



OFFICE OF THE VICE PRESIDENT

SUMMER OF RECOVERY:

PROJECT ACTIVITY INCREASES IN SUMMER 2010

THURSDAY, JUNE 17, 2010

EXECUTIVE SUMMARY

This summer, the America Recovery and Reinvestment Act (the “Recovery Act”) will shift its emphasis from short-term rescue efforts to long-term recovery and reinvestment projects. These projects will rebuild the infrastructure of today and break ground on the infrastructure of tomorrow, driving sustainable job creation, economic growth, innovation, and global competitiveness.

The first year of the Recovery Act saw an infusion of direct aid into the American economy, offering support to states and individuals, bringing people and markets alike back from the brink and giving companies the confidence and incentives to invest in America. In addition to this support, the Act offered tax relief for many Americans, including cuts for 95 percent of working families.

Between this tax relief, direct aid, and shovel-ready projects, the Recovery Act has already put to work \$620 billion dollars, and created or retained between 2.2 and 2.8 million jobs. The remaining support, though, will be directed increasingly toward infrastructure—over 70 percent of all remaining dollars will be spent on projects. In doing so, the Act will continue to drive job growth: jobs created or retained by the Recovery Act will reach at least 3.5 million before the end of 2010. And this is just the start: an investment in long-term infrastructure is an investment in long-term innovation, industry, and jobs.

This dramatic shift can be seen clearly in four programs—transportation projects, clean and drinking water projects, weatherization assistance projects, and national parks and public lands projects.

In transportation, the number of highway projects will increase by more than 600 percent from July 2009 to July 2010. Each of the over 10,000 projects underway represents job opportunities—17,000 jobs funded by Federal Highway Administration projects in the first quarter of 2010, nearly all of them in the private sector. This summer, projects covering nearly 30,000 miles of highway—the equivalent of nearly ten cross-country road trips—will begin because of the Recovery Act. It should come as no surprise, then, that the increase in projects will span the nation: over 600 highway projects in Michigan, 450 in California, 200 in Pennsylvania, 90 in Colorado.

Clean and drinking water projects, meanwhile, will be another pillar of Summer 2010. The Recovery Act provides \$6 billion for states to finance high-priority infrastructure projects necessary to ensure clean water and safe drinking water. As required by the Act, all projects were under contract by February 17, 2010. As such, this summer, over 2,800 clean and drinking water projects will have begun, across the entire country – a dramatic increase over last summer, when less than 150 had begun. In Ohio, there will be more than 200 such projects, in Massachusetts, more than 100. These projects not only promote public health; they will save money and create jobs. One project in Fairhaven, Massachusetts for example, will save the town more than a million dollars every four years, and create 30 jobs in the local community.

In addition to these water and transportation projects, the Department of Energy’s weatherization assistance program will serve both the country’s economic recovery and its clean energy goals. In addition to conserving energy, this project will save money for low-income families: by weatherizing their homes, families see their energy bills reduced by an average of about \$437 each year. Recovery Act-funded weatherizations have increased dramatically from 2009. While approximately 30,000 homes were weatherized in 2009, the first quarter alone of 2010 saw more than 50,000 homes weatherized. By

the end of the summer, a total of 200,000 homes will have been weatherized with Recovery Act support—at the average annual savings, that’s more than \$80 million in Americans’ pockets each year.

Finally, the Recovery Act will support over 2,500 projects to revitalize America’s national parks and public lands. This will represent a massive increase over 2009, when just 200 such projects were underway. Among other benefits, these projects will preserve historic landscapes, remediate abandoned mines, protect and restore buildings at historically black colleges and universities, and spur renewable energy development on public lands.

Across each of these areas and others, this bold investment in the future will stimulate short-term and long-term American jobs. They will make our communities stronger, our lives safer, and our country greener. The upcoming summer of projects is the next step on the road to recovery.

THE RECOVERY ACT

When the American Recovery and Reinvestment Act (the “Recovery Act”) was enacted on February 17, 2009, the U.S. was in the midst of a deep recession, with unemployment growing and GDP shrinking. The Recovery Act – a \$787 billion dollar investment – was designed to help put Americans back to work and combat this downturn, the largest since the Great Depression. The Act has three primary purposes: Rescue, Recovery, and Reinvestment.

