



THE AMERICAN RECOVERY AND REINVESTMENT ACT: WORKING FOR AMERICA'S CITIES



MARCH 2011





Dear Mr. Vice President:

As the Obama Administration was entering office in early 2009, the nation faced the direst economic crisis since the Great Depression. America's cities were particularly hard hit by the downturn. With President Obama's leadership, Congress passed the American Recovery and Reinvestment Act (Recovery Act), enabling an estimated \$190 billion to benefit cities across the country. As you know, these efforts have been undertaken with serious commitment from across federal agencies.

Recovery Act investments have stemmed job losses in the construction and housing industries, helping families and businesses in America's cities regain and keep their economic footing. The Recovery Act has also laid a foundation for our cities' economic competitiveness by driving innovation, educating our workforce, and rebuilding our cities to be greener, healthier, more job ready, and more affordable. In the course of Recovery Act implementation, federal agencies have also forged new ways of relating to cities around the country. Your recent report, *A New Way of Doing Business*, detailed the results that have emerged nationwide from novel programs, funding competitions that have leveraged support beyond the federal government, and collaboration among federal agencies.

These new ways of doing business have reached America's cities as well. The Recovery Act has kept more than 875,000 people—including 21,000 veterans—off the street through a novel homelessness prevention program that offers rental payments and services *before* families and individuals move to the streets. The Recovery Act has enabled cities and the private sector to work together innovatively to cope with the effects of the foreclosure crisis. It has also provided an arena for the Department of Housing and Urban Development to work with the Department of Energy, Department of Transportation, Environmental Protection Agency, and others to make it easier for cities and local entities to invest in sustainability. In short, the Recovery Act has ushered in a new era of treating cities as partners and assets rather than as problems to be solved. Thanks to the Recovery Act, we are simply working together more effectively at all levels of government.

In the past 2 years, the Recovery Act has helped America's cities survive the economic crisis, but more work remains to be done. Now, as we work toward President Obama's vision of winning the future by out-innovating, out-educating, and out-building America's global competitors, we will leverage these Recovery Act insights. In that spirit, this report provides an overview of the primary insights we have gained from Recovery Act implementation in America's cities and addresses how we can use these lessons to inform our work ahead.

Sincerely,

A handwritten signature in dark ink, appearing to read "Shaun Donovan", is written over a light blue horizontal line.

Shaun Donovan

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Introduction: How the Recovery Act Has Helped America's Cities

The landscape of cities has changed dramatically over the last half century. Fifty years ago, the federal government saw cities as problems to solve, rather than as assets to the nation's economy.¹ This perspective was embedded in the way the federal government did business with cities. Today, however, America's cities have emerged as engines for national growth—and the metropolitan areas they anchor now house 80 percent of the nation's population and generate 90 cents of every dollar in our economy.²

This report demonstrates how cities, with unprecedented investment from the Recovery Act, are now not only helping to lead America out of its economic crisis, but also, as President Obama articulated in his 2011 State of the Union address, positioning us to win the future by out-innovating, out-educating, and out-building our global competition. The report further outlines how the Recovery Act has helped to change the way federal agencies relate to cities, whether through funding competitions that encourage integrated regional solutions to the foreclosure crisis or new programs that support novel approaches to persistent problems such as homelessness.

Helping America's Cities Recover

In the 2 years since President Obama signed the Recovery Act into law, America's economic picture has steadily improved. During 2010, 1.1 million jobs were added, indicating the strongest private-sector job growth since 2006. Moreover, January 2011 witnessed the lowest unemployment rate in 2 years. Much of that progress can be attributed to the Recovery Act. The latest Council of Economic Advisors (CEA) report found that, as of the third quarter of 2010, Recovery Act projects had created or saved as many as 3.7 million jobs. In cities, this progress has been pronounced; according to the Brookings *MetroMonitor* report of December 2010, "Eighty-seven of the 100 largest metropolitan areas had growth in output in the third quarter of 2010, and the rate of output growth accelerated since the second quarter of the year in 66 metropolitan areas."³

As of late 2010, federal agencies had obligated almost 40 percent (or approximately \$190 billion) of all Recovery Act funding to benefit residents of cities, through fast-acting funds to help Americans regain their footing and through forward-looking investments that spark long-term urban economic development.^{4,5}

Through the Recovery Act, immediate federal investments have begun to help many Americans regain and keep their economic footing, creating jobs through capital projects, providing critical assistance for both individuals and

¹ In the 1960s and 1970s, many American cities entered a period of decline that was associated with violence, blight, and, in the case of the Bronx, arson of low-value buildings. The famous observation that "The Bronx is burning" was captured in the title of a *New York Times* editorial, a documentary film, and a comment by Howard Cosell in the 1977 World Series.

² Remarks by HUD Secretary Shaun Donovan. March 2010. World Urban Forum Opening Ceremonies.

³ Brookings Metropolitan Policy Program. December 2010. *MetroMonitor: Tracking Economic Recession and Recovery in America's 100 Largest Metropolitan Areas*. http://www.brookings.edu/reports/2010/0615_metro_monitor.aspx (accessed February 2011).

⁴ *Obligated* means contracted to specific recipients. Obligation of funds enables project work, such as construction, to begin. Many recipients initiate work prior to drawdown or "disbursement" from federal accounts, by covering upfront costs then later seeking reimbursement from federal accounts. Federal agencies have obligated \$476.5 billion of Recovery Act funds in the form of grants, loans, and payments to this point, of which \$190 billion is approximately 39 percent.

⁵ U.S. government official website. 2011. Available at <https://www.Recovery.gov> (accessed February 2011). U.S. government official website. 2011. Available at <https://www.USASpending.gov> (accessed January 2011.) \$190 billion estimate is based on analysis of federal agency obligation data from these sources.

businesses, and helping states and localities fill serious budget gaps. First, the Recovery Act *put people back to work* by financing job-intensive capital projects and infrastructure improvements. To stem the high number of job losses in the construction industry, which was hit particularly hard by the economic crisis, the Recovery Act placed a particular emphasis on rebuilding America's infrastructure and housing.

As of November 2010, the Recovery Act had funded nearly 15,000 miles of highway improvements in American cities. As of December 2010, the U.S. Department of Housing and Urban Development (HUD) Recovery Act funds alone had led to the renovation of more than 225,000 homes and the construction of more than 2,300 new homes in cities. Nationwide, investments in transportation, housing, and public works supported more than 70,000 jobs in the fourth quarter of 2010 alone.

Second, the Recovery Act programs *helped the people and places hardest hit by economic crisis* by providing critical safety net services, such as unemployment benefits, reduced healthcare premiums, and supplemental nutritional assistance (food stamps), and homelessness prevention.

As of December 2010, the Recovery Act had prevented or ended homelessness for more than 875,000 people nationwide, including 21,000 veterans. Created with new funding from the Recovery Act, HUD's Homeless Prevention and Rapid Re-Housing Program (HPRP) is a novel approach to a long-standing problem, lauded by mayors as enabling brand-new ways of addressing homelessness through preventive rental payments and services.

Third, the Recovery Act funds *filled gaps in state and local government budgets* by providing funding to keep teachers, firefighters, and police officers in their jobs.

As of October 2010, more than 2,100 officers in cities across the country had been hired or retained using Recovery Act funds, providing much-needed community policing capacity and crime-prevention efforts.

Reinvesting in America's Cities

At the same time, the Recovery Act has helped to lay the critical foundation for regional economic competitiveness by driving innovation, educating our workforce, and rebuilding our cities.

First, the Recovery Act investments are creating *greener* cities by increasing the efficiency of buildings, transportation, and land use. As a result of grants, loans, and incentives, clean energy projects are under way in cities around the country, creating thousands of manufacturing jobs for people in some of America's most economically distressed areas. These dollars have not only attracted local and private co-investments in clean technology and infrastructure, but also supported innovative collaborations among public, private, and philanthropic institutions.

Nationwide, the Recovery Act has made an investment of at least \$100 billion in greener communities and laid the foundation for a clean-energy economy that will create a new generation of jobs. These investments comprise the U.S. government's largest investment in clean energy ever and have further leveraged private and local funding.⁶

⁶ White House Office of the Vice President. February 2010. *A New Way of Doing Business*. Available at http://www.whitehouse.gov/sites/default/files/new_way_of_doing_business.pdf (accessed February 2011).

The Recovery Act is responsible for weatherizing or retrofitting approximately 845,000 homes nationwide with a range of energy improvements—saving money for owners, residents, and taxpayers.⁷ Also, through the innovative Green and Healthy Homes pilot initiative among HUD, the U.S. Department of Energy (DOE), the U.S. Department of Health and Human Services (HHS), 15 cities, and local philanthropies, over the next 3 to 5 years, an estimated 100,000 homes will be inspected for health hazards at the same time they are being retrofitted for energy efficiency.

Second, the Recovery Act funds are making cities *more educated and job ready* by creating stronger schools and better access to job training.

In the 12-month period ending June 30, 2010, the U.S. Department of Labor's Employment and Training Administration served more than 39.7 million people nationwide through approximately 3,000 One-Stop Career Centers across the country. Workforce Investment Act-funded programs enabled more than 8.3 million adults, dislocated workers, and youth to receive more comprehensive, individualized, one-stop services, including skills assessment, career counseling and planning, and job training.

Third, the Recovery Act investments are helping make cities *more affordable and resilient* by rebuilding housing and neighborhoods to support the needs of a diverse workforce.

