The American Recovery and Reinvestment Act in Northeastern Illinois

Lessons Learned and Moving Forward

December 2010

Introduction

To help our region capitalize on the opportunities presented by the American Recovery and Reinvestment Act (ARRA), CMAP and the Chicago Community Trust convened the Regional ARRA Coordinating Council to develop targeted strategies for maximizing ARRA resources throughout the region, specifically for housing, energy, weatherization, and workforce development. The participating agencies include: The Center for Neighborhood Technology, Chicago Jobs Council, Community and Economic Development Association, Grand Victoria Foundation, Housing Action Illinois, Metropolitan Mayors Caucus, Metropolitan Planning Council, Metropolis 2020, and the Recovery Partnership. In June 2010, the RACC completed a report on key observations and overview of the status of implementation of the ARRA with in-depth review of selected energy, housing, and workforce development programs. The first report, titled "Regional Review of the American Recovery and Reinvestment Act for Northeastern Illinois" gives additional background on implementation challenges and successes identified at an early stage of ARRA implementation. This is the second report written by the RACC and reviews the specific objectives of the ARRA and discusses its impacts on the recession. Given seventy-five percent of ARRA funds have been spent, now is a good time to review what the ARRA achieved, what recovery needs remain, and describe the important legacies and lessons learned.

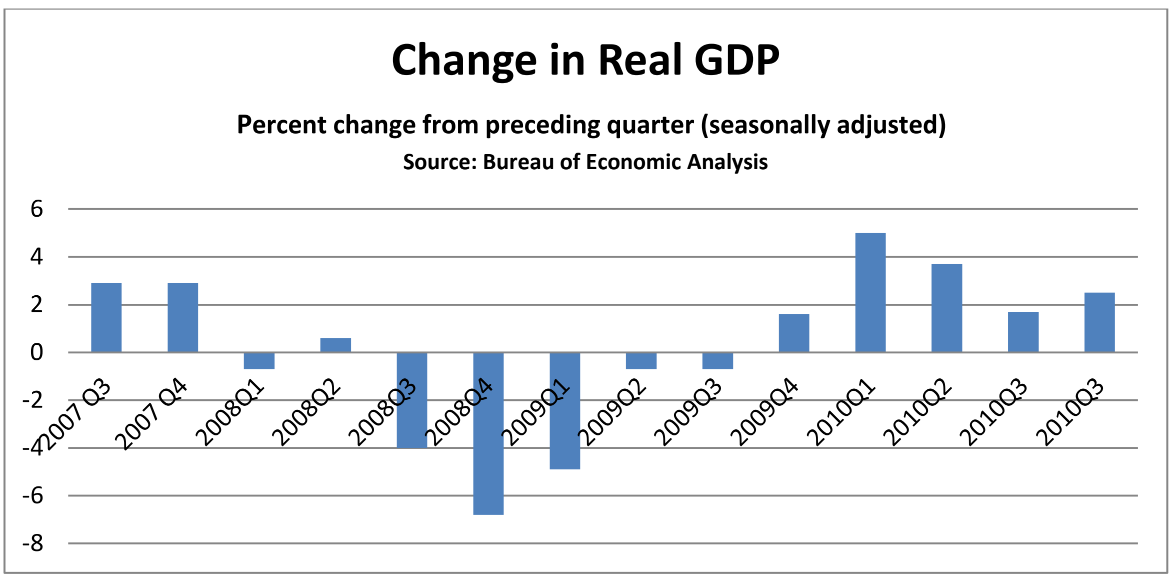
To better understand certain outcomes and issues in ARRA implementation, it is important to note the context in which the ARRA was executed. At the time the ARRA was enacted in February 2009, the administration and new department staff at the federal level were in transition as were leaders in Illinois' state government. These types of changes challenge quick program implementation and the ARRA was not an exception. The ARRA placed high priority on spending money expeditiously and required new and often challenging compliance and reporting. Some programs were brand new and some existing programs experienced funding increases that required ramping-up quickly. The State of Illinois' hiring freeze precluded the state from adding the capacity needed to ramp-up administration and other needed functions. Other non-state agencies experienced similar capacity issues. In some cases, in order to maximize impacts and overcome limited capacity, innovative partnerships were developed to leverage resources and support successful outcomes. These types of partnerships are one of the important legacies of the ARRA; examples are described in more detail later in this report.

Data shows the positive impact the ARRA has made, but it also shows how deep the recession was and the magnitude of it long-lasting effects. A regional overview of progress based on the most current reporting data available is provided for the following programs: Energy Efficiency and Conservation Block Grants (EECBG), Weatherization Assistance Program, Homeless Prevention and Rapid Re-Housing (HPRP), Workforce Investment Act (WIA) funding, and other workforce development funding. In addition, overviews of the Neighborhood Stabilization Program (NSP1), which was enacted through the Housing and Economic Recovery Act, and its successor, NSP2, which was funded through ARRA, are included. Finally, the major lessons learned and priorities in moving forward post-ARRA are outlined.

This report summarizes ARRA award amounts, amount spent, and jobs created or retained as reported by award recipients. Reporting data was downloaded from www.recovery.gov is current as of September 30, 2010 and was the primary source of data for the EECBG and HPRP program as well as the competitive awards summarized. Data from the www.recovery.illinois.gov website is current as of October 30, 2010 and was the primary source for data on WIA and the Weatherization Assistance Program as well as unemployment insurance, Medicaid, and education programs.

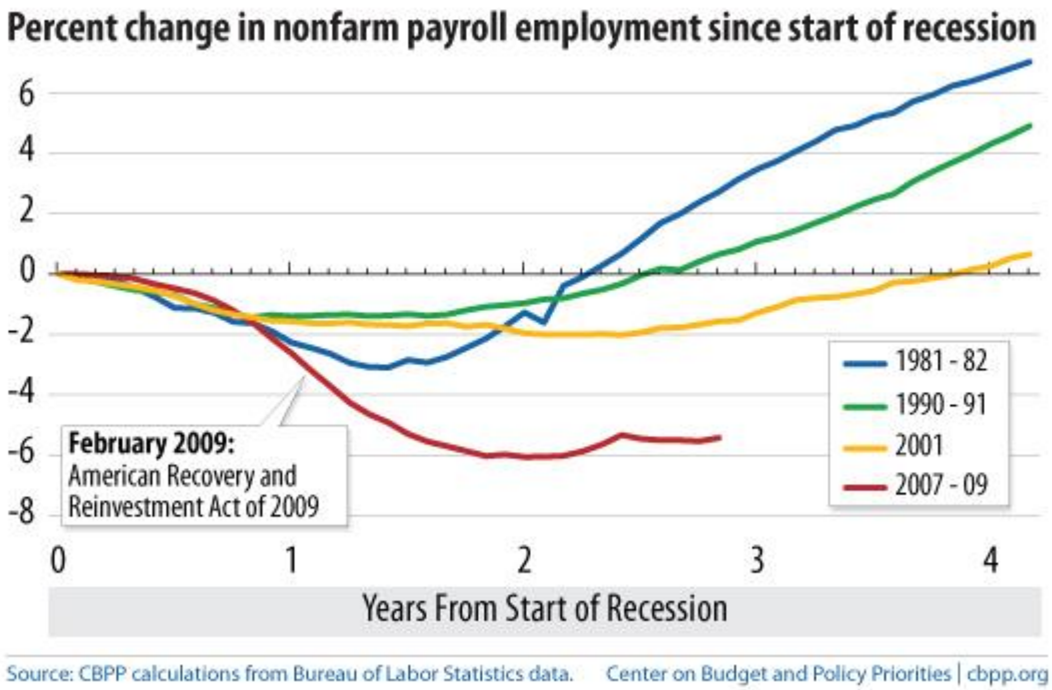
ARRA Goals, Objectives, and Strategies

The American Recovery and Reinvestment Act (ARRA) was passed on February 17, 2009 as a response to the most significant economic decline since the Great Depression. This period of economic decline, often referred to as The Great Recession, began in December 2007 and ended in June 2009 when the economy began to grow. In this time job losses had reached record highs with 7.3 million jobs lost.[1] The Gross Domestic Product declined quarter after quarter during this18 month recession. The following chart shows the quarterly percent change in GDP before, during, and after the recession.



Economic indicators show the magnitude of the downturn was more severe than past recessions. The following chart compares the four most recent recessions in terms of percent change in payroll. Clearly, the most recent recession brought a much higher drop in payrolls than the three previous recessions.

