

Emphasizing Human Services and Fiscal Relief, the Recovery Act Created and Saved Hundreds of Thousands of Jobs



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In the year since its enactment, the America Recovery and Reinvestment Act (ARRA) boosted the U.S. economy in two very important ways. First, its fiscal relief, infrastructure spending and tax relief programs helped forestall a much deeper recession. Second, the significant resources it provided to state governments helped shore up the human services economy that creates hundreds of thousands of jobs to deliver vital education, healthcare, job search, child care and transportation services. But it is not enough. We need to enact a jobs program to invest in the millions of people who are still unemployed or will become unemployed without more relief.

This report analyzes publicly available data on the social and economic impact of the Recovery Act. The significant findings include:

- Direct government investments under ARRA (only one-third of all funding available under ARRA) have directly created or saved 1,239,437 jobs. Had these jobs not been saved or created, the unemployment rate in December 2009 may have reached 11.2 percent, 1.2 percent higher than the actual rate of 10 percent that month.
- Taking into account all ARRA spending through 2009, the Recovery Act has created or saved nearly 2.1 million jobs through the fourth quarter of 2009.
- Most of the 2.2 percent growth in GDP in the third quarter of 2009 is attributable to Recovery Act spending.
- The state fiscal relief provisions in the Recovery Act helped limit public sector layoffs proposed to respond to deep budget gaps in FY2010. Without additional fiscal relief, new budget gaps could force state governments to shed 900,000 jobs this year.
- The state-level jobs data only partially explains one of the important and mostly untold stories about the impact of ARRA—how the resources it provided to states and local government to maintain human services has helped counter the economic downturn. The infrastructure set up to deliver human services plays an important role in maintaining the health of the broader economy.
- The Recovery Act committed approximately \$128.6 billion to state and local governments to fund a wide range of human services. That spending immediately multiplied throughout the economy as millions of workers were able to maintain employment and limit cuts in their own consumption.
- The Recovery Act will not be sufficient to bring about a real economic recovery for the tens of millions of workers who are unemployed or underemployed. The federal government should act immediately to invest in a jobs program and extend further fiscal relief to state and local governments to help create and save 2 million–5 million jobs in both the public and private sector.

Recovery Act Prevented Deeper Recession, Job Losses

Economists almost universally agree that ARRA has dramatically muted the severity of the recession's impact on the job market—this despite the fact that only 34.2 percent of the \$787 billion package has been spent.¹

The Recovery Act committed \$787 billion in federal spending and tax cuts, the bulk of which is to be spent by 2011, to accomplish the following goals:²

- Create a framework for clean, efficient, American energy;
- Transform our economy with science and technology;
- Modernize roads, bridges, transit and waterways;
- Overhaul education for the 21st century;
- Dispense tax cuts to make work pay and create jobs;
- Expand access to healthcare and lower costs;
- Provide assistance to workers hurt by the economy; and
- Save public sector jobs and protect vital services.

The macroeconomic evidence the ARRA has had a positive impact on economic growth is convincing. The White House Council of Economic Advisors estimated that the ARRA added between 2 and 3 percentage points to real GDP growth in the second quarter of 2009; between 3 and 4 percentage points in the third quarter; and between 1.5 and 3 percentage points in the fourth quarter.³ Independent economists confirm these findings. Mark Zandi of Moody's Economy.com, one of the most respected and cited economists currently evaluating the impact of the Recovery Act, projected in July that without ARRA spending, economic growth would have declined 6 percent in the second quarter of 2009 and 3 percent in the third quarter.⁴ Instead, the economy grew by 2.2 percent in the third quarter of 2009 and 5.7 percent in the fourth quarter.⁵ According to some analysts, state and local government spending would have been a much more significant drag on growth in the fourth quarter of 2009 but for aid provided by ARRA to states and local governments.⁶

In terms of employment, the rule of thumb on the relationship between economic growth and unemployment is that for every 3 percentage points of growth in Gross Domestic Product (GDP), unemployment falls by 1 percentage point. Based on that rule, Zandi had predicted that ARRA will add 2.5 million more jobs to the economy by the end of 2010 than would have been added without it. That analysis squares with the Council of Economic Advisors estimates. After taking into account the variety of forms of spending that have happened so far, the Recovery Act has created or saved nearly 2.1 million jobs through the fourth quarter of 2009.⁷