In addition to funding home renovations, the Recovery Act is jumpstarting the construction of an estimated 125,000 new affordable homes stalled by the economic crisis—creating tens of thousands of construction jobs.⁸ As mentioned previously, as of December 2010, HUD recipients alone had reported the construction of 2,300 new homes in cities around the country.

Fourth, the Recovery Act funds are helping make cities *healthier*. By supporting public health clinics, promoting wellness and prevention, and investing in health research, Recovery Act programs increase access to health care, improve our well-being, and support jobs in advanced sciences.

As of September 30, 2010, through Recovery Act funds, Community Health Centers had served 1.7 million new patients in cities across the country, more than 954,000 of whom were uninsured.⁹ Moreover, under the Recovery Act, HHS provided approximately \$60 million in academic loan repayment for more than 1,200 National Health Service Corps (NHSC) clinicians in cities across the country, in exchange for their public service of providing primary health care in communities that need it most.¹⁰

The Recovery Act also funded \$8.2 billion for National Institutes of Health Scientific Research, which empowers the nation's best scientists to discover new cures, advance technology, and solve some of our greatest health challenges. These funds support more than 20,000 grant awards at universities and research centers around the country, including cities.

⁷ DOE and HUD combined projections.

⁸ U.S. Department of the Treasury and HUD combined projections.

⁹ HHS data.

¹⁰ Recovery Act funds in the amount of \$175 million nationwide supported the repayment of NHSC clinicians' academic loans in exchange for their services in health professional shortage areas.

A New Relationship With America's Cities

The Recovery Act has also shown that a new relationship with cities is not only possible, but also more effective in achieving results.

The Recovery Act has supported cities and localities to undertake novel approaches to the persistent problems facing America's cities today, such as homelessness.

Local homelessness programs, supported by Recovery Act-funded HPRP, have enabled homeless veterans to pay for security deposits, in combination with HUD-Veterans Affairs Supportive Housing (HUD-VASH) rental assistance, as well as the Department of Veterans Affairs case management and clinical services. In doing so, HUD-VASH had helped more than 21,000 veterans by the end of 2010.

The Recovery Act has also spurred competition among cities, encouraging collaboration among local entities and across sectors, and leading to significant leverage of funds beyond the federal government.

The Recovery Act also set the stage for critical, collaborative local and regional action in response to the foreclosure crisis through the second round of the Neighborhood Stabilization Program (NSP2). This program distributed \$2 billion in an innovative competition to ensure that the money would go to regions with high rates of foreclosure and the best plans to respond to the crisis. That approach led to an exciting partnership, not just among federal agencies, but also with five nonprofit organizations and major financial institutions to speed the pace at which communities recover from the foreclosure crisis.

At the same time, the Recovery Act has enabled collaboration among federal agencies to make it easier for cities and local entities to invest strategically in sustainability.

During the past 2 years, HUD collaborated with DOE to coordinate the \$5 billion in Recovery Act funds to weatherize homes and help American families reduce their energy costs. Approximately one-fifth of the 600,000 homes this program will weatherize by March 2012 are expected to be multifamily apartments—many of which are in cities—with an investment that saves money for owners, low-income renters, and taxpayers.¹¹

As part of its Recovery Act Transportation Investment Generating Economic Recovery (TIGER) program, the U.S. Department of Transportation (DOT) invited experts from both HUD and the U.S. Environmental Protection Agency (EPA) to review applications for innovative transportation projects in cities and communities around the country. This collaboration set the tone for the Sustainable Communities Partnership among those three agencies, helping to make sure that cities get the most “bang for the buck” in their urban sustainability investments.

Finally, throughout all these efforts, the Recovery Act has attracted additional investment beyond the federal government to invest in America's communities.

By the end of the Act's implementation, it is projected that about \$100 billion in Recovery Act funding will be matched by \$280 billion in additional funds outside the federal government, including a great share from the private sector.¹²

¹¹ DOE estimate.

¹² White House Council of Economic Advisers. July 2010. *The Economic Impact of the American Recovery and Reinvestment Act of 2009 Fourth Quarterly Report*. Available at <http://www.whitehouse.gov/the-press-office/vice-president-biden-cea-chair-romer-release-new-analysis-job-and-economic-impact-r> (accessed February 2011).

At the outset of the Recovery Act, President Obama laid out a vision for American cities, describing them as “vibrant places that provide our children with every chance to learn and to grow, that allow our businesses and workers the best opportunity to innovate and succeed, that let our older Americans live out their best years in the midst of all that metropolitan life can offer....The American city can be a place of boundless opportunity and a source of solutions to our public problems.”¹³ Although much work remains to be done, with the Recovery Act investments as the catalyst, our country’s cities are poised to realize the President’s vision for America in the months and years ahead.

Recovery: Helping People and Places Get Back on Their Feet

When the Recovery Act was passed in February 2009, the unemployment rate was 9.1 percent in cities across the country, slightly higher than the national rate.¹⁴ In the construction industry, a pillar of America’s urban economies, more than 20 percent of workers have lost their jobs in the economic crisis.¹⁵ Like the rest of the nation, despite economic progress, cities have suffered from the downturn. Through Recovery Act funds, federal, state, and local government agencies have responded with unprecedented speed and coordination to help stabilize America’s cities and key sectors.

Putting People Back to Work

The Recovery Act stemmed the tide of job loss by putting people back to work, especially in the uniquely hard-hit construction sector. Nationwide, CEA has estimated that Recovery Act projects had created or saved between 2.7 and 3.7 million jobs as of the third quarter of 2010, consistent with previous projections. According to recipient-reported data, Recovery Act investments in transportation, housing, and public works have supported more than 70,000 jobs in the fourth quarter of 2010 alone.¹⁶ (See exhibit 1.)

Local transportation agencies have funded capital-intensive Recovery Act transportation projects quickly, with grants for public transit, airport runway rehabilitation, facilities and equipment improvements, assistance to small shipyards, and highway infrastructure, with collectively more than 50 percent disbursed as of February 2011 (\$26 billion disbursed out of a total \$47.8 billion obligated).¹⁷ Most notably, as of November 2010, the Recovery Act had funded nearly 15,000 miles of highway improvements in American cities, begun to improve nearly 600 miles of train track and rail lines connecting urban centers and towns, and assisted in the purchase or renovation of nearly 10,000 buses serving urban and metropolitan areas. These and many other projects supported more than 49,000 jobs nationwide in the fourth quarter of 2010 alone.

¹³ Remarks by President Barack Obama. July 13, 2009. Urban and Metropolitan Policy Roundtable. Available at <http://www.whitehouse.gov/the-press-office/remarks-president-urban-and-metropolitan-roundtable> (accessed February 2011).

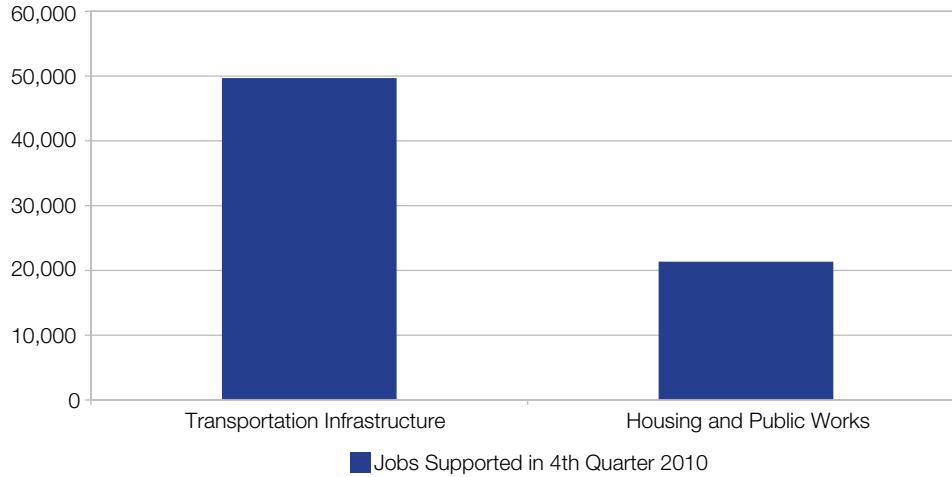
¹⁴ USA: Seasonally unadjusted unemployment rates from the Bureau of Labor Statistics (BLS) Labor Force Statistics, Current Population Survey. Geography Classifications: Seasonally unadjusted unemployment rates from BLS Local Area Unemployment Statistics (LAUS), County and Place level. To calculate unemployment for each geography class, HUD matched unemployment rates from BLS LAUS to each 2000 census tract at sum level 080, which are tracts split by place boundaries. HUD then matched each tract portion to a geography classification based on whether or not they were in a metro area; if in a metro area, whether or not they were in a principal city. The rate noted above is the average of its geography class, weighted by the population within each tract portion.

¹⁵ Bureau of Labor Statistics.

¹⁶ Combined DOT and HUD recipient-reported data.

¹⁷ DOT data. As mentioned previously, *disbursed* means spent as payments or drawn down from federal grant and loan accounts.

Exhibit 1. Jobs Supported in Q4 2010 Through Transportation, Housing, and Public Works



Sources: U.S. Department of Transportation and U.S. Department of Housing and Urban Development recipient-reported data.

Direct housing investments have also been an important source of construction jobs. HUD has obligated \$4 billion to public housing as well as \$250 million to retrofit privately owned, federally assisted housing, resulting in nearly immediate jobs related to remodeling and new construction. Through investment from the U.S. Department of the Treasury (Treasury) and HUD, many low-income housing projects that would have leveraged tax credits in their financing and were stalled after the collapse of the housing market have since been able to restart construction.

