

Poverty Reduction Strategies for New Orleans, Louisiana

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EXECUTIVE SUMMARY

Poverty is a persistent problem in New Orleans. Pre-Katrina figures reveal that a large percentage of the city's population lived below the poverty line. The storm has only exacerbated the conditions as well as the racial pattern of who experiences poverty. Many policy makers are looking to implement changes to alleviate the destitute conditions of post-Katrina New Orleans.

Poverty is a complex issue affected by many variables. Poverty rate is dependent upon access to affordable and quality education, healthcare, housing, childcare, transportation, financial services, and food and consumer products. New policies that consider these variables should be implemented in New Orleans to effectively reduce the number of impoverished people.

New Orleans is not the only city in the U.S. that is faced with poverty issues. Many other Southern cities, such as Houston and Savannah, are actively trying to reduce their poverty rates. Based on our evaluation of these poverty alleviation programs as well as efforts elsewhere, we have arrived at some policy recommendations. The best policy options for New Orleans seek to provide financial incentives, increase access to various resources, and include innovative elements within a large comprehensive city program.

INTRODUCTION

New Orleans currently experiences high rates of poverty. The storm laid bare the impoverished city and highlighted disparities that separate race and class within it. To provide policy recommendations for poverty alleviation in the New Orleans, we have researched academic literature on poverty reduction and have examined successful poverty reduction initiatives in other large American cities. The concluding policy recommendations address several variables that affect the poverty rate. The best policy options for New Orleans seek to provide financial incentives, increase access to various resources, and include innovative elements within a large comprehensive city program.

I. POVERTY IN NEW ORLEANS

According to the 2006 American Community Survey, 27.9 percent of New Orleans residents lived below the poverty line.¹ During the same time period, 12.3 percent were below the poverty line nationally. With a percentage more than double the national rate, New Orleans faces a poverty problem.

Furthermore, poverty in New Orleans exhibits certain racial elements. The 2000 Census reveals that blacks are disproportionately affected by poverty. Before Hurricane Katrina, 35.0 percent of blacks were found in poverty while only 11.5 percent of whites were. These figures are expected to have been further exaggerated by the devastation of Katrina, rendering an even larger percentage of blacks in poverty.²

II. POVERTY REDUCTION

2.1 Conditions under which Poverty Declines

A multifaceted strategic approach is necessary to reduce poverty. There are four general categories through which to attack poverty: through providing income or services, and directly—through increasing the poor's consumption—or indirectly—through increasing the poor's human capital, or skills, knowledge, and citizenry power. Often a particular program will be a hybrid of some or all of the above categories.³

Because all of these programs require more tax dollars, the “hope is that investing dollars in these programs will produce a return—greater work hours among the low-income population, which in the long run will reduce transfer payments and increase tax revenues.”⁴ Evidence indicates that certain programs’ benefits can outweigh the costs if implemented effectively.⁵ These recommended programs include new job opportunities, quality job skills training and placement programs, particularly for underserved youths, minimum wage increases, tax credit programs to reduce the tax burden on the working poor, public assistance to needy families, asset building by encouraging saving, and access to quality and affordable education, health care, housing and transportation to break the intergenerational cycle of poverty. (See appendix for table.)⁶

III. WHAT OTHERS HAVE DONE

3.1 Comprehensive Community Programs:

3.1.1 Step Up Savannah

In 2003, an Anti-Poverty Task Force focused on analyzing poverty in Savannah, the efficacy of services, self-sufficiency barriers, and community engagement strategies.⁷ Step Up Savannah is Savannah's resulting Poverty Reduction Initiative, a collaboration of organizations from the government, business, education, faith-based, and non-profit sectors and low-income community to address the problem of persistent poverty in Savannah.⁸ Community leaders such as the Mayor of Savannah, the Chairman of the County Commission, the President of Savannah Electric, the President of Savannah Economic Development Authority, the President of the Savannah Area Chamber of Commerce, the Executive Director of the United Way of the Coastal Empire, topical experts and high-level business partners are involved.

As of the 2000 Census, 21.8 percent of Savannah lived in poverty, with an even higher rate in downtown Savannah of 56.8 percent of people below 75 percent of the poverty level. Poverty in Savannah has declined less than one percentage point from 1980 to 2000.⁹

Savannah's poor are disproportionately minorities – especially African American and Latino – and female-headed households.¹⁰ As of the 2000 census, 75 percent of all households in poverty were headed by single women. Additionally, in 1999 Savannah's Chatham County's poor was 41 percent children (under 18), higher than the national percentage of 37 percent. Savannah's gap between the rich and poor is growing, with “nearly 35 percent of its households earning less than \$20,000 per year and only 13 percent of households over \$75,000.” The median household income for the overall city is only 68 percent of Georgia's median, and the center city Community Development Block Grant area's \$19,060 median household income is only 45 percent of the state median.¹¹

The most common occupation in Georgia is low wage food preparation, serving and related jobs. Of Savannah's labor force, eighteen percent (21,480) “earn less than a self-supporting wage even at full time employment.”¹² Therefore growth in employment has not resulted in income growth because low wages cannot support an individual and their family. Education levels are low: as of 2002, 20.7 percent of Savannah's workforce had not completed high school. High poverty in downtown Savannah is also correlated with a high proportion of rental units, rent to income ratio, unemployment, overcrowding, households on public assistance, and low household income and households without cars.¹³

Key issues that affect Savannah's ability to reduce poverty are the high cost of basic necessities, new employment centered outside the city, and the difficulty of gaining relevant job skills for the changing economy.¹⁴ Teenage pregnancy, juvenile crime, and substance abuse are related issues. The six main barriers to poverty alleviation are lack of healthcare, transportation, quality and affordable dependent care, affordable housing, access to financial institutions, and workforce training and education. The Action Plan found that coordinating with many community resources is necessary the fight against poverty because “reliance on government and human service agencies for solutions has not resulted in significant poverty reduction throughout the nation.”¹⁵

Table 1. Savannah, Georgia: Barriers to Poverty Alleviation¹⁶

<i>Lack of:</i>
<i>Healthcare</i>
<i>Affordable Housing</i>
<i>Transportation</i>
<i>Quality and affordable childcare</i>
<i>Workforce and Education</i>
<i>Access to financial institutions</i>

Source: (Action Plan, 2005, 15).

