



# Special Report

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

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 Louisiana, made this progress possible.

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

In Louisiana, this partial reporting indicates that 9,136 jobs have been created or saved by funding 765 awards worth \$2,256,113,329, of which \$554,554,215 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 12,700 jobs so far for Louisianians (accounting for indirect and induced jobs). [Council of Economic Advisors, [9/2009](#)] **Louisiana is on track to benefit from a total of 50,000 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 Louisiana:

**Thanks to Recovery Act, 15 cops in New Orleans and 14 in St. Bernard Parish kept their jobs.** “The Obama administration’s \$786 billion stimulus package is contributing in important ways to rebuilding New Orleans and the Gulf Coast, Vice President Joe Biden told *The Times-Picayune* in advance of the fourth anniversary of Hurricane Katrina... The Recovery Act includes 22 highway and transit projects in Orleans Parish... In addition to infrastructure, the vice president said, the Recovery Act provided tax relief for working families; augmented checks to those receiving Social Security disability, veterans’ and unemployment benefits; paid to save

teachers' jobs; and helped hire or keep police officers, including 15 in New Orleans and 14 in St. Bernard Parish. New Orleans has also received \$7.6 million to be distributed this fall to those at risk of becoming homeless... On health care, he said, 'we built 24 health care centers through 25 million bucks in the Recovery Act. You now got about 49,000 new patients, including almost 20,000 uninsured patients, that are now being served.' [*Times-Picayune*, 8/24/09]

**City of Bastrop used Recovery Act funds to hire Denmon Engineering to improve sewer system.** The \$1.5 million in stimulus funds will be used to replace ditch crossings and other sewer lines. [*Bastrop Daily Enterprise*, 6/12/09]

**Louisiana Department of Environmental Quality will use Recovery Act funds to create jobs, prevent water pollution.** "A total of \$39 million will be awarded nationally to states for Water Quality Management Planning (WQMP) grants, which will keep and create jobs to help prevent water pollution and protect human health and the environment... This infusion of *Recovery Act* funding will provide Louisiana with more resources for high priority projects, promote green practices, and create and save jobs." [States News Service, 6/8/09]

**Louisiana will receive more than \$21 million in Recovery Act funds to increase public safety and create or retain jobs within the law enforcement community.** [*Lab Business Week*, 5/17/09]