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### **Shock, Stimulus, and Upheaval: The Great Recession, The American Recovery and Reinvestment Act, and Mayoral Coalitions in Brooklyn, NY 2009–2013**

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SHOCK, STIMULUS, & UPHEAVAL:  
THE GREAT RECESSION, THE AMERICAN RECOVERY AND REINVESTMENT ACT,  
AND MAYORAL COALITIONS IN BROOKLYN, NY 2009-2013

by

CHARLES W. LINSMEIER

A master's thesis submitted to the Graduate Faculty in Political Science in partial fulfillment  
of the requirements for the degree of Master of Arts, The City University of New York

2020

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This manuscript has been read and accepted for the Graduate Faculty in Political Science in satisfaction of the thesis requirement for the degree of Master of Arts.

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ABSTRACT

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Advisor: John Mollenkopf

In 2009, the United States, and much of the world, experienced the largest economic decline since the Great Depression of the early 20th Century. New York City, the financial capital of the United States, was not immune. In early 2009, the federal government passed the American Recovery and Reinvestment Act of 2009 (ARRA) shepherding a substantial infusion of federal funds to states and municipalities to stimulate local economies and stem the tide of potential job losses. At the same time, New York City was experiencing an historic mayoral election - the potential third term of Mayor Michael Bloomberg - made possible only by an eleventh hour vote by the City Council to extend term limits for the city council and mayor's office beyond the two-term limit established by public referendum.

In 2009, these two historic events collided, a mayor seeking to maintain his political coalition under threat, and the allocation of a large influx of federal funds across the city. This study examines how federal funding available from the American Recovery and Reinvestment Act was allocated with respect to the forging of political coalitions during the

mayoral election of 2009. Specifically, it focuses on the hotly-contested borough of Brooklyn and investigates the potential for political maneuvering of federal funds towards key constituencies within the dominant political coalition. The study looks not only at the 2009 election year, but explores changes in the pattern of federal funding as political coalitions shifted in Brooklyn during the third term of the Bloomberg administration, contributing to the 2013 election of the first Democratic mayor in New York City in twenty years.

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## **Overview**

In early 2009, the federal government passed the American Recovery & Reinvestment Act (ARRA): legislation designed to stimulate the nation's economy during the largest economic recession in nearly a century. The collapse of national and international global financial institutions predicated by the failure of the mortgage-lending industry resulted in a freefall in local tax revenue, the removal of credit sources for municipalities and private loan-seekers, and a dramatic fall in consumer confidence. For a period of months, the most powerful economy was at a standstill including many sectors threatened to the point of permanent stagnation. The financial sector, once the prize of the U.S. economy, and many manufacturing sectors, including the long-suffering auto industry, turned to the federal government for a bailout. At the same time, the new Obama administration attempted to revitalize local economies by passing stimulus legislation in support of small business owners, local municipalities and state governments, and private sector industry most threatened by the collapse.

Communities across the United States were suffering: Midwestern cities like Detroit, Pittsburgh, and Milwaukee saw the bottom fall out of a manufacturing industry already in rapid decline; Western cities like Denver, Las Vegas, and Phoenix suffered greatest from the housing collapse with foreclosures at the highest rates in the country, each having long supported city growth on the back of the housing boom. New York City, the geographical epicenter of the financial sector, witnessed unforeseen shortfalls in revenue from the financial industry and a shutter of investment in the city. Large scale projects ceased to be explored, or were indefinitely halted, and foreclosure rates increased in a city whose principle builders and owners operate multi-family homes. Other shortfalls in the funding of health care and health services also threatened embattled neighborhoods in the city's boroughs.

In the same year, New York City residents went to the polls to elect candidates to the citywide offices of mayor, comptroller, and public advocate. The City Council was also up for reelection. In late October of 2008, as the early experiences of the Recession were taking hold, the City Council passed 29 to 22 – and the sitting mayor, Michael Bloomberg, signed – new legislation extending the city council and mayor’s term limits to three 4-year terms in office. The contentious move was largely viewed by opponents as a purely politically maneuver to circumvent the rights of the city’s residents to determine local limitations of power; indeed, on two separate occasions the city’s residents had voted in citywide referendums to limit the terms of city officials to two.

The term-limit legislation instantaneously changed the political dynamics in the upcoming election with the popular mayor Michael Bloomberg, a Manhattan Democrat-turned-Republican-turned-Independent now running for a third term. Over the coming months, a number of high-profile challengers removed themselves from the race, and William Thompson, the city’s serving comptroller, emerged as the Democratic nominee. In addition to the citywide races, city council seats held by council members who had voted for the extension of term-limits came under fire with a series of primary challenges.

This tumultuous debate around the extension of the city’s term limits, against the backdrop of the economic recession, developed from an evolution of urban power in political and economic forces in New York City that dated back to the late 1970s with the first electoral victory by Edward Koch. The rise of the Koch administration served as the first instance of the post-industrial regime taking power in New York City, a regime of influence and electoral success that stretched over three decades and 28+ years of mayoral control. The success of the “pro-growth, post-industrial,” regime of white ethnics from Brooklyn, Queens, and Staten Island aligned with the Manhattan small business and corporate interests produced a winning and largely internally consistent regime of influence in the city (Mollenkopf, 1994). This regime faced off election after election against the community-

based Democratic organizations that once dominated city politics but appeared ever-fractured by ethnic heterogeneity, class differences, and political infighting.

Following ARRA money in the context of the 2009 election provides a novel view into the dynamics of urban regime politics. As Irene Rubin writes in *The Politics of Public Budgeting*, “public budgeting is not only a technical process, it is also necessarily and appropriately political.” Budgets reflect choices about what governments will and will not do; they reflect priorities. And, ultimately, “budgetary decision-making provides a picture of the relative power of budget actors within and between branches of government as well as of the importance of citizens, interest groups, and political parties” (Rubin, 2019). Through federal documentation of released funds, ARRA money can be tracked to the various urban constituencies that form the competing political interests in the city. All constituencies could compete for ARRA funding, but the type of funding, the direction of funding towards certain constituencies, and the role of that funding within communities plays into the broader themes of urban regime politics in New York City, particularly in the borough of Brooklyn. The following analysis of these funding trends maps over the urban constituencies that formed behind the mayor’s and the Democratic Party’s efforts to create constituencies large enough to win contested elections.

ARRA funding provides a particularly useful measure of political and policy dynamics because the federal stimulus was unanticipated as part of the original FY 2010 estimates by the Mayor or Comptroller’s Office. In addition, the total “federal stimulus” from the Obama administration was unprecedented in recent times, in terms of its overall funding levels, \$787 billion, and its focus on filling the coffers of state and local budgets swamped during the Recession, and replacing drops in private investment with a one-time injection of public investment in “shovel-ready” projects. The effect on New York City was not small. The FY2010 budget summary by Comptroller William Thompson in 2009 estimated total revenues for NYC of \$61.211 billion with an estimated \$5.313 billion coming from federal sources (8.7%). After the influx of funding from the federal government through ARRA and

other sources, the FY2010 budget was later confirmed at \$63.080 billion with an estimated \$7.943 billion (12.6%) coming from the federal government, a 49.5% increase in federal funding (Thompson, 2008; Liu, 2010; Stringer, 2017). An analysis of the allocation and disbursement of federal funding that exceeded projections by \$2.63 billion provides a unique opportunity to see how politics and political coalitions influence or fail to influence the opportunities to shelter federal funds that support their political constituencies.