State-Level Job Creation through 2009 as Reported by State Recipients of ARRA Funding

Reporting by state recipients of Recovery Act direct government investment spending allows us to get a more specific understanding of the ARRA's job-creating and job-saving power. The state reports demonstrate that this spending has saved or created 1,239,437 jobs in both the public and private sector.⁸ Including the impact of indirect spending—jobs created or saved as a result of the consumer spending of directly funded job holders—1,859,156 jobs have been saved or created.⁹ Had these jobs (direct and indirect) not been saved or created, the unemployment rate in December 2009 may have reached 11.2 percent, 1.2 percent higher than the actual rate of 10 percent that month.¹⁰

It is important to note that the number of direct jobs saved or created as of the date of this report likely represents only a fraction of the total jobs the Recovery Act will ultimately save or create. The direct reporting requirements only cover about one-third of the recovery funds: the \$271 billion related to direct government investment spending.¹¹ Job creation reports will not include the impact associated with:

- tax cuts (\$204 billion spent);
- state fiscal relief, mostly through the increase in Federal Medicaid Assistance Percentage (FMAP) funding (\$140 billion spent); and
- transfer payments to people directly hurt by the recession (unemployment insurance and food stamps, for example).

ARRA does not create a mechanism for collecting data on actual job creation from those parts of the act.¹²

Among the states and commonwealths where SEIU has the highest public sector density, Recovery Act direct government investment spending directly created or saved 617,716 jobs.¹³ California led all states in jobs created or saved with 181,200.¹⁴

Table 1: Recovery Act Funding, Jobs Created/Saved, and Unemployment by Major States, December 2009¹⁵

State	Funding Awarded (billions)	Jobs Created/Saved (through 12/09)	Preliminary Unemployment Rate, December 2009
California	\$21.6	181,200	12.4%
New York	\$12.6	83,681	9.0%
North Carolina	\$5.4	54,192	11.2%
Washington	\$7.9	48,930	9.5%
Michigan	\$7.3	42,654	14.6%
Ohio	\$6.5	41,800	10.9%
Illinois	\$7.8	35,823	11.1%
Puerto Rico	\$2.4	32,103	15.0%
Massachusetts	\$4.7	21,635	9.4%
Pennsylvania	\$6.8	19,665	8.9%
Oregon	\$2.2	19,310	11.0%
Connecticut	\$1.8	14,599	8.9%
Maryland	\$4.6	13,507	7.5%
New Hampshire	\$0.8	4,823	7.0%
Maine	\$0.9	3,795	8.3%
Total	\$0.9	617,716	

The federal data does not provide any breakdown of the occupations created or saved as a result of the direct government investment provided by the Recovery Act. Anecdotal evidence, however, strongly suggests that teachers and other workers in the educational sector were the leading beneficiaries of the Recovery Act to date. Of the 1,239,437 jobs recipients created or saved so far, nearly 411,000 were jobs associated with funding from the Department of Education.¹⁶ Most were teachers' jobs that, according to press accounts, states said were saved when stimulus money averted a need for layoffs.

Federal Recovery Act agency spending to date tends to support this conclusion in the 15 states or commonwealths where SEIU has a dense public sector presence.¹⁷ Spending associated with the U.S. Department of Education was the largest job creator, generating nearly 10 times as many jobs as the second-largest job initiator, the U.S. Department of Labor. According to the Department of Health and Human Services (HHS), ARRA spending (excluding FMAP spending) alone created 28,650 jobs in states where SEIU has a significant public sector presence. This jobs figure is likely an understatement considering that more than \$4 billion of ARRA spending by HHS was associated with child care and Head Start.

Table 2: Jobs Created/Saved in top 15 SEIU Public Sector Division States by Federal Agency Spending, October 2009¹⁸

Federal Agency	Total Awards to Recipients (through 2009)	Total Jobs Created/ Saved (through 2009)
Department of Education	\$31,733,695,205	424,978
Department of Labor	\$2,063,988,923	48,013
Department of Transportation	\$15,665,071,799	36,654
Department of Health and Human Services	\$8,247,977,135	28,650
Department of Housing and Urban Development	\$5,883,057,229	19,286
Department of Energy	\$13,709,116,749	12,896
Other Independent Agencies	\$55,031,482	7,965
Department of Justice	\$2,282,788,380	6,630
Environmental Protection Agency	\$5,008,280,188	5,442
Department of Agriculture	\$1,310,462,318	4,805
Department of the Army	\$677,132,652	3,606
National Science Foundation	\$1,390,989,685	3,068
Corps of Engineers	\$877,492,503	2,926
Department of the Air Force	\$247,445,154	2,138
Department of the Navy	\$697,846,691	1,538
Department of the Interior	\$394,919,338	1,397
General Services Administration	\$972,010,631	1,233

