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Testimony before the Senate Committee on Banking, Housing, and Urban Affairs,
Subcommittee on Economic Policy,
"Weathering the Storm: Creating Jobs in the Recession."

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December 9, 2009

Thank you, Chairman Brown and Ranking Member DeMint, and Chairman Dodd and Ranking Member Shelby, for inviting me to speak to you today about the recession, the nascent recovery, and job creation. My name is Heather Boushey and I'm a Senior Economist at the Center for American Progress Action Fund.

I'd like to start with the good news. On Friday, we learned that the unemployment rate fell to 10.0 percent and only 11,000 workers lost their jobs in November, both numbers were better than had been expected. This is unambiguous good news for workers and their families.

This data provides an indication that the steps that Congress and the Obama administration have taken to get the economy back on track have been effective. The American Recovery and Reinvestment Act signed into law last February has worked its magic and injected momentum into the economy, boosting economic growth in the third quarter and saving or creating upwards of 1 million to 1.5 million jobs.[1] Recovery dollars will continue to pump up demand and add jobs to the economy as the remaining $553 billion is spent in 2010.[2]

But we are by no means fully out of the woods. There are indications that employers are beginning to need to ramp up hiring, but have yet to actually do so. We need Congress to be vigilant in continuing to promote job creation and reducing the hardships among those hardest hit by the recession.

The economic effects of ARRA dollars will start to diminish beginning in the middle of 2010—well before we will be fully out of the woods. Economists now predict economic growth of only about 2 percent for 2010 given the policy efforts already in place. This is a clear indication that without additional action on the part of Congress and the Obama administration, the U.S. economy could easily slip into an extended jobless recovery—or see the recovery stall altogether.

The economic recovery could result in a longer period of job losses and slower job creation compared to the past two recessions. The nearly two-year-long Great Recession began with the collapse of the U.S. housing bubble and ensuing financial crisis, which led to a recession that was deeper and more protracted than other kinds of recessions.[3] Even now, we continue to see global financial markets subject to debt-related shocks that could potentially upend this economic recovery by hampering access to credit. On top of this, the massive deleveraging going on in households across the United States is putting sharp limits on the potential for consumption to grow quickly.

Further, those without a job continue to face extremely daunting challenges in finding new work. The typical unemployed worker has been searching for work for 20.1 weeks, and a record 5.9 million of those workers have been searching for work for at least six months, 38.3 percent of the total unemployed. We need to ensure that we do not leave any demographic groups behind during economic recovery. The unemployment rate among teens is 26.7 percent, it is 15.6 percent among African Americans, and 12.7 percent among Hispanics, and 15.0 percent among those without a high school diploma.

Combined, this suggests a need for additional actions, even though it will contribute to federal budget deficits. However, government spending in 2010 that gets people back to work would be the best thing for restoring fiscal balance in the coming decade.[4] High unemployment adds to government expenses as more families need assistance from all levels of government, including unemployment benefits and food stamps, help with health care bills, and help coping with a home mortgage foreclosure. And unemployed workers do not have earnings on which they owe taxes, a trend which has contributed to this year's rise in the deficit. While tax revenues fell by 17 percent in 2009, spending increased only a bit more—18 percent.[5]

One way to address the long-term deficit concerns is to legislate the ways we will pay for job creation as we legislate job-creation provisions. Yesterday, President Barack Obama put on the table using unallocated funds from the Troubled Asset Relief Program to pay for job creation. Alternatively, Congress could establish a tax on the U.S. financial services industry to raise an additional $150 billion a year.

In my testimony below, I focus on two issues. First, an outline of what we can learn from the implementation of the recovery package so far. Overall, the recovery package boosted economic growth, but the elements of the package were not uniformly effective. As we debate the challenges of a slow-growing economy, focusing on the elements that provided the biggest bang for the buck is the best way forward. Tax cuts, in particular, have relatively small "multipliers," that is, for every dollar of federal spending, the effect on the overall economy is small than for other kinds of spending, such as that targeted to those hit hardest by the recession and aid to the states that are highly budget-constrained due to falling tax revenues and growing demand for services.

