



# Special Report

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## The Recovery Act: Creating Jobs and Making a Difference in Pennsylvania

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 Pennsylvania, made this progress possible.

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

In Pennsylvania, this partial reporting indicates that 7,427 jobs have been created or saved by funding 2,242 awards worth \$4,527,781,391, of which \$428,596,627 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 40,900 jobs so far for Pennsylvanians (accounting for indirect and induced jobs). [Council of Economic Advisors, [9/2009](#)] **Pennsylvania is on track to benefit from a total of 143,000 *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 Pennsylvania:

***Recovery Act* funding for PECO, Philadelphia area's largest electric utility, will help deploy new ‘smart meter’ technology.** “Energy Secretary Steven Chu says the Philadelphia area's largest electric utility will get \$200 million in federal stimulus money to deploy new ‘smart meter’ technology. Chu visited Philadelphia Thursday to announce the funding for PECO. Utility officials say the grant will help them install 1.6 million new meters as part of a system that will save customers \$1.5 billion over the life of the project. The smart meter plan will allow two-way communication between meters and utility computers. PECO

officials say they will improve service and conservation efforts. Chu says the improved systems will allow customers to monitor their electrical usage and change consumption habits while creating jobs.” [[Associated Press](#), 10/29/09]

**Recovery Act funds will be used by Pennsylvania’s Department of Community and Economic Development to pay for the replacement of decrepit sewer lines and laterals in the Porter Township.** “During a commissioners work session Tuesday, county community development planner Rachelle Ricotta said \$80,000 in federal stimulus funds are available through the state Department of Community and Economic Development to pay for the replacement of decrepit sewer lines and laterals in the township.” [[Sun Gazette](#), 10/28/09]

**140 jobs will be created by Recovery Act-funded construction of a new control tower at Scranton International Airport.** “The largely empty, 1950s-era airport terminal at the Wilkes-Barre/Scranton International Airport will soon be a thing of the past. The regional airport will receive a \$13.3 million federal stimulus program grant toward construction of a new, \$18.8 million air traffic control tower and radar center. Officials estimate the new tower project will create 140 construction jobs... Construction of the tower will begin in December, and it is scheduled to be operating in 2011, said airport director Barry Centini... When the FAA was consolidating facilities several years ago, some of the FAA operations - and jobs - were nearly removed from the airport because there was not a new tower, said Phil Gallagher, president of the air traffic controllers union at the airport... ‘This is reassurance the FAA has a commitment to AVP (the airport’s designation by the International Air Transport Association),’ Mr. Gallagher said. ‘It allows us to fulfill our mission of maintaining safety and efficiency in our skies.’” [[Scranton Times](#), 10/17/09]

**7,000 Pennsylvanians are working on Recovery Act-funded projects while 876,000 people are receiving extended unemployment benefits.** “Thousands of people are working in Pennsylvania because of funding from the American Recovery and Reinvestment Act and millions are receiving direct benefits that help put food on their tables and keep their families afloat, Governor Edward G. Rendell said today. Just six months into the 36-month stimulus initiative, Pennsylvania has nearly 40 percent of the funds that will be available invested or in progress. A U.S. House committee ranks Pennsylvania 7th among states for putting transportation funding to work. ‘All together, more than 7,000 people are directly working on transportation and water infrastructure projects now,’ Governor Rendell said... ‘That doesn’t count all of the other people working to supply products like concrete, steel and gravel for these projects. The ripple effect of jobs supported by Recovery-funded projects is about 40,000 according to the Council of Economic Advisors,’ the Governor said, standing with two contractors who said they have hundreds of staff on the payroll this year because of stimulus funding... Stimulus Impact Fact Sheet:... Nearly \$900 million in extended unemployment payments is helping more than 876,000 people who have lost their jobs through no fault of their own... Approximately 4.5 million households are paying \$821 million less in federal taxes due to the Recovery Act tax code changes... To date about a billion dollars has already made it possible to continue to provide health care to approximately 2 million Pennsylvanians.” [[Reuters](#), 10/9/09]

**\$90.6 million in Recovery Act funds will help the Philadelphia Housing Authority create 2,200 jobs—from carpenters to painters and plumbers.** “In better times, the [Philadelphia Housing Authority] was a significant source of construction jobs in the city, as it built homes and renovated properties for low-income tenants. But for nearly a decade, PHA has suffered crippling cuts to its capital budget, which decreased from \$78 million in 2001 to \$58 million last year. What did not shrink was the wait list for public housing in Philadelphia, today bulging with 43,767 names. With the \$90.6 million federal fillip, once-shelved projects that would add 577 housing units are moving ahead. And as they do, PHA estimates, 2,200 jobs will

be created... Every unit of public housing being built or renovated requires carpenters, plumbers, painters, electricians. A factory in the city's Bridesburg section is making energy-efficient windows. A Phoenixville distributor is supplying refrigerators and stoves. A Center City painting contractor is putting 12 idled painters back to work. In this case, at least, 'the stimulus money is getting down to the street level,' said Brian McGillin, project executive for Hunter Roberts Construction Group, a Mid-Atlantic contractor hired by PHA to rehab properties." [[The Philadelphia Inquirer](#), 9/20/09]

