



Special Report

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

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 Nebraska, made this progress possible.

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

In Nebraska, this partial reporting indicates that 2,840 jobs have been created or saved by funding 448 awards worth \$856,998,995, of which \$180,720,013 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 5,600 jobs so far for Nebraskans (accounting for indirect and induced jobs). [Council of Economic Advisors, [9/2009](#)] **Nebraska is on track to benefit from a total of 23,000 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 Nebraska:

A University of Nebraska Medical Center researcher is among 22 scientists funded by the Recovery Act to study the making of iPS cells, which could eliminate the need to use embryonic stem cells. “Scientists during the past three years have made quick progress toward creating cells that eventually could end the controversial research into human embryonic stem cells... Hundreds of American scientists, from Cornell University in New York to UCLA, the University of Wisconsin to the University of Texas, are working on some form of research involving the replicas, known as induced pluripotent stem (iPS) cells. A University of

Nebraska Medical Center researcher, Dr. Angie Rizzino, was among 22 scientists recently selected to receive federal stimulus funds to extend his iPS work. Scientists believe they are a few years from understanding induced pluripotent stem cells well enough that they could replace embryonic stem cells. And they believe they're 10 years or more from applying the induced cells to human treatments... Rizzino's new \$115,000 grant supplements an approximately \$1 million, four-year grant to conduct research into iPS. In all, an arm of the National Institutes of Health is using \$5.4 million in Recovery Act money — part of the \$787 billion stimulus package passed this year — to accelerate studies of iPS cells.” [[The Omaha World Herald](#), 11/15/09]

Thanks to *Recovery Act* funding, residents of western Nebraska will expand its telephone, internet and video services to residential customers in western Nebraska. “Allo Communications is among 12 rural businesses nationwide to benefit from loan guarantees via the American Recovery and Reinvestment Act of 2009, better known as stimulus funding... Allo, headquartered in Imperial, will receive a \$5.7 million loan, allowing it to expand its telephone, internet and video services to residential customers in western Nebraska... ‘Allo will use the funds to expand our fiber network infrastructure and improve residential and business services in Scottsbluff, Gering, Alliance and Ogallala,’ he said. ‘This will bring our customers world-class communications capabilities unmatched in Nebraska and competitive not only on a national scale but internationally, as well,’ Moline said... Nebraska Sen. Ben Nelson said such projects ‘help keep our rural communities strong and attractive places to live.’ Allo is just one of two Nebraska businesses to receive the loan guarantees. The other one, Schilling Bridge in Pawnee City, will receive a \$93,600 loan through State Bank of Table Rock to purchase bottling equipment for a winery and microbrewery. Other U.S. businesses receiving the stimulus funding-backed loan guarantees are located in Alabama, Maine, Minnesota, North Carolina, Ohio, Oregon and Wisconsin.” [[The Imperial Republican](#), 11/16/09]

University of Nebraska Medical Center to use *Recovery Act* funding for biomedical research, creating 15 jobs. “The University of Nebraska Medical Center announced Tuesday it has received nine more research grants funded by the federal stimulus package, pushing its total stimulus winnings to more than \$5.1 million. The \$2 million in new grants come from the National Institutes of Health and will support biomedical research. They will fund up to 15 jobs through September 2010, according to UNMC... Tom Rosenquist, UNMC vice chancellor for research, applauded the stimulus package, as well as UNMC researchers' efforts in the highly competitive race for stimulus dollars. ‘Not only are these dollars an economic boon, but the added manpower will allow our scientists to expand research exploring new therapies for cancer, respiratory disease, heart diseases, obesity and neurodegenerative disorders,’ Rosenquist said in a statement.” [[Journal Star](#), 09/08/09]

Hastings hires ten new teachers with *Recovery Act* dollars. “Of the 14 new teachers in Hastings, ten are new positions funded by stimulus dollars. ‘If we can help kids now, now is the time to put resources to work,’ Superintendent Craig Kautz said. ‘We're going to make hay while the money is available.’ The money has to be used for special education or for Title I programs, schools with many poor and minority students... The superintendent says that's the stimulus in action. Kautz said, ‘It was to create jobs and provide more dollars to local economy and I think by hiring staff we're doing exactly what the federal government intended with that.’” [[NTV News](#), 8/18/09]

***Recovery Act*-funded jobs program provides 177 young people in Lincoln with summer jobs.** “A federal stimulus jobs program has provided employment for 177 young people in the Capital City this summer, Lincoln Mayor Chris Beutler announced Monday. The

city received \$408,803 for the SummerWorks Program, funded through the American Recovery and Reinvestment Act. It provided jobs for low-income youth, ages 14 to 24, at 81 sites in Lincoln as well as Lancaster and Saunders counties. Participants earn \$7.25 an hour working at public and private non-profit organizations. The program began in May and was scheduled to run through September, but will likely be extended, Lincoln officials said in a press release.” [Omaha World-Herald, 8/17/09]

Nebraska is set to receive \$1.7 million in *Recovery Act* grants to support community and economic development. “The U.S. Department of Housing and Urban Development says Nebraska will receive more than \$1.7 million in Community Development Block Grants (CDBG) to support community and economic development. Omaha will receive \$1,317,713 and Lincoln will receive \$474,644 as part of the program, which is funded by the American Recovery and Reinvestment Act.” Senator Nelson: “These stimulus funds will encourage community development and produce jobs for Nebraskans. The investment in these communities is a positive step forward during this difficult economic time.” [KOLNKGIN – TV, 7/16/09]

Bus industry forecasts stabilizing thanks to *Recovery Act*-related orders; bus industry retaining jobs. “The initial forecasts from a number of customers looked pretty bad,’ said Jack Schimenti, vice president of Lincoln Composites, of Lincoln, Nebraska, which makes fuel systems for bus manufacturers. Thanks to the stimulus law, forecasts are more stable now. Schimenti expects stimulus-related orders to begin late this year. [Fox Channel 5 News, 6/7/09]