

2008

**LEGISLATIVE STUDY
COMMISSION ON
POVERTY REDUCTION
& ECONOMIC
RECOVERY**

MINUTES

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION
ECONOMIC AND RECOVERY – 2008

SENATOR EDWARD JONES
CO-CHAIR

AND

REPRESENTATIVE GARLARD E. PIERCE
CO-CHAIR

IRMA AVENT HURST
COMMITTEE ASSISTANT

AND

MILDRED ALSTON
COMMITTEE ASSISTANT

LEGISLATIVE STUDY COMMISSION ON
POVERTY REDUCTION AND ECONOMIC RECOVERY

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Revised 12-19-08

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Mildred Alston Committee Assistant	√														

MINUTES

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY

Friday, December 19, 2008
10:00 a.m.

The Legislative Study Commission on Poverty Reduction and Economic Recovery met on Friday, December 19, 2008, at 10:06 a.m. in Room 643 of the Legislative Office Building for its first meeting. The following members were present: Co-Chair Garland E. Pierce, Co-Chair Edward Jones, Representative Angela R. Bryant, Representative Jim Harrell, III, Representative Earl Jones, and Representative Trudi Walend. Ex Officio members present or designee were: Mrs. Tina Morris-Anderson designee for Commissioner Cherie Killian Berry, Ms. Dean Simpson designee for Secretary Dempsey Benton, Mr. Manfred Emmrich for Chairman Harry Payne, and Mr. Ed Pope designee for Secretary George Sweat. Other members present were: Mr. James Beasley, Ms. Elyse Cochran, Dr. Zeno Edwards, Reverend Mac Legerton, Ms. Patricia Peterson, and Dr. Al Wentzy. Counselor Staff, Sergeant-at-Arms and Commission Assistants were also in attendance. A Visitor's Registration list and all presentations by presenters are filed as a record to the Minutes.

Chairman Pierce called the meeting to order and recognized Commission Members, Ex Officio members, Staff Counselors, Sergeant-At-Arms, visitors, and Commission Assistants.

Mr. Bill Gilkeson, Research Attorney, Research Division, North Carolina General Assembly to explain the Commission Charge to the members. Mr. Gilkeson stated that the findings of Section 41.1 by the General Assembly in this state is widespread, especially in rural areas and other areas that have lost significant numbers of agricultural and manufacturing jobs. The General Assembly further finds that an understanding of the causes and effects to poverty are critical in the reduction of poverty and economic recovery of low-wealth areas. To that end, the Legislative Study Commission on Poverty Reduction and Economic Recovery was created. Mr. Gilkeson stated that the Commission should submit their final report during the short session in May of 2010. The Commission does not have to submit a report to the upcoming long session, but interim reports may be submitted if necessary. The final report should include the results of the Commission's review and specific legislative recommendation. The Commission shall determine upon filing its final report or upon convening of regular session in 2010, which is the short session of the 2009 General Assembly whichever occurs first. A copy of the Charge is filed as a record to the Minutes as Attachment 1.

Mr. Gene Nichol, Director, UNC Center on Poverty, Work, and Opportunity was recognized by Chairman Pierce to give his presentation on Poverty from a National Perspective. Mr. Nichol shared his views on how poverty touches the lives of hundreds of thousands of North Carolinians. He also shared how poverty touches all race, gender, age and the crisis we are facing. He offered his services along with his colleagues to assist the Committee with any research work they need. He felt that the Committee and the Legislature should consider setting goals for the reduction of poverty. It was suggested looking at defining a relevant population, such as child poverty or the federal poverty level and set benchmarks to reduce poverty and measure the effectiveness. Mr. Nichol felt his suggestion would go across the board in reaching all the public and the private sector. See Attachment 2 for additional information.

Representative Bryant was recognized by Chairman Pierce for a follow-up comment. Representative Bryant wanted to know if Seizing the Moment would assist the Committee in making decisions and setting goals. Mr. Nichol will provide copies to the Committee.

Chairman Pierce called Dr. Jesse White, Director, Office of Economic and Business Development, UNC-Chapel Hill to present his presentation on Poverty from a National Perspective. Dr. White's slide

presentation referenced poverty in the South and the relationships to economic development. He shared information about the distress poverty areas, foundations of Southern and North Carolina economy in 1970, the support of public policies, changes after 1970, the landscape of Southern and North Carolina economy, and innovations matrix. See Attachments 3, 4, and 5 for detailed information.

Chairman Pierce recognized Representative Jones for a question. Representative Jones was concerned about jobs being created since so many people are without jobs. He wanted to know if someone has determined objectively to replace jobs, create more jobs or identify them. Dr. White stated that Chapel Hill held a seminar dealing with incentives, and they asked the top five experts to attend to discuss this matter and Dr. White has written a summary about this issue also. Copies will be shared with the Committee.

Ms. Cochran was recognized by Chairman Pierce for a question. Ms. Cochran stated that Mr. Britt Lane did a presentation in her community on incentives, which consisted of preliminary results. At a later date, the results were to be presented to the Study Commission. Ms. Cochran requested a copy of Mr. Lane's results for the members, which may be Phase I: Impact Study of Incentives, which would be helpful. Dr. White will check the status of the report and provide copies if available.

Chairman Pierce called on Representative Bryant for a question. Representative Bryant wanted to know who the Commission could contact for an update on Southern Crescent Authority for updates. Dr. White suggested contacting Congressman Mike McIntyre for assistance. Chairman Pierce stated that Reverend Legerton would work on this matter at the next meeting. Ms. Leggett suggested checking the North Carolina General Assembly's Committee website for the Economic Development Committee. All documents are listed and can be obtained from the website.

Chairman Pierce called on Ms. Anne Bacon, Senior Director of the Workforce Development, NC Rural Economic Development Center to share her Overview on Poverty in North Carolina. Ms. Bacon stated that the Rural Center shares the same concerns as the Committee and most of their work over 20+ years has addressed the causes of poverty including job lost and worker dislocation. She shared poverty rates and totals on a rural and urban standpoint in the counties, programs and food stamps. See Attachment 6 for additional information.

Dr. Wentzy was recognized by Chairman Pierce to ask a question. Dr. Wentzy wanted to know if they had any specific recommendations for the Committee. Ms. Bacon stated she wanted to confer with a president on their recommendations, and put them together. Representative Jones was recognized by Chairman Pierce. Representative Jones requested information regarding the Micro Enterprise Program. Ms. Bacon stated she would provide the information.

Chairman Pierce asked Ms. Yolanda Burwell, Senior Fellow, NC Rural Economic Development Center to share her presentation on a Rural Perspective on Poverty in North Carolina. Ms. Burwell began her presentation by referring to the Small Towns Fact Book. Ms. Burwell stated that the Committee needs to understand how local poverty is and it is often about place. She shared impact passages from people facing economic issues, such as people desire to work, the ethics is strong in rural North Carolina, and no place to work. There is an increased competition for low wage service jobs by youth, displaced workers, and new immigrants coming into the community. There was a concern about the absence of reliable transportation, affordable good day care and few employment options. Ms. Burwell asked the Committee to think about how hard things are for the citizens in rural North Carolina, and to understand that people have dignity and pride. She informed the Committee that they are committed to working with them, and the Rural Center has been engaged in trying to improve the lives and citizens across our state in rural North Carolina. See Attachment 6 (blue folder) for additional information.

Chairman Pierce recognized Mr. Ted Abernathy, Executive Director, Southern Growth Policies Board for an Urban perspective on Poverty in North Carolina. Mr. Abernathy's slide presentation was in reference to the meaning of urban poverty. He stated that the world and North Carolina are urbanizing quickly. The good

job opportunities and educational attainment are a key factor. He felt that geographic nomenclature can be misleading and that poverty is present in all urban areas, even those perceived as doing well. See Attachment 7 for detailed information.

Chairman Pierce opened the floor for questions for Mr. Abernathy. Representative Jones felt that the Committee should address how the high incarcerated rate impact the economic status of well being families since none of the presenters commented on this matter. He was also interested in non-violence offenders who are in jail for petty charges or others charges meeting this type of status. Representative Jones also felt the Committee should have someone address how to use incarceration system to mandate a sentence structure for inmates incarcerated more than 18 months or 2 years to have some type of training. Chairman Pierce stated they will speak with persons about re-entry for inmates who are getting out of correction and going back to the community. He also felt that re-entry should be presented to the Committee.

Reverend Legerton was recognized for a comment by Chairman Pierce. Reverend Legerton suggested having a meeting prior to the Legislature to structure the dialog and send a proposal to establish a working group. He also mentioned having a tour and identified some of the models practiced around the state.

The Commission Discussion –

Chairman Pierce stated that the **next Committee meeting will be Friday, January 16, 2009, at 10 a.m.** Mr. Gilkeson suggested having state agencies who have been dealing with this issue to discuss at the next meeting. It was also suggested that there be a working group, but not Legislative. Mr. Gilkeson stated it would be an informal group. It would not include staff. Chairman Pierce stated it would be persons you would like to meet with and discuss issues. The Legislators and staff cannot be involved. Reverend Legerton stated he would like to prepare a proposal and send it to the members prior to the meeting for discussion at the next meeting. Chairman Pierce asked Mr. Gilkeson how many should present at the next meeting. Mr. Gilkeson suggested having Department of Health and Human Services (DHHS), the Department of Correction (DOC), and Employment Security Commission. Some of the ex officio members are the heads and some new heads of the agencies due to the new administration. Chairman Pierce felt that someone from the Governor-Elect office should attend the meeting and hopefully by the time of the next meeting the new administration would be in place. Representative Bryant suggested having a representative from the Community Action Network (local community action agencies) to speak about what's important from their perspective. She also suggested contacting KADA, OIC, and Economic Development Corporation from her district. Suggestions could be sent to Committee staff for consideration.

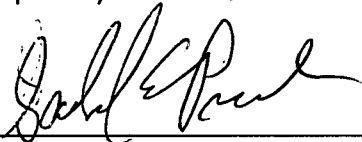
Representative Jones was recognized by Chairman Pierce. Representative Jones asked that the Committee consider Representative Bryant's suggestion, along with having two meetings in January. Chairman Pierce and Counselor staff felt it may not be possible. Representative Jones was also in agreement with Reverend Legerton to consider having a Standing Committee of the House on "low wealth" issues. Chairman Pierce recognized Ms. Peterson to speak. Ms. Peterson wanted to know if there would be a recommendation in 2009 General Assembly. Chairman Pierce wasn't sure what could be put together. He knew of a few items from last year, but he wasn't sure what could be done. Ms. Peterson was recognized for follow-up. She felt the Committee might support if in reference to money, they may want to increase funding for North Carolina Housing Trust Funds. She felt it's needed and they do not do enough for them.

Chairman Pierce called on Dr. Wentzy for a comment. Dr. Wentzy asked that all presenters addressing the Committee have their facts and provide potential recommendations for the Committee. Chairman Pierce recognized Representative Bryant. She supported having meetings (16th and maybe before the 28th) in order to have enough time to approve and provide recommendations. She also suggested speaking to the Speaker and the President of the Senate about the possibility of a Standing Committee given the present economic downturn in order to continue the work and have recommendations. She also suggested looking at the assets test for various programs (food stamps, housing, health care, etc.) and that someone should track the asset tests and income tests. They need to be sure the things are given to persons of need and not hurting

people by giving them an earned income tax credit, which might prevent them from getting something else. This may have to be a recommendation to study these tests to be sure they are updated and accomplishing the goals they intended.

There being no further business, the Chairman adjourned the meeting at 12:14 p.m.

Respectfully submitted,



Representative Garland E. Pierce
Presiding Co-Chair



Mildred Alston
Committee Assistant

Joint Legislative Study Commission on Poverty Reduction and Economic Recovery

Friday, December 19, 2008, 10:00 A.M.

Room 643, Legislative Office Building

Rep. Garland Pierce, Presiding

I. Welcome

Rep. Pierce

II. Poverty from a National Perspective

Gene Nichol, Director, UNC Center on Poverty, Work, and Opportunity

III. Poverty from a Regional Perspective

*Jesse White, Ph.D., Director, Office of Economic and Business
Development, UNC-Chapel Hill*

IV. Poverty in North Carolina - Overview

*Anne Bacon, Senior Director of Workforce Development, NC Rural
Economic Development Center*

V. Poverty in North Carolina – A Rural Perspective

Yolanda Burwell, Senior Fellow, NC Rural Economic Development Center

VI. Poverty in North Carolina – An Urban Perspective

Ted Abernathy, Executive Director, Southern Growth Policies Board

VII. Committee Discussion

VIII. Adjourn

Senate Members

Sen. Ed Jones (Co-chair)
Sen. Doug Berger, Sen. Don East,
Sen. Steve Goss, Sen. Floyd McKissick,
Sen. Joe Sam Queen, Sen. David Weinstein

Public Members

Mr. James Beasley, Ms. Elyse Cochran,
Hon. Zeno L. Edwards, Rev. Mac Legerton,
Ms. Patricia Peterson, Dr. Al Wentzy

House Members

Rep. Garland Pierce (Co-chair)
Rep. Angela Bryant, Rep. William Current,
Rep. James Harrell, Rep. Earl Jones,
Rep. James Langdon, Rep. Trudi Walend

Ex Officio members

Dr. June Atkinson, Hon. Dempsey Benton,
Hon. Cherie Berry, Hon. James T. Fain,
Hon. Harry Payne, Chief George Sweat,
Hon. Lyndo Tippet

VISITOR REGISTRATION SHEET

POVERTY REDUCTION AND ECONOMIC RECOVERY LEGISLATIVE STUDY
COMMISSION

Friday, December 19, 2008

Name of Committee

Date

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Friday, December 19, 2008

Name of Committee

Date

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NC minority Support Ctr

Jennifer

NC minority Support CTR

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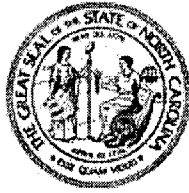
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2. Name:	<u>Ken Burroughs</u>	-	<u>Redell Spann</u>
3. Name:	<u>Michael Martin</u>	-	<u>Leslie Wright</u>
4. Name:	<u>Martha Parrish</u>	-	<u>Charles Marsalis</u>
5. Name:	_____	-	_____



NORTH CAROLINA GENERAL ASSEMBLY

STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

MEMORANDUM

TO: Members, Legislative Study Commission on Poverty Reduction
and Economic Recovery

FROM: Senator Edward Jones, Co-Chair
Representative Garland Pierce, Co-Chair

SUBJECT: Meeting Notice

The Legislative Study Commission on Poverty Reduction and Economic Recovery
will meet on the following date:

DAY: Friday
DATE: December 19, 2008
TIME: 10:00 a. m.
LOCATION: 643 LOB

If you have any questions concerning this meeting or cannot attend, please
contact Irma Avent Hurst edwardj@ncleg.net. at (919) 715-3032 or
Mildred Alston at (919) 733-5803 piercela@ncleg.net.

PART XLI. CREATING THE POVERTY REDUCTION AND ECONOMIC RECOVERY LEGISLATIVE STUDY COMMISSION (H.B. 2687 – Pierce, Bryant)

SECTION 41.1. The General Assembly finds that poverty in this State is widespread, especially in rural areas and other areas that have lost significant numbers of agricultural and manufacturing jobs. Further, the General Assembly finds that an understanding of the causes and effects of poverty are critical in the reduction of poverty and the economic recovery of low-wealth areas. To that end, there is created the Poverty Reduction and Economic Recovery Legislative Study Commission.

SECTION 41.2. The Commission shall consist of 20 voting members appointed as follows:

- (1) Ten members appointed by the Speaker of the House of Representatives, to include:
 - a. Seven members of the House of Representatives.
 - b. Three members of the general public, including persons with expertise in the fields of business and economic development, public health, and affordable housing.
- (2) Ten members appointed by the President Pro Tempore of the Senate, to include:
 - a. Seven members of the Senate.
 - b. Three members of the general public, including persons with expertise in the fields of education, public safety, and child welfare.

SECTION 41.3. The President Pro Tempore of the Senate and the Speaker of the House of Representatives may by mutual agreement vary the size and membership of the Commission.

SECTION 41.4. The Commission shall also include the following nonvoting, ex-officio members:

- (1) The Commissioner of Labor, or that officer's designee.
- (2) The Superintendent of Public Instruction, or that officer's designee.
- (3) The Secretary of the Department of Health and Human Services, or that officer's designee.
- (4) The Secretary of the Department of Transportation, or that officer's designee.
- (5) The Secretary of the Department of Juvenile Justice and Delinquency Prevention, or that officer's designee.
- (6) The Secretary of the Department of Commerce, or that officer's designee.
- (7) The Chairman of the Employment Security Commission, or that officer's designee.

SECTION 41.5. The Commission shall:

- (1) Study and develop a coordinated, integrated approach to poverty reduction and economic recovery across the State.
- (2) Examine poverty in each region of the State with an emphasis on the following counties: Alleghany, Avery, Bladen, Columbus,

Edgecombe, Graham, Halifax, Hoke, Northampton, Robeson, Scotland, Tyrrell, Warren, Watauga, and Yancey.

- (3) Examine other states' evidenced-based intervention methods and best practices in poverty reduction and economic recovery.
- (4) Study any other matter pertinent to poverty reduction and economic recovery in North Carolina.

SECTION 41.6. The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each appoint a cochair for the Commission. The Commission may contract for consultant services as provided by G.S. 120-32.02. Upon approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional and clerical staff to assist in the work of the Commission. Clerical staff shall be furnished to the Commission through the offices of the House of Representatives and the Senate Directors of Legislative Assistants. The Commission may meet in the Legislative Building or the Legislative Office Building upon the approval of the Legislative Services Commission. Members of the Commission shall receive per diem, subsistence, and travel allowances at the rate established in G.S. 120-3.1, 138-5, or 138-6, as appropriate. The appointing authority shall fill vacancies.

The Commission, while in the discharge of its official duties, may exercise all the powers provided under the provisions of G.S. 120-19 through G.S. 120-19.4, including the power to request all officers, agents, agencies, and departments of the State to provide any information, data, or documents within their possession, ascertainable from their records, or otherwise available to them, and the power to subpoena witnesses.

SECTION 41.7. The Commission shall submit its final report by the 2010 Regular Session of the 2009 General Assembly and may make interim reports it deems necessary. The Commission's final report shall include the results of the Commission's review and specific legislative recommendations. The Commission shall terminate upon filing its final report, or upon the convening of the 2010 Regular Session of the 2009 General Assembly, whichever occurs first.

JOINT LEGISLATIVE STUDY COMMISSION ON POVERTY

REDUCTION AND ECONOMIC RECOVERY

Friday, December 19, 2008

Room 643, Legislative Office Building

Raleigh, North Carolina

Rep. Garland Pierce, Presiding

TESTIMONY OF GENE R. NICHOL, PROFESSOR OF LAW AND DIRECTOR,

CENTER ON POVERTY, WORK AND OPPORTUNITY

UNIVERSITY OF NORTH CAROLINA

Thank you Mr. Chairman and Commission members. I'm Gene Nichol, professor of law at Chapel Hill and, as of a few weeks ago, Director of the Center on Poverty, Work and Opportunity at Carolina. I'm much heartened by the work of this legislative study commission and honored to be here. I'm glad to join my colleague Jesse White – who has done so much in economic development – in North Carolina, in Appalachia and the South – and who is a member of my board. And Ted Abernathy of the Research Triangle Regional Partnership and Ms. Bacon and Ms. Burwell of the Rural Economic Development Center – who with Billy Ray Hall -- have had such a powerful impact on rural North Carolina. I look forward to learning from their comments. And from yours.

I should also say that the Poverty Center at UNC is undergoing a shift in focus – not only through a much greater involvement with undergraduates, graduate students and law students – but by directing a much larger part, the strongest part, of its effort to poverty in North Carolina. So we are glad to offer the Commission and its staff any assistance and legwork that might be helpful. I am hopeful that we can, and we stand ready to enlist, the remarkable research and policy capacities of the University of North Carolina at Chapel Hill in your cause, Mr. Chairman.

I have been asked to speak of poverty broadly, from perhaps a national perspective – though, as we all know, poverty is, in operation, an acutely local phenomenon.¹ It touches and denigrates the lives, the hopes, the attainments, and the possibilities of hundreds of thousands of real North Carolinians. It does so every day. It has for decades, for generations, for centuries. It mocks our commitment to the American promise. And it restricts our capacity to achieve this commonwealth.

But looking broadly, I begin by commending the legislature for launching this study. American poverty poses daunting, too often, insurmountable barriers, to access, to opportunity, to equality, to dignity. It can lead to conditions profoundly at odds with our most foundational tenets as a nation. And yet it is surprising how little attention it actually draws in our politics, our media, our literature, our academic study and research, our discourse, even our pulpits. Too often, we turn our gaze away from those locked at the bottom of American life. We have,

¹ British sociologist Peter Townsend defines poverty as "the lack of adequate resources to participate in the accepted ways in society." See, "Reducing Poverty – Promoting Family Economic Opportunity – A Policy Institute for State Policymakers." National Conference of State Legislators, www.ncsl.org/programs/cyf/redressingpovertypres07.htm. Federal poverty guidelines consider a family of three making \$17,170 or less to be in poverty, a family of four, \$20,650. There is a good deal of academic dispute about the federal poverty standard – which the Census Bureau describes only as a "statistical yardstick", rather than actual proof of human need. Many analysts "question whether the federal poverty standard captures the full cost of living." See, Reducing Poverty, above.

for example, just concluded what may be the most remarkable presidential campaign in our history. Searching. Defining. It was replete with discussions of Main Street v. Wall Street. But, even in this election, little or no attention was directed to those struggling to make their way onto Main Street.

The 37 million – or about 13% of Americans living in poverty. Here, in what is still the wealthiest nation on earth, the wealthiest nation in human history.² A poverty that is skewed by race – almost 22% of Hispanics, 25% of blacks and 26% of Native Americans. A poverty that is skewed by sex – 31% of female headed households live beneath the federal standard. A poverty that is skewed by geography – the south still being the poorest section of the country. And 48 of the 50 counties in the nation with the highest child poverty rates being rural in character. Trends that are demonstrated profoundly in some of this Commission's targeted counties – poverty rates of 26% to even 32% -- overall -- in Robeson, Halifax, Tyrell, Scotland, Columbus, Bladen and other commission counties. A poverty that is dramatically affected by educational achievement – 24% of Americans without a high school diploma living in poverty, 11.4% who have graduated from high school, and only 3% of those with a college degree.

And most distressingly -- well, who knows, which of these facts could be considered the most distressing – but American poverty is also strongly skewed by age. The youngest, most vulnerable among us, the poorest. 18.3% of American kids live in poverty. Almost one in five. A record far worse than most of our major industrial competitors. Numbers that – like the poverty and racial results – are even more debilitating here in North Carolina. Where 20.5% of our children live in poverty – well above the national average -- and a good deal higher than comparable measures in Virginia and South Carolina. Here, where poverty has risen from 2000-2007 even with a fairly robust economy – lifting many boats. And leaving all to fear what will happen now, as the economic waters rather dramatically recede.

These chronic barriers are now joined, nationally, by the greatest economic disparity – the greatest gaps between rich and poor – in the major industrial world. Gaps that, as the Center on Budget & Policy Priorities documents, “have increased for more than thirty years” – now reaching the highest levels in our recorded history.³ A twenty year study⁴ released by the thirty-nation Organization for Economic Cooperation and Development, a month ago, determined that “the gap between rich and poor” is growing significantly “in the world's richest countries, particularly in the U.S., as top earners' incomes soar, while others stagnate.” The

²² See, US Census Bureau, “Income, Poverty and Health Insurance Coverage in the U.S. 2007”.
www.census.gov/hhes/www/poverty/poverty/htm.