Congress's approval of a two-year recovery package continues to look like it was the right decision. The effect of the Recovery dollars will not peak until mid-2010, but the economy will need a steady infusion of demand. Now is the time to consider whether further job creation measures are the right course of action. Given the challenges of a slow-growth economy, and continued high unemployment and state fiscal problems, both of which work against the nascent economic recovery, focusing on job creation is the right path. Below, I present a menu of the best options for creating jobs in the short- to medium- term based on the Center for American Progress report released last week, "Meeting the Jobs Challenge: How to Avoid Another Jobless—or Job-Loss—Economic Recovery." Below, I summarize our recommendations that report goes into in greater detail. There are a few key steps, however, that Congress should take now to help boost jobs in the short- to medium- term:

- **Continue to help those hurt most by the recession.** Congress should ensure that the extended unemployment benefits and COBRA subsidies passed in the recovery act do not expire as planned at the end of December. These benefits go to the long-term unemployed, who now account for an historically high share—more than one-third—of unemployed workers. Extending the subsidies to help the unemployed purchase health insurance—or, better yet, allowing states the option to put unemployed workers on Medicaid—must also be done before the end of the year.

- **Support state and local governments.** The federal government should provide another funding boost to the states. State and local governments have shed almost 160,000 jobs over the past year (November to November), with nearly 80 percent of the job losses at the local level occurring in just the last four months. These lay-offs are working against economic recovery at the local level. All but two states had or still have shortfalls for fiscal year 2010, totaling $190 billion. The aid to states contained in the recovery package was clearly helpful, but it only addressed only about 30 to 40 percent of the gap faced by state governments.

- **Expand national service and provide support for needed services.** The federal government could spur the creation of millions of mostly private-sector jobs by directing additional federal money into youth and young adult employment (such as AmeriCorps, VISTA, YouthBuild, and the youth service and conservation corps), child care, after-school programs, and in-home health services for the elderly and disabled as well as training for those serving America's youngsters, oldsters and disabled. Nonprofit groups and small businesses provide most of these jobs, although they are paid for by programs that are currently being cut by state and local governments. Funneling funds into these programs not only quickly gets people into jobs, but supports families and communities by providing much-needed services. These programs often have long waiting lists and any new funds will be able to meet pressing needs.

- **Promote sustainable growth and green jobs.** To promote new green jobs, Congress could establish a two-tier program to transform the market for energy efficiency—a "cash for caulkers" program. The first tier would promote immediate investment in energy efficiency, through super-efficient appliances and simple home improvements. The second tier implemented in parallel would increase consumer awareness of comprehensive whole-home energy audits and retrofits, which create substantial and sustained numbers of good jobs in the construction and manufacturing sectors.

- **A tax cut to spur spending.** To promote spending by those who have income, Congress could offer a partial tax moratorium to taxpayers with adjusted gross income below $150,000 for a married couple or $75,000 for an individual. Personal income taxpayers could be offered the opportunity to pay $2,000 less in their 2009 federal income taxes but would be required to pay the sum back over the next three years. This idea has the virtue of costing very little overall for federal budget purposes since it is simply deferred taxes and would be likely to be spent quickly by taxpayers who choose that option.

If we do nothing, we risk not only missing an opportunity to get the nearly 16 million unemployed back to work quickly, but also harming our economy over the medium to long term. The deficit will rise regardless of whether Congress approves additional spending; the question is whether we will make the investments today to get the economy back on track or whether we will allow the scourge of unemployment to linger.

