

Los Angeles County Case Study

Los Angeles continues to struggle through the current recession. **The unemployment rate in Los Angeles hit a high of 13% in January 2010, up 115% from 2008.**¹ The housing market bottomed out with **foreclosures increasing**. In the last two years, the county - which uses its \$23.6 billion budget to provide a host of public safety, health, welfare and other services - has lost \$426 million in state funding. Moreover, the state borrowed an additional \$360 million in property tax revenues from the county.²

In response, the American Recovery and Reinvestment Act of 2009 (ARRA) dispersed **\$5.2 billion** into Los Angeles county, including **\$2.4 billion in education and \$1.1 billion in transportation infrastructure**. This is the largest investment by the federal government in the state and will work to diminish the impact of the recession in Los Angeles; however without proper oversight these funds may not reach the most impacted communities and sectors. Moreover, in order to understand the affect of ARRA in Los Angeles County, it is critical to detail how the funds were distributed to date, and who benefitted most from the millions of dollars invested in the region. Research shows that neighborhoods with the highest foreclosures received some of the lowest ARRA funds.

Sampling of Los Angeles Zip Codes Foreclosure, People of Color, and ARRA Funding

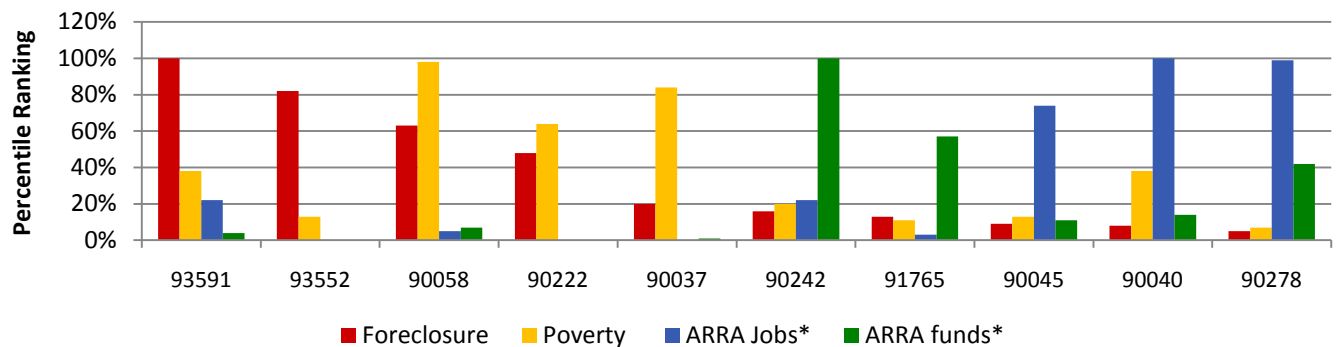


Figure 1: Methodology All Categories are based on a percentage ranking. The Highest value constitutes 100% and lowest 0%.^{3 4}*Zip codes 90802, 90017 and 90012 were excluded from calculation for 'ARRA Funds' and 90012 was excluded from calculation for 'ARRA Jobs' because their allocations were so much higher than any other.

Disparities

The state can, and should, improve its distribution of funds to ensure that disadvantaged neighborhoods receive help. In several regions where foreclosure and poverty are high, ARRA investments have failed to meet the need. This is particularly true in the Antelope Valley, East Los Angeles and the South Central regions, where a dangerous mix of poverty and foreclosures has not been met with ARRA funding. For example, in zip code 90222 located in Compton, the foreclosure rate is more than three times higher than the national average and with a family poverty rate of 30%; they received **\$0 in ARRA funding**. Vernon, in East Los Angeles, represented by zip code 90058, has the second highest poverty rate and the 5th highest foreclosure rate in the county, a combination not emulated anywhere in Los Angeles. Vernon received \$5 million dollars, or 0.1% of total funding and creating only 9 jobs. Moreover, 7 of the 10 neighborhood hardest hit by the foreclosure crisis are located in the Antelope Valley yet the region received the lowest per capita allocation at **\$57 dollars per person** while the Metro region received **\$1749 per person**.

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“ARRA provides an opportunity to improve local hiring and state distribution of funds to local communities in need of economic help.”

Grantee Profile # 1: *Hydrogen Energy California LLC* received \$305 million to support research and development of 'clean-coal technology,' in Long Beach. The objective of this investment is a cost-shared collaboration between the Government and industry to increase investment in low-emission coal technology creating 23 jobs.

