

**The following ten recommendations are what Kirwan believes will ensure a fair recovery.**

1. Ensure that jobs and mortgage foreclosure aid reach hardest hit families and individuals: [Hide](#)

The recession has affected everyone negatively, but it has hit African Americans and Latinos the hardest and the longest. Stimulus programs should be designed to help everyone, but they should target hard-hit African Americans and Latinos. For example, people of color have been over represented in unemployment. In March of 2009, the Black unemployment rates stood at 13.5%, and the Latino unemployment rate at 12.2%. Unemployment rates for Black men have increased to 16.4%. However, the bulk of the jobs created in this initial stimulus package go to industries in which African Americans are under represented, such as in construction. Going forward, job creation policies should take into account the under-representation of women, racial/ethnic minorities, youth, and formerly incarcerated persons in any particular sector and in the job market as a whole. Fund recipients should be provided with incentives to reach out to and recruit these groups, which have traditionally been relegated to lower paying jobs.

Similarly, minority and low-income neighborhoods have been bearing the brunt of the foreclosure crisis. Borrowers of color received nearly half of our nations subprime loans, and Black and Latino homeowners are expected to lose a quarter trillion dollars in home equity due to the foreclosure crisis. Foreclosure aid programs, such as the Make Homes Affordable and the Helping Families Save Their Home Act of 2009, should actively reach out to these devastated communities.

2. Use Neighborhood Stabilization Programs (NSP) funds to support family housing in high-opportunity areas: [Hide](#)

Stimulus money should be used to create affordable housing in communities with high opportunity. Opportunity is characterized by healthy schools, safe streets, availability of affordable and nutritious food, good jobs, recreation centers, and libraries. Fifty years of social science research has demonstrated that racially isolated and economically poor neighborhoods restrict employment options for young people, contribute to poor health, expose children to extremely high rates of crime and violence, and house some of the worst-performing schools. Isolation and disinvestment threaten not only individuals and their families, but entire communities. However, Neighborhood Stabilization money has continued to concentrate affordable housing in inner cities instead of using foreclosures in the suburbs to create affordable housing in high opportunity areas.

The Neighborhood Stabilization Program was first implemented as a \$7.5 billion program in 2009 and American Recovery and Reinvestment Act (ARRA) added another \$2 billion in 2009. The ARRA money awarded competitive grants to states, cities, and nonprofit organizations, and created affordable housing in the communities hit hardest by the foreclosure crisis. The request for proposals said

the funds must be spent in the areas of greatest need as measured by a HUD index. Although many suburban, high-opportunity areas experienced high rates of foreclosure (which qualifies them for NSP money), HUD refused to add opportunity indicators to its competitive grant criteria. As a result, funds are going to the inner city and areas traditionally thought of as in great need instead of creating affordable housing in high opportunity areas. Although the grant proposal period is already closed for current NSP programs, future programs should take opportunity into account when awarding grants to create affordable housing.

### 3. Build and fix infrastructure in these Cities: [Hide](#)

Even while recognizing the need to create access in areas of high opportunity it is important to remember that many distressed, inner city areas have potential that merits investment. Bringing opportunities into distressed neighborhoods includes improving schools, fixing roads, and expanding employment opportunities in cities. Policy makers must remember that libraries, recreation centers, and community centers are part of the infrastructure that creates opportunity. Policies should also manage sprawl in order to reduce the drain of jobs and resources from distressed neighborhoods. It can be difficult to invest in both distressed and non-distressed communities all at once. However it is important to be strategic with funding. Affordable housing resources should be targeted towards high opportunity communities, while additional funding for schools should go to those most in need.

Unfortunately, stimulus spending to date has not been targeted in this way. In July of 2009, *The New York Times* reported that the 100 largest metropolitan areas are getting less than half of stimulus transportation despite the fact that two-thirds of the country's population lives in large metropolitan areas, and these areas are responsible for three-fourths of the country's economic activity. States are attempting to spread transportation evenly instead of targeting money to the regions with the most people and, therefore, the most need. Transportation funds and all stimulus spending should be used to reinvest in and rebuild our cities.

### 4. Create access to affordable credit for everyone by modernizing the Community Reinvestment Act and creating a consumer protection agency: [Hide](#)

Credit is vital to the life blood of the economy. Due to past government policies and private sector discrimination there is a dual credit market in the United States. One market provides affordable and easily accessible loans to most Americans. The second market targets low income, minority communities with high-cost lending. All financial institutions, especially mortgage companies, should be rated on whether they provide services to low income and minority neighborhoods and the affordability of the credit that is provided. The Community Reinvestment Act (CRA) was enacted in 1977 to evaluate banks on whether they provide credit to their entire community, specifically whether low income neighborhoods had access to credit. Although CRA evaluations have been successful in increasing

lending in low income neighborhoods a large portion of credit is no longer received through banks. In 2006, 33% of all mortgages and 46% of all high priced mortgages were made by independent mortgage companies that are not covered by the CRA.<sup>2</sup> The CRA should be updated to cover all institutions that provide loans.