This paper will attempt to answer four questions around the use of federal funds in Brooklyn from the American Recovery and Reinvestment Act and its relationship to political events occurring in the upheaval from a mayoral election on the eve of the largest recession since the Great Depression, and at a unique political moment in a generation of New York City politics. The questions this study seeks to answer: (1) What businesses, organizations, or individuals received federal stimulus funds as part of ARRA? (2) Were those recipients unique to funding from ARRA or were they recipients of discretionary funding from the City of New York in years after the distribution of ARRA funds? (3) Were the recipients of funds from ARRA aligned to political coalitions that reelected the mayor in a tight 2009 reelection bid? (4) To what degree can we determine measures of success for the ARRA implementation in Brooklyn against the original policy goals announced as part of the ARRA legislation?

### **Review of ARRA 2009 program goals and research literature**

The American Recovery and Reinvestment Act of 2009 (ARRA) has been a focus of research ever since the bill passed and was signed by President Obama on February 17, 2009, just weeks into his administration. The bill, when passed, introduced a stimulus of approximately \$787 billion to support federal, state, and local initiatives to stimulate the economy. As noted by Hall & Jennings (2010), "the act was heralded as a direct response to the ongoing

and deepening economic crisis. ARRA had three primary goals (originally from recovery.gov):

1. Create new jobs and save existing ones
2. Spur economic activity and invest in long-term growth
3. Foster unprecedented levels of accountability and transparency in government spending.

Though accountability and transparency were a key objective, as originally reported on recovery.gov, ARRA included several additional goals that were not as effectively reported or tracked. The act states five general purposes:

1. To preserve and create jobs and promote economic recovery.
2. To assist those most affected by the recession.
3. To provide investments needed to increase economic efficiency by spurring technological advances in science and health.
4. To invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.
5. To stabilize state and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

Up until the future demise of the recovery.gov website, the data made available on recovery.gov considered only the first of these purposes and excluded the remaining four (Hall & Jennings, 2010). Much of the state and local budget support was not tracked effectively, despite it representing one-third of the total ARRA spending. Nonetheless, recovery.gov and its successor USAspending.gov, provide insight into payments to

individuals, businesses, and organizations throughout the United States, including loan and grant information on every recipient.

Despite the efforts at transparency, the distribution of ARRA funds faced other constraints, both operational and structural. Research has demonstrated that the ARRA funding faced implementation challenges, specifically with regards to *staff capacity, legal constraints, wage requirements, transparency requirements, and shovel-ready status* (Carley & Hyman, 2014). Nancy Johnson (2009) surveyed local administrators uncovering “the reality has been that most of the funds are being transmitted through preexisting federal programs that have a minimal effect on the day-to-day services provided by cities. As such, cities have shifted their ARRA funding strategies away from seeking funds for a prioritized list of needs to applying for any grant for which they might be deemed eligible.”

Since its implementation, researchers have looked at the role of politics in the distribution of federal funds under ARRA and the potential of influence from political coalitions aligned with the parties in power. John Kingdon famously noted that policy happens at a particular moment in time under the confluence of three conditions: a problem widely perceived by the public, the existence of ready-at-hand policy or sets of policies and, finally, a favorable political environment (Kingdon, 1995). The financial crisis of 2008 provided the economic and political catalyst for parties in power to distribute an unprecedented amount of federal funds to recipients across the country. The question then to ask: Did they?

Political coalition theory suggests that existent coalitions at the confluence of events recognized by Kingdon’s thesis have distributive power to support their coalition or weaken their opponents. As noted by Mollenkopf (1989), “urban governments have powers and interests of their own, not fully subordinate to economic interests, and proposes that the concept of a “dominant political coalition” offers the best way to understand how urban political orders are developed, sustained, and at times undermined or overturned. Dominant

coalitions achieve the ability to direct governmental power on an ongoing basis over a range of issues.”

Nonetheless, research on whether distribution of ARRA funds were political motivated are inconclusive. At the national level, there were indications that the allocation process was unaltered, as one study noted, “By all accounts, ARRA’s implementation by the CDFI (Community Development Financial Institutions) Fund was uneventful. Federal managers worked diligently to allocate the additional tax credit authority to the community development entities (CDEs) eligible to receive tax credit allocations under the program” (Benjamin, 2017; Conlan, 2017). Yet, as funds gated for distribution at the state and local level moved forward, early signs of political maneuvering entered the fray, “States with Republican governors were nearly 60% less likely to certify the ARRA on a given day than states with Democratic governors.” Or, perhaps not unexpectedly, “When economic constraints and policy design foreclose actual rejection of a federal law, state policymakers may rely on party labels to register their approbation or disapprobation through other means, including the amount of time taken to accept federal funding” (Miller, 2012). Political procrastination was not the only tool in the allocation process, “although seemingly universalistic, the distribution of funds under ARRA was not flat, and some counties received substantially more than others. One [alternative] theory, is that geographic distribution may be driven by policy window effects, particularly for sweeping policies like ARRA. A reason that ARRA did not direct resources toward the hardest-hit areas may be that the legislation became a vehicle for a broad array of other policy goals as political entrepreneurs took advantage of an especially wide-open window of opportunity” (Gimpel, 2012). Furthering that perception, “there does appear to be a distinct tilt toward counties that were stronger for the Democratic Party in 2008. All else equal, counties at the 90th percentile of Democratic share presidential vote ‘08 received between \$35 and \$36 more per capita in both total funding and infrastructure projects than did counties in the 10th percentile.” However, as noted by Boone (2014), “this differential is at least partly driven by a small



number of very dense urban districts with high levels of employment -- and the differential is smaller when the stimulus award was measured *per worker* in the district. Democratic districts did receive modestly greater funds, but this is largely due to higher levels of funding going to places with more generous state welfare programs.”

As a point of study, the distribution of ARRA funds provided a unique glimpse into the effect of fiscal policy initiatives during a time of crisis. *Recovery.gov* provided transparency into the primary goal of the federal stimulus - to save jobs and create new ones - and allows for tracking at not only the city level, but to the neighborhood. And research has shown that the overall number of jobs created or saved and the multiplier effect from dollars expended nears if not exceeds two million jobs. Two government agencies and a third party verification suggest that total nonfarm sector jobs saved varies from 1.3 million to 2.8 million by the Congressional Budget Office to 2.2 million to 2.6 million by the Council for Economic Advisors and an alternative methodology settles on 2.0 million in 2010 and 3.4 million by early 2011, resulting in eight jobs per \$1 million spent, or \$125,000 per job (Wilson, 2012).

Together, the existing literature on the effectiveness of the allocation and distribution of federal funds under ARRA have focused on national political coalitions and the effectiveness of public policy exercised on a grand scale. But the opportunity that the tracking of recipients of ARRA funds through *recovery.gov* allows for a more granular review of ARRA funds at the urban level, the distribution of funds as they relate to local political coalitions, and the persistence of funding to those recipients.

