

ARRA CONTRACTING, JOBS, AND BUILDING A FAIR RECOVERY FOR FLORIDA







Jackson ville









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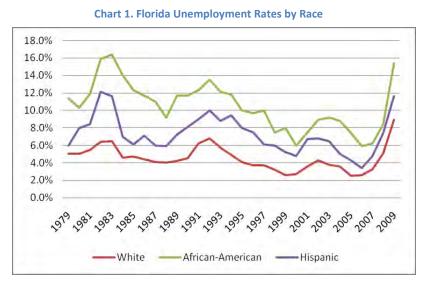
Beyond the Quick Fix: ARRA Contracting, Jobs, and Building a Fair Recovery for Florida

Executive Summary

One of the most painful aspects of the recession has been the rising economic hardship that has been inflicted upon families and communities across the country during these challenging times. Florida has been at the epicenter of this unfolding crisis, losing more jobs since November of 2008 than nearly every other state. However, even within the Sunshine State, some communities

are feeling the pain more than the others. and recent economic downturn has plunged these into depressionlike conditions. Communities of color have been most impacted during the housing crisis and this recession's corresponding job losses. and these communities were highly marginalized and vulnerable even prior to the recession.

Between November of 2008 and November of 2009



Source: Economic Policy Institute's of Current Population Survey data

Florida saw 284,800 jobs disappear, and in 2009 unemployment in Florida reached 15.4% among African Americans and 11.6% among Hispanics compared with 8.9% for non-Hispanic Whites.

This report examines the economic impact of the recession on Florida's marginalized communities and populations. The report focuses on the impact of ARRA (or the stimulus) and other economic recovery activity in addressing the widening economic disparities facing Florida's marginalized communities. The basic premise of this research is simple: Given the severe economic hardships facing Florida's most marginalized workers, are recovery programs working and sufficient? Are our recovery programs producing economic empowerment for marginalized groups in Florida, and are those efforts sufficient to reverse the unfolding economic trauma facing Florida's most vulnerable residents?

Minority Business Enterprise Participation in Federal and State Contracts

As Florida and the rest of the nation use The American Recovery and Reinvestment Act of 2009 (ARRA) to stimulate the economy back into economic growth, the potential employment opportunities produced by ARRA are inextricably tied to contract procurement at the federal and state levels. This study looks at several areas of contracting from stimulus spending in Florida, including direct federal contracts and Department of Transportation contracts, and finds that minority owned businesses have received 31% of all direct federal contracts to Florida based companies, but these tend to be smaller contracts and only account for 12.57% of the value of the contracts.

Contract Number of Contract Contract Average **Business Type** Contracts (%) **Contract Value** Count Value Value (%) Not Minority-Owned 293 68.78% \$285,079,466 87.43% \$972,967 Minority-Owned 133 31.22% \$40,973,228 12.57% \$308,069 Total 426 100.00% \$326,052,694 100.00% \$765,382

Table 1: Federal Contract Procurement by MBE Status

The vast majority of these contracts come from the departments of Defense and Homeland Security, and of the four areas in our study Tampa and Jacksonville benefitted the most from this spending.

MSA	Contracts	% of Total FL Contracts	Total Funds	% of Total FL Funds
Orlando	36	8.45%	\$20,704,615	6.35%
Miami	46	10.80%	\$12,031,760	3.69%
Jacksonville	69	16.20%	\$94,944,325	29.12%
Tampa-St. Petersburg	39	9.15%	\$97,182,705	29.81%
Total	190	44.60%	\$224,863,407	68.97%

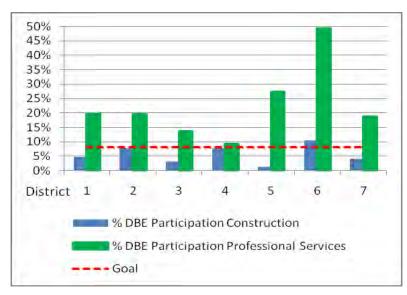
Table 2: Federal Contract Procurement by Region

Transportation spending has been some of the earliest to hit the ground with so-called "shovel ready" projects. This funding represents significant job creation opportunities in Florida's effort to recover and rebuild, but not everyone is getting an equal shot at participating in this economic windfall. Black and Hispanic-owned businesses are getting a small share of the contracts, and even less of the overall contract value. Although overall DOT procurement has met the 8.1% goal for DBE participation, which is based on the availability of firms, most of that participation comes from Professional Services contracts rather than Construction contracts. **Of the 49 contractors who had been awarded contracts as of mid-December, only 3 (6%)** are

¹ This figure was identified by cross-referencing FDOT's list of awarded contractors with its list of certified DBE firms.

certified DBE firms, representing less than 0.03% of total contracted funds, as Professional Services contracts tend to be much smaller than Construction contracts.

Chart 2. Percent Disadvantage Business Enterprise participation in Florida Department of Transportation ARRA funded contracts



These findings are one indication of how communities of color are faring with stimulus funded projects, and given that minority owned businesses are more likely to hire workers of color, they are an important indicator of where jobs are going as well. Although recipients of stimulus spending are required to report the number of jobs created or saved by stimulus funds, the lack of tracking of who received those jobs - the race, ethnicity, gender, zip code, or other information - makes it

extremely difficult to judge the impact the spending is having on different communities.

Weatherization

Florida's Department of Community Affairs received \$176 million from the ARRA to weatherize approximately 17,600 homes over the next 3 years. Already 100 inspectors have been hired and trained, and the training of contractors selected by local agencies has begun. Miami-Dade will ultimately weatherize over 650 homes with ARRA funding, and Miami-Dade's Community Action Agency anticipates bidding out the work in blocks of 10-20 homes for which contractors will need a crew of 2-3 full-time workers. The CAA is working with the Procurement Department to insert language in the contractor solicitation agreement that will require firms to hire workers "from the community", in order to ensure that job opportunities benefit local communities. Orange County will weatherize a total of nearly 160 homes over the next 14 months, and is in the process of selecting 2-3 contractors to carry out the work, in addition to partnering with a non-profit agency which will complete approximately one-third of the weatherization work. The Housing and Community Development Division estimates this will create 10-12 full-time jobs over the coming year.

Building a Fair Recovery

This research suggests that ARRA has not placed enough emphasis on job-production, especially for our nation's most marginalized communities. This approach has also lacked the

long-term community development needed in order to forge real and lasting growth. This is part of the Obama Administration's justification for an additional jobs bill, which would provide funding for additional infrastructure projects in order to foster more growth in employment. However as this report shows, ARRA's reliance on existing pipelines and shovel-ready projects designed to get money into the economy quickly has meant that inequalities in benefits from public investments that existed prior to ARRA have been maintained or exacerbated. The contract procurement process is one example where the lack of restructuring is resulting in the same flow of resources that existed before the recession. In order to bring real job growth to hard hit communities, stimulus programs such as ARRA must be catalysts for reforming such systems and targeting investment to where it is needed the most.

Based upon the findings and conclusions of the research contained in this report, the following recommendations represent the effort that must be made in order to ensure that Florida and all of her citizens are able to take part in a full and fair recovery that will be sustainable in coming generations:

Improve tracking of ARRA spending

Require reporting by all sub-contractors down to end-user, track job the demographics of job recipients and the quality of jobs created, and report the percent of state and local transportation contracts that go to Black, Latino, and Women owned enterprises.

Increase small and minority business participation

Set specific DBE participation goals for the construction industry, actively recruit African American- owned small businesses into this sector, and unbundle large contracts for small businesses.

Ensure that disadvantaged communities receive jobs from ARRA funded projects

Use First Source Hiring to make sure local communities get jobs, require recipients of stimulus spending to use apprentices or an-the-job trainees and utilize bonding to increase employment opportunities for ex-offenders

Beyond the stimulus: Rebuilding communities for the long term

Stabilize hard-hit communities with community infrastructure jobs, reform Unemployment Insurance, and develop a Green Jobs Strategy

Introduction

This series of reports measures the impact of the American Recovery and Reinvestment Act of 2009 (ARRA) upon the communities that have been most affected by the recession in Florida, specifically urban Black and Latino communities. The focus of this report is on identifying where and to whom ARRA contracts and jobs are going, and whether or not communities of color are being given the opportunity to participate in the economic recovery of Florida. The most imminent concern during the implementation of ARRA has become the need to put Americans back to work, so this report opens with an examination of the job creation outcomes of ARRA. However, because of the limitations of the job data, as well as the slow growth of jobs, it is important to look at where Federal and State contracts, potentially significant sources of job creation in the private sector, have gone since last February. In particular, transportation and weatherization funding are two areas that could potentially create opportunities for small and minority-owned businesses and so are looked at in more detail in this report. Finally, based upon the findings of the research, the report concludes with a list of recommendations for increasing the number of jobs that go to marginalized communities, and improving the systems through which resources are allocated to local communities. The hope is that this work would be an informative tool that will be used to ensure that access to opportunity and quality of life becomes a reality for all of Florida's residents.

The Economic Crisis in America

In September 2008, the world underwent its greatest economic shock since the Great Depression, as the collapse of several large financial institutions and the crash of the housing market exposed the fragility of the economic growth the country experienced since the last recession in 2001. It became clear that this growth had been built on the foundation of unsustainable subprime mortgages, the complex securities tied to them, as well as rampant speculation, fraud, and a lack of regulation in the financial industry. As credit dried up, homeowners defaulted on subprime mortgages, and unemployment soared. Only through the extraordinary intervention of Congress, the President, American taxpayers, and the Federal Reserve Bank was a repeat of the Great Depression averted, but at an extremely high cost, and with unknown long-term consequences.

Still, the impact of the downturn has been enormous. Since September of 2008, some eight million jobs have disappeared from the American economy, and official unemployment figures have skyrocketed to their highest level in a quarter century. Foreclosures on homes purchased with subprime mortgages have exploded, and the deepening employment crisis has resulted in a second wave of foreclosures.² The news on the job front has improved some in recent months,

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² For further discussion, see "The Second Wave Begins", by John P. Hussman. Available online at http://www.hussmanfunds.com/wmc/wmc091109.htm

as the official unemployment rate has dipped from 10.2% to 10%, signaling that the economy lost "only" 11,000 jobs in November, and the government has reported that the economy grew at a 2.9% annualized rate in the third quarter of 2009, after four straight quarters of contraction. However, in order to keep up with population growth and replace all the lost jobs, the economy would have to add 300,000 jobs a month for the next five years. With banks still reluctant to loan the money businesses need in order to expand, we are a long way from that level of job production.