³ Robert Greenstein, Center on Budget and Policy Priorities, Oct. 29, 2008, testimony before U.S. House Ways & Means Committee.

⁴⁴ Growing Unequal? Income Distribution and Poverty in OECD Countries. – ISBN 978-92-64-044180-OC-OECD 2008.

"United States", the study concluded "has the highest inequality and poverty in the OECD countries, after Mexico and Turkey" – a disparity that led Ben Bernanke, Chairman of the Federal Reserve, to write recently that "unchecked growth of income inequality could threaten the nation's dynamism ... the challenge for [our] policy is ... to spread economic opportunity as widely as possible. " And that's the Chairman of the Federal Reserve, not the socialist workers party.⁵

And this Commission's work will face, as well, the difficulties of concentrated poverty – the poverty of places as well as people. The Federal Reserve Board's just completed and distributed study – "The Enduring Challenge of Concentrated Poverty in America" – finds that "a double burden is imposed on poor families living in very poor communities."⁶ They "not only have to cope with their own poverty but also that of those around them." Their children routinely face dramatic additional hurdles in quality of education, in exposure to crime, in likelihood of non-marital pregnancy, in diminished social capital and network, in economic access, and in mental and physical health.⁷

And you launch your work, this crucial work, under the most trying of circumstances. This State must deal, in the upcoming session, and perhaps before, with alarming budget shortfalls, reportedly approaching 2-3 billions of dollars, with tragedies in the mental health system, challenges in nursing home care, with a criminal probation system crisis, with the unfinished promises of Leandro, and child health care. The list is long. And deep. And expensive. And while these trials approach, the national and state economies falter. Unemployment rises.⁸ The demand for overstretched public services expands. Pathways ahead are perilous. But this may be a time, as well, that in both Washington and Raleigh, we are asking more seriously, and more searchingly, the most fundamental of questions about what kind of people, and what kind of society we are. And if we do that, these hard realities cannot be ignored.

And you are not alone. In the last couple of years, more than a dozen states have created commissions or caucuses not unlike this one. Several have set legislative targets for the reduction of poverty over the next decade. Delaware and Vermont, for example, committing to cut child poverty in half by 2018; Illinois to cut extreme poverty [that is, those living below 50%

⁵ Economic inequality contributes to diminished upward economic mobility in the United States: "42% of children from parents in the bottom economic fifth remain there, while 39% born to the top fifth" remain there as well. See, "Seizing the Moment: State Governments and the New Commitment to Reduce Poverty in America, Jodie Levin-Epstein & Kristen Michelle Gorzelany, A Joint Report of CLASP and Spotlight on Poverty and Opportunity, Center for Law & Social Policy, April, 2008.

⁶ The Enduring Challenge of Concentrated Poverty in America, Federal Reserve Board and the Brookings Institution. December, 2008.

⁷ Id, The Enduring Challenge of Concentrated Poverty in America.

⁸ The North Carolina Economic Outlook, Winter 2008-2009, Michael Walden, michael_walden@ncsu.edu; BTC Reports, North Carolina Budget and Tax Center, "What Happened to the Jobs? A Tale of Two Economic Cycles, John Quinterno, Vol. 14, No. 7, Dec. 2008.

of the poverty standard] by half; Oregon, to reduce extreme poverty from 12.1% to 10%. And, meantime, an array of states have proposed to undertake steps to move pragmatically toward those standards – expanding the state earned income tax credit [as you have], expanding child care programs for the working poor, broadening child health care [as you have], opening wider the doors of community colleges, and meeting the costs that entails, developing more effective teen pregnancy programs, increasing Food Stamp and EITC enrollments for the already eligible, modernizing unemployment insurance, adding rental and housing assistance,⁹ and more.¹⁰ They have also proposed, as you will, and as I’m confident we’ll hear discussed this morning, focused economic development strategies designed to bring languishing communities into the more promising currents of the economic mainstream.

We don’t have the all the answers to these chronic problems. Neither, I’m guessing, will you. Chronic problems that are about to get much worse – with estimates that a new deep recession may throw another 10 million Americans into poverty. And when, at the federal level at least, we’ve already busted the budget. And more.

We don’t know all the answers. But we do know, and I think this Commission’s creation says as much – we do know that it’s unacceptable, beyond unacceptable, to have one in five children living in wrenching poverty in the richest nation on the planet. We know that rushing to provide security and safety nets – for whatever reasons – to those at the very top while we ignore the immensely larger stresses, and often more admirable efforts, of those at bottom, has a sting of unfairness that mocks the American promise -- and our broader charge, from Dr. Graham, to “build a fresher and nobler civilization in this ancient commonwealth.” And we know that the most profound American value is that we’re all in this together.

Thank you Mr. Chairman.

⁹ See also, Manufacturing Layoffs: Hard Times for Rural Factories, The Rural Center, April 2002, Jean Crews-Klein, www.ncruralcenter.org; What Happened to the Jobs? A Tale of Two Economic Cycles, BTC Reports, North Carolina Budget & Tax Center, John Quintero, www.ncjustice.org.

¹⁰ See, Seizing the Moment: State Governments and the New Commitment to Reduce Poverty in America, CLASP, id. See also, Beyond Stimulus: Shoring Up the Safety Net, Securing the American Dream, Nov. 7, 2009, www.clasp.org.

Poverty in the South: Relationships to Economic Development Policy

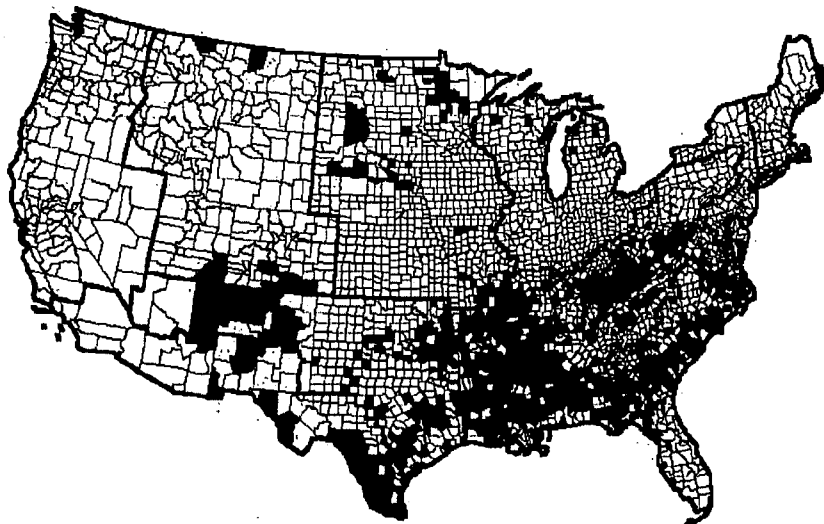
Joint Legislative Study Commission on Poverty
Reduction and Economic Recovery

Raleigh, NC
December 19, 2008

Jesse L. White, Jr.
Director

Office of Economic and Business Development
University of North Carolina at Chapel Hill

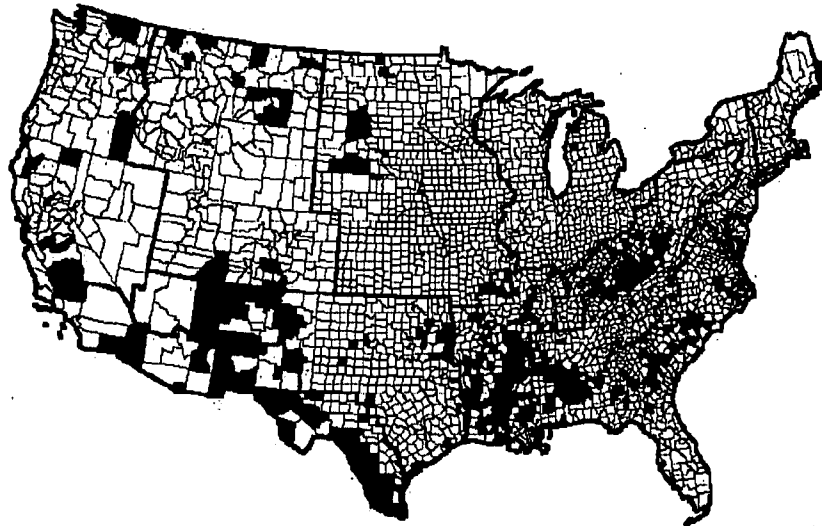
Distressed Counties in the U.S. 1970



■ Met Distress Criteria in 1970



Distressed Counties in the U.S. 2000

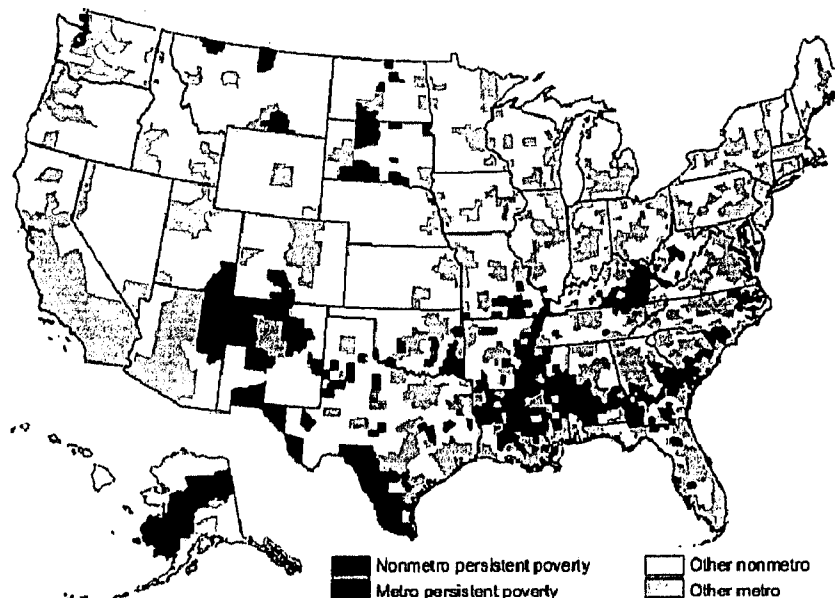


■ Met Distress Criteria in 2000

Prepared for the
Appalachian Regional Commission



Persistent Poverty Counties, 1970-2000



Persistent poverty counties—20 percent or more residents were poor as measured by each of the last four censuses, 1970, 1980, 1990, and 2000.

Source: Economic Research Service, USDA

Foundations of Southern and North Carolina Economy in 1970...

- **Row Crop Agriculture**

- 1950

- 300,000 farms
 - 25% of workforce employed in agriculture
 - 18% on family farms

- **Extractive Industries**

- **Labor-Intensive Manufacturing**

- 1970—35% of workforce



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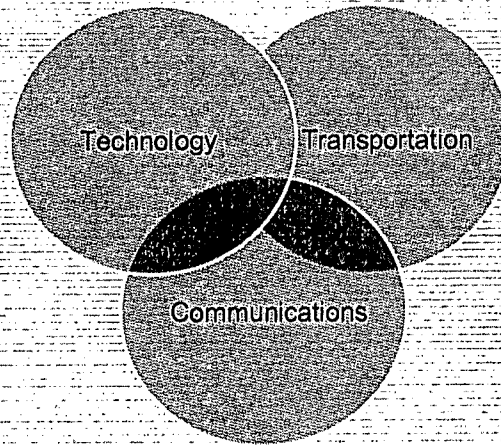
...Were Supported by Public Policies

- Federal Infrastructure
- Regional and National Programs
- Morrill Act
- State farm/factory to-market roads
- State Department of Agriculture
- Higher education investment and public schools movement
- Industrial recruitment policies



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Three Forces of Change after 1970



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New Landscape of Southern and North Carolina Economy

- **Global production process**
- **Loss of jobs in extractive industries**
 - 1987 to 1997: Lost 50% of coal-mining jobs
- **Rapid loss of family farms**
 - 1987 to 1997: Lost 150,000 family farms
 - Now only 2% of workforce in agriculture

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New Landscape of Southern and North Carolina Economy

- **Massive loss of labor-intensive manufacturing jobs**
 - Now only 12% of workforce in manufacturing
- **Metropolitanization of economy**
 - 1977 to 1992: Metro NC produced 80% of new jobs
 - 1977 to 1992: 26 rural counties in persistent poverty



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Innovations Matrix

Traditional Approaches

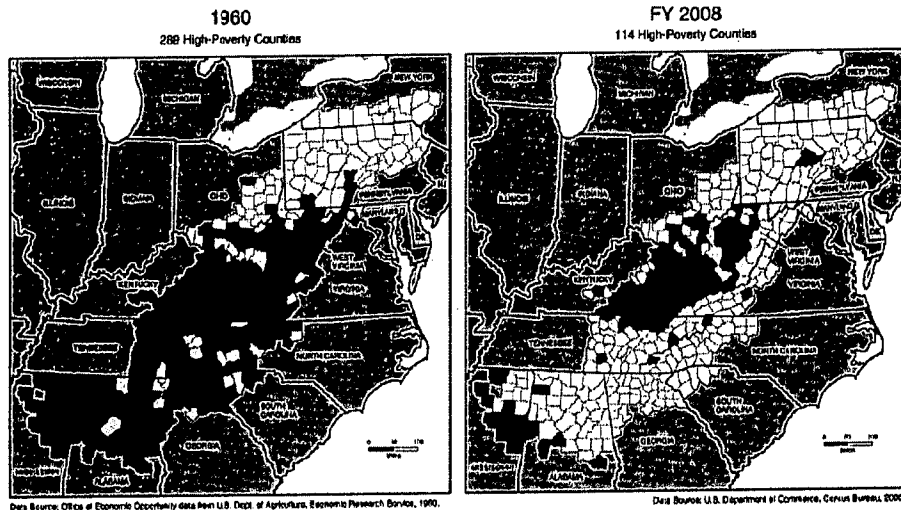
Innovative Strategies

	Industrial Recruitment	Strengthen Existing Businesses	Business Creation
Strategic Visioning			
Regional Approaches			
Cluster Development			
Entrepreneurship Programs			
Global Strategies			
POST-SECONDARY EDUCATION			



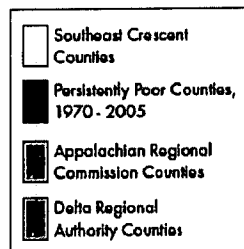
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High-Poverty Counties in the Appalachian Region (Counties with Rates At Least 1.5 Times the U.S. Average)



COUNTIES IN SOUTHEAST CRESCENT STATES THAT QUALIFY AS PERSISTENTLY POOR

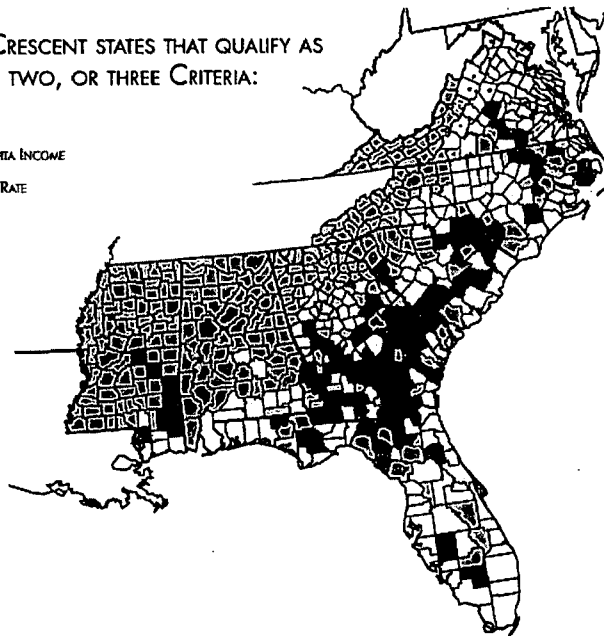
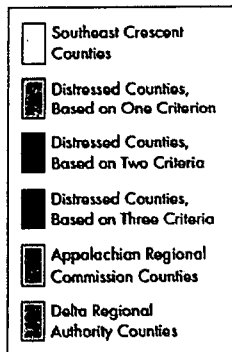
POVERTY RATE OF AT LEAST 20 PERCENT IN 1970,
1980, 1990, 2000, AND 2005



Sources: 2005 Poverty Rate (2005 Poverty Estimates, U.S. Census Bureau); 1970 - 2000 Poverty Rates (USDA, Economic Research Service)

COUNTIES IN SOUTHEAST CRESCENT STATES THAT QUALIFY AS DISTRESSED BASED ON ONE, TWO, OR THREE CRITERIA:

- 150 PERCENT U.S. POVERTY RATE
- 67 PERCENT U.S. AVERAGE PER CAPITA INCOME
- 150 PERCENT U.S. UNEMPLOYMENT RATE



Sources: Poverty Rate (2005 Poverty Estimates, U.S. Census Bureau); Per Capita Income (2006 Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce); Unemployment Rate (2007 Annual Averages, Bureau of Labor Statistics)

Thank you!

Jesse L. White Jr.

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www.research.unc.edu/oebd



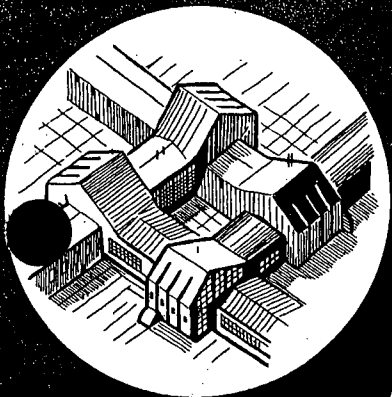
Office of Economic and Business Development
University of North Carolina at Chapel Hill

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Special Issue
Community
Economic
Development



Popular Government

SPRING/SUMMER 2004 • VOLUME 69, NUMBER 3

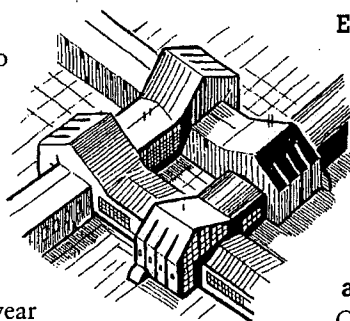
This issue of *Popular Government* is devoted to the topic of economic development. Its publication is part of an enhanced program in community economic development that is being launched by the School of Government (see the sidebar).

In keeping with the seventy-year tradition of the Institute of Government, the main elements of the community economic development program are training, research, and publishing. Examples include a series of bulletins on economic development; a guide to resources and best practices, on the School website; a certification course for professional economic developers and for community developers; training programs for local government officials and staff; and technical assistance to local governments in strategic planning for economic development.

Jesse L. White Jr., an adjunct professor in the School of Government and director of the new Office of Economic and Business Development at UNC at Chapel Hill, begins the issue with an overview of the North Carolina economy and both traditional and innovative approaches to economic development. The overview is followed by articles on innovative practices in community economic development, written by School faculty and other experts.

These approaches and more, both traditional and innovative, are conceptually framed by the Innovations Matrix at the conclusion of White's article.

—Jesse L. White Jr., Guest Editor,
and John Stephens, Editor



**Economic Development in North Carolina:
Moving toward Innovation** 2
Jesse L. White Jr.

**Using Community Vision and Capacity
to Direct Economic Change** 14
Anita R. Brown-Graham and Susan Austin

**Reporting to Work: Postsecondary Institutions
as Regional Economic Development Actors** 23
Cynthia Liston, Trent Williams, and Stuart Rosenfeld

**Spurring Entrepreneurship: Roles for
Local Elected Leaders** 31
Nancy Stark

**North Carolina's Global Position and Higher
Education's Role** 35
Carol Conway

**Clusters and Competitive Advantage: Finding
a Niche in the New Economy** 43
Jonathan Q. Morgan

Departments

At the School 55
Loeb Retires • MPA Program Rises to Top Ten in News Magazine Ranking • Ammons Elected to ASPA Council • Stenberg Reelected Chair of National Academy • Major Gifts Support MPA Students, Building, and Judicial Education

The Community Economic Development Program

Since 2003 the School of Government has strengthened its ability to assist North Carolina public officials in community economic development. The School's work in this area focuses on enhancing capacity at the local and regional levels. The goal is to equip public officials to understand better their local economies and community assets, the trends affecting them, the resources available to them, and innovative strategies for leveraging their community's strengths and opportunities in the new economy. For more information, see www.cednc.unc.edu.

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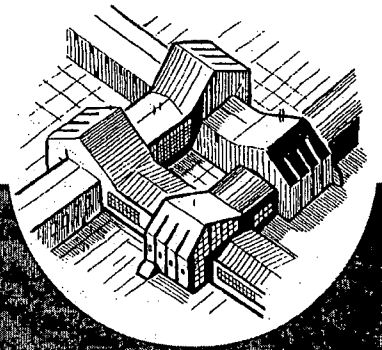
Jonathan Morgan: regional economic analysis, industry clusters, workforce development, program design and evaluation; phone (919) 843-0972, e-mail morgan@iogmail.io.unc.edu

On the Cover
Postsecondary institutions are key players in community economic development.

Cover and Inside Illustrations
David Suter

Economic Development in North Carolina: Moving toward Innovation

Jesse L. White Jr.



North Carolina's economy appears to be undergoing a sea change. In fact, the ship of state seems to have lost its economic moorings. But is this actually the case? This article examines the state's changing economy

The author is director of the newly established Office of Economic and Business Development at UNC at Chapel Hill and an adjunct professor in the School of Government. He is a former executive director of the Southern Growth Policies Board and a former chair of the Appalachian Regional Commission. Contact him at jwhite@unc.edu.

and lays out a framework for thinking about economic development policy. It describes traditional economic development policies and their achievements. Then it surveys innovative policies and programs of the past decade. It concludes with a framework for integrating traditional and innovative policies into a matrix for planning and action.

