



Cabinet officials head to hard-hit auto states

By KATHY BARKS HOFFMAN – 1 day ago

LANSING, Mich. (AP) — Officials in four Midwestern states badly hurt by the auto industry's woes are lining up to ask the Cabinet secretaries crisscrossing the region for a better deal when it comes to getting funds from the federal recovery act.

With the bankruptcy filing of industry icon General Motors Corp. just days old and Chrysler LLC plants shut down until the company emerges from its own bankruptcy, the states — Michigan, Ohio, Indiana and Wisconsin — hope to persuade the visiting officials that they deserve a big chunk of \$87 billion in discretionary federal recovery dollars being handed out.

They haven't done very well at getting a larger-than-average share of the \$116 billion dispersed so far under the American Recovery and Reinvestment Act, according to an Associated Press analysis of figures on the federal government's official recovery Web site.

Michigan has the nation's highest unemployment rate. Ohio and Indiana are in the top 10. But the formulas used by the recovery act usually don't consider unemployment and layoffs, so these states aren't getting anything extra for being hard-hit. Many states with lower jobless rates, such as Massachusetts, West Virginia and Louisiana, are getting a bigger amount per person.

"The formulas are what they are, and there's not a lot of options to adjust those" because they're controlled by Congress, said Leslee Fritz, who oversees the recovery money flowing to Michigan. "Where we really are focused is on the grant side."

Michigan already has applied for discretionary grants, including a sizable share of a \$2 billion pot for advanced battery research for electric cars, \$5 billion for school districts that improve struggling schools, \$1.5 billion for transportation projects such as expanding the lock system in northern Michigan that controls Great Lakes shipping and \$8 billion for high-speed rail that would link Chicago and Detroit.

"Those are the areas where we are pushing very hard and believe that the Obama administration has the ability to honor the commitments they've made to states like Michigan to be helpful," Fritz said.

But those decisions are likely to come over the course of the summer, not immediately. "Unfortunately it's on their timetable, not ours," Fritz said.

During stops Tuesday in Michigan, Ohio and Indiana, the officials told workers and community leaders that the federal government is cutting red tape so auto communities can get both quick relief and more recovery help down the road.

"Look at the guys who are getting the training dollars. Look at the auto dealers who are now able to finance their inventory. Look at the people who ... are unemployed who now will have access to Pell grants," White House auto recovery czar Ed Montgomery told The Associated Press while wrapping up a trip to Michigan on Tuesday. "We've been ... getting dollars out."

He said the White House is stepping up the pace for getting those funds to the auto states. Michigan learned last month it would be the biggest recipient of discretionary funds for redeveloping old industrial sites. On Tuesday, Ohio learned it would get \$88 million to modernize the computers and software it uses to handle unemployment claims and Indiana learned it would get \$8 million for clean water projects.

And the auto states have gotten a bigger share of recovery dollars that do take jobless rates into account, such as worker retraining funds and money for extended unemployment payments.

Still, those tend to be balanced out by areas where the auto states aren't getting as much, leaving them with only average amounts from the recovery dollars distributed so far.

That has led some to criticize the four-day tour as just a feel-good attempt by the White House to control the bankruptcy backlash in areas that could be critical to Obama's re-election chances in 2012. Obama won all four states last year but Indiana generally votes Republican and the other three usually are toss-ups.

As a PR move, the visit by Obama officials "is not going to make things a whole lot better," said Bob Kolt of Kolt Communications, a Michigan media specialist who also teaches media relations at Michigan State University.

"(It's) nice that they're coming in to smile to say that they're here," he added. "But we need money now."

A spokeswoman for Vice President Joe Biden, who's overseeing the recovery efforts, defended the tour, saying Tuesday that the amount each state gets in both formula and discretionary funds is changing day by day.

"There have been a lot of discretionary funds that have gone specifically to auto communities ... that go above and beyond a lot of the formula funds," said Elizabeth Oxhorn. "You may actually find that some of these auto states are actually ahead of the game."

Michigan Gov. Jennifer Granholm doesn't believe the visits are just for show. The day before she toured the GM plant with Montgomery and Labor Secretary Hilda Solis, she said she has seen a genuine desire by White House officials to help her state.

"I think the Obama administration is committed to following through on the suggestions that people are making to these cabinet secretaries," she said.

The current administration is more sympathetic to the situation in auto industry states than the Bush administration was, said economist Patrick Anderson of Anderson Economic Group in East

Lansing. But, he said, the cabinet secretaries need to use their visits to learn how they can help the troubled industry and communities rather than merely express sympathy.

"The only way out of this is something that restores the confidence of consumers, and that is not going to occur by easy comments of politicians," Anderson said. "People here need jobs, and they can't eat political sympathy."

On the Net:

- American Recovery and Reinvestment Act: <http://www.recovery.gov>