

Study: Federal stimulus bill saved or created 264,000 Texas jobs

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President Barack Obama's 2009 [economic stimulus](#) program saved or generated at least 264,000 Texas jobs in the first 18 months after federal dollars started flowing to states, according to a new study.

Although Texas' [GOP](#) leaders rail against government spending, the state's important health care and education sectors depend heavily on it, the study's authors noted Thursday. Also, Gov. Rick Perry's statement that the stimulus act "created zero jobs" has been debunked as false by the *Tampa Bay Times'* fact-check unit PolitiFact, they said.

The report was commissioned by Texans for Public Justice, a group best-known for tracking campaign money. Craig McDonald, a former colleague of consumer activist [Ralph Nader](#), heads the liberal group.

A [Perry](#) spokeswoman and Texas Workforce Commission Chairman Tom Pauken of Dallas quickly dismissed the study as flawed and misleading.

"It's no surprise that a liberal organization like [Texans for Public Justice] would say anything to distort the truth about our state's economic success under Gov. Perry's principled, conservative leadership," said Perry press secretary Catherine Frazier.

Texas regularly outperforms other states in job creation, she said, "not because of stimulus spending but because of a steadfast commitment to low taxes, restrained spending, stable and predictable regulations, and fair courts."

The report said, however: "Clearly, the global [recession](#) would have imposed far more pain on the state of Texas and its families without \$7.7 billion in Recovery Act expenditures that created or preserved at least 264,459 Texas jobs," or 2 percent of a state workforce that at the time numbered 11.2 million.

Grad students' effort

Three [University of Texas at Austin](#) graduate students in economics and public policy conducted the study, which was funded with money from Good Jobs First, a Washington, D.C.-based advocacy group.

They looked at the second half of 2009 and all of 2010, focusing narrowly on \$7.7 billion that the White House's Recovery Act website says flowed to Texas from the original stimulus act.

According to a more recent report by the Legislative Budget Board, at least \$18.7 billion flowed to Texas from the stimulus bill and its successor legislation, such as the 2010 "edu-jobs" bill that extended a higher federal Medicaid match and fiscal help to the states to preserve the jobs of teachers, police and firefighters.

Recipients of the Recovery Act funds were required to report the number of direct jobs created as a result of receiving the money. Those numbers, reported on the [www.recovery.org](#) site, come to 243,814 for Texas, paralleling the new report.

Pauken is a Perry appointee who next week gives up his chairmanship at the workforce commission. He said that trying to calculate how many jobs have been saved "is fuzzy math." He said even U.S. Sen. [Max Baucus](#), D-Mont., has criticized [White House](#) economists for lumping that in with estimates of jobs created.

"I don't see that it creates anything in terms of lasting jobs," Pauken said of the stimulus act.

However, budget analyst Eva DeLuna Castro of the center-left Center for Public Policy Priorities said it's clear what the stimulus money helped avert — widespread layoffs of teachers, janitors and bus drivers in Texas' public schools. Using numbers from a Texas Education Agency website, she calculated a 4 percent drop in school employment between the last school year and the current one.

"If not for the Recovery Act, we would've gotten rid of 25,000 teachers' jobs two years ago," she said, noting that Perry and GOP lawmakers accepted stimulus money to avoid cuts in the 2009 session and did not replace the funds last year. "We know what actually happens, now that the money's gone."

Pauken also criticized the study's authors for using a so-called Keynesian economic multiplier to spit out the jobs numbers. The practice has been common since the late British economist [John Maynard Keynes](#) influenced U.S. policymakers in [the Great](#)

[Depression](#). But in recent years, it has come under aggressive attack from conservative economists. In his failed presidential bid last year, Perry tried to amplify that criticism.

Keynes multiplier

UT graduate student Mazdak Mohtasham and other authors of the Texans for Public Justice study, though, wrote that they used a “relatively conservative” version of Keynes’ multiplier. They noted that federal spending can replace existing expenditures by state or local governments, or current private spending on health care. To the extent that happens, “there is no net increase in employment,” they said.

Also, in theory at least, increased federal spending can lead to higher income tax rates, which can put a damper on purchasing and investing, offsetting some of the benefit of greater spending, they said. There has been no indication [Congress](#) will raise income tax rates any time soon, though.

Pauken said that former President [George W. Bush](#) in 2008 and [Obama](#) the next year tried “the Keynesian approach. It hasn’t worked. ... It’s just a nonstarter.”

But the study authors said more than a quarter of Texas jobs are in the government, health and education sectors.