

A photograph of a person shoveling snow in a residential area. The person is wearing a dark jacket, blue gloves, blue jeans, and black boots. They are holding a blue shovel. The background shows a brick house and trees covered in snow. A large green box with white text is overlaid on the center of the image.

YEAR IN REVIEW 2009

DIGGING OURSELVES OUT

**DRUM
MAJOR**
INSTITUTE FOR PUBLIC
POLICY



Introduction

2009 DIGGING OURSELVES OUT

This January, President Obama stepped into office to face a nearly overwhelming array of challenges: a plummeting economy that threw millions of Americans out of work—and left them unable to find new jobs; an unrepentant financial industry, eager to return to the era of risky bets and astronomical compensation even as they relied on taxpayer largesse to avoid a wholesale collapse; an increasingly unaffordable health care system that threatened to bankrupt the public purse while leaving millions without coverage; the threat of global climate change, capable of devastating the world if we don't rapidly and dramatically reduce emissions; crashing home values and retirement savings; workplace abuses; consumer scams; rights denied to undocumented immigrants and to homosexual citizens; mediocre schools; ever more costly colleges; overstuffed prisons; crumbling infrastructure...

And that's just on the domestic front.

Backing up the new president: a numerically strong but internally fractured Democratic majority, still too much under the sway of powerful industries and cautious ideologies to take the bold actions necessary to confront the nation's problems.

On the other side: a radical minority uninterested in progress or compromise, ready to stir up—and fall for—the wildest conspiracies. (Death panels, anyone?)

It made for a tumultuous year.

We saw progress: the stimulus legislation may well have kept the nation from complete economic collapse, the EPA moved to regulate greenhouse gas emissions, and Congress curtailed credit card abuses. But it was less than we hoped for—and, frankly, less than we needed. At the same time, lax gun laws, harsh immigration enforcement, and political insiders' cozy relationship with Wall Street threatened to move the nation backward. The quality of health care reform, perhaps the single domestic policy that will most define 2009 when the history books are written, remained uncertain as this report went to press.

In this Year in Review, the Drum Major Institute for Public Policy offers a first look back at 2009 through the best and worst of the year's public policy, a mayors' eye view of recovery efforts in six American cities, a recommended reading list for progressives, and the 2009 DMI Injustice Index.

The Best & Worst of Public Policy

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Best of Public Policy

Student Loans Make the Grade

Student lenders had a pretty sweet deal: if the students paid off their college debts, the lenders got the interest. If the students defaulted, taxpayers picked up the tab. Not sweet enough? The feds gave banks cash to make the student loans in the first place. The boondoggle amounted to \$87 billion over ten years. And while the money was considered higher education funding, it wasn't doing students or their schools a lick of good. Luckily, the House passed the **Student Aid and Fiscal Responsibility Act** in September, terminating the sop to lenders and redirecting the money toward educational priorities. Henceforth, the federal government would make student loans directly. And the redirected funds would allow low-income students to qualify for larger Pell Grants, student borrowers to pay lower interest rates, and community colleges to get new resources, and would even improve funding for early childhood programs. Introduced by Representative George Miller, the legislation was championed by President Obama, but still had not come to a vote in the Senate as we went to print. For replacing a wasteful subsidy with genuine investments in education, the Student Aid and Fiscal Responsibility Act gets high marks—and a spot on our “best policies of 2009” list.

Wage Watchers on the Lookout

It's illegal to pay less than minimum wage, steal employees' tips, or force your staff to work off the clock—but who's checking? Studies have uncovered rampant workplace violations, yet federal and state departments of labor are under-resourced and overburdened. As a result, employees get cheated and law-abiding employers are forced into unfair competition with businesses that underpay their workers.

Enter **New York State Wage Watch**, described as a “one-of-a-kind grassroots tool in the fight against illegal labor practices.” The program, launched in February 2009, empowers local community groups to educate employees and businesses about workplace laws. The groups can also refer serious violations to the Department of Labor for further investigation. The community-based organizations each work in a particular geographic zone, reaching out intensively to workers and businesses that might not necessarily come forward on their own. Wage Watch is the brainchild of New York Labor Commissioner M. Patricia Smith, who based the program on Neighborhood Watch programs aimed at fighting street crime. As Smith heads off to a high-ranking position in the federal Department of Labor, she may have the opportunity to take the Wage Watch national. For innovation in on-the-ground education and enforcement of workplace laws, New York Wage Watch earns a place among the best policies of 2009.

Making Plastic Play Fair

One late payment and your interest rate triples—with no advance notice. Add that to the arbitrary rate hikes, outrageous hidden fees, deceptive fine print, and interest charges applied to debts you've already paid off and you've got enough credit card rip-offs to trip up even the most conscientious borrower. With Americans shelling out \$15 billion worth of credit card penalty fees a year, the plastic booby traps are a disaster for consumers as well as a cash cow for credit card issuers. In May, President Obama acted to curb the hard-charging industry by signing the **Credit Card Accountability, Responsibility, and Disclosure Act** into law. The new law curtails the most insidious practices of the credit card



Best of Public Policy

industry—including those described above—and protects consumers from policies that can keep them mired in debt despite their best efforts to dig themselves out. But even this consumer victory comes with some fine print: most provisions of the bill don't go into effect until February 2010, meaning cardholders remained vulnerable to unfair practices through months of economic decline when many turned to credit cards to make ends meet. Despite this shortcoming, we'll give credit where it's due and add the Credit CARD Act to our list of the year's best policies.