The Recovery Act is divided into three roughly equal parts:

- *Tax relief* in the form of tax incentives to businesses, COBRA, and individual credits;
- *Aid Payments* to states and individuals such as the State Fiscal Stabilization Fund, Emergency and Extended Unemployment Insurance Benefits, and the Supplemental Nutritional Assistance Program; and
- *Projects* that help rebuild today’s infrastructure and invest in the industries of tomorrow including highway construction and clean drinking projects.

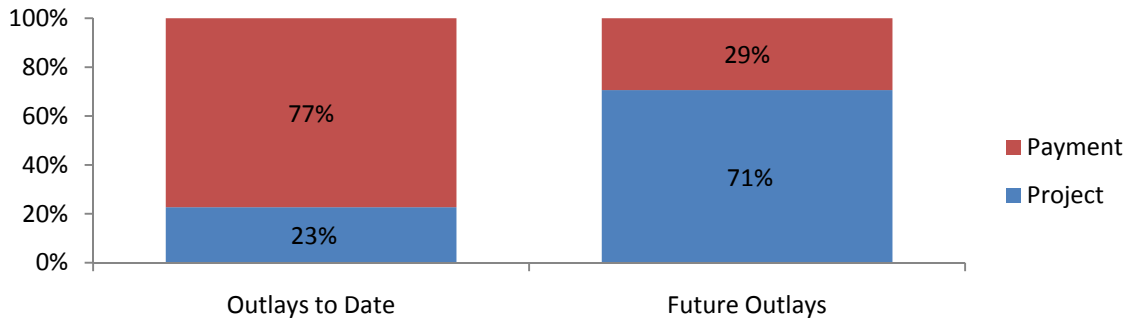
Payments and projects pay out over different timelines, stimulating both short- and long-term recovery.

Payments injected money into the economy immediately, with many funds disbursed shortly after the Act was signed. These funds helped revive the economy and quickly helped those most in need through both direct funding and indirect and multiplier effects of that funding. By September 2009, \$111 billion of direct spending outlays had been made, with 87 percent of those outlays (\$97 billion) in the form of payments.

Projects, meanwhile, kicked in after this initial stimulus. While payments were distributed, the process of obligating project funding was underway, focusing on sustainable, job-creating projects. These funds have represented an increasing percentage of outlays over time. By May 2010, project funding had jumped from 13 to 22 percent of all outlays.

The shift to projects will continue to occur and will accelerate this summer. The breakdown of remaining outlays and obligations in the Act speak particularly strongly to this point. First, 71 percent of all dollars remaining to be outlayed will be spent on projects. Second, 75 percent of all obligated dollars remaining to be outlayed will be spent on projects. A robust inventory of projects stands ready to be unleashed, and Summer 2010 promises the highest levels of project activity to date. This summer, projects will break ground across the nation, creating jobs and transforming communities.

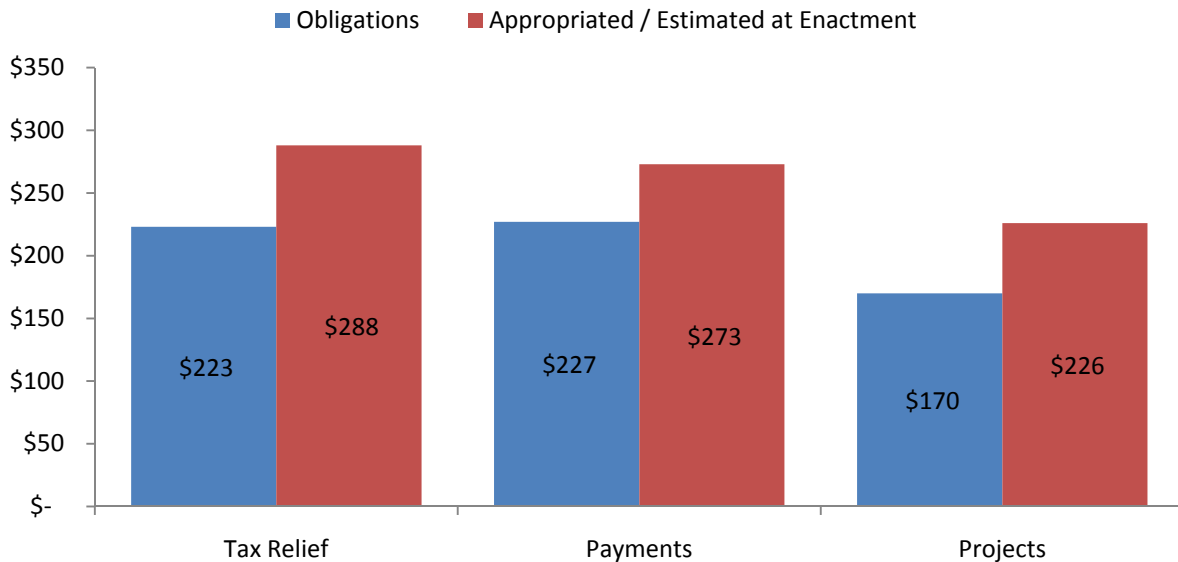
Current and Future Outlays: Projects vs. Payments



