

**Opportunity Dividend Summit**

March 1-2, 2010

Detroit, MI

**Speaker statements and ideas:**

**Todd Swanstrom**

*Des Lee Professor of Community Collaboration and Public Policy, University of Missouri-St. Louis*

**Background:** How poverty is distributed across a city matters. A family earning \$20,000 per year that moves from a high poverty neighborhood to a mixed-income one recaptures \$4600 in disposable income. Local governments are best equipped to do that.

**Recommendation:** Change where poor people live – from high poverty neighborhoods to mixed-income neighborhoods using:

- Inclusionary zoning in strong markets
- Right-sizing in weak markets
- Regional systems of public transit & transit-oriented development to create micro-markets of strong demand, even in weak markets, where inclusionary zoning can then be used

**Discussion/Response:**

- Small, local transportation businesses like jitneys provide jobs and mobility. Work with Regional Transit Authorities to relax restrictions against them.
- The Annie E. Casey Foundation previously ran a program to help poor people access cars to increase mobility.
- Inclusionary zoning in San Francisco and Portland’s urban growth boundary led to greater economic integration in those metropolitan regions.
- Transit strategies cannot be overlooked. The cost of gas is equivalent to two hours of work for many middle skills workers.

**Deborah Shufirin**

*Senior Vice President of Programs, Initiative for a Competitive Inner City*

**Background:** Stimulating private sector investment in “inner city” businesses and economies is critical to addressing poverty. But their access to capital is limited, requiring inner city businesses to rely heavily on debt. Growing regional economies does not necessarily benefit businesses operating in the “inner city” (according to ICIC’s definition of the inner city). ICIC calculates that it takes 1450 jobs created in the region to create 100 jobs in the inner city.

**Recommendations:**

- Create business-friendly policies that benefit inner cities specifically, not just regions.
- Identify cluster gaps that can be filled with new businesses.

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- Drive access to capital for small businesses through program-related investments by foundations.
- Prepare inner city businesses to win government contracts and SBA loans to scale their businesses.

**Discussion/Response:**

- Densities of more than 100,000 people are needed to create an economy.
- Is government contracting a long-term income strategy for small businesses? Should it be?

**John Bouman**

*President, Sargent Shriver National Center on Poverty Law*

**Background:** Qualifying more people for middle-skills jobs is a promising strategy for reducing poverty. Middle-skills jobs require more than a high school diploma but less than a bachelor's degree and pay above-poverty wages. This strategy for reducing poverty involves establishing the necessary education and training programs, and helping the workers not only access but complete those programs. Completion is key to gaining the benefits associated with training and education, and too few students who start complete.

**Recommendation:** Increase completion of programs – 1 year certificates, 2 and 4 year degrees – using completion bonuses, work leaves and other incentives. Each credential increases earnings.

**Discussion/Response:**

- It costs \$8-10,000 to increase the competency of a low literacy person enough to become eligible for these jobs. Target TANF resources better to accomplish these low hanging gains.

**Joe Cortright**

*President, Impresa*

**Background:** Reducing poverty is closely bound up with improving state finances. In Oregon, if you moved 10,000 high school graduates to college graduates with 4-year degrees, there would be an \$8 million increase in state revenues and \$9 million savings in state expenditures.

**Recommendations:**

- Consider net gain in state revenues & expenditures based on increasing educational attainment.
- Increase completion rates in higher education.
- Invest in all levels of education.

**Discussion/Response:**

- Income hasn't changed in three decades for people who dropped out of high school, have a high school diploma or have some college education but no degree. The only

- people whose incomes have increased over the last three decades are those with at least a four-year college degree.
- Quality pre-K education is key. However, evaluation shows there is no noticeable difference in achievement from low-income kids who attended Head Start and those who did not. Local and state governments need flexibility for use of federal Head Start dollars in order to provide quality programs and instruction.

**Julie Roberts**

*Regional Program Manager, Green for All*

**Background:** Creating an inclusive green economy with real jobs pulls people out of poverty. Middle class green careers pay. For example, a solar installation job pays \$20/hour (versus retail jobs that pay \$8/hour), and recycling creates 10 times more jobs than landfills.