## **Methods**

The method of study is a descriptive analysis of federal funding in Brooklyn from the American Recovery and Reinvestment Act of 2009 as originally tracked through the *Recovery.gov* site (Recovery, 2009) established by the federal government during the

allocation period of federal stimulus dollars to states and municipalities. Recovery.gov provided specific information on the types of grants or loans from the federal government to businesses and organizations operating in Brooklyn, which can further be identified by their associated Assembly District. Areas of specific interest are loans from the Small Business Administration; grants from the Energy and Education departments; and grants from Housing and Urban Development (HUD) and Health and Human Services (HHS) departments.

The funds allocated by ARRA to Brooklyn entities are then mapped against the Assembly Districts, the smallest consistent measure of party voting that is tracked by the Department of Elections of New York City. The assembly districts can then be identified by pro-Mayor votes in 2009 as a relative change from 2005 to help indicate the drop-off in mayoral political support from the decision to extend term limits in October 2008. It also provides a baseline for coalitions that supported the reelection of Mayor Bloomberg in 2005 and again in 2009, based on party politics, ethnic motivations, and other factors as identified in the regime politics literature. From there, the study provides a descriptive analysis of the allocation of federal funds from ARRA to certain individuals, businesses, and organizations within established areas of the electoral coalition for the mayor in 2009.

The study will compare those findings to the more recent electoral coalitions of Democratic mayoral candidate Bill de Blasio in the Democratic primary and general election in 2013. The shift in party politics from 2009 to 2013 demonstrates the emergence of different electoral coalitions than had been experienced by the city in the run of Republican-elected officials from 1993 to 2013. It will also allow for an analysis of general funding from the federal government and its allocations by assembly district to see if any anomalies emerged from the unexpected and unprecedented allocation of federal funds to the city during the Great Recession as part of the federal stimulus package of 2009.

Further, the paper will review the recipients of federal funds in Brooklyn as distributed through programs allocated from the American Recovery and Reinvestment Act

and compare them against recipients of discretionary funds from the City of New York in 2009-2013. This comparison will help to identify the type and magnitude of investment in projects that might be deemed as “shovel ready” or otherwise unfunded except in the instance that the events of the Great Recession provided. In addition, the comparison will expose the prevalence of funding that was directed to businesses, organizations, or individuals that received funding from the discretionary budget in years to come. Finally, by tracking these funding instances against New York State assembly district, it can be determined if there is any correlation between funding and geographic political support.

### **Recent history of political coalitions in New York (1993 to 2009)**

Over its history, New York City has seen the rise and tempering of political influences that drove electioneering and the establishment of strong political parties within the city (Mollenkopf, 1994; Strom & Mollenkopf, 2006). Unlike other major urban centers in the United States, New York City has experienced an unprecedented run of Republican candidates that dominated the mayor’s office from 1993 to 2013, first with two-term mayor Rudolph Giuliani from 1993-2001, and then with Michael Bloomberg from 2001-2013, being one of only four mayors to serve twelve years (LaGuardia, Wagner, Koch), and the first since referendums put before New York City residents limited terms of mayors to two (and which were quickly reestablished after his second reelection).

The political coalitions that allowed Republican candidates to win in a city with registered Democrats outnumbering registered Republicans by as much as 7 to 1 is a study in electoral coalition building. The fracturing of the Democratic party coalitions across racial and economic lines as well as regional influences within the geographies managed by political machines in each borough help to understand the influences that led voters to elect and reelect candidates counter to the distribution of party representation that dominated the City Council and Assembly Districts within the city.

At the heart of political coalition building in New York City is its immigrant history and immigrant and ethnic political representation and mobilization. New York City has always been “a segmented political system, organized for mobilization around ethnic group lines, and a political culture that sanctions, indeed encourages, newcomers to engage in ethnic politics” (Waldinger, 1996). The role of immigrant and ethnic communities on the political landscape of New York City had not dulled in 2009 at the time of the Great Recession and the signing of ARRA into law. “At the beginning of the twenty-first century, immigrants from the Dominican Republic, China, Mexico, and Jamaica were the top four immigrant groups, but there were substantial numbers from other Latin American, Asian, and Caribbean countries as well as from Europe and, in recent years, from Africa, too. In fact, in 2010, the four largest groups were only a little over a third of all foreign born, and no other country accounted for more than 5 percent (Foner, 2014).” Or, as stated by Mollenkopf (2014), and quoted at length:

Unlike Newark, Detroit, or St. Louis, New York City did not become more black - or even more native minority - as it became less white. Instead, it received a growing number of immigrants from all racial backgrounds. By 2009, whites remained a third of the city’s population, but mainly because immigrants from the Soviet Union bolstered the total.

In 2009, according to the Central Population Survey (CPS), some three million of New York City’s 8.3 million residents were foreign born and another two million were their children. People living in immigrant families made up almost three-fifths of the city’s residents, almost half its voting-age citizens, and two-fifths of its actual voters... The group that has long dominated New York City politics, native born whites with native parents, now make up less than one-fifth of the city’s population, although in 2008 they contributed a quarter of eligible voters and almost a third of those actually casting ballots.

This has made assembling a city-wide electoral majority ever more challenging. To be sure, racial polarization (whites versus nonwhites) has played an important role in all mayoral elections between 1989 and 2009. The overwhelming Democratic advantage in voter registration should have meant

that party allegiance would have enabled Democratic nominees to win citywide elections. In these mayoral races, however, enough white (and other) Democrats were willing to defect from Democratic candidates who were members of minority groups or received substantial support from them that Republican candidates won all the mayoral elections after the Dinkins victory in 1989. Still, because native immigrant-origin white voters were no longer a majority of the electorate after 2000, white candidates could not use racial polarization as an effective strategy for assembling an electoral majority. Instead, they needed some cross-group coalition formation.

Later in this paper, we will explore the coalitions that were present in 2009 as the Great Recession took hold and the shift in those political coalitions that led to the first election of a Democratic mayor in twenty years, as occurred with the election of Bill de Blasio in 2013. As part of that examination, the background from political coalition theory and urban regime politics will provide a good measure of observation, allowing a picture to be drawn of political coalitions present during the contentious mayoral election of 2009, amidst the political upheaval created by the extension of term limits not only for the mayor's office but for city council members. The political environment stemming from this decision and reaffirmation of the two term limit in 2010 set the stage for the shifting political balance in 2013 between centrist, party-backed candidates in the Democratic primary, and the rise of emerging candidates for the mayor's office. These political events operated in the shadows of the Great Recession, and played out in specific form on the streets of Brooklyn, as neighborhoods shifted political allegiance, and new political coalitions were formed, at the same time that the greatest influx of unanticipated funding from the federal government was reaching businesses and organizations throughout the borough.

