

Back from the Brink: The Recovery Act One Year Later

Community Impact and Regional Equity Session Takeaways

Moderator: Sharon Ward, Pennsylvania Budget and Policy Center

Panelists: Bernadette Turner, Regional Equity Monitoring Project (REMP); Peter Speaks, Special Advisor to Governor Rendell on Minority, Women-Owned and Disadvantaged Business Development; Greg LeRoy, Good Jobs First; Della Clark, The Enterprise Center

Overview:

- The American Recovery and Reinvestment Act happened very quickly and groups that work with minority- and women-owned businesses were unprepared, and unable to take full advantage of opportunities to participate in ARRA contracts. Pennsylvania has an Executive Order boosting the targets for disadvantaged firms but few are participating. The Recovery Act was administered on a system that is itself flawed but helped to expose the flaws and suggest strategies for improvement.

Success Stories:

- Governor Rendell signed an Executive Order that sets a 10% aspirational goal for participation by minority, women, and other disadvantaged firms. This is unique in the country.
- The Executive Order also mandates reporting of data on minority and women business participation by each agency. The goal sets the bar higher than is current practice.
- The Recovery Act also has galvanized firms that support the goal of increased participation by disadvantaged firms in state contracting processes and encouraged long-term planning and collaboration among these groups.
- There is a Minority Business Enterprises (MBE) goal in Green Jobs programs.

Discussion:

- The Obama election created great hope in the minority community, and a belief that ARRA funds would be more equitably distributed. Instead ARRA funds were distributed through states which reinforced the old system with its flaws. The state rolls all disadvantaged businesses into one group and doesn't collect data about each group – minority, disabled and women – so it is hard to track participation. There appears to be few funds going to minority businesses in Philadelphia.
- The problem maintaining and tracking equity in distribution of ARRA funds is a national one. Greg LeRoy and Good Jobs First are working to incorporate equity measures in federal reporting requirements. These include three pieces of demographic info: race, gender, and zip code, and three measures of job quality: wages, benefits, and hours worked.
- In current practice, participation by disadvantaged firms in state contracts is governed by Executive Order 2004-6, and the Department of General Services is responsible for letting contracts and meeting targets. 5.6% of state contracts go

- to MBEs, and 4.3% go to Women Business Enterprises (WBE) statewide – although these award figures vary significantly across the state. ARRA is much more difficult, as the process is decentralized among state agencies. Agencies do their own policing and data collection. Systems are evolving ... unevenly.
- It was confirmed that Chief Implementation Officer, DGS Secretary James Creedon, will release information on minority participation in PennVest contracts in February 2010.
 - Speakers stressed that the goal is not diversity, but inclusion created by involving minority business people and entrepreneurs in public contracting.
 - Two challenges in meeting the equity goals was the need to push funds out very quickly and the reliance on transportation projects identified by state Transportation Departments and metropolitan planning organizations, which tend to be rural, highway-oriented agencies that don't always think about partnering with minority businesses.

Challenges

- Getting word out about programs available.
- Improved tracking, reporting, and transparency (equity).
- Lack of representation on stimulus board – need better inclusion, overall.
- Changing culture – as money came into existing agencies and programs, with their own methods.
- Traditional lending practices are an obstacle.
- Decentralization can make job of monitoring harder.
- Need to remove bias against using MBEs with contractors.

Recommendations

- The state set up the Oversight Commission too quickly without an equity strategy. An equity strategy needs to be developed and handed off to the new gubernatorial administration in 2011.
- From the federal side – more uniform reporting across agencies to measure equity more effectively.
- Have the state add equity metrics on its own. Review those coming out of the Executive Order and make recommendations.
- More organizing in minority communities.
- Work with county and local governments that receive block grants, which are more flexible in order to achieve higher participation numbers.
- Need to change local culture about M/W/DBEs – which will make it more sustainable.