



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](#)]

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 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:

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]