[1] Data retrieved from Bureau of Labor Statistics



The ARRA was designed to "quickly stop the bleeding" and provide support to the growing number of people affected by the recession. It was also designed to make strategic investments in the nation's future and support an increasingly global and knowledge-based economy. Specifically, the ARRA was based on five objectives[2]:

- Preserving and creating jobs (save or create 3.5 million jobs by end of calendar year 2010)
- Assisting those most impacted by the recession
- Stabilizing state and local government budgets to avoid reductions in services and tax increases
- Investing in long-term economic growth
- Spurring technological advances in sciences and health

A variety of strategies and different types of investments were needed to pursue each of these objectives. The ARRA included three types of investments: $288 billion in tax benefits, $224 billion in entitlements or payments, and $275 billion in projects. The goal of the tax benefits was to provide relief to individuals and businesses by reducing the amount they pay in taxes. Tax cuts and benefits were offered through numerous programs, including the Making Pay Work Credit, the Earned Income Tax Credit, and the Child Tax Credit. As a result of these tax credits most people (95 percent) who pay taxes have seen less of their income go towards taxes.[3] The Making Pay Work Credit reduced taxation for most wage earners, the Child Tax Credit has

[2] "2010 Fiscal Year End Report to the President on the Progress Implementing the American Recovery and Reinvestment Act of 2009." September 2009

[3] "2010 Fiscal Year End Report to the President on the Progress Implementing the American Recovery and Reinvestment Act of 2009." September 2009

been changed to benefit more families than normal, and the amount of credit provided by the Earned Income Tax Credit was increased for eligible families. These are just a few tax credits designed to help individuals, especially those that are among the most vulnerable to the impacts of an economic downturn. The ARRA also included tax benefits for businesses, including the Work Opportunity Tax Credit (WOTC). The ARRA expanded the WOTC to benefit employers that hire workers belonging to any of 12 targeted groups, including eligible veterans or younger disconnected workers. Tax benefits have been paid out since March 2009 and after 18 months nearly 85 percent has been spent.[4]

The $224 billion in payments and entitlements were distributed largely through existing channels to support individuals, schools, and states and local governments among other entities. Most of these programs are administered by States and played a critical role in stabilizing state and local budgets and preventing service cuts, especially when demand for services was rising because of the recession. **The single largest ARRA payment to the State of Illinois is for unemployment insurance. Nearly $5.1 billion in ARRA funds has been received and paid out by the Illinois Department of Employment Security for unemployment benefits to individuals.** Since the economic recession has made it increasingly difficult for those that lost their jobs to find new jobs, extended and expanded unemployment benefits were needed. The second largest ARRA payment to a state run program was provided to the Department of Healthcare and Family Services for Medicaid. The state received nearly $2.7 billion in ARRA funds to provide Medicaid to individuals. **Several education programs make up the next largest ARRA funded state program. Five programs that provide funding to local school districts received nearly $2.3 billion. Without this funding, many teachers and other school workers likely would have lost their jobs. In the third quarter of 2010, more than 4,000 jobs have been saved or created through education payments to the State of Illinois.**[5]

The ARRA also included numerous other payments and entitlements to support services that were becoming more difficult to provide by the state and local governments. Illinois municipalities received more than $45 million in Community Development Block Grant funds, of which 32 percent has been spent as of September 30, 2010. The State of Illinois has received nearly $50 million to fund the Community Service Block Grant program of which 74 percent has been spent as of September 30, 2010. Both these programs provide targeted services to the communities and families that need extra support the most in an economic recession. Nationally, approximately 73 percent of ARRA funds for entitlements and payments have been paid out as of November 20, 2010.[6]

Lastly, the $275 billion in funding for projects was deployed to create jobs, address the impact of the recession, and **invest in critical infrastructure needed for a 21st century economy**. A wide variety of project types were funded, including improving physical infrastructure such as roads, bridges, public transit, the electricity grid, and broadband. The **ARRA also invests in science and technology projects that will have a much longer payoff but have fewer**

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[4] Data retrieved from www.recovery.gov accessed December 8, 2010.
[5] Data retrieved from www.recovery.illinois.gov December 2, 2010
[6] Data retrieved from www.recovery.gov accessed December 8, 2010.

immediate impacts. Many of these funds were awarded through competitive processes, such as the Neighborhood Stabilization Program 2 which will rehabilitate communities impacted by high number of foreclosures. As of November 20, 2010, 58 percent of funding for projects has been spent.[7] The impact of many of these projects will not be fully realized for several years. A few such projects in Illinois are summarized below:

- **High-Speed Intercity Passenger Rail:** $1.1 billion for improvements to the Chicago to St. Louis route. Improvements will allow trains to travel at up to 110 miles per hour. This corridor is part of the Midwest system, which as a whole received $2.6 billion, more than any other region in the nation. Construction began in September 2010.

- **Broadband Projects:** A total of $7.2 billion was made available for broadband infrastructure, mapping, training, and education to unserved and underserved communities. This funding is distributed between three programs: Rural Utilities Service Broadband Initiatives Program (BIP), Broadband Technology Opportunities Program (BTOP), and State Broadband Data and Development Program. All ARRA funding for broadband improvements has been awarded. According to federal reporting data, a total of 17 awards have been made to Illinois totaling $236 million. Most of these projects were awarded funds the summer or fall of 2010 and have yet to spend any dollars or create any jobs.

- **Health Information Exchange:** The State of Illinois Department of Healthcare and Family services was awarded $18.8 million to develop a statewide Health Information Exchange which will allow healthcare providers to share information electronically. The award was made in February 2010 and the state has hired seven people to staff this project. As of September 30, 2010, $425,838 of the award has been spent.

- **Chicago Region Retrofit Ramp-up:** In May of 2010 the Department of Energy awarded $25 million to the Chicago region to invest in strategies to accelerate the development of the emerging building retrofit market. Building energy efficiency has been identified as an important strategy to reach the region's energy consumption goals, set forth by the Chicago Climate Action Plan and *GO TO 2040.* Approximately $30,000 of the award has been spent and about $6 million has been awarded to sub-recipients.

- **Smart Grid Projects**: A total of $53 million was awarded to ten projects in Illinois that will help develop a "Smart Grid" and improve electricity delivery and reliability. The purpose of these projects is to test, advance, and implement new technology and energy management systems to modernize our aging electrical infrastructure so that it is more cost effective and reduces consumption. One of the awards will fund the creation of a Smart Grid Education and Workforce Training Center so that as this infrastructure is developed we have a skilled workforce ready for the maintenance requirements and to

[7] Data retrieved from www.recovery.gov accessed December 8, 2010.

further develop the smart grid. The awards were announced over the last year and at the end of the 3rd quarter of 2010 just 3 percent of funds have been spent.

- **Education Data Systems:** The Illinois State Board of Education was awarded $12 million to expand on the Illinois Longitudinal Data System (ILDS). The purpose of the ILDS project is to create a data system that will help track outcomes of students as they progress through the education system and into the labor force.

What Has the ARRA Achieved in the Context of Current Economic Realities?

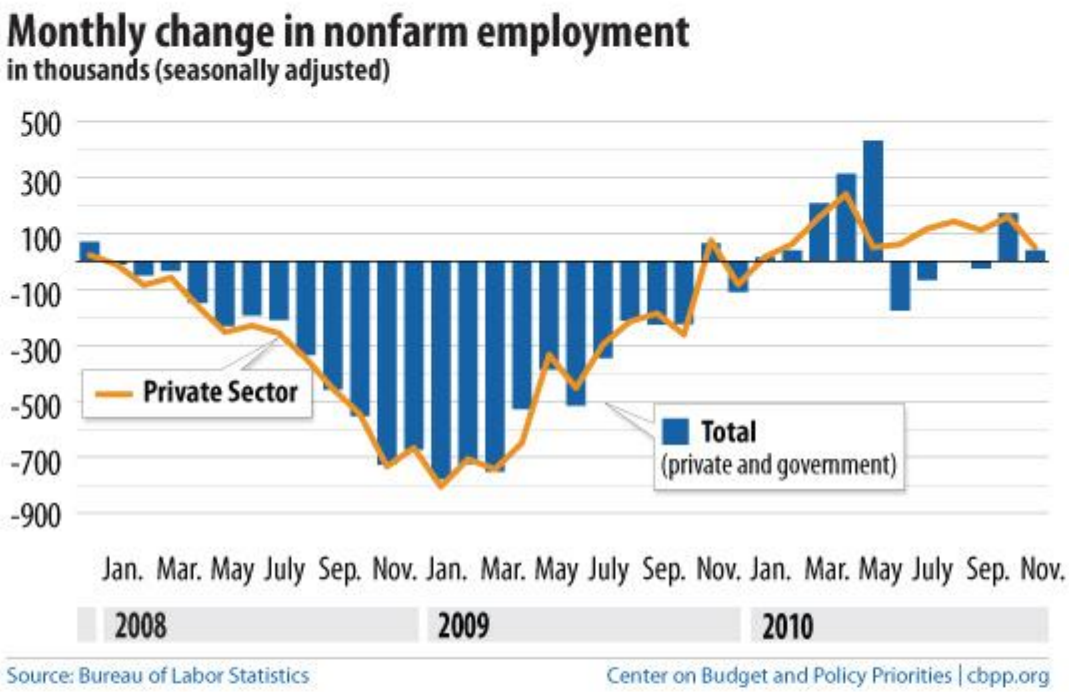
As of September 30, 2010, the total amount of ARRA funding awarded in Illinois is $14,467,347,883 which is $1,135 per capita; Illinois ranks 38th in terms of per capita ARRA funding compared to other states.[8] As noted, the majority of this funding has been spent. The number of jobs created or retained to date is on track to meet the goal of 3.5 million. State and local government budgets were supported and service cuts were prevented which benefited those most impacted by the recession. Investments in the foundation of the economy and supporting technological advancements will strengthen the economy in the long term. Despite these accomplishments, the recovery period is far from over. Several economic indicators show the state of the economy began to change shortly after the ARRA took effect, however, because the severity of the downturn was so extreme, many people and communities continue to suffer.

The impact of the Recovery Act has been documented and debated through numerous reports and studies. The Congressional Budget Office (CBO) and the White House Council of Economic Advisors (CEA) are two entities commissioned to conduct thorough statistical analyses and documentation on the Recovery Act. Each office releases regular reports on the impact of the Recovery Act. A recent CBO report showed that through September 30th, 2010 up to 3.6 million jobs have been created for saved as a result of the ARRA and the nation is on track to reach the goal of saving or retaining 3.5 million jobs by the end of calendar year 2010.[9] The most recent report from the CEA shows the trajectory of the economy has changed dramatically from the years before the ARRA to shortly after ARRA implementation began. The CEA finds this change is significantly greater than what would have occurred without the ARRA; the increase in GDP would have been between 2.7 and 3.2 percent lower without the ARRA and the number of people that would have lost their jobs without the Recovery Act is between 2.5 and 3.6 million.[10] It is difficult to know what would have happened without the ARRA; the methods of any such projection-based analysis can be questioned but the CBO and CEA findings are largely in agreement.

