

NEWS

[News](#)

• Type Size: [A](#) [A](#) [A](#)



[Print](#)



[Email](#)

Stimulus is more like a slow trickle

Job losses mounting as employers wait for funds



[Retweet](#)

by [Ronald J. SHARSEN](#) Jul 5, 2009 12:00 AM
The Arizona Republic



[Digg this](#)

Four months after the federal stimulus was signed into law, most stimulus-backed projects in Arizona, intended to create jobs, are still on the drawing board. That means agencies and contractors are biding their time even as the state's jobless picture grows bleaker.

Portions of the \$787 billion national spending plan are beginning to reach Arizona localities in spurts, offering a financial lifeline as state and local revenues continue to wither. A stimulus tax cut also is allowing most workers to keep more of their wages, which indirectly saves jobs by increasing consumer spending.

But officials say major projects, such as a \$199 million border station in Nogales, will take months before work can begin. Many grants, such as a \$600,000 proposal by a Scottsdale firm to install solar panels on [low-income](#) housing, are also in limbo.

The funding delays mean many companies cannot hire more workers for stimulus projects, tamping down job creation for now.

"We hired 10 people last month, and we'll hire even more if (the proposal) goes through," said Tom Alston, a manager for American Solar Electric Inc., which proposed the solar-panel project. "I think (the stimulus) will significantly help, but your guess is as good as mine as to when."

The Obama administration has acknowledged a slow start, in part to avoid waste and to establish new priorities, such as a push for greater energy efficiency. But White House officials have said the nation is heading into a period when stimulus spending should increase rapidly.

Last week, for example, the U.S. Department of Education released \$2.7 billion in stimulus money, including \$335 million to Arizona, that wasn't expected until the fall. Arizona's money is the second installment of a \$1 billion total aid package that will help preserve thousands of jobs around the state, especially this fall.

In Tempe, new work on a stimulus-funded water-treatment system is expected to soon support 260 jobs, and in Navajo County up to 160 workers have begun repaving a stretch of highway.

"We always knew we were not going to get all that much fiscal impact during the first five to six months," Christina Romer, Obama's chief economic adviser, told the *Financial Times* last week. "The big impact starts to hit from about now onwards."

Saving jobs, or creating new ones, is at the heart of the economic stimulus. More than 2 million people nationwide, including at least 30,000 in Arizona, have lost jobs since the stimulus became law. The administration says the spending plan has already saved or created 150,000 jobs nationwide and will save or create another 600,000 this summer.

In the meantime, while the stimulus plan is showing its youth, the recession is growing old. The downturn is in its 20th month, the longest since the onset of the Great Depression. And Arizona's economic decline is among the starkest in the nation.

Since the recession began in December 2007, Arizona has shed 254,000 net jobs, nearly quadruple the 70,000 jobs the administration hopes to save or create here through the stimulus.

Signs of a stimulus

Arizona's highways are among the most visible signs of where the stimulus is helping.

The [Arizona Department of Transportation](#) has already approved 41 stimulus-funded projects, awarded contracts for 24 of them and begun work on seven. The \$350 million in stimulus work is expected to directly fund an estimated 6,000 jobs. The number will likely be larger because lower-than-expected bidding will leave the agency with room to start more projects.

About \$87 million in stimulus funds from the Environmental Protection Agency are helping fund 45 projects related to drinking water or water treatment around the state, directly providing 2,600 jobs. So far, 31 of the projects are under way, and many more communities sought the federal aid.

Project [loan applications](#) jumped from 45 last year to 352 this year, said Mark Shaffer, a spokesman for the Arizona Department of Environmental Quality.

But not every project hinged on the stimulus.

Tempe is receiving \$11 million in a low-interest [loan](#), the largest piece of EPA aid for Arizona, for its water-treatment system project.

"We were planning to go ahead with it anyway," said Don Hawkes, Tempe's water utilities manager. The water system "was literally shovel-ready."

Nearly all the projects are expected to last one year or less. Less than half the \$177 million price tag for the water projects comes from the stimulus. The remainder comes from existing state and federal sources.

Other aid is on a smaller scale.

Dustin Woodman, program manager of the Coconino Rural Environment Corps, said his organization will receive about \$500,000 in AmeriCorps stimulus grants, largely for park preservation across northern Arizona. It is the primary funding for 52 jobs, half starting this week.

