



Special Report

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The Recovery Act: Creating Jobs and Making a Difference in Washington, DC

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 DC, made this progress possible.

Despite this encouraging news, Democrats know that many Washingtonians 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 DC and will deliver on its promise to rebuild our economy and get Washingtonians 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](#)] According to Congressional Budget Office (CBO) projections, that number may be as high as 1.6 million jobs. [CBO, [11/09](#)]

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

- According to CBO projections, “an additional 600,000 to 1.6 million people were employed in the United States, and real (inflation-adjusted) gross domestic product (GDP) was 1.2 percent to 3.2 percent higher, than would have been the case in the absence of ARRA.” [CBO, [11/09](#)]
- The Commerce Department reported that the nation’s gross domestic product grew by 2.2 percent in the third quarter of 2009, the first expansion in more than a year. Economists are projecting 4 percent growth in the fourth quarter. [Commerce Department, [12/22/09](#); testimony of Dr. Martin Baily before the Senate Democratic Policy Committee, [12/16/09](#)]
- 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 DC

In DC, this partial reporting indicates that 2,274 jobs have been created or saved by funding 466 awards worth \$2,820,400,004, of which \$209,002,702 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 4,900 jobs so far for Washingtonians (accounting for indirect and induced jobs). [Council of Economic Advisors, [9/2009](#)] **DC is on track to benefit from a total of 12,000 *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 DC:

Local federal contractors receive a large portion of *Recovery Act* funds, partly explaining “why the Washington area DC is weathering the recession so well.”

“Reports from stimulus recipients show that a sizable sum has gone to federal contractors in the Washington area who are helping implement the initiative -- in effect, they are being paid a hefty slice of the money to help spend the rest of it... The Energy Department is paying Technology & Management Services, a Gaithersburg firm, \$6.9 million to review applications for renewable energy loan guarantees. The Department of Homeland Security awarded Deloitte Consulting’s Arlington branch \$8.6 million to provide ‘program management and support’ for

the stimulus plan's \$1 billion airport security initiative, and gave McKing Consulting, a Fairfax firm, a \$1.5 million contract to review applications for fire department construction funding. Held against the total stimulus package, the contracts represent a relatively small portion of spending. But they help explain why the Washington area is weathering the recession so well... It is only natural that a surge in government spending would benefit local contractors, said Dave Gallerizzo, a principal at Fig Leaf Software, which won a \$1.1 million Interior Department contract to build a computer system for stimulus funding recipients to report back to the government. That enabled Fig Leaf to hire three more people at its office in the District.”
[[Washington Post](#), 12/3/09]

Thanks to the Recovery Act, 680-800 more D.C. households will keep a roof over their heads; D.C. will use these federal stimulus funds to battle homelessness. “The District will begin disbursing about \$7.5 million in federal stimulus money this week to put homeless families back in housing and help those struggling to remain in their homes, city officials said Monday. City housing officials say the money will help 680 to 800 D.C. households. The Homelessness Prevention and Rapid Re-Housing Program funds, awarded by the U.S. Department of Housing and Urban Development in July, will help some families pay overdue rent and others pay past-due utility bills. Homeless families could receive a rent subsidy for up to 18 months. At a news conference in Southeast Washington, where many families have lost their homes, Mayor Adrian M. Fenty (D) said the city will use the program to respond ‘to urgent housing needs in the District. We look forward to supporting District residents’ efforts to secure safe and comfortable homes’... Laura Zeilinger, assistant director of the Department of Human Services, said the program is a new tool that allows the city to help low-income people who would otherwise become homeless... The city’s nonprofit subcontractors are also some of its largest shelter providers: Catholic Charities’ Southeast Family Center, Community of Hope, the Community Partnership for the Prevention of Homelessness and Housing Counseling Services... The Department of Human Services, which helps keep city homeless shelters operating with about \$40 million in service contracts, will manage the program. About \$2.4 million will put people who lost their jobs and homes into housing.”
[[Washington Post](#), 12/1/09]

