



# Special Report

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

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 Hawaii, made this progress possible.

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

In Hawaii, this partial reporting indicates that 1,545 jobs have been created or saved by funding 338 awards worth \$820,478,467, of which \$150,051,549 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 4,200 jobs so far for Hawaii residents (accounting for indirect and induced jobs). [Council of Economic Advisors, [9/2009](#)] **Hawaii is on track to benefit from a total of 15,000 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 Hawaii:

***Recovery Act funding has saved or created 1,500 in Hawaii; most are in education and employment and training staff.*** “Hawaii has created or saved approximately 1,500 jobs in the eight months since the federal economic stimulus package went into effect, according to the federal government’s report on stimulus spending released Friday. That includes the 250 jobs that Hawaii businesses reported they created or saved as a result of federal contracts — a figure the federal government released two weeks ago. But state officials told reporters Thursday that 926 Hawaii jobs have been created or saved so far. They’re the result of 141

awards that 15 state agencies received in contracts, grants, loans and entitlements totaling \$931.5 million, according to Mark Anderson, deputy director of the Hawaii Department of Business, Economic Development and Tourism and the state's lead stimulus coordinator... The state Department of Education, already hit with substantial budget cuts and teacher furloughs, reported it created or saved 549 jobs — the most of any state agency... The Hawaii Department of Labor and Industrial Relations came in second with 273 jobs created or saved. ” [*Pacific Business News*, 10/30/09]

**Partial reporting indicates that *Recovery Act* has saved or created at least 250 positions in Hawaii.** “Federal contracts pumped \$122.4 million into Hawaii's economy while saving or creating 250 jobs as of early October, according to a federal government Web site that tracks stimulus spending. Overall, the American Recovery and Reinvestment Act is expected to infuse about \$1.4 billion into the state and create or save 15,000 jobs over a two-year period, excluding tax benefits. However, job creation data released so far, which account for only 10 percent of that money, indicates that the number of jobs created or saved is well off that projected pace. Government and private sector leaders cautioned that it's too soon to gauge the economic impact of the stimulus act. That's because most stimulus spending and job creation won't occur until next year. In addition, systems built to track stimulus spending are just coming online. Jennifer Sabas, Sen. Daniel K. Inouye's chief of staff in Honolulu, likened the current phase of stimulus spending to ‘priming a pump.’... Job data now being released covers federal contract recipients during the first six months of stimulus spending. The companies involved will be reporting new job numbers this week, which could add another 1,000 jobs to the total saved or created with stimulus money... Most of the money will pay for highways and bridges, transit systems, clean-water projects, public housing improvements and affordable housing.” [*Honolulu Advertiser*, 10/26/09]

**Hawaii broke ground on a *Recovery Act*-funded project to replace Punaluu Bridge on Kamehameha Highway.** “The state broke ground Thursday on one of the biggest projects that will be funded by federal stimulus funds. The funds will go to replace Punaluu Bridge on Kamehameha Highway. The bridge was built in 1926. The project is expected to cost about \$17 million. ‘We want to make sure that these bridges are able to accommodate the amount of water that needs to go through, debris won't get stuck underneath so that the residents over here can have much more piece of mind when we have these bigger storms,’ state Transportation Director Brennon Morioka said... ‘For us, it will mean a total workforce on the job at one time or another will be 100 to 150 different people will be out here,’ Hawaiian Dredging President Bill Wilson said. Contractor Hawaiian Dredging's president said landscapers will be among the first people employed there to clear, relocate and replant vegetation. Carpenters, equipment operators, painters and electricians will also go to work, from trade unions whose members are suffering from 50-percent unemployment.” [*KITV Honolulu*, 8/27/09]

***Recovery Act* has funded nine Hawai`i transportation projects this year, *recovery act* is estimated to create 3,170 jobs in Hawaii overall.** “Federal stimulus money has been hitting its targets, paying for new projects and creating jobs in Hawai`i, according to state transportation officials. Nine projects worth \$63 million have benefitted from the funds available under the American Recovery and Reinvestment Act of 2009. Among them are projects that call for resurfacing a highway of Kauai, retrofitting a section of a highway on Oahu and improving a bridge on the Big Island. In the months ahead, the state Department of Transportation also plans to spend federal stimulus funds on replacing a bridge on Oahu as well as bolstering highways on Maui and Molokai. State estimates are that federally-funded transportation projects will generate about 3,170 jobs statewide. In addition, for every \$1 million in stimulus funds poured into the state, 12.9 jobs are created or preserved, according to

the state Department of Business, Economic Development and Tourism. ‘Hawai`i is not only on track to meet all federal timeline requirements, but will continue to meet the goals we have set for ourselves as a state by applying much more stringent timelines than what is required under the American Recovery and Reinvestment Act,’ said Brennon Morioka, director of transportation.” [[Office of the Lt. Governor](#), 8/2009]

**The Small Business Administration projected that *Recovery Act* expenditures in Hawaii will result in 15,000 jobs.** “A new senior care home in Kailua plans to hire 20 employees, and a cafe-bar in Chinatown hopes to employ 10 workers, with financial help under the federal economic stimulus plan. The American Recovery and Reinvestment Act of 2009 is beginning to give qualified businesses as well as some homeowners a new start across the state, with loans, contracts and grants. Federal officials estimate the stimulus plan for Hawaii will generate 15,000 jobs. More than 50 enterprise loans totaling more than \$4.55 million have been guaranteed in Hawaii under the federal stimulus plan, according to the Small Business Administration in Honolulu. Of the \$1.36 billion announced for Hawaii, \$618.9 million has been made available and \$160.1 million has been doled out... The Hawaii loans touched by stimulus plan have included a \$1.54 million for an adult care home and \$15,000 for a business selling tropical fish.” [[Honolulu Star Bulletin](#), 8/2/09]

**State officials are hoping that a big new portion of the federal *Recovery Act* package will generate more than 3,000 jobs in local construction for transportation projects.** An additional \$76.5 million will go for Honolulu and Kahului airports. Most of that money is for new explosives detection machines used to screen luggage before it is put on departing planes. [[Star Bulletin](#), 3/17/09]