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# Stimulus makes more jobs than initially estimated



## White House study shows results of federal funds

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K.C. Alfred / Union-Tribune

A groundbreaking was held yesterday for an \$8.35 million, stimulus-funded child-care center in Point Loma. The military has been one of the primary beneficiaries of the stimulus program.

As the federal stimulus program celebrated its one-year anniversary yesterday, a new study from the White House proclaimed that 600,000 jobs have been directly preserved or created through federal funding over the past year, with as many as 2 million ancillary jobs.

President Barack Obama seized on the report — which was based on data collected from state governments that have distributed the funds and government contractors that have received them — as proof that the stimulus is achieving its goal of helping pull the economy out of its worst downturn since the Great Depression.

“It is largely thanks to the recovery act that a second depression is no longer a possibility,” he said yesterday.

The liberal Economic Policies Institute said that under the stimulus, job losses have dropped from 779,000 in January 2009 to just 20,000 last month. Without the stimulus, they say, the unemployment rate would now be at least 11 percent instead of the current 9.7 percent.

But conservative critics said that even if the stimulus has helped lessen job losses, it has also added \$787 billion to the federal deficit.

“What administration officials are calling investment is really the opportunity cost of the government borrowing resources out of the economy,” said Ted DeHaven, an analyst with the libertarian Cato Institute. “As a result, to the degree there has been any stimulus, it has been in the stimulation of government jobs and debt.”

Lynn Reaser, president of the National Association of Business Economists and chief economist at Point Loma Nazarene University, estimated that the stimulus package has boosted economic growth by half a percentage point last year and another half a percentage point this year.

“But it’s very difficult to precisely calculate the impact of something like this,” she said.

The industries and agencies that have been helped most by stimulus funding, ranging from schools to construction companies, said the nation’s jobless rate and economic troubles would have been much worse if the money had not been spent.

“The stimulus is saving construction jobs, driving demand for new equipment and delivering better and more efficient infrastructure,” said Ken Simonson, an economist with Associated General Contractors, which represents a large part of the construction industry.

Simonson calculated that roughly 15,000 jobs have been created or preserved for every \$1 billion the government has spent on infrastructure projects, which is well above the association’s year-ago estimate of 9,700 jobs. He said that stimulus-funded road construction projects alone have created 280,000 jobs over the past year, as well as an unknown number of ancillary jobs for subcontractors supplying equipment and raw materials.

One reason the public has not seen a more vivid impact from the stimulus program is that a large portion of the money has not been spent. Just yesterday, for instance, the Transportation Department announced \$130 million for construction projects in California, including \$20 million to create a traffic interchange near the international border at Otay Mesa. Simonson said some stimulus funding — notably for the much-touted high-speed rail project — will not filter into the economy for years.

In addition, so far most of the funds have helped preserve existing jobs rather than create new ones — a point that was stressed this week when Simonson held a teleconference with half a dozen construction-related companies throughout the country. Few of the companies said they were hiring new workers, but a number — ranging from California equipment manufacturer Guntert & Zimmerman to Arizona-based Sundt Construction — said the stimulus funds had enabled them to avoid layoffs.

“More than anything else, it has salvaged jobs,” said Tom Brown, president of San Diego’s 110-employee Sierra Pacific West, which is building a stimulus-funded Southwest Fisheries Science Center in La Jolla. “We haven’t added any personnel, but the stimulus has allowed us to keep key personnel in the field.”

For many construction companies, the stimulus is the only game in town. Brown noted that a relatively minor stimulus-funded project that he recently bid on was so small that before the recession, it probably would have attracted two or three bidders. Instead, it attracted 21, including some low-ball bids from companies that did not factor in any fuel or equipment costs.

“Some of these firms are among the walking dead,” he said. “They’re doing whatever they can to keep money coming in without laying off workers.”

Dave Roach, senior vice president of Barnhart Balfour Beatty construction, added that stimulus funding has also drawn the attention of construction suppliers.

“We’ve got people who supply electric conduits, plumbing fixtures or cable coming to us to offer their services, sending us their supply schedules and wanting to arrange meetings,” said Roach, whose company is involved in 10 stimulus projects. “The supply chain learns quickly who’s getting the contracts.”

At roughly the same time that Obama was making his announcement, a construction crew from San Diego’s T.B. Penick was breaking ground on the latest stimulus-funded program to be launched in the county: an \$8.35 million child-care center in Point Loma, designed for the preschool children of local military families. The project not only has provided work for Penick employees but has also aided San Diego’s Domusstudio Architecture, which has joined with Penick on several stimulus projects.

“A lot of architecture firms are struggling right now, but for us the stimulus has been great,” said John Pyjar, who heads the firm. “I think we’d have less people now without it.”

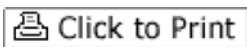
The military has been one of the primary beneficiaries of the stimulus program. Sandra V. Richardson, a deputy undersecretary of defense who oversees stimulus-funded programs at the Pentagon, said the program is funding 4,000 projects throughout the nation, ranging from relatively simple projects to weatherize roofs and windows to more expensive programs, led by the \$500 million project to build a new hospital at Camp Pendleton.

“Some of these projects would have eventually happened without the stimulus funding,” Richardson said. “But some might not have happened anytime in the near future.”

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