State Fiscal Relief Plugged Budget Gaps and Saved Untold Thousands of Jobs

There are no hard estimates of the jobs created or saved by the state fiscal relief provisions in the Recovery Act. Nonetheless, the evidence on fiscal relief funding, budget gaps and public sector layoffs strongly suggests the Recovery Act has helped limit layoffs by helping fill growing budget holes resulting from double-digit drops in revenue collection.¹⁹ According to economist Mark Zandi: “Federal aid to strapped state and local governments also is providing significant economic benefits, lessening their need to slash programs and jobs or to hike taxes and fees. State and local tax revenues have fallen by nearly \$120 billion during the past year, but government expenditures have merely gone flat, because federal grants in aid have soared by almost \$110 billion.”²⁰

The Recovery Act included principally two funding streams to provide fiscal relief to states—the State Fiscal Stabilization Fund (SFSF) program and an increase in the Federal Medicaid Assistance Percentage (FMAP). The SFSF is a one-time appropriation of \$53.6 billion under the *Recovery Act*. The increase in the FMAP will create an additional \$87 billion in funds for states through 2010. Of the \$49 billion of FMAP and SFSF funds allocated for FY09, approximately \$29 billion had been spent by June 2009 according to the General Accounting Office.

State and local fiscal relief is critical as governments struggle to fill recession-starved budgets. According the Bureau of Labor Statistics, nearly 110,000 state and local government jobs were shed between August 2008, when state and local government employment peaked, and November 2009.²¹ In addition, more than 800,000 state and local government employees are working fewer days as a result of “furlough” initiatives.²² But for the fiscal relief provisions in the Recovery Act, that figure would have undoubtedly been higher. And states will need continued fiscal relief over the next three years. Estimates based on economic projections, state data and past history suggest that deficits in state fiscal year 2011 will total at least \$180 billion, followed by deficits in state fiscal year 2012 of about \$120 billion. To close budget gaps this year, state governments may have to shed 900,000 jobs.²³ Fiscal conditions are not likely to stabilize in most states until 2013.²⁴

Table 3: State Fiscal Relief, Layoffs and FY10 midyear budget gaps²⁵

State/Commonwealth	FY 09 SFSF Allocation (\$millions)	Additional FMAP Funding FY09–11 (\$millions)	Public Sector Layoffs in the State, 2007–2009	FY10 Post-Enactment Budget Gap (billions)
California	5,960	11,230	27,870	\$6.3
New York	3,018	12,650	6,015	\$3.2
Illinois	2,055	2,900	5,515	\$5.0
Pennsylvania	1,906	4,070	947	\$.45
Ohio	1,789	3,010	3,584	\$.30
Michigan	1,592	2,270	6,452	NA
North Carolina	1,420	2,350	3,824	NA
Washington	1,002	2,060	2,626	\$2.6
Massachusetts	994	3,090	3,805	\$.60
Maryland	880	1,630	1,221	\$.94
Puerto Rico	648	142	NA	NA
Oregon	570	830	2,741	NA
Connecticut	542	1,320	861	\$.51
New Hampshire	201	250	444	\$.04
Maine	193	470	512	\$.21

Countering the Recession by Leveraging the Strength of the Human Services Industry

The state-level data only partially explains one of the important and mostly untold stories about the impact of ARRA—how the resources it provided to states and local government to maintain human services has helped counter the economic downturn. The infrastructure set up to deliver human services is an economy unto itself, and its importance to the health of the broader economy is often overlooked. This economy is comprised of both public and private sector employers—including city and state government, hospitals, schools, home-based child care providers, direct home care providers, nursing homes—that employ nearly 39 million workers or 30 percent of nonfarm employment.²⁶ State and local government consumption and personal consumption of healthcare services accounted for 21 percent of the real Gross Domestic Product in 2008.²⁷

While debating the stimulus package, policymakers recognized that funding human services was the quickest way to inject billions of dollars into the economy. This funding efficiently addresses a huge unmet need for services by investing in an infrastructure capable of employing the workforce necessary to deliver those services. The Recovery Act committed approximately \$128.6 billion to state and local governments to fund a wide range of human services (Table 4).²⁸ That spending immediately multiplied throughout the economy as millions of workers were able to maintain employment and limit scaling back consumption.