[8] ProPublica Eye on the Stimulus http://projects.propublica.org/recovery accessed November 22,2010
[9] "Estimated Impact of the American Recovery and Reinvestment Act on Employment and Economic Output from July 2010 Through September 2010." Congressional Budget Office November 2010.
[10] "The Economic Impact of the American Recovery and Reinvestment Act of 2009. Fifth Quarterly Report" Executive Office of the President Council of Economic Advisors. November 18, 2010.

The ARRA requires recipients to report the number of jobs created or retained each quarter. According to the data from the Recovey.gov website, the cumulative total number of jobs created or retained directly by Illinois ARRA awardees as of September 30, 2010 is 138,871. While there may be questions raised about the true number of jobs created or retained as the result of ARRA in the region, there is no doubt that ARRA has helped retained jobs for teachers and workers building roads and bridges. Additionally, thousands of temporary jobs were created for youth and low-income workers.

The following chart from the Center of Budget and Policy Priorities shows job losses nationally have decreased steadily since the ARRA took effect in February of 2009, although more recent job creation is still somewhat tenuous.



According to the Bureau of Labor Statistics, nonfarm payroll employment increased by 151,000 in October of 2010. Nationally, the combined private-sector job loss in 2008 and 2009 reached approximately 8.5 million.[11] A total of 1.2 million private-sector jobs have been added so far in 2010.[12] Unemployment levels have begun to stabilize, but because the jobs hole created by the recession was so great, it is expected to take several years to for the unemployment rate to return to near pre-recession levels. The economy would need to create 310,000 jobs a month for the next two years to employ people that lost their jobs.

The unemployment rate in Illinois as of September 2010 was 9.5, down slightly from 10.4 in September of 2009. This high unemployment rate means many people continue to depend on services, particularly unemployment insurance and other emergency services. Nationally, more

[11] CMAP calculation of Bureau of Labor Statistics employment data

[12] Center of Budget Policy and Priorities. "Chart Book: Legacy of the Great Recession." Last updated December 7, 2010, http://www.cbpp.org/cms/index.cfm?fa=view&id=3252.

than 40 percent of the 15.1 million of the people unemployed in November of 2010 had been looking for work for 27 weeks or longer. An alternative measure of unemployment from the Bureau of Labor Statistics includes people who are discouraged from looking for work and people working part-time jobs because they are unable to find full-time employment was 17 percent in November 2010.[13]

Many of the ARRA sector specific initiatives have begun to build strong foundations for long-term success but additional support and capacity is needed to maximize the potential outcomes. To ensure continued support reaches those that need it and investments in long-term growth flourishes, federal, state, and local government leaders need to continue to act strategically and carry on the legacy of new ways of doing business and coordinating efforts across agency silos. The recession required that resources be leveraged in new ways and the ARRA provided a previously unseen opportunity to establish innovative practices and reform policy barriers. While the ARRA funds are nearly all spent, the opportunity and need to continue supporting an economic recovery remains the priority.

Innovations and Best Practices

The Recovery Act emphasized the need to spend funds quickly to create and preserve jobs, but another key mission was to increase transparency and minimize waste, fraud, and abuse in ARRA spending. As described earlier, the ARRA set high expectations surrounding the speed and effectiveness at which programs were implemented. Some of these expectations were challenged because of obstacles related to the political transition and the inability to increase capacity in response to the sudden influx of funds and new requirements. These challenges presented an opportunity for innovative solutions and several responses by government, non-profit, and philanthropic agencies show how some practices were especially effective at spending funds quickly and efficiently. These examples of partnerships and modified policies are important legacies and show new ways of doing business that should be replicated and strengthened in the future. In some cases, the ARRA provided an opportunity to test programs and respond to new priorities and the results help set priorities for non-ARRA funding. In other cases, barriers and limitations highlight the need to prioritize reforms. Several examples of these kinds of innovations and best practices for promoting greater success in the future are described below.

- Several federal agencies have been working together to align resources, coordinate priorities, and remove regulatory barriers and the ARRA further highlighted the need and opportunities to move towards more coordinated and streamlined governance to support better outcomes. One example of where the ARRA prioritized this kind of coordination is with the Weatherization Assistance Program (WAP). The WAP was significantly increased with ARRA funds and required the administering agencies to

[13] Center of Budget Policy and Priorities. "Chart Book: Legacy of the Great Recession." Last updated December 7, 2010, http://www.cbpp.org/cms/index.cfm?fa=view&id=3252.

ramp-up their efforts to increase the number of homes weatherized. This dramatic and sudden increase caused some concern on whether weatherization agencies would be able to spend funds within the required time. To help address this concern, agencies developed a solution to a long-standing policy barrier in weatherizing multi-family buildings. Prior to the change prompted by the ARRA, a multi-family building owner was required to collect extensive paperwork from tenants to verify income levels and be eligible for Weatherization funds. This labor intensive requirement acted as a barrier and slowed the weatherization process. To help overcome this challenge, a national Memorandum of Understanding between HUD and DOE was created that allows HUD certified buildings to be pre-approved for weatherization funding. As a result, the number of multi-family buildings weatherized has increased greatly and the Weatherization agencies are on track to spend funds before they expire.

- Partnerships and collaboration across agencies and sectors proved to effectively address capacity issues and leverage funds for greater impacts. The City of Chicago and The Chicago Community Trust spearheaded an effort known as the Recovery Partnership which brought together more than 100 public, private, and philanthropic leaders. This partnership helped the City receive more than $2 billion in ARRA funds including $469 million in competitive funds. The Recovery Partnership developed strategies that helped city agencies and community based organizations achieve the greatest impact possible with their ARRA funds. A final report of the Recovery Partnership is online at http://recovery.cityofchicago.org.

- Leveraging resources to maximize the benefit of limited resources has been an important priority of many programs. The Chicago Neighborhood JobStart program is one example where a philanthropic collaborative leveraged ARRA funds to create a new employment program. The collaborative established the 2016 Fund to support communities impacted by Chicago's bid for the 2016 Olympics, regardless of the outcome. The Chicago Neighborhood JobStart program was funded by resources from the 2016 Fund, plus in-kind employer donations, and leverage of TANF Emergency Contingency Funds. JobStart funds were used to create transitional jobs opportunities for low-income people in 2016 Fund priority communities. This program and its impacts to date are described later in this report.

- Given the opportunity, state administrators, local administrators and community stakeholders can innovate. Both the City's Department of Family and Support Services (DFSS, the City's WIA administrator) and the Department of Commerce and Economic Opportunity took advantage of increased Workforce Investment Act (WIA) resources to test out new bridge educational programs. DFSS also used resources to co-locate case managers at community colleges to help program participants navigate the training options. Local administrators, like Will County, took advantage of the opportunity to use class-size contracts to develop new training for electricians in the renewable energy industry.

- The Green and Healthy Homes Initiative (GHHI) is an example of an innovative partnership at a national scale lead by the National Coalition to End Childhood Lead Poisoning. The GHHI is a public-private partnership between federal agencies, national and local philanthropy, and local partners including multiple city agencies. The partners are working to increase efficiency and outcomes in delivering multiple services that improve homes' health and energy consumption, including programs funded by the ARRA. The GHHI is being piloted in 14 cities, including Chicago. The results of these pilot cities will be examined to identify best practices and help develop future models and standards.

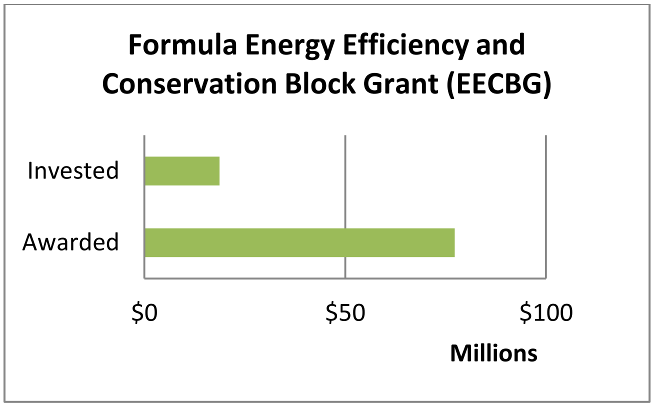
Housing, Workforce, and Energy Investments in the Region and Recommendations Moving Forward

In order to provide a more accurate representation of the ARRA programs, a combination of federal recovery and state recovery data is used in this section. While the Federal Recovery website provides detailed data for direct recipients of program funds, it lacks specific information for sub-recipients – information that is available on the State's Recovery Website. Programs that have at least a portion of funding that does not pass through the state include: Energy Efficiency Block Grant, Homeless Prevention and Rapid Re-Housing, Community Development Block Grants, and the Neighborhood Stabilization Program 2. Funding data for these programs is for the period of February 17, 2009 to September 30, 2010 and jobs data is for the period of July 1, 2010 through September 30, 2010. Programs that at least partially pass through the state include: Homeless Prevention and Rapid Re-Housing, Workforce Investment Act, Weatherization, and Community Service Block Grant. State data on the implementation of these programs covers the beginning of the program to October 31, 2010.

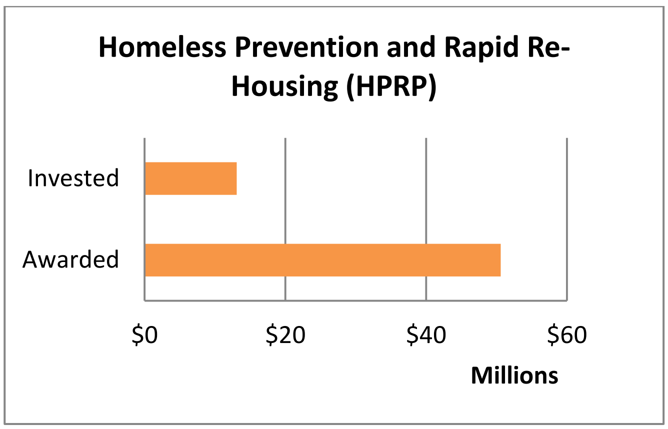
This section summarizes the available data, describes progress and impacts, and discusses lessons learned and priorities moving forward post ARRA.