The Recovery Act has also provided access to credit for municipal governments, accelerating the construction of critical public works. Between April 2009 and December 2010, more than 2,200 issuances of low-interest bonds under Treasury's Build America Bonds (BABs) program—a total of \$181.3 billion nationwide—funded job-intensive public projects.¹⁸ (See exhibit 2.) These bonds finance a wide array of community infrastructure investments, many of which had previously been stalled or unfunded construction projects such as roads, bridges, school improvements, and other public works.

These projects offer good-paying jobs across a range of professions, including carpentry, masonry, engineering, and landscaping, as well as jobs involving skills such as energy auditing, solar panel installation, and retrofitting. Meanwhile, HUD's Community Development Block Grant program, issued on a formula basis to states and cities across the country, has also resulted in job-intensive renovations and development of needed public facilities. In total, these programs have led to tens of thousands of jobs supported nationwide in the fourth quarter of 2010 alone.

Exhibit 2. Recovery Act Job-Intensive Projects by the Numbers

Miles of highway improvements in American cities due to the Recovery Act	Nearly 15,000 miles
Issuances of BABs nationwide	\$181.3 billion—supporting school improvements, sewer and water system upgrades, and more
City businesses supported by SBA loans	22,000 city businesses supported through \$11.8 billion in loans
Jobs supported nationwide through transportation, housing, and public works investments (DOT and HUD)	More than 70,000 jobs (Q4 2010 alone)

BABs = Build America Bonds. DOT = U.S. Department of Transportation. HUD = U.S. Department of Housing and Urban Development. SBA = Small Business Administration.

Sources: Estimates based on data from DOT, U.S. Department of the Treasury, SBA, and HUD.

¹⁸ Treasury data.

Community Impact: Robert Adams was director of nursing at Midtown Manor in Salt Lake City, Utah, when the nursing home's owner, John Pappadakis, put the business up for sale. Adams knew he wanted to own his own nursing home sometime in the future, but his affection for Midtown Manor, its staff, and its residents prompted him to push his plans forward. He approached Pappadakis about buying the nursing home.

Although Adams did not have a business background, he had plenty of experience as director of nursing, and Pappadakis knew he would be a natural when it came to running the nursing home. The only thing that stood in the way was the price. In a down economy, and without a business background, what bank would offer Adams a loan?

Adams made his case to a loan officer at Wells Fargo and, with the help of the Small Business Administration (SBA), secured a \$2 million 7(a) loan with a 75-percent government guaranty.¹⁹ Having that SBA support meant the lenders at Wells Fargo could take a risk on Adams. Not only that, but the Recovery Act allowed the SBA to waive its guaranty fees, saving Adams more than \$53,000.

With Pappadakis coming in every day to offer training and support, Adams oversees the day-to-day operations of Midtown Manor, which now has more than 80 patients and more than 70 members on its staff. Some residents are military veterans, some are covered by Medicaid and Medicare, and others would be homeless without Midtown Manor. The nursing home offers special care for hospice patients and patients with Alzheimer's. Although the worries of running a small business are now his, the joys are too, and Adams is happy the SBA and the Recovery Act have helped him do so much good for his community.

Source: Small Business Administration

Along similar lines, struggling small businesses are turning empty facilities into thriving enterprises, growing their businesses with help from the Recovery Act. Supported by \$11.8 billion in Recovery Act lending, the Small Business Administration (SBA) has assisted more than 22,000 small businesses in cities across the country.²⁰

Helping Those Hardest Hit by the Economic Crisis

The Recovery Act also ensured the continuity of state and municipal social services for America's most vulnerable families and individuals, including people unable to work at all, such as the nation's elderly and people with disabilities.

The Recovery Act allowed for the creation of a new HUD program, Homeless Prevention and Rapid Re-Housing, to tackle family homelessness brought on by the economic crisis, serving many people who have never before faced the prospect of being out on the street and providing them with rental payments and/or assistance to get them back in their homes.²¹ (See exhibit 3.) Through HPRP, individuals and families can now take advantage of targeted payments to cover rent and supportive services that will keep them in housing and out of shelters. In a 2009 survey by the U.S. Conference of Mayors, 72 percent of cities reported that HPRP is changing the way they provide support to people who are homeless or at risk of homelessness²²—by enabling these communities to help people before or soon after they become homeless. As of January 2011, HUD reports indicate that the program has served more than 875,000 people nationwide—including 21,000 military veterans.

The Recovery Act has provided other immediate aid for vital social safety net programs in cities, helping to maintain financial and personal stability for these hard-hit Americans through unemployment benefits, more affordable

¹⁹ "7(a) loans" refer to section 7(a) of the Small Business Act, which authorizes SBA to support loans to small businesses. "Guaranty" refers to an agreement under which SBA would partially reimburse a commercial lender for a small business loan in the event of a payment default. This approach enables small businesses to secure financing.

²⁰ SBA estimate.

²¹ In early 2010, HUD analysis found that nearly one in three program recipients were served in suburbs, illustrating the changing circumstances of homelessness.

²² U.S. Conference of Mayors. December 2009. Hunger and Homelessness Survey. Available at <http://www.usmayors.org/pressreleases/uploads/USCMHungercompleteWEB2009.pdf> (accessed February 2011).

health coverage for laid-off workers, nutrition assistance, Medicaid, and temporary assistance for low-income families with children. (See exhibit 4.) More than 110 million working families, or 95 percent nationwide, received a boost in their paychecks each week through the Making Work Pay Tax Credit. Many of these families live in America's cities.

The Recovery Act provided \$84.5 billion in Medicaid assistance to states, of which an estimated \$38 billion benefited city residents.²³ The Medicaid funds maintain health coverage and services for low-income individuals and children. Through Temporary Assistance for Needy Families (TANF), HHS provided funding to assist low-income families during the economic downturn. An estimated \$2.4 billion in TANF funds were made available in cities for basic assistance, nonrecurrent short-term benefits, and subsidized employment programs.²⁴

The Recovery Act has also funded an increase in benefits for individuals and families participating in the U.S. Department of Agriculture's (USDA's) Supplemental Nutrition Assistance Program (SNAP), formerly named the Food Stamp program. Of the 43.6 million individuals participating in SNAP nationwide, approximately 34 million (78 percent) live in metropolitan communities.²⁵ To date, those who live in metropolitan communities have received approximately \$15.9 billion in Recovery Act-funded SNAP benefits. By injecting immediate revenue streams into local business, SNAP provides a significant boost to local economies. Every time a family uses SNAP benefits to put healthy food on the table, it benefits the store and the employees where the purchase was made, the truck driver who delivered the food, the warehouses that stored it, the plant that processed it, and the farmer who produced it.

Also thanks to the Recovery Act, the U.S. Department of Education (ED) dedicated more than \$16 billion through the Pell Grant program to protect college opportunities for low-income students, a great share of whom live in urban areas. Overall, 1.9 million more students received Pell Grants nationwide (for a total in academic year 2009–10 of

Exhibit 3. Hunger and Homelessness by the Numbers

Percent increase in the demand for hunger assistance among cities in 2009*	26 percent (largest average increase since 1991)
Percent of cities reporting an increase in family homelessness in 2008*	76 percent
Percent of cities who said that HPRP would "fundamentally change the way [their] community provides services to people who are homeless or at risk of homelessness"	72 percent
Number of people served by HPRP as of January 2011**	More than 875,000, including 21,000 veterans

HPRP = Homeless Prevention and Rapid Re-Housing Program.

* In response to a U.S. Conference of Mayors survey of 27 cities between October 1, 2008, and September 30, 2009.

** U.S. Department of Housing and Urban Development recipient-reported data.

Exhibit 4. Recovery Act Safety Net by the Numbers

Recovery Act dollars in Medicaid made available to city residents	\$38 billion ^a
Recovery Act dollars in TANF made available in cities	\$2.4 billion
Number of metropolitan residents receiving SNAP benefits ^b	34 million
Number of additional students nationwide served by Pell Grants due to Recovery Act funding	1.9 million
Increase in the average Pell Grant award due to Recovery Act funding	\$620

SNAP = Supplemental Nutrition Assistance Program. TANF = Temporary Assistance to Needy Families.

^a The Recovery Act provided \$84.5 billion in Medicaid assistance to state governments nationwide. To estimate the percentage of these funds that benefited principal cities, the state-by-state percentages of people in poverty who live in principal cities were identified. These state percentages were then applied to the respective Recovery Act amounts obligated to these states through Medicaid. The state-by-state amounts were then summed to reach the national estimate.

^b Principal city estimates were unavailable for SNAP.

Sources: Estimates based on data from the U.S. Department of Health and Human Services, U.S. Department of Agriculture, and U.S. Department of Education.

²³ The Recovery Act provided \$84.5 billion in Medicaid assistance to state governments nationwide. To estimate the percentage of these funds that benefited principal cities, the state-by-state percentages of people in poverty who live in principal cities were identified. These state percentages were then applied to the respective Recovery Act amounts obligated to these states through Medicaid. The state-by-state amounts were then summed to reach the national estimate.

²⁴ TANF estimates were developed using the same methodology as described for Medicaid.

²⁵ USDA estimate. Principal city estimates were unavailable for SNAP.