STATUS OF SPENDING

The Recovery Act was designed to maximize impact over approximately two years. As of June 4, 2010, the Recovery Act had obligated a total of \$397 billion in spending. In addition, it had provided an estimated \$223 billion in tax relief for families across the country. Thus, \$620 billion dollars, or 78 percent of the \$787 billion total has already been put to work in the economy, providing immediate rescue for Americans feeling the effects of the recession most acutely, rebuilding our nation’s infrastructure, building industries of the future, and offering tax relief, including cuts for 95 percent of working families.¹

Current Obligations v. Totals by Category



Recipients reported over 680,000 jobs funded with Recovery Act dollars in the Jan. 1 – March 30, 2010 period, a total that reflects the use of less than one fifth of Recovery Act funds to date.² The Council of Economic Advisors (CEA) estimates 2.2 to 2.8 million jobs have been created or retained by the Act as a

¹ June 4, 2010 Financial and Activity Reports (Agency generated figures)

² Recovery.gov

whole as of the first quarter of Calendar Year (CY) 2010. The Congressional Budget Office (CBO) reported that the Recovery Act increased the number of people employed by up to 2.8 million in the first quarter of CY 2010.

SUMMER OF RECOVERY

With tens of thousands of projects funded and millions of Americans working today thanks to the Recovery Act, it's easy to assume that the Recovery Act's greatest impact has passed. But Summer 2010 will be the most active Recovery Act season yet for projects, ensuring a steady impact on jobs well into the fall and through the end of the year. Unlike previous seasons, when Recovery Act investments in tax relief and payments were driving economic rescue and recovery, Summer 2010 will be marked by thousands of highly-visible infrastructure projects across the country.

Construction projects will continue to accelerate on roads, parks, buildings, and homes across the country. As summer construction season kicks into high gear, commitments made late last year to infrastructure investments will transition from committed dollars into tangible action—thousands of projects will break ground and thousands more will increase activity and hiring.

The impact on the economy and job creation is far from complete. The Recovery Act is already responsible for up to 2.8 million jobs as of the first quarter of 2010, but this summer surge in projects will put it on-track for at least 3.5 million by the end of this year.

TRANSPORTATION PROJECTS

The Federal Highway Administration (FHWA) met the ambitious deadline set by Congress to obligate by March 1, 2010 the more than \$26 billion appropriated to highways in the Recovery Act. This translated into more than 10,000 road, highway and bridge projects across the country. This investment funded 17,000 jobs in the first quarter of 2010, nearly all of them in the private sector. The jobs include grinding asphalt and paving roads, filling potholes, making street signs, repairing stop lights, and replacing guard rails. In addition, these projects are making communities safer, greener, more livable, less congested, and stronger economically.

Example: Caldecott Tunnel, California

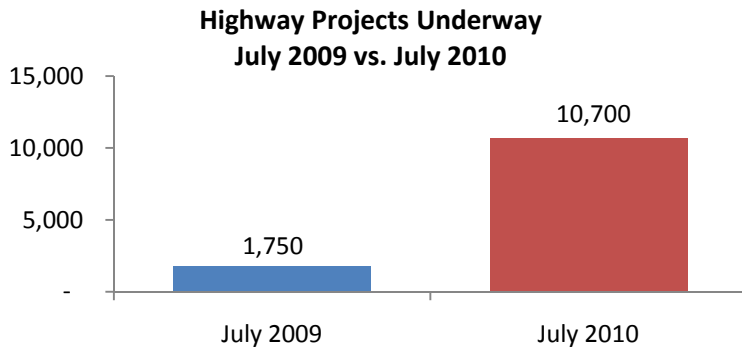


Ground broke earlier this year on a four-year, \$420 million construction project on the Caldecott Tunnel in the San Francisco Bay Area. The project was catalyzed by a \$197.5 million grant from the Recovery Act, and supplemented by other federal, state, and local funds. The construction will add a new two-lane tunnel, so that traffic no longer has to be reversed westbound and eastbound twice a day to accommodate commuters.

