



The Stimulus in Downtown

Federal Recovery Act Has Already Sent More Than \$500 Million to the Community

by Ryan Vaillancourt

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DOWNTOWN LOS ANGELES - When Congress passed the American Recovery and Reinvestment Act in February 2009, it launched a \$787 billion initiative. It also sparked a sharp debate, with some questioning the prudence of government spending as a way to cure a recession, and others warning the funding level was too paltry to make a real difference.

More than a year later, it is difficult to tell how effective the federal stimulus has been — the economy is showing signs of rebounding, but it is also still lumbering, with credit hard to come by and a California unemployment rate of 12.5%.

What is indisputable, however, is that some of the money has flowed into Downtown Los Angeles. A *Los Angeles Downtown News* analysis has determined that Downtown entities have been awarded more than \$500 million in Recovery Act funds. Take away public recipients at City Hall and other municipal agencies and that figure drops to about \$107 million.

The largest grants have gone to public entities such as Metro — the transit agency got \$66.7 million to help fund the Gold Line Eastside Extension, and another \$241 million to overhaul its fleet of buses running on compressed natural gas.

In Downtown, dozens of small grants have been issued to nonprofit housing developers, a wide array of cultural institutions, schools and other groups. Money was allocated usually to support projects that were in jeopardy for financial reasons, or that needed new staff to reach completion.

From a \$50,000 grant to fund a staff position at the Arts District's Cornerstone Theater Company to a \$9.6 million award to Skid Row Housing Trust for the construction of a new affordable housing project, the list of Downtown area grants is long and its recipients diverse.

"Getting this grant was super important for us," said Sabrina Sikes, development associate at Cornerstone Theater Company.

Cornerstone's grant allowed the company to hire a full-time staffer to serve as the group's ombudsman to the communities that serve as inspiration and location for their productions. The company once had someone full-time in that position, but then money became scarce, forcing several staffers to tag team on the responsibility.

"We just didn't have the funds to rehire," Sikes said.

The Weingart Center Association, a Skid Row provider of transitional housing and workforce training, received three Recovery Act grants totaling \$1 million: The funds will allow the Weingart to send 32 more AmeriCorps workers into the streets to do outreach and bring homeless people to their services, said Deborah Villar, Weingart vice president of development.

Para Los Niños, which caters to at-risk youth and low-income families, received \$967,768 to expand its youth workforce program, giving job training and internship placement to 442 additional teens.

"It was a huge amount of money and it enabled us to serve so many more young people at a really critical time," Para Los Niños spokeswoman Elena Stern said. "A lot of young people were supplementing their parents' income when parents lost jobs, so the funding was right on for the clients we serve."

Follow the Map

The \$787 billion breaks down in three ways: \$288 billion was set aside for tax relief; \$224 billion was earmarked for federal education, health care and entitlement programs like extended unemployment benefits; and \$275 billion is being made available to businesses, nonprofits and public agencies to save or create jobs, or provide services to the unemployed.

When President Barack Obama signed the Recovery Act last year, the White House pledged that the spending effort would be unprecedented in its transparency, making all relevant information about stimulus grants available at the website recovery.gov.

The site allows users to track grants, loans and contracts by state or even zip code. Searching for zip code 90013, for example, yields a Downtown map with dozens of blue dots, signifying grants across nearly all parts of the community. Clicking on the individual dots brings up amounts allocated and recipients: A dot at Fifth and Sprint streets details \$31,000 awarded to the Latino Theatre Company.

As of the last reporting period, California had been awarded \$29.4 billion, more than any other state, and \$25.4 billion had been paid out. According to recovery.gov, another \$37.3 billion are available.

Most of the information is furnished by grant recipients, who are required to report quarterly on their use of Recovery dollars, said Edward T. Pound, spokesman for the federal Recovery Accountability and Transparency Board.

The government's site is not the only one tracking the dollars. Recovery.org, a project of the technology firm Onvia, has a similar system, though it focuses on how the money trickles down, said company CEO Michael Pickett.

The government site lists the grant recipients, but doesn't follow the dollars any further. Onvia's site focuses on the end user, detailing, for example, money paid by the recipient to contractors.

"After we launched the site, we found that 12 out of 15 of the most recurring visitors were from federal government agencies," Pickett said. "They were coming to our site to find out where that money was going."

The difficulties in tracking federal spending on stimulus projects is part of why government funded recovery initiatives have historically been the victim of fraud and graft. Earl Devaney, an inspector general with the U.S. Department of the Interior, echoed the concern that such measures tend to lose 7% of their funds to fraud.

State Inspector General Laura Chick is charged with tracking and analyzing the use of Recovery Fund dollars in California. Her office has yet to release any reports on Los Angeles-area projects, but has initiated at least one investigation of a nonprofit organization, Chick said.

"So far, we have not found any egregious, outright criminal fraud," said Chick, who previously served as Controller of Los Angeles. "What we have found is sloppy bookkeeping and accounting, lack of separating the recovery dollars from other monies, and some rather offensive overcharges of overhead."

Locally, Controller Wendy Greuel is auditing a collection of Recovery Act grants and contracts awarded in Los Angeles. None those have been completed, Greuel spokesman Ben Golombek said.

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Follow the Money

A Glance at Some of the Downtown Projects Receiving Stimulus Funds

More than 50 Downtown entities have been awarded Recovery Act grants. The following list is a snapshot of those recipients.

Los Angeles County Metropolitan Transportation Authority: In addition to a \$66.7 million grant to help fund the Gold Line Eastside Extension light rail line, the agency has been awarded \$241,071,113 for a variety of infrastructure improvements including the purchase of 141 compressed natural gas buses.

Amount Received So Far: \$13.4 million

Estimated Jobs Saved/Created: 53

Skid Row Housing Trust: A \$9,668,100 grant will help pay for the construction of the New Genesis Apartments, a new affordable housing development for homeless and low-income residents at 458 S. Main St.

Amount Received So Far: None

Estimated Jobs Saved/Created: It's unclear how many jobs will be tied directly to the Recovery Act dollars, but SRHT estimates that the project will generate 220 construction jobs and eight permanent positions.

Chinatown Service Center: The community-based health services organization, which mostly serves the area's Chinese American population, has been awarded two grants, for \$387,000 and \$193,000, enabling the center to expand its healthcare services.

Amount Received So Far: \$52,362

Estimated Jobs Saved/Created: 0

Fashion Institute of Design and Merchandising: The South Park school received \$68,638, providing financial aid to students through compensation for hours worked at on- or off-campus jobs.

Amount Received So Far: \$68,638

Estimated Jobs Saved/Created: 7

Museum of Contemporary Art: MOCA Grand Avenue was awarded \$50,000 to help underwrite education staff expenses through June 30.

Amount Received So Far: Not Available

Estimated Jobs Saved/Created: 1

Catholic Healthcare West: California Hospital Medical Center has been awarded a \$1.4 million grant to extend "Early Head Start" services to 120 infants, toddlers and pregnant women.

Amount Received So Far: Not Available

Estimated Jobs Saved/Created: None

YWCA of Greater Los Angeles: The organization broke ground this year on its new Job Corps Campus — which will provide job training and transitional housing for homeless, emancipated and at-risk youth — thanks to \$81.9 million in Recovery aid.

Amount Received So Far: Not Available

Estimated Jobs Saved/Created: Not Available

Friends of the Chinese American Museum: The museum at El Pueblo de Los Angeles Historical Monument was able to save one at-risk job with a \$14,000 grant.

Amount Received So Far: All

Estimated Jobs Saved/Created: 1

—Ryan Vaillancourt