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\$18.4B stimulus might create or save 109,000 jobs for Mich.

Experts can't agree that plan will cut unemployment

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The bill is signed. The ink is dry.

A tidal wave of money - \$18.4 billion - now is headed toward Michigan as part of the stimulus legislation authorized Tuesday by President Barack Obama, and state leaders are hoping it will wash away months of a recession and high unemployment.

The massive \$787 billion U.S. package pumps money into infrastructure projects, tax breaks, health care, renewable energy development and conservation to spur new jobs and long-term economic growth.

The stimulus plan is at the heart of Obama's effort to turn the economy back into a job-creating machine, and White House officials are projecting that the stimulus package will create or save 109,000 jobs in Michigan. Before the stimulus package passed, economists were estimating the state could lose 191,000 jobs this year.

But it remains unclear just how much of a shot-in-the-arm it will be for the state, which logged the nation's highest unemployment in December at 10.6 percent. Michigan lost more than 178,000 payroll jobs in 2008, according to the Bureau of Labor Statistics.

"If the prediction is borne out, it will make a very real difference," said Charles Ballard, an economics professor at Michigan State University, referring to the 109,000 job projection. "That would allow us to get our unemployment rate into the 8's (percentage range)."

However, Scott Watkins, a senior consultant with the Anderson Economic Group in East Lansing, said while the stimulus bill undoubtedly would create thousands of jobs in Michigan, it may actually push up the state's unemployment rate, perhaps past 11 percent.

That's because, he said, about 95,000 unemployed people in Michigan stopped looking for work last year and therefore have not been counted when computing the state's unemployment rate. Many of those people likely will resume their searches when the money arrives in the state. Once they're counted as part of the labor market, he said, it might cause the unemployment rate to rise.

'Much healthier'

"But it's much healthier for the state. It means that there are more people out there searching actively for work," Watkins said. "Some have just given up on their job search and they are living on public assistance and hoping for a turnaround."

Liz Boyd, spokeswoman for Gov. Jennifer Granholm, said the administration now is reviewing hundreds of proposals for infrastructure projects - many submitted by municipalities statewide - in

hopes of creating jobs as quickly as possible.

Those projects will be funded by \$1.15 billion in expected funding.

Other funding headed for Michigan includes \$1.6 billion for the state stabilization fund, which includes money for budget shortfalls in education and public safety; \$847.2 million for highways and bridges; \$2.1 billion for increases in and extensions of unemployment benefits; and \$3.9 billion in tax rebates.

Jobs are top priority

She said the highway money should reach Michigan within a few weeks, then the state must allocate it within 120 days.

"Job creation is the top priority," Boyd said. "We are going to do everything we can to maximize the job creation potential of this legislation."

Watkins and Ballard agree that a greater focus in the stimulus on infrastructure projects would have done more to create jobs and create a longer-term benefit.

U.S. Rep. Mike Rogers, R-Howell, said he voted against the bill because it didn't go far enough to create jobs, saying he favored higher amounts for tax relief for small-business owners and tax credits for home purchases.

"There's lots of wasteful spending," Rogers said of the stimulus bill.

Speed seen as key

But U.S. Rep. Mark Schauer, D-Battle Creek, said he supported the bill because it had the right mix of infrastructure funding and relief for families in distress to get the state's economy rolling again.

"Without question, we would be substantially worse off by not passing the bill than we would by passing the bill," Schauer said.

Speed is of the essence, Watkins agreed.

"You don't want to make hasty decisions, but the sooner that people can be put back to work, the sooner we can see some turn in consumer sentiment," Watkins said.

The Associated Press contributed to this report.

Additional Facts

Funds for Michigan

The \$787 billion stimulus bill signed into law Tuesday would send an estimated \$18.4 billion to Michigan.

That funding will include:

- State stabilization fund: \$1.6 billion (Can be used for school modernization and to fill budget shortfalls in education, public safety and other purposes.)
- Highways and bridges: \$847.2 million

- K-12 education: \$926.3 million
- Weatherization assistance: \$248.8 million
- Water infrastructure: \$237.3 million.
- Renewable, efficient energy programs: \$83.8 million
- Unemployment benefits increase and extension: \$2.1 billion
- Tax rebates: \$3.9 billion

Source: U.S. government