8.1 million) and the average award size increased by \$620 (from \$2,971 per student without Recovery Act funding in academic year 2008–09 to \$3,591 per student with Recovery Act funding in academic year 2009–10).²⁶

Filling Gaps in State and Local Government Budgets

As the economic and housing crisis reached its peak, state and municipal governments saw sources of revenue shrink—a trend that still continues despite the nation's economic progress. Faced with significant budget shortfalls, municipalities have laid off public servants and risked or even executed severe cuts to critical services.

The Recovery Act addressed these budget gaps when they were at their worst, with funds that went toward preserving jobs for teachers, firefighters, and police officers, among others. One element of this investment was the State Fiscal Stabilization Fund, which provided emergency relief to states to stabilize state and local government budgets to minimize and avoid reductions in education and other essential services. Another key plank of the educational investment was Title I grants, which supported schools with high concentrations of students from families that live in poverty to help improve teaching and learning for students most at risk of failing to meet state academic achievement standards.

Meanwhile, the U.S. Department of Justice COPS Hiring Recovery Program reported that, as of October 2010, more than 2,100 officers in cities across the country had been hired or retained using Recovery Act funds, providing much-needed community policing capacity and crime-prevention efforts.

These investments in jobs, America's safety net, and state and local governments had important effects. Most importantly, these targeted Recovery Act investments have helped American families and communities when the going got tough, serving as a stabilizing force that stopped job losses and catalyzed economic growth.

Community Impact: The U.S. Department of Justice's COPS Hiring Recovery Program (CHRP) has already had a deep impact in cities, enabling law enforcement officers to protect those families and communities that have been hardest hit by the economic crisis.

The *Mobile (Alabama) Police Department* is benefiting from Recovery Act dollars through CHRP by creating and preserving 20 law enforcement positions. Nearly 19 percent of the families in Mobile are living in poverty, and the unemployment rate jumped from 4.7 percent in 2008 to 7.9 percent in 2009.

The city of *Mesa, Arizona*, has lost nearly \$47 million in locally generated revenues since last year. The city has lost 6.20 percent of local government personnel through layoffs and 6.30 percent of its sworn law enforcement positions have remained unfilled because of hiring freezes. The city has received \$5.8 million in Recovery Act grant funds to create and/or preserve 25 police officer positions.

Through the Recovery Act, the *Baltimore (Maryland) Police Department* is creating and/or preserving 50 law enforcement positions. More than 16 percent of the families in Baltimore are living in poverty, and the unemployment rate jumped from 6.7 percent in 2008 to 10 percent in 2009.

Nearly 19 percent of the families in the city of *Kalamazoo, Michigan*, are living in poverty, and the unemployment rate jumped from 7.40 percent in 2008 to 11.6 percent in 2009. The city is receiving nearly \$2 million in CHRP Recovery Act funds to create and/or preserve 10 law enforcement officer positions.

The *Rochester (New York) Police Department* is creating and/or preserving 30 law enforcement positions through Recovery Act funds. More than 25 percent of the families in Rochester are living in poverty, and the unemployment rate jumped from 5.5 percent in 2008 to 10 percent in 2009.

The percentage of families living in poverty in the city of *Huntington, West Virginia*, is an alarming 21 percent. The unemployment rate continues to rise and was reported at 6.0 percent as of January 2009. The city is receiving funding to create and/or preserve 4 officer positions, thanks to Recovery Act funds.

Source: U.S. Department of Justice COPS Hiring Recovery Program

²⁶ ED data.

Reinvestment: Winning the Future of America's Cities

President Obama has called for America to out-innovate, out-educate, and out-build other countries in order to win the global economic future. Much of the hard work and activity necessary to support this effort will take place in the everyday institutions of America's cities—small businesses, elementary schools, community colleges, and public health agencies.

To build the brighter future that the President has outlined, we must start by knowing and addressing what got us to this economic moment in the first place. Well before the recent crisis, the residents, business communities, and government leaders of America's cities faced persistent roadblocks to 21st-century economic competitiveness, including the following:

- Increasing utility and fuel costs, as well as longer and more expensive commutes.
- Achievement gaps among school-age children and lack of job-training availability for many adults.
- Disappearance or absence of good-paying jobs close to affordable housing, particularly in those cities that have suffered long-term decline.
- Lack of access to good-quality, affordable health care.

American businesses cannot compete in a global economy without energy security, convenient transportation, educational opportunities, affordable housing, and good-quality health care for their potential workforce. All these areas are receiving strategic investment from other countries, and America must meet these challenges head on.

Supported by the Recovery Act, cities have already begun to tackle these long-term issues by becoming greener, more educated and job-ready, more affordable, and healthier. Over a period of time, these investments will pay for themselves, such as through reduced operating costs of more energy-efficient buildings and reduced healthcare costs to employers. Even more importantly, these investments are the engines of job creation in front-running sectors, the paths for this country to take in climbing out of a historically deep recession, and the vision for a bright new future.

Greening Our Cities and Metropolitan Economies

Nationwide, the Recovery Act has made an investment of at least \$100 billion in greener communities and laid the foundation for a clean-energy economy that will create a new generation of jobs. With more than \$90 billion in clean-energy investments and a further \$18 billion for environmental programs, more than a dozen federal agencies—including DOE, HUD, Treasury, and DOT—are working together to create lasting impact in cities across America.²⁷ Cities are already reaping dividends from the Recovery Act's green investments through Energy Efficiency and Conservation Block Grants (EECBGs), housing weatherization and green retrofits, clean vehicle development, electrical grid modernization, and energy-efficient transportation and facilities. Over the years, these investments will eventually pay for themselves through energy-cost reductions. For example, according to a landmark 2009 McKinsey report, if executed at scale with appropriate private and public investments, residential energy consumption could be reduced by approximately 28 percent and annually save approximately \$41 billion in energy costs and abate 360 million metric tons of carbon dioxide emissions by 2020.²⁸

²⁷ DOE estimates.

²⁸ Granade, Hannah Choi, Jon Creyts, Anton Derkach, Phillip Farese, Scott Nyquist, and Ken Ostrowski. July 2009. "Unlocking Energy Efficiency in the U.S. Economy." McKinsey Global Energy and Materials. Available at http://www.mckinsey.com/client/service/electricpowernaturalgas/downloads/us_energy_efficiency_full_report.pdf.

Green and healthy housing

Low-income households typically spend 17 percent of their total income on energy, compared with 4 percent for the average household.²⁹ Weatherizing homes significantly reduces energy costs, easing the burden in communities that are most vulnerable to high prices and volatile energy markets. Through the Recovery Act, DOE's Weatherization Assistance Program has provided an unprecedented \$5 billion to more than 900 community action agencies to insulate homes and install efficient appliances, permanently reducing household energy use for almost 600,000 low-income homes, many in urban areas.

Approximately \$4.79 billion of weatherization dollars have gone to cities. Based on recipient-reported data, the weatherization funds supported more than 15,000 jobs nationwide during just the fourth quarter of 2010.³⁰ This figure does not include the broader set of people supporting weatherization, such as workers who construct energy-efficient windows, or the larger local economic ripple effect created by income available for employees to spend. Many of these positive effects are experienced in cities.

In addition to helping homeowners save money, the weatherization program also delivers real health benefits, such as reducing the need for portable space heaters, which can contribute to poor indoor air quality, elevated carbon monoxide levels, fire hazards, and moisture and mold buildup. Building on this significant amount of funding, HUD, DOE, HHS, and EPA have joined together with the Council on Foundations to form the Green and Healthy Homes Initiative (GHHI), providing technical assistance for recipients in 15 pilot cities to coordinate weatherization, energy efficiency, and healthy homes renovations. Through this collaboration, over the next 3 to 5 years, an estimated 100,000 homes will be inspected for health hazards at the same time they are being retrofitted for energy efficiency with other green funding. GHHI builds on the expertise of the HUD healthy homes program, whose recipients had protected more than 3,800 children from dangerous lead-based paint hazards and other health and safety risks in their homes, as of December 2010.³¹

Community Impact: In Newark, New Jersey, there are signs of hope despite tough times, thanks to a local community action agency and funding from the Recovery Act.

Sammie Rutledge worked as a carpenter since he was a teenager but stopped working in 2004 when he was diagnosed with cancer. Facing life without a paycheck from a full-time job and with energy bills as high as \$600 each month, Sammie was distraught. Then a friend heard about the weatherization program at La Casa de Don Pedro and recommended it to Sammie, whose home was made far more efficient.

"I knew I needed the boiler in my house replaced, but I said, 'I can't pay anybody for anything,'" he said. "The heat would come on every 10 minutes before, but now it feels good in there, and my bill is down to about \$100 a month."

Lizette Perez echoes Sammie's story. She's raising 2-year-old and 17-year-old daughters on a fixed income. She's another Newark homeowner who found her energy bills skyrocketing this past winter, but who could deal with the problem because of the weatherization program. She said, "I didn't know that simple things like insulation could make such a big difference, and now I can keep the thermostat 10 degrees lower and still be comfortable, even during the coldest weather."

Lizette got more than lower bills: the weatherization crew caught a safety hazard she did not know existed—bare wiring on her old refrigerator.

Source: U.S. Department of Energy

²⁹ Power, Meg. 2008. "The Burden of FY 2008 Residential Energy Bills on Low-Income Consumers." Economic Opportunity Studies. Available at http://www.opportunitystudies.org/repository/File/energy_affordability/Forecast_Burdens_08.pdf (accessed March 3, 2011).

³⁰ DOE recipient-reported data.

³¹ HUD data.