The Recession and Florida's Marginalized Communities

While the entire country has been impacted by the Great Recession, some areas have been hit harder than others. Florida has been hit particularly hard by the foreclosure crisis and its related effects. In six metropolitan areas of Florida, the housing price index has fallen more than 10% since the third quarter of 2008.⁴ In terms of jobs, eight of the twenty weakest-performing metropolitan areas during the recession are in Florida, with the Cape Coral-Fort Myers area losing a greater proportion of

its employment than even Detroit.⁵ Between July 2006 and October 2009, Florida went from an all-time low unemployment rate of 3.3% to an all-time high of 11.2%.⁶ In the four metro areas studied in this report, Jacksonville, Orlando, Tampa-St. Petersburg,

Area 2007 2008 2009 Change Jacksonville 3.80% 5.80% 10.70% 6.90% Miami - Fort Lauderdale 4.10% 5.80% 11.00% 6.90% - Pompano Orlando - Kissimmee 5.90% 11.40% 7.60% 3.80% Tampa - St. Petersburg -Clearwater 6.50% | 11.70% 7.40% 4.20%

Source: Bureau of Labor Statistics

and Miami-Ft. Lauderdale, unemployment rates nearly doubled from 2007 to 2009 (see **Table 2**).

Yet even within Florida, some communities have been affected more than others because of vulnerability fueled by preexisting barriers to economic opportunity, which depresses the life chances for many of the State's most marginalized residents and communities. The devastating impact of the recession on Florida has therefore meant even deeper pain visited upon historically marginalized communities. For example, unemployment in Miami Gardens, the largest majority African American municipality in Florida, jumped from 8.5% before the recession to 16% this past August; 5 percentage points higher than the 11% rate for the entire Miami

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³ Krugman, Paul. "Bernanke's Unfinished Mission." *New York Times*, December 11, 2009, page A43. Available online at http://www.nytimes.com/2009/12/11/opinion/11krugman.html

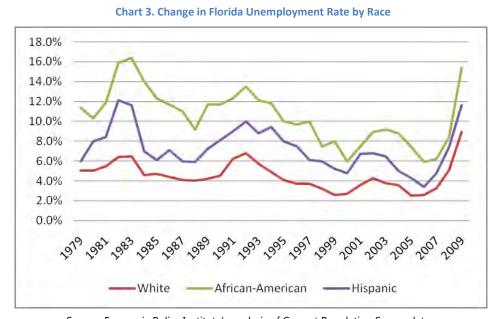
⁴ MetroMonitor, page 16.

⁵ *MetroMonitor*, Brookings Metropolitan Policy Program, December 2009, page 6. Available online at http://www.brookings.edu/~/media/Files/Programs/Metro/metro-monitor/2009-12-metro-monitor/2009-12-metro-monitor.pdf

⁶ Local Area Unemployment Statistics, Bureau of Labor Statistics. Available online at http://www.bls.gov/lau/

metropolitan area.⁷ Communities with broken or impaired opportunity structures, such as high performing schools, sustainable employment, stable and safe neighborhoods are also more likely to be communities of color. As was previously cited in this report series, within the four Florida metropolitan regions which are the focus of this study, 7 out of 10 African Americans and half of all Latinos live in neighborhoods with low access to opportunity, while only 3 out of 10 non-Hispanic Whites live in such areas.⁸

Another example of the historic opportunity gap that has existed among different racial and ethnic groups, **Chart 3** shows that over time, Hispanic and African American workers in Florida



 $Source: Economic\ Policy\ Institute's\ analysis\ of\ Current\ Population\ Survey\ data$

had have unemployment rates substantially higher than their white counterparts. African **American** unemployment rates have remained almost double that of white unemployment rates over time. In 2009 unemployment Florida reached 15.4% among African Americans and 11.6% among Hispanics

compared with 8.9% for non-Hispanic Whites. Conditions in communities of color were bad before the recession, so when our financial markets collapsed in 2008, the resulting economic pain and unemployment reached levels not seen in decades.

Developing a Plan for Recovery

In order to ameliorate these conditions, much effort has been made at the federal level to resuscitate our economy. The \$787 billion American Recovery and Reinvestment Act (ARRA) served to cushion the far worse blow the recession could have otherwise had.⁹ A third of the

http://www.nytimes.com/2009/11/21/business/economy/21stimulus.html

⁷ How Fair is Florida: Recession, Recovery, Equity, and Opportunity in Florida, pg. 12

⁸ How Fair is Florida: Recession, Recovery, Equity, and Opportunity in Florida, pg. 8, footnote 20

⁹ Calmes, Jackie and Michael Cooper. "New Consensus Sees Stimulus Package as Worthy Step." *New York Times*, November 21, 2009, page A1. Available online at

package consisted of tax cuts, while the remainder has gone towards increased benefits for the vulnerable, aid to state and local governments, and "shovel-ready" projects, such as highway construction. According to CBO estimates, ARRA saved or created between 600,000 and 1.6 million jobs by the end of the third quarter of 2009. This is a step in the right direction, but unfortunately this hardly put a dent in the employment crisis being felt around the country, let alone the most disadvantaged communities.¹⁰ The gap between ARRA and the need for more jobs spurred the President to propose diverting repaid TARP funds towards a job creation package, and the House of Representatives followed suit by introducing a bill targeted towards more infrastructure projects, and additional support for state and local budgets.¹¹

However, these job creation proposals are hampered by the limits of universal programs to help marginalized communities, unless they are designed to assure equitable impact. Universal jobs programs assume that job creation efforts will benefit all segments of society, including marginalized groups. However with so much of ARRA funding going to construction projects, the underrepresentation of Black and Latino workers in construction, particularly in the high skilled and high paying sectors, means that these communities will get fewer jobs and fewer good jobs. Initial estimates of ARRA's job creation impact were that the largest number of jobs, 18% of the total, would be created in the construction industry. In Florida however, non-Hispanic Whites and Hispanics are over-represented in construction industries relative to African-Americans, who make up 20% of the Florida workforce but only 11% of the construction of buildings workforce and 17.8% of the heavy and civil engineering construction workforce (see **Table 4**).

Table 2. Florida Industry Workforce Characteristics

	% of Overall Workforce	% of Construction of Buildings Workforce	% of Heavy and Civil Engineering Construction Workforce
African-American	20.30%	11.00%	17.80%
Hispanic	21.30%	34.30%	29.30%
Non-Hispanic White	54.30%	53.10%	51.10%

Source: Bureau of Labor Statistics

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¹⁰ Elmendorf, Douglas. "Estimated Impact of the American Recovery and Reinvestment Act on Employment and Economic Output as of September 2009." *Congressional Budget Office Director's Blog*, November 30, 2009. Available online at http://cboblog.cbo.gov/?p=433

¹¹ Senate Jobs Bill: http://money.cnn.com/2010/01/06/news/economy/House_jobs/index.htm

¹² For a more in-depth discussion on the shortcomings of universal programs, see *Post-Racialism or Targeted Universalism?*, by john a. powell, at:

http://4909e99d35cada63e7f757471b7243be73e53e14.gripelements.com/publications/post-racialism_or_targeted_universalism_powell_feb2009.pdf

¹³ Romer, Cristina and Bernstein, Jared. "The Job Impact of the American Recovery and Reinvestment Plan," January 9, 2009. http://otrans.3cdn.net/45593e8ecbd339d074 I3m6bt1te.pdf

This underrepresentation means that Black communities stand to gain less from as a result of ARRA investments in construction than other communities. While this jobs package may be targeted in some ways, (towards infrastructure and construction) this does not guarantee that the investments will benefit the most fragile communities in the economy.

Jobs Overview

The Job Impact of Contract Procurement in Florida

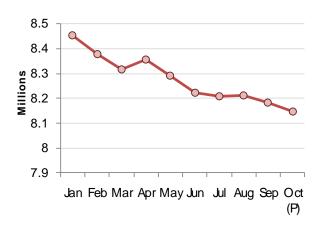
The Recovery Act was intended in part to save or create jobs in the public sector, as well as in the private sector through contract procurement. An important measure of the impact of ARRA is to determine how many jobs have been supported through its investment and resource allocation. The creation of jobs remains one of the most necessary components to a full economic recovery because of the role that employment plays in the life of families and local communities.

In October, data on the number of jobs reported by fund recipients was released to the public, which represented a unique new effort to measure effectiveness. However, as could be expected of such a new and large-scale effort, the job reporting data has been highly criticized because of the challenge associated with standardizing data collection, and with determining the true number of jobs that were created, and in many cases, saved, as a direct result of the Recovery Act. One of the most significant problems with the jobs reporting data has been that only prime contract recipients were required to report on jobs, meaning that state agencies were often the ones trying to measure job impact. As a result of this and a general lack of data collection, it is nearly impossible to determine where these jobs were generated, to whom these jobs went, and what was the quality of the jobs. Because the race, gender, and zip code of newly employed workers were not collected, only the locations of prime contract recipients appear to reflect employment impact. For example direct jobs data reported by FDOT on January 15, 2010 indicates that a total of 13,200 workers have been employed as a result of these contracts, ¹⁴ but as for the location and worker characteristics of these jobs, there is little to go on in order to determine the impact of this investment on needy families. It is also impossible to determine the quality of those jobs in terms of wages, hours, and benefits from this data. In addition, some studies have indicated that ARRA has had little to no impact on local unemployment figures.¹⁵ And recent changes to how job data is to be reported have resulted in even more ambiguity as to the effectiveness of ARRA job creation.¹⁶

¹⁴ On January 15, 2010 the Florida Department of Transportation reported that 13,200 workers have been employed on stimulus funded projects, for a total of 416,942 work hours. Assuming a 40 hour work week, this would be equivalent to 10,424 workers employed full-time for one week., Jobs Data Reported to FDOT,

http://www.dot.state.fl.us/planning/economicstimulus/jobs/ 'fGYY'a Ldg']b 'h\Y'LddYbX]l Ł Stimulus Job Creation Failure: http://news.yahoo.com/s/ap/20100111/ap_on_bi_ge/us_stimulus_unemployment

¹⁶ Stimulus Job Count Rule Change: http://news.yahoo.com/s/ap/20100112/ap_on_bi_ge/us_stimulus_counting_jobs



Since late in 2007, the climbing national unemployment rate has been felt the most by communities that were least prepared for economic crisis. However, while State and Local government budgets have received stabilization funding, and while infrastructure contracts have begun to be awarded, there have been few signs that these investments have translated into job creation at the local level. Chart 4 shows how the number of employed Floridians has continued to decline since the Recovery Act was passed in February of 2009. This data depicts the

experiences of many in the hardest-hit areas of Florida. According to the Bureau of Labor Statistics, only California lost more jobs between November of 2008 and November of 2009 than did Florida, which saw 284,800 jobs disappear during that period,¹⁷ a figure that dwarfs the 29,321 jobs that were reportedly created or saved as of the end of October. 18 This crisis of unemployment has immediate and long-term effects on health and stability of families and communities, and points to the need for large scale job creation efforts that directly benefit communities struggling with high unemployment.