Halting a Building Menace

The New York City skyline is the most beautiful in the world. But behind the aesthetic magnificence of the Flatiron, Chrysler, and GE buildings lurk a menace: greenhouse gas emissions. Although it is one of the most energy-efficient cities per person, New York City is still a major polluter. A whopping 80 percent of this greenhouse gas footprint is caused by emissions from buildings. But Mayor Bloomberg and City Council Speaker Christine Quinn have seen past the city's good looks and have devised a plan to reduce greenhouse gas emissions by 5 percent while creating 19,000 green jobs and saving \$750 million in energy costs. **New York's Greener, Greater Buildings Plan** is a six-point strategy to slay—or at least beat back—the greenhouse gas menace. The plan would update the energy code to ensure that the most efficient technologies, especially lighting systems, are deployed when buildings are renovated. Annual reviews of energy consumption would inform building owners and prospective buyers about a structure's energy efficiency and a periodic energy audit would require owners to make energy improvements in cases where the upgrades quickly pay for themselves in savings on

energy costs. Training for new green jobs and financing for retrofits round out the comprehensive strategy. For demonstrating how we can save the earth one skyscraper at a time, the Greener, Greater Buildings Plan makes our list of the best policies of 2009.

Deceptive Financial Practices Are Toast

When a defective brand of toasters is found to cause fires that can burn down a home, the Consumer Product Safety Commission pulls them off the market. But what happens when defective mortgage loans cause millions of families to be thrown out of their homes? Even after obvious signs that predatory and subprime loans were precipitating a nationwide foreclosure crisis, no agency stepped in to protect homeowners. Without a single government body charged with safeguarding the public's interest in fairly designed and honestly marketed financial products and services, scams and traps have proliferated in the market for home mortgages, student loans, credit cards, and other financial products. Banks, mortgage brokers and servicers, and other firms enriched themselves at the expense of ordinary Americans. Legislation creating a **Consumer Financial Protection Agency**, which was being debated in Congress as the Year in Review went to press, would ensure that financial institutions no longer take unfair advantage of ordinary consumers. Under the best legislative proposals, the CFPA would regulate consumer financial products and services to promote transparency, simplicity, fairness, and access and to prevent fraud and abuse. Importantly, the agency's regulations would not undermine strong state consumer financial protection laws that have proven effective in the past. For protecting the financial health of Americans as much as their physical health, the CFPA earns a place as one of our best policies of 2009.



Best of Public Policy

Right to Rent

When it comes to stopping the foreclosure crisis, Congress hasn't done much good. More than 1.5 million American families lost their homes in the first half of 2009, and one in every ten U.S. homeowners is currently behind on their mortgage. Asking banks to voluntarily restructure loans hasn't worked, and bills that would require lenders to act have repeatedly failed to pass Congress. Isn't there a better way to keep families from being uprooted and prevent the upheaval of communities nationwide? Dean Baker of the Center for Economic Policy Research has a simple idea: **give foreclosed homeowners the right to continue living in their homes as renters for several years**. Not only would households and neighborhoods become more stable, but homeowners would gain new leverage to avoid foreclosure in the first place. Since banks generally don't want to be landlords, they are more likely to modify mortgages if they know that struggling borrowers are entitled to become tenants. As Baker notes, "Right to Rent is simple, it can take effect immediately, it requires no taxpayer dollars, and it creates no new bureaucracy." For its potential to empower homeowners, penalize reckless lenders, and stabilize communities battered by foreclosure, we give Right to Rent a secure home on our "best of 2009" list.

Trading Up

"Trade has been a cornerstone of our growth and global development. But we will not be able to sustain this growth if it favors the few, and not the many. Together, we must forge trade that truly rewards the work that creates wealth, with meaningful protections for our people and our planet." So proclaimed candidate Obama during his swing through Europe last year. This year, Obama had the opportunity to make that vision of robust fair trade a reality with

the **Trade Reform, Accountability, Development and Employment (TRADE) Act**. The bill, sponsored by Representative Mike Michaud, sets criteria for reevaluating NAFTA, the WTO, and other trade pacts in the light of urgent national concerns about food and product safety, environmental protection, labor standards, national security, and other issues impacted by trade. For example, the bill mandates that all food imported into the U.S. meet the nation's safety standards, and would prohibit trade partners from weakening their own environmental laws to attract international business. The bill calls for renegotiating existing trade agreements before agreeing to new ones and expands congressional oversight of trade. At press time, the bill had more than a hundred co-sponsors but never made it out of committee. A nudge from President Obama would have helped! For setting forth a positive vision of globalization that favors the many, we ratify the TRADE Act as one of the best policies of 2009.

What a Public Option Can Do

The final shape of health care reform legislation remained uncertain as this report went to press, but we can say this much: one of the best health care ideas to reach a vote in Congress this year was the proposal for **a robust, national public health insurance option**. Senator John Rockefeller's plan for a Consumers Health Care Act, although soundly voted down as an amendment to the Senate Finance Committee's health bill, would have done the most to hold down health care costs. Rockefeller's proposal would have allowed individuals and businesses buying coverage through newly established health insurance exchanges to choose a public health plan similar to Medicare. Not only would the public plan be an affordable option for consumers, but by using the low rates and



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market power of Medicare, it could push private insurers to negotiate costs more aggressively with health care providers, reducing health care spending across the board. Reformers have suggested that the plan should offer slightly higher rates to primary care physicians to encourage the vital preventive care these doctors provide. With polls indicating that as many as 76 percent of Americans support some form of government health plan, Congressional support for a public option should be a no-brainer. For their potential to keep private insurance companies honest, proposals for a public health plan find a healthy spot on our “Best of 2009” list.

Preemptive Strike

In 2002 and 2003 state governments in New Mexico, Georgia, New Jersey, and elsewhere tried to restrict the predatory mortgage lending practices that fueled the national foreclosure crisis. But it was not to be. Federal agencies swooped in to block the state laws, insisting that the feds had the mortgage industry under control. We’re living with the results today. This case of federal preemption is no isolated incident: during the Bush years, it was standard operating procedure to preempt strong state and local regulations on health, safety, the environment, and consumer protection in favor of weaker federal standards. Rogue companies celebrated as they were shielded from state lawsuits that might hold them accountable for their own harmful business practices. But Obama stopped the party. In a May 20 memorandum to the heads of executive departments and agencies, the President acknowledged states’ constitutional role in providing “independent safeguards for the public” and called for **federal regulations to stop preempting state and local laws** without clear legal justification. What’s more, Obama required agencies to retract

unwarranted cases of preemption by the Bush Administration. For restoring states and cities to their role as “laboratories of democracy,” Obama’s preemption memo stands as one of 2009’s best policies.

