

Government Spending or Tax Cuts? The 2009 Stimulus Package for Taylor County, Texas

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On February 17, 2009, President Barack Obama signed into law the American Recovery and Reinvestment Act. It called for the creation of new jobs and the support of jobs at-risk, stimulation of the economy using investment to spur long-term growth, and an unprecedented level of accountability and transparency in government spending. Taylor County, Texas, received \$48 million over 16 months for 78 projects. This paper will model the impact of the stimulus package on Taylor County, Texas, and compare this model with an alternate tax relief model. This paper is intended to improve the economic choices made by Taylor County and the city of Abilene.

INTRODUCTION

On February 17, 2009, President Barack Obama signed into law the American Recovery and Reinvestment Act. This act was a direct response to the economic crisis. It called for the creation of new jobs and the support of jobs at-risk, stimulation of the economy using investment to spur long-term growth, and an unprecedented level of accountability and transparency in government spending. The Recovery Act (*Congressional Digest* 88.4 2009) intended to achieve these goals by:

- Providing \$288 billion in tax cuts and benefits for millions of working families and businesses
- Increasing federal funds for education and healthcare as well as entitlement programs (such as extending unemployment benefits) by \$224 billion
- Making \$275 billion available for federal contracts, grants, and loans
- Requiring recipients of Recovery funds to report quarterly on the use of their shares of the funds

Taylor County, Texas, received \$47,904,582 over 16 months for 78 projects. This paper will model the impact of the directed stimulus package on Taylor County and Abilene, Texas, and compare this model with an alternate tax relief model using the same dollar amount. The model will categorize each stimulus program into its industry category for modeling purposes.

Our analysis was performed using the IMPLAN system ("IMPLAN Company Website"). By constructing Social Accounts that describe the structure and function of a specific economy, IMPLAN creates a highly localized model to investigate the consequences of projected economic transactions on

geographic regions. Over one thousand public and private institutions use IMPLAN. It is the most widely employed and accepted regional economic analysis software for predicting economic impacts.

IMPLAN's Social Accounting Matrices (SAMs) capture the actual dollar amounts of all business transactions occurring in a regional economy as reported each year by businesses and governmental agencies. SAM accounts are a better measure of economic flow than traditional input-output accounts because they include "non-market" transactions. Examples of these non-market transactions are taxes and unemployment benefits.

The comparison of tax relief and government spending outputs from IMPLAN allows us to examine funding policy and its effectiveness in Taylor County. Abilene leaders have commented that it is difficult to quantify how much of an impact the stimulus funds will have on the local economy. Mike McMahan, president of the Abilene Chamber of Commerce, stated,

"Any money spent in Abilene is positive, but it's unclear whether the stimulus funds will have a lasting effect." (Kleiner Varble, 2009)

One of the stated goals of the stimulus package was to create or save jobs. The two model outcomes are compared for differences in job creation for the county. This paper is intended to improve the economic choices made by Taylor County and the city of Abilene in future stimulus discussions. It is also intended to inform those deciding economic policy of the possible uses of impact analysis in the effective use of Keynesian corrective measures.

IMPACT ANALYSIS AND THE POLITICAL PROCESS

There has been no questioning of the fact that infusion of funds into a local economy has a positive effect on that economy. Keynesian economics itself is based on the principles of infusing funds into the economy through government-directed spending. The cost of this spending is ignored with the understanding that any expenditure through the multiplier has a positive effect on the economy. With regard to where that spending should go, Aschauer (1989) maintains that

"...significant weight should be attributed to public investment decisions - specifically, additions to the stock of nonmilitary structures such as highways, streets, water systems, and sewers- when assessing the role the government plays in the course of economic growth."

Aschauer (1989) focuses on the traditional areas of economic infusion but recommends further research in the future that compares expenditures across the country with productivity trends or the investment's ability to regenerate activity in areas of investment. Systems such as IMPLAN were not well known at the time of his writing. By early 2001 Seung & Kraybill (2001) were using IMPLAN to model government directed infusions into the economy. Their work focused only on actual sector spending and ignored the possibility of modeling tax rebates to the local populace.

Alesina and Ardagna (2009) researched the choices in economic policy of tax reductions or directed spending on infrastructure. Their research focused on the stimulus package investigated by this paper. Alesina and Ardagna said:

"The first question, namely whether tax cuts or spending increases are more expansionary is a critical one, and economists strongly disagree about the answer. It is fair to say that we know relatively little about the effect of fiscal policy on growth and in particular about the so called fiscal multipliers, namely how much one dollar of tax cuts or spending increases translates in terms of GDP."

They continued:

“Our results suggest that tax cuts are more expansionary than spending increases in the cases of a fiscal stimulus. Based upon these correlations we would argue that the current stimulus package in the US is too much tilted in the direction of spending rather than tax cuts.”