Because of the difficulty of measuring the true impact of ARRA job creation on hard hit communities, Kirwan Institute staff administered a survey of FDOT contract recipients. The survey was designed to gather information that was not collected by State or Federal agencies, such as the racial makeup of employees that were hired, how the job postings were advertised, and what share of the employment was permanent. Despite numerous rounds of follow-up, there was minimal response from the contractors, reinforcing the challenge associated with measuring project impact.¹⁹

However, some of the feedback from the participating contractors is helpful for understanding how Recovery investment is hitting the ground in local communities. For instance, recommendations on how to make the contract procurement process more equitable included breaking up large contracts into several smaller ones so that smaller contractors will have more opportunities to become prime recipients. One contractor also called for increased public disclosure and media involvement, and another lamented the challenges associated with design

¹⁹ Only 6 out of 47 (12.8%) contractors participated in the survey as of 12/17/2009. Two additional contractors were awarded contracts after the survey was administered, and were consequently not polled.

¹⁷ US Bureau of Labor Statistics, http://www.bls.gov/news.release/laus.nr0.htm

¹⁸ Recipient reported data, www.recovery.gov

low bid projects. In addition to these insightful comments, the low response rate of this survey represents the challenges and ambiguity associated with determining the impact of the Recovery Act on local communities. The few responses that were received regarding job creation noted that no additional hiring had taken place, despite having received one or more ARRA contracts. As a result of the lack of credible data sources on job figures from ARRA, and because of the nature of the feedback from the survey, the focus of this report turned to contract procurement in two areas, transportation and weatherization. Although information about jobs was not complete enough to identify who has benefited from ARRA investment, data on contracts is available and can be used to get an overall picture of the location and identity of ARRA recipients.

The Relationship between Contract Procurement, Employment, and Community Relief

Since the recession has been so vast, the Recovery effort must be unfolded in a comprehensive way that will have a positive impact on both businesses and families. A strong link exists between a business community's health, its ability to obtain contracts, and the ability of its surrounding community to obtain gainful employment. Put another way, local businesses are the backbone of local economic health and community opportunity. This is especially true for communities of color that have been most impacted by the recession. Black unemployment has increased the most (4.3 percentage points) over the past year, ²⁰ and Latinos have also experienced a sharp decrease in employment in the wake of downturn in the construction industry. Ensuring that businesses in Black and Latino communities obtain an equitable number of ARRA contracts will help to secure jobs and other opportunities for members of these communities.

A look back at Florida's economic development during the years of that coincided with the employment growth of the late-1990s and mid-2000s also demonstrates the important relationship between local businesses and jobs. The low unemployment rates around the year 2000 (see Chart 1) accompanied unprecedented growth in small businesses, particularly those owned by Blacks. As Table 5 shows, Black-owned businesses grew more (in number of firms and employees, sales and receipts, and payroll) between 1997 and 2002 than any other group. What this shows is that the same economic climate that was conducive to growth in the minority business sector was also conducive to growth in employment within African American and Latino communities. This reinforces the notion that investments targeted towards disadvantaged businesses also lead to increased opportunities for marginalized communities. Although there were many faulty aspects of the economy during the stretch of expansion prior to 2007, there were others which are more worthy of being salvaged and rebuilt as Florida and the rest of the country continue to climb out of the recession.

²⁰ U.S. Bureau of Labor Statistics, http://www.bls.gov/news.release/empsit.t02.htm

Table 5. Growth Among Florida MBEs: 1997-2002

	Al	l Firms	Firms With Paid Employees			
Pct. Change 1997 - 2002	Number of	Sales and	Number of	Sales and	Number of	Payroll
	Firms	Receipts (\$1,000)	Firms	Receipts (\$1,000)	Employees	(\$1,000)
Hispanic Businesses	37.54%	15.67%	-2.26%	5.52%	15.44%	27.83%
Black Businesses	70.85%	39.81%	9.36%	27.16%	76.39%	62.92%
Women Businesses	29.47%	26.97%	8.42%	22.72%	16.33%	32.89%
All Businesses	10.34%	21.83%	4.34%	21.94%	7.17%	29.83%

Source: Economic Census, 1997 and 2002

For this reason, the focus on jobs must also include a plan to develop the businesses that create them. This notion was reflected in President Obama's job summit speech on December 8^{th,} when he stressed the importance of helping America's small businesses in order to spur job creation in local communities. To that end, he outlined a plan for job creation and "Main Street" restoration that included the elimination of capital gains taxes on small businesses, extending write-offs to help expand small businesses, and waiving fees and increasing guarantees for SBA-backed loans in order to continue extending credit to small businesses to keep them running. As the Recovery Act continues to unfold, and as we continue to advocate for the building of a fair Florida when it comes to growth and inclusiveness, contract procurement and job creation must be looked at as the two sides of the coin of equitable and sustainable economic development. The next sections of this report include findings on ARRA contract procurement at various levels in Florida, followed by a section about job creation in the State's recovery.

Contract Overview

Federal Contract Procurement in the Recovery

There are various streams through which ARRA funding is being dispersed into the economy and local communities. One of those ways is through contracts granted directly by Federal government agencies. As of mid-December Florida based companies had pulled in \$326 million in direct federal contracts, most of which have come from the Department of Defense for projects ranging from engineering and information technology to various infrastructure projects on military bases. Of the 426 Federal contracts that have been awarded in Florida, 314 (87% of all contract value) have come from the Department of Defense, and another 4.5% of all contract value has come from the Department of Homeland Security.²¹

²¹ Data on federal contracts pulled from www.fpds.gov on 18 December 2009.

Table 6. Federal Contract Procurement in Florida, by Agency

Department	Contract Count	Contract Value	Contract Value (%)
Department of Defense	314	\$284,300,839	87.19%
Department of Homeland Security	2	\$14,781,606	4.53%
Department of the Interior	29	\$6,966,829	2.14%
Department of Veterans Affairs	19	\$4,409,328	1.35%
GSA	2	\$3,792,716	1.16%
Department of Agriculture	19	\$3,071,678	0.94%
Department of Health and Human Services	5	\$2,877,676	0.88%
Department of Commerce	6	\$1,606,749	0.49%
FCC	11	\$1,224,000	0.38%
EPA	1	\$906,000	0.28%
HUD	4	\$745,556	0.23%
Department of Transportation	1	\$701,582	0.22%
NASA	1	\$600,000	0.18%
Department of State	2	\$31,692	0.01%
Department of Labor	9	\$27,021	0.01%
Department of Energy	1	\$9,419	0.00%
Total	426	\$326,052,694	100.00%

Table 6 represents the Federal contract disbursement from the different federal agencies in Florida. Firms from the four major metropolitan regions of Miami, Tampa, Orlando, and Jacksonville have received nearly 70% of the Federal contracts in Florida (see **Chart 5**, **Table 7**), most of which went to the Tampa and Jacksonville regions because of the presence of military bases.²²

Table 7. Federal Contract Procurement by Region

MSA	Contracts	% of Total FL Contracts	Total Funds	% of Total FL Funds
Orlando	36	8.45%	\$20,704,615	6.35%
Miami	46	10.80%	\$12,031,760	3.69%
Jacksonville	69	16.20%	\$94,944,325	29.12%
Tampa-St. Petersburg	39	9.15%	\$97,182,705	29.81%
Total	190	44.60%	\$224,863,407	68.97%

It is difficult to determine what the emphasis on defense-related investment at the Federal level means for Florida's marginalized communities. These contracts will result in a variety of projects that will require workers from all skill levels and trades, meaning that the employment impact from these contracts could be felt across all communities in each region. However, the impact of

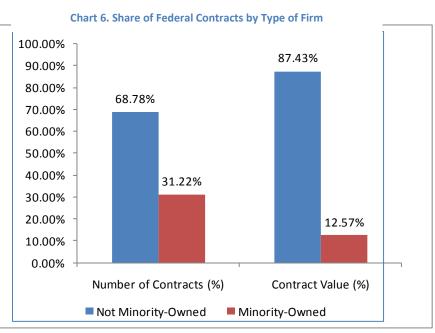
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 $^{^{22}}$ Jacksonville and Tampa areas each received over \$90 million of Federal contracts, much of which went to Jacksonville Naval Air Station and MacDill Air Force Base.

this investment, particularly upon Florida's communities of color, is strongly tied to whether or not Black and Hispanic-owned firms are given opportunities to participate in these contracts. **Chart 6** and **Table 8** represent to what extent Minority Business Enterprises (MBEs) have been enabled to participate in Florida's recovery through Federal ARRA contract procurement.

Minority-owned firms have received

roughly 31% of the contracts however, despite receiving nearly third of all contracts, these sam firms only garnered 12.6% of a value, signaling contract challenge associated with competing valuable. job-producine for contracts.²³ Among defense-relate contracts. Black-owned firm of funds. received 4% whil Hispanic-owned firms received 5% d the value of these contracts.² Looking towards the rest of ARR and beyond, Federal department should use these observations to



consider how to more fully include all communities in the contract procurement process, as well as the value of recruiting more small firms into every industry.

Table 8. Federal Contracts by Type of Firm

	Contract	Number of	Contract	Contract	Average
Business Type	Count	Contracts (%)	Value	Value (%)	Contract Value
Not Minority-Owned	293	68.78%	\$285,079,466	87.43%	\$972,967
Minority-Owned	133	31.22%	\$40,973,228	12.57%	\$308,069
Total	426	100.00%	\$326,052,694	100.00%	\$765,382

State Contract Procurement in the Recovery

While most contracting at the Federal level has been related to defense and homeland security, the majority of Recovery investment made through the state has been in education and transportation. **Tables 9** and **10** list the top ARRA funders and recipients in the State. Florida's

²³ Federal Procurement Data System, American Recovery and Reinvestment Act Report

²⁴ Defense Contract data from www.fpds.gov as of 1/13/2010

Department of Education has received nearly \$1.2 billion (17.2% of the State's total received), and the Department of Transportation has received \$850 million (12.5%).²⁵ According to the U.S. Department of Education, ARRA funding is responsible for nearly 21,000 education jobs in Florida through 2009. However, 86% of these were reported as "saved" jobs, rather than newly created positions.²⁶ Although the significance of having kept over 18,000 people employed throughout Florida's school system cannot be overlooked, the local economic impact of the new statistical category of "jobs saved" is difficult to measure. For this reason, and because the Federal and State transportation departments represent the next largest pot of ARRA funding coming into the State, the focus of this report is on the economic impact through contract procurement and job creation of the transportation investments.