Step Up Savannah has therefore devised several initiatives or “action teams” in the areas of healthcare, housing, transportation, dependent care, workforce, and asset building. Step Up’s goals are to develop a skilled and educated workforce through education and workforce development; to improve people’s access to quality jobs through transportation; to support working families through dependent and health care; to help families build assets; and to build affordable, quality neighborhoods.

3.1.1.1 Healthcare

Step Up Savannah’s healthcare action team is dedicated to increasing insurance and access to preventative treatment because lack of the above leads to complications resulting in “higher cost of health services, increased absenteeism from work and disability.”¹⁷ Team member organizations include the Chatham County Health Department, the Georgia Medical Society, area hospitals, universities, community healthcare centers, and private and non-profit organizations and foundations. Thus far, they have spent \$200,000 to create a Care Navigator program that redirects uninsured adults to community healthcare providers from Emergency Departments (EDs). In 2006, 4,330 patients were redirected, PeachCare – Georgia’s state program to increase children’s access to affordable health insurance – provided an additional 496 children with coverage, and 9,657 additional underinsured or uninsured people received pharmaceutical assistance. The goal in 2007 is to redirect 3,000 more patients to primary care providers, provide 10,622 people with pharmaceutical aid, and place 500 uninsured with chronic conditions into the Care Navigator Program.¹⁸

3.1.1.2 Housing

The affordable housing action team’s policy agenda is to collect data on low-income available housing and subsidy programs, to increase public awareness about affordable housing in Savannah, and to create the Savannah Chatham Housing Trust Authority to increase affordable housing. The team members include housing, apartment, and homeless agencies, several area banks, the Metropolitan Planning Department, Savannah State University, Savannah Electric, the Savannah Development Renewal Authority, and Georgia Legal Services. Thus far, 275 owner/renter housing units have been repaired or developed, and home buyers have bought 90 homes.¹⁹

3.1.1.3 Transportation

Although transportation cannot solely reduce poverty, access to transportation can reduce absolute poverty by lowering costs and increasing job opportunity. Step Up Savannah's transportation action team works to improve access to jobs through carpooling, tax credits for non-single occupant vehicle travel, tax credits for employers who provide transportation employee benefits, and public transit. The action team is developing legislation that will give Chatham Area Transit (CAT) county-wide taxing and operating authority, as well as add rideshare services, transportation broker, employer incentive programs, and other innovative programs to CAT's present services. Thus far, the action team has persuaded CAT to consider reducing its transfer fare policy, and has helped create a voucher plan for poor city residents.²⁰

3.1.1.4 Dependent Care

The dependent care action team includes representatives from the City of Savannah, Georgia Power, Senior Citizens, Inc., municipal housing authorities, children's centers, local universities, citizen groups, the Department of Family and Children, and Memorial Health. The team's policy agenda is to use a portion of E-SPILOT revenues—a Georgian penny-per-dollar consumer goods sales tax—on child care facilities, and to create minimum standard regulations for quality child care. The team is planning a childcare symposium, creating a childcare service directory available through the United Way's 2-1-1 information system, collaborating with employers to open a downtown childcare facility, and educating funders on the importance of childcare in reducing poverty.²¹

3.1.1.5 Workforce and Education

The workforce and education action team's policy agenda includes raising the school drop out age from sixteen years old to seventeen or eighteen years old; encouraging federal housing policies to mandate jobs following training; and expanding Georgia's technical college grants to include childcare, transportation, and book subsidies for people living in poverty. Thus far, the county, technical college, Homebuilders Association, and Step Up Savannah have collaborated to create a sixteen week construction job training program; the county has provided funds and transportation to and from work sites for participants. Additionally, a local neighborhood community center and two skills centers have focused on workforce training, keeping employer needs and skills requirements in mind. Programs to obtain one's GED have also been offered at job training sites. The 2006 projected outcomes were that 150 residents would acquire job skills, 150 residents would acquire upwardly-mobile jobs, 300 would enroll for job counseling, skills, literacy, support and other training at neighborhood skills centers, and 60 volunteers would train others.²²

3.1.1.6 Asset Building

The asset building action team's focus is creating a Banking Task Force with twelve local banks collaborating on ways to bank those not previously in the banking system. Key results of the team have been a 300% increase from 2004 in people's collection of the Earned Income Tax Credit (EITC), as well as expanding the number of Individual Development Accounts (IDAs) enough to help nine individuals achieve homeownership by 2005.²³

3.2 Tax Credits

3.2.1 Local Earned Income Tax Credit (EITC) Program

The Federal Earned Income Tax Credit (EITC) Program is a way for families in or near poverty to receive larger annual tax refunds. Local EITC programs offer a way for city governments to “address poverty locally, in a way that is tailored to the needs of area residents and supports work.”²⁴

In 2003, San Francisco created a coalition of public, private, and non-profit actors – including a child advocacy agency and a workforce development intermediary organization – to create a local supplement to the federal EITC program. Named the Working Families Credit (WFC), the goals of the program were to increase the number of eligible people applying for the federal EITC, to promote saving and asset building for working poor families, to retain families in the city, and to act as a model for other poverty reduction programs. The WFC program is funded by general city revenue and private contributions.

WFC targets working, low-income people with children who qualify for the federal EITC program. As a measure of its success, nearly 10,000 families received a check – on average \$220 – from the city equal to 10% of their federal EITC in 2004, the first year of the program.

Denver also implemented a local EITC program but because it was supported by Temporary Aid to Needy Families (TANF) federal funds, the program was suspended indefinitely in 2004 when TANF funds evaporated.