This Time It’s Not a Hoax

It is the “greatest hoax ever perpetrated on the American people,” Senator James Inhofe of Oklahoma harangued. Unfortunately, he was not referring to the Balloon Boy. Over the last several years, climate-change denying politicians have used unscientific statements like Senator Inhofe’s to throw sand in the wheels of serious efforts to halt human-caused global warming. Congress has failed to pass legislation creating a cap-and-trade system to reduce greenhouse gas emissions and President Bush ignored his own Environmental Protection Agency’s finding that global warming poses a threat to public welfare. But everything changed earlier this year when President Obama’s **EPA proposed a rule to regulate greenhouse gas emissions** under the Clean Air Act. The regulation is tailored to large power plants, refineries, and industrial complexes that release over 25,000 tons of greenhouse gases a year, accounting for 70 percent of U.S. emissions from stationary sources. Under the regulation, big polluters must install the best available technology to reduce emissions. Although legislation regulating all sources of greenhouse gas emissions is essential to combating climate change, the EPA’s rule will give Congress a reason to stop letting climate change deniers like Inhofe block the way towards their own agreement. For giving Congress a kick in the pants while halting climate change, the EPA’s proposed rule regulating greenhouse gases is one of the best public policies of 2009.



Worst of Public Policy

Paving Paradise

In summer 2009, more than 300,000 Florida housing units stood vacant. Real estate values statewide had plummeted. Hundreds of thousands of additional homes and commercial buildings were in the pipeline. And the state began to lose population. So Governor Charlie Crist decided that what Florida needed was... yet more real estate development. And he weakened the state's already lax planning laws to get it. The **so-called Community Renewal Act**, signed by the Governor on June 1, eliminated state oversight of regional development and let developers off the hook for funding transportation improvements when their projects increase the strain on infrastructure. A number of Florida cities and counties sued, contending that the bill violated the state constitution and would clog roads, increase sprawl, and shift development costs to local governments and taxpayers. The law also poses environmental threats, promoting new development in sparsely populated, environmentally sensitive areas. That's especially disappointing coming from Crist, now a candidate for U.S. Senate, who had previously taken positive steps on environmental issues. For promoting unsustainable overdevelopment in a state already suffering from a real estate glut, Florida's misnamed Community Renewal Act arrives on our list of the worst policies of 2009.

Govs Play Scrooge to the Unemployed

In the end, they all took the money. Despite the noisy denunciations of government spending by a handful of U.S. governors, all fifty states ultimately accepted the lion's share of federal stimulus funds. But a few obstinate governors still reject a small portion of the funding aimed squarely at those most hurt by the

recession: cash specifically intended to help people thrown out of work. That's a big mistake. Unemployment benefits are among the most effective ways to stimulate economic growth. By targeting and quickly delivering money to families that have lost a paycheck, they provide as much as \$1.64 in economic benefits for every public dollar spent. That's why the stimulus law provided incentives for states to update their unemployment systems, ensuring that the hundreds of thousands of low-wage and part-time workers who have lost their jobs can qualify for help. But governors like Louisiana's Bobby Jindal and Rick Perry of Texas wouldn't be swayed. They argued that improving their systems today might mean raising taxes on businesses in the future, so it's better to **refuse millions in federal stimulus funds and leave many of their states' unemployed citizens without support**. When states reject the money their hardest hit workers need, we reject their policy—and send it to our list of the year's worst.

Feds to Cops: Nab the Nannies

In these days of strained public budgets, local police departments have their hands full trying to combat real criminal activity. So why are enforcement agencies across the country squandering scarce resources in hot pursuit of drivers with broken taillights, workers waiting at day labor sites, and children caught fishing without a license? Worse yet, why is the federal Department of Homeland Security encouraging these misplaced priorities? It's all part of the Immigration and Customs Enforcement's **287(g) program, which makes local police departments responsible for enforcing civil immigration laws**—with little training or oversight and no extra resources. While the program aims to “identify and remove dangerous



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criminal aliens,” in practice it has led to a flood of low-level misdemeanor arrests that swiftly turn into deportation proceedings. Accusations of racial profiling and civil rights violations are growing, while police chiefs express concern that 287(g) undermines community safety by making immigrants afraid to talk to police. Given the program’s ineffectiveness, civil rights and community groups hoped that President Obama would quickly discontinue it. Instead, his administration expanded it, adding 11 new jurisdictions to the 287(g) program in July. For putting the apprehension of undocumented immigrants before public safety, the expansion of 287(g) gets caught on our list of the worst policies of 2009.

Tax Backwards

How’s this for a fair proposal? First, dramatically reduce state taxes on the top 5 percent of residents. Then, impose new taxes on things like food, rent, child care, and doctor visits that even your neediest citizens have to purchase. The result? A \$5 billion tax shift from the wealthy to low-income and middle-class families. In a nutshell, that’s the ludicrously named “Fair Tax” that passed the Missouri House of Representatives in April. The bill **eliminates the state’s most progressive revenue-generators— income taxes on individuals and corporations—and replaces them with an across-the-board sales tax** that applies to goods and services never before subject to taxation. Families earning an average of \$37,000 a year would see an average tax increase of \$2,036, according to the Institute on Taxation and Economic Policy, while households raking in more than a million would enjoy an average \$22,864 tax cut. Thankfully, Missouri’s deeply unfair tax bill died in the State Senate. But other states might not be so

lucky: Grover Norquist and his right wing allies continue to push the proposal across the country. For regressively shifting taxes from the rich to the rest, Missouri’s “fair tax” is one of 2009’s worst.