Table 4: ARRA Funding Allocated for Public and/or Human Services²⁹

Purpose	Funding (\$ in billions)
State and local fiscal relief (to prevent cutbacks of vital services)	\$8.8
• State Stabilization	\$2
• Neighborhood Stabilization	\$1
• Community Services Block Grant	\$1
• Community Development Block Grant	\$0.13
• Rural Community Facilities	Total: \$12.93 billion
Education	\$44.5
• State Stabilization	\$13
• Title I to LEAs	\$11.7
• IDEA	\$0.65
• Education Technology	\$0.1
• Teacher Quality	Total: \$70.5 billion

<p>Early Care and Education</p> <ul style="list-style-type: none"> • CCDBG • Head Start and Early Head Start 	<p>\$2</p> <p>\$2.1</p> <p>Total: \$4.1 billion</p>
<p>State and Local Law Enforcement</p> <ul style="list-style-type: none"> • Community Oriented Policing Services • State and Local Law Enforcement Assistance • Byrne Justice Assistance Grants 	<p>\$1</p> <p>\$0.23</p> <p>\$2</p> <p>Total: \$3.23 billion</p>
<p>Nutrition</p> <ul style="list-style-type: none"> • WIC • School Lunches • TEFAP • SNAP 	<p>\$0.5</p> <p>\$0.1</p> <p>\$0.15</p> <p>\$19.9</p> <p>Total: \$20.65 billion</p>
<p>Job Training and Employment Services</p> <ul style="list-style-type: none"> • Employment Services • UI Modernization • TAA • WIA • Training Assistance Grants 	<p>\$0.4</p> <p>\$7</p> <p>\$0.575</p> <p>\$3.12</p> <p>\$.750</p> <p>Total: \$11.85 billion</p>
TANF	\$5.3 billion

The remainder of this report explains what the aggregate numbers on economic growth and job creation fail to illustrate—how the Recovery Act helped counter the recession by protecting human services and the workers employed to deliver those services at a local level. The following stories—collected from a combination of public sources, government Web sites, and interviews with SEIU state-level leaders—help illustrate how states and some local units of government have used ARRA resources to achieve these goals.

Oregon: Using Stimulus Dollars to Bring Healthcare within Reach to More Oregonians

The Recovery Act was an important part of a comprehensive budget strategy that gave tens of thousands of Oregonians access to healthcare and protected high quality care for the state's most vulnerable residents. At a time when more private employers are shedding health insurance coverage because of skyrocketing costs, the state is now insuring more Oregonians by amending the healthcare structure to provide public subsidies for the purchase of health insurance coverage provided by public programs or private insurance,³⁰ including 80,000 children.³¹ After raising taxes on insurance companies and hospitals, the state pooled the provider tax income to draw down the enhanced federal match for Medicaid that ARRA made available.³² Stimulus funds also helped save 3,800 home care jobs that were slated to be cut.³³

With demand for services at record levels because of the economy, the stimulus has allowed Oregon to add more than 10,000 state jobs,³⁴ in the face of the state's 12.2 percent unemployment rate.³⁵

Washington: Expanding Access to Quality Child Care Services

Washington received about \$33.4 million in federal economic recovery dollars through the Child Care Development Fund. Family child care providers successfully advocated for the Legislature to direct these funds to help low-wage parents access quality child care. Child care providers gave up their raises in order to maintain parent co-pay rates. In all, about \$27.7 million of that goes to child care subsidies.³⁶ Additional dollars provided by the Recovery Act are being used to support:

- the testing of elements of a quality rating and improvement system;
- child care resource and referral services;
- the career and wage ladder program; and
- other child care quality initiatives.