The Recovery Act has also enabled large investment in green public, federally assisted, and private affordable housing, through programs like HUD's Public Housing Capital Fund (PHCF) competitions (\$600 million nationwide), the Assisted Housing Green Retrofit program (\$250 million nationwide), and the Tax Credit Assistance Program (TCAP) (\$2.25 billion nationwide, of which about 10 percent was projected to fund green construction³²). When all projects are complete, HUD estimates indicate that 245,000 units will be retrofitted through its Recovery Act funds, contributing to a total of 845,000 units nationwide retrofitted or weatherized.³³

By reducing housing costs to building owners and residents, these green investments put money back in the bank accounts of residents, landlords, and taxpayers.³⁴ More broadly, these funds are empowering the housing industry to become a true pillar of the green economy, creating an array of jobs and businesses around energy-efficient retrofit needs.

Energy efficiency and renewable energy

Nationwide, \$35.2 billion in Recovery Act funding from DOE has supported more than \$80 billion in projects, the U.S. government's largest investment ever in clean energy.³⁵

Cities across the country have benefited directly from \$2.8 billion in State Energy Program (SEP) funding and \$2.4 billion in EECBGs directed to support innovative programs in energy efficiency.³⁶ One example of a SEP-funded local initiative is an affordable multifamily retrofit program, which loans money to property owners to make energy-efficiency improvements to multifamily housing in San Francisco, Berkeley, and Oakland, California, with possible participation from other Bay Area cities. Two nonprofit community development financial institutions—the Low-Income Investment Fund and Enterprise Community Partners—will enhance the investment by providing \$2 million in additional financial support. Loan repayments will roll into funding for new projects in the same communities. The organizations estimate that retrofits will reduce gas and energy usage by 25 percent per building. They plan to work on 26 buildings, with about 50 units each, for a total of 1,300 units. The program will support jobs such as energy auditors and contractors to do the retrofitting and monitoring.³⁷

Similarly focused on enabling local innovation, EECBG has funded a variety of cutting-edge projects across the country, such as a revolving loan fund in Des Moines, Iowa, from which city agencies can borrow for energy-efficient building retrofits and purchasing fuel-efficient hybrid vehicles for the city fleet. Other investments include long-planned but previously unfunded energy-efficiency upgrades to municipal facilities. In cities across the country, more than 5,500 projects funded by the EECBG program are having real effects today, making urban communities significantly cleaner and greener.

Also through the Recovery Act, Treasury's 1603 program provided \$142 million to renewable energy projects in cities via cash payment in lieu of tax credits through December 31, 2010. (See exhibit 5.) Solar electricity was by far the highest funded project type of city recipients of the 1603 program (\$123 million). City investments also included landfill gas-to-energy projects, geothermal heat pumps, small wind energy, and solar lighting and heating.³⁸

Another example of local investment supported by the Recovery Act is the DOE Solar America Cities program, which has engaged more than 180 organizations, including municipal, county, and state agencies, solar companies,

³² Preliminary analysis suggests that green construction has actually comprised a much greater total of TCAP construction than was originally projected.

³³ Projected units weatherized or retrofitted from DOE Weatherization Assistance Program and HUD green retrofit funding.

³⁴ In the case of public housing agencies funded by HUD, energy savings will accrue to taxpayers in the form of lower Operating Fund needs.

³⁵ White House Office of the Vice President. February 2010. *A New Way of Doing Business*. Available at http://www.whitehouse.gov/sites/default/files/new_way_of_doing_business.pdf (accessed February 2011).

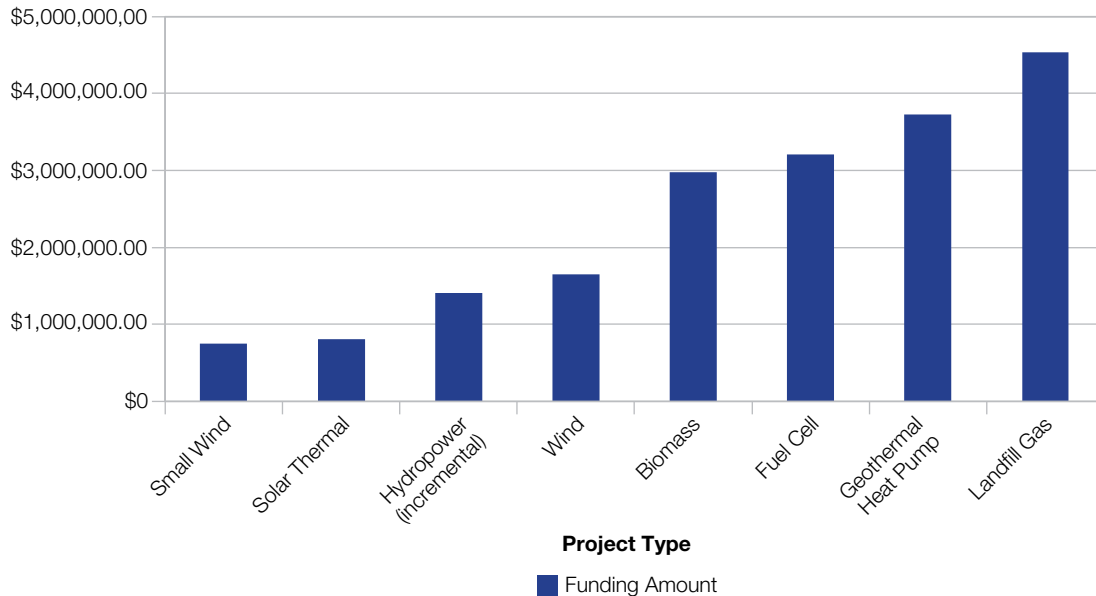
³⁶ DOE data.

³⁷ DOE information.

³⁸ Figures for the 1603 program represent the minimum amounts, because some projects were not included in the geographical analysis.

universities, utility companies, and nonprofit organizations, to power cities with clean, safe, and reliable solar energy. The partnerships are designed to provide models that can help lay the foundation for solar energy in cities around the nation. The city solar partnerships have committed to developing a sustainable solar infrastructure that removes market barriers and encourages the adoption of solar energy by residents and businesses.

Exhibit 5. City Recipients of 1603 Payments for Specified Renewable Energy Property in Lieu of Tax Credits*



* City recipients of solar electricity projects, amounting to \$123 million, not included on this chart.

Source: Estimates based on data from the U.S. Department of the Treasury.

Clean vehicles and transportation choices

Through the Clean Cities program, DOE is funding the transformation of the nation's vehicle fleet by putting more than 9,000 alternative-fuel and energy-efficient vehicles on the road and establishing 542 refueling locations across the country. Nationwide, DOE estimates these projects will help displace approximately 38 million gallons of petroleum—or more than \$100 million in fuel costs³⁹—per year. Of these funds, approximately \$250 million in Recovery Act funds is going to 22 cost-share projects in cities across the country.⁴⁰

Recovery Act support of green transportation has not been limited to fuels alone. In the transportation sector, billions are already being put to use in two forward-looking transportation investments: innovative multimodal transportation projects and interstate high-speed rail.⁴¹ The organization CEOs for Cities estimates that public transportation investments such as these result in significant environmental and economic benefits for cities and metropolitan regions, including billions of dollars in annual household savings, as trips within and between cities become shorter, less expensive, and less damaging to our environment.⁴²

Through DOT's Transportation Investment Generating Economic Recovery grant program, the Recovery Act has funded \$1.5 billion to multimodal transportation projects, including improvements to roads, bridges, rail, ports,

³⁹ This statement is based on a \$3 per gallon fuel-cost assumption.

⁴⁰ DOE data.

⁴¹ *Multimodal* refers to projects that support more than one mode of transportation.

⁴² CEOs for Cities is a national network of urban leaders focused on economic prosperity through innovation. They have estimated that "reducing vehicle miles traveled (VMT) per person by one mile per day in each of the 51 largest metro areas would produce an aggregate annual household savings of \$29 billion annually." Available at http://www.ceosforcities.org/work/city_dividends (accessed February 2011).

Community Impact: DOE awarded \$15 million to the Metropolitan Energy Information Center's Midwest Region Alternative Fuels Project as part of the Clean Cities program. The project will include 27 alternative-fuel stations and deploy 373 alternative-fuel and advance-technology vehicles. The stations will provide additional compressed natural gas fueling in cities and along the Interstate corridors that pass through Kansas City—east to west on Interstate 70 (I-70) and north to south on I-35. In addition, an extensive public awareness program will expand the interest and adoption of alternative fuels and advanced-vehicle technology in the Midwest region. DOE estimates that the initiative will help displace 548,000 gallons of petroleum—or \$1.6 million in fuel costs—over the span of the project.⁴³

Source: U.S. Department of Energy

transit, and intermodal facilities. The Recovery Act has also provided funding for DOT's Transit Investments for Greenhouse Gas and Energy Reduction program, through which \$100 million has supported projects such as electric bus operations, geothermal energy installments, and other energy saving investments to help transit agencies manage their energy use.

In the long term, high-speed rail projects will bolster local and regional rail networks to connect population and employment centers. Already, DOT has obligated more than \$4.3 billion to those rail projects that link cities across state boundaries, supporting jobs across the country. In Indiana, American manufacturing workers are forging the steel track that American construction workers are installing in Vermont and Maine. As a result, American engineers are grading new routes—and American factory workers will soon build new locomotives and cars. Ultimately, American conductors, operators, and ticket-takers will be bringing American passengers on their journeys. This means Americans—of every trade—will benefit as high-speed rail helps build a better future.

