

The Stimulus Program and Jobs: A Report on Impact and Next Steps



A perspective on the many-faceted impact on auto sector communities

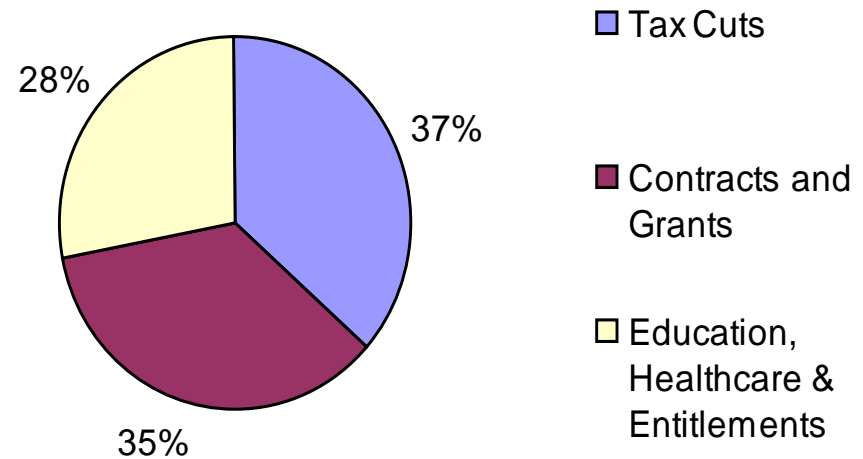
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Economic Context: One Year Ago

- Real GDP declined
 - -5.4 in Q4 2008
 - -6.4 in Q1 2009
- Economy in Financial distress
 - Declining market for mortgage-backed securities (MBS)
 - Lack of available credit
- Employment losses averaged 691,000 per month in first quarter of 2009
- 6.1 Million are now long-term unemployed

Federal Response

- American Recovery and Reinvestment Act of 2009
 - **\$288 Billion to give 95 percent of American workers an immediate tax cut**
 - **\$275 Billion in contracts and grants**
 - **\$224 Billion for Education, Healthcare and income supports**
 - Designed to help those harmed by the economic crisis, prevent job loss, and lay a new foundation to keep America competitive
 - Investments began to rebuild America's road, rail, and water infrastructure, with unprecedented accountability measures
- Financial Stability Plan
 - Restore confidence in the strength of U.S. financial institutions
 - Restart markets critical to financing American households and businesses
 - Address housing market problems and the foreclosure crisis



2010 Update

- \$413 billion of \$787 billion has been outlayed or obligated
 - 2010 and 2011 impact still to come as only \$69.1 billion (about 25%) of the approximately \$280 billion in funds for programs administered by states and localities, had been paid out.
- Reports from CBO estimates up to 1.6 million jobs created or saved through Recovery Act
- TARP program will cost at least \$200 billion less than anticipated

Economic Context in Auto Communities

- Motor vehicle sales, dropped to a 9.5 million unit rate in January.
- Motor vehicle production was cut to the lowest level since at least 1967, and
- Chrysler and GM requested Federal government help to stay in business.
- States suffering high number of job losses
 - Michigan, 240,000 jobs lost
 - Ohio, 193,000 jobs lost
 - Indiana, 131,000 jobs lost

Response: White House Council on Auto Communities and Workers

- Created by Presidential Executive Order on June 23, 2009
 - Use resources of Recovery Act to help auto communities
 - Cut red tape
 - Coordinate multi-agency effort in partnership with state/local governments, foundations, and private sector
 - Bring support to businesses, workers, and communities

Strategy to Rebuild Auto Communities

- Support for Businesses
 - Dept. of Energy Programs
 - Alternative Technology Vehicle Manufacturing (ATVM) Loans
 - Electric Drive Vehicle Battery and Component Manufacturing Initiative
 - SBA Loan Expansion Program
 - Manufacturing Extension Partnership (MEP)
 - DOE-Treasury Advanced Energy Manufacturing Tax Credits
 - Auto Warranty Commitment Program
 - Cash for Clunkers
 - Estimated to have created 61,000 jobs

Strategy to Rebuild Auto Communities

- Support for Workers
 - Dept. of Labor Rapid Response Units
 - National Emergency Grants
 - \$14.7 M for auto communities in Michigan, Ohio, Delaware, Minnesota, and Connecticut
 - Trade Adjustment Assistance
 - Dept. of Labor Jobs Grants
 - \$75 million targeted to auto communities to support training in green jobs, health care, and other emerging industries.
 - Unemployment Insurance (UI) Modernization
 - American Graduation Initiative
 - \$12 Billion over ten years to strengthen job training in the nation's community colleges

Strategy to Rebuild Auto Communities

- Support for Communities
 - Transitioning properties
 - Economic Development Administration (EDA)
 - \$110 million to support public works and economic development, economic adjustment assistance, planning, technical assistance, research and evaluation, trade adjustment assistance, and global climate change mitigation incentives
 - EPA Brownfield Grants
 - \$119 million
 - Neighborhood Stabilization Program (NSP)
 - US Treasury Recovery Zone Bonds
 - \$25 billion targeted at communities experiencing rapid increases in unemployment

Moving forward

- Coordinating the federal response
 - Working with agencies to deliver resources
- Outreach to communities
- Policy proposals
 - Cities in Transition workgroups