Grantee Profile #2: *Northrop Grumman* received \$65 million for Guided Missile and Space Vehicle Manufacturing and only created/saved .25 jobs in Redondo Beach.

Workforce

California should concentrate on providing living wage jobs and job training that will provide long term security for residents. In Los Angeles, approximately \$205 million was allocated for labor development with over half, \$108 million, directed through the Workforce Investment Act (WIA). WIA funds are dedicated to the hiring of youth and assisting unemployed workers to assess their labor market skills and connect with the work readiness and occupational skills training needed to assure success in the job market. The largest WIA grant, almost \$47 million, was directed through the City of Los Angeles creating 113 jobs. This grant funded case managers, program support staff and the hiring of youth program counselors and mentors as well as summer job placements between May and September for out-of-school youth. The county of Los Angeles also received \$36 million in WIA funding creating 198 jobs funding additional case managers and youth programs. This investment represents only 2% of total funds and for a city of over 10 million residents 300 jobs is woefully lacking.

Outside of the WIA grants, Los Angeles County received several additional funds for labor development. This includes Community Service Employment for Older Americans, providing work opportunities for older Americans who have been disproportionately affected by the recession. Not only were retirees hit hard by the stock market's effect on pensions, older people also have the added disappointment of no cost-of-living increase in Social Security checks this year. With the continually escalating cost of health care and other costs, the number of seniors living alone who seek help from food pantries in the U.S. increased 81 percent to in 2008.⁵ In Los Angeles the Asociacion Nacional Pro Personas Mayores Inc. received a \$2.3 million to provide subsidized, part-time, community service work-based training to low-income persons, with poor employment prospects, that are age 55 or older. This wise investment targets a community in need just as the WIA targets youth and unemployed Angelinos, however the investment in the city has consistently failed to meet the need.

Transportation funding is an excellent opportunity to improve the infrastructure of communities in need while creating jobs and boosting the local economy. In Los Angeles, transportation funding topped \$1 billion, funding projects from the expansion of the I-405 freeway to re-pavement resurfaces across the county. The Los Angeles County Metropolitan Transportation Authority (LAMTA) received and estimated \$312 million for public transportation infrastructure. The largest grant of \$225 million will allow LACMTA to purchase approximately 141 Natural Gas buses, overhaul 290 buses, implement pedestrian improvements, replace rail communications equipment, replace 20 aging traction power substations, and update Natural Gas fueling facilities. This grant could represent a positive investment in equitable public transportation and a reduction in the disproportionate impact of environment pollutants on the poor in Los Angeles; however it is crucial that transparency and community investment is maintained. This investment is only dampened by the lack of job training opportunities, ensuring a limited access to high paying, albeit temporary, jobs.

Accountability

There are a number of decision-makers we need to hold accountable:

- Private vendors that can provide local and high paying jobs to communities in need.
- Local government that decide on what funds to apply for and where funds are spent within our schools, health programs and social services.
- State departments that decide on where funds should be targeted and the timing of release of dollars.

These are decision points where your voice can have an impact.

Not only has the state failed to provide targeted funding equitably, the lack of good data limits the ability of citizens to hold leaders accountable. Research has shown missing and incomplete data throughout each report distributed by the Governor's "Recovery.ca.gov" task force; a problem the Governor's task force must rectify. In addition they need to ensure they are collecting ethnicity, gender, zip code and wage level data for jobs created or we can never know the real impact of such funding. You can make a difference by getting involved. For info on what you can do contact us at info@voiceofcalifornia.org or call us at 213.489.3776

¹ California Employment Development Department at www.edd.ca.gov

² Daily News Los Angeles "L.A. County face big budget shortfall" 01/10/2010

³ Data from: California Recovery Task Force at www.recovery.ca.gov, Department of Housing and Urban Development www.HUD.gov, Community Economic Development Agency for the County of San Bernardino http://www.co.san-bernardino.ca.us/OppportunityCA/aboutSBC/domogr_ourPeople.html

⁴ Foreclosures calculated comparing Foreclosure data supplied by the Department of Housing and Urban Development to Total Housing Units per zip code, data supplied by San Diego Association of Governments

⁵ Bauman, Valerie. Huffington Post 'Recession Sends Older Americans To Food Pantries.' 11/28/09