The American Recovery and Reinvestment Act

The recovery package pumped $787 billion into the U.S. economy and included a variety of mechanisms for getting the economy back on track, among them: [6]

- Aid to the unemployed, which boasts the biggest bang for the buck in terms of spurring economic demand (16 percent of the total package). The multiplier for this kind of spending is between 0.8 and 2.2.
- Aid to state and local governments to help them avoid layoffs and maintain services (11 percent). The multiplier for this kind of spending is between 0.5 and 1.7.
- Tax cuts for most families, which help to boost spending (32 percent). The multiplier for this kind of spending is between 0.7 and 1.9.
- Investments in infrastructure, which are still ramping up and coming on line, as these projects take longer to get up and running (23 percent). The multiplier for this kind of spending is between 1.0 and 2.5.
- Investments in a green economy, which not only creates jobs but also paves the way for long-term economic sustainability (18 percent). The multiplier for this kind of spending is between 1.0 and 2.5.[7]

These recovery dollars were a key factor in the economy seeing positive economic growth in the third quarter, rather than no growth at all. *The Wall Street Journal* quotes Jan Hatzius, chief U.S. economist for Goldman Sachs & Co. predicting that the U.S. economy would grow by 3.3 in the third quarter and that, " 'Without that extra stimulus, we would be somewhere around zero,' "[8]

This is consistent with the Administration's own findings. The Council of Economic Advisors shows that the nearly $200 billion in recovery dollars pumped into the economy as of the end of October added roughly 2.3 percentage points to real GDP growth in the second quarter of 2009 and most likely added even more in the third quarter.[9] They estimate that without the recovery package, the economy would have shed over a million more jobs than it actually did.

The Recovery dollars have been spent on a wide variety of projects around the country. Here's a sample of some of the projects:

Education. Grants in education have saved or created valuable education programs, improved access to higher education, and helped prevent a decline in education quality. The Department of Education has found that the American Recovery and Reinvestment Act provided a total of $48.6 billion for the State Fiscal Stabilization Fund, or SFSF, to be administered by the Department of Education to help sustain and create jobs and advance education reforms.[10] As of early November, 2009, $35.4 billion of the SFSF allotment had been obligated by the Department of Education to states and $13.2 billion is expected to be obligated in the coming months. SFSF funds were able to restore nearly 100 percent of the 2008-2009 budget gaps and a significant portion of the 2009-2010 shortfalls.[11] The Congressional Budget Office estimates that the money distributed to SFSF has an estimated output multiplier of 0.7 to 1.9.[12]

Examples of saved or created programs:[13]

- Stimulus money helped Alabama budget maintain the funding level for the heralded Alabama Reading Initiative, a "shining star of modern-day education in the state."
- In Arkansas, Little Rock School Board opted to spend a bulk of its received stimulus money on "reading recovery" programs, after-school tutoring, and math and literacy coaches. Most of the special –education funds would be spent on classroom materials and equipment, professional, development, and summer reading programs.
- In Maryland, Gov. O'Malley announced that he would provide more support community colleges to keep up with increased enrollment
- Leominster High School in Fitchburg, MA, started an Alternative Education Program. Officials had discussed creating the program for over two years, but "the School Committee decided to move forward with the idea earlier this year, after learning that the district would receive around $900,000 in federal stimulus money for special education. A portion of the money was used to cover the cost of starting the program."
- Stimulus funds also provided the prize for the Race to the Top program, a $4 billion contest incentivizing state innovation in education reform.

Recovery dollars have also improved access to higher education:[14]

- ARRA funds were used to mitigate tuition increases at public universities in at least 31 states.
- University of Massachusetts was able to rebate a $1500 fee increase and instead employ the standard annual increase to cover the cost of inflation.
- At the University of Minnesota, an expected tuition increase was cut by about half. The Minnesota State College and University System, which includes the state's community colleges, reduced a planned tuition increase from 5 percent to 2 percent.
- In Virginia, ARRA funds kept tuition increases to the lowest rate since 2002.
- SFSF has allowed Auburn University in Alabama to mitigate tuition increases that would have been required to bridge the gap created by reduced state appropriations.