North Carolina's Changing Economy

To many, the pillars of the North Carolina economy seem to be crumbling. Almost daily, the newspapers report

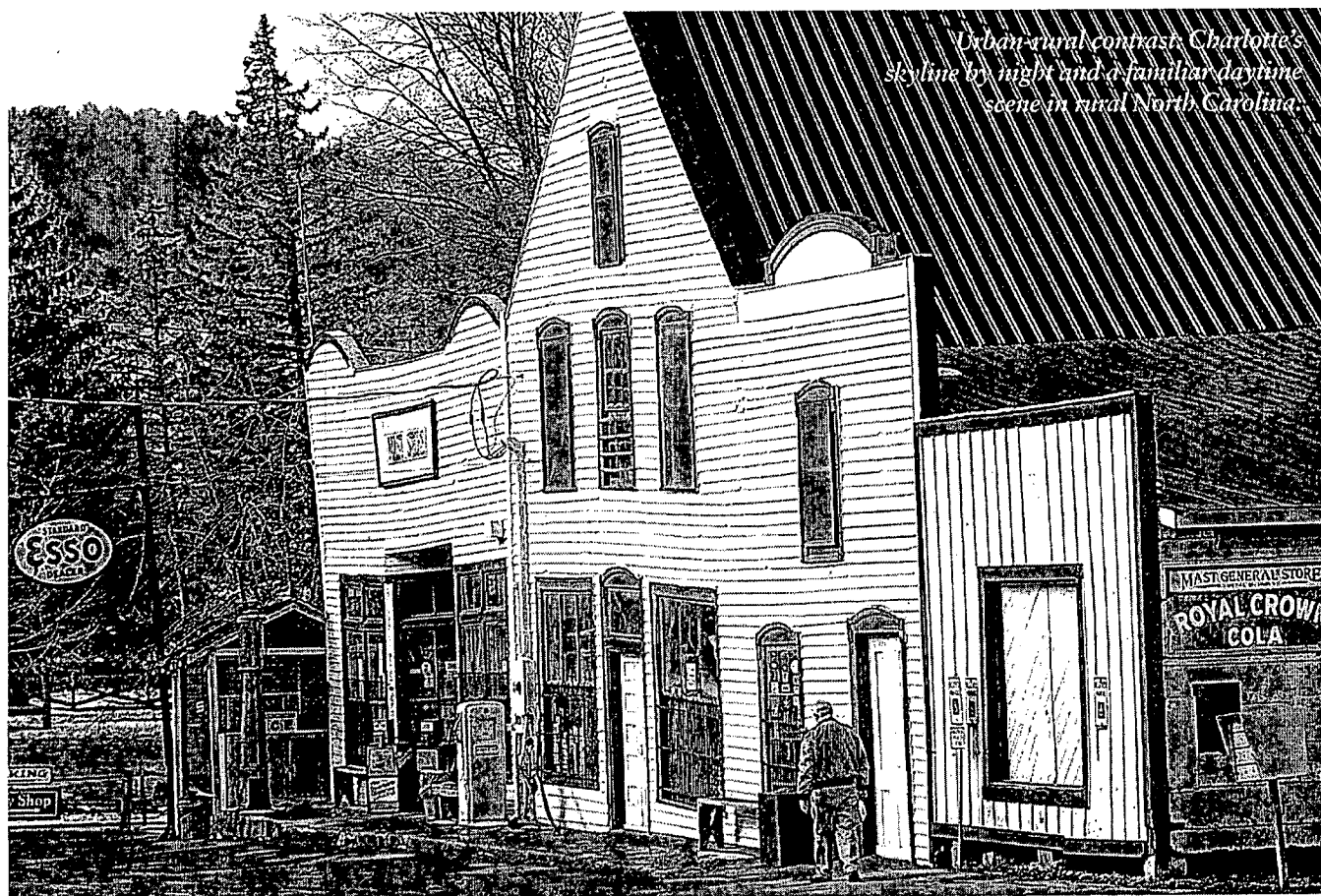
plant closings in the state's big three: textiles, furniture, and tobacco. Indeed, the job losses in these sectors have been substantial and painful to the people and communities affected. Alarms are being sounded about the need for a new model of economic development for the state, including major incentives for industrial recruitment. However, the tale of North Carolina's economy is more complex than today's headlines make it appear.

North Carolina participated in, and in some cases led, the boom of the Sunbelt. It also shared in the shadows.¹ In the two decades leading up to the new

millennium, the state's population grew by about 30 percent, and the number of jobs increased by almost 60 percent, outpacing both the national and the southern rate of growth. By the late 1990s, North Carolina's per capita income was more than 91 percent of the national average and one of the highest in the South. Much of this growth was driven, not by the traditional pillars of the economy, but by the technology-intensive growth in the Research Triangle Park and by banking

particularly tobacco products, joined the textile and apparel industries, but the manufacturing jobs paid low wages and were overwhelmingly nonunion. In fact, by the early 1960s, North Carolina was among the states with the highest percentages of their workforces in manufacturing, and among the states with the lowest average manufacturing wages. Even today the state ranks in the top three in the percentage of its nonfarm workforce in manufacturing.³

was losing about 1,000 jobs per month in these sectors. Between 1978 and 1997, the state lost about 32 percent of its textile manufacturing jobs and 40 percent of its apparel jobs. From 1997 through 2001, the losses were a further 30 percent and 39 percent respectively. From 2000 to 2003, employment in textiles and apparel fell by another one-third. The state lost more than 80,000 textile jobs alone in the past decade. In the last few years, the same industrial



Urban-rural contrast: Charlotte's skyline by night and a familiar daytime scene in rural North Carolina.

PHOTOS BY NORTH CAROLINA DIVISION OF TOURISM, FILM AND SPORTS DEVELOPMENT

and other services sectors in Charlotte. The state also has been plagued, however, by persistent and growing differentials between urban and rural areas and among its various regions.²

North Carolina made the transition from an agrarian state to a manufacturing state long before most of the South. The transition was fueled in part by the migration of the textile industry from New England to the Carolinas and by the happy absence in North Carolina of a power structure of plantation owners, which stifled economic change in other southern states. Manufacturing of furniture and other nondurable goods,

In the 1960s and the 1970s, however, a long decline in manufacturing employment began in North Carolina. It occurred as a result of technology and the globalization of production, the latter an emerging phenomenon that severely weakened the cost-sensitive manufacturing base of the South. The media and the public tend to focus on the *current* loss of jobs in the textile and apparel industries. However, as far back as the 1970s and 1980s, North Carolina

Alarms are being sounded about the need for a new model of economic development for the state, including major incentives for industrial recruitment.

restructuring began to affect the furniture industry, in which manufacturing employment fell by one-quarter.⁴

Likewise, employment and wages from farming have plummeted in North Carolina. In 1950 there were

about 300,000 farms in the state, and agriculture employed more than 25 percent of the workforce. Today the number of farms has fallen to about 50,000, employing about 2 percent of the workforce. Tobacco farming, once a



Table 1. Agriculture in North Carolina, 2001

Total agricultural receipts	\$8,061,862,000
Total crop receipts	\$3,086,554,000
Total livestock receipts	\$4,644,078,000
Hog receipts	\$1,709,794,000
Broiler chicken receipts	\$1,681,040,000
Tobacco receipts	\$685,799,000
Greenhouse receipts	\$986,637,000
Total farms 1987	59,284
Total farms 1997	49,406

Source: Data from North Carolina Rural Economic Dev. Ctr., Agriculture in North Carolina [data sheet], available at www.ncruralcenter.org/databank/datasheet.asp?topic=Agriculture (last updated Sept. 15, 2003).

Table 2. Employment Sectors with the Greatest Job Gains and Losses, 1978–1997

	N.C. Employment Change, 1978–97	Percent Change, N.C.	N.C. Employment, 1997	Percent of All N.C. Jobs, 1997
Sectors with Greatest Job Growth				
Business services	223,457	400.3	279,281	6.1
State and local government	186,132	55.7	520,481	11.3
Health services	171,877	196.0	259,565	5.6
Eating and drinking establishments	146,962	156.4	240,953	5.2
Food stores	56,383	90.9	118,407	2.6
Social services	47,899	212.6	70,430	1.5
Amusement services	36,188	213.7	53,120	1.2
Personal services	32,809	67.4	81,523	1.8
Industrial machinery manufacturing	30,895	77.6	70,718	1.5
Trucking and warehousing	27,394	53.2	78,885	1.7
Sectors with Job Loss				
Textile manufacturing	–80,711	–31.5	175,839	3.8
Apparel manufacturing	–34,874	–39.9	52,538	1.1
Tobacco products manufacturing	–9,504	–35.9	16,972	0.4
Furniture and fixtures manufacturing	–6,111	–7.3	77,346	1.7

Source: Adapted from STATE OF THE SOUTH 2000, at 95 (Chapel Hill, N.C.: MDC, Inc., Sept. 2000).

staple of income and employment in rural and small-town North Carolina, also has been in steep decline. In the United States, the number of tobacco farms was cut in half from 1978 to 1997. For the most recent year in North Carolina, receipts from tobacco trailed receipts from hogs, chickens, and even greenhouses (see Table 1).⁵

Like the rest of the United States, North Carolina began making the transition to a service-based economy in the last quarter of the century. (For data on the employment sectors with the greatest job gains and losses during this period, see Table 2.) Again, the state was ahead of much of the South, particularly

in developing its powerful banking sector. Almost 70 percent of North Carolina's workforce is currently employed in the services sector broadly defined, and that sector has created 70,000 new jobs in the state since 2000. However, much of that sector pays low wages. In travel and tourism, the 80,000 people working in hotels and lodging and in amusement and recreation had average weekly wages of \$308 and \$447 respectively in 2001. In the same year, the almost 700,000 people working in retail made average weekly wages of \$346. At the other end of the services spectrum, some 263,000 health care workers earned average

weekly wages of almost \$700. For those in high-tech services, the wages were much higher.⁶

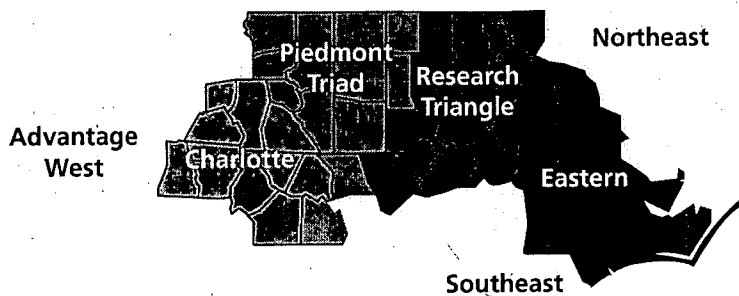
The same wage differential holds for high-tech manufacturing employment, which has grown impressively over the past two decades (although the absolute number of jobs still is smaller than that in traditional industries). The 19,000 workers in the pharmaceutical industry made average weekly wages of more than \$1,300 in 2001, and the 58,000 workers in electronics and electrical equipment manufacturing made average weekly wages of more than \$900. By contrast, the 123,000 workers in textiles made average weekly wages

Table 3. **Per Capita Income in North Carolina, by Region, 2000**

Region	Per Capita Income	Percent of Statewide Per Capita Income
Research Triangle	\$30,400	113
Charlotte	29,900	111
Piedmont Triad	27,600	102
Statewide	26,900	100
Advantage West	23,900	89
Eastern	23,600	88
Southeast	22,600	84
Northeast	21,700	81

Source: Data from Frank Maley, *Looking for Work*, BUSINESS NORTH CAROLINA, Feb. 2003, at 1, available at www.businessnc.com/archives/2003/02.

Figure 1. **North Carolina Department of Commerce Regional Partnerships**



Source: From North Carolina Dep't of Commerce, Business Recruitment, available at www.investnc.com/helping/partner.asp (last visited Mar. 29, 2004).

of \$541, and the 30,000 workers in the apparel industry made \$442.⁷

The recent recession hit hard. North Carolina's per capita income figure slipped from a high of almost 92 percent of the national average to about 90 percent in 2003. The unemployment rate doubled, from 3.1 percent in December 1998 to 6.7 percent at the end of 2002 and 6.1 percent at the end of 2003. The change in the relative position of the state was breathtaking. In 1999, North Carolina ranked thirty-eighth in unemployment (first being the least desirable ranking), but last year it was in the top ten (it has since improved to twenty-first). Retail sales have experienced their largest

decline in a decade, and even high-tech manufacturing employment declined between 1999 and 2001.⁸

North Carolina has made several major transitions in its economic base—from farming to manufacturing to services. One constant, however, has been the persistence of wage and income differentials and regional disparities. Along with most of the South, the state has experienced the "metropolitanization" of its economy. From 1978 to 1997, the state's metropolitan areas added 1.3 million jobs, while the nonmetropolitan areas added just 330,000. So, although about 67 percent of the people lived in metropolitan areas, those areas

produced 80 percent of the job growth. Likewise, during the last decade, urban areas increased almost 26 percent in population, compared with 18 percent for rural areas.⁹

As well as a general urban-rural disparity, there are large regional differences. For example, per capita income ranges from \$30,400 in the Research Triangle Park (RTP) to \$21,700 in the northeast. (For a breakdown of per capita income by regional partnership areas, see Table 3. For a map identifying the various areas, see Figure 1.)

Clearly the tale of North Carolina's economy is not a simple one. Tens of thousands of jobs have been lost in many traditional sectors of the economy, while tens of thousands have been created in emerging sectors. If one word could describe the state's economy during the past two decades, it would be "churning." Although job loss often is the media story, the quieter story of job creation frequently remains untold. But therein lies the future of the North Carolina economy.

Economic Development Policies

"Economic development" is the intersection of public policy and private commerce for the purpose of creating jobs, businesses, prosperity, and wealth. The study of that intersection is "political economy," a term once widely used in political science and now making a comeback.

Both the nation and the states have implemented numerous economic development policies. Important federal ones have been the land-grant college system, subsidies to build the trans-continental railroads, the interstate highway system, rural electrification, military and space research and development, small business programs, regional commissions like the Tennessee Valley Authority and the Appalachian Regional Commission (ARC), and investments in all levels of public education. Although these programs often are not explicitly characterized as economic development policies, they have profoundly affected the evolution of the American economy. State policies have included the establishment of state departments of agriculture, state

road systems, public education, community college systems, and programs for recruitment of branch plants of manufacturing firms.

North Carolina has embraced many of these policies throughout its history. Although much is heard today about technology transfer—as though it were some new phenomenon—one of the most successful models in history is more than a century old: the land-grant colleges and the cooperative extension service. Under the land-grant college system, North Carolina State University was established in 1887, and North Carolina A&T in 1891. This system benefited North Carolina mightily and helped it become a state of small, successful farmers. The state created its own Department of Agriculture in 1944.

To support both the manufacturing and the farming economy, for many years the state also has built roads and highways to get goods from farm and factory to market. In fact, as early as the 1920s, at the time of the creation of the North Carolina Highway Commission, North Carolina was known as the “Good Roads State.” Today the state ranks second in the nation in terms of total highway miles under state control and maintenance.¹⁰

North Carolina also has invested handsomely in postsecondary education for decades. Today it ranks sixth in the nation in expenditures on universities, colleges, and community colleges. The sixteen campuses of The University of North Carolina and the fifty-eight public community colleges represent tremendous economic development assets.¹¹

The state has supported the traditional pillars of its economy through other policies. It has kept cigarette taxes among the lowest in the country to support tobacco farmers and cigarette manufacturers. It also has enacted right-to-work legislation and other policies that support low-wage, nonunion manufacturing in textiles, apparel, and furniture.

North Carolina was slow to embrace the southern mania for incentive-based industrial recruitment. Beginning in Mississippi in 1937, the policy was simple and successful: to recruit the branch plants of labor-intensive, cost-sensitive manufacturing firms into communities on the basis of low-wage

and nonunion labor, low taxes, and subsidies and incentives. These policies spread across the region and did, in fact, industrialize the rural and small-town South. However, in branch plants controlled from outside, the fate of workers and communities was left in the hands of corporations often domiciled far away. These branch-plant economies—while providing jobs—actually created little wealth in the communities in which they operated.

North Carolina did not adopt this strategy until the passage of the William S. Lee Quality Jobs and Business Expansion Act in 1996, although local incentives had been granted for some time and were held to be constitutional in the *Maready* decision that same year.¹² In December 2003 a special session of the General Assembly enacted the Job Growth and Infrastructure Act, authorizing about \$230 million in incentives to Merck & Co. and R. J. Reynolds to create an estimated 1,200 new jobs in the already successful areas of the RTP and the Piedmont Triad. This was an unprecedented and controversial action.

Although North Carolina has a large number of workers in branch plants, it also has many workers in plants of home-grown companies in tobacco, furniture, and textiles. In this sense North Carolina is different from many other

southern states. These home-grown plants, however, are subject to the same pressures of technology and globalization as branch plants are.

One economic development policy in which North Carolina was ahead of much of the rest of the South was the creation of innovative institutions to promote technology. The most notable example was the creation of RTP in 1958. This was followed by the creation of the North Carolina Board of Science and Technology in 1963, the Microelectronics Center of North Carolina in 1980, and the North Carolina Biotechnology Center in 1981. In RTP alone, more than 130 companies and organizations employ 45,000 workers, whose

average salary is \$56,000. The total payroll in RTP is \$2.7 billion.¹³

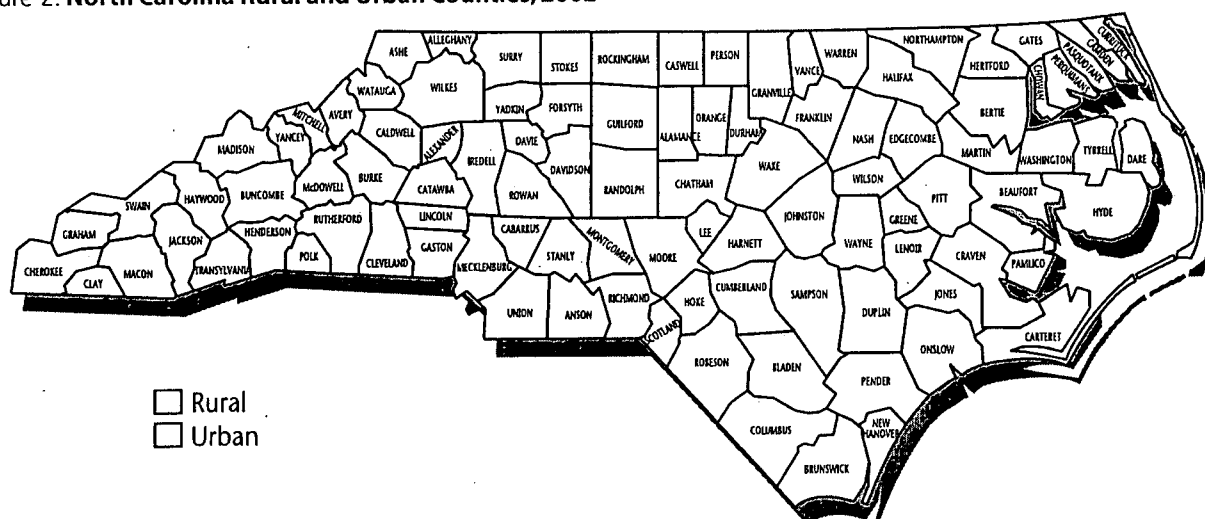
Other important state policies have been in financial services and rural development. For decades North Carolina was unique in the South in allowing statewide banking, which helped North Carolina banks grow and strengthen while restrictive banking laws in other southern states kept their banks small and isolated. Working through the Southern Growth Policies Board, this state was a leader in the 1980s in the interstate banking movement, first creating a protected regional market for a limited period and then embracing national interstate banking. As a result, North Carolina is one of the major banking centers of the United States. Two of the state's banks—Bank of America (newly merged with Fleet First Boston) and Wachovia—are among the five largest in the United States, employing approximately 100,000 and 87,000 workers and holding assets worth \$736 billion and \$401 billion, respectively.¹⁴

One economic development policy in which North Carolina was ahead of much of the rest of the South was the creation of innovative institutions to promote technology.

In 1987, recognizing the growing differentials between the burgeoning metropolitan economy of North Carolina and the languishing or declining rural and small-town economies, the state created the North Carolina Rural Economic Development Center (hereafter the Rural Center), prob-

ably the premier such institution in the nation. Its mission is to be an advocate for and funder of the rural counties of the state, drawing its impressive budget from state appropriations, foundations, and the private sector. The Rural Center has a large array of programs, including research and development, water and sewer services targeted at rural areas, microenterprise, access to capital, a leadership institute, an agricultural advancement consortium, a Rural Internet Access Authority, and rural entrepreneurship. A staff of nearly 40 professionals manages an operating budget of almost \$7 million dollars, which includes about \$3 million in grants. The Rural Center has additional grants and

Figure 2. North Carolina Rural and Urban Counties, 2002



Source: From North Carolina Rural Economic Dev. Ctr., Rural County Map, available at www.ncruralcenter.org/databank/rural_county_map.asp (last updated Jan. 2, 2002). Reprinted by permission.

Note: A rural county is one with a density of fewer than 200 people per square mile based on the 1990 U.S. Census [N.C. GENERAL STATUTE 143B-437.41].

awards amounting to almost \$80 million, pursuant to the state's Clean Water Bond Fund. (These funds include those of the Rural Internet Access Authority.)¹⁵ (For a map of the state's rural counties, see Figure 2.)

Obviously the intersection between public policy and private commerce—

economic development—has had enormous impacts on North Carolina's economy. Although at times overwhelmed by national and global trends, economic development policies still are crucial to the future of the state and its communities. The question today is the same as it always has been: what is the best

model of economic development for North Carolina?

Traditional Approaches to Economic Development

From an economic development perspective, there are three traditional ways to create jobs, companies, and wealth: (1) recruiting plants or other facilities of companies domiciled outside the state; (2) strengthening and expanding existing businesses and industries; and (3) promoting entrepreneurship, or creation of new, home-grown businesses. These are sometimes referred to as the three legs of the economic development stool.

Most southern states have invested an overwhelming proportion of their economic development resources in industrial recruitment. In fact, industrial recruitment is the central mission of almost all state departments of commerce or economic development. In North Carolina, state-funded incentives for economic development investments have amounted to more than \$200 million



North Carolina's Research Triangle has experienced phenomenal growth in the last forty-six years, spurred by developments in biotechnology. Left, a production operator for a Raleigh-based company making medical adhesives pumps a product into a flask.

HARRY LINTCH / NEWS & OBSERVER

Project Development Financing

In November 2004, North Carolinians will vote on a constitutional amendment allowing cities and counties to use a new tool for financing debt, called "project development financing." This tool permits a county or a city, without voter approval, to borrow money to construct public improvements intended to attract private investment, and thereby to increase the tax value of property in the vicinity of the improvements. That increase provides the principal security for repayment of the borrowed money.

The county or the city begins the process by establishing a "project financing district," which includes the properties expected to increase in value because of the public investment. Cities may establish such a district in redevelopment areas as defined by the urban redevelopment statutes. Cities and counties may establish such a district in an area that is either (1) blighted, (2) appropriate for rehabilitation or conservation activities, or (3) appropriate for economic development. A county may establish such a district only in unincorporated areas.

A School of Government faculty member, David M. Lawrence, provides an extended explanation of project development financing online at www.sog.unc.edu/popgov/.

since 1996, when the William S. Lee Act was passed. In December 2003 the Job Growth and Infrastructure Act added \$230 million to that figure, targeted at just two companies.

This emphasis on recruitment shows in employment statistics. About one-third of Americans employed in branch plants are in the South.¹⁶ In North Carolina, by the mid 1990s, almost 20 percent of private-sector employment was in firms owned by outside interests. According to the Rural Center, in 2002 almost 110,000 firms with fewer than 100 employees together employed about 2 million workers, while nearly 5,700 firms with 100 or more employees employed about 1.7 million workers. In other words, the 110,000 small firms em-

ployed close to the same number of people as the 5,700 large firms did.¹⁷ Branch plants tend to be larger than home-grown businesses, so the figure for firms employing 100 or more employees is a proxy for branch-plant employment.¹⁸

In the past two decades, almost all southern states have enacted programs aimed at strengthening existing industry. North Carolina extends its tax incentives to existing businesses that create new jobs in distressed parts of the state. Other states have embraced this move. Also, the Department of Commerce has established a Business and Industry ServiCenter to help businesses succeed and grow. This service is

an innovative partnership among the Department of Commerce, the Small Business and Technology Development Centers, the North Carolina Community College System, and the North Carolina Industrial Extension Service.¹⁹

Despite these initiatives, however, only a small fraction of the state's resources is spent on existing industry programs. The Rural Center estimates that North Carolina spends only one dollar on strengthening existing businesses for every six dollars it spends on recruitment, despite the fact that existing businesses account for about 60 percent of all new job creation and investment.²⁰ The gigantic expenditure of funds on industrial recruitment often is a source of bitterness to existing business.

