



Special Report

BYRON L. DORGAN
CHAIRMAN

DPC Staff Contact: Erika Moritsugu (202) 224-3232
DPC Press Contact: Barry Piatt (202) 224-0577

updated December 22, 2009

Available Online: dpc.senate.gov

The Recovery Act: Creating Jobs and Making a Difference in Minnesota

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 Minnesota, made this progress possible.

Despite this encouraging news, Democrats know that many Minnesotans 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 Minnesota and will deliver on its promise to rebuild our economy and get Minnesotans 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](#)] According to Congressional Budget Office (CBO) projections, that number may be as high as 1.6 million jobs. [CBO, [11/09](#)]

Moreover, without the *Recovery Act*, economists believe that the economy and the unemployment rate would be much worse.

- According to CBO projections, “an additional 600,000 to 1.6 million people were employed in the United States, and real (inflation-adjusted) gross domestic product (GDP) was 1.2 percent to 3.2 percent higher, than would have been the case in the absence of ARRA.” [CBO, [11/09](#)]
- The Commerce Department reported that the nation’s gross domestic product grew by 2.2 percent in the third quarter of 2009, the first expansion in more than a year. Economists are projecting 4 percent growth in the fourth quarter. [Commerce Department, [12/22/09](#); testimony of Dr. Martin Baily before the Senate Democratic Policy Committee, [12/16/09](#)]
- 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 Minnesota

In Minnesota, this partial reporting indicates that 14,315 jobs have been created or saved by funding 1,227 awards worth \$2,575,089,480, of which \$569,022,073 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 20,100 jobs so far for Minnesotans (accounting for indirect and induced jobs). [Council of Economic Advisors, [9/2009](#)] **Minnesota is on track to benefit from a total of 66,000 *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 Minnesota:

Two petroleum leak sites in Stockton, Minnesota will be cleaned up using *Recovery Act* funding. “More than \$40,000 in stimulus funding has been allocated toward the continued cleanup and monitoring of two petroleum leak sites in Stockton, Minn. The funds will pay for additional work related to the sites at 8150 Hwy. 14, referred to as the ‘Former Ladwigs Service Station’ in an online state database, and 8650 N. C St., the ‘Stockton Creamery Well,’ said Sarah Larsen of the Minnesota Pollution Control Agency. Officials first investigated the locations in March 2003, according to MPCA online records, when they found two 1,000-

gallon, underground fuel storage tanks that had leaked at the service station site. That discovery prompted an investigation that led to the discovery of contamination of a well at the creamery site, Larsen said. Officials also started supplying bottled water to two nearby residences, a practice that continues today, and notified several other residences that could be at risk, she said... 'This investigation expanded to include all the city of Stockton.' The two Stockton sites are among 52 locations statewide that MPCA will use more than \$4.25 million in stimulus funding to continue work on, several agency officials said." [[Winona Daily News](#), 12/10/09]

Anoka County approves *Recovery Act* bonding to finance new medical center.

"Approval has been given by both the Anoka County Board and the Anoka County Housing and Redevelopment Authority (HRA) to issue bonds for the first project under the bonding authority given to the county through the 2009 American Recovery and Reinvestment Act... Following a public hearing Nov. 24, the county board approved the issuance of recovery zone bonds totaling \$12 million for Premier FMC, LLC to build a new medical center next to Unity Hospital in Fridley and the HRA followed suit by approving a resolution authorizing the sale of the bonds... The project is for a 60,000 square-foot building on some six acres of vacant land at the intersection of Osborne Road and Fifth Street adjacent to Unity Hospital.... The new medical office will replace an existing, 1960s-era building adjacent to Unity, which will be demolished, with the land set aside for additional parking for both the hospital and new medical building, Skepper said." [[ABC Newspapers](#), 12/2/09]

Hennepin County is set to use *Recovery Act* funds to form an 'early warning system' for mortgage fraud and create six new jobs. "As expected, the Hennepin County board voted to accept nearly \$1 million in economic stimulus funding Tuesday to expand and enhance the use of foreclosure data to form an 'early warning system' for mortgage fraud. The seven-member board is expected to accept \$989,262 in stimulus funds to use computer-generated mapping programs to identify patterns of foreclosure, vacancies and related criminal activity. Mortgage fraud-related stimulus funding was part of \$3.2 million in stimulus funding approved by the board Tuesday. Nearly two-thirds of that total, \$1.8 million, is for a Brownfield cleanup revolving loan fund program designed to help the county clean up polluted industrial sites before their redevelopment... Board members also voted to accept \$426,890 in stimulus funding to start an electronic health record (EHR) system for Health Care for the Homeless (HCH), a program that provides health care for homeless people at shelters and drop-in centers in downtown Minneapolis... In 2008 HCH served 5,054 homeless individuals through 18,894 visits. The mortgage fraud-related stimulus funding will bolster efforts by the Hennepin County Attorney's office by creating six new jobs to assist prosecutors in the investigation of mortgage fraud... Jobs or work created by the funding includes two full-time prosecutors, one paralegal, one principal information technologies specialist or contract programmer, one contract investigator for the County Attorney's office, and one consultant/special counsel to report to the U.S. Department of Justice's Community Foreclosure Accountability and Renewal Program." [[Finance and Commerce](#), 12/3/09]