Shooting Wildly in Every Direction

Gun lovers may have feared a crackdown on firearms under the Obama Administration, but 2009 brought exactly the opposite: a parade of legislative bulls-eyes for the gun lobby. Feel like bringing a loaded, concealed weapon into a national park? It’ll be legal in February due to a provision Congress inserted into an unrelated bill this May. Rather haul your gun by train? You may also be in luck, as the Senate voted to make support for Amtrak contingent on the rail system’s allowing handguns in checked baggage. Maybe packing heat in a drinking establishment is more to your liking? If you patronize bars in Arizona or Tennessee, an unprecedented mix of inebriation and firepower becomes possible this year, due to new state laws. And what if you just don’t think those pesky federal gun laws should apply to you at all? Then Montana and Tennessee are the places to go—both passed legislation insisting that firearms and ammunition manufactured and sold within state borders are not subject to federal law. (Those rules about convicted felons not buying assault rifles were annoying anyway.) For disregarding the tragedy of gun violence to force weapons into still more areas of American life, the nation’s **lax new gun laws** hit a spot on our “worst of 2009” list.

Death Panels?!

We’re all going to die. If we’re facing a terminal illness, the question is whether we want to receive every possible medical intervention to prolong our lives or would



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prefer to avoid invasive and traumatic procedures and instead get care aimed at making us comfortable during our last days. It's an intensely personal choice, best made with medical guidance. Unfortunately, **many Americans may never have the opportunity to discuss critical end-of-life decisions with their doctors.** That's because Medicare doesn't reimburse doctors for these optional consultations—and it remains an open question whether it ever will—thanks to an outrageous series of widely publicized lies about mandatory federal “death panels” bent on euthanizing beloved grandparents. The fact that these falsehoods ever received media attention is a failure of American journalism. But the entire political system reached shameful depths when senior elected officials, including Senator Charles Grassley and former Alaska Governor Sarah Palin, further spread fears they knew to be baseless. The distortions were primarily aimed at eroding support for health care reform as a whole, but terminally ill patients seeking counseling were the decisive losers when Medicare reimbursements were yanked from preliminary versions of the health care bill. By limiting options for dying people, endangering health care reform, and degrading our political debate, the “death panel” lies and their political consequences represent the worst of public policy.

Sleeping While Homeless

The bad economy has hit some unfortunate Americans with particular force. First, they are thrown out of work and out of their homes through no fault of their own. Now, a growing number of cities are also throwing them in the back of a police cruiser. Santa Monica, California, a town with a generally liberal reputation, is a particularly distressing case in point.

Beds are available to just 20 percent of the town's 915 or so homeless individuals, so it's no surprise that many, including mentally ill and addicted residents, must take to the streets for respite. But recently the Santa Monica Police Department began to arrest and intimidate the chronically homeless, particularly those who are disabled, for sitting or sleeping in public places. The ACLU calls the city's actions “a deportation program...to eliminate the homeless, not homelessness.” But the crackdown is not limited to Santa Monica: the ACLU has also filed suits in nearby Laguna Beach and Santa Barbara. The National Coalition for the Homeless finds that the number of laws banning loitering and public camping has risen nationwide. Imposing and enforcing harsh anti-homeless laws at a time of growing poverty and economic desperation is cruel and shortsighted. For harassing, rather than protecting, the most vulnerable, the **criminalization of homelessness** in Santa Monica and nationwide is one of the worst policies of 2009.

Bankroller of America

You might have thought the shame of missing Bernie Madoff's \$65 billion Ponzi scheme would be enough to whip federal regulators into shape. Unfortunately, the evidence suggests that the Securities and Exchange Commission, the regulatory body charged with protecting investors, is still stuck in its old, soft-on-fraud ways—at least when it comes to big banks. Consider the case of Bank of America. At the end of 2008, B of A paid \$50 billion to purchase failing investment firm Merrill Lynch, using billions in federal funds from the Troubled Asset Relief Program to do so. Shareholders approved the acquisition. But B of A never informed them of how bad Merrill's financial condition was, amounting to \$26.7 billion in total losses



Worst of Public Policy

in 2008. Shareholders also didn't know about the \$5.8 billion in bonuses that had been authorized to Merrill's top employees despite the firm's appalling performance. Enter the SEC: although the agency found significant evidence of shareholder deception by B of A executives and/or their legal advisors, they settled with Bank of America for little more than a slap on the wrist. A judge who later threw out the settlement called it a breach of "justice and morality." For giving a pass to a powerful financial company at the expense of taxpayers and shareholders, the **S.E.C.'s settlement with Bank of America** is one of the worst policies of 2009.

Sacking the Truth

An innocent may have been put to death in Texas, and Governor Rick Perry doesn't want to know any more about it. The case of Cameron Todd Willingham is tragic. His three daughters were killed in a 1991 house fire and Willingham was later convicted and sentenced to death for arson. But subsequent research has found that his conviction was based on a slipshod investigation, junk science, and discredited theories about how arson works. Governor Perry neglected to entertain this expert opinion prior to signing off on Willingham's execution in 2004. And this year, just two days before the Texas Forensic Science Commission was to hear another report corroborating the improbability of arson, Perry sacked its chairman and two other commission members. His substitute appointment, one of the most hardline prosecutors in the state, promptly canceled the hearing, effectively halting any further revelation of investigative blunders in the Willingham investigation. After his firing, the chairman revealed that Perry's administration had been pressuring the commission, calling its investigation of the Willingham case a waste of money.

The commission's review comes much too late to save Willingham, but there are significant lessons to learn from the case to help prevent future wrongful convictions. For **playing fast and loose with the death penalty and then stifling the investigation**, Governor Perry's firing of his forensic science commissioner is one of the worst policies of 2009.

Cash for Kids

The year of cash for clunkers was also the year of cash for kids. But what at first appears to be a straightforward—and appalling—story of kickbacks and corruption is really a lesson about the dangers of **privatization schemes that prioritize profit over accountability and the public good**. A series of legal actions this year revealed that a northeastern Pennsylvania judge first plotted to turn control of the county's juvenile detention system over to private contractors in exchange for more than \$2.6 million, then made certain that the private detention centers, which were paid according to the number of detainees held, were always filled. He routinely denied juveniles access to lawyers. He imposed harsh sentences for minor infractions, rushing juvenile offenders off to residential centers after proceedings that lasted an average of two minutes. Because the detention facilities were privately run, there was less accountability. Without the oversight of a public authority, state audits were suppressed and suspicious county officials had little power. For enabling crooked judges to put profit before justice and to do irrevocable damage to the lives of thousands of youths, the privatization of the Luzerne County juvenile detention system gets locked up on our list of the worst public policies of 2009.