Table 9. Federal ARRA Funds by Funding Agency

Funding Federal Agencies	Florida ARRA Funds	Funds (% of total)
Department of Education	\$3,209,899,452	47.2%
Department of Transportation	\$1,301,894,953	19.1%
Department of Housing and Urban Development	\$405,204,100	6.0%
Department of Energy	\$389,532,515	5.7%
Department of Health and Human Services	\$353,013,048	5.2%
Department of Justice	\$247,082,590	3.6%
Environmental Protection Agency	\$244,773,735	3.6%
Department of Labor	\$167,931,668	2.5%
All other agencies	\$486,884,757	7.2%
Total	\$6,806,216,818	100%

Table 10. Federal ARRA Funds by Recipient

Top Recipients	Florida ARRA Funds	Funds (% of total)
Florida Education Department	\$1,173,409,466	17.2%
Florida Department of Transportation	\$852,013,573	12.5%
School Board of Miami-Dade County	\$220,790,942	3.2%
School Board of Broward County	\$185,006,821	2.7%
Florida Department of Community Affairs	\$157,543,378	2.3%
Executive Office of the Governor of Florida	\$129,729,176	1.9%
Hillsborough County School district	\$110,292,451	1.6%
School Board of Palm Beach County	\$105,819,201	1.6%
University of Florida	\$104,531,185	1.5%
Florida Housing Finance Corporation	\$101,134,952	1.5%
All Other Recipients	\$3,669,219,464	53.9%
Total	\$6,809,490,609	100.0%

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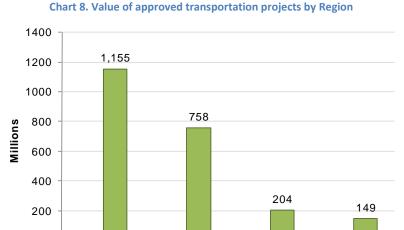
²⁵ Recovery.gov, Recipient Reported Data

²⁶ According to the US Department of Education, 18,042 education jobs were saved by ARRA funding in 2009, and 2,934 jobs were created by ARRA funding in 2009.

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Miami

An



Tampa

transportations projects throughout Florida reveals that the Miami region is scheduled to the largest amount investment in the state. Chart 8 represents the value of approved projects by region. Although over \$2.2 billion worth of projects have been approved within Florida's

four largest metropolitan regions,

only a portion of the state's ARRA

transportation investments have

of

ARRA

overview

been awarded to contractors for projects to hit the ground. Chart 9 shows how much ARRA money and how much total contract value has been dispersed, as well as how much remains to be awarded over the course of the next year.²⁷ As of January 15, the FL DOT reports it has obligated 91% of ARRA highway and infrastructure funds, the largest portion of transportation

Orlando

Jack son ville

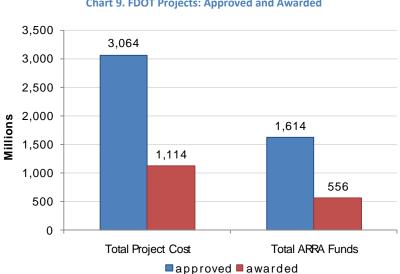


Chart 9. FDOT Projects: Approved and Awarded

funding available.²⁸ Overall \$1.6 billion in ARRA projects have peen approved, \$556 million (34%) of which has been awarded in contracts. This chart s an indication that as the pace of the contract procurement process picks up in 2010, there remains time to make policy mprovements that will lead to greater equity and economic development in every region and community of Florida.

In light of the disproportionate impact the recession has had on marginalized communities, particularly those of color, it is vital that the allocation of ARRA resources be equitably directed towards these communities. One of the purposes of this study is to determine the impact that

²⁷ This chart is based on data from the FDOT website. A list of all approved projects was compared with a list of the contracts that were awarded as of 12/23/2009.

²⁸ FDOT, Status of Florida Transportation Projects American Recovery and Reinvestment Act of 2009, January 15, 2010. http://www.dot.state.fl.us/planning/economicstimulus/status.pdf

ARRA is having on marginalized communities, as well as to make recommendations that will enhance that impact. Because of the amount of money being contracted at the State level towards transportation and infrastructure projects, a more in-depth analysis of Florida's Disadvantaged Business Enterprise (DBE) program is necessary in order to determine if contracts and job opportunities are reaching all communities, especially those most impacted by the recession.

Disadvantaged Business Participation in Transportation Contracts

Florida's Department of Transportation has a race-neutral Disadvantaged Business Enterprise (DBE) participation goal of 8.18%, which applies not only to stimulus funded projects but to all DOT projects. The figure is based on the number of DBEs that received contracts or applied for contracts from 2006 to 2008 under the assumption that this figure represents the amount of available DBE participants. ²⁹ Although FDOT has been meeting this overall goal since February of 2009, a closer analysis of contracting reveals some areas of concern. While the overall program goal is being met, the majority of the contracts awarded to DBE's are not for construction but rather for services, which are much less valuable. **Chart 10** shows how the construction portion of DBE participation has often been below the goal in several FDOT

districts. As of September 30, 2009, DBE participation in the construction sector stood at 6.06%, while DBE participation in the Professional Services sector stood at 16.78%.³⁰ Since construction contracts represent 80% of the contract value that was awarded in 2009,31 this means that DBE firms are actually getting a very small share of FDOT dollars.

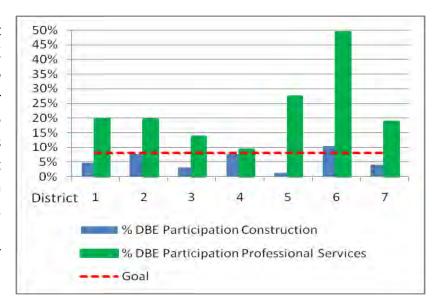


Chart 10. Transportation Projects: DBE Participation by FDOT District

²⁹ For more information about the methodology of the DBE program goal, visit: http://www.dot.state.fl.us/equalopportunityoffice/ccdocuments.shtm

³⁰ Florida Department of Transportation. "Disadvantaged Business Enterprises Participation, Federal Funded Projects, By District and Type of Work." September 30, 2009. Accessed December 18, 2009 at http://www.dot.state.fl.us/equalopportunityoffice/2008-2009%20DBE%20Participation%20-%20By%20Districtl.pdf

As of 9/30/2009, \$921,325,123 worth of construction contracts were awarded, and \$224,128,693 worth of professional service contracts were awarded.

As of December 17, FDOT had awarded a total of 95 ARRA funded highway construction contracts to 49 different contractors.³² The series of maps in the appendix of this report show where, by county, the approved projects and transportation investments are being made. Of those 49 contractors, only 3 (6%)³³ are certified-MBE firms, which reflects the previously noted finding that despite meeting the 8.1% overall goal of DBE participation, FDOT's construction contract procurement has failed to meet the goal. Also, while MBE firms make up only 6% of the contract recipients, the amount of funds that was contracted to those three firms represents less than 0.03% of total contracted funds, which is also consistent with the Federal trend of smaller contracts being awarded to minority contractors (**Table 11**).³⁴ Not only does this represent a small amount of resources for the minority-owned firms that are prime recipients of these contracts, it also means that there is a small amount of money that could potentially be subcontracted to other, smaller minority-owned firms. This shows how any inequity that exists at the prime contracting level causes a ripple-effect throughout the sub-contracting field.

 Number of Contracts
 Contract Value

 Total
 49
 \$1,109,881,008

 DBE
 3
 \$318,422

 Percent
 6.12%
 0.03%

Table 11. FDOT Construction Projects

Minority-Owned Businesses and ARRA Contracts

Previous studies have shown that construction work tends to rely on exclusive networks, and that African Americans in particular have a hard time breaking into the business.³⁵ This appears to be the case with the current stimulus funded projects as well. A series of interviews was conducted with firms who received ARRA DOT contracts and organizations which promote MBE participation. These revealed that with hiring takes place mainly through existing networks.

In many cases, minority business representatives work with MBE's in order to help them break into networks, learn about contracting opportunities, and prepare bids. Sylvia Blackmon Roberts is the founder and Executive Director of the consulting firm Blackmon Roberts, which is tasked with managing FDOT's MBE and DBE program. A key part of their work involves helping prime contract recipients to find appropriate MBE subcontractors. Upon being awarded, each prime

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³² Florida Department of Transportation, *Highway Construction Contracts*

³³ This figure was identified by cross-referencing FDOT's list of awarded contractors with its list of certified DBE firms.

³⁴ Compiled from FDOT's list of highway construction contracts on 12/17/2009.

³⁵ Feagin, Joe R., and Nikitah Imani. 1994. Racial barriers to African American entrepreneurship: An exploratory study. Social Problems 41 (4):562-584.

contractor is instructed to contact Blackmon Roberts to learn more about potential MBE participants. However, of the 49 different prime contractors who have received ARRA-funded transportation contracts through the FDOT procurement process, only two have followed through on this by contacting Blackmon Roberts, revealing a lack of incentive on the part of the

contractors to include marginalized businesses. When asked about why these contractors are reluctant to learn more about subcontracting opportunities with MBEs, Ms. Blackmon Roberts stated that "...the honest contractors admit that because their own business has been struggling, they are simply just trying to keep their own staff employed, and are trying to finish the job as economically as possible. Because high MBE participation often increases their bid, prime contractors have been less interested in working with MBEs during these tough economic times." Statements like these show why the depth of recession has hit hardest among the communities of color, and that even an investment as significant as The Recovery Act, if it is allocated through traditional pipelines, is not enough to bring some communities out of depression-like conditions.

Liliam Lopez, of the South Florida Hispanic Chamber of Commerce, expressed that very few of her member firms have seen any business from The Recovery. "Our members are still wondering where the money is," shared Lopez. She also emphasized the concern for the lack of available credit and financing to small business owners, pointing out that the current recession is multi-dimensional, and that more time, investment, and policy changes are needed in order for a full and fair recovery to take place. Additionally, she noted that the message about The Recovery Act is getting confusing, and that based on the portrayal given by the variety of information sources, local communities are having a hard time understanding the timeline of resource allocation and how they can access the funding. For members, of Elorida's most marginalized communities

Florida DOT Disadvantaged Business Enterprise (DBE) Program Highlights

- One of three states (along with Maryland and Tennessee) to have a bond guarantee component.
- One of three states (along with Massachusetts and Illinois) to host annual M/WBE award events.
- Doubled procurement from certified M/WBEs between 2004 and 2005.
- DBE goal (8.1%) ranks 22nd
 among states with at least
 20% non-white population.¹
- Supplier diversity participation is voluntary.
- Gender, Race neutral

members of Florida's most marginalized communities, this represents one of the most discouraging aspects of their attempt to obtain relief in the midst of recovery allocation.

¹ Lohrentz, Tim. Survey of State Inclusive Business Programs. Insight Center for Community Economic Development, July 2008.

"The first work I've had in a year" - A Contractor's Experience with the Stimulus

Roberto Gomez* founded his own engineering construction firm two years ago, after more than 20 years in the business, and is a certified Disadvantaged Business Enterprise in the State of Florida. He recently completed a \$50,000 project doing drainage work for a small municipality in Florida. This project was funded by ARRA money that the municipality had received, and the project was contracted through the Florida Department of Transportation. This is the first work he's had in a year. "Things have been getting better and a lot of it is stimulus. Thank God for the stimulus. It was bad. Shovel ready really means 6 months because they have to put it out to bid so the results are going to be seen next year. We've been putting lots of bids out, and it's all government money. I have 4 months worth of work now, and my friends have a few jobs in hand too."