**Chester County used *Recovery Act* funds to pay for 139 youths' wages at summer jobs.** "For five weeks this summer, Marcus Smith would leave his home in Coatesville and walk the few blocks downtown to Chertok's Furniture Store, where he had a job 'doing just about everything,' he said. The job came courtesy of a federal government program designed to teach 14- to 24-year-olds who are economically disadvantaged or face other barriers in finding employment how to get and, more importantly, keep a job. 'It was a great experience,' said Smith, 16, who begins his junior year at Coatesville Area Senior High School this week. 'Most of all I learned how to be patient when you want something. Things may be hard and you may want to give up, but if you keep your head on straight and stay focused, things will pay off.' Smith worked at Chertok's under the supervision of Larry Chertok, helping make deliveries, setting up furniture, and anything else he was asked to do. This was his first summer job, and he said he hopes it will translate into a more permanent position at the longtime furniture store... The program was funded through the American Reinvestment and Recovery Act." [[The Pottstown Mercury](#), 9/1/09]

**157 jobs should be created directly or indirectly by *Recovery Act*-funded construction of low-income housing.** "A much-needed shot of recovery funds from the federal government will help to move forward two low-income housing projects for senior citizens in the city of Chester. The Chester Housing Authority received \$13.6 million to build 87 units of senior housing. Separately, the Chester Economic Development Authority was allocated \$10.5 million for 70 rental units. The Chester projects were among five in Pennsylvania that received recovery funds from the U.S. Treasury Department, via the Pennsylvania Housing Finance Agency, a state-affiliated provider of financing for low-income housing. Holly Glauser-Abel, the finance agency's director of development, said the money would help jump-start projects that had been held up by the recession." [[Philadelphia Inquirer](#), 8/27/09]

**The Derry Area School District will use *Recovery Act* funding to hire a resource officer and to upgrade another position from part-time to full-time.** "Economic stimulus funding totaling \$85,400 is expected to boost various staffing, programs and planning efforts of the borough and the local Derry Area School District. Susan Bortz, mayor of the borough and chief executive officer of the Derry Area Revitalization Corporation, announced Wednesday that local officials had received word of the funding under the American Recovery and Reinvestment Act after she and Dr. David Welling, the district's assistant superintendent, jointly applied for the financial assistance through Westmoreland Community Action. According to Bortz, the stimulus package includes \$37,470 to cover salary, benefits and materials for a one-year, full-time temporary school resource officer who would be hired by the borough to provide services at the local school district. An additional \$34,430 will allow the borough to upgrade its position of code enforcement officer/rental property maintenance inspector from part-time to full-time status for one year." [[Pittsburgh Tribune-Review](#), 8/28/09]

***Recovery Act* funds move forward two low-income housing projects for senior citizens in Chester; construction will create 157 jobs.** "A much-needed shot of recovery funds from the federal government will help to move forward two low-income housing projects for senior citizens in the city of Chester. The Chester Housing Authority received \$13.6 million



to build 87 units of senior housing. Separately, the Chester Economic Development Authority was allocated \$10.5 million for 70 rental units. The Chester projects were among five in Pennsylvania that received recovery funds from the U.S. Treasury Department, via the Pennsylvania Housing Finance Agency, a state-affiliated provider of financing for low-income housing... Lisa Gaffney, housing director for the Chester development authority, said the Treasury funding was the last piece of financing needed to begin construction of Pentecostal Square. The project will provide rental housing for low-income senior citizens. She added that the construction would create 157 jobs, directly and indirectly.” [*Philadelphia Inquirer*, 8/27/09]

**Recovery Act funds will pay for hundreds more construction projects than originally anticipated because nearly all of the work has been less expensive than expected.** “Federal stimulus money will pay for hundreds of extra roads, bridges and buildings this year because almost all of that work has been far less expensive than expected. The stimulus law President Obama signed in February was slated to pour billions of dollars into thousands of building projects across the country, perhaps the best-known part of a \$787 billion plan to create jobs and revive the economy. As that work began this summer, the state and federal officials in charge of paying for it say a dramatic slump in the construction industry brought bargain prices. Now they’re launching hundreds of millions of dollars’ worth of additional projects to use the extra money. ‘That gives us the ability to create more jobs through even more projects,’ says Federal Highway Administrator Victor Mendez... The savings will pay for additional stimulus work. For example: Pennsylvania launched an extra 52 road and bridge projects this summer because its original list of stimulus projects cost 10% less, says Rich Kirkpatrick, a state Transportation spokesman.” [*USA TODAY*, 8/25/09]

