

ECONOMIC STIMULUS: TALKING POINTS FOR NY IMPLEMENTATION

States are poised to receive federal stimulus money for “shovel ready” projects. The goal of the stimulus package is to get people back to work.

Government has to be smart about how it uses that money. It will not be enough to put everyone who needs a job back to work. And it will not support all the services New Yorkers need.

But it can be a powerful boost to the economy and improve the lives of many New Yorkers. So how should government decide how to allocate that money?

Communities that are most lacking in opportunities should be targeted to benefit from stimulus money. Not only is that fair, it can help the larger regional economy grow.

Research shows that metropolitan regions that invest in racial equity have seen economic growth that benefits the entire region.ⁱ

While we have made much progress on race and gender equality in this country, we have not yet achieved full fairness.

In New York City, over 30% of the entire population is White, while only 8% of the population living in concentrated poverty neighborhoods – those where at least 40% of the residents are poor – is White. Blacks, on the other hand, represent around a quarter of the city and half of the concentrated poverty population.ⁱⁱ

Of the 248 concentrated poverty census tracts in the city (11% of all census tracts), 88% are over 80% non-White. Only 3.2% are over 80% White. This suggests that even poor Whites are less likely to live in very poor neighborhoods.ⁱⁱⁱ

A forthcoming report from the Center for Social Inclusion examines where in the metropolitan region opportunity is high and where it is low. It measures opportunity based on employment levels, educational attainment, health and many other indicators. Manhattan’s communities of color are low opportunity areas, according to CSI’s opportunity index.

We simply can’t allow the majority of our city’s population to be excluded from economic opportunity if we are to grow our economy.

STIMULUS JOBS

Race and gender are strong predictors of location in the labor market.

Economic stimulus will focus on construction jobs.

According to research by Professor Darrick Hamilton of the New School:

- Black men are greatly under-represented in New York City's construction industry, while white men are highly "crowded" in the industry.
- Even for Black men lucky enough to get a job in construction, they are paid an average of almost \$20,000 less per year than white males.
- Even though Latinos are more likely than Black men to be in construction jobs, they are paid only slightly more than Black men.
- Whites are overrepresented in almost all building trades' apprenticeship programs, often by a significant margin.
- Black men tend to be well over-represented in jobs like hospital attendants, janitors, barbers and bus drivers.

According to the Community Service Society, between 2000 and 2006:

- Black men's employment in New York City has declined in several occupations, including construction, transportation, utilities, business and professional services and manufacturing.
- Their percentage of employment has grown in educational and health services and leisure and hospitality jobs.

Stimulus will not benefit all New Yorkers unless we take steps to ensure that Blacks and Latinos are fairly represented and paid.

New York City has done important work to diversify the building trades thanks to Mayor Bloomberg, but we still have more work to do. Improving access to building trades unions doesn't ensure fair wages and a ladder.

- ◆ ***We must enforce wage and hour laws aggressively. If employers get paid with taxpayer dollars, they must pay what the law requires.***
- ◆ ***Government should get commitments and guarantees from unions for apprenticeship programs for under-represented groups.***
- ◆ ***The state should seek local resident and gender-based hiring goals on publicly funded construction projects. People of color and women***

of all races pay taxes. They should get their fair shot at publicly funded jobs.

- ◆ ***The state should create incentives for union links to local community-based and work-force development groups to connect local residents to unions and build a unionized local-resident hiring list for construction jobs.***

TRANSIT MATTERS

One of the strategies that has grown regional economies is the connection of communities with high unemployment rates to job centers in the region. Public transit can do this.

A 2000 study by scholar Michael Stoll of the University of California, Los Angeles, found that no other group in the United States was more physically isolated from jobs than African Americans. Stoll's research revealed that more than 50 percent of Blacks would have to relocate to achieve an even distribution of Blacks relative to jobs; the comparable figures for Whites are 20 to 24 percentage points lower.^{iv}

- ◆ ***When we identify the “shovel ready” projects the State should fund, we should prioritize those that will help communities with high unemployment improve their public infrastructure.***

The nation's poorest families spend nearly 40 percent of their take-home pay on transportation. Households that earned less than \$20,000 saw their transportation expenses increase by 36.5 percent or more between 1992 and 2000. On the other hand, households with incomes of \$70,000 and higher only spent 16.8 percent more on transportation than they did in 1992.^v

Nationally, Blacks and Latinos are three times more likely to depend on public transit than are whites.^{vi}

- ◆ ***Transit fare hikes should be offset by a subsidy program for the poorest of our residents who depend on public transit to get to jobs or to search for them.***

AFFORDABLE HOUSING

Affordable housing is disappearing across the country and especially in New York. For many, incomes are just not keeping up with the increasing cost of rent or mortgage payments. From 2000 to 2006, NYC lost one of every three multi-bedroom apartments renting for under \$1,000 a month (over 250,000 units).