Regional Overview

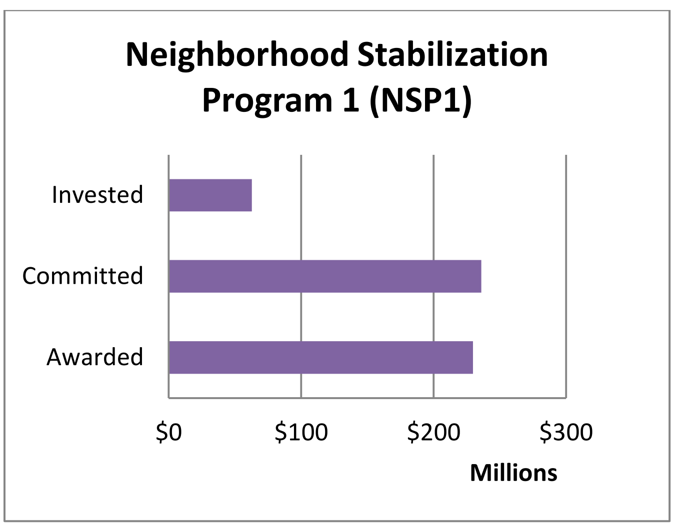
The following charts illustrate the status of funds awarded and invested in the programs examined in this report. The data reflected in these charts are only for activity in the northeastern Illinois region. This overview shows which programs are investing their dollars, and which have significant work to do. Program deadlines and other relevant information is summarized to provide the context. All data is current as of September 30, 2010 unless otherwise noted.



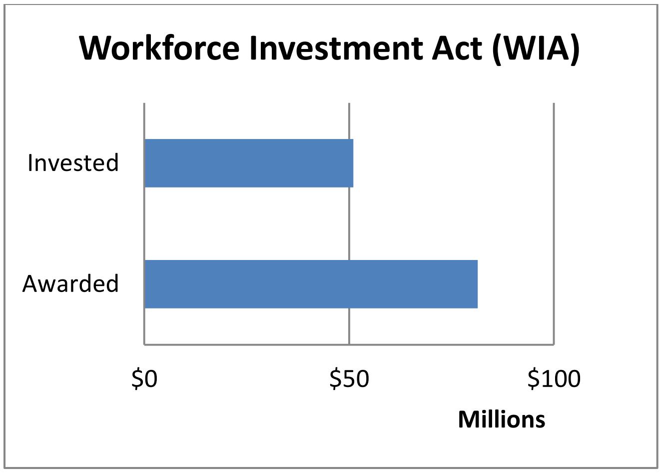
The EECBG is a new program that provides formula grants to states, counties, and municipalities. **Recipients must commit funds to projects within 18 months of the award and spend all funds within three years.** Awards were announced beginning in late summer 2009 through early winter, although some applicants required revisions which resulted in delay in receiving funding.



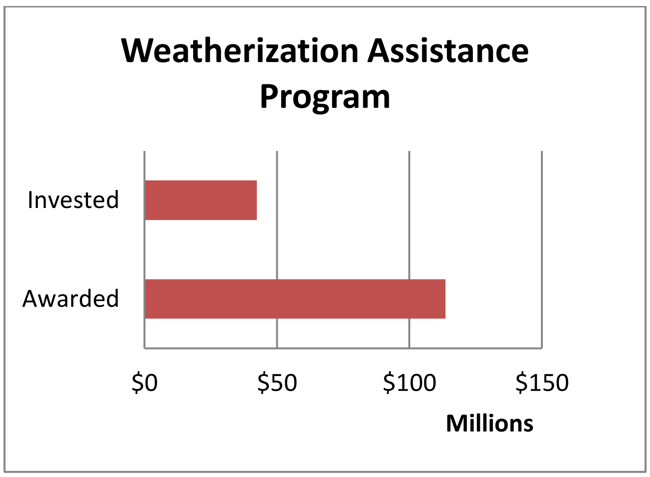
HPRP is a new program that formula grants to states as well as designated county and city agencies. **Sixty percent of HPRP funds must be spent by September 1, 2011, two years after funds became available to the grantees for obligation. 100% must be spent within three years.** While start-up issues contributed to slow spending thus far, none of the recipients interviewed are concerned with spending all funds within the required time period.



NSP1 is a new program to address the foreclosure crisis by distributing formula funding to counties, municipalities, and states. Much of this formula funding is sub-granted through a competitive process. **Grantees are required to commit funds by September 2010.** All funds must be invested four years from when the grant agreement was signed. This data was provided by the HUD NSP Resource Exchange website and is current as of November 22, 2010.



The majority of funds for workforce development training and services were distributed via the existing WIA structure; Local Workforce Investment Areas received funds in May 2009. **Funds are available until June 2011.** There is concern about the continued high demand for services and diminished resources once funds are fully expended.



The state received a total of $242.5 million for weatherization which is an increase of 20 fold from previous years funding. The ARRA weatherization funds are distributed using the existing structure. Community Action Agencies receive the funds and deliver the services. **All funds must be spent within three years from the April 1, 2009 start date.**

Energy Efficiency and Conservation Block Grant

Overview, Progress, and Impacts

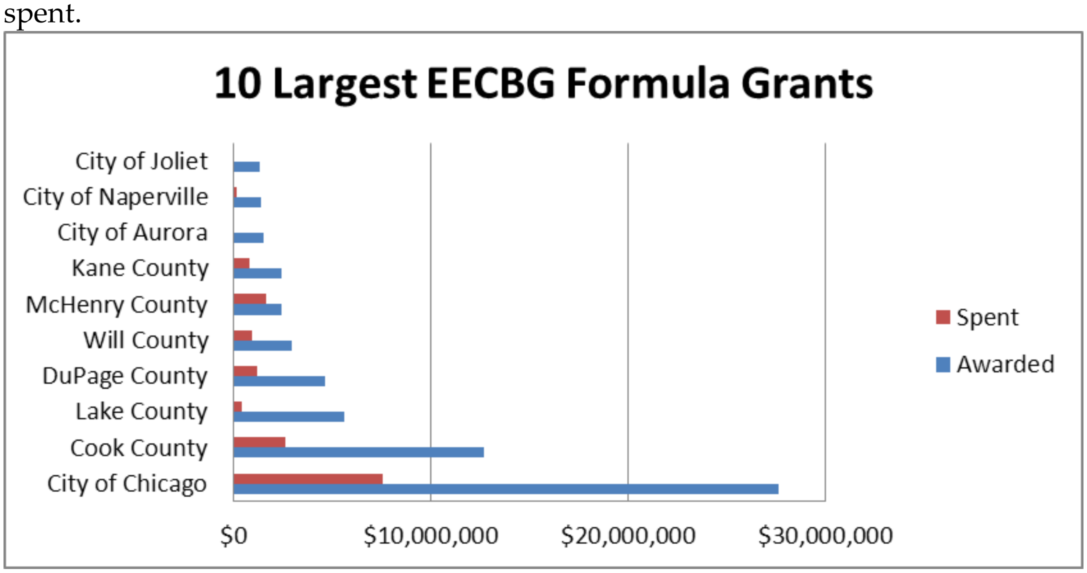
Compared to the other ARRA funded programs examined in this report, the program with the most unspent funds are formula Energy Efficiency and Conservation Block Grants (EECBG). Nationally, the U.S. Department of Energy has lagged behind all other agencies spending its ARRA funds.[14] The Department of Energy administers several programs that are being funded for the first time by the ARRA, including the EECBG, and therefore there were and continue to be many questions at all levels of government regarding new regulations and requirements. As

[14] Weise, Karen and Grabell, Michael. "Did the White House Meet its Stimulus Goal?" [Weblog entry]. Propublica October 1, 2010.(http://www.propublica.org/article/did-the-white-house-meet-its-stimulus-goal). November 1, 2010.

a result, spending the funds has been slow and nearly 75 percent of the Department of Energy's $32.7 billion in ARRA funds have yet to be spent.

Reporting data shows that in the region $18.7 million, or 24 percent, of the $77 million in EECBG formula grant funds has been spent on projects and a total of 96 jobs have been created or retained in the third quarter. This is a significant increase over the $1.4 million, or 1.8 percent of awarded funds that had been spent on projects at the end of the first quarter creating or retaining approximately 20 jobs. Jobs created and retained using the Energy Efficiency and Conservation Block Grant funding will/is largely employing engineers, construction workers, and consultants.

EECBG formula grants are based on population so while thirty-nine municipalities and six counties received some funding, 81 percent of funds were awarded to ten local governments. The following chart shows the ten largest grant recipients and how much of their grant has been spent.



Regionally, seven municipalities reported spending zero dollars and several others have spent less than 10 percent of their award. Two municipalities have spent 100 percent of their award, both of which spent their awards on heating systems in government buildings.

In the Chicago metro region, the majority of communities awarded formula EECBG dollars spent their money on improving municipal operations, from building lighting retrofits, to energy efficient street or traffic lights to HVAC systems and other operating systems. This reliance on municipal-based projects was most likely due to the fast-paced grant request period and unfamiliarity with energy efficiency planning at the community-wide scale. However, a number of municipalities that were already beginning to address sustainability issues (cities and counties included) chose to broaden the reach of energy savings to the entire community. There are several retrofit revolving loan funds in place, a large scale residential weatherization program, a low-flush toilet rebate program and others that offer residents and businesses opportunities to achieve significant energy and cost savings.