**Long-awaited revitalization project funded By the Recovery Act enables Lobar Construction to retain 35-40 workers.** “Elizabethtown officials have been trying for 10 years to improve the Amtrak train station, according to Borough Manager Peter Whipple. It’s been the borough’s No. 1 priority, he said. Sometimes officials had a design, but no money. Sometimes they could find some money, but regulations had changed and they had to redesign the improvements. On Monday, all the elements came together as U.S. Sen. Arlen Specter, U.S. Transportation Secretary Ray LaHood and local dignitaries broke ground for an improved station paid for with \$9.3 million in federal stimulus money. Specter called the Elizabethtown station ... ‘an illustration of the effectiveness of the stimulus package to put Americans back to work.’... Richard Ayers, executive vice president of the general contractor, Lobar Construction of Dillsburg, said the project should help about 35 to 40 employees keep their jobs who might otherwise have been laid off. More than 50 construction workers are expected to work on the station, he said.” [*Patriot News*, 8/25/09]

**Recovery Act money has put nearly 2000 people to work on transportation projects in Pennsylvania, and number of road work jobs expected to grow.** “Through June, nearly 2,000 people had been put to work on highway and bridge projects in Pennsylvania funded by economic stimulus money from the federal government... [T]he \$1.5 billion Pennsylvania is getting for road projects is just part of \$16 billion the state is to receive from Washington as its share of federal economic stimulus money, an official told the Harrisburg Rotary Club on Monday. James P. Creedon, the state’s chief implementation officer for the stimulus money – known as the American Recovery and Reinvestment Act – said that \$7 billion of Pennsylvania’s share is flowing to state residents in a variety of ways. Creedon said many Pennsylvanians, in addition to those working on road projects, are benefiting from federal economic stimulus money and might not know it. Federal economic stimulus money is funding increased unemployment compensation and helping laid-off workers keep health insurance longer... About \$2.6 billion is to be spread out among the state’s 501 public school districts; \$4 billion is for increased Medicaid reimbursement payments; \$455 million is for alternative

energy projects such as wind, solar and geothermal; and \$353 million is for other public works and housing. The money will be spent throughout Pennsylvania over the next two years. Creedon said the number of road work jobs is expected to grow as all the highway and bridge projects being funded by federal economic stimulus dollars will be put out for bid by Labor Day.” [[Patriot News](#) (PA), 8/18/09]

**Recovery Act funds paid for 90 young people to work summer jobs in Beaver County.** “Jeremee Vukich has spent his summer helping the maintenance staff at the Beaver County Women’s Center... Thanks to federal stimulus money, which includes \$1.2 billion for youth employment nationwide and \$41.1 million in Pennsylvania, officials at Job Training for Beaver County say they were able to create more than 90 minimum-wage jobs for Vukich and other young people this summer... And for Vukich, hard work paid off. The women’s center asked that he stay an additional three weeks, so his work length was extended.” [[Beaver County Times](#), 8/16/09]

**Across Pennsylvania, the number of youths employed through state job training centers has tripled, thanks to Recovery Act funds.** “Deb Newton, executive director, said because of American Recovery and Reinvestment Act funding, curbs were painted in local municipalities or grass mowed at local parks, among other projects, at no cost to those communities. “These kids are stimulus dollars at work,” Newton said... In years past, she said about 100 young people typically spent the summer working under Job Training’s summer program. That number almost tripled this year, Newton said... More than 250 young workers either went into camps, such as construction or computer training, or to a work site.” [[Beaver County Times](#), 8/16/09]

**Recovery Act-Funded clean diesel retrofitting projects in Allegheny County will create 97 jobs.** “In an effort to make the once ‘smoky city’ even less smoky, the Environmental Protection Agency gave \$3.49 million to Allegheny County yesterday to reduce diesel fuel emissions released into the air by public buses, trains and construction vehicles. The funding is part of the American Recovery and Reinvestment Act and will be used in four projects to replace current equipment in Port Authority buses, construction trucks and a CSX train with clean-diesel technology and emission filters. The Allegheny County Health Department estimates the projects will reduce fine particulate pollution by 2.63 tons and nearly 230 tons of hydrocarbon, carbon monoxide and nitrogen oxide pollutants annually. The pollutants are thought to increase the risk of heart attack, stroke, cancer, asthma attacks and other respiratory illnesses. The projects, all set to be completed by September 2010, will also create an estimated 97 jobs, some of which are temporary...” [[Pittsburgh Post-Gazette](#), 8/14/09]

