



Special Report

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November 5, 2009

Available Online: dpc.senate.gov

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

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 Alabama, made this progress possible.

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

In Alabama, this partial reporting indicates that 4,884 jobs have been created or saved by funding 1,012 awards worth \$2,492,509,402, of which \$545,184,755 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 13,500 jobs so far for Alabamians (accounting for indirect and induced jobs). [Council of Economic Advisors, [9/2009](#)] **Alabama is on track to benefit from a total of 52,000 *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 Alabama:

The *Recovery Act* has created or retained more than 4,500 jobs in Alabama.

“[M]ore than \$1 billion in federal stimulus money has been made available so far to state agencies and colleges... Alabama has met the federal government’s first deadline to report use of stimulus funds. And that report... shows \$1 billion in available stimulus money has created or retained more than 4,500 jobs in the state, with about \$531 million expended as of Sept. 30. This is the first of the quarterly reports that Congress is requiring from states to show how the

allotted stimulus money is being spent. The state of Alabama is slated to receive about \$3 billion.” [[Birmingham Business Journal](#), 10/14/09]

Alabama will use new *Recovery Act* funding to make prisons and schools more energy efficient and provide an energy revolving loan fund to create and retain jobs. “Alabama has received an additional \$27 million in federal stimulus funds for energy programs. [Secretary of Energy Steven] Chu said Alabama will use part of the funds to create an energy revolving loan fund to stimulate the creation and retention of jobs. Some will be used to make prisons and schools more energy efficient. Money will also be used to help auto suppliers improve their energy efficiency.” [[Montgomery Adviser](#), 10/8/09]

Complaints against Alabama DOT were inaccurate: *Recovery Act*-funded contract awarded to GA company has resulted in subcontracts to Alabama firms. “Alabama's Department of Transportation was criticized in June when it awarded the state's largest stimulus-funded highway project - rebuilding 11 miles of Interstate 59 in Etowah County - to an out-of-state business. But records show that most of the subcontractors and material suppliers hired by Kentucky-based Hinkle Contracting for the \$37.4 million project are Alabama firms. State companies make up five of the nine subcontractors hired to work on the project, which gets under way Sept. 8 with widening the road's shoulders. And five of the six major materials suppliers are from Alabama.” [[Birmingham News](#), 8/29/09]

Alabama Symphony Orchestra received a *Recovery Act*-funded grant from the NEA, allowing educational programs to continue. “The Alabama Symphony Orchestra will receive a \$50,000 grant through the American Recovery and Reinvestment Act funds. The ASO is one of three arts organizations in Birmingham and 631 in the nation to receive the highly competitive grant administered through the National Endowment for the Arts... One-time grants were awarded from those funds to eligible nonprofit organizations for projects that focus on the preservation of jobs in the arts. The ASO grant will support its director of artistic administration, education manager and Bruno Walter Assistant Conductor Chair positions, all essential to delivering ASO's education programs. ‘At a time when budget pressures are causing many orchestras to cut back on education programs, this award makes it much easier for the ASO to continue our strong commitment to education,’ says Curt Long, executive director of the Alabama Symphony.” [[Mobile Press-Register](#), 8/6/09]

The Chana High School special education program used *Recovery Act* funds to hire students to refurbish a garden. “Over the past couple of months, several Chana High School students were given an outdoor alternative to the typical summer job. Chana was awarded a \$21,500 grant as part of the American Recovery and Reinvestment Act, which the school's special education program used to refurbish a garden, and to hire students to do it. Sharon Williams of the Golden Sierra Job Training Agency was the liaison between the grant and the Placer Union High School District. She explained that in order to qualify for employment paid by the grant, students had to have a low-income, disability, or other circumstances that might make it difficult for them to find a job. The students were paid minimum wage and supervised by Chana High teachers in rebuilding a greenhouse, re-fencing the garden, and clearing a trail to a picnic area and volleyball court.” [[Auburn Journal](#), 8/3/09]

Cedar Bluff town council voted to apply for *Recovery Act*-funded grant to hire contractors for much-needed street paving. “during this week's meeting of the Cedar Bluff Town Council, a lengthy discussion took place, on the passing of a resolution making an application to the Alabama Department of Economic & Community Affairs for Community

Block Grant Funding – with the funding being used to help pave Sewell Ferry Road, Hidden Cove Road, Cornwell Drive, Forrest Street, Cathy Street, Summer Place, Lake Place Road, Lake Place Street, and Lake Place Lane. The monies for the project would come from stimulus funds, made available through the Community Block Grant.” [[WEIS News Radio](#), 6/11/09]

Tuscaloosa, Marion, and Aliceville Airports will hire contractors to improve runways with \$12.2 million in federal economic *Recovery Act* money. Using the *Recovery Act* money for airport projects will keep smaller construction contractors in business and their workers employed. Some might go out of business without the work, leaving less competition in the future. [[Tuscaloosa News](#), 6/9/09]

Bus industry forecasts stabilizing thanks to *Recovery Act*-related orders; bus industry retaining jobs. VP of North American Bus Industries of Anniston: “It helps preserve the jobs that we have. We don't have plans for any massive hiring. Right now we're just trying to maintain stability.” [[Fox Channel 5 News](#), 6/7/09]

***Recovery Act* funds will provide jobs for 341 young people in four Alabama counties.** “The jobs pay \$7.25 an hour for a maximum of 35 hours a week. Workers can get in 210 hours during the six-week program. If Macon County fills its 89 slots, \$21,738.25 will be paid to those who qualify and work the maximum hours. Designed to provide a meaningful work experience, the program calls for jobs to be distributed among the four municipalities in Macon County--Tuskegee, Shorter, Notasulga and Franklin.” [[The Tuskegee News](#), 5/21/09]

The *Recovery Act* will supplement budget, Alabama will avoid laying off teachers, keep reading program. “Without federal stimulus money, the \$6.2 billion budget would have been markedly smaller than this year's budget. But it should prevent teacher layoffs, which is one of two critical reasons this flawed-but-necessary budget should be cheered rather than jeered.” [[Anniston Star](#), 5/9/09]