Infrastructure investments. Investments in roads are crucial to supporting business and building infrastructure. Federal Highway Administrator Victor Mendez has predicted that "[b]y addressing many long-overdue repairs to America's roads and bridges," we are "improving the economy and local quality of life while strengthening the nation's infrastructure."[15] Of the $26.6 billion available for federal highway and bridge projects under the American Recovery and Reinvestment Act, more than 75 percent has now been obligated. To date, nearly 8,500 highway projects have been approved and nearly 5,000 are underway. In early November, the Federal Highway Administration crossed the $20 billion mark in approved obligations for highway, road and bridge projects.[16]

Examples:[17]

- In August, construction began on the $26.2 million I-279/Fort Duquesne Bridge preservation project in Pittsburgh, PA, designed to improve the safety of the bridge that serves an estimated 81,000 drivers each day.
- In September, work got underway in San Bernardino, CA, on a massive billion-dollar project, using $128 million in ARRA funds for additional lanes on I-215 to reduce traffic congestion that had been crippling the local economy.
- Also in September, work began on the three-mile extension of Minneapolis' Trunk Highway 610 to I-94. When completed, this project will reduce traffic congestion and improve area residents' quality of life with sound walls and a pedestrian bridge.
- Last month in Nelsonville, OH, construction started on the 8.5-mile, four-lane highway to divert interstate traffic from local streets. The project is using $138 million in ARRA funds and is the largest Recovery Act underway in Ohio to date.
- The New Mexico Department of Transportation has broken ground on a major highway and interchange reconstruction project on Interstate 40. On May 21, 2009, Albuquerque-based Mountain States Constructors Inc. was awarded a $24 million contract—$14.8 million of which comes from Recovery funds— to build one overpass and four ramps, and to reconstruct Paseo del Volcan and Central Avenue just west of Albuquerque. When the project is completed in May 2010, the existing climbing lane will extend seven-tenths of a mile further to better accommodate the trucks and heavy vehicles that frequently travel through the area. The I-40 project has created 78 Recovery jobs so far.

Tax cuts. In total, Treasury estimates that $62.5 billion in tax relief was available through ARRA tax provisions by the end of August 2009.[18] The Making Work Pay provision accounts for 37 percent of this total.[19] In 2009 and 2010, the Making Work Pay will provide a refundable tax credit of up to $400 for working individuals and up to $800 for married taxpayers filing joint returns. This tax credit will be calculated at a rate of 6.2 percent of earned income and will phase out for taxpayers with modified adjusted gross income in excess of $75,000, or $150,000 for married couples filing jointly.[20]

Other individual Credits account for 19 percent of the dollars available through ARRA tax provisions.[21] Among these, the American Opportunity Credit will allow more parents and students to qualify for help paying for college expenses over the next two years. The AOC modifies the existing Hope Credit for 2009 and 2010 so that it includes more Americans, including many with higher incomes and those who owe no tax. It also adds required course materials to the list of qualifying expenses and expands coverage to four years of post-secondary education instead of two. Many of those eligible will qualify for the maximum annual credit of $2,500 per student. [22] The full credit is available to individuals who have modified adjusted gross income of $80,000 or less, or $160,000 or less for married couples filing a joint return. The credit is phased out for taxpayers with incomes above these levels. These income limits are higher than under the existing Hope and Lifetime Learning Credits. [23]

Energy. The ARRA includes a program launched in late October 2009 which allocates $3.4 billion program for 100 Smart Grid Investment Grant awards. Federal funds will be matched by industry funding for a total of public-private investments worth more than $8 billion. These grants represent the largest single grid modernization investment in U.S. history. The Department of labor announced at the end of October that applicants from 49 states have been selected to receive awards and are expected to create tens of thousands of jobs.[24]

Of these funds, approximately $1 billion will build infrastructure and expand access to smart meters in order to provide consumers access to dynamic pricing information, which would enable them to program smart appliances when rates and demand are at their lowest such as late at night, etcetera.[25]. Another $2 billion will go to projects that integrate various components of a smart grid in a single system, or cut across project areas. These include smart meters, smart thermostats and appliances, syncrophasors, automated substations, plug in hybrid electric vehicles, renewable energy sources, etc. Another $400 million will fund grid modernization projects to reduce the amount of power wasted in transit from power plants to homes, and $25 million will enlarge the manufacturing base for components of smart grid systems.[26]