Community Impact: In early September 2010, in the San Gabriel and Pomona Valleys in Los Angeles County, California, Foothill Transit launched the nation's first heavy-duty, fast-charging electric bus, funded entirely by the Recovery Act. Roger Chandler, Chair of Foothill Transit's Executive Board, said of the launch: "Recent rapid advancement in battery and vehicle technology has made this leading-edge project possible. And the challenges that we face with our environment demand that we expand beyond what's available into what's possible. This is the time and place for possibility. Excited doesn't begin to describe how we feel. This is history."

The Downtown Dallas (Texas) Streetcar project will help create a network of commuter-friendly and green transit options among areas within the city. Funded in part by a \$23 million DOT TIGER grant, the streetcars will serve one of the hardest hit parts of the city. As proposed, the streetcar line will link to the Dallas Area Rapid Transit Authority (DART) rail lines and Fort Worth via the Trinity Railway Express. It will also include stops at the Dallas Convention Center, which is being financed with a \$388 million Recovery Act Build America Bond and is being built to LEED Silver Level Certification. A study published by economists at the University of North Texas projected that the DART system will lead to more than \$5.6 billion of economic activity between 2009 and 2014. Since the opening of the DART system, homes near DART stations have increased in value, on average, 25 percent more than those without convenient public transit options.

Sources: Foothill Transit; U.S. Department of Transportation; U.S. Department of the Treasury; U.S. Department of Housing and Urban Development

Supporting Cities To Become More Educated and Job Ready

For American cities to be thriving places of opportunity in the 21st century, children must get a good education, and adults must be able to afford college and job training. President Obama said in his weekly address on January 29, 2011, "That's what will help light the spark in the minds of innovators—and ensure that our people have the skills to work for innovative companies."⁴⁴

⁴³ This statement is based on a \$3 per gallon fuel-cost assumption.

⁴⁴ Weekly address by President Barack Obama, January 29, 2011. Available at <http://www.whitehouse.gov/blog/2011/01/29/weekly-address-out-innovating-out-educating-out-building-our-competitors> (accessed March 3, 2011).

Over the next 10 years, almost half of America's new jobs will require more than a high school degree, but 25 percent of American kids are not finishing high school,⁴⁵ and America has fallen to ninth in college graduation rates.⁴⁶ The quality of our math and science education lags behind other countries. In recent years, city school districts have confronted persistent racial and economic achievement gaps, as well as urgent needs for recruitment and retention of top teachers and modernization of school facilities. This gap has been a fundamental challenge to the future of our cities as well as for our country, compelling us now to raise our expectations for American education.

Toward that end, the Recovery Act has focused on raising standards for teaching and learning through Race to the Top (\$4.35 billion nationwide) and Title I (\$13 billion nationwide), programs that make room for states and school leaders to lead the way in improving results. Title I-funded School Improvement Grants have supported more than 830 of the persistently lowest achieving schools implementing rigorous school intervention models; 59 percent of these schools are urban.⁴⁷ Meanwhile, HHS has provided more than \$750 million nationwide to promote the school readiness of low-income children by expanding Head Start and Early Head Start programs in cities. Head Start and Early Head Start provide comprehensive early childhood development services to pregnant women, infants, toddlers, children, and their families.

Community Impact: School districts across the country are using Recovery Act funds to support teaching jobs, purchase much-needed teaching materials, and—most importantly—improve test scores, according to initial reports.

Atlanta, Georgia, is using its Title I grant to fund 11 instructional mentor positions and 5 middle school counselor positions; to acquire teaching materials for science, math, instructional technology, assistive technology, and social studies; and to support other critical services.⁴⁸ Also in Atlanta, an IDEA grant from the Department of Education is providing support for 49 special education positions.

In the Georgetown County School District of South Carolina, student scores on federally mandated tests increased after the district officials used Recovery Act funds to provide extra teachers in English/language arts and mathematics at the middle and high school levels.⁴⁹

In New Haven, Connecticut, \$400,000 in Recovery Act funds was used to hire 56 part-time teachers for a program that gave individualized attention to at-risk elementary students. Data from the program showed that participating first graders achieved between 5- and 11-percent growth and second graders between 19- and 22-percent growth. The data also showed signs of an achievement gap closing for Black males in the second grade.⁵⁰

Sources: U.S. Department of Education; Sun-News (South Carolina), October 29, 2010; New Haven Register (Connecticut), October 7, 2010

Building on the foundation that the Recovery Act has firmly established, President Obama's State of the Union address further called to train and recruit 100,000 teachers nationally in the fields that sorely need them—science, technology, engineering, and math—and to arm American students with key skills for the best jobs of the future. He has mobilized the government to work together in ensuring that every student can graduate from high school ready for college and a career, and that America reclaims its leadership in the world with the highest proportion of college graduates by the end of the decade.

⁴⁵ National Center for Education Statistics. 2009. "Digest of Education Statistics." Available at <http://nces.ed.gov/programs/digest/d09/> (accessed March 3, 2011).

⁴⁶ Organization for Economic Cooperation and Development. 2010. "Education at a Glance 2010: OECD Indicators." Available at http://www.oecd.org/document/52/0,3746,en_2649_39263238_45897844_1_1_1_1,00.html (accessed March 3, 2011).

⁴⁷ ED data.

⁴⁸ ED data.

⁴⁹ Grooms, Vicki. 2010. "Strand students' exit exam success grows." *Sun-News* (South Carolina), Oct. 29.

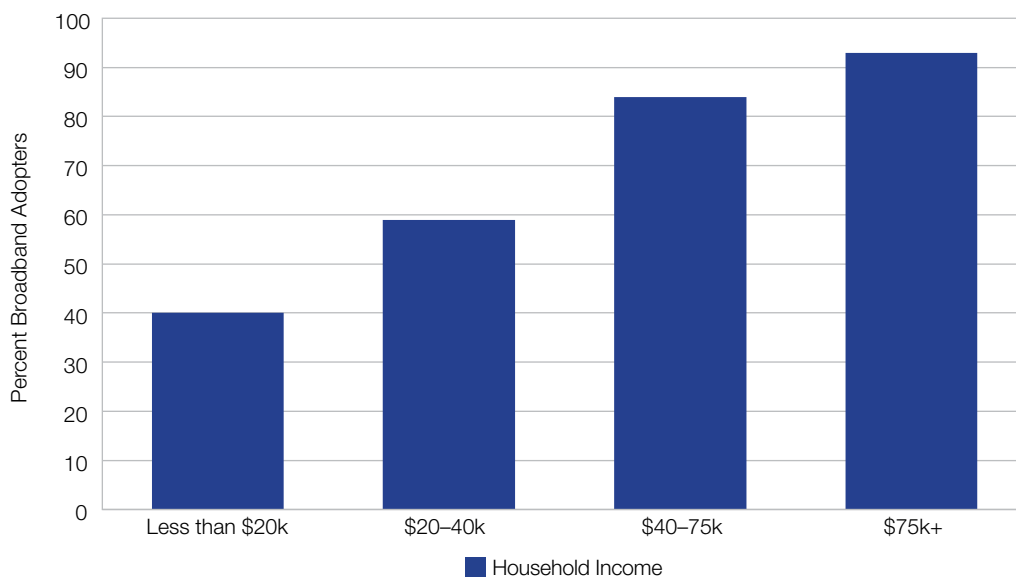
⁵⁰ Smith, Abbe. 2010. "Fed Funds Gave New Haven 1st-, 2nd-graders reading boost." *New Haven Register* (Connecticut), Oct. 7.

At the same time, many hard-working adults hungry for work face the anxiety of learning new skills for new jobs. Through the Recovery Act, the federal government has begun to upgrade and revitalize community colleges and career centers as the anchor institutions that can help job-seekers gain the skills and learn about the opportunities that would offer a brighter future. In the 12-month period ending June 30, 2010, the Department of Labor's Employment and Training Administration served more than 39.7 million people nationwide through approximately 3,000 One-Stop Career Centers across the country. Workforce Investment Act-funded programs, which saw a significant infusion of Recovery Act investments, enabled more than 8.3 million adults, dislocated workers, and youth to receive more comprehensive, individualized one-stop services, including skills assessment, career counseling and planning, and job training. Armed with new training and education, participants emerge ready to tackle careers in weatherization, automotive repair, health care, and other budding industries.

Finally, all city residents must have critical online tools to navigate the ever-shifting job and business landscape. But, over the years, limited access to the Internet and availability of job training have left many residents of cities and metropolitan areas struggling to adapt to changing workforce demands. Despite overall increases in the numbers of broadband users, research has shown that adoption has not been equitable across the country. A November 2009 Federal Communications Commission report found that broadband adoption is closely tied to income, with lower income individuals less likely to use the Internet. (See exhibit 6.) Minority groups and senior citizens also "trail the national average" in broadband access.⁵¹

Recovery Act funds are now helping to bridge the digital divide through awards that are designed to help hard-hit communities overcome technology barriers by expanding connectivity and enabling more productive work environments and education options. Through the National Telecommunications and Information Administration (NTIA), the Recovery Act has funded almost \$4 billion in broadband grants to 230 projects nationwide. These funds will not only support the creation of new infrastructure but also provide broadband access to tens of thousands of community anchor institutions, including schools, libraries, government offices, healthcare facilities, and public safety entities; invest in tens of thousands of new or upgraded public computer workstations at thousands of new or upgraded public computer centers in libraries, schools, community centers, and other public locations; and make public computer center workstations and training available to more than a million new users.⁵²

Exhibit 6. National Broadband Internet Adoption by Household Income as of November 2009



Source: John B. Horrigan for the Federal Communications Commission, February 2010, "Broadband Adoption and Use in America"

⁵¹ John B. Horrigan for the Federal Communications Commission. February 2010. "Broadband Adoption and Use in America."