**Fort Duquesne Bridge project a “smart use” of Recovery Act money; apportionment will create 60 jobs.** “A \$26.2 million project to preserve the Fort Duquesne Bridge is a example of smart use of federal stimulus money to put people to work and save important infrastructure, Federal Highway Administrator Victor Mendez said Thursday. ‘When (it is) completed next year, motorists will get a smoother ride over the Fort Duquesne Bridge and continue to enjoy one of the most scenic views of Pittsburgh’s skyline,’ Mendez said during a visit to the North Shore. PennDOT Secretary Allen Biehler said the project will put 60 more people to work for West Mifflin-based Trumbull Corp., and could create jobs for subcontractors and businesses producing and transporting construction materials.” [[Pittsburgh Tribune-Review](#), 8/7/09]

**With Recovery Act Funds, Pennsylvania’s Summer Youth Employment Program will employ four times as many young people as it did last summer.** “Pennsylvania’s Summer Youth Employment Program will provide jobs for 9,200 with federal stimulus funds

this summer, beating a goal of 8,600, Gov. Ed Rendell said Thursday. The statewide program is funded by \$34.5 million, which has gone out to local work force investment boards to provide job training and education services to unemployed workers and young adults between the ages of 14 and 24. More than four times the 2,205 young adults that participated last year will be able to participate this summer because of the federal stimulus boost in funding, Rendell said.” [[Philadelphia Business Journal](#), 7/23/09]

**The Southern Alleghenies Workforce Investment Board plans to provide 400 young people with jobs and professional training using *Recovery Act* funds, four times the number the group normally serves.** “The Southern Alleghenies Workforce Investment Board has received more than \$3.7 million in American Recovery and Reinvestment Act funding to enhance and expand its existing support of workforce development services throughout Bedford, Blair, Cambria, Fulton, Huntingdon and Somerset counties. The money is being directed toward paid summer work for youth ages 14 to 24, financial support in the form of tuition assistance and supportive services for eligible adults and displaced workers.” [[Altoona Mirror](#), 7/22/09]

**A *Recovery Act*-funded grant will help the Erie Philharmonic to retain the jobs of six full-time and two part-time staff members and contracts with 65 professional musicians.** “For Erie Philharmonic officials, news about funding from the federal stimulus package is sweet music to their ears. The Philharmonic is getting \$25,000 that will help it sustain the jobs of six full-time and two part-time staff members, as well as the contracts with 65 professional musicians, said U.S. Rep. Kathy Dahlkemper, of Erie, D-3rd Dist... The stimulus funding will not only protect high-quality concerts in Erie, Dahlkemper said, but will strengthen the regional economy by preserving good-paying jobs. The Philharmonic's total annual budget is \$1.2 million, said Eric Borenstein, its executive director.” [[The Times-News](#), 7/12/09]

**21 Philadelphia arts organizations received *Recovery Act*-funded grants.** “The National Endowment for the Arts has awarded \$1.47 million in federal stimulus grants to 32 arts and cultural groups in Pennsylvania. An additional \$600,000 will go to 14 organizations in New Jersey... In Philadelphia, 21 organizations will receive a total of about \$1 million, according to a spokesman for the Greater Philadelphia Cultural Alliance. That includes \$250,000 for the alliance, which will pass it along in grants to arts organizations... The funds distributed to the Cultural Alliance, which teamed up with the city's Office of Arts and Culture to secure the money, will go to support jobs ‘threatened or already eliminated’ or to maintain artistic contracts, the alliance said.” [[The Philadelphia Inquirer](#), 7/11/09]

**Allegany County granted \$200,000 to generate 100 employment opportunities for young people.** Local officials gratified to have funding to improve job prospects for teenagers. [[Cumberland Times-News](#), 6/8/09]

**Local company won contract to administer *Recovery Act*-funded summer jobs for Lancaster County youths.** The program will provide career camps, skills training and jobs this summer for 300 to 400 local low-income young people ages 14 to 24.” [[Lancaster New Era](#), 5/29/09]

**Pennsylvania hopes to hire 216 corrections officers through *Recovery Act*-funded grant.** “Initiatives to improve law enforcement and public safety, strengthen counterdrug training and ease prison overcrowding would get a significant boost if grant applications for more than \$95 million in American Recovery and Reinvestment Act (ARRA) funding are approved. Gov. Edward G. Rendell announced that the State Police, Department of Military and Veterans Affairs, Department of Corrections and the Commission on Crime and Delinquency recently submitted applications to aggressively pursue additional federal stimulus

funding to enhance public safety initiatives. ‘These initiatives are good for the economy and public safety,’ Rendell said. ‘Not only will there be jobs created, but relief that will be provided to law enforcement and corrections will make a lasting impact on our communities.’” [[Gant Daily](#), 5/7/09]