Considerations include where funds come from, whether it is the best use of the type of fund, and estimating the costs and benefits to the city. According to experts at the Brookings Institute, “evidence suggests that tax incentives alone are not enough—they work better when combined with good planning, local capacity-building, and good governance across sectors.”²⁵

3.2.2 Local Child Care Tax Credit (CCTC)

Child care costs more than a full-time salary for many low-income families. For some families, child care is their largest expense after rent. Local child care tax credits can target poor populations to both encourage work and make work profitable. Evidence shows that “former welfare recipients with young children are 60 percent more likely to remain employed after two years if they receive help paying for child care.”²⁶ Tax credits targeting the working poor have also been shown to lead to higher employment levels. One study found that “60 percent of the 8.7 percentage point increase in annual employment of single mothers between 1986 and 1996 was attributable to the Earned Income Tax Credit (EITC) expansion.”²⁷

New York City’s Center for Economic Opportunity (CEO) started the Child Care Tax Credit (CCTC) in the summer of 2007 as one of only two local child care tax credit programs nationwide. CCTC is similar to other state and federal credit programs. It is “CEO’s largest initiative and is expected to cost up to \$42 million per year and to provide refundable credits of up to \$1,700 to an estimated 49,000 low- and moderate-income families” to provide those families with support and ensure quality child care for their children.²⁸

It is not yet known how the CCTC has worked. However, CEO is committed to extensive monitoring and evaluating, and to providing successful programs with ongoing or increased funding for more participants.

3.3 Cash Conditional Transfer (CCT) Programs

3.3.1 Opportunity NYC

Opportunity NYC is a private-public antipoverty initiative of Mayor Bloomberg's launched in September of 2007 and centered on a Conditional Cash Transfer (CCT) program that has been successful in many areas around the world. It is a \$53 million collaborative venture involving the Deputy Mayor for Health and Human Services, many city agencies and community-based organizations, Seedco – a private, nonprofit intermediary organization focusing on workforce and community economic development – and financed entirely by private founders during the pilot phase including The Rockefeller Foundation, The Robin Hood Foundation, The Starr Foundation, the Open Society Institute, and AIG.²⁹

CCT programs are a new and popular tool in international development “designed to alleviate poverty in the short-term by providing additional income to poor families, and to break the inter-generational cycle of poverty in the long-term by promoting greater investments in human capital.”³⁰ The original CCT program called Progresa (now Oportunidades) in Mexico reaches over 20 million Mexican families today, and has been copied in over twenty countries. Both Progresa and other CCT programs have been rigorously inspected and found to have reduced both the extent and severity of poverty, malnutrition, and improved school enrollment, graduation rates, and health.

Opportunity NYC's pilot program targets about 5,000 families (of which the control group comprises half) recruited and registered through six community-based organizations in areas with high poverty percentages: Morris Heights/Mount Hope and East Tremont/Belmont in the Bronx, Brownsville and East New York in Brooklyn, and Central and East Harlem in Manhattan. Families with incomes of 130 percent or less of the federal poverty line with at least one child in public school at critical grades four, seven, or nine were eligible to participate.

The program provides cash incentives to families in the three areas of employment and training, health, and education. Employment and training incentives will promote higher employment and earnings as well as job training alongside work activities. Health incentives will aim to ensure sufficient health coverage and medical and dental visits for all participants. Education incentives will promote improved test performance, parental involvement, and high attendance, behavior, and achievement.

Opportunity NYC is divided into three projects: the Opportunity NYC Family Rewards program, a family-focused CCT that has all three workforce, health and education components and serves 2,550 families (with 2,550 families acting as a control group); Work Rewards, an adult-focused CCT exclusively for workforce development, which serves 2,400 families; and Spark, a child-focused CCT for improving test scores of 8,600 total public high school students in the 4th and 7th grade by providing modest monetary incentives to students who improve academically.

Opportunity NYC is unique because CCTs have never been used in the United States or Western Europe before this program, a workforce participation sector has never before been added, and most of the previous programs were located in rural rather than large urban areas. The program is also different from conventional poverty reduction strategies because it does not focus on creating new social services, but rather on increasing participation in existing programs and activities by providing payments only when households meet certain bi-monthly targets. Participants submit coupons to prove they have completed the activities, and the money is directly deposited into stored value cards or recently-opened or existing bank accounts. The program will run between 2 and 3 years.

The first incentive payments to families were made in mid-December 2007. Families received cash transfers for participating in education, health, and workforce programs and training. The average family earning was \$540, with a total of \$740,000. Potential average family earnings are \$4,000 to \$6,000 a year based on completed activities and family makeup. One of the incentives was \$50 to open a ‘no fee’ bank account without minimum opening balance requirements or monthly fees. These accounts are provided by a partnership with eight financial institutions.

The goal is to offer easy and safe fund access, encourage savings, budgeting, and create and help participants keep a good credit status. The incentive to open bank accounts is paying off because in the first 11 days of the program, participants opened over 170 new bank accounts. Over half of the program participants lacked a bank account at the program’s start. The Office of Financial Empowerment (OFE) is also providing information on how to protect and manage one’s finances. In addition to the eight banking partners, six groups are involved in Opportunity NYC, including a multi-service family health center, Catholic Charities Community Services, Congregation for Community Improvement, Citizens Advice Bureau, and Urban Health Plan.

It remains to be seen whether these monetary incentives will help the participants become self-sufficient.

3.4 Work Experience Programs (WEP)

Work experience programs fall into the categories of “transitional jobs” or “workfare” programs. Transitional job programs offer short-term (three to twelve month) paid employment experience as well as welfare support for eligible participants. Successful programs have been implemented in Chicago, Philadelphia, and Washington State.³¹ These programs may work well for otherwise “hard-to-place workers—such as ex-offenders.”³² Workfare programs, conversely, are where the welfare recipients must work. Examples of these programs are the Community Work Experience Programs (CWEP) in the 1980s and NYC’s 1990s programs. Workfare programs are based on the theory of work ethic and the idea of reciprocal obligation for public assistance, as well as a way to deter welfare applications of people who can find jobs independently.

When well designed with training and supports like transportation, childcare and healthcare, WEPs can raise employment rates and produce valuable goods and services. However, WEPs are controversial because when they are designed poorly they can be very costly, not impact employment and output greatly, and possibly take away former union positions.³³ WEPs should only

be for those unable to find a job independently, particularly in economic downturns and places where few private sector jobs are available.³⁴

Low wage earners are “most likely to advance in the labor market when they have access to higher-wage employers who also provide on-the-job training and/or career ladders.”³⁵ Unfortunately, limited transportation and information impedes many low-wage, especially minority, workers from accessing higher-wage employers. Temporary job agencies and other private nonprofit labor market intermediaries may be able to provide computer skills training and improve people’s access to higher paying jobs.