Alesina and Ardagna do not make the connection between multipliers and the outputs of impact analysis. Adams and Gangnes (2010) maintain that it is not just a question of multipliers but that it is critical how the funds are allocated between spending, tax cuts, transfers, and payments to states. They also maintain that it is important that funds be quickly disbursed.

Research findings aside, the use of impact analysis in determining the best method of infusion for the local economy is problematic. The political process is fraught with the give and take of pet projects and political favors causing the objective review of the best infusion process to be relegated to the private sector. Deal (2006) states:

“In the highly charged battleground where public policy is often shaped, emotional, cultural, partisan and religious perspectives often cloud discussions of controversial and complex initiatives.”

Deal feels that the use of impact analysis can help focus public policy debates on facts rather than emotions. While impact analysis is used extensively in private sector analysis, there has been little use of the process by the government sector. Its use is problematic in that it could actually disprove the project favored by the political proponent.

Grunwald (2009) discusses the attempt by the Obama administration to remove pork from the 2009 stimulus package. He maintains that, even though there was an attempt at removal, most projects implemented through the stimulus are in fact pork or pet projects. The stimulus allocates large amounts of dollars for specific areas, requiring applicants to fulfill those requirements rather than use funds in the best manner for the local region. This allocation of funds causes some moral hazard for local governments, as they must be “in it to win it.” In other words, it is better for local governments to apply for funds in areas where there are “low needs” rather than to receive no funds at all.

Lamie (2010) maintains:

“Fiscal impact assessments will become increasingly important as local governments continue to provide community services subject to tighter budget constraints.”

As fiscal constraints further tighten their economic noose around local governments, the need for fiscal impact analysis will become more important. With limited funds, better decisions need to be made as to the funds’ placement. According to Hudson (2001), local governments must ensure that these studies reflect true impacts. Hudson’s main complaint about economic impact studies deals with the fact that many studies ignore the opportunity cost of each outcome.

The authors’ comparison of the two suggested possibilities (spend the stimulus as directed or give a tax rebate) are mutually exclusive. The choice to give pure tax refunds should not be effected by the choice to give up a road repair project. A project-to-project comparison would be a different matter.

David Hughes (2003) discusses policy uses for impact analysis. He maintains that it is important to understand what the output values from the models really mean, the assumptions underlying their estimation, and whether they are realistic. He believes that the most important issue with regard to the proposed project is whether the investment area is profitable. Continuing to invest in projects that add no value or show no long term viability is counterproductive. The efficient use of resources discussed in economics revolves around the idea that inefficient companies or projects go out of business while profitable companies or projects are by nature worthwhile. A tax rebate model assumes that local residents vote for investment in their area through spending in areas that interest them. Actual 2009 stimulus spending was not evaluated with regard to profitability on a case-by-case basis.

Grunwald and Yan (Time, 2009) were concerned with unfettered spending during stimulus discussions. Their suggestion was to use

“...some kind of independent arbiter to establish performance measures and evaluate stimulus projects for timeliness and tails as well as competitiveness and carbon. During his campaign, Obama proposed an infrastructure bank that wouldn't finance projects that don't produce economic or environmental returns. But Oberstar hasn't put in 45 years just to cede power to a commission. 'It's like turning around a battleship,' Puentes says. 'And we just don't have the time.'”

Perceived urgency overrides the common sense suggestion to research spending to ensure the maximum impact for each dollar spent. It is the hope of the authors that this paper might stimulate further discussion on the validity of economic impact analysis on deciding the best methods to stimulate local economies.

MODEL DEVELOPMENT

Stimulus data was obtained for Taylor County, Texas, from the web site www.recovery.gov ("Stimulus Package Accountability Web Site"). This web site was established to track stimulus dollar expenditures. Taylor County zip codes were used to find total expenditures in Taylor County (refer Table 1). Altogether, there were 78 contracts or grants for a total of \$47,904,582.

TABLE 1
TAYLOR COUNTY STIMULUS BY TYPE, NUMBER OF AWARDS AND ZIP CODES

Stimulus by Zip			
Zipcode	Contracts	Grants	Grand Total
79601		\$ 3,801,521	\$ 3,801,521
79602		\$ 14,167,950	\$ 14,167,950
79603		\$ 643,062	\$ 643,062
79604	\$ 6,754,940	\$ 14,496,557	\$ 21,251,497
79605		\$ 659,536	\$ 659,536
79606		\$ 2,165,936	\$ 2,165,936
79607	\$ 5,124,418		\$ 5,124,418
79698		\$ 36,082	\$ 36,082
79699		\$ 54,580	\$ 54,580
Grand Total	\$ 11,879,357	\$ 36,025,224	\$ 47,904,582

Projects requesting funding are listed in Appendix A, detailing the Taylor County stimulus projects by the Funding Agency (e.g., Abilene Christian University), Award Area (e.g., Department of Education), the amount of the funding, the IMPLAN sector associated with each project, and the Project Title given by the Funding Agency. A comprehensive review of the Stimulus Package Accountability Web Site revealed the dates that each project was funded. Project funding data was provided on a month-by-month basis but was accumulated into funding years to facilitate IMPLAN data entry requirements. Project funding dates and IMPLAN sectors were then used to create a table summarizing the project descriptions, sectors, and total expenditures by year (refer Table 2). Funds allocated to monitor and continue government services were assigned to relevant government sectors. Funds allocated to provide social services were assigned to the appropriate non-government sectors - e.g., air conditioning for the elderly is classified under maintenance and repair construction of residential structures (IMPLAN sector 39).