In terms of creation of small businesses, many southern states support revolving loan funds, loan guarantees, technical assistance, and business incubators. North Carolina has provided funding to the Rural Center for its \$1.7 million program of capital access. In addition, the Rural Center launched a \$2.9 million Institute for Rural Entrepreneurship in fall 2003 with a ten-part program to be funded, in part, by state appropriations. (For more information

about the institute, see the sidebar on page 32.) The state also has allocated more than \$1 million of its ARC funds for entrepreneurship programs at the Advantage West regional partnership and the North Carolina Department of Commerce. Further, the state funds seventeen Small Business and Technology Development Centers across North Carolina to assist small business start-ups and expansions.²¹

Although the state has made efforts to support existing industry and creation of small businesses, like the rest of the South, it overwhelmingly allocates energy and resources to the recruitment

leg of the economic development stool. However, the South and North Carolina also have moved beyond these traditional approaches and developed innovative policies, programs, and practices as the old economy has begun to fade and the new economy has come to be understood.

Innovations

The South began to experience the turmoil of fundamental economic change in the 1980s, and from this distress came policy innovation. The

The South began to experience the turmoil of fundamental economic change in the 1980s, and from this distress came policy innovation. The revolutions in communications and transportation technology produced a profound globalization of the economy. That, in turn, doomed the South's economic base of labor-intensive, low-cost manufacturing.

revolutions in communications and transportation technology produced a profound globalization of the economy. That, in turn, doomed the South's economic base of labor-intensive, low-cost manufacturing. The region now was competing with cost structures in the Third World. As noted earlier, the inexorable loss of manufacturing jobs began. A path-breaking report of the Southern Growth Policies Board in 1985, entitled *After the Factories*, documented for the first time this industrial restructuring of the rural and small-town South.²²

In response to this challenge, out of the Southern Growth Policies Board—and the remarkable group of southern

Figure 3. **Technology-Intensive Employment as a Percent of Total Employment**

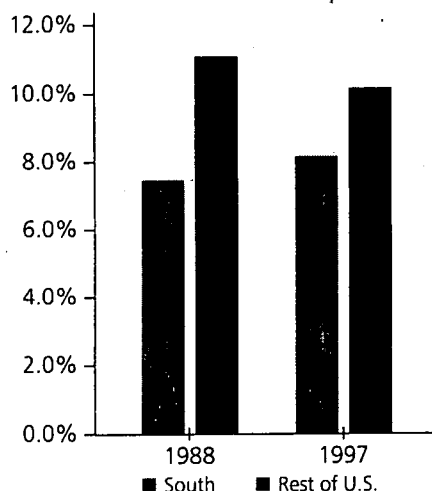
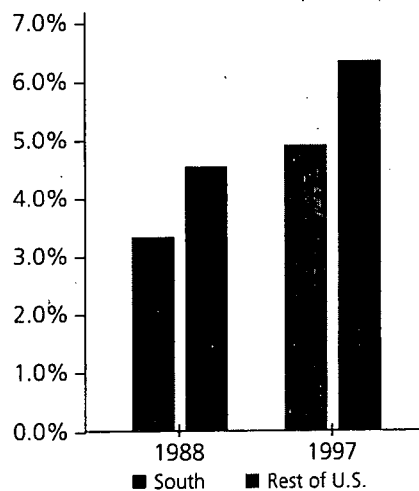


Figure 4. **Number of Technology-Intensive Firms as a Percent of All Firms**



Source: From *Invented Here: Transforming the Southern Economy* 15 (Research Triangle Park, N.C.: Southern Growth Policies Bd., June 2001). Reprinted by permission.

governors whom it served—came a ferment of policy innovation. It was captured first and perhaps most dramatically in the report of the 1986 Commission on the Future of the South, entitled *Halfway Home and a Long Way to Go*. Given the charge of producing an economic development plan for the South, the commission set forth ten path-breaking objectives. The report broke

through the stovepipes of state and local government programs and policies, integrating education, training, technology, higher education, leadership development, civic capacity, global competitiveness, and entrepreneurship into a new matrix of economic development.²³

Other think tanks were undertaking similar innovative work in the 1980s: MDC, Inc. (of Chapel Hill), the State

Policy Program and the Rural Economic Policy Program (both of the Aspen Institute, headquartered in Washington, D.C.), the Corporation for Enterprise Development (located in Washington, D.C., and Durham, N.C.), the National Governors Association, the Council of State Policy Agencies, and the Southern Growth Policies Board's Southern Technology Council. In the 1990s a vigorous focus on rural development emerged through the Rural Local Initiatives Support Corporation, the Rural Policy Research Institute, the Center for the Study of Rural America at the Kansas City Federal Reserve Bank, the Northwest Area Foundation, and the ARC.²⁴

These innovations were reflected in state policies and programs across the South and throughout the nation. The following sections describe seven key elements of this new approach to economic development.

1. Linking Human Resource Development to Economic Development

Perhaps the single most important development was that southern states began to link quality education to economic development. Although southern states had invested well in postsecondary education for decades, they were at the bottom of the heap in expenditures on elementary and secondary education. An economy based on row-crop agriculture, low-skill manufacturing, and extractive industries did not require a highly educated or skilled workforce. In the new knowledge-based, globally competitive economy of the 1980s, the weakness of the labor force became an albatross on the South's back.

As southern policy makers embraced this understanding, a remarkable wave of education reform and funding began. The education reform movement that began in Mississippi in 1982 swept across the South, often promoted by southern governors on the basis of economic development. North Carolina funded early childhood education and development through Smart Start. Also, in sal-

Manufacturing associates work in a cell-culture room at Biogen Idec, a firm that produces therapies for cancer and vaccines for hepatitis B.



aries for elementary and secondary school teachers, it moved from forty-third in 1996 to twenty-third in 1999. Further, as noted earlier, the state now ranks sixth in the nation in expenditures on postsecondary education.²⁵

2. Building Institutions to Promote Technology Development and Deployment

Beginning with the influential report of the Southern Technology Council in 1989, entitled *Turning to Technology*, southern states began to create institutions formally to promote the diffusion of technology and innovation for purposes of economic development.²⁶ Examples include the Alabama Technology Network, in which companies increased their sales by \$28 million; the Georgia Research Alliance, which over a decade invested more than \$275 million in an infrastructure for innovation; and the Kentucky Innovation Act, which allocated more than \$50 million in technology initiatives and created a Kentucky Innovation Commission.²⁷

The leadership role that North Carolina exerted is noted earlier in the creation of RTP, the Microelectronics Center of North Carolina, the Biotechnology Center, and the Board of Science and Technology.

Payoff from these investments can be seen in the growth of technology-intensive employment and firms (see

Figures 3 and 4, page 9). From 1989 to 1997, technology-intensive employment as a percentage of total employment grew by 34.3 percent in the South, from 1.46 million jobs to 1.96 million. In the same period, the number of technology-intensive firms grew from 45,000 to almost 77,000. On both measures the South outpaced the nation. In North Carolina the growth of technology-intensive employment was 7.9 percent, roughly the southern average but lower than the national average of more than 10 percent. Technology-intensive firms increased by 4.5 percent, below the southern average of 5 percent and the national average of more than 6 percent.²⁸

3. Creating Multijurisdictional Institutions to Work on Regional Economic Development

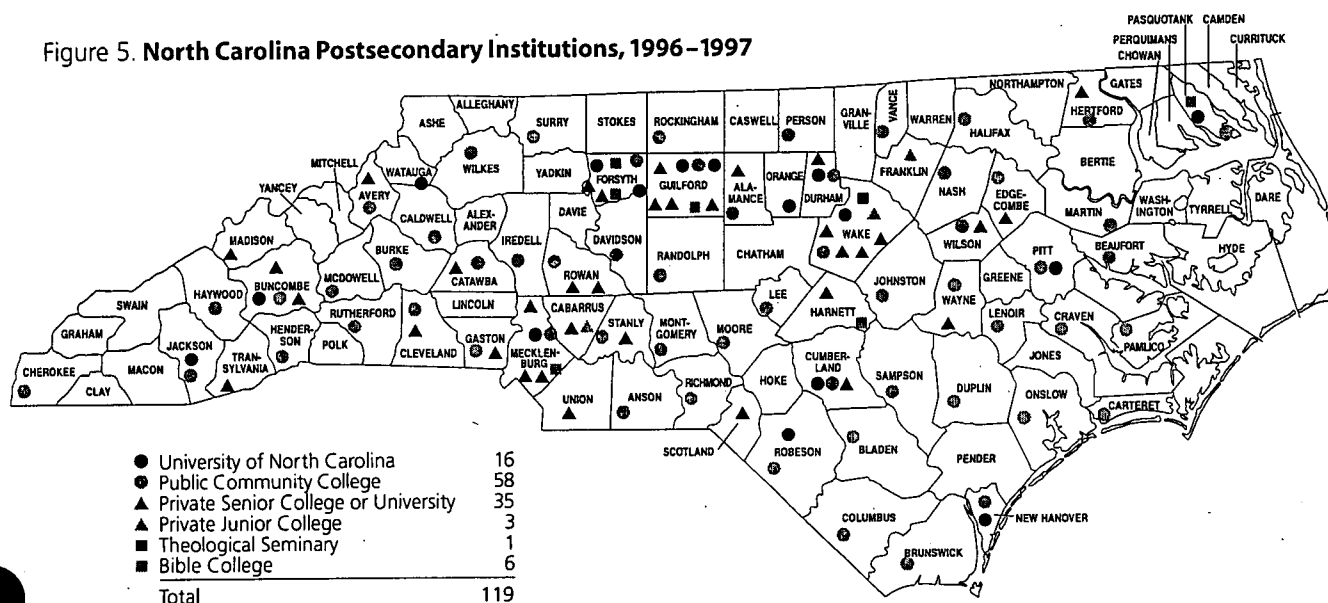
As awareness grew that economies do not function according to artificial political boundaries, states and localities began to create institutions for multijurisdictional planning and action. Some of these were federally created regional planning districts formed under the Economic Development Administration and the ARC in 1965. Others issued from state legislative actions. Still others resulted from cities and counties crafting their own instrumentalities. Examples include the Tennessee Resources Valley in the Knoxville–Oak

Ridge area, a sixteen-county economic development agency; the Regional Leadership Council of Louisville, Kentucky, and southern Illinois, serving an interstate region of twenty-three counties; the Greater Richmond Partnership of Richmond, Virginia; and the Indianapolis Regional Economic Development Partnership.²⁹ North Carolina created seven regional partnerships for economic development under the umbrella of the Department of Commerce (see Figure 1), in addition to its seventeen existing regional councils of governments.³⁰

4. Linking Community Development and Civic Capacity to Economic Development

As the South moved from a hierarchical industrial structure to a “flatter” services-sector economy, weaknesses in leadership and civic infrastructure became an impediment to growth and development. Again, the linkage was first established in *Halfway Home and A Long Way to Go*, which had as one of its ten objectives, “Develop Pragmatic Leaders with a Global Vision.”³¹ This focus on building leadership that is both broad and deep in communities has grown enormously in the past two decades. In fact, the Move the Mountain Leadership Center estimates that leadership development is already a \$1 billion industry in the United States.³² All this

Figure 5. North Carolina Postsecondary Institutions, 1996–1997



Source: Adapted from NORTH CAROLINA ATLAS: PORTRAIT FOR A NEW CENTURY 362 (Douglas M. Orr Jr. & Alfred W. Stuart eds., Chapel Hill: University of N.C. Press, 2000).

work and energy in building civic capacity led the Southern Growth Policies Board to create its Council on the Southern Community, dedicated to the promotion of model programs in capacity building in southern communities.³³

There are literally hundreds of leadership development programs across the South and dozens in North Carolina, although many of them do not reach the neediest areas or serve the disadvantaged. Some, like Leadership North Carolina, are quite expensive, charging \$2,500 for tuition. Since 1989 the Rural Center has run a leadership program expressly for economic development that costs only \$495 and accepts thirty applicants per year. Regional universities, like Western Carolina University, also run programs.³⁴

The linkage between leadership and civic capacity and community development is explored in another article in this issue, by Anita R. Brown-Graham and Susan Austin (see page 14).

5. Working with Communities and Companies on Global-Competitiveness Strategies

Perhaps the most important impact of technology on the southern economy has been the rapid globalization of it. The percentage of the U.S. gross domestic product accounted for by international trade soared from about 13 percent in 1970 to more than 30 percent today. The globalization of the production process and the adoption of free trade agreements have together destroyed tens of thousands of old jobs and generated tens of thousands of new ones, creating in the process massive dislocations of the underskilled workforce of the South in general and North Carolina in particular.³⁵ Further, the South still is an underachiever in export sales. As Carol Conway points out in her article in this issue (see page 35), if southern businesses exported at the national average, the South would have more than 380,000 additional jobs. North Carolina would have about 56,000 of those.

Southern states have adopted programs to help their communities and businesses become more globally competitive. Most have an international component to their economic development departments, but it frequently is focused on industrial recruitment. The



trade-promotion functions often are small and underfunded. World Trade Centers and programs at some universities work with businesses and communities, and North Carolina has just launched a new World Trade Center on the Centennial Campus of North Carolina State University. The effort is a partnership of the Community College System and the university's Office of Extension and Engagement.³⁶

6. Developing Programs to Enhance Entrepreneurship

Regional organizations and states began to develop more explicit and sophisticated programs to promote entrepreneurship, realizing that new and small businesses create almost all the new jobs. In North Carolina, for example, according to Rural Center estimates, firms with more than 100 employees lost 42,000 jobs between 1998 and 2002, while firms with 50 or fewer employees created almost 27,000 new jobs. Further, the latter firms generated \$14.5 billion in wages annually and provided 614,000 jobs.³⁷

Entrepreneurship programs vary widely from state to state. North Carolina is cited as a "model for entrepreneurial infrastructure" in having the

Southern states have supported the creation of small businesses, like the one above, and the strengthening of existing businesses but not to the extent that they have promoted industrial recruitment.

university-based Small Business and Technology Development Centers, the community college-based Small Business Development Centers, the programs of the Rural Center, a robust Rural Entrepreneurship through Action Learning program in public schools, and the Self Help Credit Union, which served as the model for the federal Community Development Financial Institutions program.³⁸

The most ambitious regional program is the ARC's Entrepreneurship Initiative, now in its sixth year. The program has invested about \$31 million of federal resources and leveraged another \$45 million to help create an infrastructure for entrepreneurship throughout Appalachia. The initiative already has helped create 1,200 new businesses and more than 5,000 jobs. Most of the results of the investments are yet to be realized. ARC funds helped establish the Blue Ridge Entrepreneurial Council in western North Carolina. During its first

year, it created a Blue Ridge Angel Investor Network, which raised more than \$500,000 for one growing company. It also hosted two conferences, one on building entrepreneurial communities and another on venture capital and entrepreneurship. Further, the council plans to raise \$5 million for an angel investment fund.³⁹

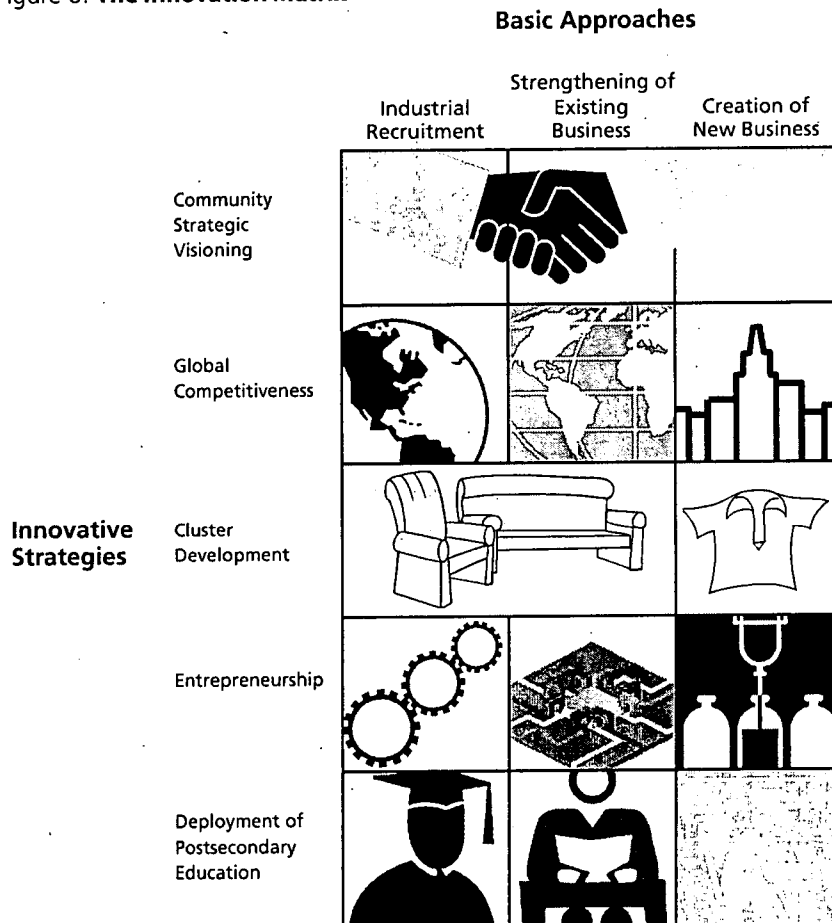
7. Deploying the Assets of Postsecondary Education

Another innovation was an explicit effort to link postsecondary education to economic development. Higher education already had proven the value of this connection through the land-grant college system and cooperative extension. Now it began to address the broader range of development challenges in the knowledge-based and technology-driven economy of the twenty-first century. North Carolina was a pioneer in deploying the strengths of its community colleges to train workers in manufacturing skills and technologies. (These efforts are described in the article in this issue by Cynthia Liston, Trent Williams, and Stuart Rosenfeld—see page 23.) Beyond training, Catawaba Community College has worked with an industry cluster, through the Hosiery Technology Center, to make regional businesses more competitive. The center often is cited as a model.⁴⁰ (For more about the cluster strategy and its use in Catawba County, see the article in this issue by Jonathan Q. Morgan, on page 43.)

Connecting research universities to the development needs of states and regions led the Southern Growth Policies Board to publish *Innovation U: New University Roles in a Knowledge Economy* in 2002. This book outlines the many potential roles for higher education in state and regional economic development. North Carolina State University is one of twelve universities cited as a model for its work in industry research partnerships, technology trans-

It is a paradox that most explicit economic development funding goes to the traditional approaches, especially industrial recruitment, even though the innovative practices and policies hold great promise for the future.

Figure 6. The Innovation Matrix



fer, industrial extension and technical assistance, and other programs.⁴¹

The infrastructure of higher education is extensive in the South and especially so in North Carolina. There is an institution of higher education in all but twenty counties in North Carolina. In most cases they can serve as a locus of action in areas that often suffer from weak institutional capacity. (For a map showing the extent of postsecondary education institutions across North Carolina, see Figure 5, page 10).

The Innovation Matrix

It is a paradox that most explicit economic development funding goes to the traditional approaches, especially industrial recruitment, even though the

innovative practices and policies hold great promise for the future. As North Carolina ponders a new set of economic development policies and programs, the question arises: how can traditional approaches and innovative practices be married for the broadest and most effective development of this complex state and its churning economy?

One way is by employing a matrix approach to economic development. Across the top of the matrix are the traditional approaches to economic development, and down the side are innovative strategies (see Figure 6).

The innovative strategies listed down the left side are community visioning, global competitiveness, cluster development, entrepreneurship, and deployment of postsecondary education—the subjects of the other articles in this issue. Other innovative practices could be included—tourism and retirement strategies, telecommunication-based strategies, and regional cooperation, for example. In fact, any community

that is undertaking strategic planning and community visioning can tailor the matrix to its vision and strengths and weaknesses.

The strength of the matrix is that using innovative strategies can enrich any of the traditional approaches to economic development. For example, industrial recruitment often can be more effective if it results from community visioning or is tied to existing business clusters. Likewise, the existing industry base often can be strengthened by deploying the assets of postsecondary education institutions in a regional context, relying on existing or emerging clusters. Also, business development strategies can be more effective if tied to technology or to explicit entrepreneurship programs.

Conclusion

The churning economy of North Carolina is filled with good news and bad. The economy's pillars are under enormous international stress, with no signs of abatement. On the other hand, emerging sectors are strong and are creating thousands of jobs, in part as a result of the state's farsighted policies and investments in technology and postsecondary education. However, at the state level, the portfolio of programs needs rethinking and rebalancing among the three legs of the economic development stool.

In thinking about new directions and new policies for North Carolina, policy makers would be well advised to combine the traditional approaches to economic development with the innovations that this state helped launch and is continuing to develop. By using the innovations matrix, the state and its communities can move a long way toward true global competitiveness in the twenty-first century.

Notes

1. See SHADOWS IN THE SUNBELT: DEVELOPING THE RURAL SOUTH IN AN ERA OF ECONOMIC CHANGE (Chapel Hill, N.C.: MDC, Inc., May 1986).
2. See STATE OF THE SOUTH 2000 (Chapel Hill, N.C.: MDC, Inc., Sept. 2000).
3. Alfred W. Stuart, *Manufacturing*, in NORTH CAROLINA ATLAS: PORTRAIT FOR A

NEW CENTURY 177 (Douglas M. Orr Jr. & Alfred W. Stuart eds., Chapel Hill: University of N.C. Press, 2000).

4. NORTH CAROLINA RURAL ECONOMIC DEVELOPMENT CENTER (hereafter Rural Center), OCCASIONAL PAPERS (Raleigh: Rural Center, 2003); 2 NORTH CAROLINA RURAL ECONOMY (published by the Rural Center) no. 4, at 1 (2003).

5. *Introduction*, in Orr & Stuart, NORTH CAROLINA ATLAS, at 1, 3; Rural Center database, available at www.ncruralcenter.org; TOBACCO AT A CROSSROADS, Report of a Presidential Commission 14 (Washington, D.C.: U.S. Dep't of Agric., May 14, 2001).

6. See BUSINESS NORTH CAROLINA, Feb. 2003, at 1, available at www.businessnc.com/archives/2003/02; STATE OF THE SOUTH 2000.

7. BUSINESS NORTH CAROLINA, Feb. 2003, at 1; STATE OF THE SOUTH 2000.

8. See BUSINESS NORTH CAROLINA, Feb. 2003, at 1; STATE OF THE SOUTH 2000; Bureau of Labor Statistics.

9. STATE OF THE SOUTH 2000.

10. See NC 20/20, at 162 (Raleigh: North Carolina Progress Bd., Dec. 2001).

11. *Id.* at 60.

12. See DAVID M. LAWRENCE, ECONOMIC DEVELOPMENT LAW FOR NORTH CAROLINA LOCAL GOVERNMENT ch. 1 (Chapel Hill: Institute of Gov't, U. of N.C. at Chapel Hill, 2000).

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29. See the organizations' websites, at www.trv.org; www.greaterlouisville.com/city/gl_spanning.asp; www.grpva.com; www.iredp.com.

30. See North Carolina Dep't of Commerce website, at www.nccommerce.com.

31. HALFWAY HOME AND A LONG WAY TO GO.

32. See SOUTHERN GROWTH POLICIES BOARD, REINVENTING THE WHEEL (Research Triangle Park, N.C.: the Board, 2003).

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Seizing the Moment

STATE GOVERNMENTS and THE NEW COMMITMENT TO REDUCE POVERTY IN AMERICA

JODIE LEVIN-EPSTEIN

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A Joint Report
from CLASP and
Spotlight on Poverty
and Opportunity

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2008



The Center for Law and Social Policy (CLASP) is a national nonprofit that works to improve the lives of low-income people. CLASP's mission is to improve the economic security, educational and workforce prospects, and family stability of low-income parents, children, and youth and to secure equal justice for all.