⁵² U.S. Department of Commerce and NTIA estimates.

Community Impact: Funded by the Recovery Act, the SmartChicago Sustainable Broadband Adoption program is spurring economic development by providing broadband training to residents and small businesses in disadvantaged communities throughout the city. Last year, the Digital Youth Summer Jobs, a program made possible by the SmartChicago project, provided technology-oriented employment and training to 120 underserved youth as well as outreach activities to 120 parents or caregivers. In addition, 60 youths from the Smart Communities program were placed in technology-oriented jobs at more than 30 work sites. The project has already distributed 59 laptops to successful graduates of a multisession technology training course. The project has also created direct jobs for project coordinators and tech organizers. By its completion in the second quarter of 2012, the project is expected to benefit more than 500 small business owners and thousands of residents through 10 business resource centers and public computer centers.

In Philadelphia, the Freedom Rings Partnership, led by the United Affairs Coalition and the city of Philadelphia, with Drexel University as a major partner, is made up of grassroots organizations, government, and universities that are working to bring Internet access, job training, and technology to Philadelphia residents in low-income communities. The Freedom Rings Partnership will reach more than 100,000 Philadelphians with information about the importance of broadband to their daily lives; provide hands-on training to 15,000 people at more than 130 locations citywide; and distribute 5,000 netbooks to public housing residents who complete technology skills training, organizations, workforce development agencies, and nonprofit organizations. In addition, four mobile computer labs will travel throughout the city to provide training and Internet access to underserved communities.

Source: *National Telecommunications and Information Administration*



Digital Youth Summer Jobs student participants learning about technology and digital media during their summer internship at Columbia College in Chicago.

Source: *National Telecommunications and Information Administration*



National Telecommunications and Information Administration (NTIA) Chief of Staff Tom Power refurbishes a computer for the Freedom Rings project with the help of Philadelphia youths.

Source: *NTIA*

Rebuilding Housing and Neighborhoods To Make Metropolitan Areas More Affordable

Housing is a platform for numerous factors influencing quality of life—what jobs people take, what schools are accessible, and how healthy people are—and is thus directly linked to economic competitiveness. For America to win the economic future, our cities' housing markets must regain their health. The Recovery Act has addressed this crisis head on, through collaborations that mitigate the effects of foreclosures and promote smarter growth.

Unfortunately, the collapse of the housing bubble, driven by easy access to credit, left many families unable to maintain their mortgage payments. At the same time, rental market circumstances left many cities increasingly unaffordable, which resulted in the rent burdens for many families rising sky high. Recent HUD analysis showed that America's "worst-case housing needs" increased by nearly 1.2 million households, or more than 20 percent,

from 2007 to 2009—the greatest increase in the history of the study.⁵³ Moreover, foreclosures have devastated city and suburban neighborhoods—setting off a complicated chain reaction of vacancy, abandonment, blight and crime, and causing property values of nearby homes to plummet. These complex trends point to a clear need for sustained and collaborative reinvestment by localities in coordination with private and nonprofit lenders.

The Recovery Act has broken new ground by supporting cities—especially in the most distressed areas of America—to develop long-term, comprehensive strategies to address these complex problems. Overall, HUD and Treasury together have invested more than \$30 billion⁵⁴ nationwide across eleven programs that address both the foreclosure crisis and the broader imperative for affordable housing in America today. These funds came in the form of grants, loans, and first-time homebuyer tax credits, with a particular emphasis on collaborative, regionally specific solutions.

Most notably, the second round of HUD's Neighborhood Stabilization Program has provided highly desired competitive grants totaling \$2 billion nationwide—focused on stabilizing communities through new levels of collaboration among nonprofit organizations, municipalities, and the private sector. Nationally, HUD awarded 56 grants to recipients whose regions not only suffered from particularly high concentrations of foreclosure but also showed a capacity to work together effectively in acquiring, rehabilitating, and/or converting foreclosed properties to better use. HUD has married these grants with intensive technical assistance that is tailored to specific community needs. Agency officials are also actively learning lessons from the NSP2 experience to inform future capacity-building strategies for cities in long-term economic distress.

The Recovery Act has also supported the deployment of programs that will serve the broader need for affordable housing in America's cities today. As of December 2010, HUD funds alone had led to the renovation of more than 225,000 homes and the construction of more than 2,300 new homes in cities. The Recovery Act supported these results by bolstering existing HUD programs—such as PHCF and Community Development Block Grant—and by creating new ones that addressed the changing housing market dynamics—such as NSP2, TCAP, and four funding competitions for public housing agencies. In many housing developments supported by these funds, owners are employing green and energy-efficiency technologies to reduce energy consumption and to lower operating costs.⁵⁵

◇ **Community Impact:** The City Arts apartments in Baltimore, Maryland, are the first affordable artist housing in the newly designated Station North Arts and Entertainment District in the Greenmount West neighborhood of Baltimore. This \$13 million project was stalled due to the housing crisis, but it completed construction in December 2010, thanks to \$2.6 million in HUD Recovery Act TCAP funds. The site has not only made 69 units of green and energy-efficient affordable housing available for families and individuals but also invested strategically to strengthen an otherwise weak housing market. Through investments in free wireless Internet access, as well as a ground-floor gallery and arts performance space, City Arts' developers have established the apartments as a community destination, providing stability to the immediate neighborhood while also kick-starting an economic engine for the city of Baltimore.

◇ **Source:** U.S. Department of Housing and Urban Development ◇

Helping Cities Become Healthier Places To Live

Recovery Act investments are already ensuring or increasing access to affordable health care in places that need it most, promoting long-term health, and improving the quality of people's lives in cities across the country. They are also supporting jobs in advanced health research. Through the Recovery Act, HHS has helped communities to

⁵³ HUD. February 2011. *Worst Case Housing Needs 2009: A Report to Congress*. Available at http://www.huduser.org/portal/publications/affhsg/wc_HsgNeeds09.html (accessed February 2011).

⁵⁴ HUD and Treasury data.

⁵⁵ HUD and Treasury reports.

ensure that local health clinics can remain open, critical healthcare jobs are retained, and the significant increase in demand for services among the country's uninsured and underserved populations is met. As a result of more than \$200 million in HHS Recovery Act funds, as of September 30, 2010, community health centers had served 1.7 million new patients in cities across the country. More than 954,000 of these patients were uninsured.⁵⁶ More than \$640 million is funding the renovation of health center sites in cities across the country.

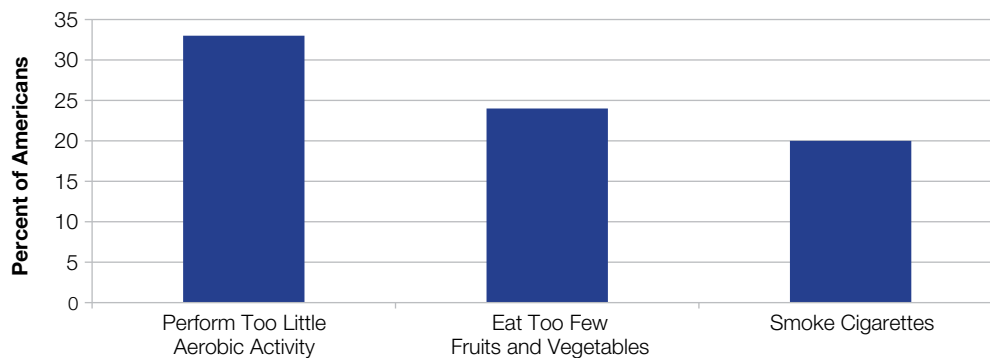
Furthermore, HHS expanded the National Health Service Corps (NHSC) through the NHSC Loan Repayment Program. Through the Recovery Act, HHS provided approximately \$60 million in academic loan repayment for more than 1,200 NHSC clinicians in cities across the country in exchange for their public service of providing primary health care in communities that need it most.⁵⁷

In addition, 30 cities received approximately \$370 million in Recovery Act-funded Communities Putting Prevention to Work grants to help citizens reduce obesity, increase physical activity, improve nutrition, and decrease smoking—all critical actions for combating chronic diseases and reducing costs.⁵⁸ (See exhibit 7.)

Community Impact: Participating in the nationwide Communities Putting Prevention to Work (CPPW) program funded by the Recovery Act, the Boston Public Health Commission trained more than 2,500 low-income children on how to safely ride bicycles during the summer of 2010, surpassing its 2-year enrollment goal in only 5 months. The CPPW program, administered by the U.S. Department of Health and Human Services, is designed to fight obesity by promoting physical activity and healthy eating. Encouraging children and their families to use bicycles is one way that Boston is helping its residents become more physically active. Besides simply feeling comfortable and safe on a bike, a barrier to cycling that children from low-income families often face is the difficulty of simply owning one. To address this need, Boston created the Roll It Forward program, which encourages Bostonians to donate used bicycles, repairs them as needed, and distributes the bikes with a lock and helmet to city residents who qualify.

Source: U.S. Department of Health and Human Services

Exhibit 7. Common Causes of Chronic Diseases



Source: Centers for Disease Control and Prevention, 2011, "Chronic Disease Prevention and Health Promotion"; available at <http://www.cdc.gov/chronicdisease/overview/index.htm> (accessed March 3, 2011)

⁵⁶ According to HHS data, 3.3 million patients were served nationwide as of September 30, 2010.