StimCity: A Mayors' Eye View of Economic Recovery



Mayor Mick Cornett of Oklahoma City, OK

Mayor John Hickenlooper of Denver, CO

Mayor Dannel Malloy of Stamford, CT

Mayor Douglas Palmer of Trenton, NJ

Mayor Pat McCrory of Charlotte, NC

Mayor R.T. Rybak of Minneapolis, MN

Stim City



"About 80 percent of Americans live in urban areas, and the economic health and social vitality of our urban communities are critically important to the prosperity and quality of life for Americans. Vibrant cities spawn innovation, economic growth, and cultural enrichment through the businesses, universities, and civic, cultural, religious, and nonprofit institutions they attract. Forward-looking policies that encourage wise investment and development in our urban areas will create employment and housing opportunities and make our country more competitive, prosperous, and strong."

—President Barack Obama, Executive Order on the Establishment of the White House Office of Urban Affairs, February 19, 2009.

Just two days before President Obama affirmed the pivotal importance of America's cities, he signed the nation's \$787 billion economic recovery plan into law. The proximity of those two events was fitting. The crippling recession, together with the government's attempts to blunt its impact, has defined life in the nation's cities in 2009. So how is recovery really playing out in the American metropolis? When decisions are made about infrastructure to fix and services to fund, are cities regarded with the critical importance the President says they deserve? **DMI spoke to the ultimate urban experts, Democratic and Republican mayors of six diverse American cities, to begin to answer these questions.**

Mayor Mick Cornett of Oklahoma City, Oklahoma [R]

A mistake was made putting so much of the stimulus money through the states. What the governors did was address their inventory needs. Well, their inventory needs are largely in rural areas where people do not live. As a result, cities—where the majority of people do live in 2009—got less than their share of federal stimulus money. It also created a larger bureaucracy. If the money had been distributed straight to the cities, it would have more efficient and more helpful and could have been implemented more quickly. It's either going to be a governor's stimulus package or a mayor's stimulus package and this is a governor's stimulus package.

Mayor Douglas Palmer of Trenton, New Jersey [D]

I've been to the White House three times since February which is three more than I had the last eight years. They communicate with us on a regular basis. There has been an interaction and a sharing of dialogue. It seems that they are listening to mayors about how we can go about getting stimulus money more directly to cities and how we can reduce bureaucracy.

Stim City



Mayor Dannel Malloy of Stamford, Connecticut [D]

I think mayors were listened to. I just think we were then ignored and I don't think we were necessarily ignored by the President. I think we were ignored by the Congress. Congress really just missed a very large opportunity to work directly with larger local governments. As a result, I think far fewer people are working today with stimulus dollars. Let's be very clear: the Obama administration is a vast improvement over the Bush administration. The real question is, will the Obama administration have a better and broader view of cities and the role they play than the Clinton administration? The Clinton administration was absolutely the high mark since Roosevelt of interaction between a federal administration and local governments. The Obama administration should want to claim that title. It's an open question whether they will. I think it's been a rough start.

Mayor John Hickenlooper of Denver, Colorado [D]

In the short term, obviously, the administration needed to get the stimulus money out, so most of it went through the states, the transportation money anyway, which is not as effective or efficient in helping metropolitan areas. But it's still creating jobs. It's moving our economy in the right direction. I think future federal investments will make a greater effort to focus on what the most immediate needs are in our metropolitan areas.

Mayor Pat McCrory of Charlotte, North Carolina [R]

So much of the money is being directed through the states, which tend to shortchange major metropolitan areas. Charlotte got a total of \$4 million for road money. A total of \$4 million dollars out of \$300 million for North Carolina! We're the largest city between Atlanta and Washington D.C. We're buying hammers or something.

Mayor R.T. Rybak of Minneapolis, Minnesota [D]

I do believe that an opportunity was missed in the stimulus to create more jobs by putting more of it directly into cities. But if the bottom line question is whether the stimulus is having an impact on Minneapolis, the answer is absolutely. Anyone who asks whether the stimulus is having an impact should talk to the hundred construction workers working on the Shubert Theater, the five hundred kids working in the city this summer, the forty cops on the street, the scores of businesses and homes that are going to be able to save money through energy efficiency. It is easy to stand on the sidelines and say that one single federal action has not reversed the worst economic decline since the Depression. But the reality is that if it had not happened, we would be in a horrendous mess right now.

Injustice Index 2009

DMI's Quantification of What's Just Not Right.



Injustice Index 2009

Date on which Tom DeLay first appeared to do the Cha Cha on “Dancing with the Stars”:

9-21-2009

Date on which DeLay described himself as “insane or stupid” and withdrew himself from the show due to a medical injury:

10-06-2009

Date on which then House Majority Leader Tom DeLay brought legislation to the floor which would make it harder for insolvent households to declare bankruptcy:

4-14-2005

Proportion of personal bankruptcies in the U.S. that can be traced to medical causes:

3 in 5

Number of uninsured Americans in 2008, the most recent year for which data are available:

46.3 million

Number of Americans who lost employer-sponsored health coverage between 2007 and 2008, but remained insured due to public programs:

3 million

Total percentage of Americans relying on government health coverage in 2008:

29

Percentage of Americans who supported a federal or state-based public health insurance option, according to an October Washington Post poll:

76

Percentage who wanted a public option even if it meant Congressional health care reform legislation would not have bipartisan support:

51

Proportion of Americans who believed proposed health care legislation would create government “death panels” as of August:

1 in 3

Percentage of Fox News viewers who believed this:

45

Number of guns a protester brought to a town hall meeting on health care in Jackson, Michigan:

3

Injustice Index 2009

Approximate proportion of U.S. voters who “believe Obama is ruthlessly advancing a ‘secret agenda’ to bankrupt the United States and dramatically expand government control” according to Democracy Corps:

1/5

Additional jobs that would be lost by the end of 2010 if the American Recovery and Reinvestment Act had not passed, according to the non-partisan Congressional Budget Office:

2.5 million

Minimum number of Americans the American Recovery and Reinvestment Act prevented from falling below the poverty line in 2009:

6.2 million

Total number of Americans unemployed or under-employed in October 2009:

27.4 million

Proportion of voters who say someone in their household was laid off in 2009:

1 in 4

Ratio of job seekers to job openings:

6:1

Total stimulus spending in the American Recovery and Reinvestment Act:

\$787 billion

Minimum number of states that have implemented budgets cuts restricting low-income families’ eligibility for health insurance or reducing access to health care services in spite of the federal stimulus funding:

27

Minimum number of states cutting aid to K-12 schools and early education programs:

25

Amount of federal stimulus money earmarked for education and public safety in South Carolina that Governor Mark Sanford attempted to reject before the state legislature, enforced by a court order, compelled him to accept the funds:

\$700 million

Date on which Sanford’s aides announced that the governor, who had mysteriously disappeared the week before, was “hiking the Appalachian trail”:

6-22-2009

Date on which a record 10.6 million viewers tuned in to the episode of reality series “Jon & Kate Plus 8,” in which the prolific parents announced that they were splitting up:

6-22-2009

Injustice Index 2009

Minimum number of major U.S. corporations, including Apple and PG&E, that split from the U.S. Chamber of Commerce due to its opposition to climate change legislation:

7

Date on which the Chamber of Commerce announced it would “consider a different approach” in addressing climate change:

11-3-2009

Estimated support offered by the federal government to banks and other financial institutions since 2007:

\$23.7 trillion

Year in which Goldman Sachs paid its highest bonuses ever:

2007

Year in which Goldman Sachs is expected to break this record:

2009

Proportion of homes where owners currently owe more on their mortgages than their homes are worth:

Nearly 1 in 5

Total estimated drop in property values nationwide in 2009 due to foreclosures on nearby homes:

\$502 billion

Date on which Elizabeth M. Jacobson, former Wells Fargo sales manager, testified about techniques used by the company to deceive loan applicants into taking out subprime loans with high interest rates even if they qualified for lower interest prime loans:

4-20-2009

Proportion of subprime loans projected to result in foreclosure, even before the housing crash:

1 in 5

Date on which a federal judge refused to dismiss the City of Baltimore’s lawsuit against Wells Fargo for targeting the city’s African American neighborhoods for predatory subprime mortgages:

7-2-2009

Minimum federal funds provided to Wells Fargo to keep it out of bankruptcy:

\$25 billion

Date that President Obama launched his foreclosure prevention plan, which pays mortgage servicers to voluntarily modify loans that homeowners can no longer pay:

2-18-2009

Injustice Index 2009

Percentage of eligible loans that had been voluntarily modified by banks and servicers, as of September:

16

Number of Senators who voted not to let judges require banks to modify mortgages for homeowners who have been driven into bankruptcy:

51

Age Michael Jackson would have been this year:

51

Number of Senators who voted not to confirm Judge Sonia Sotomayor to the Supreme Court:

31

Minimum number of online campaigns devoted to pressuring CNN to drop Lou Dobbs, who called Sonia Sotomayor a “racist” and described her nomination as “pandering to the Hispanics”:

4

Date that CNN host Lou Dobbs cast doubt on the legitimacy of President Obama’s birth certificate, insisting that “there are real questions here that need to be answered”:

7-15-2009

Percentage of voters in Virginia who believe President Obama was not born in the U.S., or are not sure:

48

Date that Dobbs announced that he was leaving CNN:

11-11-2009

Date on which Fox News commentator Glenn Beck suggested that the H1N1 swine flu vaccine could turn out to be “deadly” and advised “I’d do the exact opposite of what Homeland Security says”:

9-30-2009

Percentage of parents who say they would be unlikely to give permission for their kids to be vaccinated for the H1N1 flu virus at school:

38

Minimum number of American children whose deaths were associated with the H1N1 flu virus between January and October 2009:

114



Recommended Reading 2009

The Death of "Why?":

The Decline of Questioning and the Future of Democracy

The Anatomy of a Murder:

Who Killed America's Economy?

Green Metropolis:

What the City Can Teach the Country about True Sustainability

Broken Laws, Unprotected Workers:

Violations of Employment and Labor Laws in America's Cities

Young Lives on Hold:

The College Dreams of Undocumented Students

Invisible Hands:

The Making of the Conservative Movement from the New Deal to Reagan

Race, Place, and Environmental Justice after Hurricane Katrina:

Struggles to Reclaim, Rebuild, and Revitalize New Orleans and the Gulf Coast

The Cost Conundrum:

What a Texas Town Can Teach Us about Health Care

One in 31:

The Long Reach of American Corrections

Animal Spirits:

How Human Psychology Drives the Economy, and Why It Matters for Global Capitalism

Read This

The Death of “Why?”: The Decline of Questioning and the Future of Democracy

Book by Andrea Batista Schlesinger

“Democracy needs citizens who can inquire,” argues DMI Executive Director Andrea Batista Schlesinger. Yet from canned political debates that provide little opportunity for genuine dialogue to bank-driven financial literacy courses that teach young people to navigate the financial marketplace—but not to consider why it’s structured the way it is—our culture is increasingly addicted to easy answers. Rather than peddling a simple solution, this incisive book takes to the road to explore institutions that continue to foster inquiry, from the Hampton, Virginia Youth Commission to New York City’s School for Democracy and Leadership. In a world filled with glib answers “The Death of Why” inspires us to ask questions with the power to disrupt the status quo.

The Anatomy of a Murder: Who Killed America’s Economy?