**TABLE 2
IMPLAN DESCRIPTION, SECTORS, AND TOTAL EXPENDITURES BY YEAR**

Year 2009		
Implan Description	Implan Sector	Total
Maintenance and repair construction of nonresidential maintenance and repair	39	\$ 14,635,955
Maintenance and repair construction of residential structures	40	\$ 3,567,059
Other computer related services, including facilities management	373	\$ 150,809
Management, scientific, and technical consulting services	374	\$ 57,576
Elementary and secondary schools	391	\$ 16,291,785
Performing arts companies	402	\$ 16,435
Grantmaking, giving, and social advocacy organizations	424	\$ 572,314
Civic, social, professional, and similar organizations	425	\$ 798,559
State and local government passenger transit	430	\$ 2,057,460
Other state and local government enterprises	432	\$ 516,085
Employment and payroll for SL Government Non-Education	437	\$ 389,143
Employment and payroll for SL Government Education	438	\$ 90,662
Community food, housing, and other relief services, including rehabilitation services	401	\$ 147,752
Grand Total		\$ 39,291,594
Year 2010		
Implan Description	Implan Sector	Total
Maintenance and repair construction of nonresidential maintenance and repair	39	\$ 2,957,684
Elementary and secondary schools	391	\$ 960,114
Child day care services	399	\$ 895,987
Civic, social, professional, and similar organizations	425	\$ 3,575,754
Other state and local government enterprises	432	\$ 100,000
Community food, housing, and other relief services, including rehabilitation services	401	\$ 123,448
Grand Total		\$ 8,612,987
Total of Both 2009 and 2010		\$ 47,904,582

In preparation for the comparative tax rebate model, the authors reviewed the current demographic statistics for Taylor County, Texas, available from the U.S. Census Bureau, 2009, American Community Survey, to obtain a cross section of households by income bracket. The IMPLAN data analysis has an upper salary income stratum of over \$200,000; therefore, any number over \$200,000 was accumulated into the top stratum. Once the population estimates were established for each stratum, we recorded the midpoint of each salary range to serve as the average of the possible incomes in each stratum.

The Internal Revenue Service's web site (www.irs.gov) provided the 2009 marginal tax rates for each income level. The marginal tax rates were multiplied by the midpoint income of each income level to determine the amount of federal tax revenue per household in Taylor County by income level. The estimated federal tax revenue per household was then multiplied by the estimated number of households at each income level to estimate total tax revenue per income level.

A proposed \$47,904,582 tax rebate per income level was apportioned by calculating the percentage of total federal tax revenue by income level over total federal tax revenue. Refer to Table 3 - Determination of Total Tax Rebate per Income Level to review the apportioned funds.

**TABLE 3
DETERMINATION OF TOTAL TAX REBATE PER INCOME LEVEL**

Income Level	Estimated Households per Income Level	Income Level Midpoint	Marginal Tax Rate	Estimated Federal Tax Revenue per Household	Estimated Total Federal Tax Revenue per Income Level	Estimated Total Federal Tax Revenue per Income Level as a Percentage of Estimated Total Federal Tax Revenue	Total Tax Rebate per Income Level
Less than \$10,000	3,386	\$ 5,000	0%	\$ -	\$ -	0.0%	\$ -
\$10,000 to \$14,999	2,604	\$ 12,500	10%	\$ 250	\$ 650,870	0.2%	\$ 73,369
\$15,000 to \$24,999	6,963	\$ 20,000	15%	\$ 1,250	\$ 8,702,531	2.0%	\$ 980,983
\$25,000 to \$34,999	6,410	\$ 30,000	15%	\$ 2,750	\$ 17,625,417	4.1%	\$ 1,986,806
\$35,000 to \$49,999	5,935	\$ 42,500	17%	\$ 4,737	\$ 28,114,199	6.6%	\$ 3,169,142
\$50,000 to \$74,999	10,524	\$ 62,500	25%	\$ 9,099	\$ 95,761,138	22.5%	\$ 10,794,568
\$75,000 to \$99,999	5,449	\$ 87,500	27%	\$ 15,599	\$ 84,999,223	20.0%	\$ 9,581,443
\$100,000 to \$149,999	4,039	\$ 125,000	28%	\$ 25,974	\$ 104,908,077	24.7%	\$ 11,825,647
\$150,000 to \$199,999	986	\$ 175,000	30%	\$ 40,448	\$ 39,882,207	9.4%	\$ 4,495,678
\$200,000 or more	925	\$ 200,000	33%	\$ 47,923	\$ 44,329,086	10.4%	\$ 4,996,947
Total	47,221			\$ 148,030	\$ 424,972,749	100.0%	\$ 47,904,582