3.4.1 City Agency Hiring

This NYC CEO program places Cash Assistance (CA) recipients into entry-level City Agency civil and non-civil service positions as well as private sector employment through a Business Links program.

3.4.2 Young Adult Internship Program (YAIP)

The Young Adult Internship Program (YAIP), a NYC Department of Youth and Community Development (DYCD) program, provides non-working and out-of-school 16-24 year olds paid short-term internships, job placements, advanced training or education, and follow-up services. Of the YAIP worksites, 46 percent are at private sector companies, and 25 percent are at large non-profits like universities and hospitals. Because the program is in its first year, its success rate is not yet known, but there are expected to be about 1,360 participants annually.³⁶

3.4.3 Summer Youth Employment Program (SYEP)

The Summer Youth Employment Program is a work experience program for New York City teenagers. In the summer of 2007, SYEP created an online application system, leading to an unprecedented 93,750 young people signing up, half of those online. As of 2007, 41,804 participants were enrolled in the program at 6,048 worksites, and the 2007 budget was \$50.41 million.³⁷

3.4.4 Private Intermediary Career Planning

The Center for Employment and Training (CET) in San Jose and WireNet in Cleveland are both labor market private intermediaries who train workers and work closely with employers to make sure the workers they refer have the needed skills for the job, as well as help build workers’ career ladders.³⁸

3.5 Health

3.5.1 Nurse-Family Partnership

This is a national model program that supports first-time, young mothers from pregnancy through their child’s second birthday. Registered Nurses visit homes regularly and promote good child development and parenting practices. Thus far, evaluations have been positive in the form of higher

achievement test scores, lower instances of child abuse and emergency room visits, and shorter hospital stays. As of 2007, 900 families have been served. The program expects to serve 3,420 NYC families by fall 2009.³⁹

3.6 Community-Based Approaches

3.6.1 Team ACTION (Achieving Change Together in Our Neighborhood)

Team ACTION is a “service-learning initiative that empowers young people from low-income communities and provides an alternative to high-risk behaviors.” Participants identify a problem in the community, design and implement the solution activity, and evaluate their project’s success.⁴⁰

3.6.2 Time Banking

Time Banking is a social change movement currently observed in 22 countries and many cities around the United States, including Austin, San Antonio, St. Louis, Pittsburgh, and New York. Time Dollars are a form of currency that people earn by helping each other and spend by getting help from others. For every hour spent doing something for someone in your community, you earn one Time Dollar. You then have a Time Dollar to spend on having someone do something for you. Time Banking creates a system that connects unmet needs with untapped resources. This simple system can have profound effects by changing neighborhoods and sending rippling effects through communities.⁴¹

The Time Banking system can be used to change the usual one-way relationships of paid professionals and volunteers “fixing” people. Post-Katrina New Orleans has been inundated with volunteers, but the Time Banking system offers a different, bottom-up approach to rebuilding. Time Banks give members a way to give back to each other and shape the outcome of their program. The system is usually found to operate within community groups, faith-based groups and churches, agencies, non-profits, eldercare organizations, and hospitals. These types of groups have all chosen Time Banking to support their goals, strengthen their outcomes, and reinforce a sense of community.⁴²

The kinds of services people share in a Time Bank depend entirely on what their group or community needs. The goals of the Time Banking system correspond very well with the goals of poverty reduction. The structure strengthens the community by building personal connections while working on specified projects that benefit the community.⁴³

A Time Bank can operate via telephone or be set up on the web to facilitate easy exchanges. To start a Time Bank in your community, one may refer to the Time Banking start-up kit that provides step-by-step guidance for explaining the Time Banking system, how one finds members, how to divide up leadership roles, and how to conduct orientation meetings. Throughout the process one may consult with local, regional, or specialized Time Banking consultants provided by Time Banks USA. If you are in an agency or are working with a specialized population, the consultants may be a useful resource in helping to more effectively achieve your mission.⁴⁴

The *Making Connections* initiative in Des Moines, Iowa, Indianapolis, Indiana, and San Antonio, Texas currently use the Time Banking system in their attempt to connect neighborhood residents to

economic opportunities, social networks, and effective services and supports that will improve the lives and well-being of children and families residing in tough neighborhoods. These three cities are using Time Dollars as a means to form networks of support that build on the strengths, talents, and skills of residents.⁴⁵

The Time Dollar Exchange network in Indianapolis has been in existence for two years. The Exchange presently includes 193 residents in the Southeast neighborhood. Activities have targeted youths who have used Time Dollars a number of different ways. Time Dollars are currently earned by youth who take part in the Safe Haven/Girls, Inc. after school program, by senior citizens who provide tutoring to young children, and by individuals who are members of neighborhood organization teams that conduct community trash cleanup days.⁴⁶

The emphasis in Indianapolis has been on the use of Time Dollars to secure items that many low-income residents cannot otherwise afford. These initiatives include purchasing school uniforms for middle-school students who come from low-income families, school supplies for five neighborhood schools, and food from the food pantry at a local church.⁴⁷

3.6.3 Community Action Poverty Simulation (CAPS) Program

The Community Action Poverty Simulation (CAPS) Program, created by the Missouri Association for Community Action, is a tool used to educate government, business, community leaders and others about living below or near the poverty line. Its goal is to raise poverty awareness on the part of policymakers as a tool to creating poverty sensitive policy, and to empower low-income volunteers by providing them with an opportunity to interact with community leaders. The three hour program starts with an orientation discussion about poverty, then uses role-playing and props to simulate “a day in the life” of people in poverty using four 15-minute “weeks” and a debriefing. It involves 40-85 participants taking on new roles while employing limited resources.⁴⁸

Savannah’s Step Up program sponsors the program monthly, and it has inspired some program participants to join the city’s anti-poverty initiative. Program facilitators say that the intense simulations can create “significant attitude changes,” and “many participants report that they gain a better understanding of the obstacles faced by low-income families.” The experience provides a basis for community members to discuss poverty from, and participants sometimes personally brainstorm ways to work with each other to support the rise of low-income families.⁴⁹