⁵⁷ As of December 31, 2010, Recovery Act funds in the amount of \$175 million nationwide had supported the repayment of NHSC clinicians' academic loans in exchange for their services in health professional shortage areas.

⁵⁸ Centers for Disease Control and Prevention. 2011. "Chronic Disease Prevention and Health Promotion." Available at <http://www.cdc.gov/chronicdisease/overview/index.htm> (accessed March 3, 2011).

The Recovery Act included an unprecedented investment in health information technology (IT), which has the potential to achieve improvements in health care, efficiency, and overall population health. In cities, HHS created new grant programs primarily focusing on ensuring that underserved and vulnerable groups enjoy the benefits of health IT to the same extent as all other citizens by working with community health centers and other safety net providers. To meet the demand for skilled workers from the growing health IT industry, HHS established a new Recovery Act-funded program to train more than 10,500 new health IT professionals annually in community colleges; more than half of the training programs are located in cities.

The Recovery Act also funded \$8.2 billion for National Institutes of Health Scientific Research, which empowers the nation's best scientists to discover new cures, advance technology, and solve some of our greatest health challenges. These funds support more than 20,000 grant awards at universities and research centers around the country, including cities.

Also through the Recovery Act, EPA provided at least \$75 million to grant recipients in urban areas across the country to help communities carry out cleanup activities and redevelopment projects and to create jobs for local residents living near brownfield sites.⁵⁹ Cleaning up and reinvesting in these properties protects the environment, reduces blight, and takes development pressures off greenspaces and working lands. By cleaning up contaminated properties and turning them into productive community assets through this program, the Recovery Act has helped to create cleaner, healthier, and more livable urban environments.

◇◇◇ **Community Impact:** The Seattle (Washington) Housing Authority received Recovery Act brownfields funds from EPA to clean up a 3.7-acre parcel of land in the critical corner of a 120-acre redevelopment project known as High Point. This mixed-income community is frequently cited as a model for Low-Impact Development and is particularly well known for its innovative stormwater management systems. The cleanup will cost \$1.3 million, employing people in both cleanup and construction jobs. Once completed, it will allow for the housing of 4,000 residents. ◇◇◇

◇◇◇ **Source:** U.S. Environmental Protection Agency ◇◇◇

A New Relationship With America's Cities

The Recovery Act has proven that a new relationship with cities is not only possible, but that it is also more effective in achieving results. Federal agencies and local partners have demonstrated these new ways of doing business through innovation, competition, collaboration, and leverage.

Innovation

The Recovery Act has supported cities and localities to undertake novel approaches to the persistent problems facing America's cities today, such as homelessness. Specifically, local homelessness programs supported by Recovery Act-funded HPRP have enabled homeless military veterans to pay for security deposits, providing them a bridge to a new future, in combination with HUD-Veterans Affairs Supportive Housing rental assistance and Department of Veterans Affairs case management and clinical services. In doing so, HUD-VASH had helped more than 21,000 veterans by the end of 2010. As described previously, 72 percent of cities responding to a 2009 U.S.

⁵⁹ Brownfields are real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.

Conference of Mayors survey reported that HPRP is changing the way they provide support to people who are homeless or at risk of homelessness⁶⁰—by enabling these communities to help people before or soon after they become homeless.

Competition

The Recovery Act has spurred competition among cities, encouraging collaboration among local entities and across sectors, and leading to significant leverage of funds beyond the federal government; for example, the Recovery Act set the stage for critical collaborative local and regional action in response to the foreclosure crisis through NSP2. This program distributed \$2 billion in an innovative competition to ensure that the money would go to regions with high rates of foreclosure and the best plans to respond to the crisis. The approach has led to an exciting partnership, not just among federal agencies—but also with five nonprofit organizations and major financial institutions to speed the pace at which communities recover from the foreclosure crisis.

Furthermore, by providing NSP2 grantees an exclusive 12- to 14-day window to evaluate and bid on foreclosed and abandoned properties before they hit the open market, one of HUD's partners, the National Community Stabilization Trust, helped 188 communities access Real Estate Owned (REO) properties last year alone at an average discount of nearly 13 percent (more than \$26 million total). With the federal government at the table, and with the competitive NSP2 projects under way, HUD anticipates an increase in strategic REO acquisition in 2011 in the hardest hit markets expected to have the biggest ripple effects.

Collaboration and Leverage

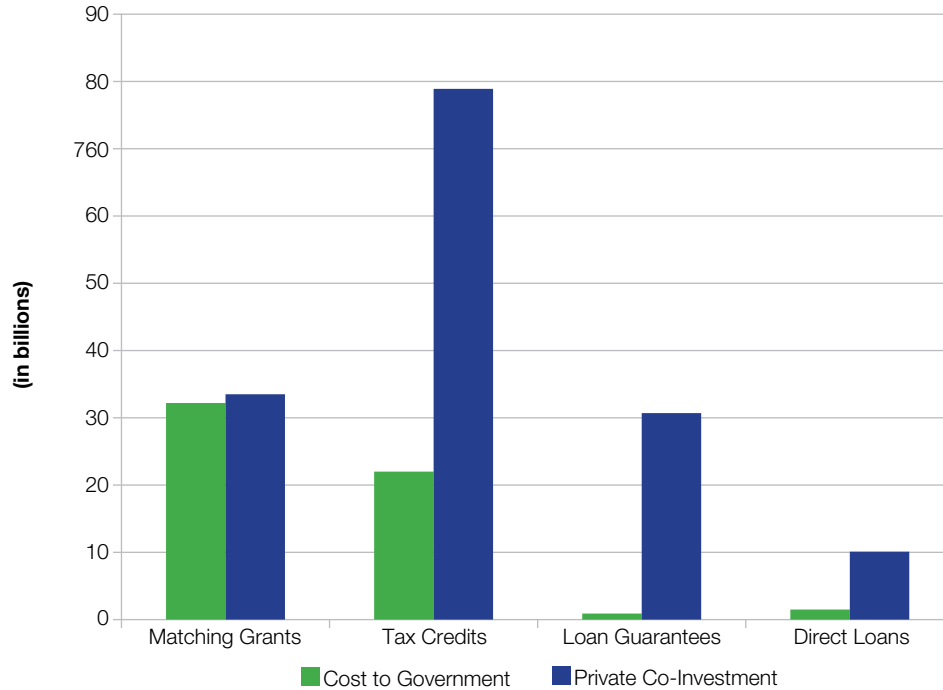
The Recovery Act has also provided a new platform for federal agencies, cities, and local entities to partner and leverage one another's resources. For example, during the past 2 years, HUD and DOE collaborated to coordinate the \$5 billion in Recovery Act funds to weatherize homes and help American families reduce their energy costs. Approximately one-fifth of the 600,000 homes that this program will weatherize by March 2012 are expected to be multifamily apartments—many of which are in cities—with an investment that saves money for owners, low-income renters, and taxpayers.⁶¹ In the meantime, as part of the TIGER program, DOT invited experts from both HUD and EPA to review applications for innovative transportation projects in cities and communities around the country. This collaboration set the tone for the Sustainable Communities Partnership among those three agencies, helping to make sure that cities get the most “bang for the buck” in their urban sustainability investments.

President Obama has said the Recovery Act should catalyze investment from the private sector, philanthropies, and localities. Recovery Act programs have delivered on that promise. Nationally, the Recovery Act directly stimulated \$153 billion in private co-investment through matching grants, tax credits, loan guarantees, and direct loans. By the end of the Act's implementation, it is further projected that about \$100 billion in Recovery Act funding will be matched by \$280 billion in additional funds outside the federal government, including a great share from the private sector. (See exhibit 8.)

⁶⁰ U.S. Conference of Mayors. December 2009. Hunger and Homelessness Survey. Available at <http://www.usmayors.org/pressreleases/uploads/USCMHungercompleteWEB2009.pdf> (accessed February 2011).

⁶¹ DOE estimates.

Exhibit 8. Co-Investment With Recovery Act Funds by Leverage Design Type



Source: Adapted from White House Council of Economic Advisers, July 2010, "The Economic Impact of the American Recovery and Reinvestment Act of 2009 Fourth Quarterly Report"; available at <http://www.whitehouse.gov/the-press-office/vice-president-biden-cea-chair-romer-release-new-analysis-job-and-economic-impact-r> (accessed February 2011).

Conclusion

During the first 2 years of implementation, the Recovery Act provided immediate support to put people back to work, help individuals hardest hit by the economic crisis, and bridge the gaps of state and local budgets under threat. At the same time, it helped to put cities on a path toward a more resilient future by enabling them to develop important areas of future job growth—the green economy, education, housing, and health care—as the long-term foundation of a thriving urban economy. These are the areas in which we must lead the way to innovate, educate, and build over the coming decades to reshape the American economy for the future.

These are also areas in which federal agencies, the private sector, and local entities alike have demonstrated innovation, competition, collaboration, and leverage—all critical to winning the future of the global economy. In short, these Recovery Act investments are not only making our cities better places to live but also making them more competitive players in the global marketplace of the 21st century—by reining in the energy, transportation, housing, and healthcare costs that hold us back, closing the achievement and opportunity gaps that our students and job trainees face, and reshaping the way government does business. As President Obama remarked in his 2011 State of the Union address, America must continue to tackle these issues head on if we are to win the future. Although the rebuilding of America's cities will be a marathon, not a sprint, the Recovery Act has generated both the momentum and energy for urban areas to meet the challenges ahead.