**Recommendation:** Create a strong, inclusive green economy by targeting investments toward creating local, middle class jobs in three sectors:

- Green construction, by changing local policies to drive demand and create jobs (e.g. green building laws)
- Recycling, by using local policy to create incentives for zero waste jobs
- Urban manufacturing, by creating manufacturing jobs associated with wind turbines, recycled goods, brownfields clean-up and energy retrofits that result from local policy changes

**Norman Krumholz**

*Professor, Cleveland State University*

**Background:** Adopting an equity framework for the planning profession would focus on moving resources, political participation and power toward poor and disadvantaged citizens.

**Recommendations:**

- Link economic development proposals to local jobs using Community Benefits Agreements.
- Make sure everyone who is eligible for the Earned Income Tax Credit files for it.
- Keep transit fares as low as possible and ease rules on taxi regulation for easier entry into the hacking and jitney business.
- Create incentives that make jobs accessible for low-income communities.

**Discussion/Response:**

- The Earned Income Tax Credit is worth more than welfare payments to eligible families.
- Community Development Corporations and community-based organizers need continued support.
- There is as much or more gain helping people spend their money better than increasing their income. This makes a strong case for financial literacy training.

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- Support financial literacy training in basic banking skills to wean low-income families off of payday lending.
- Enact legislation against predatory tax preparers.

**Lou Glazer**

*President, Michigan Futures*

**Background:** In the short term there are only two levers (both federal): full employment and an expanded safety net. But what matters most in the long term is increasing human capital.

While we have made headway in improving K-12 education, thanks to choice and accountability, these same qualities have not been introduced into the adult training system. Adult education and training is a closed system that protects current operators and therefore discourages innovation.

**Recommendations:**

- Introduce choice and accountability in adult education & training.
- Make success, not structure, the objective of the exercise. Invest in what works, remaining agnostic toward organizational structure (ex. schools – public, private, charter).

**Discussion/Response:**

- The key in the long run is to increase college degrees. For those born to parents in the bottom income quintile, only 5 percent of those without a college degree make the jump to the top income quintile, compared with 19 percent that have a college degree.
- Create public awareness of sources of funding of employment and training programs to increase accountability.

**Sandra Danziger**

*Professor of Social Work and Research, Professor of Public Policy, University of Michigan*

**Ann Kalass**

*CEO, Starfish Family Services*

**Background:** Life in poverty is complex, and there is no silver bullet fix. Starfish is testing the assumption that using community-wide, multi-level involvement to connect poor families with a variety of resources and opportunities can make a difference.

**Recommendations:**

- Focus on multiple age levels, but intervene early. The highest return comes from targeted investments in early childhood programs (Heckman curve).
- Place families at the center rather than organizations. The best success is with families that are self-motivated to elevate themselves out of poverty.
- Have civic leaders go through a poverty simulation.

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**Discussion/Response:**

- It might be better to start early, but don't give up on adolescents. College dropouts due to poor preparation are prevalent. Seventy-nine percent of kids in the top household income bracket enroll in college and 53 percent of them graduate. By contrast, only 34 percent of kids in the bottom household income bracket enroll in college and only 11 percent of them graduate.
- Programs should focus on those motivated and ready to change.

**Scott Allard**

*Associate Professor, School of Social Service Administration, University of Chicago*

**Background:** How we help the poor and where we provide that help are questions that have important implications for discussions about policy innovation and community-based solutions to poverty. There is discrepancy between where services are located and the populations they need to serve. New solutions won't work unless we increase the accessibility and stability of the providers that deliver the programs. Currently we spend \$70 billion per year on welfare and food stamps and \$150 billion per year on social service programs.

**Recommendations:**

- Tie social services to place. You can mail a welfare check but you can't mail job training.
- Improve connections across existing service providers.
- Help nonprofits access facilities in hard to serve neighborhoods
- Connect the safety net to core community values in order to spur public support.

