



Abundant Communities Together, Inc.

[www.actogether.net](http://www.actogether.net)

## **Stimulating the Urban Economy: A White Paper**

*Rev. Patrick G. Duggan, President ACT*

*February 26, 2009*

### **Historical Perspective on the Urban Core**

Communities in the urban core of our nation's older cities and mature suburbs have the highest unemployment rates, highest numbers of home foreclosures, highest crime, greatest health disparities, the highest concentrations of poverty, the lowest number of new businesses starts, and minimal private sector investment. They have few if any bank branches, limited access to health care; they are not wired for broadband communication, they have failing schools, disproportionate numbers of youth and seniors, and too many fathers who do not live with their children. When evaluated by indices of poverty, they are similar to villages in developing countries. Typically, these communities are segregated and predominated by African American and Hispanic populations. (In Chicago, for example, 50-55% of African American residents live below the poverty line).

Page | 1

Over the last 30 years, during periods of economic expansion, these communities did not experience sustained revitalization. In fact, poverty in our mature suburbs increased during that time. Now, while the rest of our country is suffering through an economic recession, communities in the urban core are on the verge of economic collapse.

### **Today's Challenge**

The economic challenges presented by the urban core are serious and intractable. Despite the herculean efforts and periodic successes of the Urban League and other organizations in initiatives to transform these communities, poverty persists. Given this history it is possible that every dollar of the \$800 billion American Recovery and Reinvestment Act (ARRA) can be expended without increasing employment or investment in the urban core. Far more than a missed opportunity, if economic stimulus bypasses these communities the consequences could negatively impact all Americans and reverberate for generations.

### **Today's Opportunity**

Like stock prices that have fallen to precipitous lows, our least developed communities have the potential to generate the greatest returns from economic stimulus investments. Their collective growth and expansion can have an economic ripple effect that would be measured in billions of dollars. Creating wealth and reducing poverty leads to reduction in crime, improved school performance, improved health, higher savings rates, and more business starts. The investment of stimulus dollars in these communities can lead to a growing national economy and dramatically reduce growth in the costs of public education, public safety, health care, and other



Abundant Communities Together, Inc.

[www.actogether.net](http://www.actogether.net)

social services. Stimulus dollars invested strategically in urban core communities can help end the current recession and grow our nation's economy.

### **The Way Forward**

Barack Obama infused effective community organizing principles into the electoral process and emerged victorious through the most effective presidential campaign in history. President Obama overcame historic obstacles (including racism, racial prejudice and intercultural ignorance) and won because he reformulated traditional presidential campaign strategies to achieve what many believed to be an impossible goal. If we are to have success in achieving the “impossible” goal of stimulating the urban economy, we cannot use outdated, outmoded strategies and repeat the mistakes of the past. **We must use effective community organizing principles and employ new strategies to achieve the goals of eliminating poverty, increasing wealth and creating jobs in the urban core through prudent, short term investments of economic stimulus funds.**

Page | 2

#### **Action Steps for Neighborhoods, Communities, Regions** *(now through June 2009)*

**1. Convene, Inform, Plan.** Leaders & organizations must convene working groups, communicate with elected and appointed officials, and retain expertise to decipher the ARRA economic stimulus legislation, identify sources of funding and create specific plans for stimulus investment.

**2. Create Regional Compacts.** Rather than create new organizations, regions must create a new operational infrastructure by convening existing groups, organizations and individuals that are already focused on solving the problems of the urban core. Each entity must agree to devote its unique capacities as a part of a network of organizations working together toward shared regional goals and objectives. These organizations must develop and sign regional compacts that articulate shared goals and objectives. Regional compacts must include documents signed and adopted by each participating organization articulating respective roles, responsibilities and anticipated outcomes. Stimulus funds should be applied for by a designated lead agency with funds distributed to organizations according to predetermined roles and responsibilities.

**3. Build Alliances Across Disciplines.** Regional compacts must include a diverse, comprehensive range of organizations including regional nonprofits, intermediaries, community based organizations, faith-based organizations, civic associations, business associations, chambers of commerce, community and economic development agencies, entrepreneurs, small businesses, large corporations, youth and adult employment groups, colleges and universities, elected and appointed officials, governmental agency representatives, activists, and laypeople working in unprecedented and unusual collaborations to achieve unprecedented results.



Abundant Communities Together, Inc.

[www.actogether.net](http://www.actogether.net)

**4. Develop Metrics for Success.** To achieve measurable success over the 24-36 month time frame of stimulus investment, regional compacts must determine objectives through analysis of data from every census-designated place in the region. The data must be analyzed to develop specific regional solutions that stimulus dollars can be targeted to solve (e.g., # and type of green jobs to be created based on demographic and employment statistics, quantity and capacity of existing organizations within the region, existing businesses, financial and economic development resources, etc.).

Page | 3

**5. Align Goals with Opportunities.** Economic stimulus investments are aligned around reinventing the nation's economy by creating green collar jobs, stemming foreclosures, developing a viable alternative energy industry, improving and expanding infrastructure and technology, and other opportunities. Revitalization goals of the urban core must align directly with these opportunities.

**6. Focus Investments on Desired Outcomes.** Stimulus investments must be focused on measurable regional outcomes in the creation of green jobs, training and re-training workers for these jobs, stemming foreclosures, creating green and/or alternative energy businesses, and building or expanding investment in infrastructure and technology. Similar focus must be attained in determining the appropriate sources of respective stimulus investments (federal, state and/or local administering agencies), determining innovative layering of stimulus resources, and leveraging of stimulus and existing public and private resources to obtain maximum success.

**7. Evaluate, Re-focus, Complete.** In anticipation of receiving stimulus investments and implementing regional strategies, regional compacts must establish rigorous, disciplined accountability loops that include daily, weekly and monthly progress reviews, evaluation of strategies and tactics, and uncompromising focus on achieving results. Compacts should include requirements for participants to share best practices. Strategies and tactics that do not achieve results rapidly must be reviewed, revised and/or discontinued. Achieving results must be a condition of membership in regional compacts.

During his campaign, President Obama spoke about “the fierce urgency of now”. The American Reinvestment and Recovery Act presents us with a once in a lifetime opportunity to create abundance through the transformation of urban core communities. If we are going to have success in stimulating the urban economy, we must act now.