## **Why Brooklyn**

Brooklyn provides a good measure of the distributive qualities of federal funding from ARRA and the potential influence of urban regime politics in New York City for a number of reasons. First, unlike Manhattan with its global financial institutions and international corporate centers that influence federal legislation, businesses and organizations in Brooklyn sought ARRA funding on much the same level-ground as other municipalities around the country. Brooklyn has no Wall Street, which not incidentally received its own federal bailout in 2008 and 2009, and no Midtown corporate service environment with lobbying arms that extend to Senate and House offices in Washington. In short, the competition begins on a more even plane and is subject to the political influences that compete at the neighborhood level.

Brooklyn has a history of Democratic politics built around neighborhood ethnic dynamics, traditional Democratic Party control, and the influence of a growing liberal Democratic constituency. In 2009, it had an emerging liberal/labor political arm in the Working Families Party and a traditional Democratic machine that, though weakened, still exerted great authority in sections of the borough. In time, that liberal/labor arm under the Working Families Party would emerge as a political force that helped to shape the constituency of Bill de Blasio's run for mayor in 2013. Brooklyn also includes ethnic constituencies whose loyalties are sought-after in election years. The Jewish vote in Borough Park, Midwood, and Crown Heights, and the Hassidic communities in southern Williamsburg are often central to success in borough-wide elections. Brooklyn has an established and politically active African-American population in Fort Greene, Clinton Hill, and Bedford-Stuyvesant. It has a fast-growing population of Dominicans, Haitians, and other Caribbean ethnic groups emerging as a political force in Flatbush, Wingate, Brownsville, and East New York. A large Mexican-American population lives in Sunset Park, Red Hook, and a growing Latin population is developing in eastern portions of the borough.

Brooklyn also has established, if now more isolated, populations of conservative Democrats in white ethnic neighborhoods across the borough. Italian and Irish neighborhoods in Bay Ridge, Carroll Gardens, Bensonhurst, Kensington, and Gravesend hold traditional political power in the borough. White ethnics also comprise much of the recent immigrant population with communities of Russian and Eastern European immigrants in Brighton Beach, Coney Island, and Sheepshead Bay. Lastly, a politically active population of liberal Democrats centers the borough in Park Slope, Cobble Hill, and parts of Windsor Terrace. This ethnic heterogeneity and political influence centered within specific neighborhoods creates a competitive, and ever-shifting, political atmosphere in citywide and council elections.

### **Mayoral electoral map: Brooklyn (pre-2009 to 2013)**

The electoral coalition that elected Michael Bloomberg in 2001 and 2005 stands in sharp contrast from the one that persisted through the controversial election of 2009. Bloomberg expended considerable amounts of his personal wealth to achieve the public-facing image that catapulted him from successful entrepreneur turned billionaire turned philanthropist into one of the most successful political runs in recent mayoral history in New York. His electoral coalition stretched out from Manhattan to the boroughs building on a responsive electorate in populations within Brooklyn that had helped to elect Republican after Republican mayor since 1993 from the end of the Dinkins administration to the onset of the Giuliani administration. In 2005, Bloomberg was reelected in the contest with Democrat Fernando Ferrer with key constituencies in Democratic-leaning Brooklyn coming to show their support for the Republican mayor. Traditionally Latino areas of Brooklyn came out to support the former Bronx borough president, Ferrer, who is of Puerto Rican descent, and Bloomberg struggled to win votes in areas like Sunset Park and Bushwick. Ferrer had lost the 2001 Democratic primary in part because he was not able to capture the black vote in Brooklyn, and in 2005, though Bloomberg was outpaced by Ferrer in black neighborhoods,

Bloomberg still pulled in surprising levels of support from predominately black communities, including Brownsville (41.4%), Bedford-Stuyvesant (42.3%), and the assembly districts covering Crown Heights, Clinton Hill, and Fort Greene (44.7%), though those areas were boosted by Jewish-American votes in those districts.

Bloomberg strongholds in Brooklyn in the 2005 election included the assembly districts that covered areas with large white ethnic populations, Democrats that often fled the party for Republicans when ethnic minorities were nominated in the Democratic primary, areas like Gravesend (83.6%), Coney Island, Brighton Beach, and Bath Beach (73.7%), and Bensonhurst (77.1%). More so, Bloomberg established a base in Jewish neighborhoods throughout Brooklyn seeing strong support in Borough Park (78.7%), Midwood (84.6%), and Jewish sections of Williamsburg.

The picture for Bloomberg in Brooklyn changed considerably in 2009, facing not only resentment from the change in term limits but also a new opponent, comptroller Bill Thompson. Thompson, an African American, had appeal in the borough that diluted any support that Bloomberg had in traditionally black neighborhoods in the city. Bloomberg faced a precipitous fall in support in key areas like Brownsville - falling from 41.4% to 15.4% of the vote; Bedford-Stuyvesant - from 42.3% to 15.7%; Crown Heights, Clinton Hill, Fort Greene - from 44.7% to 23.3%; and in Flatbush/East Flatbush - from 50.1% to 18.7%. Bloomberg also saw a decline in white liberal neighborhoods like Park Slope and Prospect Heights. But in key areas of the borough, the Bloomberg election coalition held, specifically in Jewish-American areas and the white ethnic neighborhoods, including Gravesend (81.0%), Bensonhurst (73.7%), Midwood (72.6%), parts of Borough Park (69.9%), and Bay Ridge (NYC Board of Elections, 2005, 2009).



**Table 1.1 | Mayoral Vote by Neighborhood by Election (2005, 2009)**

Assembly District	Neighborhood	Vote-Mayor-2005 (by AD)		Vote-Mayor-2009 (by AD)
40		45.10%		22.60%
41	Marine Park	68.70%		52.80%
42	Flatbush	52.20%		32.60%
43	Flatbush, Crown Heights	51.70%		23.60%
44	Park Slope, Prospect Heights	62.60%		54.90%
45	Gravesend	83.60%		81.00%
46	Coney Island, Brighton Beach, Bath Beach	73.70%		69.20%
47	Bensonhurst	77.10%		73.70%
48	Midwood	84.60%		72.60%
49	Borough Park	78.70%		69.90%
50	Williamsburg	59.00%		44.00%
51	Sunset Park	39.60%		45.90%
52	Downtown Brooklyn	58.90%		54.00%
53	Bushwick	26.40%		40.00%
54	Cypress Hills	32.40%		26.30%
55	Brownsville	41.40%		15.40%
56	Bedford-Stuyvesant	42.30%		15.70%
57	Crown Heights, Clinton Hill, Fort Greene	44.70%		23.30%
58	Flatbush, East Flatbush	50.10%		18.70%
59	Marine Park	69.80%		48.30%
60	East New York/Howard Beach	74.60%		65.70%
All Brooklyn		58.20%		45.10%

(NYC Board of Elections, 2005, 2009)

The Bloomberg political coalition - or more pointedly, one that had extended from 2001 to 2009, a coalition supported by white ethnics, featuring particularly strong support in Jewish neighborhoods, as well as Italian and Irish sections of the city - had weakened with the effort to extend term limits. The weakened areas of the coalition, specifically among white

liberals and the evaporation of support from traditionally black neighborhoods, set up the potential for the Democrats to regain Gracie Mansion in the following election.

