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# Stimulus money may save more jobs in Texas than it creates

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Texans will see the federal stimulus package in action this summer as state agencies gear up to start work on hundreds of millions of dollars worth of projects.

But the impact of the \$787 billion economic shot in the arm may be more about saving jobs than creating new ones, according to several public officials and businesses receiving stimulus money.

Officials with several state agencies say the direct job impact from their slice of the stimulus will depend on how private contractors handle the extra business they receive that is funded by taxpayer dollars.

"Some people will get hired. A lot of people will basically avoid getting laid off," said Chris Lippincott, a spokesman for the Texas Department of Transportation.

President Barack Obama signed his stimulus package in February, predicting it would save or create 3.5 million jobs. Earlier this month, he said the stimulus had created or saved 150,000 jobs so far and would create or save 600,000 more this summer as spending ramps up.

"It's mainly a political number. It's a guesstimate," said Bernard Weinstein, director of the Center for Economic Development and Research at the University of North Texas.

Weinstein said the stimulus wasn't perfect but is necessary to avoid a depression. Critics argue that the stimulus will hurt the economy in the long run. A recent report from the fiscally conservative Texas Public Policy Foundation predicted it would lead to the loss of 1.7 million jobs nationally.

"Obviously you have a short-term benefit anytime you plug money in, but it delays or stymies the ability of the private sector to grow," said former Rep. Talmadge Heflin, director of the Foundation's Center for Fiscal Policy.

## Few jobs expected

Stimulus money will eventually reach every level of Texas government. Large portions are aimed at cushioning the blow from the recession and are expected to create few, if any, government jobs. For instance, Tarrant County will receive \$3.3 million to stabilize neighborhoods by acquiring and redeveloping foreclosed properties. The county plans to hire one person to manage the program for 18 months.

The largest piece of Texas' cut of the stimulus is going to education — \$5.3 billion. Most of it is going toward shoring up widespread budget shortfalls. The Fort Worth school district has said that layoffs are inescapable but that the \$40 million it is receiving from the stimulus will keep them from being deeper.

Stimulus projects that improve infrastructure are expected to be the most effective job creators.

"It creates more business for the contractors, but more business for the contractors means more spending and more supplies and job creation," Weinstein said. "So it's a multiplier effect."

## Transportation projects

The Texas Transportation Department received \$2.6 billion in stimulus money for projects that the agency expects will create 69,000 new jobs. The money is going to projects that have already been designed and are just waiting for the funds to be built.

"The orange barrels are starting to show up in communities across the state, and you will see more of them this summer," Lippincott said.

Next month, \$134 million in stimulus funds will allow the North Texas Tollway Authority to request bids from contractors for the first work on the long-delayed Southwest Parkway from downtown Fort Worth to Cleburne, Chairman Paul Wageman said. Construction is slated to begin in the fall.

Several construction companies contacted by the *Star-Telegram* said the stimulus work allows them to avoid layoffs and hire a

small number of temporary workers.

San Angelo-based Reece Albert saved the jobs of over 100 employees by securing 11 stimulus contracts in West Texas and South Texas, according to President Jack Albert.

"Without this stimulus money, we would have been in trouble," he said.

The stimulus impact on the North Texas construction industry has been minimal so far, according to Raleigh Roussell, president of TEXO, an association representing commercial contractors in North Texas and East Texas. He said some firms are wary of the extra reporting requirements as well as "Buy American" provisions that come with stimulus jobs.

"There are so many strings attached to that stimulus money that a lot of the contractors in this market are somewhat skittish to pursue some of it," Roussell said.

#### **Creating 'green' jobs**

Tens of thousands of so-called green jobs will be created by \$5 billion of the stimulus going toward weatherizing homes, according to the Obama administration.

Texas' cut, \$327 million, is expected to cover the weatherization of more than 33,000 homes of Texans with low or modest incomes starting in September, according to the Texas Department of Housing and Community Affairs. Contractors statewide will perform up to \$6,500 worth of work per home — caulking windows, installing insulation and replacing inefficient appliances — aimed at cutting energy bills.

While the project definitely means more business for contractors, assessing the direct job impact could be a matter of semantics, according to Brooke Boston, a deputy executive director with the department overseeing nearly \$1 billion in stimulus spending.

"If it provides work for a contractor to do work on 30 homes but it only lasts nine months, does that count as a job or not?" Boston said.

The same uncertainty comes with determining the impact of the stimulus-backed Tax Credit Assistance Program, which will provide \$148 million to help cash-strapped developers finish work on affordable rental housing developments. Boston guessed that as many as half of the projects would have found another way to proceed if the stimulus money wasn't available, making it tough to tally the jobs created or saved through the program.

"It's purely speculative because there's no way to know," Boston said.

#### **Tracking spending**

Despite the uncertainty about the effect of the stimulus, there will be no shortage of efforts to track it.

Federal guidelines require companies receiving stimulus work to report both the jobs they've created and retained through the funding. State agencies will need to report their stimulus job impact to a statewide tracking effort as well as the federal government.

Weinstein said public officials at every level of government are curious to see if this giant injection of cash can pull the country out of recession. The conclusions made could influence how public officials address economic issues in the future.

"This is a big social experiment we're engaging in," Weinstein said.