



EXECUTIVE DIRECTORS CORNER



American Recovery and Reinvestment Act of 2009

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On Feb. 13, 2009, Congress passed the American Recovery and Reinvestment Act of 2009 (HR 1). The act includes a total of \$787 billion in spending and tax cuts, including \$308 billion in appropriated spending, \$269 billion in direct spending (Government spending, unemployment assistance, Medicaid reimbursement to states, etc) and \$211 billion in tax cuts.

The rebuilding of “crumbling roads, bridges, and schools” highlighted in various speeches by our political leaders will make greater use of unemployed construction workers however, such spending will be a small fraction of the total stimulus package.

While being called by some detractors “The Spendulus Plan” the 1,073 page bill is the largest government spending bill in our history. We will be paying this bill for decades. Critics complain we are mortgaging our children and grandchildren’s future. I believe we are also mortgaging our own retirements.

Cashtration (n.): The act of borrowing a large sum of money, which renders the subject financially impotent for an indefinite period of time.

Depending on who you ask, the Stimulus Plan has either rescued the nation’s economy or set in motion the most liberal government in a generation, and one that’s likely to prolong the country’s economic recovery.

This investment is meant to help unemployed construction workers across the nation. Though in Alaska, we have not suffered significant job loss in the construction industry, the rest of the nation has. Our 2009 Construction Spending Forecast for Alaska indicates that construction will be down just 3 percent from 2008 – essentially flat, and is the envy of 49 other states.

Presently, the construction industry has lost almost one million jobs since the beginning of 2007 and has a national unemployment rate of 12.7 percent. Not only will this stimulus program address a significant piece

of the nation's unemployment, it would provide many projects that will have a lasting benefit to Alaska.

This program will include money for highways and bridge repair, transit, rail, aviation, sewer and water, and the Army Corps of Engineers. Money from the stimulus plan for transportation work is being funneled through existing federal programs such as the Federal Highway Administration, the Federal Transit Administration and the Federal Aviation Administration. Included in that package, according to estimates at the time of this writing, is roughly \$175 million for Alaska roads and bridges, another \$81 million for aviation infrastructure and around \$41 million for transit projects.

In addition there is funding for Weatherization Assistance Program (\$18.5 million) State Energy Program (\$28.5 million), and \$43.8 million for the Clean Water and Drinking Water Revolving Loan Funds.

The stimulus will bring to fruition many infrastructure projects with lasting benefits to Alaska. I applaud the state's efforts at getting way ahead of the curve to be ready to receive these funds, and to be ready to get any of the funds others states can't use. DOT has a separate page on its Web site strictly devoted to Stimulus projects and information at <http://www.dot.state.ak.us/econstim/>.

These Stimulus Funds will be in addition to our regular federal

program funds for transit, highways and aviation. Keep in mind they are one-time funds, and we must invest in good projects. We need to resist the temptation to select projects based on political influence and popularity, instead pick projects that will have near-term and lasting economic benefit to Alaska. Let's turn a feeding frenzy into a wise investment.

Intaxication (n): The euphoria at getting federal stimulus funds, which lasts until you realize it was your money to start with.

What began as an effort late last summer by Congress to put the country's economy back into gear by investing heavily in construction spending to rebuild America's roads, bridges and schools slowly became classic political compromise – which means it was filled with funding for bigger government and pet programs and was totally watered down. Democracy has its weaknesses, but it is still the best system going.

Bozone (n.): The substance surrounding dumb ideas that stops good ideas from penetrating. The bozone layer, unfortunately, shows little sign of breaking down in the near future.