ECONOMIC IMPACT METHODOLOGY

There are two widely used economic impact modeling software packages available for economic analysis: the REMI model, developed by Regional Economic Models, Inc. and IMPLAN (Impact Planning), developed by the Forest Service of the Department of Agriculture and distributed by MIG, Inc. (Formerly Minnesota IMPLAN Group, Inc.). Carihfield and Campbell (1991) compared these two models and found significant and sizable differences in the two system outputs. Carihfield and Campbell found the REMI system multipliers to be 32% to 57% larger than IMPLAN. Given a choice in package selection for modeling, the authors used the more conservative modeling package of the two with regard to multipliers – the IMPLAN system.

Using IMPLAN software, the authors calculated the impact of the stimulus package data on business activity based on investment in projects and grants during each of the years 2009 and 2010. The IMPLAN sectors underlying the analysis are summarized in Appendix A for each project. Specifically, this analysis measures the anticipated economic impacts of the 2009 Stimulus Package using the IMPLAN input-output economic system and RIMS II (a similar system produced by the Census Bureau). We customized the models by categorizing the industry investments into IMPLAN Sectors. We used regional purchasing coefficients found in the model to determine the percent of projects that were expended within Taylor County. In any business transaction, funds flow away from the study area through normal business channels and do not affect it.

An economy can be measured in any number of ways. The three most common are: “Output,” which describes total economic activity and is closely linked to a firm’s gross sales; “Employee Earnings,” which corresponds to wages and benefits; and “Employment,” which refers to permanent jobs that have been created in the local economy.

In an input-output analysis of these types of activities, it is useful to distinguish three types of expenditure effects: direct, indirect, and induced.

- Direct effects are production changes associated with the immediate effects or final demand changes. The payments made by an out-of-town visitor to a hotel operator are an example of a direct effect, and so is the money spent by that same visitor at a restaurant.
- Indirect effects are production changes in backward-linked industries caused by the changing input needs of directly affected industries – typically, additional purchases to additional output. Satisfying

the demand for an overnight stay will require the hotel operator to purchase cleaning supplies to clean the room. These payments affect the economic status of other local merchant workers (e.g., grocery and cleaning suppliers).

- Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects. Both the hotel operator and restaurant experience increased income from the visitor’s stay, for example, as do the cleaning supplies outlet and the food service vendor. Induced effects capture the way in which local merchants spend this increased income in the local economy.

**FIGURE 1
THE FLOW OF ECONOMIC IMPACTS**

DIRECT + INDIRECT + INDUCED = TOTAL IMPACT

The interdependence between different sectors of the economy is reflected in the concept of a “multiplier.” The output multiplier divides the total (direct, indirect, and induced) effects of an initial spending injection by the value of that injection. The higher the multiplier, the greater the interdependence among different sectors of the economy. An output multiplier of 1.3, for example, means that for every \$1,000 injected into the economy, another \$300 in output is produced in all other sectors.

TAYLOR COUNTY ECONOMIC CLIMATE

Unemployment in Taylor County, Texas, has followed economic trends in both the state and the rest of the USA these last two years. Relatively, Taylor County has fared well, with unemployment rates running three to four percent lower than the national average and one to two percent lower than the Texas average. There appears to be a slight worsening in the county’s performance as compared to the national profile. The county began the period approximately 4.1 percent under the national average; however, by December 2009 (9 months after the stimulus infusion), the county was 3.7 percent under the national average. Similarly, in 2010, the county began 4.2 percent under the USA average and continued to close to 3.0 percent by December 2010.

**TABLE 4
UNEMPLOYMENT RATE AS A PERCENT**

2009												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Taylor County		5.2	5.3	4.9	5.4	6.4	6.2	6	6.1	5.8	5.9	5.9
Tx Average		6.7	6.8	6.6	7.2	8.1	8.1	7.9	7.9	7.7	7.6	7.7
USA Average		9.3	9.4	8.7	9	9.5	9.5	9.2	9	9.1	9.1	9.6
Variance to USA		(4.10)	(4.10)	(3.80)	(3.60)	(3.10)	(3.30)	(3.20)	(2.90)	(3.30)	(3.20)	(3.70)
Variance to TX		(1.50)	(1.50)	(1.70)	(1.80)	(1.70)	(1.90)	(1.90)	(1.80)	(1.90)	(1.70)	(1.80)
2010												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Taylor County	6.5	6.3	6.2	6.1	6.1	6.7	6.7	6.6	6.2	6.3	6.4	6.1
Tx Average	8.4	8.1	7.9	7.7	7.6	8.1	8	7.9	7.4	7.4	7.8	7.5
USA Average	10.7	10.6	10.3	9.4	9.1	9.3	9.3	9	8.7	8.6	9	9.1
Variance to USA	(4.20)	(4.30)	(4.10)	(3.30)	(3.00)	(2.60)	(2.60)	(2.40)	(2.50)	(2.30)	(2.60)	(3.00)
Variance to TX	(1.90)	(1.80)	(1.70)	(1.60)	(1.50)	(1.40)	(1.30)	(1.30)	(1.20)	(1.10)	(1.40)	(1.40)
Data Source	www.policymap.com/landingpages/unemployment.html											