An analysis by the Electric Power Research Institute estimates that smart grid technologies could reduce electricity use by more than 4 percent by 2030. That would mean a savings of $20.4 billion for businesses and consumers around the country, and $1.6 billion for the state of Florida alone—or $56 in utility savings per person.[27]

Examples of Smart Grid Technology Grants:

- $138 million was awarded to NV Energy for smart grid technology. Matching funds increase the value of this project to $298 million. This statewide project will link 1.45 million electric and gas meters across 54,600 square miles of service territory, delivering more than $65 million in benefits annually to 2.4 million Nevadans.[28]
- $15.7 million was awarded to Rappahannock Electric Cooperative in Fredericksburg, Virginia. To improve overall system reliability, the funds will assist in implementing digital improvements and upgrades to communication infrastructure, advanced meters, cyber security equipment, and digital automation.[29]
- The Detroit Edison Company was awarded $83,828,878 to fund its SmartCurrents program. The program includes the deployment of a large-scale network of 660,000 smart electricity meters and will implement the Smart Home program, which will provide customer benefits such as dynamic pricing to 5,000 customers and smart appliances to 300 customers.[30]

- The Whirlpool Corporation in Benton Harbor, Michigan received $19,330,000. The funds will support the manufacturing of smart appliances to accelerate the commercialization of residential appliances capable of communicating over a home network with other smart technologies. These appliances will allow customers to defer or schedule their energy use, which can lower consumer costs and reduce peak electricity demand.[31]
- $127.5 million was awarded to the Sacramento Municipal Utility District. The smart grid stimulus federal grant program of Sacramento, California's capital city, will explore how to design, run and manage an urban smart grid utility system with different types and sizes of clients. California will match the stimulus subsidy with funds to improve building automation systems, energy efficiency and retrofitting projects that are already in schedule, including several buildings in downtown Sacramento.[32]

National Security. President Obama committed $3.5 billion for the Department of Homeland Security in the ARRA. These funds will go to guarding against terrorism; securing our borders; smart and tough enforcement of immigration laws and improving immigration services; preparing for, responding to, and recovering from natural disasters; and unifying and maturing the Department of Homeland Security. The Coast Guard received the largest proportion of these funds at $1.4 billion, Transportation Security Administration $1 billion, the U.S. Customs and Border Protection was budgeted close to $1 billion, FEMA $615 million, and the DHS Management Directorate received $200 million, and Immigration and Customs Enforcement received $20 million.[33]

Examples of recent awards by programs:[34]

- **U.S. Coast Guard** funding received from the Recovery Act will support multiple operational communities and accommodate the dynamic state of mission needs related to alteration of bridges, shore facility construction, and vessel repair acquisition. The Recovery Act funds will allow for completion of four bridge alteration construction projects. Additionally, shore facility construction and vessel repairs will be performed to preserve existing capabilities. Completion of these projects will facilitate safe and efficient navigation along the Nation's waterways, create jobs in the construction sector, and create a $240 million stimulative impact on the construction industry
- **Transportation Security Administration** funding received from the Recovery Act will support two programs: the procurement and installation of checkpoint explosives detection equipment; and the procurement and installation of checked baggage explosives detection systems. TSA developed its $1 billion plan with a risk based approach that accelerates deployment of in-line baggage handling systems and enhances detection of liquid threats in carry-on baggage.
- **U.S. Customs and Border Protection** funding received from the Recovery Act will help CBP meet its mission of keeping terrorists and their weapons out of the United States, and securing and facilitating trade and travel, while enforcing immigration and drug laws. In addition to helping support the multi-year modernization strategy that includes reconstruction of up to 23 existing CBP-owned land ports of entry as well as repairs and alterations at a minimum of an additional 10 locations primarily along the northern border of the United States, the Recovery Act also provides resources needed for CBP to

continue deploying cutting edge imaging technologies that allow safe and efficient inspection of cargo and vehicles entering the United States.