The early years of the recovery from the Great Recession were not ones of political triumph for Bloomberg and no Republican successor was to be crowned. Groups most affected by the recession, be it those employed in manufacturing and other blue-collar professions, to those that saw the promise of home ownership disappear in neighborhoods that only ten years earlier had seen the first generation, often a first generation of Americans, establish themselves as property owners in heavily immigrant and emerging neighborhoods of Brooklyn.

Not since Dinkins won in 1989 had there been as much optimism for the Democratic Party to capture the mayor's office with a progressive candidate. Emerging in the Democratic primary of 2013 were Christine Quinn, council speaker; Bill Thompson, looking to rebound from his loss to Bloomberg in 2009; John Lui, the rising star in Queens; and Bill de Blasio, public advocate and darling of the Working Families Party that was making a major push to support left-leaning candidates who would challenge machine candidates tied to borough establishment politics.

Brooklyn was home turf for de Blasio - Quinn was established in Manhattan; Lui in Queens - the biggest threat to de Blasio, after Anthony Weiner had left the contest under controversy, was Bill Thompson, and the threat to an electoral coalition that needed support in black constituencies across the borough. Ultimately, de Blasio would only win Brooklyn with 46.4% of the primary vote, but go-on to win the borough in the general election with 77.5% of the vote, outpacing Bloomberg's performance in 2009 by 32%. Where Bloomberg saw the largest fall-off in support in Brownsville, Bedford-Stuyvesant, and Crown Heights and Flatbush, de Blasio was able to hold off Thompson by an average of 50% to 33% in key areas of his electoral base (NYC Board of Elections, 2013). The Bloomberg strongholds of 2009, particularly in the Jewish neighborhoods of Borough Park, parts of Williamsburg, and in white ethnic areas in Bensonhurst, Midwood, Coney Island, and Gravesend did not

migrate to de Blasio, and instead set aside Thompson, who they had passed on in 2009, to either split the vote or shift in favor of John Lui, the only areas of Brooklyn in which de Blasio was not able to maintain a plurality of the vote in the primary.

**Table 1.2 | Mayoral Vote by Neighborhood by Election (2009, 2013)**

Assembly District	Neighborhood(s)	Vote-Mayor-2009 (by AD)	Vote-BdB-DemPrim (2013)	Vote-DemPrim-Rival (2013)		Vote-Mayor-2013
41	Marine Park	52.80%	38.10%	31.8% BT		58.50%
42	Flatbush	32.60%	50.10%	29.3% BT		84.60%
43	Flatbush, Crown Heights	23.60%	50.10%	32.5% BT		92.90%
44	Park Slope, Prospect Heights	54.90%	57.00%	16.2% CQ		73.50%
45	Gravesend	81.00%	25.80%	22.2% BT		36.20%
46	Coney Island, Brighton Beach, Bath Beach	69.20%	35.40%	23.8% BT		48.50%
47	Bensonhurst	73.70%	25.60%	31.9% JL		52.10%
48	Midwood	72.60%	38.00%	34.0% BT		39.10%
49	Borough Park	69.90%	26.90%	36.9% JL		54.50%
50	Williamsburg	44.00%	45.20%	38.4% BT		79.00%
51	Sunset Park	45.90%	48.20%	16.6% BT		80.80%
52	Downtown Brooklyn	54.00%	56.60%	26.2% CQ		80.30%
53	Bushwick	40.00%	31.80%	25.8% BT		90.80%
54	Cypress Hills	26.30%	35.80%	34.7% BT		94.70%
55	Brownsville	15.40%	43.90%	34.5% BT		97.50%
56	Bedford-Stuyvesant	15.70%	45.30%	37.2% BT		97.00%
57	Crown Heights, Clinton Hill, Fort Greene	23.30%	54.70%	24.1% BT		94.50%
58	Flatbush, East Flatbush	18.70%	52.40%	33.0% BT		97.80%
59	Marine Park	48.30%	45.60%	33.5% BT		75.10%
60	East New York/Howard Beach	65.70%	46.70%	34.0% BT		96.50%
64	Bay Ridge		36.00%	21.7% CQ		49.00%
All Brooklyn		45.10%	46.40%	n/a		77.50%

(NYC Board of Elections, 2009, 2013)

The general election in 2013 reestablished a Democratic coalition that fell along more traditional lines, or at least more traditional in terms of expectations prior to the unprecedented run of Republican mayors from 1993 to 2013. In Brooklyn, de Blasio saw massive swings in traditionally black and immigrant neighborhoods where he had already out-paced Thompson in the primary. Throughout Brownsville, Bedford-Stuyvesant, Crown Heights, Flatbush and East Flatbush, de Blasio received greater than 90% and in many cases greater than 95% of the general election vote. Specific to de Blasio's success was the support from the electorate aligned to the Working Families Party line, a line and political effort that had originally propelled him into the public advocate's office. The Working Families Party line accounted for 5.1% of his votes in Brooklyn, but were instrumental in key geographic strongholds in Park Slope/Prospect Heights (11.2%), downtown Brooklyn (12.9%), and Clinton Hill/Fort Greene (9.6%), and labor-backing centers in Sunset Park and Williamsburg (NYC Board of Elections, 2013). Only traditionally native white ethnic communities, fueled by more conservative Italian, Irish and Jewish communities, held out in what was otherwise a dominating electoral outcome in the borough for the Democratic candidate.

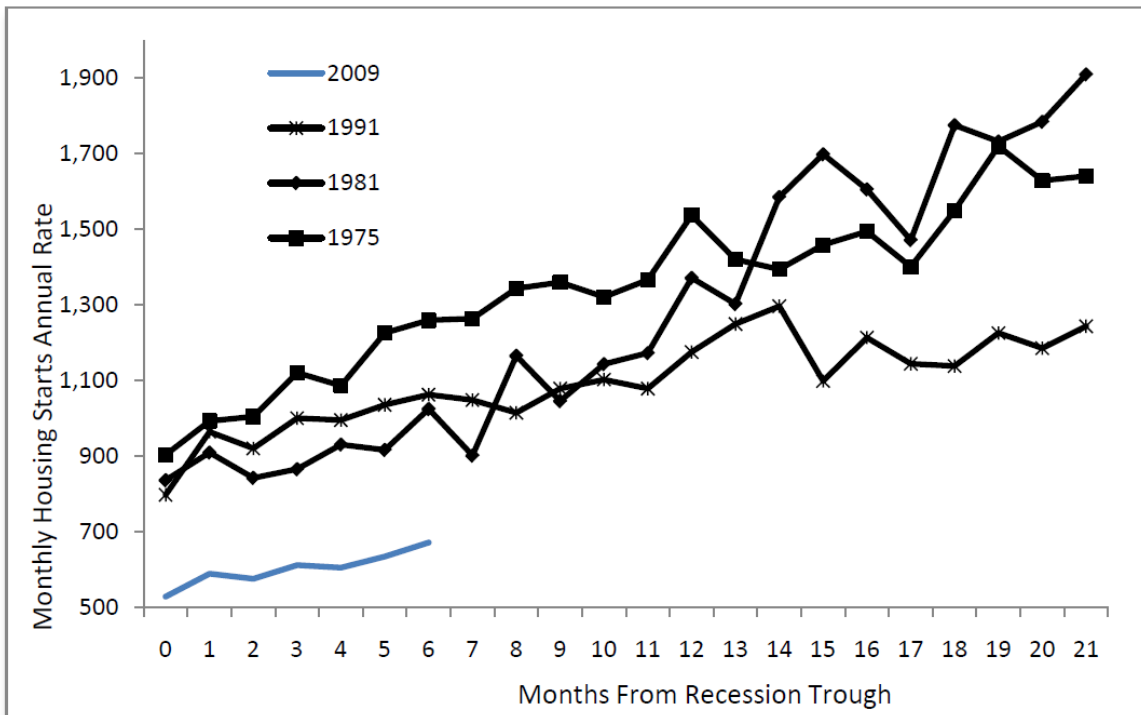
### **The economic climate and federal funding in the New York City budget (2001-2008)**