One would expect to see an improving trend following the economic infusion beginning in February 2009, but the impact of these funds appears to be unclear at best, ineffective at worst.

MODEL OUTPUT – THE 2009 STIMULUS PLAN

The initial intention of the stimulus plan to drive \$47,904,582 into the Taylor County economy has an actual impact of only \$43,046,960 in 2009 dollars. Two factors caused this to happen. First, expenditures for the stimulus programs were carried out over eighteen months so those dollars that were expended in 2010 are discounted back to 2009 numbers. Second, the impact of regional purchasing coefficients tells us that funds flow out of Taylor County through purchases of goods and services by contractors to provide the in-county goods and services. Tax revenue of \$1,017,395 was generated for Taylor County over the 18 months of implementation. See Table 5 – The Model Output, Employment, Tax, and Sector Impact.

**TABLE 5
THE MODEL OUTPUT, EMPLOYMENT, TAX, AND SECTOR IMPACT**

Model	Impact Type	Direct	Indirect	Induced	Total
Tax Rebate	Output	\$ 33,641,245	\$ 8,843,829	\$ 22,395,142	\$ 64,880,216
	Employment	313	69	207	589
	Tax	\$ 2,194,398	\$ 343,790	\$ 986,467	\$ 3,524,655
	Sector Count	179	186	207	207
2009 Stimulus	Output	\$ 28,695,817	\$ 4,500,211	\$ 9,850,932	\$ 43,046,960
	Employment	313	40	92	446
	Tax	\$ 248,269	\$ 262,254	\$ 506,872	\$ 1,017,395
	Sector Count	21	178	205	206
Variance	Output	17.2%	96.5%	127.3%	50.7%
	Employment	0.0%	71.1%	123.8%	32.0%
	Tax	783.9%	31.1%	94.6%	246.4%
	Sector Count	752.4%	4.5%	1.0%	0.5%

MODEL OUTPUT – THE 2009 STIMULUS PLAN AND EMPLOYMENT IMPACT GIVEN AS A TAX REBATE

The effect of a tax rebate on the county is significantly different. Again, two factors impact the outcome. A tax rebate can be issued all at once (a moment in time), and the expenditures occur quickly as consumers spend extra income that becomes available. There is no multiyear lag to delay the effect of the stimulus. A second major factor is that these direct tax rebate dollars are spent locally in Taylor County. The tax rebate model generates \$64,880,216 in output for the county, a 50.7% increase over the stimulus package option imposed by the government. The tax rebate option generates \$3,524,655 in tax revenue for Taylor County, a 246.4% increase over the stimulus package option imposed by the government.

MODEL COMPARISON

A tax rebate directly to the people of Taylor County has an output impact 50.7% greater than a directed stimulus package to specific industries in that county. Comparison of the number of sectors directly impacted is significantly different, with a 752.4% increase in those sectors impacted by a tax rebate by nature of consumer spending patterns rather than industry spending patterns. The direct tax rebate effect infuses funds into the county more quickly than a directed stimulus package.

With the tax rebate option, there is a 32% improvement in employment. Employment is spread out more significantly over a greater number of sectors - initial impact in the direct round of spending impacts 752.4% more sectors than a directed stimulus plan.

**TABLE 6
JOB CREATION BY INCOME LEVEL**

<i>Job Income</i>	<i>Tax Rebate</i>	<i>2009 Stimulus</i>
Less than \$10,000	14	11
\$10,000 to \$14,999	9	8
\$15,000 to \$24,999	37	24
\$25,000 to \$34,999	30	22
\$35,000 to \$49,999	50	30
\$50,000 to \$74,999	12	10
\$75,000 to \$99,999	8	6
\$100,000 to \$149,999	2	2
\$150,000 to \$199,999	1	0
Over \$200,000	0	0
Total	163	113

