



**NEWS RELEASE**

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**MEDIA BRIEFING**

**Teleconference, Tuesday, Feb. 16, 10 a.m.**

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**Stimulus at One Year Has Racially Inequitable Impact;  
Those Most in Need Benefit Least**

With the approach of the one-year anniversary of the American Reinvestment and Recovery Act (ARRA) February 17, six policy advocates from national social justice organizations will gather by teleconference to share their insight on the impact of the economic stimulus to date. The Media Briefing teleconference will be held Tuesday, February 16, at 10 a.m. EST.

“In this economy, everybody’s hurting. But people of color are hurting more and recovering less,” says John Powell, executive director of the Kirwan Institute for the study of Race and Ethnicity at The Ohio State University, teleconference host speaker, who also serves as Williams Chair in Civil Rights & Civil Liberties at the Moritz College of Law at The Ohio State University. While the overall U.S. unemployment rate fell in January (from 10 percent to 9.7 percent), black unemployment actually increased by three-tenths of a percent (from 16.2 to 16.5 percent). With a new federal jobs bill on the horizon, the financial crisis in marginalized communities continues to escalate, he notes.

While the economic stimulus was necessary to avert even more devastating crisis for all Americans, it is equally important to make these investments in a way that does not cause those most in need to fall even farther behind. The stimulus, these leaders say, did not go far enough in terms of marginalized communities, and it lacked transparency and accountability in regard to racial equity. Because people are situated differently, those in declining urban centers with lower access to job creation face different needs for well-targeted investments in critical community infrastructure such as transit, schools and parks and development of new recruitment and training standards that help new workers secure jobs.

“The brunt of unemployment, layoffs, social service and education budget cuts, foreclosures, and bankruptcies has been borne by groups already marginalized or undervalued by the mainstream economy,” notes *ARRA & the Economic Crisis: One Year Later - Has Stimulus Helped Communities in Crisis?* - a report compiled by the group under the leadership of the Kirwan Institute. “In short, the economic recession has had an uneven impact across various layers of marginalization.”

In this economic crisis, as with Hurricane Katrina in the past, the report notes, all members of society do not have equal access to social and physical infrastructures that help them “weather the storm.” The impact of the recession and the housing crisis on people of color has been especially dramatic. Between February and December of 2009, the national unemployment rate increased from 8.2 percent to 10 percent, with the number of unemployed rising from 12.7 million to 15.2 million. Unemployment among Latinos increased by 38 percent in 2009. Currently, while one in ten Americans are unemployed, the black unemployment rate stands at one in six and the Latino rate at one in eight.

As job production was a primary goal of the stimulus, the lack of ability to affect rising unemployment is a key measuring stick. In fact, the black unemployment rate may soon reach rates once projected for 2010 if a

stimulus was NOT enacted. This suggests that many employment gains from ARRA are not reaching black Americans.

The foreclosure crisis is hitting particularly hard in urban areas, home to a large share of people of color. Nearly half of subprime loans went to African American and Latino borrowers, though many qualified for prime loans. African American and Latino homeowners are expected to lose more than \$164 to \$213 billion in assets in the housing crisis. The growing number of vacant properties in these areas drags down the values of properties, even those not facing foreclosure.

The number of Americans in poverty increased by 2.5 million in 2008, and more than 60 percent of those newly added were non-white or Latino. One in five children were living in poverty in 2008; now poverty rates for children of color in some states are climbing above 40 percent.

"The economic stimulus offset state budget cuts that would have devastated already vulnerable communities," notes Powell. But he says it has not been sufficient to reverse unemployment trends, especially in marginalized communities.

Looking past the relief provided in 2009 for state budgets, more fiscal peril and potential budget cuts could be on the horizon, the report says. The Recovery Act will provide more than \$100 billion to offset state budget deficits in 2010 and 2011; yet even with this funding, states are expecting another \$267 billion in additional budget deficits for 2010 and 2011. As a result, without additional federal assistance, the dramatic budget cuts once predicted for 2009 still may be an impending reality for the future.