"In the absence of stimulus funds . . . we've been scaling back the number of people we can bring on," Woodman said.

The U.S. Department of Veterans Affairs has added a \$600,000 window-replacement program to ongoing improvements to its hospital in Phoenix. That work is scheduled to begin in August, and officials expect it will provide about eight jobs.

In Tucson, the first of two renovations of veterans' facilities totaling \$1.1 million is scheduled to begin within days. An additional 19 projects worth \$16 million aren't ready to begin. There is also \$352,000 for cemetery improvements at six sites around the state.

Slow pace of bureaucracy

Perhaps the biggest challenge the stimulus faces is overcoming the seemingly glacial pace of government business.

In late March, the General Services Administration, the federal government's landlord, approved a \$199 million renovation of the Mariposa Port of Entry along the Nogales border. It is the largest GSA stimulus project outside Washington.

The project has been on the drawing board for years and, by some estimates, could support about 2,000 jobs in the community. That's especially welcome news for the city of Nogales, where unemployment has held steady above 13 percent for the past year.

But the government is just accepting project bids and likely won't begin construction until October, said Donna Shepard, a spokeswoman for the agency.

"Since it's part of the (stimulus) . . . they're looking to streamline the process, to the extent we can," she said.

A similar story is playing out across the state in other agencies large and small.

Within days of the stimulus becoming law, the U.S. Department of Housing and Urban Development informed Arizona it could expect \$153 million. Four months later, almost none of the funds are available yet, said Larry Bush, a spokesman for the department.

The U.S. Department of Agriculture approved a \$19 million sewage project near Yuma in April using stimulus funds. When completed, it could connect up to 1,000 homes there to a modern sewer system.

It's one of the larger stimulus projects of its kind in the nation and is expected to require 250 workers. But Yuma Mayor Larry Nelson said design details and other questions are holding it back.

"It is nowhere near ready to go," Nelson said. Existing federal work on nearby military bases that are unrelated to the stimulus could be completed more quickly and will likely have more long-term impact, he said.

Even smaller stimulus projects are still on hold.

The Arizona Commission on the Arts is in line for \$323,000 to help preserve jobs for art groups around the state. The funds will provide grants of up to \$25,000, but they won't be awarded until October. The help is welcome, but will scarcely offset the "hundreds" of jobs lost in the arts community in the Valley alone, said Robert Booker, executive director of the commission.

Indirect jobs boost

While many projects remain on hold, the stimulus is operating in other indirect ways that economists say are creating or saving jobs.

Since the spring, [federal tax](#) withholdings have eased a bit because of a tax cut, allowing workers to keep up to \$400 more of their earnings this year. Jobless benefits and food-stamp aid have climbed. Veterans and Social Security recipients have gotten one-time \$250 payments. And tax breaks, such as an \$8,000 credit for [first-time home buyers](#), are believed to be helping thaw the frozen housing market.

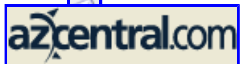
Those injections of aid keep or place more cash in consumers' hands, and because many are often scraping to make ends meet, they will spend the money and help the economy.

Even so, federal economic reports show Americans are saving their money at more than triple the rate they did compared with last summer. It suggests many are pocketing rather than spending the cash.

Reach the reporter at 602-444-4493 or ronald.hansen@arizonarepublic.com.


• Type Size: [A](#) [A](#) [A](#)

•  [Print](#)



• [Kerweel](#)

LATEST NEWS HEADLINES

-  [Digg this](#)
- [Man shot, killed in Sun City: Sheriff's Office seek 3 men](#)
- [New details emerge in case of missing Surprise woman](#)
- [Man who left water jugs in desert to be sentenced](#)
- [Arizona unites with feds to target home loan schemes](#)
- [Weekend freeway closures and restrictions in the Valley](#)
- [Police: Driver of van in light-rail crash may have run red light](#)
- [Woods' fall from grace rekindles role-model debate](#)
- [Old-style Circle K stores get new life](#)
- [U.S. troops launch major offensive in Afghanistan](#)
- [Arizona accuses payday loan company of deception](#)

3

Get value and
freshness delivered



SAFeway 

Save now ▶