3.6.4 Houston HOPE Target Neighborhoods

Houston HOPE is focused on improving the quality of life in seven Houston neighborhoods. The Houston HOPE initiative represents a nonprofit community organization. The HOPE mission is to build a collaborative coalition of community stakeholders and city leaders on order to develop and implement comprehensive plans to improve the quality of life in Houston’s low income neighborhoods.⁵⁰

Through the neighborhood approach, members of the community are able to identify needs specific to geographic location. The focus has been on seven neighborhoods: Acres Homes, Clinton Park, Magnolia Park, Independence Heights, Settegast, Sunnyside, and Houston Gardens. Houston

HOPE has chosen these pilot neighborhoods for land acquisition and infrastructure improvements. Each neighborhood is unique and the HOPE program takes this into account when trying to reduce poverty. The Clinton Park neighborhood has identified health and nutrition services as the area's most pressing need, followed by crime prevention, adult education, and services for the elderly. The neighborhoods are populated differently, have varying percentages of individuals with high school diplomas, have different average median per capita incomes, and varying percentages of children living below the poverty line.⁵¹

The program has been a companion to the city's efforts to build houses and improve infrastructure. The HOPE coalition sponsors community forums in the targeted neighborhoods to get feedback from the residents about the services they need and the best ways to deliver them. Dividing the poverty reduction efforts of Houston in subsection has allowed for better understandings of the underlying poverty-causing issues and for community involvement in solving these issues.⁵²

3.7 Federal Grants

3.7.1 Community Development Block Grants (CDBGs)

Community Development Block Grants are one of the longest-running programs of the U.S. Department of Housing and Urban Development (HUD.) CDBGs fund local community development activities such as affordable housing, anti-poverty programs, and infrastructure development. CDBGs, like other block grant programs, differ from categorical grants, made for specific purposes, in that they are subject to less federal oversight and are largely used at the discretion of the state and local governments.⁵³

HUD awards grants to entitlement community grantees to carry out a wide range of community development activities. The program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. HUD determines the amount of each entitlement grant by a statutory dual formula which uses several objective measures of community needs, including the extent of poverty, population, housing overcrowding, age of housing and population growth lag in relationship to other metropolitan areas. Eligible grantees include principal cities of Metropolitan Statistical Areas (MSAs), metropolitan cities with populations of at least 50,000, and qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities) are entitled to receive annual grants.⁵⁴

CDBG funds are allocated to more than 1,100 local and state governments on a formula basis, at \$4.7 billion in FY2005. Larger cities and urban counties that comprise entitlement communities are required to prepare and submit a consolidated plan that establishes goals for the use of CDBG funds. Grantees are also required to hold public meetings to solicit input from the community, ensuring that proposed projects are aligned with the community's most urgent needs.⁵⁵

Proposed CDBG projects must promote activities that benefit low- and moderate-income people, work toward the prevention or elimination of slums or blight, or other community development activities that address an urgent threat to health or safety. CDBG funds may be used for community

development activities (such as real estate acquisition, relocation, demolition, rehabilitation of housing and commercial buildings), construction of public facilities and improvements (such as water, sewer, and other utilities, street paving, and sidewalks), construction and maintenance of neighborhood centers, and the conversion of school buildings, public services, and economic development and job creation/retention activities. CDBG funds can also be used for preservation and restoration of historic properties in low-income neighborhoods.⁵⁶

A 2006 report prepared for the Congressional Committees by the U.S. Government Accountability Office tracked the allocation of funds to select states and how the funds were used to develop poverty reduction initiatives. In FY2005 the State of North Carolina received \$50,010,517 in CDBG funds. The comprehensive plan that was created, approved, and executed focused on the severity of needs in the community, job creation, local commitment, feasibility, and market demand. The breakdown of the allocation included 31% percent for community revitalization, 20 percent on economic development, 11 percent on infrastructure improvements, 4 percent on housing development, and 2 percent on urgent needs.⁵⁷

IV. POLICY OPTIONS AND RECOMMENDATIONS FOR NEW ORLEANS

Comprehensive Programs

Comprehensive and community based approaches such as Savannah's Step Up Program, Houston Hope, and New York City's Center for Economic Opportunity have thus far shown evidence of effective and measurable poverty reduction. Close collaboration between government, businesses, healthcare, education, nonprofit, and community leaders and local citizens is vital for successful program implementation. Additionally, targeted programs in terms of neighborhood service placement and sensitivity to local neighborhood needs is crucial.

Innovative Elements

As elements of a comprehensive approach, innovative programs such as Time Banking and Community Action Poverty Simulation (CAPS) Programs are smart options. Time Banking facilitates connections and increases social capital while improving physical infrastructure in the community. The CAPS Program raises awareness of the realities of poverty to policymakers and government, business, and community leaders, catalyzing collaborative action on the issue.

Financial Incentives

Another highly successful and recommended program is that of conditional cash transfers (CCT). This program of cash incentives in the areas of workforce development and training, financial stability, health, and education has been shown to help families build financial assets such as bank accounts and savings to help them through financial difficulties. While the additional income helps families with poverty in the short-term, the program's goal is to break the long-term vicious cycle of poverty by promoting greater human capital investments such as employment training. Participants can earn up to \$4,000 to \$6,000 per year, a large percentage of many poor families' household incomes, and program costs appear to be more than matched by the long-term benefits of creating a roadmap for individuals and households to exit poverty.

Increased Access

Finally, increased access to and local supplements to the Earned Income Tax Credit (EITC) program is a viable and ideal option. Returns from EITC and local EITC programs are a way for families in poverty to bridge the income gap, and it offers city governments a way to address poverty at the local level.