Missouri: Protecting Public Transportation That Workers Rely on to Get to Work

In March 2009, St. Louis' Metro transit agency enacted drastic cuts that included laying off nearly 600³⁷ of its workers, cutting bus service by 44 percent, slashing MetroLink service by 32 percent,³⁸ and cutting service to more than a dozen nursing homes.³⁹ The timing could not have been worse; in the past year ridership increased by 8 percent,⁴⁰ which opponents argued was a sign that the community relies more heavily on public transportation during challenging economic times.⁴¹

A broad coalition of clergy, community groups and SEIU mobilized to push the Legislature to apply stimulus funds to lessen the cuts that would disproportionately affect people in disadvantaged communities, who rely on public transportation as their only means to get to and from work.⁴² As a result of the community outcry, Missouri's General Assembly passed a \$23 billion operating budget that included \$12 million in stimulus funding for Metro to restore

routes.⁴³ While this allows for only a partial service restoration, it is an improvement from the original plan and will ensure continued access to some areas for now.

Maryland: Lessening the Burden of Child Care Costs for Parents, Promoting Quality Care⁴⁴

Parents in Maryland have faced decreased access to quality child care. The number of family child care homes in Maryland dropped by 26 percent between 1997 and 2007, due in part to staggeringly low payment rates and a lack of provider access to affordable health insurance and other benefits. Recovery Act funding made a rate increase possible in spite of Maryland's swelling deficits, and allowed the workers who help raise and educate Maryland's most vulnerable children to stay in business. The majority of parents receiving state subsidies for their children's care are single mothers entering the workforce or gaining an education through welfare-to-work programs and they are concentrated in Maryland's most underserved communities.

California: Protecting Critical Public Services to the Communities in the Nation's Largest County

The highest populated county in the largest state in the nation,⁴⁵ Los Angeles County exemplifies the problems of skyrocketing human services needs during abysmal fiscal times. More than 110,000 families in Los Angeles County rely on Supplemental Nutrition Assistance Program (SNAP, formerly food stamps) benefits to put food on the table every month.⁴⁶ These benefits, administered by the Department of Public Social Services (DPSS), were in jeopardy as a result of California's \$24.7 billion⁴⁷ budget shortfall, even as the demand was projected to increase by almost 7 percent. The Recovery Act allotted an estimated \$242 million—a 13 percent increase—in SNAP funding to Los Angeles County through the end of September 2010,⁴⁸ which allowed the state to avert cuts to the program and infused \$30 million in additional dollars into county households during April and May 2009 alone.⁴⁹

The Recovery Act also provided much-needed funding to MediCal, the state's public health insurance program that provides services for low-income individuals, including families with children, seniors, persons with disabilities, foster care and pregnant women.⁵⁰ Due to the increased federal match percentage to Medicaid, Los Angeles County will save up to \$442 million through Dec. 31, 2010,⁵¹ putting the county in a better position to serve more people in need of healthcare and freeing up other funds to preserve other quality services.

During the state's 2010 budget session, Gov. Arnold Schwarzenegger proposed eliminating the CalWorks program, a lifeline of temporary financial assistance and employment services to low-income families.⁵² There was a public outcry from SEIU and other groups to protect these benefits that more than 1.3 million Californians—1 million of which are children—receive.⁵³ The program ultimately was not eliminated, which allowed Los Angeles County to draw down \$159 million in ARRA TANF/ECF funding and to continue serving residents.⁵⁴ Today, 1,500–1,800 people are now employed through TANF ECF dollars and 4,500–5,000 youth through WIA funds.⁵⁵

Rhode Island: Increasing Access to Primary Care Facilities to Keep Communities Healthy

For the 35,000 patients of the private, nonprofit Providence, R.I., Community Health Centers, Recovery Act funds significantly expanded access to myriad primary care services including dental, urgent care, adolescent and pediatric medicine, and reproductive care.⁵⁶ The state's largest network of health centers now has expanded weekend and weekday hours to accommodate more patients and to lessen the burden on area emergency rooms.

Federal stimulus funds also were used to hire new medical staff, including a doctor, nurse practitioner and a dozen support staff. The health centers will see an infusion of funds to upgrade information technology to better manage the records and administration of services to accomplish its mission of “providing a well-coordinated and responsive service delivery system” and responding to the diverse needs of the medically underserved.⁵⁷

Massachusetts: Using Stimulus Dollars to Help Families in Need

The Recovery Act will provide Massachusetts with approximately \$300 million in additional funding for the commonwealth's Supplemental Nutritional Assistance Program (SNAP), increasing household benefits by an average of 18 percent.⁵⁸ Benefits will be based on family size and income, but a family of four will likely see an increase of \$80 per month to put food on the table.⁵⁹