**FIGURE 2
JOB CREATION BY INCOME LEVEL GRAPHIC**

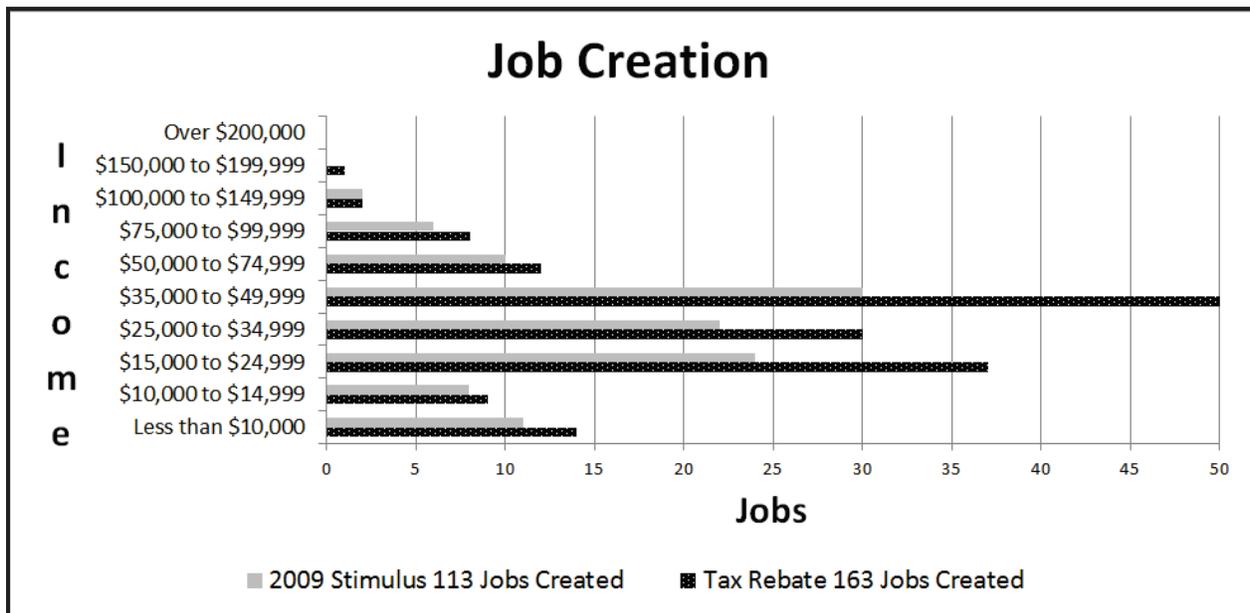


Table 6 and Figure 2 illustrate job creation resulting from the 2009 stimulus and the tax rebate models. The tax rebate model creates 163 jobs while the stimulus model creates only 113. The tax rebate model creates more jobs in the \$15,000 to \$50,000 range, which implies that the types of jobs created are of higher value and longer-term than in cyclical construction or other minimum wage areas.

Tax revenues for Taylor County increase by 246.4% when a tax rebate is given rather than directed stimulus funds. Data indicated that these tax revenues are received earlier as tax rebate expenditures influence 752.4% more sectors in the initial round of spending.

Due to the difficulty in establishing the cost of command and control structures in the 2009 stimulus plan, no oversight costs were included in both IMPLAN models. Including these costs would reduce the

effectiveness of the stimulus plan and improve the performance of the tax rebate model, since most supervision and monitoring is conducted outside of Taylor County.

MANAGERIAL IMPLICATIONS

Output from the models indicates that local counties should lobby for tax rebates rather than accept directed stimulus dollars for regional projects. Based on model outputs, directed spending does not represent the spending patterns of the people within Taylor County. Tax rebate expenditures occur earlier in the rounds of spending as consumers react quickly to tax rebates through increased local spending. The fact that local purchases are higher with tax rebates increases tax revenues for the county. More middle-income jobs are created with the tax rebate model, and these jobs appear to be of a more long-term nature.

The model results presented above place pressure on federal and local governments to avoid the problems associated with traditional spending. The findings of this paper encourage the following practices:

1. Focus on facts rather than emotions; model expenditures to gauge outcomes. Choose the outcome that best fulfills the need for the community, not the desire of the politician.
2. Limit moral, hazard-based decisions; research outcomes and negotiate for funds based on research findings.
3. Recognize the benefit of impact analysis; private enterprise has based financial fortunes on the practice of impact analysis and has proven its efficacy.
4. Invest in profitable, long-term beneficial projects; do not invest in dead and unsustainable enterprises.