APPENDIX A. CRITIQUE OF THE U.S. CENSUS BUREAU POVERTY MEASURE

The official poverty measure of the U.S. Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty. If a family's total income is less than the family's threshold, then that family and every individual in it is considered in poverty. However, this poverty level measure does not reflect self-sufficiency.⁵⁸ Expenses most families now regard as crucial elements of their household budget are simply excluded from consideration in the poverty calculation. For instance, the cost of childcare is not included because the families in the 1955 U.S. Department of Agriculture household survey had one wage earner and one stay-at-home parent. Commuting and other travel and work-related expenses have a much larger impact on family budgets today. Additional basic expenses mean that more money is required to maintain the same standard of living in today's world. By ignoring these factors, the official poverty measure underestimates actual poverty levels.⁵⁹

APPENDIX B. ANTI-POVERTY SCHEMA (WILLIAMSON ET AL, 1975)

To compare the effectiveness of these anti-poverty strategies, Williamson et al studied each strategy's impact on the following schema: income distribution (dependent on whether the benefits are monetary, how many people are benefitting), distribution of basic goods and services, distribution of political influence (to what extent the program would reduce economic dependence of the poor on local politicians, employers, and bureaucrats; as well as increase the poor's organized political activity), self-concept, family stability, encouragement of economic self-sufficiency (to what extent the program encourages employment), work incentives (through wage increases; a disincentive would be high tax rates), racial integration, social class separation, marginal impact, dependence on the state of the economy, equity in benefit levels, consideration of individual need (taking family variation into account when determining benefit levels), creaming (concentrating on people who are easier to serve and yield higher outputs), adequacy for meeting the acute needs of the poor, program benefits accessibility, accountability to recipients, administrative success, popularity (to what extent the public has to pay and the political feasibility of the program), political vulnerability (whether there are program cutbacks with improved economic conditions, or political opposition from those who are not poor), percentage of the poor who benefit within a year, percentage of the target population that is reached, percentage of benefits that are going to those above the poverty line, percentage of total population who benefit in one year, duration of recipient status, and current spending level (Williamson et al, 1975, 195).

APPENDIX C. GENERAL POVERTY REDUCTION STRATEGIES

Table2. Poverty Reduction Strategies⁶⁰

Strategy:	Problem/Goal:	How:	Pros:	Cons:
Employment	Raise employment rates for unemployed, low-wage, youth, minorities, immigrants, former prisoners, and other hard-to-place workers	Create new job opportunities; Provide wage subsidies to employers to encourage employment; Quality job skills training and placement; Strengthen work incentive programs; Apprentice programs provide jobs and mentors in nearby downtown or suburban areas where more jobs are available; School-to-work programs for non-college attending students; National youth service programs (Neighborhood Youth Corps program, Job Corps) offer poor youth opportunities to participate in training for high-demand field and needed public services (e.g. volunteering in city rebuilding efforts and job training workshops for high-demand sectors ⁶¹ ; Government as public service employer of last resort only for those unable to find jobs elsewhere ⁶²	If only poor people—who otherwise would not have an income—received these public high-wage jobs, the money gained from their work would most likely outweigh the tax costs of creating the jobs ⁶³ ; Job Training Partnership Act (JTPA) program has increased earnings and employment for adult participants	Job takers may be middle-class workers; Large public programs are expensive and difficult to coordinate; Due to limited demand, displacement of old workers with newly trained; Substitution for pre-existing jobs, creation of unnecessary jobs; Creation of a disparity where some poor people get paid less in private than in public jobs; Giving jobs to people who would have gotten a job in the private sector otherwise; Mixed results on whether job search assistance programs help families out of poverty ⁶⁴ ; Evaluation difficult because few studies with control groups ⁶⁵
Wages	Small increases in minimum wage	Raising minimum wage to half the average hourly wage (as of 2005, from \$5.15 to \$8.40 per hour)	Potentially helps almost 5 million poor workers and another almost 10 million low-income workers nationwide	Most minimum wage earners are not from poor households; Large minimum wage increases could result in more disemployment because of lower demand by employers
Tax Credits	Expand and make refundable tax credits and other earnings supplements more accessible to reduce tax burden on working poor Examples: Federal Earned Income Tax Credit (EITC); Child Tax Credit (CTC) provides up to \$1,000 per child ⁶⁶	Maintain both the federal EITC and CTC and increase advertising for and access to the EITC, CTC, and other wage supplement programs; Enhance the EITC with matching state and local EITC programs ⁶⁷	Tax credits encourage work and build workers' assets ⁶⁸ ; Some experts say Federal EITC has had a large role in reducing poverty while others say welfare reforms have helped by increasing employment among single mothers ⁶⁹	EITC shown to have possible negative effects on work efforts of workers at the end of the subsidy, however less disincentive than the initial work incentive
Public Assistance	Government financial support for those not capable of working full-time due to age or disability Examples: Aid to Families with Dependent Children (AFDC); Temporary	Raise earnings disregards levels (which calculate a family's net income for Medicaid eligibility) and decrease benefits reduction rates (the rate at which aid falls as the family's earned income increases) to encourage at least part-time work while on wage		

	Assistance for Needy Families (TANF); Social Security; Unemployment Insurance; Workmen's Compensation; Medicare; Medicaid	supplement programs ⁷⁰ ; Time limits on wage supplement program eligibility force people to be independent of supplements when coupled with employment training and job placement resources		
Asset Building/Savings	Expand and simplify local savings programs	Create children's savings accounts, college savings plans, individual development accounts ⁷¹		
Education	Break intergenerational cycle of poverty by decreasing number of less-skilled workers through education ⁷²	Expand high quality, intensive early childhood education, especially in poor areas (e.g. programs like Head Start); Improve basic reading and math skills; Improve graduation rates; Change public schools' compensatory education program design; Integrate vocational and academic learning; Increase skilled teacher supply to city schools; Monitor education quality ⁷³ ; Bilingual education; Work Study; School vouchers; Adult Basic Education; Make postsecondary education affordable through expanding federal Pell Grants and similar federal, state, and local programs ^{74,75}	Average wage declined more for high school graduates than college graduates between 1973 and 1991; Less educated workers experienced less stable employment ⁷⁶	School voucher success depends on community and school choice program's unique characteristics; Uniform voucher systems would not be able to fully equalize class-based educational opportunity ⁷⁷ ; Merit pay for teachers expensive, has not increased individual teachers' effect levels, breaks down the teamwork that is a vital part of successful schooling ⁷⁸
Health Care	Problem: The poor report higher number of health problems because of less frequent access to preventative care, lack of health insurance, indirect utilization costs, limited service hours, low number of private providers in low-income areas, and limited resources at community health centers ⁷⁹ Goal: Improve access to quality, affordable prenatal and general health care	Have employers provide a minimum health care coverage level to employees and their dependents; Expand Medicaid and Medicare; Increase tax incentives; Create nationalized health insurance; Implement "Healthy Kid" program to cover services at community health care centers for children under nineteen, either for free or with co-payments dependent on income level; Loan-forgiveness for expanding community health centers ⁸⁰	Medicaid has significantly improved health care access for the poor but many are still not covered	
Affordable Housing	Locate affordable housing near affordable and needed amenities, public transportation, and living wage jobs	Housing vouchers and rent subsidies help locate families near employment opportunities, good schools, and high-quality public services ⁸¹	Housing participants who moved to suburbs had same average hourly wage but were 14 percent more likely to be employed than their inner city peers ⁸² ;	"Access-to-enterprise" zones in the poorest neighborhoods should be a place to both live and work rather than a traditional enterprise zone solely for work (Access zones guarantee residents a public