The Recovery Act will also boost funding for the second-largest program in the commonwealth, the Elderly Nutrition Program (ENP). The program currently provides seniors with more than 8.5 million meals annually and will serve 300,000 more meals after receiving an additional \$2.1 million from ARRA.⁶⁰

These funds not only help families and seniors, but spur the local economy as well. According to some estimates, every \$5 in new SNAP benefits infuses \$9.20 into the Massachusetts economy.⁶¹

Florida: Revitalizing Neighborhoods and Bringing Home Ownership within Reach for More Families

The city of West Palm Beach in Florida—the state which ties with California and Nevada for having the highest foreclosure rate in the nation⁶²—is putting ARRA neighborhood stabilization dollars to work in a program to purchase a growing number of foreclosed homes in distressed neighborhoods across the city.⁶³ In addition, the city is offering down payment assistance and other resources to help city employees and others purchase these homes once they have been rehabilitated.⁶⁴

Nationwide, the Recovery Act is Helping Teachers Help Children Learn

For the education sector, ARRA has had very important implications for teachers and their young students returning to school this year. The New York Times recently reported on the role that stimulus funds played in staving off deep cuts in education spending that helped keep thousands of teachers employed.⁶⁵

- Los Angeles Unified, the nation's second-largest school district, sent layoff notices to 8,850 teachers, counselors and administrators last spring. Bolstered by stimulus money, it recently rehired some 6,700 of them, leaving about 2,150 demoted to substitute teaching or out of work. Hundreds of districts across California laid off more than 20,000 teachers, according to the California Teachers Association.
- Arizona school districts laid off 7,000 teachers in the spring, but stimulus money helped them rehire several thousand. Tucson Unified, for instance, laid off 560 teachers, but rehired 400.
- Florida's second-largest system, Broward County Schools, laid off 400 teachers, but aided by stimulus money, rehired more than 100.
- In Washington, many districts let employees go; Seattle laid off about 50 teachers.

In Maryland, the 16th largest school system in the country with 142,000 students, the Montgomery County public school system, is facing many challenges from a burgeoning population and declining resources. While ARRA did not address all of the county's budget gaps, it allowed the county to expand services and programs for students with special needs and those most affected by poverty.

In a county where more than a quarter of students receives free or reduced price meals, \$6 million in ARRA Title I funds allowed the county to expand programs in high demand, including full-day Head Start to promote early childhood education. Title I funds also allowed the county to decrease class sizes, increase reading and math support by maintaining teacher levels, and to increase support for English for Speakers of Other Languages programs for the 12 percent of students in the system who rely on that program. Montgomery County also applied for an additional \$15.3 million in ARRA funding for special education, on which 12 percent of its students rely. The county increased staffing to more middle schools (15), restored (20) elementary school special education teacher positions and increased access to technology support for secondary students.

The Need for a Jobs Program

What is now clear to federal policymakers, as it has been to many of us for months, is that the first stimulus package will not be enough to counter the current recessionary cycle's impact on growth and employment. Christina Romer, who chairs the Council of Economic Advisors, recently admitted that by mid-2010, the fiscal stimulus will likely contribute little to growth—a clear departure from the message in the summer of 2009 that the stimulus needs time to work before recommending another stimulus package. Indeed, the administration and Congress are now actively seeking out strategies for stimulating growth and job creation. Now is the time for SEIU to propose a bold and comprehensive jobs program to renew the American Dream.

To Make This Happen, We Are Calling For a Robust Jobs Program Built on the Following Proposals:

1. Extending the safety net, including increasing unemployment insurance and expanding work sharing programs to provide unemployment benefits for reduced hours of work.
2. Using TARP funds to increase credit for small businesses.
3. Expanding federal fiscal relief to states and local governments to save an anticipated 900,000 jobs and the vital services in our communities.
4. Establishing a public jobs program that targets the fastest-growing sectors of human services such as child care, in-home services for the elderly and disabled, and other services our communities need. This will create jobs in the public and private sectors and ensure our communities are healthy, educated and well-cared for.
5. Leveraging private investment with public dollars through a Green Bank that will promote energy-efficiency and renewables as a major source of job creation, in both the short and the long term. The jobs we create today will lay the groundwork for the industries of tomorrow.
6. Expanding the home retrofitting programs begun under the Recovery Act will create good jobs in construction and related industries. Including commercial and public buildings would increase the scope of the program, create high-skilled jobs, and protect the planet by reducing demand for energy. By acting now, America can lead the way on green technology.
7. Investing in our aging and failing infrastructure by rebuilding our schools, roads and bridges—putting millions to work. An Infrastructure Bank can foster public/private partnerships in developing regional and large scale projects critical for a 21st century economy.