The Great Recession and the economic stimulus funding that followed provides a unique moment in the history of federal funding in the city. Functioning under the political landscape of New York City is the largest economic center by concentration in the United States with an annual budget that exceeds the budgets of all but five states. From 2009 to 2018, the New York City budget grew from \$59.373 billion to \$85.239 billion and federal funding grew from just over \$5 billion before the Great Recession to \$7.8 billion in 2018.

The influx of money in 2009, on the heels of the economic disaster that became the Great Recession, saw an immediate rise in federal funding as a percentage of the total city budget that was unprecedented in recent history. The result was a rise in federal funding in FY 2010 that was \$2.630 billion more than the estimated total of funding from the federal government, a 49.5% increase over expectations. (Thompson, 2008; Liu, 2010; Stringer, 2017).

The federal stimulus, much like the Great Recession, was unanticipated as part of the original budget and forecasting efforts by the city. Bill Thompson, NYC comptroller in 2008, reported in his office's annual executive summary that, "the adopted budget for FY 2008 and FYs 2008-2011 Financial Plan reflect the benefits of the City economy's strong performance and prudent fiscal management." The only hint of concern: "While we agree with the City that that local economic growth will follow the lead of the slowing national economy, the Comptroller's Office expects that the local housing market will not soften as much as the City's forecast suggests [a prediction that did not stand the test of time, as noted in Chart 1]... One note of caution surrounding higher revenues is concern that stresses to the credit and equity markets emanating from problems with sub-prime loans could intensify and decrease Wall Street profits" (Thompson, 2008). Perhaps because of these tepid warnings, no change was made to the forecast for federal funding for years 2008-2011, remaining steady at \$5.2 billion to \$5.3 billion annually in each year between 2008 and 2011.

**Chart 1. U.S. Housing Starts During Early Stages of Four Economic Recoveries**



SOURCE: U.S. Department of Census.

The 2009 report, again by Comptroller Thompson, sheds some (but not all) of the optimism for New York City to weather the economic storm that was brewing across the nation. “In the midst of the weak and uncertain local and national economies... Although the Comptroller does not expect the present slowdown to be as disastrous for New York City’s workforce as were the 1990-91 and 2001 recessions... the economic projections of the Comptroller’s Office are less pessimistic than those of the Executive Budget...” (Thompson, 2009). Projections for federal funds for NYC remained unchanged in the 2009 annual report, holding steady at \$5.3 billion per year for the entire forecast.

By the time John Liu had become Comptroller, the forecast had changed considerably as had the tone: “A year ago at this time, the U.S. economy was in the midst of one of its steepest contractions since WWII and there was little certainty of where the bottom would be found. Since then, however, the outlook has improved considerably, thanks to

unprecedented actions by the federal government and the natural resiliency of the American economy... A significant portion of the Federal grants assumption represents stimulus funding that the City expects to receive under ARRA of 2009.” One need only look at the federal funds support for the Department of Education (DOE) to see the baseline effect – in FY 2010, federal funding accounted for \$1.194 billion of the NYC DOE budget, another projected \$853 million in FY2011, before falling off completely as ARRA funding ran its course.

**Table 1.3 | ARRA Federal Stimulus Funds, Projections FYs 2009-2013**

(\$ in millions)

<b>Functional Area</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>Total</b>
Community Development	\$0	\$48	\$0	\$0	\$0	\$48
Education	0	1,194	853	0	0	\$2,047
Health and Social Services	28	207	39	0	0	\$274
Neighborhood Stabilization	47	72	21	5	0	\$145
Economic/Workforce Development	1	60	4	0	0	\$65
Build America/NYCTFA Bonds	0	16	62	64	64	\$206
Other	0	68	90	25	7	\$190
<b>Total Expense Budget Support</b>	<b>\$75</b>	<b>\$1,665</b>	<b>\$1,070</b>	<b>\$94</b>	<b>\$71</b>	<b>\$2,975</b>
FMAP Medicaid Relief	\$459	\$663	\$856	\$395	\$422	\$2,795
<b>Total ARRA Support</b>	<b>\$534</b>	<b>\$2,328</b>	<b>\$1,926</b>	<b>\$489</b>	<b>\$493</b>	<b>\$5,770</b>

(Lui, 2011)

In this time, federal funding forecasts shifted dramatically to \$8.193 billion in FY 2010 and a projected \$6.691 billion in FY 2011 before returning to more traditional baselines of previous budget forecasts. These shifts reflect an increase of funding from the federal government of over 54% in FY 2010 and 26% in FY 2011.

**Table 1.4 | Comptroller Estimated Federal Categorical Grants, FYs 2009 - 2013**  
(\$ in millions)

<b>Projection</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Thompson, 2008	\$5,380	\$5,364	\$5,351		
Thompson, 2009	\$5,395	\$5,313	\$5,303	\$5,313	
Lui, 2011		\$8,193	\$6,691	\$5,690	\$5,640
Difference Projection '08 to '09	0.28%	-0.95%	-0.90%		
Difference Projection '09 to '11		54.21%	26.17%	7.10%	

(Thompson, 2008; Thompson, 2009; Lui, 2011)

The unprecedented increase in federal funding served to offset key losses from tax revenues and state contributions to the city budget. But those grants were not the only means of funding that reached Brooklyn. As we will see in the next section, the Small Business Administration also provided grants and loans to individuals, businesses, and organizations, which no longer had access to traditional credit markets in the wake of the Recession.

### **The distribution of ARRA federal funds in Brooklyn, NY**

ARRA funds came into Brooklyn in the forms of Loans, Grants, and Contracts. Each took an important role in an economic recovery, and each served a different political capacity.

#### *Loans, Small Business Administration*

Loans, administered almost exclusively by the Small Business Administration, provided access to credit that was otherwise unavailable as credit granting financial institutions closed or moved to a protectionist position. Loans, ranging from aid to small businesses (\$10,000 - \$50,000) to more lucrative long-term financing (\$150,000 - \$1,000,000+), entered the borough but provided little in contributed capital that aligned with the political



coalitions competing for Brooklyn. Examples of larger loans in the borough include the following.