CLASP has played a key role in the re-emergence of poverty and opportunity in recent public discourse. In 2006 CLASP published "Targeting Poverty: Taking Aim at A Bull's Eye" which telescoped the potential for a new political climate toward those struggling to make ends meet. In addition to tracking developments around the nation, CLASP provides technical assistance related to raising the political profile of poverty and opportunity. Look for CLASP audio conferences and issue briefs on a range of topics such as: Poverty-Reduction Targets: What State Legislators Aim to Do; Poverty Ruler: Toward a Better Measurement Tool; Target Practice: Lessons from Targets that Hit at Air Quality and Homelessness; Developed Nation: What and Why Poverty Targets are Policy in Ireland, Canada, France, the UK and More.

Please contact Jodie Levin-Epstein at jodie@clasp.org for the schedule of audio conferences and to share developments in your community or state.

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spotlight on
POVERTY and OPPORTUNITY
FOUNDATIONS ASK PRESIDENTIAL CANDIDATES WHAT THEY'LL DO FOR AMERICA

Spotlight on Poverty and Opportunity: Foundations Ask Presidential Candidates What They'll Do for America is a new initiative supported by American foundations to develop sustained political will on the pressing issues of poverty and opportunity. *Spotlight* starts by engaging candidates in substantive discussions about poverty in our country and eliciting ideas and perspectives about what must be done. The *Spotlight* Web site offers the latest research and news from around the country and features compelling commentary from leading public figures and experts. Through ongoing forums, discussions, and outreach, *Spotlight* will seek to ensure that poverty and opportunity are on the national agenda long after the elections are over. For more information, visit www.spotlightonpoverty.org.

Table of Contents

1 Overview

4 WILL

6 TARGETS

9 STATE INITIATIVES SNAPSHOT

10 State-by-State Narratives

35 State Initiative Charts

36 OVERVIEW AND LINKS

37 CHECKLIST OF RECOMMENDATIONS

38 RECOMMENDATIONS DETAILED BY POLICY AREA

44 Endnotes

State Governments and the New Commitment to Reduce Poverty in America

Overview

BY THIS TIME NEXT YEAR, THE COUNTRY WILL HAVE A NEW PRESIDENT. Whether our next leader is a Republican, Democrat, or Independent, the change in leadership is an opportunity for us to reconsider the kind of nation we hope to be.

The next administration will determine whether, and to what extent, to make visible those who struggle to make ends meet in our changing economy. It is encouraging that candidates are offering policy proposals on how to tackle poverty. And it is helpful that these proposals are gaining attention and being tracked through efforts such as the foundation-led Spotlight on Poverty and Opportunity (www.spotlightonpoverty.org), the Pew Forum on Religion and Public Life¹ and The Sargent Shriver National Center on Poverty Law.²

Yet policy proposals, while essential, are not sufficient. Too often they get stuck on the page, achieving little. Fortunately, policymakers in a growing number of states have raised the political profile of economic opportunity for all. The trend has been fast-paced—most of the political attention has emerged in just the last two years. The new president should build upon this fresh political landscape.

State governments are bringing political attention to poverty and opportunity in many ways, including poverty-reduction targets that set a specific goal and timeline; commissions that conclude with recommendations for action; legislative caucuses that seek to foster both legislators' expertise and bipartisan solutions; and government-sponsored summits.

The trend includes city governments, too. A recent analysis of city efforts from the National League of Cities' Institute for Youth, Education, and Families is a helpful guide for others looking to raise the profile of poverty and opportunity.³ Last year, the U.S. Conference of Mayors' Task Force on Poverty issued a strategic set of priority recommendations.⁴ And CLASP will soon issue a summary of recommendations from the three cities (New York, Providence, and Milwaukee) that most recently released task force reports.

State governments' political attention to poverty and opportunity is substantial, fast-paced, and growing:

- ◆ 12 states—nearly one in four—have established initiatives⁵
- ◆ 10 states—one in five—established their initiatives in 2006 or 2007
- ◆ 4 states already have initiative proposals pending this year⁶

These state initiatives provide evidence of a political sea-change toward poverty and opportunity. States are seizing the moment and creating a new political climate. A concerted federal focus should follow. Our next president should give leadership, political capital, and priority attention to policies and programs that effectively help provide opportunity for all.

Reasons for the renewed attention to poverty and opportunity vary. They include:

- ◆ *Upward mobility, the theme of the American Dream, may be mere myth:* “Contrary to American beliefs about equality of opportunity, a child’s economic position is heavily influenced by that of his or her parents. Forty-two percent of children born to parents in the bottom fifth of the income distribution remain in the bottom, while 39 percent born to parents in the top fifth remain at the top,” according to the Economic Mobility Project.⁷
- ◆ *The dramatic gap between rich and poor has grown worrisome to the federal government:* Federal Reserve Board Chairman Ben Bernanke notes that unchecked growth in income inequality could threaten the nation’s “dynamism” and that “the challenge for policy is... to spread economic opportunity as widely as possible” by promoting “policies that focus on education, job training, and skills and that facilitate job search and job mobility.”⁸
- ◆ *A recession, a time when economic insecurity touches more lives, also increases the number who live in poverty:* Depending on its severity, that number would increase by between 4.7 and 10.4 million people by 2010. A recession would also increase the national poverty rate, now 12.3 percent, by an estimated 1.6 to 3.5 percentage points.⁹

If our nation’s past is prologue, we can make great strides toward providing opportunity and reducing poverty. In recent decades, the national poverty rate has declined substantially: from 22.4 percent in 1959 to 12.3 percent in 2006.¹⁰ So there has been much progress to celebrate.

But most of this was achieved by the 1970s; the country has been in basically the same place ever since.¹¹ Significantly, the U.S. stands second only to Mexico¹² as having the worst rate of relative poverty among the world’s developed nations.¹³ And many living above the federal poverty guideline—\$21,200 a year for a family of four—also struggle.¹⁴ Most experts agree that our poverty measure should be updated to more realistically account for new income streams (e.g., the Earned Income Tax Credit) and common expenses (e.g., child care).¹⁵ Indeed, a number of the task forces giving political attention to poverty are also attuned to the value of revisiting how we measure it. By whatever measure, it is clear that too many in our rich nation are not thriving.

It is time to re-examine the kind of nation we want to be. In America today:

- ◆ *Medical costs, often hard to absorb, propel some children into foster care:* A state study found that one-quarter of its foster-care caseload was made up of children whose parents,

faced with unaffordable bills for child mental-health services, got the needed care by putting their child into the foster-care system, which provides Medicaid.¹⁶

- ◆ *Hunger, even with emergency response systems, persists:* Seventeen percent of people in need of emergency food assistance are not receiving the necessary help, according to a 2007 U.S. Conference of Mayors survey of cities.¹⁷
- ◆ *Shelter, when it is available, often consumes more than half a family's income:* Six million low-income households either pay more than half of their income for rent and utilities or live in severely substandard housing.¹⁸
- ◆ *Work, even full-time year-round work, can leave people in poverty:* A third of poor families with children include a *full-time, year-round worker*.¹⁹ Three million *full-time* workers live below the poverty line; in the last several decades, the share of poor adults and youth who work full-time has grown by 50 percent.²⁰ Nearly 60 percent of families below 200 percent of poverty have a full-time, year-round worker.²¹

There are solutions. We can afford them. According to the Center for American Progress (CAP) report “From Poverty to Prosperity,” poverty could be cut by more than 25 percent just by increasing the minimum wage, Earned Income Tax Credits, Child Tax Credits, and child care subsidies. CAP also urges additional steps that would cut poverty by 50 percent within a decade.

While reducing poverty costs money, *sustaining* it is very expensive. CAP estimates it costs the nation about half a *trillion* dollars each year to allow persistent childhood poverty to continue. There may be literal gates between today's poor and prosperous communities, but there is no way to lock out poverty from our national economy or our future.

Seizing the Moment provides new information in three areas:

Will: *evidence of growing political and public will*

Targets: *rationale for setting numerical goals and timelines*

State Initiatives: *snapshot of government developments*

This report details the state-government initiatives through a snapshot, narratives, and charts.

WILL

Political and public will to tackle poverty and opportunity has turned a new corner

For at least the last decade, most politicians have been content to keep their distance from issues around poverty, inequality, and mobility. Senator Tom Daschle tells a story about the late Senator Paul Wellstone's 1997 decision to tour the same poor communities Robert Kennedy visited 30 years earlier. One of Wellstone's staffers told him, "We don't talk about poverty."²² The senator, a rare political figure, disregarded this advice and went forward with his tour.

The recent political rise of poverty and opportunity in states and cities demonstrates a dramatic shift. Other developments also signal that we've turned a corner.

Presidential candidates in both parties have made statements on poverty and opportunity.

- ◆ Republican John McCain stated that he "will make the eradication of poverty a top priority of the McCain Administration. A strong and vibrant America, one in which people can move up into the middle-class, put their kids through college, work hard and one day retire in dignity, is critical not only to our economic future but to the very security of our nation. As president, I will set aside the needs of the special interests to advance the interests of the American people, especially those 12 million children who deserve every opportunity to achieve the American Dream."²³
- ◆ Democrats Hillary Clinton and Barack Obama have poverty platforms. Clinton calls for a new Cabinet-level post focused on poverty and sets a goal of cutting child poverty in half by 2020 and ending child hunger by 2012.²⁴ Obama's includes a focus on concentrated urban poverty and calls for a White House Office on Urban Policy.²⁵ Both wrote articles for "War on Poverty," the inaugural issue of Stanford University's *Pathways* magazine.

A variety of opinion polls indicate majority support for tackling poverty in the campaign and for electing candidates who will do so. This extends to local elections.

- ◆ Fifty-eight percent of likely voters are more likely to vote for a presidential candidate who set a goal of cutting poverty in half within a decade. Of those, 69 percent would back such a candidate even if the poverty cut required significantly higher federal spending.²⁶
- ◆ Fifty-four percent of Americans do not believe that "political candidates have spent an adequate amount of time discussing hunger and poverty issues."²⁷
- ◆ Seventy-one percent of those polled about child poverty in four early primary states are more likely to vote for a presidential candidate whose "agenda on children included provid-

ing greater economic opportunities and resources to help lift...children and families out of poverty.”²⁸

- ◆ Seventy-six percent of those polled about *local* community issues said that when they are voting they “think about how well a candidate would help those struggling to make ends meet.”²⁹

Technical assistance and poverty campaigns by national organizations are multiplying.

- ◆ In 2007, the National Governors Association Center for Best Practices and the National Conference of State Legislatures hosted a three-day institute to help state policymakers develop strategies to reduce child and family poverty. Teams, comprised of both executive and legislative branch officials, worked together to develop action plans for their state. Ten states—Arizona, Colorado, Connecticut, Iowa, Illinois, Kansas, Michigan, Minnesota, Vermont, and Washington—participated.
- ◆ Poverty-reduction targets, promoted by CLASP and others, are central to advocacy campaigns by a range of national organizations. (See Targets.)
- ◆ The Food Research and Action Center’s *Campaign to End Childhood Hunger*, The Center for Community Change’s *Campaign for Community Values*, The Sargent Shriver National Center on Poverty Law’s *The State of Poverty Campaign*, the U.S. Catholic Conference of Bishops’ *Catholic Campaign for Human Development*, and the Community Action Network’s *Rooting Out Poverty* are among a growing number of re-energized advocacy efforts.

Regional non-profit efforts that promote collaboration are developing.

- ◆ The Northwest Area Foundation funds Horizons, an 18-month community leadership development program delivered into small rural and Indian reservation communities by university extension and tribal colleges. The program aims to reduce poverty in eight mostly northwestern states (OR, WA, ID, MT, ND, SD, IA, and MN) through strengthened civic engagement and a collective decision to take action. Approximately 200 communities have participated since the program’s full launch in 2006.
- ◆ A New England Region Poverty Consortium of child advocacy organizations in six states (CT, RI, MA, NH, VT, and ME) was launched in 2007. The consortium, which has support from Voices for America’s Children, expects to identify common issues and to swap policy ideas and winning strategies.
- ◆ The YWCA Great Lakes Alliance Region has established anti-poverty policy advocacy as the primary focus for its 2008–2011 agenda. Nearly 60 YWCAs in the six-state region

(IL, IN, MI, MO, OH, and WI) will receive advocacy training and technical assistance and will participate in targeted issue campaigns that foster the reduction of poverty and increase economic justice, particularly for women and girls.

Media coverage of poverty and opportunity is increasing and may have political implications.

- ◆ In this presidential campaign cycle, print articles that touch on both domestic poverty and the election are 145 percent more frequent than in the last cycle.³⁰
- ◆ Poverty coverage includes a range of themes, as illustrated by these Midwest papers in December 2007:
 - *Paradox exists between poverty, plenty*, Fond du Lac Reporter (WI)³¹
 - *Special report: Our hidden poor*, Chicago Tribune (IL)³²
 - *We all lose when poverty grows*, Cincinnati Enquirer (OH)³³
 - *Poverty is biggest threat to state children*, Detroit News (MI)³⁴
 - *Poverty, taxes and community*, Fort Wayne Journal Gazette (IN)³⁵

A call for increased attention to U.S. poverty and opportunity has moved inside a broader tent. Action is now urged by prominent conservatives.

- ◆ Bill Hybels, a national evangelical leader, asserts that many in his movement want to get beyond two or three traditional issues and “are interested in the poor, in racial reconciliation, in global poverty and AIDS, in the plight of women in the developing world.”³⁶
- ◆ Michael Gerson, a former speechwriter for President Bush, argues forcefully that “if Republicans run in future elections with a simplistic antigovernment message, ignoring the poor, the addicted, and children at risk, they will lose, and they will deserve to lose.”³⁷
- ◆ Douglas MacKinnon, a writer for Presidents Reagan and George H.W. Bush, argues that both parties should give the poor more respect and a “place at the table,” most notably a direct voice at Congressional hearings.³⁸

TARGETS

*Poverty-reduction targets—numerical goals and timelines—
are important policy tools*

A target consists of a set of choices, including: population (e.g., all individuals, only children, only the persistently poor), area (e.g., the state, a city, some wards), numerical goal (e.g., cut poverty by 25 percent, 50 percent, or more), and timeline (e.g., 10, 20, or 30 years). Further, the measure of poverty should be

selected (e.g., the current federal poverty line, some adaptation), as should the agency responsible for oversight and reporting. These decisions can make the target an invaluable policy tool.

To be useful, however, a poverty target needs to be taken out of the policy toolbox and sharpened through ongoing attention. Periodic progress reports are key. In addition, neither policy leaders nor the public should shy away from the possibility that targets may not always be met. There is value in a mid-course correction when something is not working or when a better policy idea becomes evident.

Targets offer four broad advantages. They are:

- ◆ **Shared.** Targets establish a shared acknowledgement that current poverty rates are unacceptable and a shared vision around the need for solutions. They create both an explicit goal and a timeline to give this vision shared urgency and priority.
- ◆ **Simple.** Targets are simple to understand, allowing the vision to be readily grasped, not just by the policymakers who create it but also by the agency officials who implement it, the media that cover it, and the community that wants something done. A target's simplicity also means that everyone can appreciate reports on how much progress is or is not being made.
- ◆ **Silo-busting.** "Shared" and "simple" targets foster interagency cooperation and break down program "silos"—because a target is not directed at a single program but instead challenges the whole government to consider what can be done. In the U.K., officials assert that this has been an unexpected benefit of their target to eliminate child poverty by 2020. The target's ability to bust silos was also noted by the then-commissioner of Connecticut's Department of Social Services (DSS) when it adopted a specific poverty target—because DSS was no longer tackling child poverty alone.
- ◆ **Solution-building.** Targets provide a shared vision; they do not delineate how the targets should be met. Prioritizing, funding, implementing, and adapting solutions over time requires thoughtful and ongoing deliberations. If a policy proposal is rejected when a target is in place, those rejecting it have to generate another of equal anticipated benefit. A target propels a focus on ways to achieve the goal.

In Congress and in a growing number of national organizations, a national poverty-reduction target is on the agenda.

As the campaign theme of Catholic Charities USA notes, an effective target could "Cut Poverty in Half; Make the Nation Whole."

Some of the national organizations calling for a poverty-reduction target focus on child poverty, while others focus on overall poverty. Each calls for cutting poverty at least in half, and most have a 10-year time frame.

The organizations that promote a target that would cut *child* poverty in half include:

- ◆ Congressional Black Caucus Foundation
- ◆ Christian Churches Together
- ◆ Sojourners

National groups that support a target that would cut *overall* poverty in half include:

- ◆ Catholic Charities USA
- ◆ Bread for the World
- ◆ Center for American Progress
- ◆ Coalition on Human Needs
- ◆ Leadership Conference on Civil Rights
- ◆ Association of Community Organizations for Reform Now

In the U.S. House of Representatives, a Sense of Congress resolution passed on January 22, 2008; which called for a national goal to cut poverty in half over the next 10 years. By communicating the “sense” of Congress, this measure represents an initial Congressional step toward a target set through law.

In March, the Progressive Caucus in the House introduced an alternative budget for 2009–2018 that would renew the federal commitment to fully redress the consequences of Hurricane Katrina and would provide funds to cut the poverty rate in America by 50 percent during the next decade. To meet the target, the “Anti-Poverty and Opportunity Initiative” would provide \$73.5 billion in its first year for a variety of efforts, including increases in funding for decent affordable housing, anti-hunger programs, and quality child care. In addition, a block grant would be available to states to eliminate deep poverty among children; targeted funding would be available to address disability. The alternative budget was never expected to pass the House; nevertheless, on March 13, it secured nearly 100 votes.³⁹

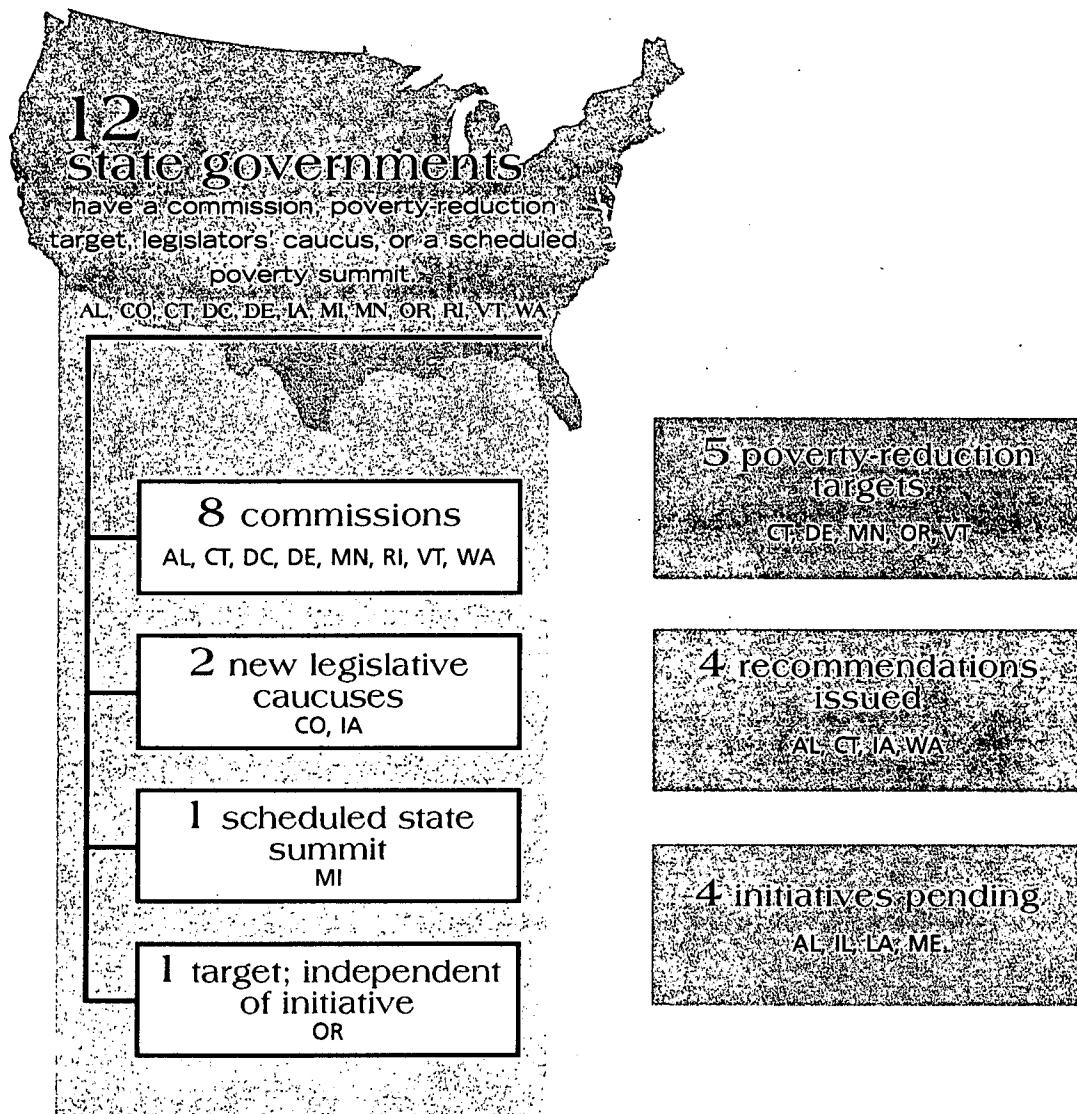
STATE INITIATIVES SNAPSHOT

"Poverty has quietly become the most important question of our time."

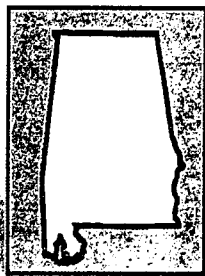
Ismael Ahmed, Director

Michigan Department of Human Services⁴⁰

The political profile of poverty and opportunity is rising quickly in state governments. These highlights and the subsequent state-by-state narratives and charts seek to capture a variety of ways that the issue of those struggling to survive is gaining attention in the states.



State-by-State Narratives



ALABAMA

Initiative: House Task Force on Poverty (2007).

A pending bill would establish a permanent commission on the Reduction of Poverty (2008).

In early 2008, the Alabama House Task Force on Poverty issued its report. While its work is done, a pending bill would establish a permanent legislative commission.

The 14-person House Task Force was made up of a bipartisan group of legislators, along with representatives of state anti-poverty nonprofits. It was chaired by Representative Patricia Todd (D-Birmingham), a tireless anti-poverty advocate whose earlier efforts to form a joint House and Senate task force died in the Senate.⁴¹ Starting in October 2007, the group held three meetings that brought together more than 100 people and 34 organizations.