The report calls for several solutions, including jobs production, spending patterns which do not perpetuate existing structural inequities, targeting funds to reach an equitable share of those most in need. It cautions that spending must continue to serve an equitable share of low-income individuals and that in the haste to alleviate economic hardship, civil rights laws must not be ignored.

Tracking and contract procurement are two areas identified by the report as ripe for improvement. There is no requirement to track data on job creation by race or gender, which makes the impact on marginalized groups difficult to document. There is a failure to record data on the impact of investments on job creation for marginalized communities. Race and gender data at the employee level is lacking.

Contract procurement has more heavily benefited larger, more established business than minority- or female-owned businesses. Contracting and procurement is a critical source of job and wealth creation for marginalized groups and communities. While black-, Latino- and women-owned businesses represent 5.2 percent, 6.8 percent and 28.2 percent respectively, as of February 1, 2010, they had received only 1.1 percent, 1.6 percent and 2.4 percent of all federally contracted ARRA funds. Of the \$45 billion in direct federal contracts allocated by February 1, less than \$2.4 billion (five percent of the total) was allocated to black-, Latino- and women-owned businesses.

At the state level, it says policy efforts must be refocused in several ways, including improved tracking, which considers the quality and duration of employment as well as race, gender and zip code of job recipients; unbundling large contracts for small business participation, establishing specific Minority Business Enterprise (MBE) and Disadvantaged Business Enterprise (DBE) goals; and ensuring targeted reinvestment in hard hit areas.

Suggestions for federal reforms recommend that funding be targeted to better reflect ARRA's priorities for job creation and assistance to those most affected by the crisis. In addition to infrastructure investments and creation of new job recruitment and training standards mentioned earlier, the report cautions that the mandate to spend funds quickly on "shovel ready" projects may give short shrift to civil rights compliance (Title VI and Title VIII of the Civil Rights Act of 1964). It encourages measures that help minority and women-owned businesses gain opportunity to win contracts, and other measures that bring marginalized communities into the "green economy."

During the Media Briefing teleconference, John Powell will discuss "A Crisis of Opportunity: How the Stimulus is Falling Short For Our Most Vulnerable Citizens." Other speakers and topics included: **Dennis Parker**, Director, Racial Justice Program, **American Civil Liberties Union**, "Procurements and Set-Asides are Legal, Within Specific Guidelines"; **Juhu Thukral**, Director of Law and Advocacy, **The Opportunity Agenda**, "Forging a Path to Economic Recovery for All Americans"; **Dominique Apollon**, Research Director, **Applied Research Center**, "A Green Recovery for All"; **Phil Tegeler**, President/Executive Director, **Poverty & Race Research Action Council**, "ARRA and Access to Opportunity at HUD and the U.S. Department of Education"; and **Ira Goldstein**, Director, Policy & Information Services, **The Reinvestment Fund**, "Furthering Fair Housing as a Significant Policy Initiative for the Federal Neighborhood Stabilization Programs".

The full report will be available Monday morning, February 15, on the Web site, [fairrecovery.org/](http://fairrecovery.org/), and on the Kirwan Institute Web site at [kirwaninstitute.org/](http://kirwaninstitute.org/). Media interested in participating in the Media Briefing teleconference Tuesday, February 16 at 10 a.m. EST can contact Kathy Baird for access information at [baird.111@osu.edu](mailto:baird.111@osu.edu) or 614-292-8766.

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*The Kirwan Institute will continue to track the recovery process and its implications for marginalized communities. Starting in February 2010 the Institute will begin releasing a "Race and Recovery Index" on a monthly basis tracking employment and contracting impacts on communities of color. Please visit [www.fairrecovery.org](http://www.fairrecovery.org) to view the Race and Recovery index.*