



# Special Report

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

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 Rhode Island, made this progress possible.

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

In Rhode Island, this partial reporting indicates that 2,012 jobs have been created or saved by funding 424 awards worth \$673,198,087, of which \$104,873,107 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 4,100 jobs so far for Rhode Islanders (accounting for indirect and induced jobs). [Council of Economic Advisors, [9/2009](#)] **Rhode Island 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 Rhode Island:

***Recovery Act saved 2,012 positions in Rhode Island, mostly in the areas of corrections, education, labor, and training.*** “President Obama’s stimulus package has created or saved 2,012 positions in Rhode Island so far, according to the most detailed report yet on the American Recovery and Reinvestment Act of 2009... Chip Unruh, spokesman for U.S. Sen. Jack Reed, a Democrat, said the Recovery Act has had a positive impact on Rhode Island... ‘There are reasons for optimism because the vast majority of funding has not been spent yet,’ said Unruh. ‘More help is on the way.’... Nearly all of the 1,489 jobs created or saved through

the state's allocation of funds were in three areas: corrections, education and labor and training. More than one-third of the jobs came from the Department of Elementary and Secondary Education, which distributed stimulus funds to public school districts throughout the state. The department reported that about 561 positions received funding. The vast majority were funded through the \$72 million the state was awarded in State Fiscal Stabilization Funds.... The state Department of Labor and Training created the equivalent of 252 positions, a figure that included full-time positions, such as job advisers and trainers. But that number also included a host of summer youth jobs." [[Providence Journal](#), 10/31/09]

**Recovery Act funding will help seven senior centers in Providence retain jobs and ensure that seniors continue to have access to critically important programs.**

"Seven city senior centers hit hard by state budget cuts will get an infusion of \$226,541 in federal stimulus money, Mayor David N. Cicilline announced Wednesday. The federal Community Development Block Grant funds were made available through the American Recovery and Reinvestment Act and equal the amount of funding cut to senior centers by the state. According to the mayor, the grants will be used to 'retain jobs and ensure that seniors continue to have access to critically important programs including emergency food and clothing assistance, wellness programs, food pantry assistance and transportation.' The Providence senior centers to receive CDBG funds are the Westminster Senior Center, Capital City Senior Center, Fox Point Senior Center, Silver Lake Senior Center, DaVinci Senior Center, St. Martin De Porres Center and Nickerson Community Center." [[Providence Journal](#), 10/14/09]

**Rhode Island completes its first Recovery Act-funded road project.** "The R.I. Department of Transportation this week finished its first project funded by the economic stimulus package signed by President Barack Obama in February. The department resurfaced nearly two miles of Route 44 (Putnam Pike) in Gloucester between the DOT maintenance facility and Route 102 (Tourtellotte Hill Road) at a cost of \$1.2 million...ARRA funding has given Rhode Island the opportunity to do over 50 more construction projects than we would otherwise have been able to fund,' DOT Director Michael P. Lewis said in a statement, referring to the stimulus law's official name, the American Recovery and Reinvestment Act of 2009 (ARRA). He said the program is expected to create 1,500 direct jobs and 3,500 indirect jobs." [[Providence Business News](#), 9/17/09]

**Blount Boats, Inc and Senesco Marine received Recovery Act funded-grants to create and save ship builders' jobs.** "Two Rhode Island Shipyards will receive 2.6 million dollars in federal funding to help create and preserve ship builders' jobs. Blount Boats, Inc. of Warren and Senesco Marine in North Kingstown were each awarded the money under the Small Shipyards Grant program. Congressman Patrick Kennedy made the announcement on Wednesday and says the funds are critical to Rhode Island's shipyards, an integral element of the state's economy. Blount Boats, Inc. was awarded 868,186 thousand dollars and Senesco Marine will receive 1,792,347 million dollars. The Small Shipyards Grant program was created under the American Recovery and Reinvestment Act. So far, 98 million dollars in funding has been distributed to over 70 shipyards throughout the country." [[WPRI](#), 8/20/09]