According to Rep. Todd, the task force's overarching goal was to develop "realistic legislative priorities."⁴² Four subcommittees (human/social capital, housing and community development, education and workforce development, and tax/regulatory) identified the top issues, and the task force agreed that individual members would introduce related legislation in 2008.⁴³ The priorities included:

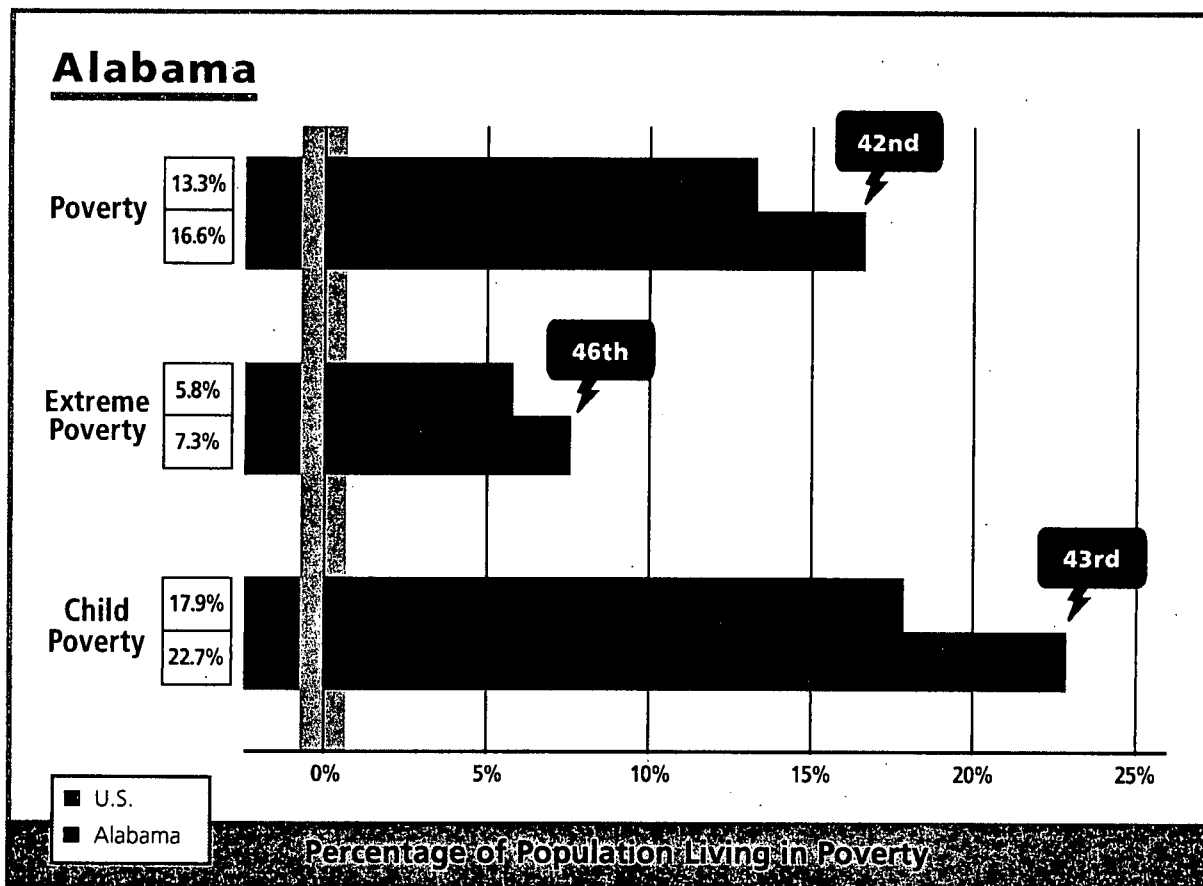
- ◆ Requiring businesses that receive economic incentives to pay a wage equal to the area median-income level,
- ◆ Providing additional funds to Head Start until there is no waiting list,
- ◆ Eliminating sales tax on groceries and food, and
- ◆ Raising the income-tax threshold to the poverty level.

Task force members made a variety of observations about their mission. A legislator from one of Alabama's poorest counties asserted that "people do get lost and think they can't do better,"⁴⁴ and the Republican vice-chairman observed that investment in education is a key solution, because "one of the biggest reasons people stay in poverty is ignorance."⁴⁵

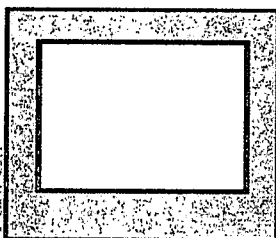
If the permanent commission were established, it would meet at least quarterly and provide the legislature with an annual assessment of current programs, along with proposed policies to address poverty.

"The Task Force has had overwhelming support for principles in both parties," Rep. Todd observed. "Our challenge is that many things we strive for will cost money. With a general budget that is being

cut, proposals that cost money are not going to fly, so we have to get creative—and we will. The pending commission could prove important as a focal point for bringing together disparate perspectives on how to meet this challenge. I am hopeful that Alabama, which has lots of room for improvement, will be able to move forward in the years ahead.”⁴⁶



Sources: U.S. Census Bureau, 2006 American Community Survey, R1701-02 and Table 9.
The lowest poverty level is in the state ranked 1st.



COLORADO

Initiative: Common Good Caucus (2007).

A new bipartisan, bicameral legislative forum has been created to bring together “legislators interested in addressing poverty through public-policy and private-sector solutions that promote self-sufficiency, family well-being, community development, and the common good.”⁴⁷

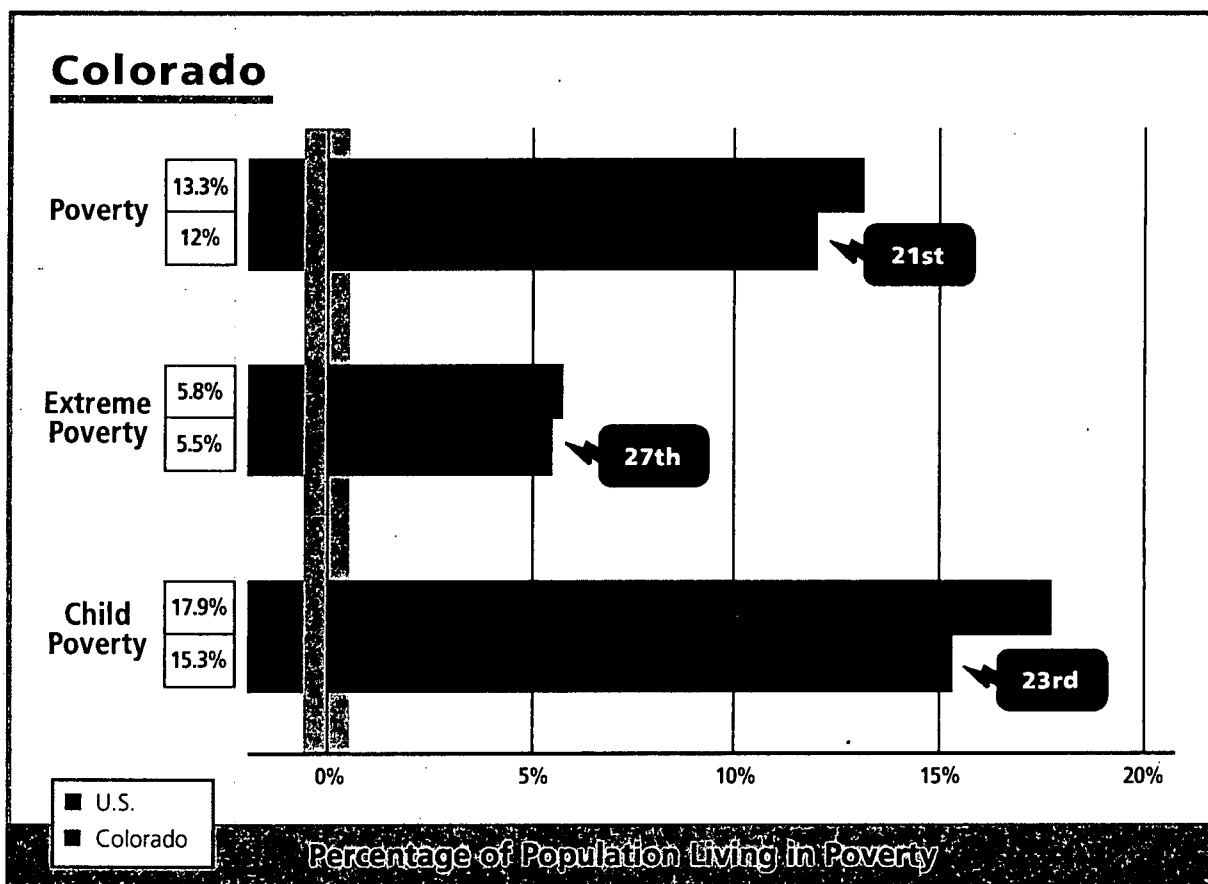
Spearheaded by Representative John Kefalas (D-Ft. Collins), the Common Good Caucus, in collaboration with the “Paycheck Away” Coalition,⁴⁸ participated in a statewide series of community forums.

Beginning in September 2007, the group held town hall meetings “to hear people’s stories about making ends meet and to engage legislators and citizens in the solutions.”⁴⁹ A DVD of the “Paycheck Away” statewide tour was then delivered to every member of the state legislature.

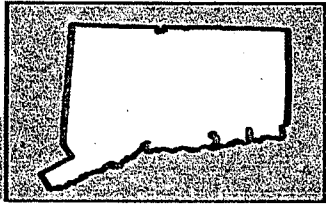
At a December 2007 caucus meeting, the governor’s office presented an anti-poverty budget request, which included increases of \$213.5 million for programs targeted at those living on a shoestring—programs such as workforce centers, higher education, and health care.

The caucus’s search for solutions is guided by an appreciation that poverty impacts “educational outcomes, workforce training, and retention” and has “social and economic costs on society as a whole,” Rep. Kefalas said. Going forward, one of the caucus’s goals will be developing a legislative agenda for the 2009 session, and Rep. Kefalas believes this should focus on health-care reform and access to early childhood and higher education. “The Common Good Caucus will have achieved a lot if we can get a law to cut poverty in half, along with specific strategies to accomplish the goal,” he said.⁵⁰

Long term, the legislators of the Common Good Caucus will strive to develop expertise on poverty issues and to become a cohesive caucus to which colleagues can turn. “Legislators need to both learn the subject matter and learn to trust each other. The caucus is a place where both can happen,” Rep. Kefalas said.⁵¹



Sources: U.S. Census Bureau, 2006 American Community Survey, R1701-02 and Table 9.
The lowest poverty level is in the state ranked 1st.



CONNECTICUT

Initiative: A target to cut child poverty in half by 2014 is overseen by the Child Poverty and Prevention Council (2004).

In 2004, Connecticut became the first state in the nation to enact a law setting a poverty target. Spurred by a small group of legislators, the target has brought disparate state agencies together to work toward a common goal.

While the United Kingdom had announced a similar effort five years earlier, the Connecticut initiative was homegrown. Its impetus came from a brainstorming session by a handful of legislators wanting to gain real political focus around child poverty, according to Elaine Zimmerman, executive director of the Connecticut Commission on Children. Zimmerman noted that the target “really energized us all; it was about accountability that came as a package with a vision.”⁵²

The measure was signed into law in 2004 by Governor John G. Rowland (R), and in 2006, under Governor Jodi Rell (R), the Child Poverty Council and the state’s Prevention Council merged into the Child Poverty and Prevention Council.

Pat Wilson-Coker, who was director of the Department of Social Services when the law went into effect, observed that a target “brings a lot of people to the table. When the state takes on a public policy like ending child poverty or just reducing it by half, all of the various departments within the state...have a role.”⁵³

The council reports annually on progress toward the goal of cutting child poverty in half; it focuses on the governor’s budget, as well as on poverty and prevention reports from other state agencies. The council also advises the governor and legislature on ways to realign the state’s budget to ensure that it is compatible with reducing child poverty.

One of the challenges the council faced early on was that 67 recommendations, too many to take on at once, were included in the first report.

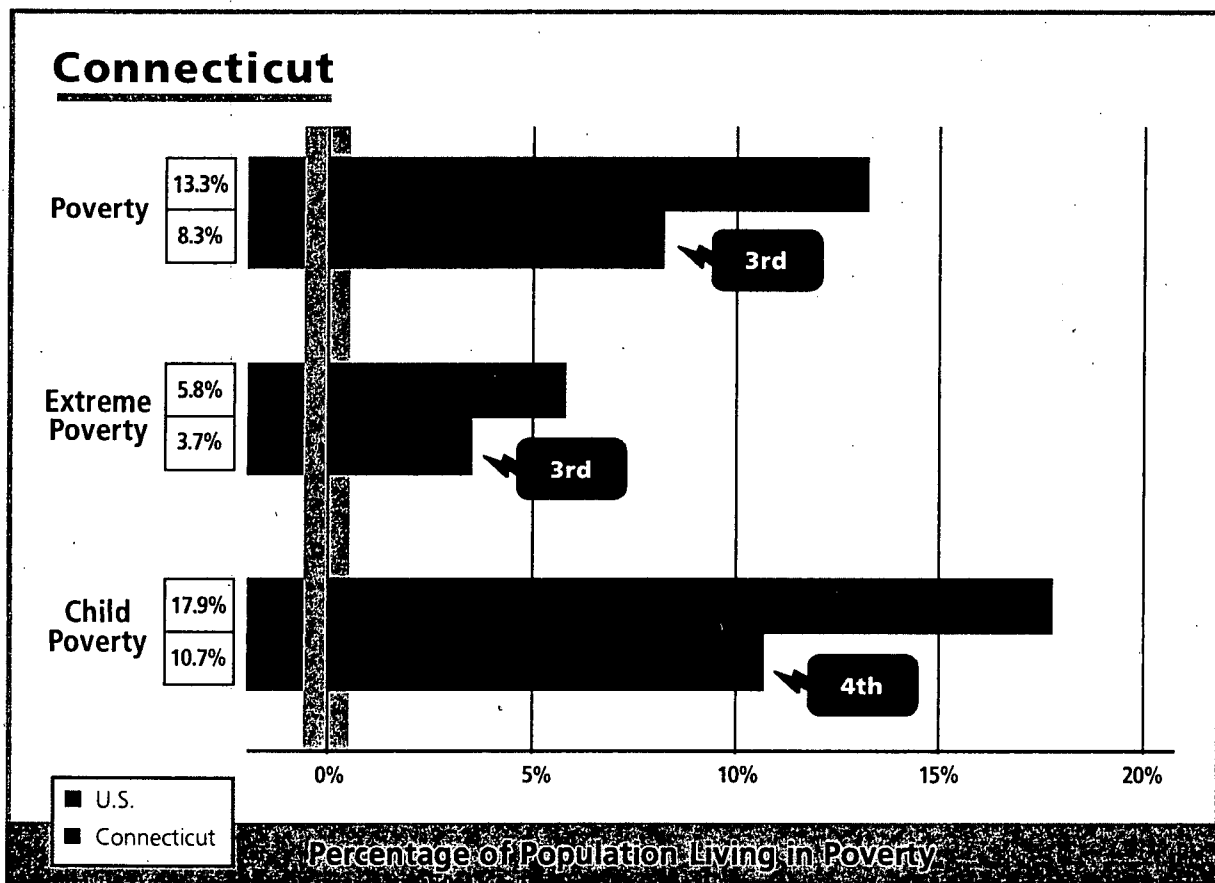
To help establish priorities, the council recently invited a nonpartisan panel of experts to review the 67 recommendations and offer suggestions. In December, the experts picked 13 specific priorities that “have a sufficiently strong evidence base to support their potential effectiveness in reducing child poverty.”⁵⁴ Their criteria also included cost-effectiveness and the timeframe for impact. The priorities included income supports such as the Earned Income Tax Credit (EITC) and child-care subsidies made available to all low-income families at least up to 200 percent of poverty. They also included education investments in areas such as teacher quality and early childhood and postsecondary education, as well as family-structure supports (e.g., programs related to teen pregnancy prevention).⁵⁵

The panel also noted that the current federal poverty measure is inadequate, urging the council to utilize methods proposed by the National Academy of Sciences in 1995 and other measures, such as student progress and health status. The council’s progress reports track the status of child poverty using both 100 and 200 percent of poverty.

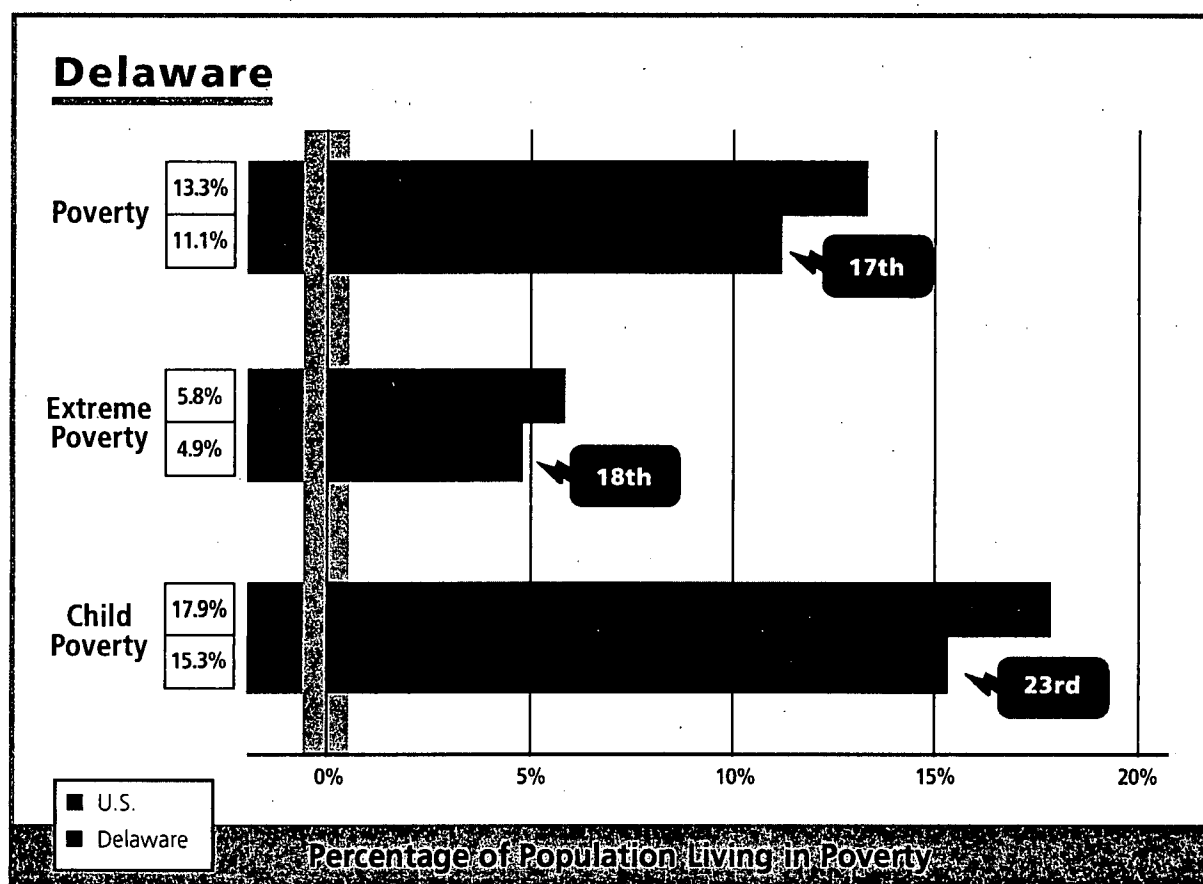
The Child Poverty and Prevention Council's January 2008 progress report identifies additional steps it plans to take toward refining the effort, such as economic modeling that will allow the state to forecast which of the alternative recommendations would result in a 25- to 30-percent reduction in child poverty.⁵⁶ In addition, the General Assembly's Human Services Committee raised several bills in March that address priorities recommended by the expert panel.⁵⁷

The focus on the anticipated impact of alternative policies on child poverty is particularly salient for Connecticut politics, where proposals for a refundable state EITC have, to date, been rejected by the governor, whose budget director chairs the council. Because the EITC provides income for working families, it can bring immediate improvements to economic well-being.

Business leaders have increasingly been speaking out about the need to address poverty. The most recent KIDS COUNT report by the Connecticut Association for Human Services⁵⁸ led Thomas Phillips, president of Capital Workforce Partners, to note that poverty has ripple effects throughout the community and its workforce. "This is no longer a social-only discussion; this is now an economic-competitiveness discussion," Phillips said. Liberty Bank President Chandler Howard observed, "Every business wants to operate in a healthy economy. When you have a segment of the community mired in poverty, it pulls everyone down."⁵⁹



Sources: U.S. Census Bureau, 2006 American Community Survey, R1701-02 and Table 9.
The lowest poverty level is in the state ranked 1st.



Sources: U.S. Census Bureau, 2006 American Community Survey, R1701-02 and Table 9.
The lowest poverty level is in the state ranked 1st.



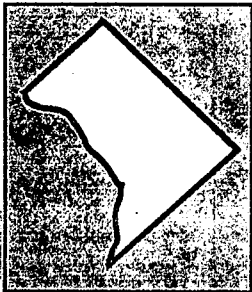
DELAWARE

Initiative: A target to cut child poverty in half by 2017 was established by Executive Order and is overseen by the Child Poverty Task Force (2007).

Governor Ruth Ann Minner (D) issued an executive order in August 2007 to establish the Child Poverty Task Force.⁶⁰ This followed on the heels of a legislative session that ended before a bill to legislate a poverty target could gain full consideration. That legislation was sponsored by Representative Terry Schooley (D-Newark), also the director of KIDS COUNT in Delaware, who now chairs the task force.

The 25-member task force plans to spend 2008 collecting information from experts, hearing from communities, and determining its recommendations. The work plan for this one-year planning phase includes three work teams focused on data and research, public outreach, and agency inventory. One of the task force's first meetings included a presentation from the Vermont state senator who serves as co-chair of the Vermont Child Poverty Council. Along with its public meetings, the task force plans to operate a Web site to facilitate public access to its deliberations and findings.

"There has been incredible buy-in from the agency heads and others who have come to the Task Force meetings," said Schooley. "The target has helped galvanize lots of us who have long worked on these issues. We want to recognize what we have done right and build upon that with a few key priorities. To get the job done, our plan will include action steps designed to sustain both public interest and political will over the next decade."⁶¹ The plan is due to the governor by August 2008.



DISTRICT OF COLUMBIA

Initiative: D.C. Poverty Commission (2006).

The Commission on Poverty was established by the City Council in June 2006 "to evaluate programs designed to help District residents break the cycle of poverty; to make recommendations to improve the economic, educational, healthcare, and housing status of District residents living in poverty; and to focus on efforts aimed at reducing the rates of concentrated poverty and childhood poverty in the District."⁶² The commission was originally scheduled to sunset in 2008, but is expected to be extended.