**Article by Joseph E. Stiglitz,
published in Critical Review**

To fix the economic crisis, and prevent the next one, we need a clear understanding of the causes of our predicament: the “whodunit” in our economic murder mystery. In this lucid and readable essay, Nobel Prize winning economist Joseph Stiglitz carefully makes the case against the guilty parties (“banks were supposed to be experts in risk management. They not only didn’t manage risk; they created it.”) and their accomplices including rating agencies, mortgage brokers, sluggish regulators, deregulating politicians, and economists who should have known better. The surprise behind-the-scenes culprit? The American political system’s dependence

on campaign contributions, which Stiglitz argues distorted economic policymaking and enforcement. He is pessimistic about the potential for genuine reform.

Green Metropolis: What the City Can Teach the Country about True Sustainability

Book by David Owen

Which is better for the environment: living close to nature in the unspoiled rural hinterland or making your home in the heart of the nation’s largest and busiest city? In his hotly debated book, David Owen makes a vigorous case for the latter. “New Yorkers, individually, drive, pollute, consume, and throw away much less than do the average residents of the surrounding suburbs, exurbs, small towns, and farms, because the tightly circumscribed space in which they live creates efficiencies and reduces the possibilities for reckless consumption,” he argues. Taking aim at such sacred cows as hybrid cars, green building standards, and the movement toward locally-produced foods, Owen raises provocative questions about what it will really take to save our planet.

Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America’s Cities

**Report by Annette Bernhardt et. al from the
University of Illinois at Chicago, the University
of California Los Angeles, and the National
Employment Law Project**

One in four low-wage workers made less than minimum wage last week. When they worked late, three quarters didn’t get paid overtime. And when they got hurt on the job, most faced illegal employer reactions aimed at stopping them from filing for workers’ compensation. These violations of the nation’s most fundamental workplace protections occurred not



Read This

in some sparsely-populated backwater but in the nation's three largest cities, according to this rigorous, in-depth survey of thousands of working Americans. This study is the first to systematically document the prevalence of workplace violations in major U.S. cities. Researchers conclude the situation has likely become even worse since the research was conducted in 2008.

Young Lives on Hold: The College Dreams of Undocumented Students

**Report by Roberto G. Gonzalez published
by the College Board**

Every year, 65,000 students who have grown up in the U.S. graduate from high school with little opportunity to participate in, or contribute to, American society. These young people are undocumented immigrants who moved to the U.S. as children, and although they may not even remember the countries where they were born, they face numerous obstacles to education and employment in the land where they live. This report from the College Board brings together statistics, studies and personal stories to make the case for the DREAM Act, which would offer legal status and a brighter future to immigrants who arrived as children. Their well-being, Gonzalez argues persuasively, is closely linked to the interests of the nation as a whole.

Invisible Hands: The Making of the Conservative Movement from the New Deal to Reagan

Book by Kim Phillips-Fein

The conventional wisdom traces the rise of the contemporary American right to the cultural backlash of the 1960s. But that's only part of the story. With this accessible and engaging book, Phillips-Fein fills in the blanks, recounting the history of the

conservative businessmen who initially fought against the New Deal and then worked over more than a generation to roll it back. Business leaders "dreamed for decades of using the combined financial and political strength of business to reshape American politics," dismantling the welfare state, weakening government regulation, cutting taxes, and destroying labor unions. Among the keys to their success? Establishing right-wing think tanks like the Heritage Foundation and American Enterprise Institute, which provided the intellectual infrastructure to turn radical right-wing rhetoric into political reality.

Race, Place, and Environmental Justice after Hurricane Katrina: Struggles to Reclaim, Rebuild, and Revitalize New Orleans and the Gulf

**Book edited by Robert D. Bullard
and Beverley Wright**

The idea that "race and place can impact how you live" has long been a central insight of the environmental justice movement, and there's no more vivid illustration than Hurricane Katrina's disproportionate devastation of communities of color. Co-edited by Robert Bullard, the father of environmental justice, this powerful collection of essays explores the effects of race and class on New Orleans before the storm and in its aftermath, delving into issues as varied as public health disparities, unequal access to transportation, and survivors' differing abilities to find temporary housing or obtain loans to rebuild small businesses. The book also offers suggestions for moving forward with the equitable and sustainable growth that is still urgently needed more than four years after the storm.



Read This

The Cost Conundrum: What a Texas Town Can Teach Us about Health Care

**Article by Atul Gawande published
in the New Yorker**

No wonder this article became obligatory reading in the White House this summer: it informs the nation's continuing efforts to cut health care costs with a compelling diagnosis of the problem and prescribes a cure. McAllen, TX has some of the most expensive health care in the country, twice as costly as a nearby county with similar population, demographics, income, lifestyles, and health outcomes. The reason? Many doctors in McAllen, and increasingly throughout the U.S., "see their practice primarily as a revenue stream" and so practice medicine in ways that maximize their own income. They over-utilize care, favoring the most expensive (and often invasive) treatments. The result is more costly health care without better health. The good news: other American cities deliver better care for less by changing physician incentives.

One in 31: The Long Reach of American Corrections

Report from the Pew Center on the States

As states and cities across the nation grapple with fiscal crises, fast-growing corrections budgets are a ready target for cuts. But simply slashing services to inmates would be short-sighted: this report points out that intelligent probation and parole policies can improve public safety at a fraction of the cost of incarceration. "By redirecting a portion of the dollars currently spent on imprisoning low-risk inmates, we could significantly increase the intensity and quality of supervision and services directed at the same type of offenders in the community." Prison costs would go down, while innovations

in treatment and re-entry programs would reduce recidivism. Both public safety and public budgets would reap the benefits.

Animal Spirits: How Human Psychology Drives the Economy, and Why It Matters for Global Capitalism

Book by George A. Akerlof and Robert J. Shiller

Human beings aren't always completely rational. It's an obvious statement... unless you happen to be a macroeconomist. In that case, your work probably relies on models that assume individuals always act with perfect rationality in their own economic self-interest. The result of this individual activity is supposed to be a self-regulating market that requires no government interference. Unfortunately, reality frequently doesn't cooperate: bubbles and crashes leave free market economists scratching their heads while the ideology built on their assumptions rolls on heedlessly. In this book, prominent mainstream economists attempt to bring the insights of behavioral economics (i.e. how people actually behave in the marketplace) to macroeconomic theory. They undermine a large chunk of conservative free market ideology in the process.