Gomez's bonding capacity is relatively small because he's a new business, and he has competition from big companies bidding on small projects now too because of the lack of work. The project he recently completed had 6 bidders. Gomez says it is unusual for the DOT to put out such small jobs, and he wishes there were more opportunities. Sometimes he works for a general contractor who knows him well and doesn't require bonding for that reason. But most of his work is performed for Miami-Dade or Broward Counties. Miami-Dade has a small contractor participation requirement of 20% for projects over \$1 million, while the FLDOT has no such requirement. "I wish the DOT had more requirements for small businesses," Gomez says. "Right now it's voluntary, they give you extra points on your scorecard but it's not mandatory."

For the recent stimulus funded project he completed he hired three people, all of whom were unemployed, and whom he knew from his old company. They are part of a crew that works for different companies, wherever there is work. All were Hispanic, and have 10-20 years in the business. Gomez keeps in contact with about 15 workers from his old company, and they call him regularly to see if he has work. He "tries to hire guys who have worked together before. It's a safety issue too. They have to work with heavy equipment, in waste high water. They have to have good communication."

Gomez finds out about the projects he bids on from a private company that sends him regular emails with lists of projects, a service he pays for. But he has also received some emails from Miami-Dade County and the DOT about stimulus funded projects, and several months ago went to a seminar "where the big guys come to meet the little guys." But since he already knew the 5-7 GC's in the room, he left. "I know the people I want to work with. I was lucky to start in the business. I grew up in the business."

*pseudonym

The Job Impact of the Weatherization Assistance Program

In addition to ARRA spending on transportation, the energy efficiency programs are also a source of construction and trades jobs. One program with the potential to benefit small businesses in particular is the Weatherization Assistance Program. This program was already in existence but received an additional \$5 billion through the ARRA as part of the \$40.9 billion in ARRA funding³⁶ for programs that develop renewable energy technology and increase energy efficiency, including retrofitting government buildings and weatherizing low income housing. The WAP helps to make the homes of low-income families (those earning less than 200% of the federal poverty line) more energy efficient, thus reducing energy costs for families and environmental impact.

The current economic crisis comes on the heels of more than two decades of intensifying globalization, which has eroded the country's manufacturing base and raised serious questions about what the future economy will look like. In particular the question of where the good jobs will come from, jobs that come with family supporting wages and benefits, is critical for ensuring the future sustainability of our economy and society. For this reason, many have been looking to the demand for improved energy efficiency and renewable and alternative energy sources as a potential source of new "green jobs." Such jobs could include manufacturing equipment, such as solar panels and wind mills, for renewable and alternative energy production, as well as retrofitting and weatherizing homes and commercial properties to improve energy efficiency. Policies and initiatives that provide support for the greening of industries such as manufacturing, engineering, and services are popular because they offer opportunities for displaced manufacturing workers and out-of-work construction workers, and because they provide opportunities at a range of skill levels. Around the country advocates are working to make sure that as industries become more environmentally sustainably they also become economically sustainable by ensuring minimum standards of job quality and equity.

In other areas of the country such as Portland and New Jersey the WAP program has been used as part of larger efforts to create jobs, provide green jobs training, and conserve energy. For example New Jersey requires "50% of the work hours on weatherization projects to be performed using graduates of state approved training programs that serve low-income communities." Portland's Community Workforce Agreement on Standards and Community Benefits in the Clean Energy Works Portland Pilot Project requires that "historically disadvantaged or underrepresented people, including people of color, women, and low income residents of the city perform not less than 30% of total trades & technical project hours in the

³⁶ Apollo Alliance, Congress Approves Clean Energy Provisions of Stimulus; Consistent With Apollo Economic Recovery Act, available on-line at www.apolloalliance.org.

³⁷ Green for All, Weatherization, Page 17

pilot. As practical, contractors should have a first source hiring agreement with qualified training programs to meet this goal." Such examples show the potential for using stimulus funded or other publicly funded projects to create jobs in communities which have experienced the highest unemployment and have the greatest need for investment.

Unfortunately, with the possible exception of Miami-Dade County, it does not appear that such approaches are being used with the WAP in Florida. Florida's Department of Community Affairs (DCA), which administers the WAP for the state, was awarded \$176 million over 3 years, representing an almost 10-fold increase in funding from the previous annual budget, which the state estimates will allow it to weatherize for an estimated total of 17,600 homes.³⁸ Thirty-two local government bodies and non-profits in Florida have received funds from the DCA to conduct weatherization work, many of which had existing weatherization programs that have expanded their capacity using the new funds. Based upon October recipient-reported data, the Florida DCA reported that 83 jobs were created or saved so far through weatherization funding. As of this report writing, most areas had trained new inspectors but had yet to begin the actual weatherization of homes. According to agency representatives from the Miami-Dade Community Action Agency and the Orange County Housing and Community Development Division, both agencies have hired several full-time inspectors to conduct the initial energy rating and to assign the necessary weatherization work for local firms. Miami-Dade CAA has hired four inspectors, and Orlando has hired two (one was hired by a local non-profit which will be conducting about one-third of the weatherization work). Both agencies expect to release contracts for weatherization work to bid in January and to begin the actual work in the first quarter of 2010. Both agencies, as well as the state DCA, indicated that they would be tracking the number of workers hired by the contractors, so as to include them in the quarterly reports mandated by ARRA.

The different approaches being taken by each agency demonstrate how some ARRA money is being allocated through traditional means, while some is being allocated in new ways. Both Miami-Dade County and Orange County have allowed firms to begin bidding on weatherization work in January of 2010. The Orange County Housing and Community Development Division, which runs the weatherization program in the Orlando area, is in the process of finalizing a partnership with a local non-profit agency that provides services to senior citizens to perform approximately one-third of the weatherization work. The agency has previously received grant money from the County to perform home improvements for seniors, and so County reached out to this agency to provide weatherization services as well with the additional funding from ARRA. In addition, Orange County anticipates contracting with 2 to 3 vendors in order to complete

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³⁸ Florida Department of Community Affairs, Florida American Recovery and Reinvestment Act Weatherization Assistance Program 2009-2012 State Plan. Available on-line at http://www.dca.state.fl.us/fhcd/wap/index.cfm

weatherization on a total of nearly 160 homes over the next 14 months. Bidding firms must have previous experience with weatherization or housing rehab. Thus the anticipated effect of the additional ARRA funding for weatherization in Orange County will be to increasing the amount of homes to be weatherized about 6 fold, which the Housing and Community Development Division estimates will create 10-12 full time equivalent jobs. It appears these jobs will go to contractors with previous experience in this type of work, and since there are no requirements that contractors hire apprentices or provide on-the-job training, the hiring of new or unskilled workers will be coincidental, and unlikely given the high unemployment among construction workers.

Without any requirements from the Department of Energy that weatherization funding be used to hire disadvantaged workers or local residents, or provide on-the-job training, any effort to use weatherization funds for these purposes comes from local agencies themselves. The Miami-Dade County Community Action Agency, a county agency with an independent board, has expressed a desire to require contractors to hire workers from the neighborhoods where they are performing weatherization work. The CAA is working with the Small Business Department, which has recommended that all weatherization work be set aside for small contractors, to solicit a pool of small contractors and contract the work in blocks of 10-20 homes each. Contractors and workers will receive training after they are admitted to the pool. Miami-Dade will ultimately weatherize over 650 homes with ARRA funding, and the CAA estimates that contractors will need to hire a crew of 2-3 workers, plus temporary workers, depending on the type of work to be performed on each home. The CAA is working with the Procurement Department to insert language in the contractor solicitation agreement that will require firms to hire workers "from the community", in order to ensure that job opportunities benefit local communities. CAA head Julie Edwards stated "We are trying to follow the spirit and the intent of the law, which was to create job opportunities in the community. By default we have to read the law in that manner because our mission is to address issues for the poor." She noted that effectively monitoring adherence to this provision will be challenging.

Expanding opportunities for new or unskilled workers requires specific plans for training and hiring new workers. In Florida training contractors and workers in weatherization work will focus initially on those who have been selected to do the work by the local agencies, and will be open to others who wish to gain the skills, pending space and funding. Training for 100 new inspectors hired to perform energy rating has already been completed, and training for contractors and workers began in January. Training will be conducted by a private construction firm with experience in weatherization and training on weatherization. Every contractor who has been identified by local agencies for doing weatherization work will be required to attend training, which will be arranged with the local agencies. After all the retained contractors have

been trained, the trainings will be opened to other contractors or workers who wish to learn weatherization skills. DCA has expressed an interest in partnering with Workforce Investment Agencies and educational institutions in order to make the training available at an on-going basis, but the details (especially regarding who will cover the cost) have yet to be decided. These plans for institutionalizing and expanding training in weatherization remain tentative, but are in accordance with the State Plan for the WAP that the Florida DCA submitted to the Department of Energy in May 2009.³⁹

Although much still remains to be seen about how the expanded WAP funding will hit the ground in Florida it appears at this point that while a few possible opportunities will be created for new entrants to field, the majority of jobs and contracts will go to workers and firms with experience and connections. As could be expected, due to the fact that the weatherization program was already in existence and the short timeline given for scaling up the work, program administrators have looked for the most efficient ways to expand their capacity quickly, and with a few exceptions have not been able to use the program to expand job opportunities for disadvantaged communities. Efforts to expand opportunities to more workers and contractors will be longer in coming, and will depend on the initiative taken by local agencies to work with county procurement and small business development departments in order to require the hiring of low-income workers and trainees, and to develop partnerships with educational and workforce institutions.

Policy Recommendations

The American Recovery and Reinvestment Act states that a purpose of the Act is to "preserve and create jobs and promote economic recovery" and that the Act intends to "assist those most impacted by the recession." 40 This mandate provides a unique opportunity for public and private organizations to implement policies that to uplift communities that have been denied access to good jobs and particularly affected by the Great Recession. Access to jobs is central to the health of any community, and for too long communities of color in Florida have not had

Florida Department of Community Affairs, Florida American Recovery and Reinvestment Act Weatherization Assistance Program 2009-2012 State Plan. Available on-line at http://www.dca.state.fl.us/fhcd/wap/index.cfmDCA "State-sponsored training will be made available throughout the state to all contractors who wish to participate in this program. At a minimum, training will cover an overview of the Recovery Act Weatherization Assistance Program, bid procedures, permitting requirements, waiver circumstances, licensing requirements, workforce hiring requirements, lead safe weatherization work practices, and measures installation." In addition, the Plan stated that "The state office will also work with educational institutions and appropriate state and local agencies to develop curriculum for training workers who wish to perform weatherization work under the supervision of licensed contractors. Contractors who wish to participate in the Recovery Act Weatherization Assistance Program would be required to give preference in hiring workers receiving this weatherization workforce training."