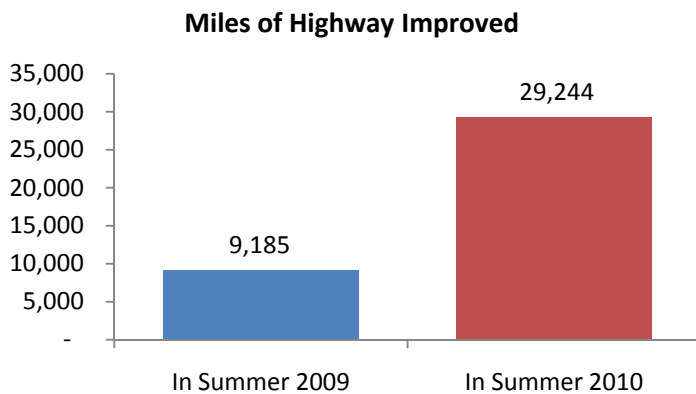
Tunneling is expected to begin in July, with work already begun constructing retaining walls to protect the new construction site. So far, the project has created 225 jobs, and as many as 4,000 are expected by 2014, when the construction is complete.

Source: Caldecott Fourth Bore Project, Caldecott-tunnel.org; and "Boxer Tours Caldecott Tunnel Construction Site,, KTVU.com, June 3, 2010.

Every month this summer will have a year-over-year increase in the number of transportation projects over last summer. In July of 2009, 1,750 highway projects were underway across the country. This July, that number will jump by to 10,700 projects.³



As last summer's projects were the smaller and easier to start, the scope of projects this summer will increase. For example, projects covering nearly 30,000 miles of highway, equivalent to almost ten cross-country road trips, will begin.⁴ It is also three times the 9,185 miles improved in 2009.



The increase in projects will be felt across the nation. For example, in California, the number of projects in Summer 2010 will be almost fiftyfold the number of projects in Summer 2009.

Example: Brooklyn Bridge, New York

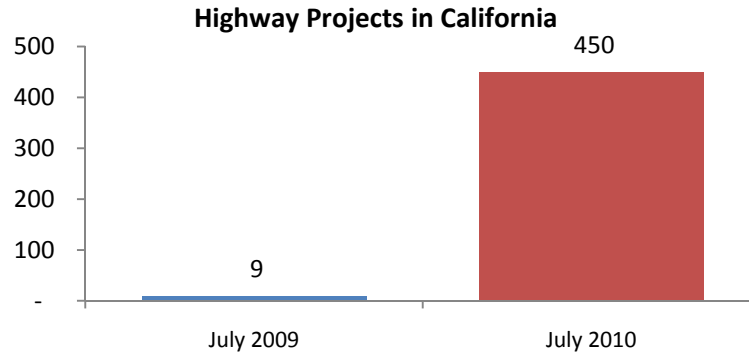


A major preservation project is underway at the Brooklyn Bridge, where construction workers are busy repairing, repainting, and upgrading key components of the historic bridge. When the project is complete, the structure of the bridge will be better protected and congestion will be reduced on the ramps.

The \$30 million Recovery Act investment will create 150 direct jobs and more than 800 indirect jobs, generate local economic activity, and allow New York City to use its limited funds to address other critical infrastructure needs. Combined with other Federal funding as well as New York State funding, the total \$508 million project will put 2,534 people to work this summer.