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APPENDIX A – TAYLOR COUNTY STIMULUS PROJECTS

<i>Funded Agency</i>	<i>Award Description</i>	<i>Local Stimulus Amount</i>	<i>Implan Sector</i>	<i>Project Title</i>
ABILENE CHILD CENTERED	Department of Labor	\$ 172,314	424	Community Service Employment Funded Through the Senior
ABILENE CHRISTIAN UNIVERSITY	Department of Education	\$ 54,580	438	FEDERAL WORK STUDY
ABILENE INDEPENDENT SCHOOL	Department of Education	\$ 960,114	391	Title II, Part D -- Enhancing Education Through Technology.
ABILENE INDEPENDENT SCHOOL	Department of Education	\$ 85,469	391	Preschool Grants for Children with Disabilities
ABILENE INDEPENDENT SCHOOL	Department of Education	\$ 79,398	391	Education for Homeless Children and Youth.
ABILENE INDEPENDENT SCHOOL	Department of Education	\$ 3,627,947	391	Title I, Part A--Improving Basic Programs Operated by Local
ABILENE INDEPENDENT SCHOOL	Department of Education	\$ 114,281	391	Title II, Part D -- Enhancing Education Through Technology.
ABILENE INDEPENDENT SCHOOL	Department of Education	\$ 6,322,420	391	State Fiscal Stabilization Fund -Education Fund
ABILENE INDEPENDENT SCHOOL	Department of Education	\$ 3,306,928	391	Grants to States for the Education of Children with Disabilities
ABILENE PHILHARMONIC	National Foundation on the Arts and	\$ 16,435	402	Arts and the American Recovery & Reinvestment Act of 2009
ABILENE REGIONAL MHMR	Department of Education	\$ 324,956	391	Early Intervention Program for Infants and Toddlers with
ABILENE REGIONAL MHMR	Department of Housing and Urban	\$ 84,297	437	Homelessness Prevention and Rapid Re-Housing Program
ABILENE, CITY OF	Department of Energy	\$ 1,131,600	39	Energy Efficiency and Conservation Grant Project
ABILENE, CITY OF	Department of Housing and Urban	\$ 292,839	40	CDBG-R activities include a wide variety of community
ABILENE, CITY OF	Department of Justice	\$ 150,809	373	Law Enforcement Initiatives
ABILENE, CITY OF	Department of Transportation	\$ 878,042	39	JUDGE ELY BLVD
ABILENE, CITY OF	Department of Transportation	\$ 361,467	39	CS
ABILENE, CITY OF	Department of Transportation	\$ 84,985	39	SH 36
ABILENE, CITY OF	Department of Transportation	\$ 2,057,460	430	Abilene Transit System Economic Recovery Capital Infrastructure
ABILENE, CITY OF	Department of Transportation	\$ 394,586	39	MOCKINGBIRD
ABILENE, CITY OF	Department of Transportation	\$ 583,112	39	BARROW ST
AFCO TECHNOLOGIES INC	Department of the Air Force	\$ 246,100	39	Federal Contract
AFCO TECHNOLOGIES INC	Department of the Air Force	\$ 1,180,400	39	Federal Contract
AFCO TECHNOLOGIES INC	Department of the Air Force	\$ 444,964	39	Federal Contract
AFCO TECHNOLOGIES, INC.	Department of the Air Force	\$ 1,198,000	39	Federal Contract
AFCO TECHNOLOGIES, INC.	Department of the Air Force	\$ 246,100	39	Federal Contract
AMERINE MECHANICAL, INC	Department of the Air Force	\$ 288,750	39	Federal Contract
BOYS AND GIRLS CLUB OF ABILENE,	Department of Justice	\$ 42,500	437	Boys & Girls Clubs Recovery Act National Mentoring Programs
COMMUNITY ACTION PROGRAM,	Department of Energy	\$ 575,910	40	Recovery Act - Weatherization Assistance Program for the State
COMMUNITY ACTION PROGRAM,	Department of Energy	\$ 2,056,426	40	Recovery Act - Weatherization Assistance Program for the State
COMMUNITY ACTION PROGRAM,	Department of Energy	\$ 250,000	40	Recovery Act - Weatherization Assistance Program for the State
COMMUNITY ACTION PROGRAM,	Department of Health and Human	\$ 312,859	391	Head Start Early Head Start ARRA
COMMUNITY ACTION PROGRAM,	Department of Health and Human	\$ 365,276	432	Community Services Block Grant/ARRA
COUNTY OF TAYLOR	Department of Energy	\$ 57,576	374	Recovery Act-State of Texas Energy Efficiency and Conservation
COUNTY OF TAYLOR	Department of Justice	\$ 150,809	432	Law Enforcement Initiatives
EDUCATION AGENCY, TEXAS	Department of Education	\$ 90,846	391	Title II, Part D -- Enhancing Education Through Technology.
EDUCATION AGENCY, TEXAS	Department of Education	\$ 28,936	391	Title I, Part A--Improving Basic Programs Operated by Local
