



From the office of Texas Workforce Commission

# Chairman Tom Pauken

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Opinion/Editorial

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## White House Stimulus Job Growth Claims Are Misleading

*TWC Chairman Questions Positive Impact of the Recovery Act*

AUSTIN – “As Chairman of the Texas Workforce Commission, I have grave concerns about the true impact of the Obama Administration’s stimulus program on job opportunities for unemployed Americans,” said Tom Pauken. The TWC Chairman addressed the claims made in a White House press release last week which called the American Recovery and Reinvestment Act (Recovery Act) a great success, “responsible for 2.2 to 2.8 million jobs created through the first quarter of 2010.”

In that statement, Vice President Joe Biden is quoted as saying, “the [Obama] Recovery Act is firing on all cylinders when it comes to creating jobs and putting Americans back to work.”

The press release quotes a report released by the Council on Economic Advisors that 205,000 jobs were created by the Recovery Act in Texas alone, and millions created nationwide. “That’s news to us here in Texas where our state is arguably doing better than any other large state in the nation in job creation, but the Obama stimulus plan has not ‘created’ 205,000 jobs here,” said Pauken. “This claim is completely misleading and inaccurate. There is no direct evidence that the Obama stimulus plan actually created any new private sector jobs in Texas.”

In contrast, March job growth and unemployment data released by the U.S. Department of Labor Bureau of Labor Statistics reported there were 2.3 million job losses in the United States over the past year and that 15 million Americans still are unemployed.

Pauken added, “The Council of Economic Advisors’ report, upon which the White House claim is based, even calls into question the accuracy of their own estimates, stating ‘these disaggregate estimates are inherently ... speculative and uncertain’.”

The Statistical Projection Approach used to arrive at the 205,000 ‘saved or created jobs’ has little basis in fact, and is based on an assumption that the Recovery Act had a national employment impact of 2.8 million jobs, which is higher than the Council’s own Quarterly Report. The statewide breakdown divides the ‘2.8 million jobs saved or created’ among the states on the basis of an average of the share of all states’ national non-farm employment, the distribution of Recovery Act outlays among the states, and the sectoral composition of employment in each state.

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The statewide breakdown also assumes that any jobs ‘saved or created’ in a particular industrial sector are distributed across states in the same way as are existing jobs in that sector. That’s a big assumption, as is the initial estimate of 2.8 million Recovery Act jobs. In the end, the Council’s report is only good for estimating the proportional impact of the Recovery Act among the states, not for the ‘estimated total’ of jobs created as the White House release infers.”

Annual private investment has fallen nationally by \$316 billion since the recession started--a 20 percent drop. This fall continued even after the Obama Administration’s stimulus became law, providing a clear indication that less private investment means less job creation. As long as business investment remains low and entrepreneurs refrain from starting new enterprises, job creation will remain low and unemployment will stay high nationally.

“Rather than issuing misleading press releases touting jobs not actually created, the Obama Administration should follow Texas’ example and invest in building American businesses,” said Pauken. “The Vice President should quit touting flawed Washington economic policies that are doing little to put Americans back to work and prolonging our nation’s most serious national recession since the Great Depression.”

“The truth of the matter is that Texas has led all large, labor market states in private sector job creation over the last decade because of sound economic policies followed by Governor Rick Perry and our Texas legislative leaders, said Pauken. “Texas had 9.3 percent growth in private sector jobs from 1999 to 2009. Florida increased private sector employment by 4.3 percent. The remaining eight largest labor market states had negative private sector job growth during that decade.”

“These new claims from the Obama Administration remind me of when they told the American people that their stimulus plan would result in national unemployment going no higher than 8 percent,” said Pauken. “Yet, today the unemployment rate nationally is at 9.7 percent with no indication that those numbers will decline significantly anytime in the near future.”

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*The Texas Workforce Commission is a state agency dedicated to helping Texas employers, workers and communities prosper economically. For details on TWC and the programs it offers in unison with its network of local workforce development boards, call (512) 463-8556 or visit [www.texasworkforce.org](http://www.texasworkforce.org).*