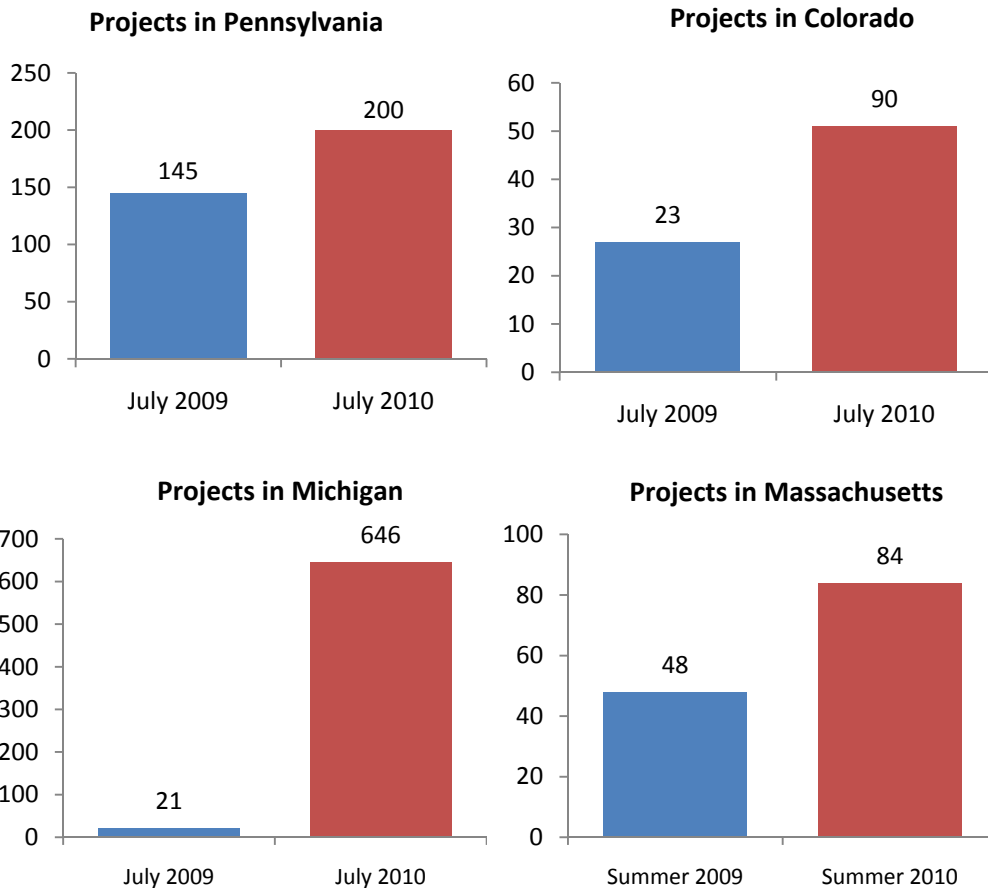
³ Department of Transportation

⁴ Mileage taken from proposed route of New York to San Francisco.



California is also home to the largest Recovery Act road project taking place this summer, with hundreds of workers constructing a fourth bore of the Caldecott Tunnel in the San Francisco Bay Area. So far, the project has created 225 jobs, and as many as 4,000 are expected by 2014, when the construction is complete.

Similar stories will be seen across the country.



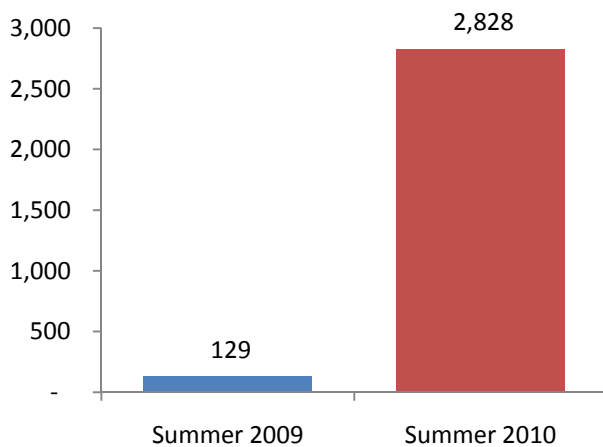
Source: Pennsylvania, Colorado, California, Massachusetts, and Michigan Governors' Offices

CLEAN AND DRINKING WATER PROJECTS

Through the Clean Water and Drinking Water State Revolving Fund programs, the Recovery Act is providing \$6 billion for states to finance high-priority infrastructure projects needed to ensure clean water and safe drinking water. Projects were prioritized by states based on public health and environmental factors, in addition to readiness to proceed with construction. At least 20 percent of the grants are going to green projects, including green infrastructure, energy or water efficiency, and innovative activities.

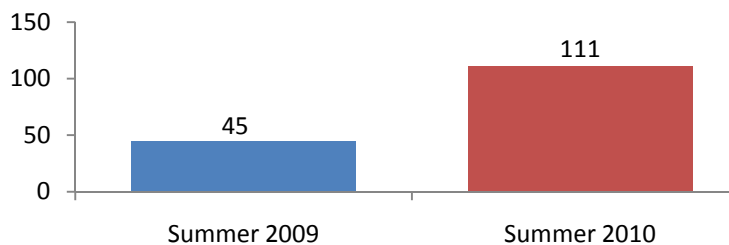
As required by the Act, the Environmental Protection Agency (EPA) and all states and territories had every project under contract by February 17, 2010. That work and speed paid off. In the 2010 construction season, more than 2,800 clean and drinking water projects will be underway. This represents greater than a 20-fold increase over summer 2009.

