



Special Report

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The Recovery Act: Creating Jobs and Making a Difference in Missouri

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 Missouri, made this progress possible.

Despite this encouraging news, Democrats know that many Missourians 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 Missouri and will deliver on its promise to rebuild our economy and get Missourians 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 Missouri

In Missouri, this partial reporting indicates that 15,149 jobs have been created or saved by funding 1,309 awards worth \$2,826,256,413, of which \$418,961,024 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 19,200 jobs so far for Missourians (accounting for indirect and induced jobs). [Council of Economic Advisors, [9/2009](#)] **Missouri is on track to benefit from a total of 69,000 *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 Missouri:

***Recovery Act* will help fund improvements to Kansas City North’s sewer lines, some of which are 100 years old.** “Liberty is getting \$1.47 million from the American Recovery and Reinvestment Act of 2009 to make improvements to some of the city’s worst sewer lines. Gov. Jay Nixon last week announced at a construction site in Kansas City North a \$266 million wastewater and drinking water improvement package, which included \$146 million in federal stimulus funds and \$120 million in low-interest loans from the state...’ Wastewater and drinking water projects are critical to maintaining our public infrastructure, but

are also vital to getting construction workers and skilled tradesmen back to work right away,' Nixon said... Hess said the city planned to replace or insert plastic liners into old clay pipes, especially in older neighborhoods. He said some of the clay pipes in the downtown area were more than 100 years old... Without the stimulus money, Hess said the city would not have been able to finance the sewer improvements, considered among the most costly infrastructure challenges facing the city. A mayoral task force reported recently that the city had an estimate \$170 million in infrastructure needs." [*Liberty Tribune*, 11/19/09]

In St. Louis, the *Recovery Act* has funded new studies for ways to relieve chronic pain. "The Southern Illinois University Edwardsville School of Pharmacy and the Saint Louis University Department of Pharmacology and Physiology have won \$974,024 in stimulus money to study new ways to relieve chronic pain. William Neumann, an assistant professor of medicinal chemistry in the SIUE School of Pharmacy, and Daniela Salvemini, an associate professor of pharmacological and physiological science at the SLU School of Medicine, are the project's principal researchers who will be studying how peroxynitrite, which is produced in the body in inflammatory settings, can actually cause chronic pain when the body produces too much of the chemical." [*St. Louis Business Journal*, 11/2/09]

***Recovery Act* funds saved or created 106 education jobs in Maine.** "The report states Maine saved 98 jobs in education through stimulus funds and created eight more since the beginning of 2009... The jobs retained include 97 teachers and one guidance counselor. The eight jobs created are all educational technician positions... The report states the federal government awarded Maine just over \$106 million in stimulus funds to help the state augment its education budget... 'When a district invests in a new boiler or energy efficiency improvements, they are generating savings in future years,' stated Maine Education Commissioner Susan Gendron in a press release. 'And when they invest in professional development, training, laptops and educational planning, they are making wise, limited-duration decisions that will pay educational dividends for years to come.'" [*Wordpress*, 11/9/09]

Missouri's largest wind energy development, funded by the *Recovery Act*, is expected to create 2,500 new jobs and generate enough electricity to power more than 50,000 homes. "Wind Capital Group, led by President Tom Carnahan, said Monday it has closed on financing for Missouri's largest wind energy development...Wind Capital also said it is receiving a \$90 million grant for the project through the federal stimulus package. The project, which is expected to cost more than \$300 million and create more than 2,500 jobs, is believed to be the largest investment by the private sector in the state of Missouri this year, Wind Capital said. Construction on Lost Creek began in July and is expected to be completed in late spring of 2010. When finished, the development will generate enough electricity to power more than 50,000 homes." [*St. Louis Business Journal*, 10/26/09]

\$71.7 million in *Recovery Act* funded guaranteed loans will help rural businesses and strengthen rural communities throughout America. "Agriculture Secretary Tom Vilsack today announced \$71.7 million in loan guarantees to assist 20 rural businesses in funding made available by the American Recovery and Reinvestment Act. The funding announced today is being made available through USDA Rural Development's Business and Industry Guaranteed Loan Program. 'The *Recovery Act* funds announced today will help businesses get access to the capital they need to launch and expand their businesses and help bring additional jobs to America's small cities and towns,' Vilsack said... For example, in Georgetown, S.C., USDA Rural Development is guaranteeing a \$3 million loan to enable a local gate and mounting-system company to restructure debt and purchase new machinery and equipment. In Franklin County, Ohio, a farmer owned cooperative with local headquarters was

selected to receive a \$7.5 million loan guarantee. The loan will help provide business services to more than 50,000 livestock farmers in Ohio, Kentucky, Michigan, Indiana, Illinois, and Missouri. The Business and Industry loan will help the cooperative continue to maintain health insurance to its nearly 500 employees, many of whom live in counties with unemployment rates 125 percent greater than the national average and counties that have been affected recently by natural disasters.” [USDA.gov, 10/21/09]