- **Federal Emergency Management Agency** funding received from the Recovery Act will provide funding for grants to help those in greatest need, thereby reducing the loss of life and property and protect the Nation from all hazards. This includes $100 million for the Emergency Food and Shelter National Board Program; $150 million for Public Transportation and Railroad Security Assistance; $150 million for Port Security Grants; $210 million for Assistance to Firefighters Grants for modifying, upgrading, or constructing non-Federal fire stations; and $5 million expansion in authority for Community Disaster Loans.

Maintaining the Focus on Job Creation

Job creation must remain our top priority. The Jobs Summit that President Obama held last week was important as it focused directly on this most pressing problem. There are three ways to think about the goal of job creation:

- Policies that directly boost employment and reduce unemployment;
- Policies that help to those most in need, which often have the largest bang for the buck in terms of impact on economic stimulus; and
- Policies that create jobs while laying the foundation for a strong and sustained economic recovery.

Directly boosting employment and reducing unemployment

The options that would create jobs the most quickly and reliably involve the most direct public policy tools available to Congress and the Obama administration to preserve public employment, increase private employment closely associated with public spending, and create incentives in public programs to reduce the numbers of unemployed. They include:

- Providing federal funds to states, localities, and schools to reduce job losses and maintain valuable services.

  The aid to states contained in the ARRA was clearly helpful, but it only addressed about 30 to 40 percent of the gap faced by state governments. As a result, at least 42 states cut services and 30 states raised taxes in 2009. These actions are not helpful as the private sector tries to build on today's nascent economic recovery.

  Additional aid to state and local governments and school districts boasts clear advantages over many of the alternatives. First, the added resources will immediately and directly boost employment in a very hard hit sector. Distinct from the private sector, job cuts are being forced exclusively by impossible budget situations, not by a lack of demand for services. Ameliorating those budget dilemmas will result in more jobs. Second, additional aid will prevent further cuts to state and local education systems—investments that will pay dividends far beyond the current recovery.

- Targeting new job creation in sectors with special investment needs, including national service employment, private- and public-sector employment in child care, and after-school programs, and elderly and disabled care, alongside more training for health professionals.

  These jobs, which are largely provided by nonprofit groups and small businesses, are paid for by programs that are currently being cut by state and local governments. These programs also serve needs where there is almost always more demand than supply. Indeed, the Bureau of Labor Statistics projects that these kinds of jobs will be among the fastest growing in the years to come. Investing in these jobs will help pave the way for long-term economic growth by saving and then creating new jobs with long-term career paths and steady personal income growth.

- Creating community jobs such as those undertaken by nonprofit groups to help distressed individuals or communities

- Creating jobs in needed infrastructure investment, including foreclosed homes and schools

- Reducing the numbers of unemployed by encouraging early retirement to reduce unemployment through social security, job sharing, and saving primary- and secondary school teachers' jobs by offering early retirement.

Support for those hardest hit

Helping those who are most in need is both the right thing to do and good for the economy. Channeling funds to the unemployed has a direct impact on communities as unemployed workers spend these funds. This not only helps the unemployed and their families, but helps the overall economy since without aid, unemployed workers who are rendered destitute, have no income, and no assistance from the government are not active consumers contributing to economic recovery.

The economic hardships faced by communities hit hardest during the Great Recession also threaten long-term social and economic damage. They threaten the cohesiveness of neighborhoods and institutions such as schools and churches. These things matter from an economic perspective—saving a neighborhood is less costly than restoring it both financial and social terms.