National Clean & Drinking Water Projects Started



Most states will see improvements. For example, Massachusetts workers will undertake twice as many Clean and Drinking Water projects as they did last summer:⁵

Massachusetts



Example: Water Pollution Control Facility Upgrade in Fairhaven, MA

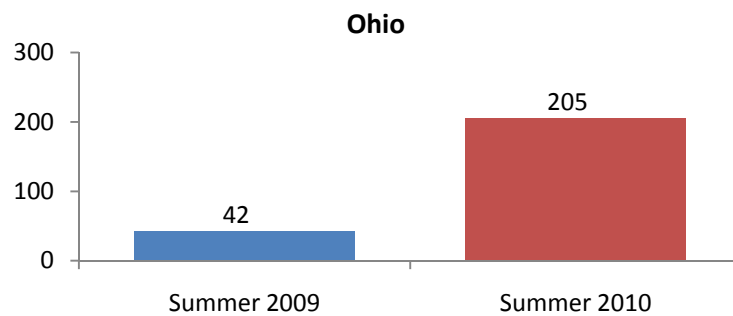


Creating expense and inconvenience, the town of Fairhaven, MA, currently has to truck sewer waste from its water pollution facility to an off-site location in Rhode Island.

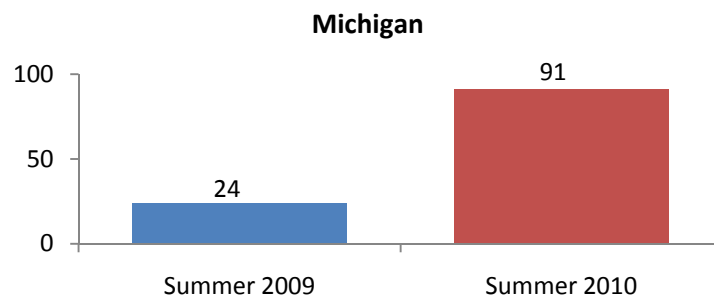
Using a \$7.9 million Recovery Act award, Fairhaven has hired WES Construction to install an anaerobic digestion and cogeneration system to convert waste into methane gas, which it will then use for power generation. The project will save the town \$260,000 per year in energy costs and create 30 local jobs.

⁵ Massachusetts Governor's Office

The number of active Clean and Drinking Water Projects in Ohio will increase over four times from last summer to this summer:⁶



In Michigan, there will be nearly four times more active Clean and Drinking Water projects this summer than last summer:⁷



WEATHERIZATION ASSISTANCE PROGRAM

The Department of Energy's Weatherization Assistance Program enables low-income families to permanently reduce their energy bills by making their homes more energy efficient. The Recovery Act provided \$5 billion worth of weatherization services to low-income families. In addition to cost savings, the energy conservation resulting from these efforts helps the U.S. reduce its dependence on foreign oil and improves the health and safety of low-income homes. Families receiving weatherization services see their annual energy bills reduced by an average of about \$437 annually.⁸

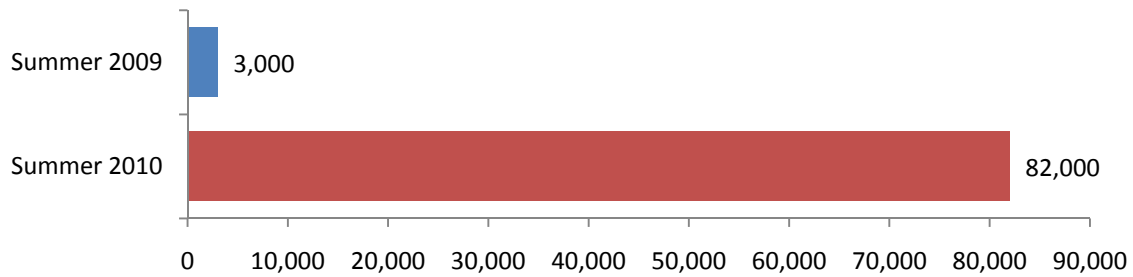
The weatherization program has been ramping up. Last summer, the program helped weatherize just 3,000 homes and in total last year, just 30,252 homes were weatherized with Recovery Act funds. But in the first quarter of 2010 alone, the program weatherized an additional 56,274 homes, and this summer, weatherization work will be performed on over 80,000 more homes.⁹ In April, the program weatherized its 100,000th home. And the 200,000th home will be weatherized with Recovery Act funds in August.