***Recovery Act* funds will help cover the construction costs for a wastewater sewer facility in Waseca; flooding will be controlled and 30 jobs will be created.** "A sewer project in Waseca is getting a boost from federal stimulus dollars. The American Recovery and Reinvestment Act will be covering forty percent of the construction costs for Wastewater Sewer Facility... For Waseca residents Grove and Carol Brown a new sewer project means big changes... but good changes... For them, a heavy rain usually means a flooded basement, but construction on a Wastewater Sewer Facility could change that. It's a 16 million dollar project city officials say couldn't come soon enough... "The project means more piping throughout the city, and better methods for treating sewage. But the icing on the cake... the sewer system is

getting six million dollars in federal funding. Jennifer Hudspeth says, 'Not only was this a project made possible by stimulus money, but it's also a project that has created thirty jobs... City officials say the project helps the future of the community. And for the Brown's it's a future they're looking forward to. [The] Brown's say, 'Now we can just sit upstairs and smile when it rains.'" [[KEYC 12](#), 11/30/09]

In Minnesota, Recovery Act funded four positions within the tribal police department and helped build a 21-bed Alzheimer's and dementia unit at the State Veterans Home. "With Minnesota projected to receive a total of \$4.5 billion in federal stimulus dollars over three years, many communities will see benefits. The White Earth, Minn., area is receiving assistance in many forms, including \$649,000 to be used to fund four positions within the tribal police department. About \$6.2 million will help build a 21-bed Alzheimer's and dementia unit at the State Veterans Home in Fergus Falls. And so far, agencies in the Moorhead area have been awarded more than \$6 million in federal recovery dollars, the fruits of which are starting to show. Work on the Center Avenue bridge between Moorhead and Fargo will be paid for in part with approximately \$910,000 worth of stimulus funds. An improvement project on 20th Street South in Moorhead got about \$1 million in federal recovery dollars. Awards have also gone to Concordia College. The school is getting about \$68,000 in work study funds, as well as approximately \$135,000 from the National Science Foundation... [Bryan Luther, a physics professor at Concordia] said the money means summer jobs for undergraduates in 2010 and 2011... On a larger scale, if you ride buses in Moorhead you may soon be riding in one paid for with stimulus dollars. The city's transit system received about \$1.5 million stimulus dollars, a good chunk of which has gone for new vehicles and to upgrade the fare collection system." [[Fargo-Moorhead Inforum](#), 11/30/09]

Hubbard County has used Recovery Act funding to create jobs in crime enforcement and education. "Stimulus funding has added more than \$3 million to the Hubbard County economy, in grants and loans... Although recipients of those funds have reported only four jobs created with the funds, that figure is misleading. Several area businesses have obtained stimulus loans to start or enlarge businesses. The \$787 billion Recovery Act's stated goals are to: Create new jobs and save existing ones. An example of this is the Park Rapids Police Department's grant of \$179,326, which will pay the salary of one officer for the next three years for community policing... Park Rapids, Nevis and Laporte school districts all received funds for 'support of public elementary, secondary and postsecondary education and, as applicable, early childhood education programs and services. In this category, Laporte received \$123,569; Nevis received \$226,441 and Park Rapids received \$651,584... School districts also received Title 1 funding to 'improve teaching and learning for students most at risk of failing to meet state academic achievement standards. In this category Laporte received \$43,840; Nevis received \$29,210 and Park Rapids received \$183,703. Additionally Park Rapids received \$28,697 for special education related services for children with disabilities who will reach age 3 during the school year; \$701,090 for the education of children with disabilities and \$16,686 for an early intervention program for infants and toddlers with disabilities." [[Park Rapids Enterprise](#), 11/30/09]

University of Minnesota will use Recovery Act funds to pay construction workers to develop new physics laboratory. "By far, the most stimulus money for research in the state has gone to the University of Minnesota. The U of M's Twin Cities, Morris and Duluth campuses have received 226 grants worth \$122 million. The biggest single grant is from the U.S. Department of Energy. Its worth \$40 million, and the money will be used to complete construction of a \$250-million laboratory in northern Minnesota set up to study neutrinos; particles scientists consider the fundamental building blocks of matter. The \$40-million grant

will be used to pay construction workers building the underground lab, and dozens of students developing the equipment, said Marvin Marshak, a physics professor at the university.”
[[Minnesota Public Radio](#), 11/20/09]