The State of Illinois was awarded $22 million by formula, 60 percent of which must be sub-granted to smaller communities that did not qualify for formula grants. DCEO is administering the program through the Illinois Association of Regional Councils, which will then sub-grant awards to regional planning agencies. The Metropolitan Mayor's Caucus is administering $2.7 million for to the seven county northeastern Illinois region. Funds will were awarded through a competitive process to 23 municipalities. Of the grants, one audit and two code enforcement projects were funded. The remaining awards were for retrofits. The retrofit projects were evenly split between HVAC equipment upgrades, lighting efficiency and water/wastewater facility upgrades. Municipalities are in the process of approving contracts and bidding out their projects. The first round of completions are expected in early 2011.

In addition to the formula grants, $454 million was made available nationally through a competitive process. A regional collaboration called the Chicago Region Retrofit Ramp-up (CR3) led by CMAP in partnership with the City of Chicago and the City of Rockford, with support from suburban and regional stakeholders -- was awarded $25 million to transform the market for carrying out energy-efficient retrofits to commercial and residential buildings in northeastern Illinois. The contract between CMAP and DOE was executed in May 2011 and implementation is now underway.

Lessons Learned and Moving Forward

EECBG dollars arrived at a time when most municipalities began to feel the effects of our difficult economy, so the municipal-based projects funded probably would not have been pursued, since energy efficiency upgrades tend to require a significant amount of upfront money. The initial required documentation of expected savings and ongoing reporting creates a level of accountability, and in many cases, forces communities that may not have included energy efficiency planning in their standard operating procedures. This is an important point and brings new energy efficiency advocates to the table. The energy and cost savings, and the lessons learned will provide long term benefits. It allows communities that have already been addressing energy efficiency to expand the discussion and provide funding for community-wide efforts. And overall, the EECBG funding shows the need for municipalities to better plan for energy efficiency through 1) determining/analyzing baseline energy issues; 2) identifying strategies that will decrease energy consumption (based on actual data); 3) ongoing measurement and tracking of strategies.

In addition to the formula grants, the competitive grant awarded to CMAP will have a long-term impact on the energy efficiency market. The competitive EECBG funding aims to build the energy retrofit market in the region. Successful implementation will result in on-going investment over time that will reduce operating costs, maintain the building stock and grow the local economy.

Homeless Prevention and Rapid Re-Housing

Overview, Progress, and Impacts

The ARRA includes $1.5 billion for a new program to address homelessness, the Homeless Prevention and Rapid Re-Housing Program (HPRP). The funds are distributed by HUD using the same formula used for Emergency Shelter Grants and are awarded to cities, counties, and states. HPRP will provide financial assistance and services to prevent individuals and families from becoming homeless and help those who are experiencing homelessness to be quickly re-housed and stabilized. HPRP is intended to target individuals and families who would be homeless *but for* this assistance. The funds provide a variety of assistance, including: short-term or medium-term rental assistance and housing relocation and stabilization services, including such activities as mediation, credit counseling, security or utility deposits, utility payments, moving cost assistance, and case management services.

Data from Recovery.gov and the Illinois Recovery website is summarized to describe the implementation of the HPRP in the region. Illinois will receive approximately $71 million in funding, $50 million of which will be awarded in the region. The Illinois Department of Commerce and Economic Opportunity (DCEO) received approximately $20.3 million of which $5.3 million has been sub-granted to 14 sub-recipients in the region. Thirty-nine percent of funding awarded to sub-recipients in the region has been spent as shown in the following table.

State Sub-Recipients	City	Awarded Amount	Percent Spent
Catholic Charities-3492	JOLIET	$974,401	27%
The Catholic Charities of the Archdiocese-3493	CHICAGO	$954,829	35%
Community Crisis Center-4662	ELGIN	$795,983	57%
People's Resource Center-5191	WHEATON	$407,256	43%
DuPage County-1107	WHEATON	$376,607	28%
McHenry County Housing Authority-4629	WOODSTOCK	$363,708	22%
Catholic Charities-3492	JOLIET	$360,948	45%
County of Kendall-8329	YORKVILLE	$322,705	95%
Public Action to Deliver Shelter Inc-5448	AURORA	$207,362	16%
Catholic Charities-3492	JOLIET	$201,907	24%
Outreach Community Ministries Inc.-2347	WHEATON	$151,531	39%
Quad County Urban League-13670	AURORA	$117,500	36%
Consumer Credit Counseling-15493	WOODSTOCK	$45,000	5%
Pioneer Center of McHenry County-3928	MCHENRY	$45,000	20%
TOTAL		**$5,324,737**	**39%**

HUD also made direct HPRP awards the Continuum of Care agencies and select cities, ranging in size from about half a million to the City of Aurora to more than $34 million to the City of Chicago. The following table shows the awards made directly from HUD to agencies and local governments in the northeastern Illinois region. Most direct recipients make sub-grant funds to service providers. Overall, more than $45 million was awarded directly to agencies and local governments in the Northeastern Illinois region and about nearly half of this has been spent, as shown in the following table.

Direct Recipient	Award Amount	Amount spent by direct awardee	Amount awarded to sub-grantees	Amount spent by sub-grantees	Percent spent total
City of Chicago	$34,356,259	$7,593,737	$28,454,650	$7,552,018	44%
Cook County	$4,121,046	$632,525	$1,431,830	$607,000	30%
DuPage County	$1,443,723	$515,973	$1,400,411	$495,405	70%
Lake County	$1,057,106	$382,460	$1,017,518	$527,709	86%
City of Evanston	$801,460	$242,408	$801,406	$50,000	36%
Oak Park Village	$796,581	$784,631	$0	$0	98%
Will County	$602,271	$286,762	$0	$0	48%
Town of Cicero	$581,065	$84,371	$0	$0	15%
City of Berwyn	$559,545	$168,464	$531,568	$168,464	60%
McHenry County	$540,732	$138,694	$513,696	$134,921	51%
Kane County	$517,394	$144,709	$495,745	$128,952	53%
City of Aurora	$506,883	$125,594	$0	$0	25%
Total Direct Awards to Northeastern Illinois	**$45,303,000**	**$11,015,957**	**$34,646,824**	**$9,664,469**	46%

Implementation of HPRP continues to proceed well, as indicated in the first regional ARRA report. Providers continue to believe that HPRP provides essential funds to help families avoid homelessness or regain housing as soon as possible after experiencing homelessness.

There are no present concerns with spending the allocated funds within the three years required by this Program, with some providers on pace to spend all of their funds within two years or even sooner.

In addition, the reported data likely undercounts actual spending, at least by sub-recipients, because some of them are working on a quarterly voucher and reimbursement basis, which means that they are essentially advancing the funds distributed to HPRP-eligible individuals and families, and then submitting vouchers for reimbursement. This process has resulted in some providers experiencing cash flow issues, although this may be partially alleviated by the option of submitting monthly vouchers to recipients for payment. Should HPRP be renewed in some form, this issue will need to be addressed to ensure that sub-recipients can participate without harm to their agencies.

Finally, HPRP so far appears to be effective in that it is allowing providers to assist those most impacted by the recession, particularly those suffering a temporary job loss or reduction in earnings, while at the same time allowing homeless prevention activities to continue and even increase despite the large decrease in state funding for its Homelessness Prevention Program.

Lessons Learned and Moving Forward

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Recipients and sub-recipients should monitor their expenditure rates to ensure that all of the allocated funds are spent within the required time frame. If there are concerns with meeting the spending deadlines, these entities should consider whether adopting one or more of HUD's strategies for accelerating expenditure rates will address the situation. HUD's overview of financial management strategies on this issue includes[15]:

- Redefining HPRP program targeting and outreach.
- Increasing the frequency of reimbursement submissions and/or shortening turnaround times for payment.
- Redefining HPRP spending plans.
- Removing barriers in case documentation and payment approvals.
- Requesting and utilizing cash advances.
- Streamlining multi-layered government requirements.
- Incurring all eligible expenses
- Charging all eligible indirect costs.
- Aligning spending with most current HUD-issued HPRP guidance.

The issues regarding prompt reimbursement and/or cash advances are important, particularly if HPRP is renewed in some form, because cash flow has been mentioned by providers as an issue in terms of their ability to effectively implement the program without harm to their agencies. It is encouraging that HUD has recognized these issues and provided suggestions for how they may be addressed.

As with the above-referenced overview, HUD continues to provide assistance through its website, www.hudhre.info, and through webinars, in which recipients and sub-recipients can obtain up-to-date information and guidance on HPRP. These communication vehicles have been very helpful to recipients and direct providers in implementing the program so their continuation is encouraged.

Once the HPRP funds are expended, however, and depending on the State of Illinois's fiscal situation, necessary funding for homeless prevention programs may be in jeopardy as early as mid-2011. It is therefore critical that state homeless prevention funding be restored to pre-HPRP levels in order to assist individuals and families avoid homelessness or regain housing as soon as possible after experiencing

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[15] http://www.hudhre.info/documents/HPRP_FinMgmt_AcceleratingExpenditureRates.pdf

Neighborhood Stabilization Program (1-3)

Overview, Progress, and Impacts

Neighborhood Stabilization Program 1 (NSP1) dollars were distributed through a formula allocation as part of the Housing and Economic Recovery Act (HERA) of 2008. Funds were distributed by formula to local and state governments to address foreclosed, abandoned and vacant properties. Data on NSP1 dollars are made available through the HUD's NSP Resource Exchange website. In addition, through the NSP1 Coordinating Council and other efforts, CMAP staff has knowledge on the implementation status and the success and challenges in this program. The CMAP region received a total of $115 million in direct formula funding to eleven jurisdictions. The following table shows the distribution of formula funding and the amount of funds committed and spent as of November 22, 2010.