⁶ Ohio Governor's Office

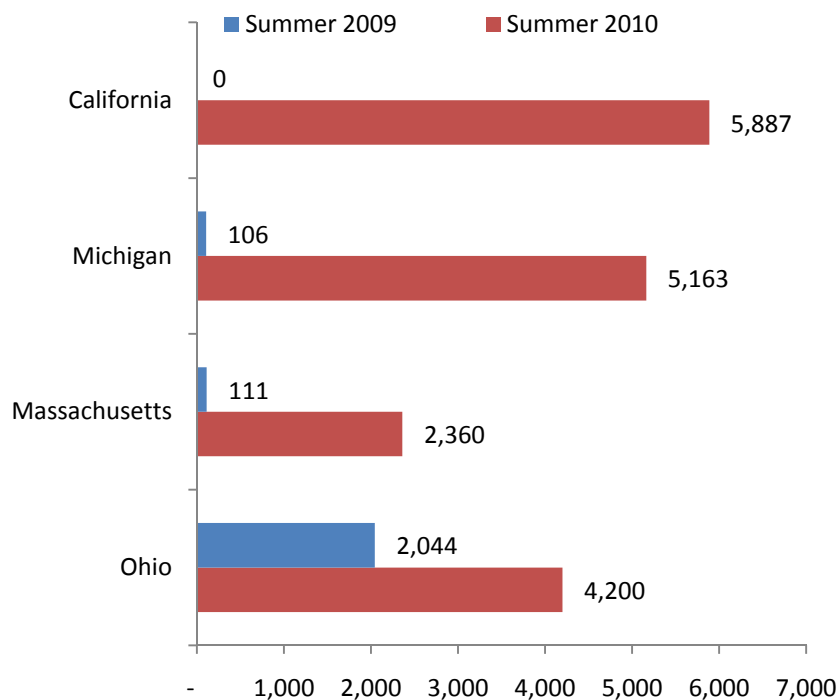
⁷ Michigan Governor's Office

⁸ Department of Energy, Energy Efficiency and Renewable Energy Program

⁹ Department of Energy



Home construction will occur in cities, suburbs, and rural areas. In Massachusetts, over 100 weatherization contractors will use Recovery Act funds to provide services across the Commonwealth. Similarly, in Michigan, every region of the state will see weatherization work throughout the summer.



Source: California, Michigan, Massachusetts and Ohio Governors' Offices

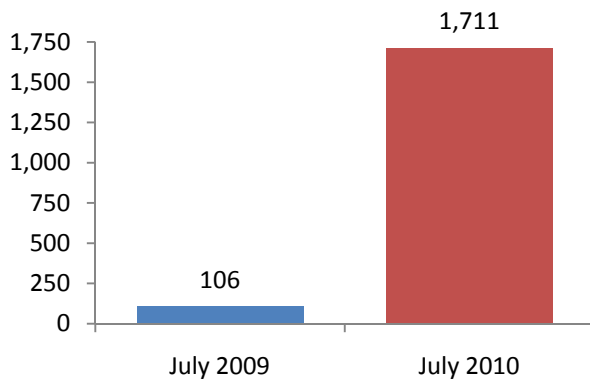
NATIONAL PARKS AND PUBLIC LANDS

The Recovery Act has provided \$750 million to the National Park Service for nearly 800 projects across the U.S.'s National Parks system. The projects will preserve and protect national icons and historic landscapes, improve energy efficiency and renewable energy use, remediate abandoned mine lands, and provide \$15 million in grants to protect and restore buildings at historically black colleges and universities.

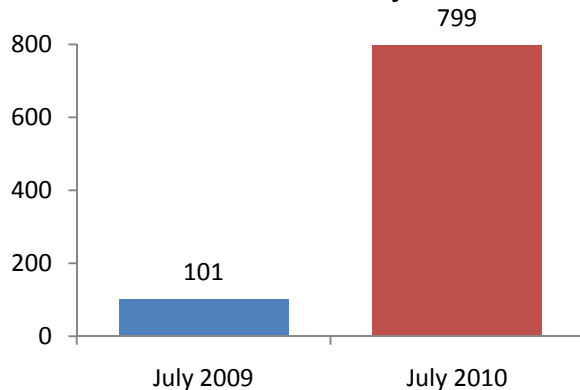
The Bureau of Land Management is providing more than \$305 million in funding to over 650 projects across the country. The investments will restore landscapes and habitats, spur renewable energy development on public lands, and create jobs.