Doing more to ensure that families in need get the assistance they need not only boosts local economies by pumping money into them and helps the national economy by spurring economic demand, but also helps families until job creation starts back up. So in the second section of the report we recommend the following options to spur support for those hit hardest by the Great Recession:

- Extend the unemployment compensation provisions for the long-term unemployed contained in the ARRA recovery package, which are set to expire at the end of 2009, to at least the end of 2010.
- Ensure that the unemployed have access to health care by extending the federal program that subsidizes health insurance coverage for the unemployed.

Creating the conditions for a strong and sustained economic recovery

The economic recovery following the recession in 2001 was the weakest in the post-World War II era in terms of job gains and income growth, leaving the typical family worse off in terms of income in 2007—the year the most recent recovery peaked—than they were in 2000, at the prior economic peak following the 1990s expansion. The reason: the George W. Bush administration and a conservative-led Congress pushed through tax cuts for the exceedingly wealthy that did not trickle down to create broad-based economic growth and job creation while also failing to supervise our financial sector amid an explosion of ill-considered lending.

This time, a progressive administration and Congress understand that health care reform, prudent regulation of the financial sector, improving education, and addressing the long-term issue of climate change and energy independence will, together, pave the way for a more vibrant economy in the medium to long run. Integrating these goals into our short-term goals of job creation where possible should continue to be a priority.

This third section of the report presents two options that focus on one of those pillars of our future economic growth, the clean-energy transformation of our economy, through:

- A "green bank," or more specifically a Clean Energy Deployment Administration that would finance new green-energy projects and home and building green retrofits to boost energy savings and job creation
- A new $30 billion federal revolving loan fund, as outlined in the Investments for Manufacturing Progress and Clean Technology Act now before Congress, to help small and midsized component parts manufacturers retool their plants and retrain workers to serve the growing global market for low-carbon energy technology.

Tax provisions to spur job creation

Tax cuts are not as direct, fast-acting, or reliable a way to create jobs or spur growth as the other options presented above. Nevertheless, as a politically viable means of encouraging job creation in the private sector with a minimum of administrative overhead, they are sometimes the best option. They also can, in some cases, be designed to pay for themselves over a period of time.

There are some tax cuts that are more likely to spur private-sector jobs growth, specifically:

- A deficit-neutral partial tax moratorium on income taxes in 2009
- A two-tier residential and commercial building retrofit program featuring a "cash for clunkers" program for household appliances and a "home star" certification program for deep energy efficiency retrofits for entire residential and commercial buildings
- An expansion of currently effective industrial retrofit measures that provide tax credits for investment in clean energy manufacturing
- A one-year extension of the current fix to the Production Tax Credit for renewable energy to ensure that this important tax credit continues to have impact, and that includes manufacturers of significant components such as wind turbines and blades to extend its benefits to cover domestic manufacturing supply chains
- A job-sharing tax credit that would encourage employers to reduce hours rather than laying off workers
- Changes to the Low Income Housing Tax Credit to revive the stalled credit market and spur investment in shovel-ready and much needed affordable housing projects

Conclusion

The recovery package has pumped billions of dollars into communities across the nation. As expected, it took quite a few months for the effects to start to be seen, but now we know that these funds had positive impact on economic growth in the third quarter and the economy lost only 11,000 jobs last month, after losing more than twice as many *every day* last January as President Obama took office.

But, we cannot stop focusing on job creation. Unemployment remains excruciatingly high, especially among young workers, workers of color, and older and displaced workers. The last two recessions led to "jobless recoveries" and the unemployment rate did not peak for about a year and a half after the recession was declared officially over by the National Bureau of Economic Research. We run a grave risk of not creating sufficient jobs this time around as well; projections are now that we will not get back to "normal" rates unemployment until far into the mid-teens of the next decade.

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[7] Center for American Progress, "Meeting the Jobs Challenge: How to Avoid Another Jobless – or Job-Loss – Economic Recovery," December 2009, available at http://www.americanprogress.org/issues/2009/12/pdf/job_options.pdf. Mark Zandi says that increased infrastructure spending has a multiplier of 1.57.

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