8. Planning for the passage of healthcare reform, which will add tens of millions of Americans to the healthcare rolls and create more than a million new and different jobs in healthcare and related industries. We need to ensure our present healthcare workforce is prepared and we need innovative recruitment and training programs to meet this new workforce demand.
9. Passing of the Employee Free Choice Act to protect workers' freedom to form unions and allow them to share in the prosperity of a new 21st century economy.
10. Expanding worker training programs on a national scale so that young people are prepared for new industries and workers can learn the skills necessary to compete for new jobs. It's time to coordinate across agency lines and provide flexible lifelong training for the new economy.

Our Choice.

Our nation now faces a choice: We can go back to business as usual, continuing our low-wage, debt-fueled, high-consumption economy, or we can become a high-wage economy again, driven by smart, strategic investments in our human capital, in our physical capital, and most of all, in the technologies the world desperately needs—the energy technologies of the 21st century. The focus of our economy must return to creating good jobs at good wages that will rebuild the middle class.

Endnotes

- ¹ U.S. Treasury, Federal Agency Financial and Activity Reports cited on Recovery.gov, downloaded February 2, 2010.
- ² Recovery.gov, downloaded from <http://www.recovery.gov?q=content/frequently-asked-questions#8> September 15, 2009.
- ³ Executive Office of the President, Council of Economic Advisors, "The Economic Impact of the American Recovery and Reinvestment Act of 2009," Second Quarterly Report, January 13, 2010.
- ⁴ Cited in Horney, James; Johnson, Nicholas; and Haas, Lawrence, "Correcting Five Myths About the Stimulus Bill," Center on Budget and Policy Priorities, July 10, 2009.
- ⁵ U.S. Department of Commerce, Bureau of Economic Analysis press release, "Gross Domestic Product: Fourth Quarter, 2009."
- ⁶ Dijk, Dirk van, "Where the GDP Growth Came From," Zacks Investment Research, January 29, 2010, downloaded from <http://www.zacks.com/stock/news/29945/Where-the-GDP-Growth-Came-From>.
- ⁷ Office of the President, Council of Economic Advisors, "The Economic Impact of the American Recovery and Reinvestment Act of 2009," Second Quarterly Report, January 13, 2010.
- ⁸ It is important to note that the job figures for 2/09 through 10/09 have been scrutinized for inaccuracies. In some cases, states do not report jobs created in terms of full-time equivalents, thereby inflating perceptions of job creation. In other cases, states simply failed to report jobs created with stimulus funds. Independent experts have indicated that under-reporting of job creation has been just as significant a problem as over-reporting. The Recovery board attempted to correct these issues for job data reported by recipients for 10/09 through 12/09 by issuing new guidance that captures jobs for a single quarter (e.g., October through December). In addition, the new guidance eliminates the distinction between a job created and a job retained. Jobs are now simply based on the number of hours worked in a quarter that were paid for by Recovery funds. It does not matter if the hours were worked by a person who was newly hired, a person whose job was saved by the Recovery Act, or a person who is in an existing position that is now being funded by the Recovery Act.
- ⁹ Authors' calculation based on a standard 1.5 multiplier on direct jobs to compute indirect job creation.
- ¹⁰ Authors' calculations based on employment data provided by the Bureau of Labor Statistics in December 2009 that shows the civilian labor force estimate was 153,059,000 and the estimate for total unemployed was 15,267,000. Authors assume that all direct and indirect jobs created or saved by the Recovery Act were created or saved before December 31, 2009, all of these jobs would have been lost but for the Recovery Act, and all individuals holding these jobs remained employed through December 2009 and would have remained in the labor force otherwise.
- ¹¹ Office of the President, Council of Economic Advisors, "The Economic Impact of the American Recovery and Reinvestment Act of 2009," Second Quarterly Report, January 13, 2010.
- ¹² Office of the President, Council of Economic Advisors, "The Economic Impact of the American Recovery and Reinvestment Act of 2009," Second Quarterly Report, January 13, 2010.
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