			Integration breaks down socio-economic, racial discrimination	sector job and way to earn employer tax credit wage subsidies) ⁸³
Accessible Public Transportation	Provide access between areas where low-skilled workers live and low-skilled jobs are available ⁸⁴	Price public transportation systems affordably; Increase access		
Organization	Community Action, Neighborhood Organization, Unionization, Community Development Corporations (CDC)		Unionization can lead to higher paying jobs	
Economic Development	Growth; Opportunity Loans; Area Redevelopment Public Works Programs			State-based enterprise zones have not shown significant increases in overall employment ⁸⁵

Source: Danziger and Weinberg, 1986, 17; Williamson et al, 1975, xi

Other programs:

Access to affordable consumer products (Food Stamp Program), Child Care, Family Planning, Financial Services (Mortgage Assistance), Legal Aid

APPENDIX D. LOGIC MODELS

Table 3. Step Up Savannah Logic Model

Situation	Inputs	Outputs		Outcomes		
		What Program Does	Who It Reaches	Short-	Medium-	Long-
<ul style="list-style-type: none"> • High poverty level: 21.8% of Savannah in poverty; 56.8% below 75% of poverty line in downtown area • Poverty has declined less than 1% from 1980 to 2000 • Poor disproportionately minorities, female-headed households, and children • High income disparity between rich and poor • High cost of basic necessities • High unemployment rate • Low education levels • Low-wage service jobs • New employment located outside city • Lack of job skills for changing economy • Lack of healthcare, transportation, quality and affordable dependent care, access to financial institutions • Also: Teenage pregnancy; Juvenile crime; Substance abuse 	<ul style="list-style-type: none"> • Collaboration of Government, Business, Education, Faith-Based, Non-Profit Sectors and Low-Income Community • Action Teams: Healthcare, Housing, Transportation, Dependent Care, Workforce, Asset Building • Funds • Physical Infrastructure (Housing) • Technical Assistant grant (sponsored by the Annie E. Casey Foundation) for Asset Building 	<ul style="list-style-type: none"> • Healthcare: Create Care Navigator program to redirect uninsured adults from Emergency Departments to community healthcare providers • Healthcare: Increase coverage for children • Healthcare: Provide pharmaceutical assistance to uninsured and underinsured people • Housing: Collect data on available low-income housing and subsidy programs • Housing: Increase public awareness about affordable housing • Housing: Create Housing Authority to increase affordable housing • Transportation: Carpooling; Tax credits for multi-occupant vehicle travel; Tax credits for employers who provide transportation employee benefits; Giving public transit taxing and operating authority, rideshare services • Dependent Care: Legislative quality regulations that include minimum quality care standards • Workforce: Create 16-week training program (Construction Apprentice Program); Transportation for participants to and from work sites; Entry-level office and construction ops training; GED training • Asset Building: Obtain state level 	<ul style="list-style-type: none"> • Poor citizens • Residents of specific areas of the city • Uninsured and underinsured people • Children • General public • Community • Businesses • Churches • Employers • Public transportation authority 	<ul style="list-style-type: none"> • Change in: • Residents' knowledge of poverty • Residents' knowledge of available healthcare services • Residents' knowledge of available affordable housing, rent subsidies • Attitudes towards affordable housing • Persuading Transit Authority to consider reducing transfer fare policy • Dependent Care: Childcare services directly accessible via United Way's 2-1-1 info system • Asset Building: Increase in team members' knowledge of 	<ul style="list-style-type: none"> • Change in: • Healthcare: Citizen participation in healthcare services • Housing: Citizen participation in affordable housing • Workforce: 150 residents got job skills in 2006 • 150 residents get jobs with career ladders • 300 residents enrolled for literacy, basic skills or job skills • 60 volunteers trained to teach skills in neighborhood skills center • Asset Building: \$1.2 million received for EITC (\$782 average per tax filer) (300% increase over 2004) • By end 2005, 9 individuals achieved homeownership via the Individual Development Account (funded by \$100,000 from United Way) 	<ul style="list-style-type: none"> • Change in situation: • Healthcare: Redirect patients to primary care providers • Healthcare: Provide 10,622 people with pharmaceutical aid in 2007 • Healthcare: Place 500 uninsured with chronic conditions into Care Navigator Program • Housing: Repair and development of 275 owner/renter housing units • Housing: Home buyers have bought 90 homes • Transportation voucher plan for poor city residents • downtown

		assistance for EITC		other city governments' Asset Building strategies	<ul style="list-style-type: none"> By 2007, 2,574 returns filed at 12 Volunteer income Tax Assistance sites with help of 75 volunteers (\$2.6m in federal funds returned) 	
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Table 4. San Francisco's "Working Families Credit" (WFC) Local Earned Income Tax Credit (EITC) Program Logic Model