After a 2003 Brookings Institution study found that concentrated poverty (*i.e.*, more than 40 percent of the people in a given community fall below the poverty line) had risen significantly in the District, discussions began to circle around the creation of the D.C. Commission on Poverty, which was to focus on individuals who had lived below poverty at some point within the previous two years.⁶³

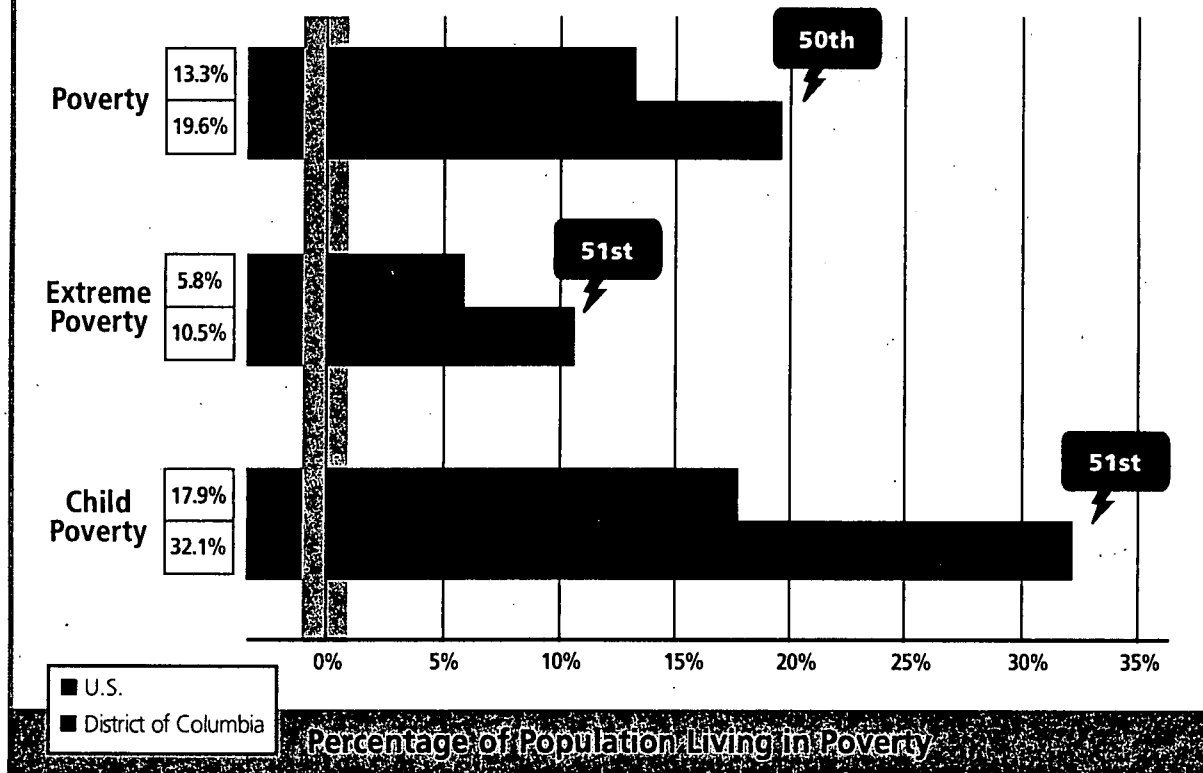
A 2005 commission bill was successfully shepherded by then-councilmember, now Mayor Adrian Fenty,⁶⁴ who acknowledged the "need to bridge the gap between rich and poor" and noted that the city's leaders were "ready to implement solid programs for poor and working-class people."⁶⁵

Advocates are stressing that poverty is more than a moral issue. The D.C. Fiscal Policy Institute's executive director observed, "Much of the city's biggest budget expenses—public safety, foster care, special education—is tied at least in part to our high poverty rate."⁶⁶

More than a year after its creation, the commission is not yet fully staffed. The mayor has submitted nominees for nine of the 21 commissioners; the commission has yet to meet. But it is anticipated that both staffing and seating of commissioners will soon take place and the 2008 sunset date will be extended.

In the meantime, poverty has grabbed the current D.C. council's attention. At a two-day Roundtable on Poverty in January 2008, more than 120 people signed up to testify in front of council members.⁶⁷ In a packed hearing room, women suffering from domestic violence, fathers who couldn't find living-wage work, disabled and homeless veterans fighting to keep their shelters open, and elderly individuals whose landlords were taking advantage of their poverty shared their personal tragedies and pleaded for help. Advocates backed up these testimonies with striking figures and similar calls for action.

District of Columbia



Sources: U.S. Census Bureau, 2006 American Community Survey, R1701-02 and Table 9.
The lowest poverty level is in the state ranked 1st.

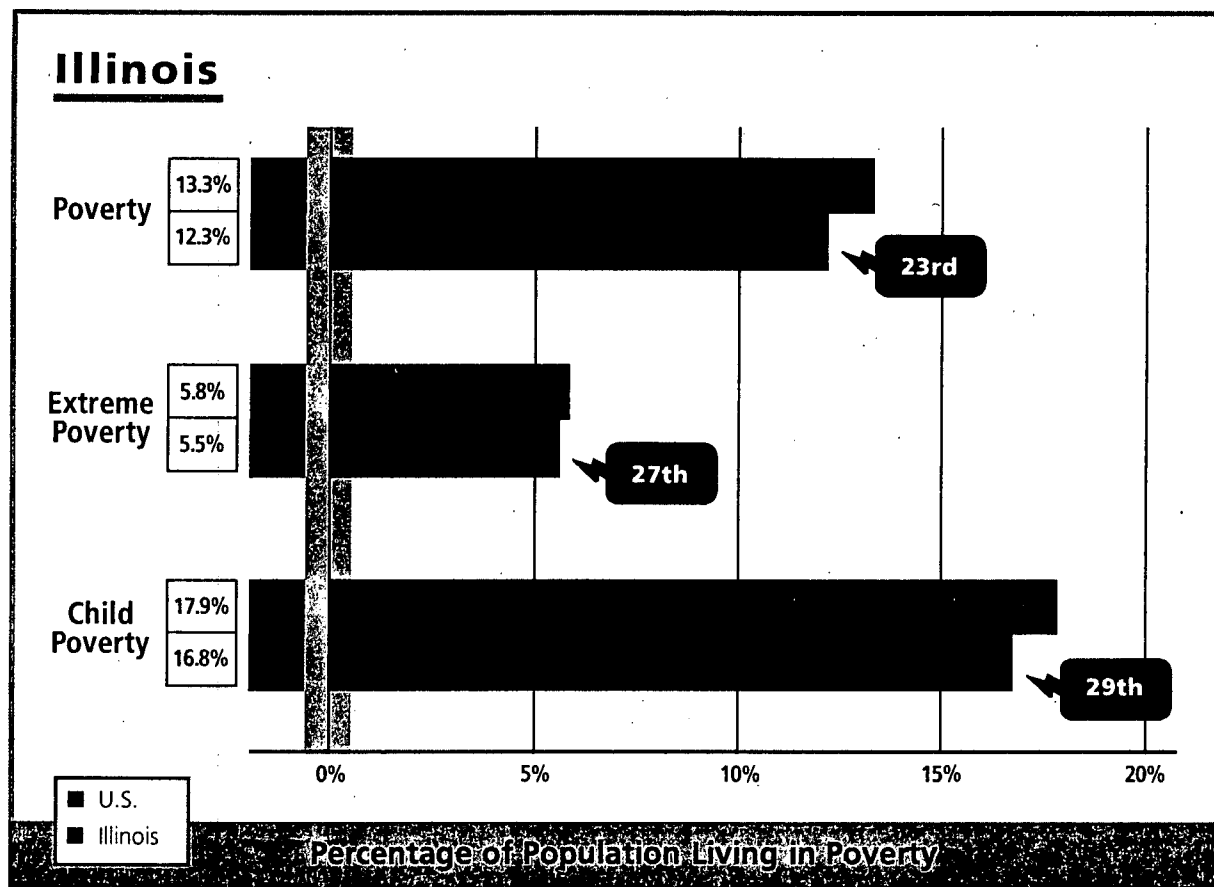
The next month, Council-member Marion Barry, the roundtable's sponsor, held a National Poverty Summit aimed at "producing concrete policy and budget recommendations for the FY 09 cycle."⁶⁸ Council Chairman Vincent Gray underscored the value of summits and the renewed conversation around poverty, calling it "arguably the most important issue we face, in the District. We've lived with the problem so long, you can become callous. We need this catalyst."⁶⁹



Illinois

Initiative: A pending bill would set a target to cut extreme poverty in half by 2015, to be overseen by a commission (2008).

The preamble to the Illinois constitution names the elimination of poverty as a fundamental goal of the state government. A pending bill, introduced in early 2008, would set a target to cut extreme poverty—defined as living below 50 percent of the poverty line—in half by 2015.⁷⁰ A Commission on Poverty Elimination would be charged with developing a comprehensive plan "consistent with international human-rights standards."



Sources: U.S. Census Bureau, 2006 American Community Survey, R1701-02 and Table 9.
The lowest poverty level is in the state ranked 1st.

The House unanimously approved the bill on April 9th, the governor is on record in support, and the Senate is next to act.

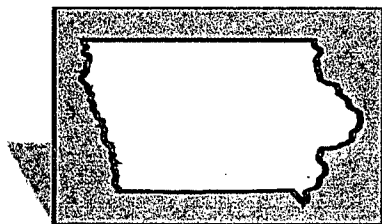
The bill's House sponsor, Representative Karen A. Yarbrough (D-Maywood), asserts, "Freedom from poverty is a human right, and we as a state have the capacity to ensure our citizens do not live in such hunger and hardship. People who are working but still living in poverty are an important part of our economy. This commission will help provide the economic stimulus so these hardworking Illinoisans can not just get by, but get ahead."⁷¹

The commission's strategic plan is to offer specific policy and fiscal recommendations, each of which will include an implementation timeline and measures for the actual or potential impact. The commission also has the discretion to review and comment on existing and proposed policy that could have an impact on poverty in the state.

The legislation is a key goal of a statewide advocacy effort, the From Poverty to Opportunity Campaign. The campaign is a project of the Heartland Alliance for Human Needs & Human Rights, which held 20 forums across Illinois in 2007⁷² and has released a report of conversations with more than 700 people across the state.⁷³ As the Senate sponsor, Senator Michael Frerichs (D-Champaign), observed, "People from

every legislative district across the state have come together with a renewed passion to tackle poverty in Illinois. This is not a partisan issue. And it's not solely an urban, rural, or suburban issue. It's a people issue. We must remove the roadblocks to opportunity so more people can achieve economic stability."⁷⁴

The From Poverty to Opportunity Campaign is also urging the governor to include \$450,000 in the next budget to fund the commission's work.



Iowa

Initiative: Successful Families Caucus (2007).

The newly formed Successful Families Caucus aims to "chang[e] the way Iowa legislators think about poverty, moving the discussion beyond just the traditional human services committee work. Just as poverty touches every community in Iowa, so must solutions be generated and coordinated across all committees in the General Assembly."⁷⁵

It all started with a conversation among a bipartisan group of just four legislators. By the time the caucus formally launched in February 2007, support from the Northwest Area Foundation enabled the group to expand and develop initiatives. One-fifth of the General Assembly is now part of the caucus, which gets staffing assistance through the State Public Policy Group, a consulting firm.

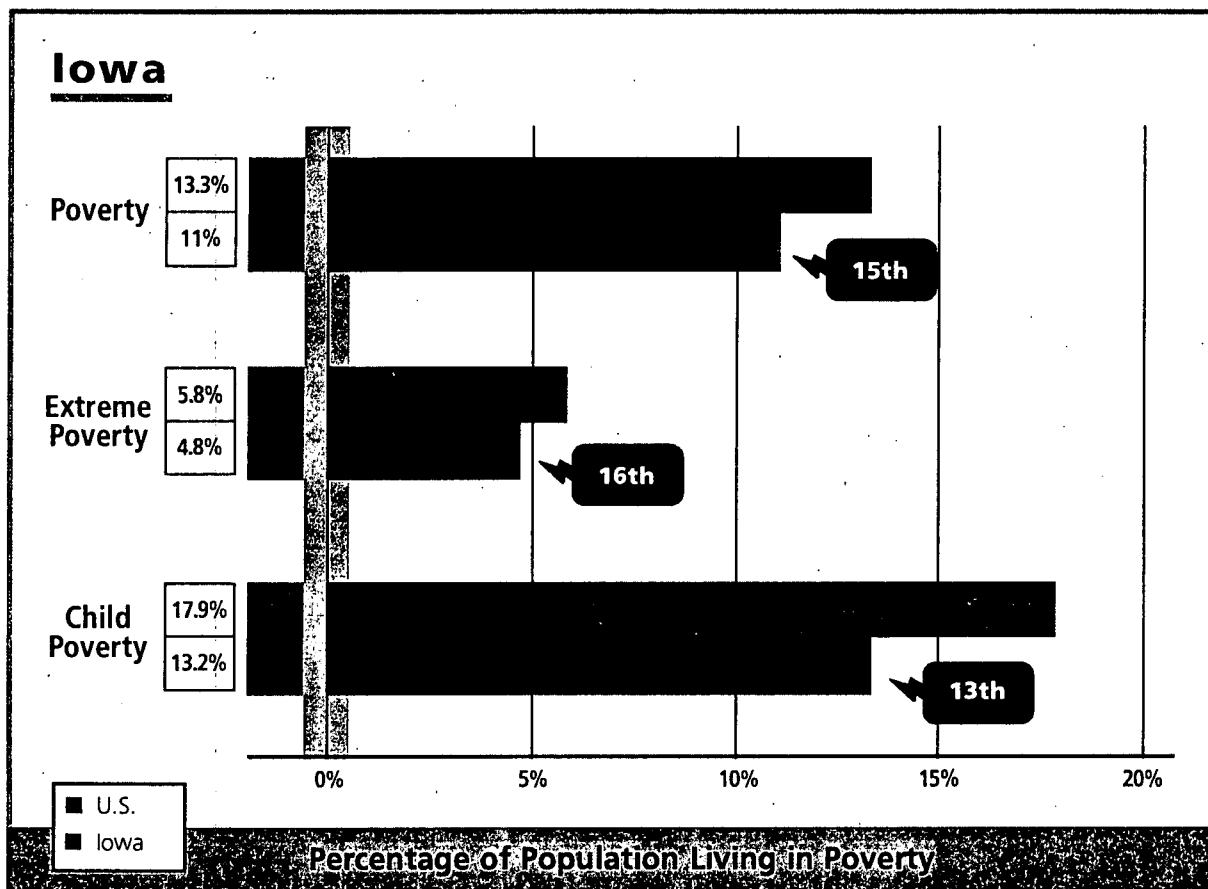
The top three goals of the caucus are:⁷⁶

- ◆ To create and sustain a bipartisan and constructive environment in the General Assembly to discuss issues and policy solutions for Iowa's poorest families and communities.
- ◆ To explore atypical and innovative poverty-reduction solutions and initiatives that could serve as models for communities in Iowa.
- ◆ To create a state policy environment in which to engage families, communities, and institutions in developing comprehensive policy solutions for Iowa's struggling communities and families.

The caucus has identified several key legislative priority areas for the 2008 session:⁷⁷

- ◆ *Health care.* Covering all children in the state through Medicaid, SCHIP, or private insurance.
- ◆ *Workforce.* Improving outreach and collaboration among state agencies and improving community-level partnerships with organizations such as local social services agencies, health clinics, and schools to improve information-sharing and referrals to workforce services.
- ◆ *Education.* Requiring schools to provide comprehensive financial literacy for K-12.
- ◆ *Financial consumer protection.*
- ◆ *Asset development.* Increasing the EITC from 7 to 10 percent of the federal level.

The caucus can turn to a variety of nonprofit organizations in the state for ideas and data on alternative approaches to addressing poverty. For example, in 2006, Iowa's Child and Family Policy Center issued



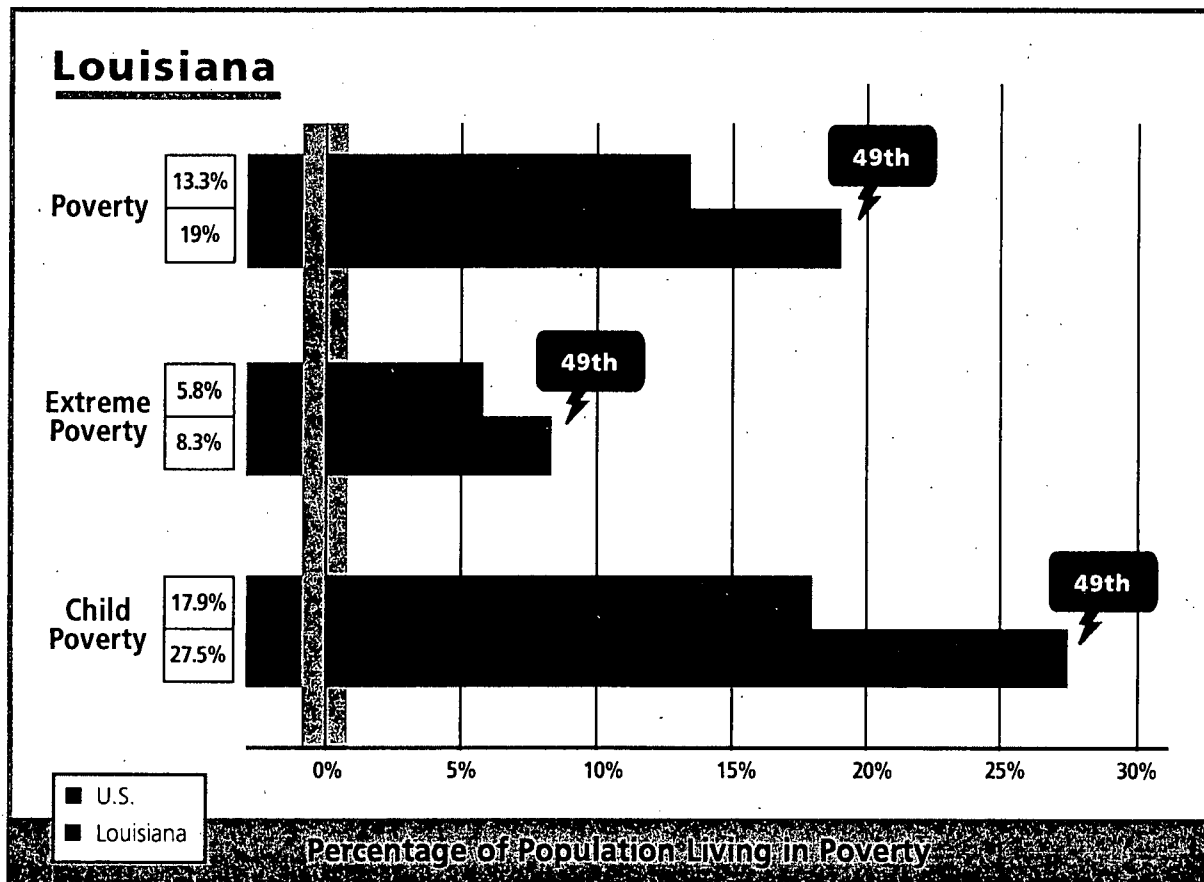
Sources: U.S. Census Bureau, 2006 American Community Survey, R1701-02 and Table 9.
The lowest poverty level is in the state ranked 1st.

a report, *The Challenges of Getting By and Getting Ahead*, and it now tracks how the legislature addresses programs and policies in five areas:⁷⁸

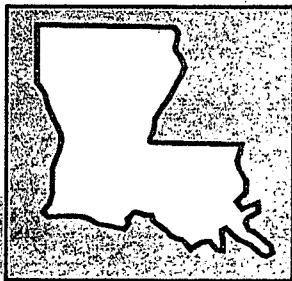
- ◆ making work pay;
- ◆ providing needed work supports;
- ◆ investing in education, skill development, and entrepreneurship;
- ◆ promoting savings and addressing debt; and
- ◆ welcoming new workers.

An effective caucus provides an intangible value. “A caucus just doesn’t happen,” one state senator explained. “A caucus develops when you make the time and space for relationships to grow across parties, across chambers, and across committees.”⁷⁹

As Chairman and Representative McKinley Bailey (D–Webster City) noted, “This caucus provides a way to make a meaningful impact in a bipartisan way for Iowa families that need opportunities to improve their lives. The initial priorities identified by the Successful Families Caucus are focused on making this happen by proposing real solutions to real problems.”⁸⁰



Sources: U.S. Census Bureau, 2006 American Community Survey, R1701-02 and Table 9.
The lowest poverty level is in the state ranked 1st.



Louisiana

Initiative: A pending bill would cut child poverty in half by 2018 and would establish a Child Poverty Prevention Fund. The Child Poverty Prevention Council would implement the effort (2008).

The pending bill would create a poverty council with the mission of disbursing grants directly to parishes to meet the goal of halving child poverty within a decade. Louisiana's Child Poverty Council would be created within the state's Department of Social Services. These features would distinguish the council as, to date, other states' councils tend to be housed outside of a state agency and have a primarily advisory role.

Sponsored by business-owner and chairman of the Senate Labor and Industrial Relations Committee, Senator Ben Nevers (D-Bogalusa), the measure is expected to be considered in the 2008 regular session, sometime after March 31. The council would be comprised of representatives from six state departments: Social Services, Economic Development, Revenue, Education, Labor, and the Workforce

Commission. In pursuing its stated purpose of cutting child poverty in half, the council would be expected to prioritize support for parishes with the highest child poverty rates.

The pending bill would also create a “Child Poverty Prevention Fund.” The source of its monies would be broad and could include funding from state appropriations, federal funds, public or private donations, and gifts from individuals. The council would be charged with growing the fund.

Adren Wilson, assistant secretary of the Department of Social Services, notes, “This bill seeks to push us hard and fast to cut child poverty and that is appropriate. We know that poverty is too expensive. There are the obvious remediation and social-service costs. But also of concern is what’s less apparent—the more poverty we sustain, the more we lose out on the talents of those who are poor and the more likely those who are well-off will leave our state. The department stands ready to take on this task.”⁸¹



Maine

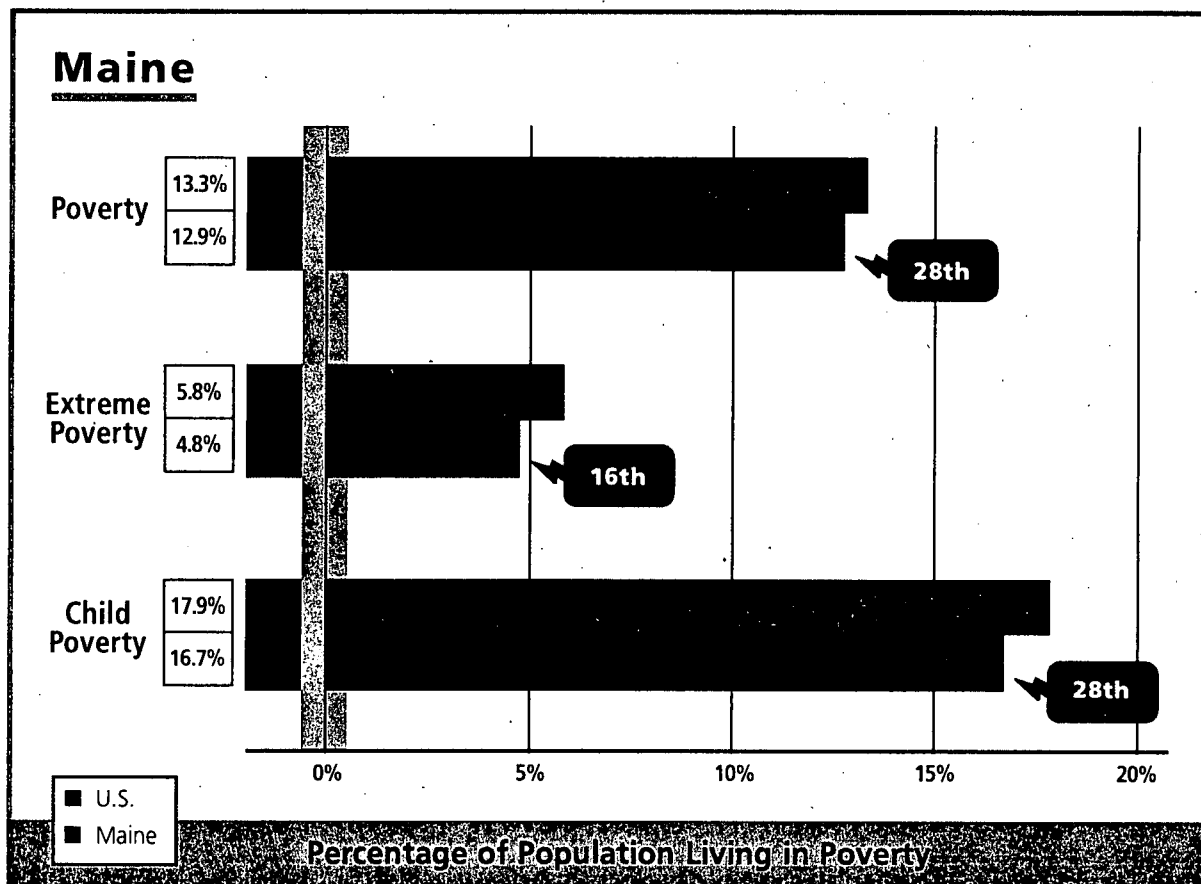
Initiative: A pending bill calls for a target to cut overall poverty to be set by a Council on Poverty and Economic Security (2007).