**TABLE 1.5 | ARRA Funding Recipients in Brooklyn: Large Loans**

Recipient	Neighborhood	Assembly Member/ Council Member	Funding (\$)
Clairion Inn & Suites	Park Slope	Millman/de Blasio	\$1,539,000
New York Glass, Co.	Sunset Park	Ortiz/Gonzalez	\$1,500,000
Midwood Dialysis, LLC	Midwood	Brennan/Felder	\$1,350,000
Hi-Rite Electric Corp.	Bay Ridge	Ortiz/Gentile	\$989,000

(Recovery.gov; USASpending.gov)

Of greater importance are the number of grants that were issued to organizations within in the borough. Grants came from a variety of agencies in the administration, including the Education Department, the Energy Department, Housing and Urban Development, Health and Human Services, Veterans Affairs, and smaller grants from the National Endowment for the Arts. The grants ranged in purpose: educational grant programs, low-income housing funds, capital construction projects in the health services industry, and job retention funds as part of the Obama administration’s efforts to “save or create” jobs in the failing economy.

*Grants, Education and Energy Departments*

The vast majority of education department grants (and energy department grants promoting energy efficiency) in Brooklyn went to two sources: major universities or colleges and Jewish schools and community centers. The private colleges and for-profit universities in Brooklyn received a number of significant funds for capital improvements and other operations. They include:

**Table 1.6 | ARRA Funding Recipients in Brooklyn: Universities and Colleges**

Recipient	Neighborhood	Assembly Member/ Council Member	Funding (\$)
Long Island University Hospital	Downtown Brooklyn	Millman/de Blasio	\$377,349
St. Francis College	Downtown Brooklyn	Millman/Yassky	\$1,137,739
Brooklyn Law College	Downtown Brooklyn	Millman/Yassky	\$209,571
Pratt Institute	Clinton Hill	Jeffries/James	\$1,206,588
St. Joseph's College	Clinton Hill	Jeffries/James	\$1,436,921
ASA Institute of Business	Downtown Brooklyn	Millman/Yassky	\$6,068,451

*(Recovery.gov; USASpending.gov)*

Additionally, Jewish schools received an unexpectedly large number of federal grants for schools across Bloomberg strongholds in Borough Park, Midwood, Williamsburg and parts of Flatbush. Also noteworthy, no other faith-based schools received ARRA funding in Brooklyn as reported on recovery.gov, including no direct funding to the Roman Catholic, Eastern or Russian Orthodox dioceses of Brooklyn (exception: ARRA funding directed to Catholic colleges & universities noted above), Muslim madrassas, or Protestant-affiliated schools. Distribution of federal funds do not have a direct line from Gracie Mansion, but the number of Jewish community centers and schools that received funding maps against the concentration of political power for Mayor Bloomberg during the 2009 election. The collapse of support for Bloomberg in black and white liberal areas of the borough required his campaign to maximize the potential from key constituencies that remained part of his coalition, none perhaps more important than the Jewish communities that were served by the community centers receiving a substantial portion of ARRA funds in the borough.

Examples of ARRA funding directed toward Jewish community centers and schools include the following.

**Table 1.7 | ARRA Funding Recipients in Brooklyn: Jewish Community Centers and Schools**

Recipient	Neighborhood	Assembly Member/ Council Member	Funding (\$)
Crown Heights Jewish Center	Crown Heights	Jeffries/James	\$4,004,547
Mestiva Torah Vodaath Seminary	Park Slope	Brennan/de Blasio	\$94,137
Mirrer Yeshiva Center	Sheepshead Bay	Cymbrowitz/Nelson	\$178,543
Beth Hatalmud Rabbinical	Bensonhurst	Colton/Recchia	\$249,543
Merkaz BNOS	Bensonhurst	Colton/Recchia	\$673,637
Mesitva of Eastern Parkway	East Flatbush	Perry/Mealy	\$34,077
Associated Beth Rivkan	Crown Heights	Camara/James	\$140,000
Rabbinical College	Bedford-Stuyvesant	Robinson/Vann	\$407,681
Yeshiva Kehilath Yakoe	Williamsburg	Lentol/Yassky	\$49,451
Khal Beni Emunim Talmud	Williamsburg	Lentol/Yassky	\$527,916
Kehilath Ykov Rabinnical Sem	Williamsburg	Lentol/Yassky	\$138,151
United Talmudical Academy	Williamsburg	Lentol/Yassky	\$1,959,169
Congregation Adas Yereim	Williamsburg	Lentol/Yassky	\$68,695
Yeshiva of Nitra	Williamsburg	Lentol/Yassky	\$367,363

*(Recovery.gov; USASpending.gov)*

*Grants, Housing & Urban Development and Health & Human Services Grants*

The federal grants through the Department of Housing and Urban Development (HUD) and Health and Human Services (HHS) came largely through Community Development Block Grants administered within neighborhoods. In contrast to the flow of money to Jewish schools and community centers, often relatively smaller sums directed at political forces with smaller, finite geographical influence, the block grants served through large community organizations played a different political role. These grants were received by organizations like Ridgewood-Bushwick, once purveyor of the politics of Vito Lopez, Brooklyn Democratic Party boss.

The larger community development organizations exercised a political aim, reinforcing the notion that funding streams entered the borough from the federal government both to

constituencies in favor of Bloomberg’s reelection and to those that had shifted support to Thompson. Examples of ARRA funds flowing into these organizations include the following.

**Table 1.8 | ARRA Funding Recipients in Brooklyn: Community Development Organizations**

Recipient	Federal Agency	Funding (\$)
Ridgewood-Bushwick Senior Citizens Council	HUD	\$1,566,747
Kingston Ave Development LLC	HUD	\$2,092,818
Bedford-Stuyvesant Restoration Corp	HUD	\$8,838,955
Classon Heights LLC	HUD	\$1,573,200
Bushwick Avenue Associates	HUD	\$366,000
ODA Community Development Corp	HUD	\$10,215,781
Brooklyn Chinese American Association	HUD	\$431,129
Sunset Park Health Center	HUD	\$3,566,526
Mother Zion Apartments	HUD	\$1,083,225
Towne Gardens LLC	HUD	\$1,987,456
Brownsville Community Development	HUD	\$1,079,672
Greene Ave HDFC	HUD	\$1,591,031
Bedford-Stuyvesant Health Center	HUD	\$1,112,200
Camba	HUD	\$5,689,000
Riverdale Osborne Towers Housing	HUD	\$1,493,506

*(Recovery.gov; USASpending.gov)*

This is not to suggest a causal relationship between HUD grants and political organizations with a political end. Indeed, many of these bring federal dollars to community development and low-income housing projects drastically in need of funding. However, these public housing initiatives have a political element to them that cannot be mistaken. Funding for these institutions has political consequences and additional funding from the federal government is no exception.

## **Shovel-Ready or Rent-Seeking: Uniqueness and Success Measures of Recipient Beneficiaries of Federal Funds under ARRA**

Ultimately, ARRA will be measured on its achievement of its policy goals: namely, to preserve and create jobs. To that end, the question of whether program recipients fit the description of “shovel-ready” – recipients that would utilize federal investment (either grant or loans) to create demand through increased production, innovation, or consumption – requires additional analysis. If Kingdon’s measure prevails, political entrepreneurs would have succeeded in diverting federal funds towards a “rent-seeking” model fueling political gamesmanship more than economic growth.