**Providence uses Recovery Act money to improve ten city housing projects and create more than 120 full time jobs, some of which will be performed by tenants.**

"The City of Providence is using more than 5 million dollars in federal stimulus money to make improvements in city housing and to create more than 100 jobs. The Providence Housing Authority is using the 5.2 million dollars to fund ten capital city housing projects. The ongoing work which includes landscaping, fencing, and painting will create or retain more than 120 full time jobs. Some of the jobs will be performed by tenants of the Providence Housing Authority... The work is underway at Chad Brown, Admiral Terrace, Roger Williams, Coddington Court,

Hartford Park Manton Avenue, Dexter Manor, Dominica Manor, Carroll Tower, Kilmartin Plaza, Parenti Villa and at single-family homes located in various neighborhoods throughout the city.” [WPRI News, 8/17/09]

**Rhode Island Public Transit Authority plans to purchase 20 hybrid buses and upgrade existing fleet using Recovery Act funds.** “The Rhode Island Public Transit Authority is set to receive 24.2 million dollars in federal funding. Rhode Island’s Congressional delegation made the announcement, and says RIPTA plans to use the money to purchase 20 hybrid buses and to upgrade other public transportation systems throughout the state. The money is being funded by the American Recovery and Reinvestment Act of 2009. The law was approved by President Obama in February. The state will also receive 350,000 dollars for the On-the-Job Training and Supportive Services program, which funds apprenticeships and training centers for Rhode Islanders seeking careers in transportation, engineering, or construction.” [WPRI – TV, 7/10/09]

**Rhode Island to be awarded \$36.8 million of Recovery Act resources for low-income housing tax credit program.** Rhode Island will use the money to support building, buying and rehabilitating housing for low-income families and individuals. In the process, the state will use the money to preserve and create jobs, especially in the construction industry. The Recovery Act money will create an estimated 800 construction jobs this summer and result in 300 affordable homes. [Providence Journal, 6/4/09]

**Recovery Act funds will create 821 summer jobs for young people in Providence at 30 local agencies and a handful of municipal departments.** The work opportunities will have the double benefit of bolstering community organizations and exposing young people to new skills, potential career paths, and a better understanding of the community around them. [Providence Journal, 6/3/09]

**Thousands of young people from low-income families will be the recipients of jobs made possible by \$4 million in funding from the Recovery Act.** 900 summer jobs will be created through the investment of \$2 million of the federal money in programs chosen by the Workforce Partnership of Greater Rhode Island, which serves all cities and towns except Providence and Cranston. And 800 jobs will be available to Providence and Cranston residents through \$1.9 million being funneled into the city-based Workforce Solutions of Providence and Cranston. [Providence Journal, 6/2/09]

**Fortune’s “Meet the stimulus hires” – Wellington Hall of Providence.** “I went to get a master’s degree last year and got an internship with the Department of Transportation. I was told it would take a long time to get hired. This year, they saw 300 résumés for 70 internships. But when the state gave them stimulus funding, I was one of the first in line to get hired for a new gig... The DOT is going to start me off reviewing things we get from consultants, doing field work, checking plans, and responding to any customer-service calls we get.” [Fortune, 6/1/09]

**Rhode Island officials say that Recovery Act money is arriving just in time to save hundreds of jobs in schools statewide.** “Rhode Island will receive a huge infusion of federal money for schools, after the U.S. Department of Education announced Tuesday the release of \$111 million for the current and next school years. The money is arriving just in time to save hundreds of jobs in schools statewide, according to relieved state education officials. ‘It would not be an exaggeration to say that due to the timing of the stabilization money coming in to the state, there are districts with such significant cash-flow issues that rather than laying off a couple of teachers, districts would have been facing a scenario of closing school for a number of weeks and losing all of their teachers for a portion of the school year,’ said David V. Abbott, state

deputy education commissioner. That crisis will now be avoided, he said.” [[The Providence Journal](#), 5/20/09]