This July, over 2,500 National Parks and Public Lands projects will have started work. This will be an enormous increase over July 2009, when just over 200 projects had construction underway.¹⁰

All Public Lands Projects



National Parks Projects



JOB CREATION

The dramatic increase in construction and other projects this summer will continue to propel Recovery Act job creation.

Recipients in every single Congressional District and U.S. territory have reported jobs—these reports can be found at www.Recovery.gov. Continuing on its current trajectory, the Act is on track to have created or saved 3.5 million jobs by the end of 2010.

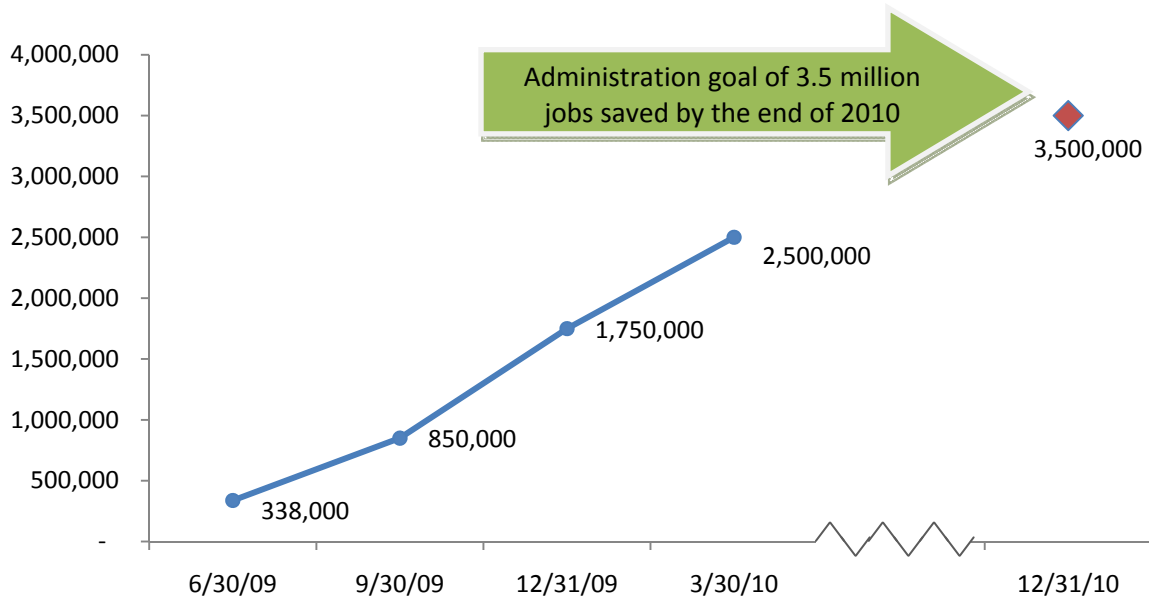
Example: Ellis Island, New York



During the Summer of 2010, four major construction projects funded from the Recovery Act totaling \$33.3 million will be undertaken at Ellis and Governor’s Islands in New York Harbor. A \$20.9 million project will complete the stabilization of over 6,700 feet of seawall that surrounds and protects Ellis Island. Built in various phases from 1913 to 1934, recent surface and marine surveys verified that portions of the walls are seriously deteriorated. A \$1.5 million project will provide enhanced power and communications infrastructure for both Liberty and Ellis Islands. These enhancements will in turn enable the installation of improved perimeter protection systems to help ensure that these globally significant cultural resources and the 3.7 million annual visitors are safe. A third project for \$6.7 million will begin in mid-June on the north side of Ellis Island to stabilize and remove hazardous materials from the 120,000 square foot Baggage and Dormitory Building built in 1908. The work will ensure the structure is stabilized from the elements and made safe enough for future exterior and interior rehabilitation.

¹⁰ Department of the Interior

Jobs Created or Saved by the Recovery Act



Source: Council of Economic Advisors

Note: The job figures in this chart are mid-points of aggregated estimates, provided in each quarterly CEA report. They do not only reflect CEA estimates.

Additionally, the CBO estimates thus far are consistent with these CEA estimates. In May, for example, CBO reported that as many as 2.8 million jobs were created in Q1 2010 because of the Recovery Act.