The Neighborhood Stabilization Program (NSP) is authorized by Title III of the Housing and Economic Recovery Act of 2008. NSP offers grants to states and certain smaller municipalities to buy and redevelop foreclosed properties. Granted funds must be used as part of a comprehensive plan for revitalization or redevelopment of the sites for affordable housing.

- ◆ ***Stimulus spending can stem foreclosures, rehabilitate already-lost properties, and build housing opportunity through strategic use of the Neighborhood Stabilization Program.***

An often-ignored aspect of the foreclosure crisis is foreclosures in the rental market. Some research shows that over 50% of foreclosed properties in New York were rental properties.^{vii}

- ◆ ***Stimulus must stabilize the rental market by stemming foreclosures, preventing evictions, and easing the transition for distressed renters.***

COMMUNITY HEALTH SERVICES

Local budget cuts hit communities of color harder with long-term negative impacts on health and safety.

New York City's budget cuts of the mid-1970s have been too expensive in both human and fiscal terms. Tuberculosis, HIV infections and homicide rates all increased in communities of color because drug treatment, health services and law enforcement all suffered from budget cuts. It saved the city \$10 billion in immediate savings and cost the city \$50 billion over the years.^{viii}

- ◆ ***We must ensure that our most vulnerable communities do not see service cuts in public health and safety.***

COMMUNITY-BASED EMPLOYMENT

Community-based organizations are employers, lenders, trainers, connectors and community-stabilizers. The nonprofit sector in America employs a steadily increasing segment of the country's working population. The average annual growth rate in employment for nonprofits (2.5%) was significantly higher than for business (1.8%) or government (1.6%). The number of Americans employed in the nonprofit sector has doubled in the last 25 years. Nonprofit employment represents 9.5 percent of total employment in the United States, with total employees numbering 12.5 million.^{ix}

- ◆ ***Any state implementation of stimulus money should include stipend grants and loan pool programs to enable community organizations to put residents to work on meeting community needs.***

- ◆ ***The state should also make stimulus money available to support loan funds and other financing support services to help small entrepreneurs in disadvantaged communities get access to credit and other assistance for business success.***

GOVERNMENT ACCOUNTABILITY

While the whole country is suffering in this economic downturn, some communities are hurting more than others. Communities of color were worse off before the crisis and were most likely to be victimized by predatory lenders.

- ◆ ***We should collect data on the race, ethnicity and gender of those served by stimulus money to evaluate the fairness and success of New York's use of stimulus funds and to be accountable to all New Yorkers.***

ⁱ Manuel Pastor et. al., *Regions that Work: How Cities and Suburbs Can Grow Together* (University of Minnesota Press, 2000)

ⁱⁱ U.S. Census 2000

ⁱⁱⁱ U.S. Census 2000

^{iv} Bullard, Robert D., *The Black Metropolis in the Twenty-First Century: Race, Power, and Politics of Place* (Rowman & Littlefield Publishers, Inc. 2007)

^v "Moving to Equity: Addressing Inequitable Effects of Transportation Policies on Minorities," Report by the Harvard Civil Rights Project and the Center for Community Change, 2003.

^{vi} U.S. Census 2006 American Community Survey

^{vii} "Policy: Prevent Foreclosures and Help Affected Renters and Owners" HousingPolicy.org http://www.housingpolicy.org/toolbox/strategy/policies/foreclosure_prevention.html?tierid=206#ft1 Accessed February 11, 2009

^{viii} Freudenberg, et. al., "Impact of NYC's 1975 Fiscal Crisis on TB, HIV, and Homicide", *American Journal of Public Health*, March 2006, reprinted with permission at www.larouchepub.com/other/2006/3334ajph_bigmac_study.html

^{ix} U.S. Bureau of Labor Statistics, 2001 (as cited by the Independent Sector, *Nonprofit Almanac: Facts and Findings, Employment in the Nonprofit Sector*)