However, access to credit is not enough; credit must be responsible for the lender and affordable for the borrower, and a new regulatory agency is needed to protect consumers. Payday lending and predatory lending are rampant in inner-city neighborhoods. These alternative forms of credit catch borrowers in a cycle from which they are hard-pressed to escape. The Center for Responsible Lending found that of the 80% of borrowers who are repeat borrowers, 94% of them have to borrow again within the next thirty days. Similarly, subprime loans and adjustable rate mortgages caught borrowers in traps that led to the foreclosure crisis. The proposed Consumer Financial Protection Agency would regulate the type of credit borrowers are offered and make these high risk options a last resort.

5. Provide pathways to success through job training, stipends, work-study, and apprenticeships.

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The recession has impacted low-skill, low-education workers more than the rest of the working population. While the total unemployment rate reached 9.5%<sup>4</sup> in June of 2009, the unemployment rate for workers with no high school diploma was 15.5%, and workers with a high school diploma but no college education have a 9.8% unemployment rate. Workers with a bachelor degree or higher had an unemployment rate of 4.7%. This disparity underlines the need for job training and other programs that connect workers to jobs that provide the opportunity for advancement and a living wage. Job training, reentry programs for the formerly incarcerated, and apprenticeships for inexperienced workers are all essential to creating the opportunity for all Americans to have a good and sustainable job.

6. Invest in affordable and reliable public transportation.[Hide](#)

Investing in public transportation is a vital component to economic recovery because it is a key mechanism for connecting people to jobs. Stimulus dollars should be used to expand public transportation infrastructure beyond large urban centers. Such expansion is necessary in order to connect urban populations with available employment in the suburbs and minimize physical isolation of disadvantaged rural populations. This investment in public transportation would especially benefit Blacks and Latinos, who are six more times likely to rely on public transit than whites. This can be partially explained by the geographic disconnect between African Americans and jobs. A 2000 study from the University of California found that with 50% of Blacks having to relocate in order to achieve an even spatial distribution of Blacks relative to jobs, they are the group most physically isolated from jobs in the United States.

Investment in public transportation can take several forms, but the crucial point is to refocus transportation spending away from the tendency to focus solely on

repairing existing roads. The new focus should be in retaining and expanding the reach of current bus lines as well as investing in more efficient, modern and expanded train service

7. Require collection of employee-job-level data by race, ethnicity, gender, and geography. [.Hide](#)

The Office of Management and Budget (OMB) guidance memorandum published June 22, 2009 provides no mechanism for determining who is benefiting from the newly created or saved jobs. The guidance asks for no employee level data, which precludes the possibility of determining whether those most impacted by the recession benefited from the recovery. If this guidance is not amended, it will be impossible to determine whether ARRA funds are reaching marginalized persons and, more broadly, whether the economic recovery is truly a recovery for all Americans. Not only is race, gender, and geographic-based data collection permissible, a clear reading of ARRA provides the underlying predicate and cost-defrayments for doing so.

8. Employ open bidding and recruit Disadvantaged Business Enterprises (DBE). [.Hide](#)

One of the priorities of ARRA is to fund “shovel ready” projects. However, this could result in leaving minority and women owned businesses (classified as Disadvantaged Business Enterprises (DBE)) out of stimulus contracts. These businesses are often small and unable to make bids as quickly as larger firms. Additionally, having had a large government contract in the past means a firm is more likely to get another government contract. This creates a pool of favored applicants which is difficult to break into.

Many federal and state programs have been implemented to combat this problem and encourage bidding by DBEs. The Insight Center for Economic Development has created a [table of state equal opportunity programs](#), and information about federal programs is available in the [overview of civil rights programs](#). Such programs often focus on making direct contact with DBEs to encourage bidding and setting aside a certain percentage of contracts for DBEs. Other programs break up large contracts to make them more accessible for small businesses, connect subcontractors with primary contractors, and offer advance payments, which can assist DBEs who do not have enough capital up front. Many ARRA projects are subject to such programs, but they must be monitored closely by advocates interested in equity.

9. Break down barriers to employment by providing social services such as daycare.. [.Hide](#)

Even though the unemployment numbers of the current recession are staggering, they do not fully convey the current joblessness crisis. Unemployment numbers do not count those who have been marginalized from the employment sector by barriers to employment such as rising day care costs. Single mothers are often unable to work because they cannot afford to put their child in a safe and reliable environment during the day.

10. Develop state tax policies that invest in the economic health of states, rather than giving tax breaks to businesses. [Hide](#)

A large percentage of the American Recovery and Reinvestment Act (ARRA) has been used to help states balance their budgets. The current state budget crisis was created by decades of tax cuts and incentives for businesses intended to spur economic growth. At the time it was thought these tax cuts would bring business into cities and promote economic growth. But in 2004, the Economic Policy Institute published a work demonstrating that such tax cuts yield a decrease in infrastructure development and repair. Economic growth does not, in fact, result. According to this study, tax costs are not a significant cost to businesses looking to open a new office. Businesses instead look for low location-specific costs, qualified workers, proximity to customers, and quality public services. Therefore, states should implement tax policies that allow investment in their workers and public services.