

Last week, the White House announced that certain recipients of *Recovery Act* funds have reported the creation of 640,329 direct jobs. About 325,000 of these jobs are in education and over 80,000 are in construction. These numbers, however, represent only about 16 percent of expenditures through September 30 and do not reflect the majority of *Recovery Act* funding to date, which has gone directly to individuals and states, including:

- Tax relief for businesses and working families;
- Small business loans, which are exempt from reporting;
- The first-time homebuyer tax credit;
- Direct federal aid, including \$250 direct stimulus checks, enhanced unemployment benefits, increased food stamp benefits for vulnerable families; and
- State fiscal relief, which prevented job cuts at the state and local government level.

Moreover, the reported data does not capture indirect or induced jobs created when prime contractors hire suppliers or other companies to complete projects or when newly employed workers spend their pay checks. It is estimated that, if included, indirect jobs would add

another 50 percent or more to the direct jobs numbers and induced jobs would add an additional 36 percent. [Office of the Vice President, [10/30/09](#); CBPP, [10/28/09](#)]

Taken as a whole, the reported data confirms earlier estimates that the *Recovery Act* would create or save over one million jobs by now, even though less than half of the *Recovery Act* funds have been put to work. [Office of the Vice President, [10/30/09](#)]

Moreover, without the *Recovery Act*, economists believe that the economy and the unemployment rate would be much worse.

- According to Congressional Budget Office (CBO) projections, “The effect of the stimulus legislation on the level of economic activity will probably build during the second half of 2009 [and] have its maximum impact in the first half of 2010... CBO estimates that real GDP will be 1.4 percent to 3.8 percent higher in the fourth quarter of 2009 than it would have been without the stimulus, 1.1 percent to 3.4 percent higher in the fourth quarter of 2010, 0.4 percent to 1.2 percent higher in the fourth quarter of 2011, and zero to 0.3 percent higher by the fourth quarter of 2013.” [CBO, [8/09](#)]
- These estimates were bolstered by third quarter growth when, for the first time in more than a year, the economy expanded, and, at 3.5 percent, it expanded faster than expected. [*Wall Street Journal*, [10/29/09](#)]
- According to economist Mark Zandi, “The research of Moody’s Economy.com suggests that a million fewer jobs would exist today, while the unemployment rate would already have risen well into double digits.” [Testimony before the Joint Economic Committee, [10/29/09](#)]

The Recovery Act is Creating Jobs and Making a Difference in Iowa

In Iowa, this partial reporting indicates that 5,323 jobs have been created or saved by funding 564 awards worth \$1,506,236,417, of which \$325,295,556 has already been received. [Recovery, Accountability, and Transparency Board, accessed [11/2/09](#)]

Similar to the national number, this validates the White House’s earlier estimates that the *Recovery Act* is responsible for saving or creating 10,900 jobs so far for Iowans (accounting for indirect and induced jobs). [Council of Economic Advisors, [9/2009](#)] **Iowa is on track to benefit from a total of 37,000 *Recovery Act* jobs.** [The White House, [2/2009](#)]

These numbers alone cannot adequately convey the human impact of the jobs that are supported by the *Recovery Act* – the real-life stories of local companies that can hire new employees, workers who are no longer faced with uncertainty, and families that no longer need to struggle to pay their bills. The following is a sampling of some of the local *Recovery Act* success stories in Iowa:

Thanks to the *Recovery Act*, Iowa construction jobs were up 31 percent jobs totaled 5,268 for the last full week in July. “More than 5,200 private-sector workers have been employed on state-awarded highway construction projects this year, up 31 percent from last year, according to the Iowa Department of Transportation. DOT Director Nancy Richardson attributed the big increase to the state’s efforts to use federal economic stimulus money... Scott Newhard, vice president of the Associated General Contractors of Iowa, a road construction trade group, said the federal stimulus money allowed his industry to call people back to work

who wouldn't have been recalled. In addition, some companies were able to add workers, he said. Employment numbers on road construction project awarded through the Iowa Department of Transportation totaled 5,268 for the last full week in July. That was higher than any year since 2001, when Iowa highway contractors employed 5,478 workers for DOT-awarded projects, Richardson said. The DOT contracted with 423 different companies for its 2009 reporting period, compared with 318 companies in 2008. Iowa has been allocated more than \$350 million in federal money for city, county and state road infrastructure projects under the American Recovery and Reinvestment Act. Most of the money is being used to upgrade existing roads rather than to build new highways." [*Des Moines Register*, 10/28/09]

Recovery Act funds have created or saved 4,434 jobs in Iowa. "A new report says 4,434 jobs have been created or saved in Iowa by federal stimulus funds flowing through the state. The report, which was released Wednesday, says most of the impact has been felt in the education sector, where 2,463 jobs were created or saved. A total of 921 jobs were created and saved through transportation projects, the report said... 'The only jobs that we could count as we pulled data from the field were those jobs literally paid for by recovery act dollars,' said Jon Murphy, director of Iowa's office of state and federal relations... This latest state report said the 4,434 jobs created or saved in Iowa was based on \$269 million in stimulus spending. Most of it came in expenditures in the state fiscal stabilization fund, which prevented layoffs in the educator sector. Also, highway projects were a main area of spending... The Associated Press reported that several states it checked with said that thousands of teaching jobs were saved across the country with the use of stimulus money. In California and Utah, for example, education jobs accounted for two-thirds of jobs saved or created." [*Quad-City Times*, 10/14/09]