Colleges across Minnesota will use *Recovery Act* grants to hire staff, pay for travel, and buy equipment to conduct research to improve health. “Federal stimulus money for research has started rolling into Minnesota colleges... So far, Minnesota universities, both public and private, have been awarded more than \$125 million in grants to fund research... Some other research grants going to Minnesota schools include: Macalester College, St. Paul - \$351,668: The college will use the grant to buy a variable pressure sample chamber scanning electron microscope... The college says students trained in modern microscopy research are better prepared for the technical job market. University of Minnesota, Twin Cities - \$34,000,000: Several stimulus grants have been awarded to scientists, physicians, and research centers at the at the U of M's Academic Health Center. The funding will be used to hire staff, pay for travel and buy equipment. University of Minnesota officials say the funding will accelerate their research to advance science and improve health. St. Catherine University, St. Paul - \$161,064: The school will use the award to acquire a suite of instrumentation for analysis of the nutrient content of soil, plant tissue, and water samples. Students and professors will use the equipment to research the relationship between plant-soil and community interactions in ecosystems. University of Minnesota, Duluth - \$124,988: Researchers at UMD will use the grant to fund research into using carbon nanotubes embedded in concrete to monitor road stress. The carbon nanotubes are less than a millionth the size of a human hair, and could potentially be used to monitor traffic or detect concrete cracking and other mechanical stress.”
[[Minnesota Public Radio](#), 11/20/09]

At the University of Minnesota's Academic Health Center, 128 *Recovery Act*-funded grants will be used for research projects ranging from Alzheimer's disease prevention to smoking cessation. “A medical arm of the University of Minnesota has snagged more than \$34 million in federal stimulus money for research projects ranging from Alzheimer's disease prevention to smoking cessation. The university's Academic Health Center announced the 128 grants for scientists, physicians and researchers on Tuesday. The grants will allow the university to begin research that “previously we just couldn't undertake,” said Dr. Mark Paller, assistant vice president for research for the center. According to the National Institutes of Health, \$34 million will translate into a net economic gain for the center of more than \$100 million, based on the formula that every \$1 in spending on research generates another \$2 in other spending on goods and services. Among the biggest projects being funded, at about \$1 million each, are research into Alzheimer's prevention, smoking cessation, magnetic imaging research and heart defect treatment... Money from the \$787 billion stimulus package also is being used to hold down student tuition and retain jobs during the next two years because of state funding cuts.” [Star-Tribune, 11/10/09]

***Recovery Act* funds have saved or created roughly 20,100 jobs, including 5,942 education-related jobs and 1,200 public safety and medical spots.** “The state's first comprehensive report on how federal stimulus money is affecting Minnesota showed that while much of the money is going to unemployment benefits and medical assistance payments, millions of dollars are flowing in to projects and programs that range from rebates to consumers who buy energy-efficient appliances to services for the blind. One project, totaling \$5.59 million, will build living quarters at Camp Ripley, the longtime military training base in north-central Minnesota, and install backup power and heating systems at many of the 63 National Guard armories scattered across the state. Nearly \$470,000 will go to replace a bridge over the St. Francis River in central Minnesota. “The block layers were waiting for this job to get going so they could get back to work,” said Jim Kuechle, the co-owner of a construction company in Cold

Spring, which got a contract to build an addition and re-roof a service building at the National Guard armory in Willmar... Among the jobs saved or created by stimulus funds: 5,942 education-related jobs and 1,200 public safety and medical spots. Preliminary estimates also show that, when adding jobs that were indirectly created, 20,100 total jobs had been preserved or created in Minnesota using federal stimulus money.” [*Star Tribune*, 10/12/09]

Thanks to *Recovery Act* funding, 135 jobs have been created for community action groups in Minnesota, which in turn has likely saved another 850 jobs. “An official with the Minnesota Department of Human Services says community action groups throughout the state have created 135 jobs using one category of federal stimulus money. The anti-poverty organizations are getting \$12 million in block grants to foster jobs. Economic Opportunity Office Director Connie Greer says the groups have spent about \$1 million since July. She says the cash went to jobs such as job placement coaches, mortgage foreclosure prevention specialists, information technology professionals and maintenance workers. Greer says the community action groups anticipate saving more than 850 jobs and creating another 700 positions before the stimulus grants run out next September.” [*KTTC*, 10/7/09]