⁴⁰ American Recovery and Reinvestment Act, Section 3(a)(1) and Section 3(a)(2)

sufficient access to good jobs due to many factors. Without an explicit job creation policy, Florida will continue to rely on growth and tourism related jobs. Without guaranteed fair access to good jobs and targeted investment such as education and health care, communities of color will continue to be particularly vulnerable to economic shocks. The following recommendations cover four areas necessary for maximizing job creation from ARRA funding and helping hard hit communities of color to get their fair share of jobs: improving tracking of ARRA spending, increasing contract opportunities for small and minority owned businesses, ensuring that disadvantaged communities receive jobs from ARRA funded projects, and focusing on rebuilding the Florida economy over the long term.

Improve tracking of ARRA spending

The ARRA represents a milestone for accountability and transparency in government spending, but the tracking system still needs many improvements to truly produce usable data that will allow for effective monitoring and evaluation of the spending. The only way to ensure accountability from the stimulus know whether the stimulus spending is reaching the hardest hit communities is to have the data available to track where the spending is hitting the ground and who is benefitting. The following recommendations call for more and better tracking of ARRA spending.

Track recipients of jobs created with ARRA funding by demographics and job quality

All recipients of Recovery Act funding should be required to report, in addition to number of jobs, the demographics of those who received or kept jobs due to Recovery spending including race and ethnicity, gender, national origin, and zip code, the number of hours of jobs created, and wages and benefits paid. Each recipient should be required to report this data directly to the federal government through a centralized data collection system, accessible on-line and searchable by geographic area, recipient name and contract amount.⁴¹ This would be helpful for tracking investment in communities of color and other marginalized areas and ensure that funds are spent where they will have the most impact.⁴²

Require reporting by all sub-contractors down to end-user

Guidance from the Office of Management and Budget does not require reporting of jobs or spending down through all levels of subcontracting. This hinders effective evaluation of the impact of spending. Lack of data on end users means it is impossible to determine

⁴¹ OMB Watch; *Recovery Act Transparency: Implementation and Current Issues*, September 10, 2009.

⁴² Kirwan Institute's memo to the Office of Management and Budget (OMB); http://fairrecovery.org/tools/OMB%20Memo%20Final.pdf

where jobs were created. For example, the Florida Department of Elder Affairs reported 24 jobs created or saved by ARRA spending in the first quarter. However, the bulk of the funding was sub-granted to local agencies who actually provided the services, and the job description indicated that the job activity was primarily serving meals to elderly people. OMB guidelines do specify that the prime recipient has to collect actual jobs data from each sub-recipient, but this information should be reported separately in order to present the full picture of the impact of spending.

Report the percent of state and local transportation contracts that go to Black, Latino, and Women owned enterprises

In addition to merely reporting the percent of DOT contracts received by DBE's, Florida should report the percentages of contracts received by particular types of DBE's, including Black-owned, Hispanic-owned, and women-owned enterprises. This will allow monitors to make sure that contracts are truly reaching every community, and to make sure that civil rights provisions against discrimination are being followed.

Increase small and minority business participation

Small businesses generated 64% of net new U.S. jobs in the past 15 years.⁴³ They are particularly important in communities of color as generators of wealth and employment opportunities, as minority owned businesses are more likely to hire minority workers. Any strategy for increasing employment opportunities must therefore encourage and support the development of small minority owned businesses.

Unbundle Large Contracts for Small Businesses

In a 2002 analysis of the effects of contract bundling on small businesses, the Small Business Administration's Office of Advocacy found that for every 100 bundled contracts, 106 individual small business contracts were no longer available. In addition, for every \$100 awarded in a bundled contract, awards to small businesses declined by \$33. The analysis also indicated that even though the dollar amount of small business contracts remained relatively constant from 1990-2001, the number of new contract awards had declined markedly. Unbundling contracts can provide these small businesses with the

⁴³ Small Business Office of Advocacy FAQs. Accessed December 18, 2009 at http://www.sba.gov/advo/stats/sbfaq.pdf

⁴⁴ Office of Management and Budget. "Contract Bundling: A Strategy for Increasing Federal Contracting Opportunities for Small Business." October 2002. Page 3. Accessed December 18, 2009 at http://www.osdbu.gov/Assets/PDF/contractbundlingreport2002.pdf

⁴⁵ *Id*.

⁴⁶ *Id*. at 4.

opportunity to compete for, and obtain, stimulus contracts. Florida can take steps to mitigate the negative effects of contract bundling on small businesses by unbundling its contracts, and for contracts that are not easily unbundled, encouraging or facilitating small business joint ventures.

Set specific DBE participation goals for the construction industry, and actively recruit African American- owned small businesses into this sector

The Florida Department of Transportation (FDOT) has a DBE participation goal of 8.1%. DBE participation reports indicate that FDOT has consistently met this goal, remaining close to this rate each month since February 2009. However, this aggregate performance measure hides disparities within industries, as most DBE participation is in services, not in construction. This is alarming given the increased investment targeted at infrastructure and construction jobs and the greater value of construction contracts over services. To ensure that DBEs, especially African American-owned small businesses, can benefit from this increased investment, Florida should institute a specific DBE participation goal for the construction industry.

Ensure that disadvantaged communities receive jobs from ARRA funded projects

Although the ARRA has created and saved thousands of jobs in Florida, in some industries such as construction indications are that communities of color, particularly African Americans, are not benefitting equally from those jobs. Specific policies are needed to make sure that job opportunities are accessible to those who need them the most and that training exists to increase the skills and opportunities of those who have been marginalized in the economy.

Use First Source Hiring to make sure local communities get jobs

One of the challenges with directing investment to hard hit communities is that even when funding is awarded to a certain area for public works projects, there is little guarantee that local residents will benefit from the jobs created. First Source Hiring programs are a way of ensuring that a minimum percentage of the jobs created on a publicly funded project will be filled by local residents. This approach creates more fairness for job seekers by requiring that all workers on a publicly funded project be hired through a designated hiring center which also advertises job opportunities. An example of a First Source Hiring program is the one implemented by the City of Washington, D.C. The program requires all job openings on publicly funded projects over \$100,000 to be listed with the Department of Employment Services (DOES), which advertises the job openings, screens and refers applicants to the contractor. The employer submits an Employment Plan which tells DOES the new positions

being created, the projected salary for each position, the anticipated hire date(s), and the names of current employees who will be working on the project. This plan serves as advance notice for DOES to help coordinate recruitment needs. If DOES cannot refer enough qualified applicants in the agreed upon time frame the employer is free to hire from other sources, but must still ultimately hire at least 51% D.C. residents for new jobs. Two problems can arise out of such an approach. First, the stipulation that the agreement only applies to "new" hires can be used by employers to claim they already have enough workers and do not need to hire any new ones. In the construction industry it is common for contractors to have a pool of regular workers that they draw from, and with a pool of any size it is very possible that an employer would not have to hire any "new" workers for a project. Second, a lack of skilled workers in a certain area could be a reason for an employer to avoid using the First Source Hiring hall. It is important to have training requirements on projects that provide for a certain percentage of hires to be apprentices or trainees, so that more people can learn trade skills and have the opportunity to get higher paying jobs. We recommend that First Source Hiring programs be required for all eligible⁴⁷ stimulus funded projects in Florida.

Require recipients of stimulus spending to use apprentices or an-the-job trainees

Analysts estimate that approximately 54% of jobs created through ARRA will require some degree of education beyond high school, and a substantial number will require on-the-job training, and related work experience ranging from one to four years. However, only about 67% of Blacks and 63% of Hispanics, compared to 83% of whites over the age of 25, have at least a high school diploma. Creating structured career pathways by linking local educational institutions directly with industry and employers helps workers to take advantage of better job opportunities and helps the economy maintain a skilled workforce.

With a second round of stimulus funding targeted specifically at infrastructure and construction job creation, Florida should develop targeted training programs that provide the opportunity for African American workers to benefit from these direct government investments. Strategies to increase employment opportunities through training include developing a pre-apprenticeship fund and referral networks. A proposal was submitted to the Obama administration to make the new jobs program inclusive of all communities

⁴⁷ Contracts using federal-aid funding from the Federal Highway Administration are prohibited from requiring local hire agreements. http://www.fhwa.dot.gov/programadmin/contracts/042094.cfm

⁴⁸ Fischer, David and Jeremy Reiss. "From Stimulus to System: Using the ARRA to Serve Disadvantaged Jobseekers." Center for Law and Social Policy. Accessed December 18, 2009 at http://www.clasp.org/admin/site/publications/files/0489.pdf

⁴⁹Andron, Scott."Florida's jobless rate leveling off, but minorities have tougher climb." *The Miami Herald*, September 19, 2009. Accessed December 18, 2009 at http://www.miamiherald.com/business/story/1240954.html

advocated for setting aside 1% of funding for the transportation projects to fund pre-apprenticeship/recruitment programs that can identify and actively recruit historically excluded workers in their communities, and get them into training to begin to develop the next generation of workers. A similar set-aside could be established for Florida. Funding for federal highway and transit projects, including Recovery act projects, can also be used for on-the-job training programs. Again, any "worker"-targeted training programs need to be "occupation"-targeted (i.e. focused on green jobs, construction, and new technology). Another best practice effectively utilized has been on-the-job trainee applicant referrals from community-based partners that resulted in the hiring of local workers into the construction trade.⁵⁰

Utilize bonding to increase employment opportunities for ex-offenders

Workers with criminal background often have trouble getting hired, sometimes because business insurance costs on such employees are higher. The Department of Labor began a program in 1966 that offered subsidized bonding of at-risk employees as an incentive for companies to hire them. The Federal Bonding Program is a partnership between the DOL and The McLaughlin Company, an insurance brokerage firm, which provides fidelity bonds— business insurance policies that protects the employer in case of any loss of money or property. At-risk job applicants are ex-offenders, recovering substance abusers, welfare recipients, persons who have poor credit, individuals dishonorably discharged from the military, and economically disadvantaged youth and adults who lack a work history. The program is administered by state Workforce Investment Act agencies through local career centers, is free to employers and workers, and bonds can be approved immediately.

Despite the ease of participation and the wide ranging eligibility, since the program's inception only 42,000 employees have received bonding. Of these, 99% have proven to be honest workers, demonstrating an extremely high success rate for the program.⁵¹ Given that Florida has an extremely high incarceration rate, the 8th highest in the nation⁵², programs that assist ex-offenders to integrate back into society are sorely needed. Florida's workforce delivery system should work to educate all employers and ex-offenders about the bonding program in order to increase the number of participants and thereby help stabilize communities suffering from high rates of incarceration

⁵⁰ Correspondence from Secretary LaHood to Governor of Alabama, Honorable Bob Riley. December 7, 2009.