Recipient	Award	Committed	Spent	Percent Committed	Percent Spent
Aurora	$3,083,568	$3,083,568	$892,559	100%	29%
Chicago	$55,238,017	$55,238,017	$9,528,550	100%	17%
Cicero	$2,078,351	$2,138,657	$1,609,371	103%	77%
Cook County	$28,156,321	$28,156,321	$38,550	100%	0.1%
DuPage County	$5,176,438	$5,686,586	$4,936,279	110%	95%
Elgin	$2,159,623	$2,159,623	$901,789	100%	42%
Joliet	$3,531,810	$3,979,196	$2,431,854	113%	69%
Kane County	$2,576,369	$2,576,369	$1,345,116	100%	52%
Lake County	$4,600,800	$4,600,799	$3,527,851	100%	77%
McHenry County	$3,085,695	$3,412,491	$1,957,585	111%	63%
Will County	$5,160,424	$7,037,037	$4,237,607	136%	82%

The City of Chicago received nearly 50 percent of all funds awarded by formula in the region. Cook County received approximately 25 percent of the direct formula grant funding in the region. All awardees have committed all of their funds and several have committed more than what they were awarded. DuPage County and Will County have spent the greatest amount, while Chicago has spent 17% of their award and Cook County has spent less than one percent of their award. All funds must be spent within four years from when the grant agreement was signed. The majority of spent funds have been on acquisition and residential rehab.

An additional $53 million was allocated to the State of Illinois through formula funding, of which ten sub-recipients in the region received approximately $32 million through a competitive bid process largely for supportive housing strategies. The state sub-recipients have committed all funds and have spent $13.8 million, with some higher performing sub-recipients receiving unspent allocations from other, struggling awardees.

The City of Chicago and Evanston received additional funding through the NSP2 competitive grants. Chicago received a $98 million grant and has yet to spend any of this funding. The Department of Community Development is finalizing a sub-grant agreement with Mercy Portfolio Services, which also serves as Chicago's sub-grantee for NSP1. Evanston received $18 million and, with Brinshore Development implementing the City's plan as its developer, has spent $1.9 million so far.

In addition, three multi-state grants awarded include the region. The Center for Community Self-Help was awarded $12 million and has not spent any yet. Chicanos Por La Causa was awarded $137 million and has spent $5.8 million. The Community Builders was awarded $79 million and has spent $3.2 million.

Lessons Learned and Moving Forward

Most recently, in October of 2010, HUD published its Notice of Formula Allocations and Program Requirements for the NSP Formula Grants. In addition to codifying some of the program modifications and improvements issued since the start of this program, an unusually high number of changes which reflect the experimental and complex nature of this young program, the October Notice also specified which jurisdictions could receive $970 million in new resources and that a separate RFP would be issued for $20 million in technical assistance dollars. In Illinois, $16 million is going to the City of Chicago, $7.8 million to Cook County, $1.4 million to Lake County and $5 million to the State of Illinois.

With the exception of some private sector applicants awarded in the competitive NSP 2 round, the success of the NSP program seems to be contingent upon the public sector recipient's ability to efficiently allocate formula-based resources awarded in NSP 1 and NSP 3, and the largely public sector awardees securing dollars through NSP 2. The other side of this equation, of course, is the need for competent developers, contractors and housing counselors who are able and willing to target acquisition, rehab and resale (or rental) efforts in a manner which advances the sound strategic goals of municipal leaders. Success further hinges upon the ability of the public sector recipients or their sub-recipients (or their subcontractors) to negotiate swiftly with banks and property owners in control of the vacant and abandoned properties.

The ability to accomplish the above objectives depends entirely on track record and capacity. Given that dollars were targeted to the areas "hardest hit" by foreclosure trends, and that NSP timelines are extremely tight, the most successful programs appear to be those within larger municipalities and counties with existing plans, partners and systems in place (or separately funded) to acquire, rehab and resell (or rent) a considerable quantity of sites.

While some successful programs built on existing capacities and/or created new partnerships to support NSP goals, other grant recipients found that totally new courses of action needed to be explored in order to more effectively utilize program funds. For example, the State and Cook County found themselves needing to create new strategies and capacities for addressing the "hardest hit" communities. The below improvements could increase the likelihood of success in those programs serving larger and more distraught geographies:

- Invest in and encourage inter-jurisdictional coordination among municipalities working across borders to link their NSP strategies to broader sub-regional economic development goals -- aligning housing, transportation, job and land-use decisions.
- Support local capacity building vehicles to supplement the national technical assistance provided largely by out-of-town visiting experts. Especially in the hardest hit areas, ongoing support and trouble shooting is needed to inform and bolster the independent and joint efforts of state, county and municipal leaders, as well as developers and counseling agencies. Optimally, such capacity building vehicles should enable NSP recipients to exchange best practices and trouble shoot with each other, while hearing from interagency (public and private sector) partners around the table and through follow-up, individualized assistance.
- Engage private sector leaders in local planning efforts, ensuring they are well briefed and informed on how to support and invest in local and regional solutions. Ultimately, success will be defined on how well limited public sector investments are able to encourage private sector investment as well.

Nationally, HUD has demonstrated its commitment to the above principles, awarding the Chicago Region nearly $7 million out of its Sustainable Communities Initiative. CMAP received $4.25 million to implement its GO TO 2040 plan, and to provide technical assistance and capacity building that prioritizes interjurisdictional housing and community development strategies. HUD also funded the State's largest interjurisdictional initiative, in the southern suburbs, to increase the Collaborative's staffing as well as its land acquisition and land banking capacity. Locally, it is essential that the technical assistance dollars dedicate by HUD for NSP align with these regional efforts. A combination of national subject matter experts with local technical assistance providers may represent a hybrid strategy that includes the right mix of guidance to help grantees be most successful.

Various HUD program modifications were also introduced to remove obstacles identified by local implementers, and to advance the original ARRA goals around creating "new ways" of doing business to ensure increased spending while minimizing waste, fraud, and abuse. For example, the October Notice recognizes the value of housing counseling and other activities beyond housing acquisition to support the very low-income households that NSP requires grantees serve with 25% of their resources. The October Notice also sets standards for local hiring and "green" rehab, further encouraging interagency coordination and public private partnerships. Further incentives are necessary to engage REO servicers in the National Community Stabilization Trust efforts to facilitate the transfer of properties from servicers, and to provide financing that otherwise would not be available for acquiring and rehabilitating properties, in this vehicle.

Workforce Investment Act (WIA), Competitive Workforce Development Grants and Other Workforce Initiatives

Overview, Progress, and Impacts

The Recovery Act funded numerous workforce initiatives; some programs have spent nearly all ARRA funds allotted while others are just beginning implementation. The following section describes programs that have been funded by ARRA funds either through existing formula grants, new competitive programs, or have been leveraged with other funding sources to fund initiatives that address the high-unemployment rate.

Workforce Investment Act:

The State of Illinois received a total of approximately $156 million to fund Workforce Investment Act training programs. According to the State's reporting data, $81 million has been awarded by formula to the eight Workforce Investment Boards (WIBs) in the region, of which 63 percent has been spent. The WIA formula grants in the region and status of spending is shown in the following table. All the WIBs except for the southern Cook County WIB have spent the majority of funds.

	Youth Programs		Adult Programs		Dislocated Workers		Total percent spent
Recipient	Award	Spent	Award	Spent	Award	Spent	
City of Chicago	$17,509,296	91%	$5,930,737	80%	$13,001,819	80%	85%
Cook County	$5,676,547	44%	$3,115,863	28%	$6,821,031	28%	34%
Will County	$2,071,158	98%	$850,116	100%	$1,862,759	100%	99%
DuPage County	$1,458,570	93%	$1,021,038	92%	$2,234,407	92%	92%
Kane County	$2,177,875	100%	$1,005,543	68%	$2,205,973	68%	81%
Lake County	$2,495,555	89%	$888,584	93%	$1,955,107	93%	91%
McHenry County	$592,093	100%	$431,130	100%	$993,470	100%	100%
Northern Cook County	$2,630,484	92%	$1,365,964	86%	$3,094,771	86%	88%
Total	$34,611,578	84%	$14,608,974	72%	$31,751,463	51%	63%

According to an October 2010 report from The Workforce Boards of Metropolitan Chicago, the WIBs that serve the seven-county region had a total of $87,677,550 in ARRA funding available to spend on WIA programs.[16] The report also shows that the local administrators were required

[16] The Workforce Boards of Metropolitan Chicago (2010, October), *Status Report: Use of American Recovery and Reinvestment Act Funds Expanding the Workforce Investment Act Program*. The total report here is derived from Figure 1 on page 2 by subtracting the funds for Grundy, Livingston and Kankakee Counties. The data that follows is from the same report and also subtracts data for Grundy, Livingston and Kankakee Counties.

to spend a minimum of $79,129,709 (90%) on program services and training. As of June 30, 2010, the local administrators that serve the seven-county region had committed $74,254,292 (93.8%) of those funds and have until June 30, 2011 to fully expend the WIA-ARRA funds. It is possible that the local areas will expend more than the required amount, if a local Workforce Board decides to use available administrative funds for program services or training. The report estimates that over 23,000[17] individuals received services with the WIA-ARRA resources as of June 30, 2010.

Under WIA the state can set aside up to 10% of the total WIA allocation for discretionary activities as outlined under the federal WIA law. These are commonly referred to as "discretionary" funds. With an increase in ARRA funding, the Illinois Department of Commerce and Economic Opportunity (DCEO) had an opportunity to continue to advance its sectoral work, as well as to advance the development of "bridge" educational strategies. Under the Shifting Gears-IL initiative, DCEO and the Illinois Community College Board had developed new state policies outlining bridge program components and had already aligned some state-level investments towards their development. With its discretionary WIA funds under ARRA, DCEO awarded grants that addressed critical skill shortages in high demand occupations and prioritized grants that included bridge educational components.

The grants were made in early 2010 and a high-level review of the grants awarded combined with conversations with some grantees shows both that the influx of ARRA funding allowed state and local workforce development administrators to continue to build on workforce strategies despite the economic downturn and state and local budget reductions.