WHO IS THE DRUM MAJOR INSTITUTE FOR PUBLIC POLICY?



The Drum Major Institute for Public Policy (DMI) is a nonpartisan, nonprofit think tank founded during the civil rights movement to put the best arguments and most effective tools into the hands of those advocating on the frontlines for progressive economic and social change. From the middle-class squeeze to comprehensive immigration reform to the economic potential of America's cities, DMI's research, analysis, media, and communications efforts shape how major policy debates are waged and won by elected officials, advocates, grassroots leaders, and concerned citizens at the local, state, and federal level. Always focused on winning the long-term battle of ideas, DMI trains talented young people from underrepresented communities to become the next generation of leaders who can advance progressive public policy. The organization changes the often insular conversation about policymaking by empowering diverse voices to drive it in new directions.

For more information, please visit www.drummajorinstitute.org

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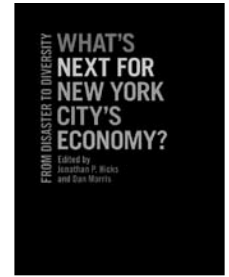
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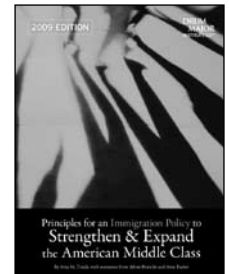
FROM DISASTER TO DIVERSITY: WHAT'S NEXT FOR NEW YORK CITY'S ECONOMY

December 2009 / This wide-ranging collection of essays is the result of an intellectual organizing effort, convening a diverse group of people whose ideas and arguments, proposals and prescriptions, are brought together here for the first time. All are equally concerned about how to make New York City stronger and healthier than ever. A blueprint for post-recession governance, the book contains ambitious but workable plans for advancing policies to strengthen vital areas and sectors, assets and drivers, of the local economy. Big themes include: how supporting anchor industries and new businesses may not be mutually exclusive; how ensuring responsible development, growth, and stimulus is cost-effective; how promoting better education practices expands economic opportunity; how investing in infrastructure and the built environment yields lasting returns; and how strengthening vulnerable communities helps improve life for all.



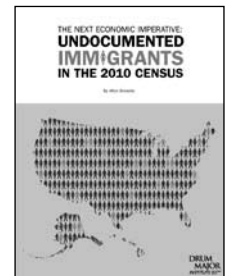
PRINCIPLES FOR AN IMMIGRATION POLICY TO STRENGTHEN AND EXPAND THE AMERICAN MIDDLE CLASS: 2009 EDITION

September 2009 / Building on DMI's earlier immigration work, this report argues that immigration policy must be driven by the needs of American workers striving to stay afloat through the economic crisis. We find that the current and aspiring American middle class relies on the economic contributions of immigrants, but that the exploitation of undocumented immigrant workers threatens to undermine us all. We conclude that Congress must reform immigration policy to maximize immigrants' economic contributions and strengthen their workplace rights. An earned legalization program for undocumented immigrants is a critical part of this reform. The report includes talking points and fact sheets for use by advocates.



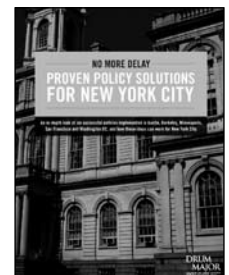
THE NEXT ECONOMIC IMPERATIVE: UNDOCUMENTED IMMIGRANTS IN THE 2010 CENSUS

July 2009 / The United States cannot afford to exclude undocumented immigrants from the 2010 Census. Failing to gather accurate information about an estimated 12 million undocumented residents will make it too difficult for the country to recover from the worst recession in decades. This is the first major policy research paper to analyze the latest data and evidence showing how all Americans will benefit from the inclusion of undocumented immigrants in the 2010 Census. It explains why a demographic profile of this population must become the next economic imperative and refutes common misconceptions about the census.



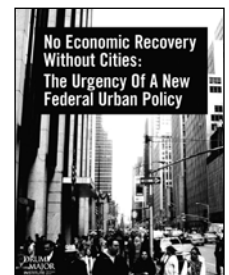
NO MORE DELAY: PROVEN POLICY SOLUTION FOR NEW YORK CITY

July 2009 / Prior to New York City elections in the Fall of 2009 it is important to examine the city's record on critical issues that affect all New York City residents. This report focuses on six pressing areas of policy: economic opportunity, housing affordability, criminal justice, workplace standards, environmental sustainability, and health care. In each area, it shows how New York City has failed to address significant challenges facing New Yorkers, offers a proven solution from another city, and explains why that policy prescription is appropriate for New York.



NO ECONOMIC RECOVERY WITHOUT CITIES: THE URGENCY OF A NEW FEDERAL URBAN POLICY

June 2009 / President Obama's newly created White House Office of Urban Affairs presents a new opportunity for federal urban policy. The urban policies of previous administrations have viewed cities as problems or have held that the federal government could do best for cities by doing least. In contrast, the Office of Urban Affairs provides an opportunity to maximize the economic potential of cities through well-coordinated, productive relationships with the federal government. These relationships are particularly important to the success of the economic stimulus package and to economic recovery. DMI offers a number of policy principles to guide the Office's efforts to develop a strategy for metropolitan America.



MIDDLECLASS.ORG 2008 CONGRESSIONAL SCORECARD

March 2009 / Who stood up for the middle class? We examine the good and bad decisions Congress made in 2008—from the February stimulus bill to the Senate filibusters that killed legislation to address the home mortgage crisis and to assist the struggling auto industry. We look at how the middle class gained from the New GI Bill and the Higher Education Act, and how ordinary Americans lost with the no-strings-attached bank bailout. Each member of Congress is graded on his or her votes for or against the middle class.