⁵¹ U.S. Department of Labor, The Federal Bonding Program. Available on-line at http://www.bonds4jobs.com/program-background.html

National Institute of Corrections, Statistics for the State of Florida. Available on-line at http://www.nicic.org/Features/StateStats/?State=FL

Beyond the stimulus: Rebuilding communities for the long term

Although the ARRA has saved thousands of jobs in Florida, it was designed at a time when unemployment was much lower and the unemployment crisis was not as severe as it is today. With unemployment at current levels and not expected to come down for several years yet, communities of color are facing long term impacts of joblessness, rising poverty, and lost earning potential over the long term. This situation needs an immediate response from policy makers to create jobs that will stabilize communities of color, extend jobless benefits so the safety net functions for all who have been hit in the recession, and long term planning for the economy of the future.

Stabilize hard-hit communities with community infrastructure jobs

Bold short term measures are needed to reduce historically high unemployment. At the same time, many agencies that provide vital services are facing funding shortages and neighborhoods and cities are facing disrepair as public budgets are strained. A Community Jobs Program for Florida would create jobs improving community infrastructure and providing community services. A national model has been proposed by the Economic Policy Institute⁵³ and the Center for Community Change⁵⁴ which would transfer of funds from the Department of Labor through states to local governments and non-profits, using the CDBG formula, to pay workers \$12-\$15 per hour for 30 hours per week for such jobs. The National Council of La Raza⁵⁵ also recommends that 20% be reserved for non-profit employment and 30% of jobs go to economically disadvantaged job seekers. The cost would be \$40 billion per year to employ 1 million people and would be paid for with a financial transactions tax. In Florida, we recommend a hiring target of 100,000 people at a cost of \$4 billion. The program could be paid for through closing sales tax loopholes, reinstating the intangibles tax on wealthy investors, expanding the taxation of internet sales, ending subsidies to sports franchises, and closing corporate tax loopholes such as the exemption of limited liability companies and subchapter S corporations.⁵⁶

Reform Unemployment Insurance

With so many workers of color unemployed in Florida, unemployment benefits are critical to the survival of families. In the current recession, many workers have exhausted the

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Economic Policy Institute, American Jobs Plan, available on-line at http://www.epi.org/index.php/american jobs/american jobs plan

⁵⁴ Center for Community Change, The Community Infrastructure Program Creating Jobs, Rebuilding Communities, http://www.communitychange.org/

⁵⁶ Florida Center on Fiscal and Economic Policy, *Florida's Fiscal Crisis: The Prescription*, February 2009. Available online at http://www.fcfep.org/index.php?option=com_content&view=article&id=109:floridas-fiscal-crisis-the-prescription&catid=34:fcfep-publications&Itemid=207

standard 26 weeks of benefits. ARRA extended unemployment benefits for up to 33 weeks until December 31, 2009, and benefits were recently extended another 33 weeks for states with unemployment rates above 8.5%.⁵⁷ Unemployed Black and Hispanic workers, and women workers, in Florida are slightly less likely to receive unemployment than White workers, in part due to the way unemployment is structured. ARRA provided incentives for states to modernize the way unemployment benefits are calculated in four ways: making part-time workers eligible for benefits, changing the base period that is used to calculate benefits to be the most recent period when wages are likely to be highest, allowing people who had to leave work for compelling family reasons to collect benefits, and providing longer benefits for people who need training to upgrade skills. However, despite the fact that Florida would have been eligible to receive an extra \$444 million for the unemployment insurance fund, the legislature failed to pass the required reforms.

Develop a Green Jobs Strategy

The unemployment crisis goes far beyond just the effects of the current recession. There are no good answers to where the jobs of the future will come from, particularly for low-skilled and disadvantaged people who are increasingly finding that the only work available is in low-wage, low-quality service sector jobs. Many have placed high hopes on developing "green" industries and jobs because of the demand for greater energy efficiency and reduced use of chemicals that are potentially harmful to human health and the environment. Advocates for "green collar jobs" insist that by definition such jobs must be sustainable, meaning they pay family supporting wages, come with benefits such as health coverage and leave time, and offer opportunities for advancement. Florida must develop a strategy for bringing the state into the green economy.

Nationally the industries in the green economy consist largely of construction, manufacturing, and energy-related sectors. However, more research needs to be done to determine what kinds of green industries are particularly suited for Florida. Florida does not have a strong manufacturing base like many other areas of the country, and so is unlikely to produce many jobs manufacturing components for green technologies such as windmills, hybrid vehicles, and solar panels. The Florida Agency for Workforce Innovation, Labor Statistics Center, was awarded a DOL Green Capacity Building grant to support a statewide

reduction; renewable energy generation; research, design and consulting; and transportation. Page 28

⁵⁷ Employee Issues, "Extended Unemployment Benefits Authorized," November 6, 2009. Available on-line at http://employeeissues.com/blog/extended-unemployment-benefits-authorized/

⁵⁸ Liue, Yvonne Yen and Terry Keleher. "Green Equity Tool Kit: Standards and Strategies for Advancing Race, Gender, and Economic Equity in the Green Economy." Applied Research Center. November 2009. Accessed December 16, 2009 at http://fairrecovery.org/tools/Green Toolkit print.pdf Twelve sectors have been identified as associated with the green economy. These are: agriculture and forestry; energy and carbon capture; energy efficiency; energy trading, environment protection; government and regulatory; green construction; manufacturing; recycling and waste

green jobs survey and the creation of a green labor exchange portal. The results will produce "an inventory of green jobs in Florida by industry, occupation, and workforce region. New skills and certifications will be included in Florida's labor exchange system, and a skills/certification report by occupations will be made available."

Current data indicate that the "green economy" is highly exclusionary: white men lead across all sectors in the green economy, and Black and Latino workers comprise less than 30% of green workers. The disparities are even starker for minority women: only 1.5% of Black women were employed in green jobs, and 1% of Latinas. Job training programs need to be developed that prepare workers for jobs within this new economy. Note that the training is not specifically training for "green jobs"; rather, it is training in the industries that will make up the green economy, i.e., construction, manufacturing, and the service sector (weatherization, HVAC, insulation, etc).

Unless policy is designed to target marginalized workers, the green economy will be as disparate as the "gray" economy. Focusing on ramping up Black-owned firms' representation in the construction industry will translate into improved opportunity in the green economy for these firms.

Green industry research: The Florida Agency for Workforce Innovation, Labor Statistics Center, was awarded a DOL Green Capacity Building grant on November 18 which will support a statewide green jobs survey and the creation of a green labor exchange portal. The results will produce "an inventory of green jobs in Florida by industry, occupation, and workforce region. New skills and certifications will be included in Florida's labor exchange system, and a skills/certification report by occupations will be made available." Such research is necessary as a basis for developing a green jobs strategy for the state, but we must make sure that communities of color are included in the research and development of the strategy. The survey should count how many green businesses are minority-owned and make recommendations for improving minority access to green jobs in Florida.

Green buildings legislation: In addition to research and development and training workers, a market for green jobs must exist. One way of creating a market is by mandating that all new buildings be built to energy efficiency standards such as the LEED standards. The Progressive States Network has developed model legislation for such a program that includes new buildings as well as buildings that are undergoing energy

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⁵⁹ Liue and Kaleher, page 7

⁶⁰ Id.

retrofits.⁶¹ It also includes mandates for job training in order to make sure that all communities can benefit from the opportunities for jobs and skills acquisition.

Expanding weatherization: Another way of creating a market for green construction jobs is to expand weatherization of homes, such as the city of Portland, Oregon has recently done. ARRA currently provides more money for weatherizing low-income homes, but states and municipalities could use other sources of funding for energy efficiency to expand weatherization to all homeowners, particularly through offering revolving loans that would allow homeowners to realize some of the savings of reduced energy use while paying back the cost of the improvements over several years. Again, making sure that any program includes mandates for job training and participation by minority and disadvantaged peoples would provide sorely needed jobs and an economic boost to local communities.

Conclusion

The employment aspect of The Recovery Act has possibly been the most confusing aspect of the implementation process. This is because, from the time the Bill was passed, instant relief in the form of putting Americans back to work has been one of its primary objectives. However, the timeline of when the bulk of the infrastructure investment is to be made has somehow gotten lost in the discussion about the Recovery Act. Although implementation was well underway by the summer of 2009, year 2010 represents the most significant portion of the investment. For this reason, as President Obama said in a recent speech, "...there will be more projects in the next 6 months than in the last 6 months."

Therefore, despite the investment that has been made so far, there is much that must be done in order to ensure that The Recovery Act doesn't simply exacerbate the existing disparities. As its implementation continues, The Recovery Act must be used not only for stop-gap purposes, but also to make transformational investments that will have a lasting impact in Florida's marginalized communities. Measures must be taken, not only throughout the remainder of the Recovery, but also in the structure of all public resource allocation from this time forward, to build an economy that is fair and which includes access to opportunity for all communities and segments of our society.

BUILD A FAIR FLORIDA

⁶¹ Green Buildings and Job Creation Model Legislation, http://www.progressivestates.org/sync/pdfs/MultiStateAgendaSiteDocuments/GreenBuildingsModelLegislation.pdf