Recovery Act-funded water, sewer, and street improvements will create 350 jobs in Iowa. "The federal government today awarded South Sioux City \$2 million in federal stimulus dollars to help grow a major industrial park. The grant will fund water, sewer and street improvements to develop an additional 200 acres in the Roth Industrial Park. Dan McNamara, the city's economic development director, projects the investment will help create more than 350 new jobs over the next two years. The \$2 million grant was awarded by the Economic Development Administration, an arm of the Commerce Department. The funding came from the American Recovery and Reinvestment Act of 2009, otherwise known as the federal stimulus bill, which Congress and President Obama approved in February." [*Sioux City Journal*, 9/15/09]

Iowa will create Recovery Act-funded green-collar jobs with new Green Jobs Task Force. "The Iowa Governor's Office Release-Governor Chet Culver has signed Executive Order 16, which creates the Iowa Green Jobs Task Force. 'In recent years, thanks to our efforts in biofuels and wind energy, we have created thousands of green-collar jobs for Iowans,' said Governor Culver. 'However, if we are to expand these industries, we must also have the workforce necessary to fill those positions. That is why I am creating the Green Jobs Task Force, which will help coordinate our state's efforts in creating and filling the green-collar jobs of the future.' The fifteen member task force is to help focus state government's efforts in creating high-paying, green-collar jobs, as well as coordinate the state's efforts to secure federal green initiative grants through the American Recovery and Reinvestment Act" [*The Midwest Agnet*, 9/12/09]

University of Iowa will use Recovery Act to fund campus projects, saving or creating 110 on-campus jobs, indirectly generating 340 off-campus jobs. "Energy curtailment initiatives, high-tech classrooms and DNA sequencing robots are among the ways the University of Iowa will distribute \$35.5 million in federal stimulus dollars, school officials announced Friday. The money comes from a one-time disbursement from the American

Recovery and Reinvestment Act, or ARRA, for use in fiscal 2010, which began July 1. UI directed \$20 million of that to bridge shortfalls from state budget cuts, while \$14 million will be awarded for 18 grant proposals received from UI's colleges and administrative units. The leftover \$1.5 million will be distributed later this year, officials said. Money was granted for projects that will either save or generate money for the university, UI Provost Wallace Loh said... The projects will save or create 110 on-campus jobs and 340 indirect off-campus jobs, according to UI, and will help avoid \$2.6 million in recurring costs while generating \$2.7 million in net revenue beginning in fiscal 2011, according to UI." [[Iowa City Press-Citizen](#), 8/15/09]

Recovery Act's Workforce Investment Act akin to Roosevelt's National Youth Administration, employing 220 young people in Iowa. "Italian philosopher George Santayana said those who don't learn from the past will be condemned to repeat it. While that may be true in many instances, condemned is far from the correct word to describe a new National Youth Administration. Under President Franklin D. Roosevelt's economic stimulus during the Great Depression, he included a program that put out-of-school and out-of-work youth into the workforce. When President Barack Obama signed the American Recovery and Reinvestment Act in mid-February 2009 to deal with the worst financial recession since Roosevelt's time, the legislation included funds for the federal Workforce Investment Act to organize a summer youth employment program, a modern-day and seasonal NYA. Across Iowa, more than \$4 million was allocated for summer youth employment, of which \$841,000 was designated for the Great River Region. Workforce Investment Act Region 16 Director Debbie Dowell said due to the area's continued high unemployment rate of about 8 percent, the amount set aside for Des Moines, Lee, Louisa and Henry counties was twice as much as any other region in the state. 'With the high unemployment rate, these kids would not get a job,' Dowell said. Kids may be a misnomer, though, as the summer jobs program serves youth between the ages of 14 and 24. So far 220 young people have been hired through the program, and there are dollars for a few more." [[Burlington Hawk Eye](#), 8/9/09]

Senator Harkin announced assignment of Recovery Act money for employment of 2 research instructors at the University of Iowa. "The University of Iowa received a \$11,527 grant from the National Institutes of Health for medical research, Sen. Tom Harkin, D-Iowa, announced Wednesday. The grant will be used to hire two students and/or teachers as part of the American Reinvestment and Recovery Act funds allotted to create research experiences during the next two summers for more than 3,700 high school and college students and science teachers at NIH-funded laboratories across the country." [[Iowa City Press-Citizen](#), 7/10/09]

Recovery Act created 89 jobs in Lee county region. Funding will free funding for other transportation projects. [[The Hawk Eye](#), 6/6/09]

Iowa apportioned \$316 million from Recovery Act. Senator Harkin: "The release of these dollars will have an immediate impact on schools across the state by protecting teaching jobs and fighting cuts to local budgets," said Harkin. "This funding will ensure Iowa students continue to thrive with the best teachers and materials available." [[Press Release – Sen. Tom Harkin](#), 6/1/09]