Under the sector-partnership grant program, DCEO awarded 32 grants totaling close to $10 million ($9,155,499) in three industry areas—Healthcare, Manufacturing and Transportation, Distribution and Logistics—and for "green" workforce development that crosses industries.[18] The table below provides an overview of grants awarded.

Sector-Based Partnership Grants Program Summary		
Industry	Number	**Award amounts**
Healthcare	**18**	$5,403,896
College grantees	8	
Business/Business Association Grantees	5	
CBO grantees	2	
WIB grantees	1	
Other	1	
Manufacturing	**7**	$1,826,799

[17] The report did not disaggregate by county, so this includes individuals served in Grundy, Livingston and Kankakee Counties.
[18] http://www2.ildceo.net/awards/notice_of_intent_to_award_sector_based_initiatives.pdf

College grantees	2	
Business/Business Association Grantees	3	
CBO grantees	0	
WIB grantees	1	
Transportation, Distribution, Logistics	**2**	$858,223
College grantees	1	
Business/Business Association Grantees	1	
"Green"	**5**	$1,066,581
College grantees	1	
CBO grantees	3	
Other (CTA)	1	
Total	**32**	**$9,155,499**

The State's reporting data shows $4 million in discretionary funds were awarded to 25 organizations in the region—17 in Chicago and eight in the suburbs. Forty percent of this funding has been spent.

A key priority of the WIA-ARRA funds was to provide employment opportunities for youth and over $30 million was used by the region's WIA system for youth employment in the summer of 2010. Over 12,000 youth between the ages of 14 and 24 were served. ARRA authorized the use of WIA-ARRA youth funds to serve youth up to the age of 24 and about a third of those in the summer youth employment program in 2009 were young adults aged 19 to 24.[19]

Competitive Workforce Development Grants:

In addition to state allocations under the Workforce Investment Act the ARRA included $750 million in competitive *WIA* funds that were solicited and awarded by the U.S. Department of Labor. Successful applications that were made in the region include:

State Energy Sector Partnership: The State Department of Commerce and Economic Opportunity (DCEO) was awarded $6 million to fund seven projects and a collaborative network that provide training and resources to training in energy efficiency and renewable energy. The Chicago Workforce Investment Council will receive $3 million of this award which will be sub-granted to building energy efficiency training providers. DCEO has reported spending zero dollars of this award as of September 30, 2010.

Health care and other high growth and emerging industries: Governors State University was awarded nearly $5 million to coordinate an effort that will help provide training and placement services to unemployed, dislocated, and low-wage incumbent workers so that they can pursue

[19] Analysis is based on data found in the report issued by the Workforce Boards of Metropolitan Chicago in October 2009: *Metropolitan Chicago Region ARRA Summer Youth Employment Programs*.

careers in the health care sector. The funds will be used to support a network of providers who will provide intake, case management, training, support services, and placement services. The program will serve southern Cook County and eastern Will County. Federal reporting data shows that Governor's State University has made six sub-awards totaling $3.2 million. Approximately $400,000 has been spent.

Pathways Out of Poverty: There was $150 million available nationally; the focus of the solicitation was disadvantaged populations and career pathways. Jobs for the Future was awarded $7,997,936 across five cities, including Chicago; the local recipient is the Partnership for New Communities, which received $690,000 to serve Chicago Housing Authority residents through their Opportunity Chicago program. In addition, the National Council of La Raza was awarded $3,063,839 across three cities, including Chicago. Their local partner is Instituto del Progreso Latino which received approximately $800,000 and will be focusing on training for energy efficiency occupations.

Energy Training Partnership Grants: There was $100 million available nationally. Eligible applicants included national, nonprofit labor management organizations and statewide or local nonprofit entities with a joint partnership of labor organizations, WIBs, and one stops and employers or industry organizations. In Illinois, funding was awarded to the National Ironworkers and Employers Apprenticeship Training and Journeyman Upgrading Fund, which received $1,943,931, across five states, including areas within 400 miles of Joliet, for dislocated worker training. The award will fund training programs for iron workers to erect and maintain wind turbines. As of September 30, 2010 approximately $850,000 has been spent.

Green Capacity Building Grants: There was $5 million available nationally to increase the training capacity of selected current Labor Department grant recipients through a variety of strategies, and to offer training opportunities to help individuals acquire jobs in expanding green industries. They were targeted at underserved communities, including women, at-risk youth and others. Only existing DOL grantees were eligible to apply. A total of $399,956 was awarded in the region and as of September 30, 2010, about 35 percent of this has been spent. In the region, Easter Seals Inc. in Chicago was awarded $99,956, OAI, Inc. in Chicago was awarded $100,000, the Youth Conservation Corps in Waukegan was awarded $100,000, and YouthBuild Lake County in North Chicago was $100,000.

State Labor Market Information Improvement: There was $50 million available nationally to support the collection and dissemination of labor market information, enhancing the labor exchange infrastructure to provide career opportunities within clean energy industries. The Illinois Department of Employment Security was eligible to apply and did so with a state consortium that was awarded $3,753,000. The partnership is with Colorado, Florida, Illinois, New York, North Carolina, Texas, and Utah. As of September 30, 2010 nearly $3 million has been spent.

Illinois Leveraged the TANF Emergency Contingency Fund created under ARRA to create subsidized employment opportunities

Under ARRA $5 billion was appropriated for the TANF Emergency Contingency Fund (ECF). The TANF Emergency Contingency Fund reimbursed states for 80% of the increased state expenditures in three areas. Illinois was eligible to get reimbursed for up to approximately $290 million from the TANF ECF, but only if it increased expenditures on TANF-eligible households[20] in one of the three areas: basic assistance; short-term non-recurrent benefits; or subsidized employment. What follows is a description of three programs that created subsidized job opportunities for TANF-eligible individuals in Illinois to maximize the federal reimbursement under this ARRA-funded program. State eligibility for reimbursement under the TANF ECF ended on September 30, 2010.

Put Illinois to Work (PITW) was launched by the Illinois Department of Human Services (IDHS) in April 2010 to provide subsidized employment to unemployed individuals. PITW is funded by the State of Illinois and leverages the TANF Emergency Contingency Fund. It is scheduled to end January 15,2011. Through PITW**,** unemployed and underemployed Illinois residents are placed into subsidized employment positions for up to six months. Under the subsidized employment model, the wages of the participant are provided by state/federal funding, and the employer provides supervision and training for the duration of the placement.

The program was administered by Heartland Human Care Services (HHCS), a direct-service organization with experience in running subsidized employment programs, in partnership with IDHS. HHCS subcontracted with 26 organizations across the state that helped match eligible individuals with work sites. HHCS was the employer-of-record for all individuals in subsidized jobs. Data collected and analyzed by SocialIMPACT Research Center by the end of September, shows over 27,000 individuals had been in subsidized employment at 4,280 work sites over the course of the program.[21] PITW paid nearly $107 million in wages over this period of time, providing a direct stimulus in communities across the state. Over 80% of the wages ($89.7 million) was paid to individuals in the seven-county metro area. The table below shows the breakdown in the seven counties.

[20] In general under the *federal* definition, a family is TANF eligible if household income falls below 200% of the federal poverty level and there is a child under the age of 18. A family does not have be enrolled in Illinois' TANF program or receiving cash assistance to be TANF "eligible" under federal law.

[21] All data on the PITW program is from the initial evaluation report: Social IMPACT Research Center (2010, October). *Put Illinois to Work evaluation: An Early look.*

Total Gross Wages through Pay Period Ending September 11, 2010	
County	**Gross Wages**
Cook	**$84,768,648**
DuPage	**759,820**
Kane	**1,338,162**
Kendall	**159,725**
Lake	**1,335,733**
McHenry	**42,387**
Will	**1,304,266**
Table is adapted from Appendix on p. 32, Social IMPACT Research Center (2010, October). ***Put Illinois to Work evaluation: An Early look.***	

Neighborhood JobStart

Chicago Neighborhood JobStart is a legacy of the 2016 Fund for Chicago Neighborhoods, a philanthropic collaborative established in 2008 to support communities most impacted by the city's bid for the 2016 Olympic Games and help ensure they would benefit, regardless of the outcome of Chicago's bid. The 2016 Fund acted quickly to create JobStart by putting forward $2 million, plus in-kind employer donations, to leverage more than $18 million of TANF Emergency Contingency Funds. JobStart funds were used to create transitional jobs opportunities for low-income people in 2016 Fund priority communities – Douglas, East Garfield Park, Englewood, Grand Boulevard, Kenwood, Lower West Side, North Lawndale, Near South Side, Near West Side, Oakland, South Lawndale, Washington Park and Woodlawn. Launched in June 2010, over 1,500 Chicagoans were provided with up to 16 weeks of combined paid work experience and job training. JobStart participants earned between $8.25 and $10.00 per hour working in a range of positions at places from community-based businesses to large corporations. Selected through a competitive process, the twelve JobStart grantees were among Chicago's most experienced transitional jobs providers. Alternative Schools Network, Association House of Chicago, Centers for New Horizons, Central States SER, Chicago Housing Authority, Heartland Human Care Services, Inspiration Corporation, National Able Network, OAI, Inc., Phalanx and the Safer Foundation served adults. The Chicago Housing Authority, Phalanx and Westside Health Authority developed programs for young adults.

Youth Employment for Summer (YES) Program

The Illinois Y.E.S. (Youth Employment for the Summer) program is a collaborative effort of Department of Commerce and Economic Opportunity and the Illinois Department of Human Services that leveraged the TANF ECF funds. In the middle of September over 5,500 unemployed and underemployed Illinois youth between the ages of 16 and 24 were placed in temporary subsidized employment in a variety of work settings. Y.E.S. was on track to place 5,700 youth by the end of the three month program. Program participants worked in public, non-profit and private sector jobs. Two of the largest private employer partners, Home Depot and Best Buy, together provided work opportunities to approximately 330 young adults.