**Discussion/Response:**

- Focus on governance-neutral solutions and get out of the ideological debate about form of organization. Invest in successful programs regardless of organizational model.
- Uniform standards and a strong administrative network at the state level can empower local service providers to scale up.
- Only \$1 out of every \$3 allocated to poverty at the federal level goes directly to poor people. The rest goes to services for poor people.
- In terms of numbers there is more poverty in suburbs than cities. There are fewer social service providers in suburbs and they are starting to see new clients with no experience accessing the safety net.

**James Lewis**

*Senior Program Officer for Basic Human Needs, Chicago Community Trust*

**Background:** A framework is needed to prioritize anti-poverty interventions that takes into account the effects of business cycles, economic equilibrium, demography, outcome risk deriving from multiple barriers to employment and documented cost-benefit.

There are three different ways to think about reducing poverty: 1) increase income to reduce the number of persons below the poverty line; 2) if you can't add income, make it

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cheaper for them to live; or 3) don't change their financial circumstances, instead change the circumstances in which they live.

It is important to note the levers in a region's poverty population: 1) poor entering/exiting the region; 2) non-poor losing income to below poverty line/poor gaining income to above poverty line; 3) non-poor losing benefits to below poverty line/poor gaining benefits to above poverty line; 4) born into poverty/poor people who deacease; 5) persons in non-poor families move into poor families/persons in poor families move into non-poor families; and 6) persons who become poor because of family additions/persons who become non-poor when household member leaves. Interventions must affect net poverty, not just the individual served.

**Recommendation:** Based on academic literature review and a calculation of ROI of various poverty interventions in Chicago, invest (in the following order) in:

- Public education
- Early childhood programs
- Electronic access to benefits
- English as a Second Language programs
- Small business investment and technical assistance
- Highly targeted job training
- High quality evaluations in: offender reentry & diversion, teen pregnancy prevention and effective financial skills training

**Lisa Tobe**

*Director, Center for Health Equity*

**Background:** Environments limit individuals' food choices. There were 35 million "food insecure" people in the U.S. in 2005, of them 12.4 million were children under the age of 18. Food security is defined as having access to enough food for an active healthy life at all times. There is a vicious cycle of food insecurity, poor health and poverty.

**Recommendations:**

- Create incentives for local farmers.
- Increase the use of community gardens.
- Provide access to EBT machines at farmers markets and CSA programs so that SNAP and WIC participants can purchase healthy food.
- Attract new grocery stores to low income neighborhoods.
- Support existing stores to offer healthy food options.

**Discussion/Response:**

- Consider creative partnerships with local food pantries.
- Showcase model zoning ordinances that impact food deserts and apply them across jurisdictions.

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**John Talmage***President and CEO, Social Compact*

**Background:** An absence of market information creates an environment of conservative investment, and information barriers can quickly become capital barriers. For example, Social Compact's Drilldown Analysis in Miami found 1.5 million residents that were not counted by the Census. That equates to \$36 billion in local buying power. One person is worth \$2200 in federal funding to states.

A brief look at efforts to dismantle information barriers provides an outlook on how expanding access to information can spur investment in urban markets across the country.

**Recommendations:**

- Manage your own information for private and public investment purposes.
- Focus on ensuring an accurate Census count before the end of April.
- Develop a system to use real-time data strategically.

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**Recommendations from Responders and Participants:**

- Redesign higher education to lower costs and serve adult students better.
- Engage people currently living in poverty and work to put motivated families at the center of solutions.
- Create a public relations campaign on the "true face of poverty" using an opportunity framework.
- Emphasize literacy for the lowest household income bracket.
- Legislate for standard simple agreements and household contracts to prevent predatory practices (e.g. cell phones, cable, rent, etc.).
- Develop talent and leadership in the public sector to deal with the complexity of this challenge.
- We spend twice as much on programs as on direct federal aid. Cut out the middleman to increase direct aid.
- Promote marriage. If we had the same level of marriage in this country as we did in the 1970s it would reduce poverty by 30 percent without any intervention.
- Develop local policy that can create new local economic opportunities. An example is a Zero Waste Policy.

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