January 28, 2010

Appendix

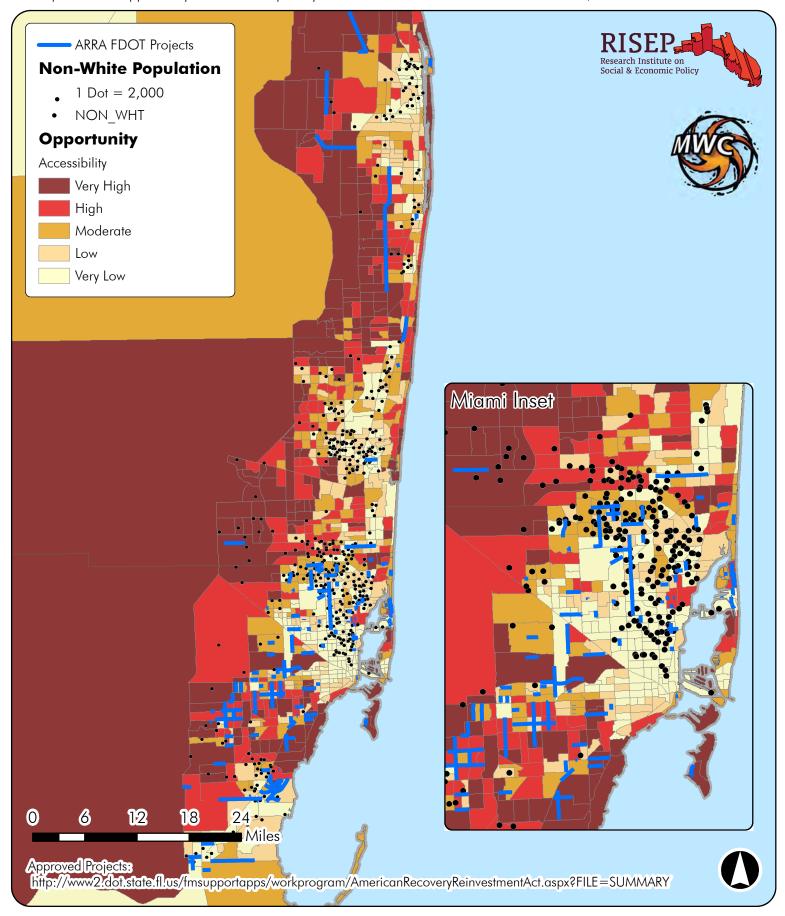
About This Report Series

This report is the second in a series of research reports that tracks the impact of spending from the American Recovery and Reinvestment Act on communities of color in Florida. The Miami Workers Center is partnering with the Kirwan Institute for the Study of Race and Ethnicity at Ohio State University and the Research Institute for Social and Economic Policy (RISEP) at Florida International University on a two year study, advocacy, and organizing campaign. Build a Fair Florida seeks to analyze the impact of economic stimulus spending through a lens of racial equity and create and move policy recommendations on how federal and state spending can lead to a long-term recovery based on the principles of racial and economic equity. The report series began with the release on September 22, 2009 of the white paper Building Opportunity that addresses the need to track stimulus spending through a race lens in order to ensure equity. Research reports are released quarterly and each looks at a specific area of the impact of economic stimulus spending on urban communities of color in Florida. The first report How Fair is Florida? was released on October 8, 2009 and looked at the intersection of race and access to opportunity in Florida, and gives an early look at how stimulus spending is impacting Black and Latino urban communities in four Florida metropolitan areas. This report, Beyond the Quick Fix, focuses specifically on jobs and contracting from ARRA spending and what share of these resources are going to communities of color in Florida. Subsequent reports will examine housing, health, education, and energy related spending programs and their impact on Black and Latino communities in more detail. Each report is released at town hall meetings convened by grassroots organizations and churches in Miami, Orlando, Tampa, or Jacksonville, which provide an opportunity for public engagement with the issue of stimulus spending and for articulating demands for more equitable investment in communities of color.

Miami Region: ARRA Approved FDOT Projects



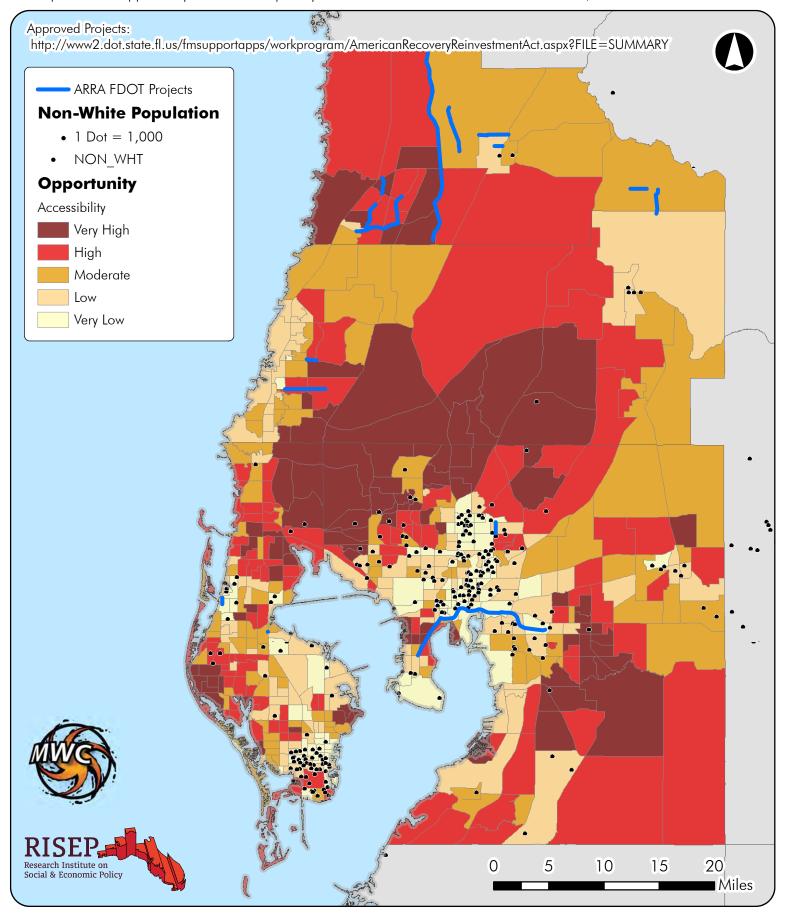
This map shows non-white population and the ARRA-approved FDOT transportation projects overlaid upon the comprehensive opportunity model developed by The Kirwan Institute. Sources include: FDOT, Census 2000.



Tampa Region: ARRA Approved FDOT Projects



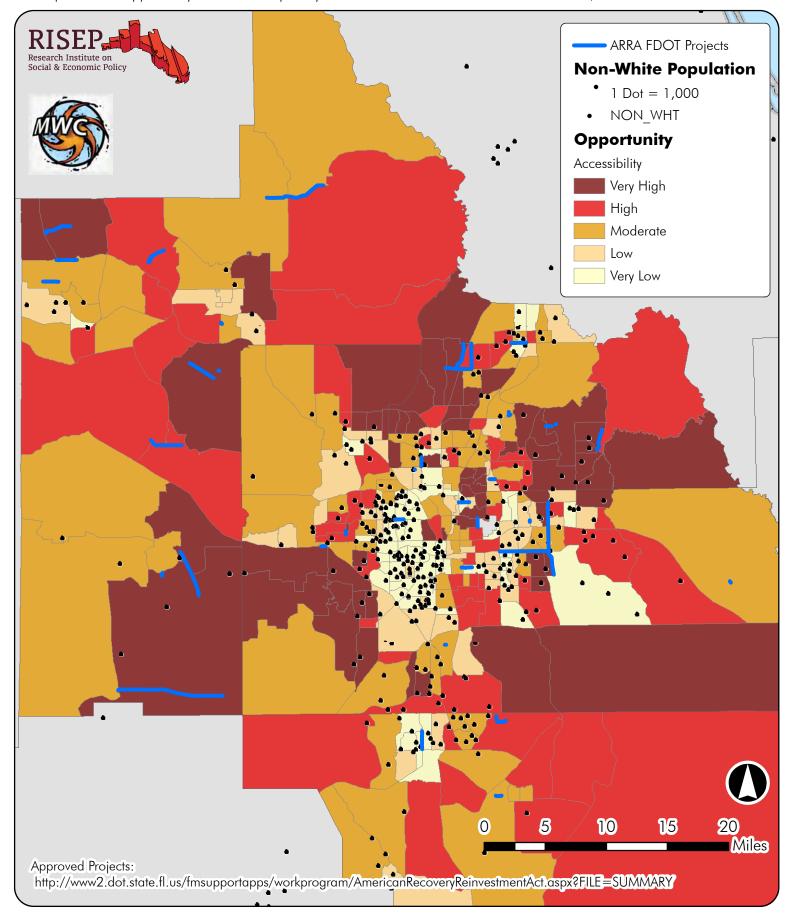
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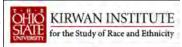
Orlando Region: ARRA Approved FDOT Projects



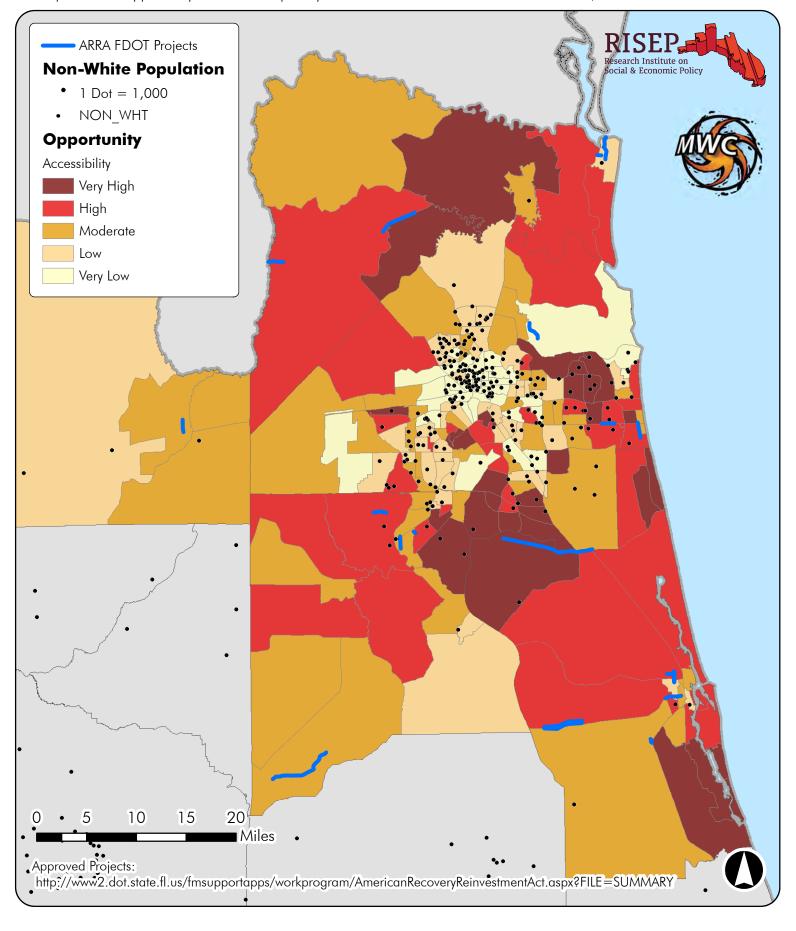
This map shows non-white population and the ARRA-approved FDOT transportation projects overlaid upon the comprehensive opportunity model developed by The Kirwan Institute. Sources include: FDOT, Census 2000.



Jacksonville Region: ARRA Approved FDOT Projects KIRWAN INSTITUTE



This map shows non-white population and the ARRA-approved FDOT transportation projects overlaid upon the comprehensive opportunity model developed by The Kirwan Institute. Sources include: FDOT, Census 2000.



MIAMI WORKERS CENTER

The Miami Workers Center helps working class people build grassroots organizations and develop their leadership capacity through community organizing campaigns and education programs. The Center also actively builds coalitions and enters alliances to amplify progressive power and win racial and economic justice.

RISEP

Research Institute on Social and Economic Policy at Florida International University publishes research and data on issues of concern to low and middle income workers and their families in Florida. Their work focuses on working conditions, low wage workers, working poverty, living wage law and minimum wage laws, and high road development.

KIRWAN INSTITUTE

A university-wide interdisciplinary research institute, the Kirwan Institute generates and supports innovative analyses of the dynamics that underlie racial marginality and undermine full and fair democratic practices in the United States and throughout the global community. Its work informs policies and practices to produce equitable change.

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