



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](#)] 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 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:

Thanks to *Recovery Act*, Hawaii gains 1,412 jobs, most positions tied to government; 21 police officers will be hired. “Of an estimated 15,000 jobs in Hawai'i expected to be created or saved through federal stimulus money in the next few years, just over 1,400 direct local jobs can be tied to the funds so far. The bulk of those are in state and federal government, with much of the impact coming in the form of jobs saved that would have been eliminated without the money. Overall, 1,412 direct local jobs are tied to \$39.8 million in stimulus funds spent through Sept. 30, according to state and federal sources. Of that, 343 jobs can be directly tied to private-sector employers. An additional 793 jobs were reported by the

state, 250 were reported by federal agencies and 26 were tied to counties. Some jobs reported by government agencies were created or saved by vendors. However, neither the state nor federal government track how many of the jobs they report were in the private sector... For example, the Honolulu Police Department will get \$5 million in federal stimulus money to hire 21 additional police officers. The money will pay the salaries and benefits of those officers for three years with a promise from the city that it will pay for a fourth year. Similarly, a host of administrative, managerial, clerical and educational jobs within state government are being supported via federal stimulus funds. That money is helping to stave off layoffs today... Stimulus money is aimed at three main areas — job-creating construction projects, tax benefits and entitlement programs. Through September, Hawai'i had been awarded \$820 million in stimulus funds. About \$150 million was actually received, of which nearly \$40 million was spent on potentially job-creating activities. Separately, at least \$296 million of stimulus money has been spent on non-job-creating entitlement programs including unemployment insurance, food assistance, medical assistance and foster care, according to the state. Overall, the American Recovery and Reinvestment Act is expected to bring about \$1.4 billion into the state and create or save 15,000 jobs during a two-year period ending in 2011." [*Honolulu Advertiser*, 12/11/09]

Department of Environmental Management will use a zero-interest *Recovery Act* loan for a water management project, to build a sewer collection system. "The County of Hawai'i Department of Environmental Management has become the first department in the state of Hawai'i to receive a binding commitment for a zero-interest loan with principal forgiveness for a wastewater project funded by the American Recovery and Reinvestment Act, also known as the federal stimulus bill. The \$1.1 million in stimulus funds will be used to build a sewer collection system to allow the County to retire two large capacity cesspools in Hilo's Komohana Heights subdivision... The stimulus money is technically a zero-interest 'loan' made by the Clean Water State Revolving Fund, but funding through that particular fund under the stimulus bill includes provisions for principal forgiveness, meaning the 'loan' never needs to be repaid... Lono Tyson, director of the Department of Environmental Management[said,] 'Their [, the Wastewater Division staff,] combined efforts will result in this County receiving about \$7.5 million in federal funds out of a total of \$30 million that was awarded to the state of Hawai'i under the stimulus bill.'" [*Big Island News*, 12/9/09]

More than 600 jobs will be created on Oahu and the Big Island thanks to *Recovery Act*-funded biofuel initiatives. "The U.S. Department of Energy will pump \$48 million in federal stimulus money into two Hawaii alternative-energy products, it was announced today. The initiatives will create more than 600 jobs on Oahu and the Big Island, according to a statement from Hawaii Sens. Daniel Inouye and Daniel Akaka. The department said the Kapolei Integrated Bio-refinery project will receive up to \$25 million in economic stimulus funding to help build and operate a pilot facility... UOP will test a variety of biomass feed stocks at Tesoro's hydrogen conversion-based fuels refinery in Kapolei during the pilot phase but will utilize only locally grown feed stocks once commercial scale production levels are achieved. In addition, Clear Fuels Technology, a Hawaii company founded in 1998, will receive \$23 million, according to the senators. Clear Fuels Technology will use the money to demonstrate the technology and invest in integrated bio-refinery facilities in Hawaii and on the mainland in 2011, according to Inouye and Akaka. Clear Fuels Technology partners include the Hawaii Natural Energy Institute and the Hawaiian Electric Co. Energy Secretary Steven Chu said the federal government is funding 19 integrated biorefinery projects in 15 states that will receive up to \$564 million in American Recovery and Reinvestment Act funding from the department." [*Star Bulletin*, 12/4/09]

DOT has used *Recovery Act* funds for Honolulu Airport Terminal Modernization.

“Governor Linda Lingle has released \$36,902,000 as part of the State’s continuing efforts to modernize Hawai‘i’s airports. The funds will be used for the Terminal Modernization Program at Honolulu International Airport (HNL), including site preparation work for a new Mauka Concourse which will be located mauka of the existing Interisland Terminal. “The Terminal Modernization Program at Honolulu International Airport, the state’s busiest airport, is aimed at creating operational efficiencies, meeting future travel demands and increasing the level of satisfaction for our residents and visitors.’ The Terminal Modernization Program is a comprehensive plan to replace, modernize and expand concourses and terminal facilities at HNL. The program is a multi-tiered, phased design and construction program that includes an extension of the mauka end of the Interisland Terminal to provide additional gates in order to meet increased air travel demands forecasted for the future.” [*Office of Governor Lingle*, 12/1/09]

Hawaii uses *Recovery Act* funds to construct a new highway creating needed construction jobs “at just the right time.”

“Big Island officials yesterday announced that \$35 million in federal stimulus funds will be used to construct the Ane Keohokalole Highway to connect Palani Road to Hina Lani Street in Kailua, Kona. The 1.7-mile highway, known as a "midlevel road," will run parallel to the Queen Ka'ahumanu Highway. The project will include bike lanes, sidewalks and a multi-use path, and the road will be used by the county's Hele-On Bus service. The Ane Keohokalole Highway, named for the mother of Queen Lili'uokalani, will facilitate the state's development of the Kamakana Village affordable-housing development, the mayor's office said yesterday. The new highway also will serve the Laiopua 2020 planned community and the proposed West Hawaii Health Center clinic, and support Kamehameha Schools' plan to build a preschool and the county's effort to develop a regional park... J. William Sanborn, who chairs the Kona-Kohala Chamber of Commerce, said the federal stimulus money for the project comes at just the right time. “There are a lot of construction folks now who need a job,” Sanborn said. Beyond the immediate economic boost, the highway will provide a more direct route to the Costco and Macy's stores, freeing up traffic on existing major thoroughfares, Sanborn said.” [*Honolulu Advertiser*, 11/25/09]

***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]