Lessons Learned and Moving Forward

The priorities outlined for WIA under ARRA have been adopted by the U.S. Department of Labor in its strategic plan, so there continues to be a policy lever at the federal level to promote the continuation of some of the innovation that was implemented under WIA-ARRA. The main challenge for the WIA system continues to be having sufficient capacity to meet the demand for services.

The ARRA reinforced the need for a cross-agency focus on workforce development and its integration with economic development in Illinois. The Governor's office created a cross-agency task force on job training during the beginning of ARRA implementation and this kind of cross-agency collaboration could continue. Cross-agency collaboration is envisioned by the Advisory Board of the 21st Workforce Fund that was created in 2009 under HB852. Appointments to the Advisory Board have started and result in broad representation by state agencies. This combined with its administration by DCEO positions it to continue as a sub-cabinet on workforce development for the Governor. It also has strong stakeholder representation and can provide the Governor with a community sounding-board.

With unemployment rates expected to remain high, Illinois has an opportunity to create a statewide transitional job/subsidized employment strategy and build on the investments made with ARRA funds. ARRA resulted in thousands of subsidized employment opportunities through WIA summer youth employment, Put Illinois to Work, Neighborhood JobStart, and the Youth Employment for Summer programs. The policy, administration and implementation experiences at the state and local level can be translated into the creation of a permanent state-level strategy that allows for different subsidized employment strategies to respond to the unique needs of unemployed individuals (i.e. summer jobs for youth vs. transitional jobs for long-term welfare recipients). There are immediate opportunities for the Governor, state administrators and stakeholders to engage in this discussion. First, there is significant expertise in Illinois on transitional jobs, including what has been learned in: existing IDHS subsidized employment programs; Illinois Department of Corrections transitional jobs programs; DFSS-administered subsidized work programs; and the Opportunity Chicago transitional jobs initiatives. Within the next few months program evaluations will be completed for PITW and for Neighborhood JobStart. Second, there are two existing forums that are considering transitional jobs proposals--the Commission on the Elimination of Poverty and the IDHS Social Services Advisory Committee. Lastly, the experience of the state and local WIA system in running youth jobs programs over the past two summers needs, as well as on-the-job training programs, will be an important contribution.

The competitive WIA-ARRA grants were focused on green jobs training and the region was also successful in developing a workforce component in a major energy efficiency project. While there has been a lot of concern about the lack of net new "green" jobs, this may miss the important opportunity that the "green" investments have provided to build integrated workforce and economic development strategies for the long-term. In addition, the U.S. Department of Labor is taking feedback on the field of "green" workforce development and training which will inform DOL's next round of competitive funding. Illinois and the region must be positioned to take advantage of new resources.

The ARRA created some new programs and other programs received their first appropriation under ARRA. While the big pots of ARRA funding for workforce development—WIA and the TANF ECF—are all but spent, there are still some new workforce development initiatives that are just getting off the ground or have yet be started. While small, those programs may still have impact especially in relation to ARRA goals--investing in long-term economic growth and finding new ways of doing business. One example is the community college grants under the Trade Adjustment Assistance program that was reauthorized as part of ARRA. Those grants are intended to develop community capacity through the community colleges and their partnerships, as well as to develop community responses to major job dislocations, rather than just serving individual workers. Another example is the implementation of competitive grants under the Energy Efficiency and Conservation Block Grant program, which in the Chicago region is integrating workforce development into the development of a regional approach to growing the energy efficiency marketplace.

Weatherization Assistance Program

Overview, Progress, and Impacts

The Illinois Home Weatherization Assistance Program (IHWAP), under the Illinois Department of Commerce and Economic Opportunity (DCEO), administers funds for weatherization assistance programs to local community action agencies or non-profits throughout the state. The state received a total of $242.5 million which is significantly higher than previous years funding. DCEO sub-granted weatherization funds to Community Action Agencies, which align with County Borders in the northeastern Illinois region. DCEO is requiring Community Action Agencies spend forty percent of funds within the first year, which began July 1, 2009.

According to data available on the State of Illinois' Recovery Website, as of September 30, 2010, the region has spent 37 percent of the $113 million awarded to local agencies in the region. The state has awarded local agencies almost $50 million or about 43 percent of the total award these agencies will receive. The table below shows how much funding each of the agencies will receive, how much they received in the first year, and how much of their total award has been spent.

Recipient	Total Award Amount	FY 2009 Awarded Amount	Disbursed Amount	Percent Spent	Jobs Created
Community & Economic Development Association of Cook County	$90,542,920	$39,544,417	$32,648,037	36%	162.82
Community Action Partnership of Lake County	$5,865,478	$2,846,516	$2,846,516	49%	10.18
Community Contacts Inc. Kane County	$5,036,135	$2,419,969	$2,419,969	48%	19.24
DuPage County	$5,882,809	$2,268,240	$2,040,644	35%	9.38
Will County Center for Community Concerns	$3,555,353	$1,579,401	$1,579,401	44%	11.49
McHenry County Housing Authority	$1,666,947	$734,251	$667,520	40%	2.8
Kendall County	$1,093,073	$466,186	$180,000	16%	
Total	$113,642,715	$49,858,980	$42,382,086	37%	215.91

Lessons Learned and Moving Forward

The State Energy Office at the Illinois Department of Commerce and Economic Opportunity (DCEO) and the Weatherization Agencies (CAP) have worked diligently to expand capacity to meet the increased goals of the Illinois Home Weatherization Assistance Program (IHWAP). CAP agencies across the region have dramatically increased staffing, established new partnerships, expanded their contractor base and achieved a significantly higher level of retrofits. This increased capacity should be supported in the post ARRA period. In order to sustain this capacity, CAP agencies will have to think creatively about partnering with housing agencies and lenders to expand the scope of traditional housing renovation to include energy efficiency. Of particular importance, is the multi-family program developed by CEDA that has successfully served over 3,000 units of multi-family housing in Cook County and proven the effectiveness of DCEO's innovative approach towards achieving a stream-lined process for affordable multi-family building owners. This process allows pre-qualification of buildings based on the income eligibility requirements of other subsidized housing initiatives. The process also allows for the application of a whole building, as opposed to a unit-by-unit approach. These changes and others, have made the program much more effective for the multi-family market. DCEO should build on this success and create an annual goal for weatherizing multi-family buildings. Given that the new Urban Weatherization Initiative is focused on the single family sector, there is an even stronger case for directing more IHWAP resources towards the multi-family sector. In regions where there is limited capacity, CAP agencies should consider strategic partnerships to more effectively reach the multi-family markets.

During ARRA, the USDOE has expanded eligibility, stream-lined processes and developed partnerships between housing and energy agencies. In addition to USDOE funding, the state of Illinois also has state generated funds. DCEO and the CAP agencies should continue the implementation of these improved practices and continue expanding the reach of weatherization programs through the following new initiatives:

- Developing a partnership with the Illinois Housing Development Authority and other housing agencies to develop a larger pipeline of buildings

- Develop partnerships with other energy efficiency providers, in order to expand the local implementation capacity.

- Use grant funding to develop larger grant and loan pools to increase the number of units that can be weatherized.

The lessons learned during the ARRA period should be used to inform the new state initiative, called the Urban Weatherization Initiative.

Moving Forward

The ARRA was comprised of a comprehensive set of strategies designed to address the impacts of the recession, stop the economic decline, and make investments that strengthen the foundation of the economy. Available data indicates that the ARRA has saved or created millions of jobs and the economy is beginning to grow. Because the magnitude of the recession was so severe and the jobs hole so deep, it will likely take several years for unemployment to return to pre-recession levels. During this time of economic recovery, government agencies and others that provide important services will be expected to continue to do more with less. The northeastern Illinois region has proven to be effective at addressing this challenge by developing collaborative efforts and strategic partnerships; as discussed in this report, there are excellent examples that should be built upon and strengthened. The ARRA is coming to an end but the need for economic recovery and sustainable communities remains a priority for the region's leaders and vast array of stakeholders.

Recognizing many of our challenges are regional in nature and require significant resources and long-term solutions, our region's leaders have organized around shared goals and common priorities so that resources can be aligned and leveraged more effectively and policy barriers can be addressed. Several of the GO TO 2040 plan's 12 recommendations further describe the need to collaborate with partners and focus resources on the top priorities. In addition, the plan includes a recommendation specifically to "Pursue Coordinated Investments." The State of Illinois, federal agencies, local government, and numerous civic and non-profit agencies have come together through several groups to do this, including the Region Five group, the State Linkages Group, and the Technical Assistance Providers Committee. These groups are bringing together cross-system experts and developing strategies and actions to align resources, coordinate investments, and build capacity where it is needed. The State Linkages Group will be sun-setting in December but its recommendations will be used to guide future State programs and investments. The Region Five group brings together federal and local government agencies, philanthropic, non-profit, and civic organizations that have financial and technical resources that can be aligned and focused on building more sustainable communities. The Technical Assistance Providers group is focused on delivering technical assistance strategically to support specific GO TO 2040 recommendations.

This report has highlighted examples where partnerships were effective at increasing capacity, leveraging funds, and using the ARRA as an opportunity to create a long-lasting impact. It has also highlighted areas where more capacity is needed and increased support for partnerships should be provided. It is the hope of the RACC that this document is useful in helping the region's residents to appreciate the impact of ARRA and the leaders to strengthen the innovations and successful strategies identified and consider the recommendations put forth.

Our region is experiencing a unique moment where there are many leadership changes. Illinois' state government and Cook County, the largest County in the region, has recently elected leadership. The Regional Transportation Agency and the City of Chicago will also be under new leadership in the coming months. The ARRA provided these new leaders many useful lessons on how to create transformation changes in the midst of financial crisis by establishing new ways of doing business. Our state and our region will make successful economic recovery by building on both short-term and long-term ARRA investments.