Situation	Goals	Actors	Timeline	Outcomes
<ul style="list-style-type: none"> High poverty level Wages are not self-sustaining for working poor Working poor families cannot save Hard to retain families in city Eligible people (families in or near poverty) are not all accessing federal EITC 	<ul style="list-style-type: none"> Increase number of eligible people applying for federal EITC Create a locally funded EITC to complement federal EITC 	<ul style="list-style-type: none"> SFWorks (workforce development intermediary organization)- convener and advocate: Advocated program; Consulted on program design and planning; Facilitated corporate sponsorship, marketing and PR; Raised funds for program and evaluation; Managed evaluation (5) Mayor and Mayor's Policy Office: Design; Policy; Structure decisions; Obtained funding from City's General Fund, other city departments' cooperation Treasurer's Office: Processed applications; Liaison with IRS; Answered questions; Raised funds from banks; Outreach programs; Leadership Other city departments: Mayor's Office of Neighborhood Services; Office of Community Development; Human Services Agency: Awareness building; Community outreach Community organizations: United Way's "Earn It! Keep It! Save It!" campaign and ACORN: Awareness building; Community outreach; Provided free tax preparation services Corporate sponsor: H&R Block: Provided funding and in-kind support; Discounts to applicants and city residents; Project management expertise; Professional service firm introduction Professional services firms: Group One, McCann Erickson: Provided marketing, advertising, media, 	<ol style="list-style-type: none"> 1) SFWorks Director submits opinion piece for local EITC to main San Francisco newspaper; People ask for more information, including mayoral candidate's communication director 2) SFWorks obtains funding from local foundation to create meeting with Denver's local EITC program's key planner; 40 attendees include city officials, community activist group reps, local foundations, and 3 mayoral campaigns 3) Decision to create study, 20 people volunteer to form steering committee to do more research, develop policy recommendations and program strategy. Volunteers include SFWorks, Coleman advocates, EARN, TaxAid, United Way, Treasurer's office, Department of Human Services, Parent Voices, Walter & Elise Haas Fund, Goldman Fund; Meet monthly for 6 months, afterwards every other month for a year 4) Decision that funding will come from City's General Fund rather than TANF funds; Half of estimated \$6 million cost for pilot program will come from private sector sources and half from City's General Fund; SF Treasurer's Office to implement program 5) Ask H&R Block for large amount of funding and limited advertisement of RALs (skeptical of H&R Block for their business practices in low-income communities using RALs (high profit, high-interest rate refund anticipation loans)); Block gives \$1 million funding over 2 years for program, halts RAL local advertising, provides discounts to WFC applicants for tax preparation, IRA and Debit card applications; Block helps create marketing image and program message, application forms, other 	<ul style="list-style-type: none"> Who It Reaches: Working, low-income people with children who live in the city and qualify for federal EITC Change in: <ul style="list-style-type: none"> Residents' knowledge of EITC opportunity Residents' ability to apply for EITC In 2004, nearly 10,000 families received a check (average \$220) equal to 10% of their federal EITC, over \$2 million distributed

		<p>market research expertise, services</p> <ul style="list-style-type: none"> • Financial institutions: Wells Fargo, Bank of America: Offered reduced and free banking services including cashing checks; Grant program funding; Material distribution at banks • Foundations: Annie E. Casey Foundataion, Evelyn & Walter Haas, Jr. Fund, Friedman Family Foundation, Walter & Elise Haas Fund: Funding for pilot evaluation; Advocate and convener • Evaluators: D2D Fund, Inc., Harvard Business School: Evaluated program to help strengthen implementation and understand program's impact 	<p>firm and organization partnerships</p> <p>6) Advertisements on buses, billboards, bus stop shelters, public library posters, supermarkets, post offices; Neighborhood organization outreach; Public housing rent bill publication; Newspaper articles; Public service announcements; Mayor and Treasurer speeches; Info from tax preparers; Word-of-mouth; Media sources contribute advertising</p> <p>7) Applications distributed at: H&R Block offices; Free tax sites at community organizations and public agencies; Bank of America; Wells Fargo; Other tax preparers' offices; Libraries; Post Offices; Safeway supermarkets; Community group offices; City health clinics; Housing Authority offices, City's website</p> <p>8) Ease of application: Copies of tax returns not needed for application; Submitted via mail or dropped off at any H&R Block, free tax preparation site, or the Treasurer's Office</p> <p>9) 11,000 families apply for WFC Program from Jan 13- April 15, 2005</p> <p>10) Forms checked for omissions and errors, sent to Treasurer's Office; Treasurer's Office reviews forms, builds applicant database, application processing procedures, contacts claimants with errors; Confirms applicant eligibility via lengthy manual process with IRS over summer; Creates ways for WFC claimants to invest their checks by making agreements with 12 banks and credit unions to cash WFC checks for free and create no- and low-cost accounts</p> <p>11) 9,700 checks issued September 2005 of average size \$220 (10% of federal EITC; had hoped to match 15% of EITC but applicant number higher than expected); Recipients receive letters from mayor offering professional free financial counseling and other services</p> <p>12) Independent evaluation of pilot program</p> <p>13) Survey stated that recipients planned to use money on bill payments, household and personal expenditures, savings and investing</p>		
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Table 5. Houston Hope Target Neighborhoods Logic Model

Situation	Inputs	Outputs		Outcomes		
	Investments	What Program Does	Who It Reaches	Short-	Medium-	Long-

<ul style="list-style-type: none"> • Poverty in 7 Houston neighborhoods <ul style="list-style-type: none"> - Acres Homes, - Clinton Park - Magnolia Park - Independence Heights - Settegast - Sunnyside - Houston Gardens 	<ul style="list-style-type: none"> • Community members willing to assume leadership roles • Stakeholders • Volunteers • Low-income residents • Government officials • Nonprofit and for-profit agencies • Community-based organizations 	<ul style="list-style-type: none"> • Engage stakeholders • Involve nonprofits • Community forums • Land acquisition • Infrastructure improvements • Construction of homes 	<ul style="list-style-type: none"> • 7 low-income neighborhoods • Low-income residents • Children • Community needs specific to geographic location 	<ul style="list-style-type: none"> • Change in: <ul style="list-style-type: none"> • Residents -community engagement -social capital 	<ul style="list-style-type: none"> • Change in: <ul style="list-style-type: none"> • The neighborhood's physical structure/appearance 	<ul style="list-style-type: none"> • Change in situation: <ul style="list-style-type: none"> • Collaborative coalition of community stakeholders • Reduced poverty!
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http://www.americanprogress.org/issues/2007/04/poverty_report.html

⁸² Danziger, S. et al (1994). *Confronting Poverty*. Harvard University Press: Cambridge, MA. p. 247 (from Rosenbaum and Popkin, 1991).

⁸³ Ibid. p. 12-13.

⁸⁴ Danziger, S. et al (1994). *Confronting Poverty*. Harvard University Press: Cambridge, MA. p. 202.

⁸⁵ Ibid. p. 12.