Theater Alliance, one of DC’s 18 arts organizations benefiting from the Recovery Act, will use this funding to save the job of its artistic director. “Theater Alliance has received a \$12,500 grant through the federal stimulus program in order to fund half the salary of its artistic director, Paul Douglas Michnewicz. ‘I was in danger of being laid off,’ explained Michnewicz. ‘Theater Alliance only employs one full-time person and that’s me. I’m the one writing the grants that keeps us going and paying the bills, so it was a pretty simple argument to make.’ Theatre Alliance was one of 18 D.C.-based arts organization to receive grants of up to \$25,000 each from the American Recovery and Reinvestment Act... During his time as artistic director, Michnewicz spearheaded the elimination of \$100,000 worth of debt owed by the theater. Showing a history of good financial management, and arguing how theaters are an economic engine for neighborhoods helped him get the grant, he believes. Theater Alliance was the first performing arts company to locate to the H. Street NE corridor, which now hosts such facilities as the Atlas Performing Arts Center.” [[Washington Business Journal](#), 11/11/09]

Recovery Act funds for water infrastructure projects in the District will boost economy, create jobs and protect public health. “In a move that stands to create jobs, boost the local economy, and protect human health and the environment for the people in the District of Columbia, the U.S. Environmental Protection Agency announced today it has awarded more than \$38.9 million to improve aging water infrastructure in the District. This new infusion of money provided by the American Recovery and Reinvestment Act of 2009 will help the District Department of the Environment, and DC Water and Sewer Authority finance

water projects that are essential to protecting public health and the environment. ‘This funding will support green infrastructure projects in the District of Columbia, serving to protect the environment, and creating job opportunities,’ said William C. Early, acting administrator for EPA’s mid-Atlantic region.” [[EPA](#), 10/20/09]

Thanks to \$2.8 million in *Recovery Act* funds, DC will create up to 400 full and part-time transportation jobs and revamp the DC Green Summer Jobs Corps. “The D.C. Department of Transportation’s Urban Forestry Administration (UFA) won \$2.8 million in stimulus funding for projects that could create up to 400 full and part-time jobs. ‘This is what the stimulus money was intended to do — to put people to work,’ said DDOT Director Gabe Klein. DDOT, in partnership with the nonprofit Washington Parks & People, will use about \$2.7 million to create an entity that provides a city-wide gateway to 50 different green career tracks in urban and community forestry, forest-based ecosystems and watershed restoration, said DDOT. The entity— called DC Green Corps— will be based at the new Marvin Gaye Community Greening Center in the Watts Branch sub-watershed of the Anacostia River. DDOT, along with the D.C. Department of the Environment, also received \$90,000 for the Mayor’s Green Summer Job Corps. Under the program, about 100 D.C. teenagers will work with UFA’s tree teams in such areas as data collection and maintenance of trees.” [[Washington Business Journal](#), 9/18/09]

Washington D.C. jobs receive most benefit from *Recovery Act*. “The recently-passed federal economic stimulus plan will create more jobs in Washington, D.C. than anywhere else in the country. Cassidy & Pinkard Colliers recently released a report stating that the greater Washington area will benefit the most from the Recovery and Reinvestment Act. According to an article by [GlobeSt.com](#), this is not a surprise, as generally when the economy reaches a recession, population growth in the D.C. area exceeds other cities by 15 to 20 percent. That means the stimulus, which amounts to \$787 billion overall, will garner more jobs and needed office space for Washington, D.C.” [[jobfetch.com](#), accessed 6/15/09]

Smithsonian Institution *Recovery Act* plans create District jobs and get millions of dollars of projects underway. Projects include \$4.6 million of work on the Arts and Industries Building, involving masonry repointing of failed joints to stop the ingress of water and hazardous material removal and selective demolition. The \$11.4 million in Recovery Act funding for the National Zoological Park will go towards fire protection projects, replacement of roofs, and repair of bridges at Rock Creek campus. And another \$9 million is devoted to other project, including the installation of high-voltage electrical safety improvements at multiple locations on the National Mall and refurbishment of elevators and escalators at the National Air and Space Museum and National Museum of American History. [[Smithsonian Institution](#), accessed 6/15/09]