Recovery Act funding saved or created more than 8,500 education jobs in Missouri. “In the metro area, the Hickman Mills School District in south Kansas City received about \$6 million in federal stabilization money, which helped keep the district from cutting between 90 and 100 teaching jobs this school year. ‘We don’t really know what would have happened without stabilization dollars,’ said associate superintendent Mitch Nutterfield. ‘I believe we’ve got to be thankful that we have got what we have.’ According to Missouri officials, federal stimulus money saved or created more than 8,500 education jobs across the state. That number is higher than jobs created or saved in the construction industry, as a lot of money for highway projects hasn’t been spent yet... ‘Without (federal stimulus dollars), school districts would probably have to make some very difficult decisions,’ said economist Jeff Pinkerton of the Mid-America Regional Council.” [[Fox 4KC](http://Fox4KC.com), Video, 10/14/09]

1,200 Kansas City youth benefit from Recovery Act-funded summer job program. The youth summer jobs program, which had been scaled down the past 10 years for lack of federal funding, was expanded this year with the stimulus funds. Normally for 16- to 21-year olds, the program was widened to include adults up to 24 years old. In recent years, most of the youths in the summer jobs program were placed at nonprofit agencies. But the stimulus money allowed more private-sector employers to participate once again, according to McQueen. The aim was to direct the youths toward jobs that they could make into a career with further education and training. About 1,200 area youths and adults participated, working for \$8 an hour for 32 hours a week over two months... For those successfully completing the job, the program also made available \$1,000 scholarships for community colleges and vocational schools and \$500 book scholarships for those attending a four-year college.” [[Kansas City Star](http://KansasCityStar.com), 9/28/09]

Green job training programs in local colleges receive boost from Recovery Act funding, and create green jobs. “Stimulus funds also allowed the council to work with schools to create training programs for green or environmentally friendly jobs. McQueen said the agency has worked with the Workforce Central program at the University of Central Missouri, as well as Metropolitan Community College. McQueen said most of the green-collar jobs are of an entry-level nature, such as “weatherization technicians” for home-improvement companies doing things like caulking, weather-stripping and installing installation for residences. But other programs have offered training for some of the newer and more sophisticated green companies that are surfacing. McQueen said the agency worked with Central Missouri to create a course on solar-panel installation, which were the type of employees Pave Guard Technologies was looking to hire.” [[Kansas City Star](http://KansasCityStar.com), 9/28/09]

Recovery Act funds that go toward cleaning up contaminated sites will also create jobs and accelerate the on-going process. “In Missouri there are hundreds of underground storage tanks, many of them found at former gas stations. The problem is they’re leaking or have leaked. The petroleum has carcinogens and can seep into the ground and water, causing harm to the environment. The state received \$3.25 million in federal stimulus dollars to assist communities with tank closure, assessment and cleanup of these sites. Not only will this create jobs but it will clean these properties that otherwise could have remained vacant for years. ‘This is accelerating to the finish of that process so the most difficult of those tanks can be

cleaned up so it would protect the ground water as well as opening up development sites,' said Missouri Governor, Jay Nixon." [KY3, 9/16/09]

Recovery Act funds allocated to Grace Hill Settlement House for a program to reduce local diesel emissions. "The U.S. Environmental Protection Agency has awarded \$2 million in federal stimulus funds to Grace Hill Settlement House for a program to reduce local diesel emissions, the federal agency said Wednesday... The Grace Hill award was chosen to both maximize economic impact and emissions reductions, said the EPA, which said the project would create jobs but didn't specify how many." [St. Louis Business Journal, 7/15/09]

Recovery Act provided job training programs formative in determining career path for 6,500 Missouri students. "Missouri is using a portion of its funding from the \$787 billion American Recovery and Reinvestment Act on what it's calling the Next Generation Jobs Program... In addition to providing work for the age group hit hardest by unemployment, the program aims to provide job training for students in fields outside what many typically envision when they think of summer jobs." [ABC News, 7/13/09]

Three Recovery Act-funded transportation projects will create more than 100 jobs in northeast Missouri. [Hannibal Courier-Post, 5/20/09]

Missouri will use Recovery Act money to expand its senior jobs program. State officials think the extra funding will help about 300 more people secure jobs. [Associated Press, 5/19/09]

Missouri was awarded \$25.3 million in Recovery Act funds for public safety projects and to create or retail law enforcement jobs. [Kansas City Business Journal, 5/13/09]