EDUCATION AGENCY, TEXAS	Department of Education	\$ 54,271	391	Title II, Part D -- Enhancing Education Through Technology.
EDUCATION AGENCY, TEXAS	Department of Health and Human	\$ 186,260	391	Head Start Quality Improvement and COLA (ARRA)
EDUCATION AGENCY, TEXAS	Department of Health and Human	\$ 202,046	391	Early Head Start
FOOD BANK OF ABILENE INC	Department of Agriculture	\$ 33,662	401	Texas TEFAP CAP Recovery Act
G 2-V ENTERPRISES, INC.	Department of the Air Force	\$ 139,500	39	Federal Contract
HARDIN-SIMMONS UNIVERSITY	Department of Education	\$ 36,082	438	FEDERAL WORK STUDY
HAWKINS BUILDERS INC	Department of the Air Force	\$ 1,500,000	39	Federal Contract
HAWKINS BUILDERS INC	Department of the Air Force	\$ 499,951	39	Federal Contract
HAWKINS BUILDERS INC	Department of the Air Force	\$ 1,096,007	39	Federal Contract
HAWKINS BUILDERS INC	Department of the Air Force	\$ 1,055,992	39	Federal Contract
HAWKINS BUILDERS INC	Department of the Air Force	\$ 2,050,390	39	Federal Contract
HAWKINS BUILDERS INC	Department of the Air Force	\$ 552,600	39	Federal Contract
HOUSING AUTHORITY OF THE CITY	Department of Housing and Urban	\$ 391,884	40	Sewer Line Replacement at Riviera Complex
JCL CONSTRUCTION INC.	Department of Defense (except	\$ 26,428	39	Federal Contract
JCL CONSTRUCTION INC.	Department of Defense (except	\$ 21,116	39	Federal Contract
NEW HORIZONS RANCH & CENTER	Department of Agriculture	\$ 41,258	39	CNP-RA-NSLP Equipment (O)
PACE-AMTEX JOINT VENTURE	Department of the Air Force	\$ 392,100	39	Federal Contract
SALVATION ARMY (GA), THE (INC)	Department of Housing and Urban	\$ 400,000	424	Homelessness Prevention and Rapid Re-Housing Program
TRANSPORTATION, TEXAS	Department of Transportation	\$ 184,225	39	BU 83-D;US 83
TRANSPORTATION, TEXAS	Department of Transportation	\$ 193,328	39	IH 20
TRANSPORTATION, TEXAS	Department of Transportation	\$ 1,583,740	39	SH 36
TRANSPORTATION, TEXAS	Department of Transportation	\$ 76,424	39	US 83
TRANSPORTATION, TEXAS	Department of Transportation	\$ 201,515	39	US 83
V & R DRYWALL, INC.	Department of the Air Force	\$ 549,750	39	Federal Contract
WEST CENTRAL TEXAS COUNCIL OF	Department of Health and Human	\$ 37,424	401	ARRA Home Delivered Nutrition Services
WEST CENTRAL TEXAS COUNCIL OF	Department of Health and Human	\$ 76,666	401	ARRA Home Delivered Nutrition Services
WEST CENTRAL TEXAS COUNCIL OF	Department of Justice	\$ 100,000	432	BJA FY 2009 Recovery Act Edward Byrne Memorial Justice
WEST CENTRAL TEXAS COUNCIL OF	Department of Justice	\$ 123,448	401	OVW Recovery Act STOP Violence Against Women Formula
WORK FORCE CENTER OF WEST	Department of Health and Human	\$ 223,541	399	Child Care and Development Fund (CCDF)
WORK FORCE CENTER OF WEST	Department of Health and Human	\$ 672,446	399	Child Care and Development Fund (CCDF)
WORK FORCE CENTER OF WEST	Department of Health and Human	\$ 2,102,927	425	17.259 RECOVERY ACT-WIA YOUTH FORMULA GRANTS-STATES /
WORK FORCE CENTER OF WEST	Department of Labor	\$ 98,380	437	17.207 - RECOVERY ACT-EMPLOYMENT SERVICE STATE
WORK FORCE CENTER OF WEST	Department of Labor	\$ 798,559	425	17.259 RECOVERY ACT-WIA YOUTH FORMULA GRANTS-STATES /
WORK FORCE CENTER OF WEST	Department of Labor	\$ 316,494	425	17.259 RECOVERY ACT-WIA YOUTH FORMULA GRANTS-STATES /
WORK FORCE CENTER OF WEST	Department of Labor	\$ 34,832	425	17.259 RECOVERY ACT-WIA YOUTH FORMULA GRANTS-STATES /
WORK FORCE CENTER OF WEST	Department of Labor	\$ 1,121,501	425	17.259 RECOVERY ACT-WIA YOUTH FORMULA GRANTS-STATES /
WORK FORCE CENTER OF WEST	Department of Labor	\$ 163,966	437	17.207 - RECOVERY ACT-EMPLOYMENT SERVICE STATE
WYLIE INDEPENDENT SCHOOL	Department of Education	\$ 90,601	391	Title I, Part A--Improving Basic Programs Operated by Local
WYLIE INDEPENDENT SCHOOL	Department of Education	\$ 562,240	391	Grants to States for the Education of Children with Disabilities
WYLIE INDEPENDENT SCHOOL	Department of Education	\$ 902,327	391	State Fiscal Stabilization Fund -Education Fund.
YEARGAN CONSTRUCTION	Department of the Air Force	\$ 391,210	39	Federal Contract
TOTAL		\$ 47,904,582		