One measure of the uniqueness of ARRA funding is reflected in the number of businesses that received ARRA funds but were not part of discretionary funding after ARRA was fully distributed. Essentially, were recipients common receivers of federal funds, or were they unique to funding from the discretionary budget controlled by the city? Of the ninety-one (91) business and organizations that this study addresses, twenty (20) were recipients of discretionary funds from the city after 2009. The character of those twenty recipients is worth examining. Essentially, four categories of recipients prevailed with additional funding in the years after ARRA, large public/private institutions, community-based programs, economic development agencies, and Jewish congregations.

**Table 1.9 | Persistent Beneficiaries of Discretionary Funding, post-ARRA**

<b>Large Institutions (Public/Private)</b>	<b>Community-Based Programs</b>	<b>Economic Development Corporations</b>	<b>Jewish Congregations &amp; Schools</b>
Brooklyn Chinese Association	Brooklyn Youth Chorus	North Flatbush Housing	Merkaz BNOS
Long Island College Hospital	Reel Stories Teen Filmmaking	Cambra Economic Development	Rabbinical College
Brooklyn Public Library	Groundswell Community Mural	Brownsville Community Development	United Talmudical Academy
Brooklyn Botanic Gardens		Restore Housing Development	Congregation Adas Yereim
Pratt Institute		Greene Ave HFDC	
Brooklyn Plaza Medical Center			
St. Francis College			
NYC College of Technology			

The majority of the recipients of federal funds were not repeat receivers and provided a spectrum of available recipients from dry cleaners to restaurateurs, start-ups, and well-established programs. The term “shovel-ready” leaves a lot to be desired from a policy point-of-view – do established businesses have more infrastructure to take advantage of new funding to convert it into job-creating or job-saving investments; or, do established businesses seek federal funds to service debt at low rates? Are entrepreneurs who took advantage of federal funding under ARRA good bets for the economy or unnecessary risks that won’t contribute to the economy once the funding dries up?

A look at the recipients of ARRA funds in Brooklyn based on their years of establishment provides another view into how funds were distributed to businesses and organizations within the borough (via Dun & Bradstreet Business Browser and Resource USA

databases). The stimulus reached institutions established as early as 1884 (St. Francis College) and 1887 (Pratt Institute) and 1897 (Brooklyn Public Library). It reached small business established after the Great Recession in 2008 (A to Z Daycare) and 2010 (Citywide Dental) that used small business loans to establish their business. The measure of success of ARRA cannot be limited to a view of 2009, but must take into account the funding that allowed businesses to establish themselves in the years that followed. Overall, as examined through the Dun & Bradstreet and Resource USA databases, fifty-one (51) of the ninety-one (91) recipients were registered in their databases with information showing a range of receivers from post-2007 (10), 2000-2006 (7), 1990-1999 (12), 1950-1989 (14), and pre-1949 (10). This range of recipients suggests that distribution was driven by business entrepreneurs and established institutions experienced at seeking funding sources from the federal government.

Lastly, performance of ARRA recipients has not lived up to the transparency that was promised in the original legislation. The website, [recovery.gov](http://recovery.gov), was shut down, replaced in part by [USAspending.gov](http://USAspending.gov), but which still did not list whether loan-recipients had repaid their loans. Economic performance tracks some indicators but provides an incomplete picture: economic/business databases show some signs of progress, but are inconclusive, as self-reported data into each database is difficult to confirm with secondary evidence. Nonetheless, the data available show a picture of progress and the limitations that a single moment of funding can have on small business development in a competitive marketplace like New York City.

Companies that reported growth from 2009 to 2018 through Resources USA included ARRA recipients like Hi-Rite Electric (9.7% increase in net revenue), Maximum Security Systems (90.3%), Lee Trading Company (75.3%), and Volmar Construction (12.5%), but in every case the revenue increases were outside the years 2009-2011, and therefore provide less evidence of correlation between ARRA funding and increased revenue. Did ARRA bridge a troubled time? Did ARRA allow for the business that otherwise might have closed to

remain open? Certainly that is possible, but being that much of the revenue gains appear later, it appears that ARRA was more effective in its mission to *save jobs* than to *create jobs*.

At the same time, a number of businesses fell-off in revenue in the years after ARRA funding, namely NYC Glass (-54.7%), JEM Smoke (-79.8%), Lugh Studios (-39.3%), and Soltone, Inc. (-71.6%), the restaurant company having used the federal loan to open a second restaurant location in Park Slope that would close not long after opening. Perhaps revealing, according to each database, two of the companies that started after the Recession saw declines in revenue after 2011, A to Z Daycare and Citywide Dental, though the declines were not precipitous.

### **Overlays of federal funding and electoral coalition strength**

The overlay of federal funding against the diminishing electoral coalition of Michael Bloomberg's candidacy in Brooklyn in 2009 does not present a causal relationship between federal funding and his electoral coalition. However, certain patterns do appear, namely, more so than others, the nexus of his campaign's reliance on Jewish support from the borough as he anticipated a precipitous drop in support in neighborhoods that didn't align to Fernando Ferrer in 2005, but were likely to support Bill Thompson in 2009. Furthermore, as few of those key recipients went on to receive discretionary funding from the city in the years after ARRA, those one-time allocations to key recipients in election constituencies further support the correlation of funding with much-needed political support. Lastly, the nature of the recipients, community centers and schools that have broad influence on their communities, especially noting that community centers of other faiths did not have the same representation, further indicates that political motivations, however consequential, were realized in the benefit of federal funds being directed to key elements of the Bloomberg election coalition that remained in Brooklyn.



## **Concluding Remarks**

The Great Recession, the federal government's response with the American Recovery and Reinvestment Act of 2009, and the coinciding election of Michael Bloomberg to a third term as mayor presented a unique moment to examine a major city at the crossroads of economic disaster and political upheaval.

The Great Recession reached every part of the nation's economy and no city, not even the epicenter of the American economy in New York City, was spared. Though the city weathered the economic shock of the Recession differently than other locations, aspects of the effects that reached the city are both representative of those that affected regions elsewhere and provided a unique view into how economic factors affect a city in political flux. New York City's immigrant and ethnic-based politics posed an opportunity to examine how the effect of economic disaster and political change reach and breach political coalitions across the city.

Ultimately, this study looks to contribute to the developing literature on the expenditure of ARRA funds during the Great Recession. Unlike other research that has either focused on national distribution of ARRA funds (Benjamin, 2017), implementation constraints (Carley & Hyman, 2014), or the adherence of distribution to politically consistent aims (Young & Sobel, 2013), the work developed in this study is more consistent with the questions developed by Gimpel (2012), asking whether ARRA became "a vehicle for a broad array of policy goals as political entrepreneurs took advantage of an especially wide-open window of opportunity." The analysis suggests the conditions were not only present but the allocation of funds consistent and aligned to key constituencies in Bloomberg's reelection efforts in the tumultuous campaign of 2009. To that end, this study contributes to existent literature on ARRA by linking ARRA policy studies with the literature on urban political coalitions, to examine at the local, even the neighborhood level, how public budgeting under

extraordinary times play out during elections years, few as exceptional as the race for New York City mayor in 2009.

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