In 2007, a bill to establish the Maine Council on Poverty and Economic Security was introduced by the president of the Senate. A measure passed unanimously in committee in March 2008.⁸² The council is intended to “to advise the governor on ending poverty and providing economic security to disadvantaged citizens in the State.” The council is expected to make recommendations to the governor every two years.

The bill’s sponsor, Senate President Beth Edmonds (D-Freeport), may ask the committee to amend the bill to include a provision instructing the council to establish measurable benchmarks for the elimination of poverty in Maine. The council would set percentage reductions in the number of people living in or near poverty in the next five, 10, and 20 years.

Media coverage of poverty in Maine gained prominence in 2007 through a front-page, seven-part series in the *Kennebec Journal*. Later that year, the First Annual Symposium on Poverty and Economic Security was sponsored by a number of statewide advocacy organizations. The symposium identified a range of concerns, among them the implications of poverty on state productivity.

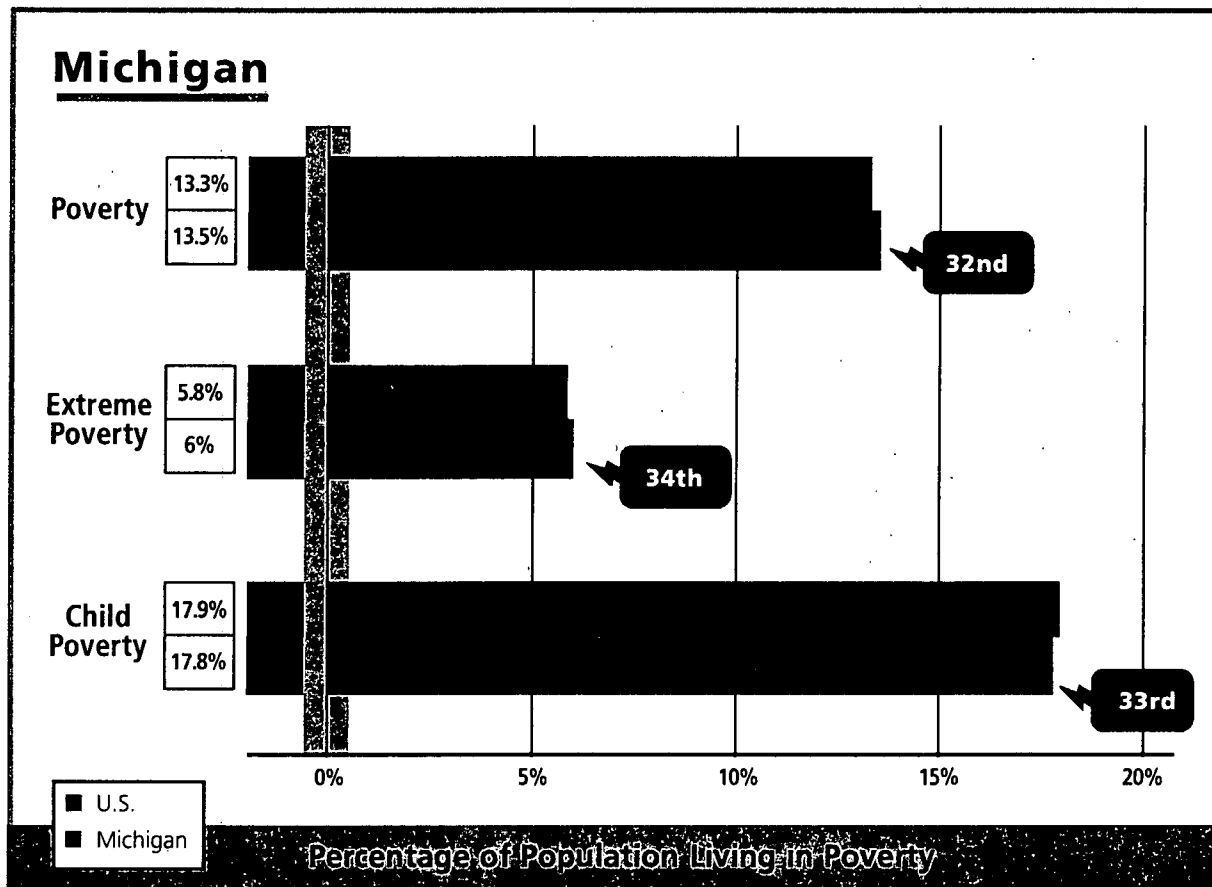
Each year, Maine loses about \$260 million in health care, metals manufacturing, and construction alone due to jobs that go unfilled for lack of qualified candidates. Most of these jobs—as a drywall installer, plumber, electrician, lab technician, nurse, dietician, or machinist—require a two-year degree.⁸³ The Maine-specific analysis demonstrated that investments in education could improve not only individual incomes but also the state’s overall productivity. The advocacy organizations expect to hold a symposium each year that zeroes in on the progress being made to reduce poverty and near-poverty in the state.



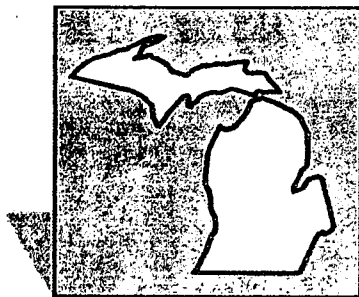
Sources: U.S. Census Bureau, 2006 American Community Survey, R1701-02 and Table 9.
The lowest poverty level is in the state ranked 1st.

Recently, Governor John Baldacci (D) expressed concern about increased poverty among Maine's children. As reported in the KIDS COUNT 2008 data book, 20 percent of the state's preschool children live under the poverty line. Gov. Baldacci has pressed for federal action, noting that, "With the current budget shortfall in Augusta, we know that we face enormous challenges just to maintain our support. Once again, it shows that we need changed policies in Washington, and a renewed commitment to helping those in need."⁸⁴

Sen. Edmonds is hopeful that the measure to establish the council will pass and that it will make a difference. "We need to acknowledge that poverty affects all of us, and that the solutions for raising people out of poverty come from a variety of sources," she said. "The council proposed in my legislation would bring together representatives of the business community, faith-based organizations, advocacy organizations, as well as government-agency staff to propose, implement, and evaluate tools for reducing the prevalence of poverty. Government plays an important role in this task, but not the only one; we need to engage the whole community."⁸⁵



Sources: U.S. Census Bureau, 2006 American Community Survey, R1701-02 and Table 9.
The lowest poverty level is in the state ranked 1st.



Michigan

Initiative: State-sponsored poverty summit (2008).

“Unless Michigan confronts its poverty head-on, economic recovery is impossible,” contends a *Detroit Free Press* columnist.⁸⁶

To tackle what Department of Human Services Director Ismael Ahmed says “has quietly become the most important question of our time,”⁸⁷ Michigan will hold its first state-sponsored poverty summit on November 13, 2008. Leading up to the summit, the Michigan Commission on Community Action and Economic Opportunity will hold six forums across the state.

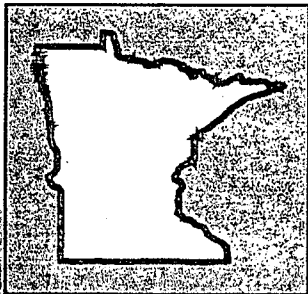
“We have to raise the profile of poverty, show people what’s at stake,” said Ahmed.⁸⁸

The forums are central to collecting good ideas. “We want to find out what works at the grass-roots level, what programs are innovative in helping people move out of poverty,” Commission Chairwoman

Sonia Harb said. "We think it is vitally important that we hear the stories and experiences of people who deal with poverty every day."⁸⁹

The state plans to invite and engage a large number of low-income individuals, which Commission member Daniel Piepszowski expects will make the summit a unique event. "The commission will be looking at not just at the gaps in services low-income individuals face but also how to maximize the obvious strengths of low-income individuals who show time and time again the fortitude and ingenuity necessary to navigate state systems. We have a lot to learn and a lot to do," Piepszowski said.⁹⁰

The commission is supported by the Department of Human Services' Bureau of Community Action and Economic Opportunity. Established by Governor Jennifer Granholm (D) in 2003, the bureau is charged with advancing state policies and programs to reduce poverty and to address the needs and concerns of low-income people.



Minnesota

Initiative: A target to eliminate poverty⁹¹ is part of the mission of the Legislative Commission to End Poverty in Minnesota by 2020, which is due to issue recommendations this year (2006).

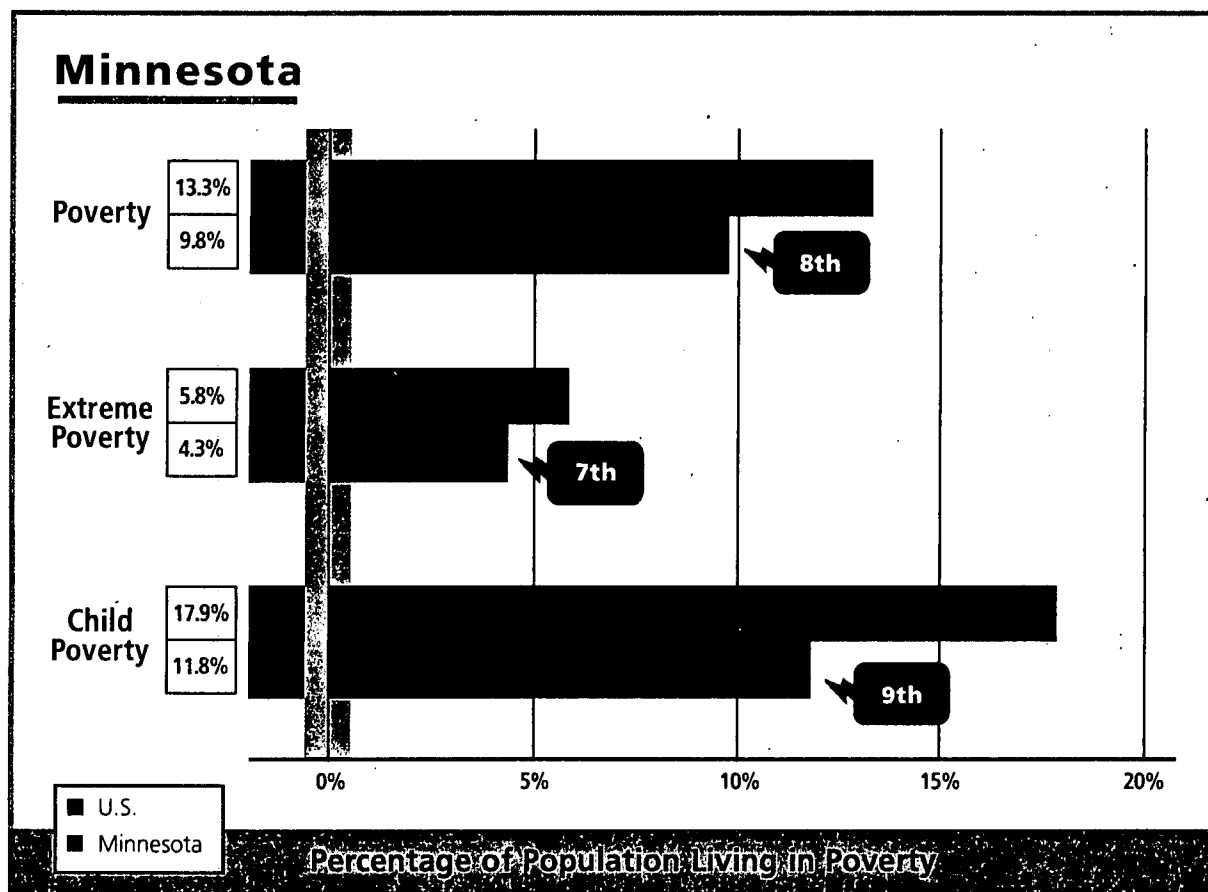
A three-year Legislative Commission to End Poverty in Minnesota by 2020 is composed of 18 legislators and two non-voting members appointed by the governor. A February 2008 interim report to the legislature will be followed by an exploration of promising policies to solve poverty, with a final report due in December 2008.

Governor Tim Pawlenty (R) authorized the commission when he signed into law a bill championed by outgoing state Senator John C. Hottinger (DFL-St. Peter), who was moved to act following two poverty summits held by state religious leaders in 2004 and 2005.

The Minnesota legislature appropriated \$250,000 for the commission's operation, enabling it to hire staff and maintain a Web site, which archives audio and video of commission sessions, agendas from visits around the state, and related resources.⁹² The funds also allowed the commissioners to hold formal monthly hearings in the capitol and to travel across the state to see first-hand the struggles of people and communities.

As one reporter noted, "Almost from the start, poverty slapped [the commissioners] in the face."⁹³ Their trips have included meals in soup kitchens; home visits; rides on mass transit; small group conversations with youth, seniors, and working-age adults; and visits to schools, homeless shelters, and workforce centers.

Advocates are also collaborating with the commission, providing support for regional meetings. Affirmative Options, a statewide coalition of more than 50 organizations, and the Joint Religious



Sources: U.S. Census Bureau, 2006 American Community Survey, R1701-02 and Table 9.
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Legislative Coalition have partnered in mobilizing advocates. They circulated tips on planning and hosting commission meetings, including how to set up an intimate “circle” in which residents could tell their personal stories directly to the commissioners.⁹⁴ As many as 200 people have attended such conversations, and the commission has been open to such input.

Affirmative Options advocates policy changes to improve Minnesota’s economy and to create opportunities for low-income people, while the Joint Religious Legislative Coalition mobilizes religious communities to influence public policy in Minnesota. In communicating the state’s effort to end poverty, the coalitions have focused on key themes:

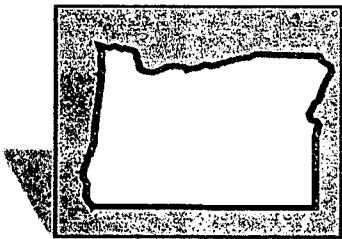
- ◆ **“It’s about all of us:** Our schools, our sense of safety, our communities and our economy’s productivity are all better off when poverty does not divert our resources and rob us of our best potential.
- ◆ **“It’s time:** Minnesota continues to have a strong economy and a strong foundation from which to challenge poverty. But we also see trends we want to change as soon as possible:

the highest food-shelf growth [is] happening in the suburbs, wages are falling behind the cost of living, the numbers of children in deep poverty have increased steeply in the last couple years, and our state's unemployment numbers no longer are lower than most other states.

- ◆ **"It's possible:** This nation ended the widespread destitution of our elderly only a couple of generations ago. We have improved the conditions of the labor market with minimum wages, work-place safety regulations, and the prohibition of child labor. We build from a strong base and a rich legacy in Minnesota." ⁹⁵

Gregory Gray, the commission's director, has begun to consider how to develop recommendations for the final report. These will include not just legislative proposals but also, as required by the law, proposals aimed at a full range of other sectors and stakeholders.

While there is a great deal of work remaining to be done, Gray believes the commission has already heralded change: "As a former state legislator, I am familiar with skepticism around social issues," he said. "What has been striking about the commission is that it has clearly opened up the minds of many legislators—not just those on the commission. There is now a sense that we can make a difference if we want to. And legislators now realize that there is a groundswell of constituent support for action in districts both poor and wealthy." ⁹⁶



Oregon

Initiative: A benchmark calls for poverty to drop to 10 percent by 2010 from 2004's 12.1 percent (1989).

The Oregon Progress Board is required by law to report annually if the state is making progress according to its 91 benchmarks. The 1989 law created the board as an independent state agency that oversees its systems of "indicators chosen by Oregonians as fair, efficient ways to measure economic, social, and environmental progress." ⁹⁷

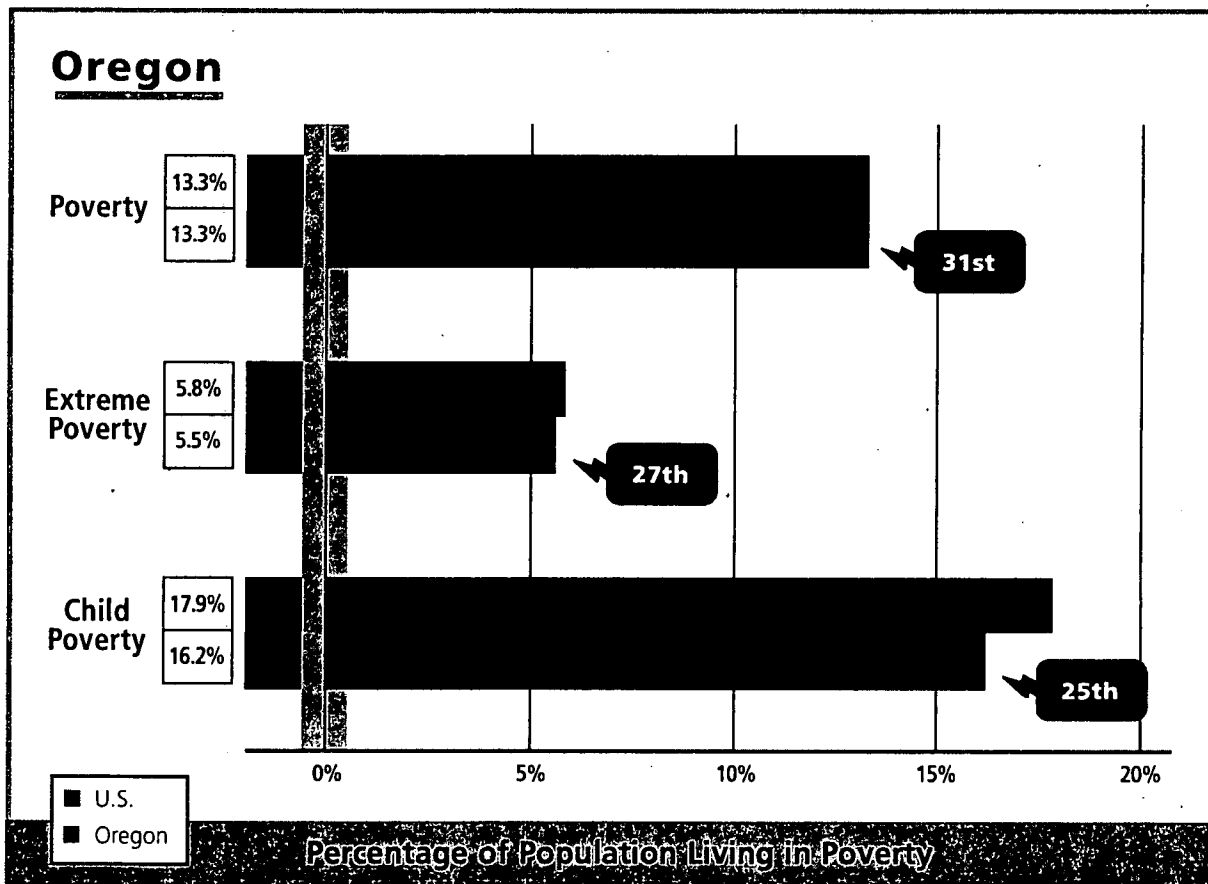
Benchmark 54 reports on the status of poverty in the state and establishes a target: by 2010, no more than 10 percent of the state's population should be living in poverty. If achieved, this would represent a cut in poverty of nearly 17 percent in the six-year period between 2004 and 2010. Oregon pairs goal-setting with a deadline, which sets it apart from many other states with benchmark systems.

As the governor's Human Services policy advisor noted in the 2007 Progress Report, "Investments that target family economic stability, prevention, and early intervention aren't just the most fiscally efficient investments we can make—they're also the investments that will make the biggest differences in our ability to improve the health and safety of our communities and the educational outcomes of our children." ⁹⁸ The report established that "the most telling benchmark, personal income as a percent of the U.S. [average], is near its lowest level in 20 years. Only one Oregon worker in three is at or above 150 percent of poverty for a family of four." ⁹⁹

In Oregon, benchmarks informed Oregonians that their state had particularly bad hunger levels. Governor Theodore Kulongoski acknowledged this in his 2003 State-of-the-State address, shortly after his inauguration.¹⁰⁰ He set out to make hunger a priority issue. To sustain public attention, in 2007 Gov. Kulongoski and his wife lived on a food budget of \$21 per person for a week—the average for Food-Stamp participants.

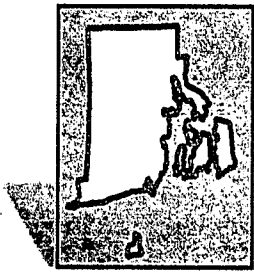
As he explained, one of the governor's top priorities since he took office "has been to put the issue of hunger into the lap of every Oregonian." He also asserts that "the solution to Oregon's hunger problem is creating opportunity for good, living-wage jobs."¹⁰¹

Oregon Thrives, a partnership of five nonprofit organizations and the state's Housing and Community Services Department, reiterates the governor's theme to look beyond one particular program or problem. Oregon Thrives seeks to demonstrate "how all efforts are interrelated, and how one investment reduces the need for other investments. For example, if you increase worker training and stabilize housing, people get better jobs and will not need food boxes or help paying their energy bill."¹⁰²



Sources: U.S. Census Bureau, 2006 American Community Survey, R1701-02 and Table 9.
The lowest poverty level is in the state ranked 1st.

The governor took the Food-Stamp challenge to build further public awareness of the intersection of hunger and income. He went further and challenged “all of you to consider taking the Food-Stamp challenge—if not this week, than maybe another one— and put yourselves at least part-way in the shoes of a family struggling to make ends meet. Challenge your friends and neighbors to do the same—or just have a conversation with them about what it means to be hungry in Oregon. Help them to understand that hunger is an income problem—that most Oregonians who are hungry are also working, but aren’t making enough to afford the basics that most of us take for granted.”¹⁰³ By 2004, Oregon had gone from the state with the worst rank (50th) on hunger to 26th in the nation.¹⁰⁴



Rhode Island

Initiative: Commission on Family Income and Asset-Building (2007).

The Joint Resolution, enacted in 2007, calls for a bicameral and bipartisan legislative commission.¹⁰⁵ The kickoff will feature the recommendations from Providence Mayor David Cicilline's (D) Poverty Work and Opportunity Task Force. In addition, the commission will hear about developments in other states and discuss skills-

building, work supports, predatory lending, and financial literacy.

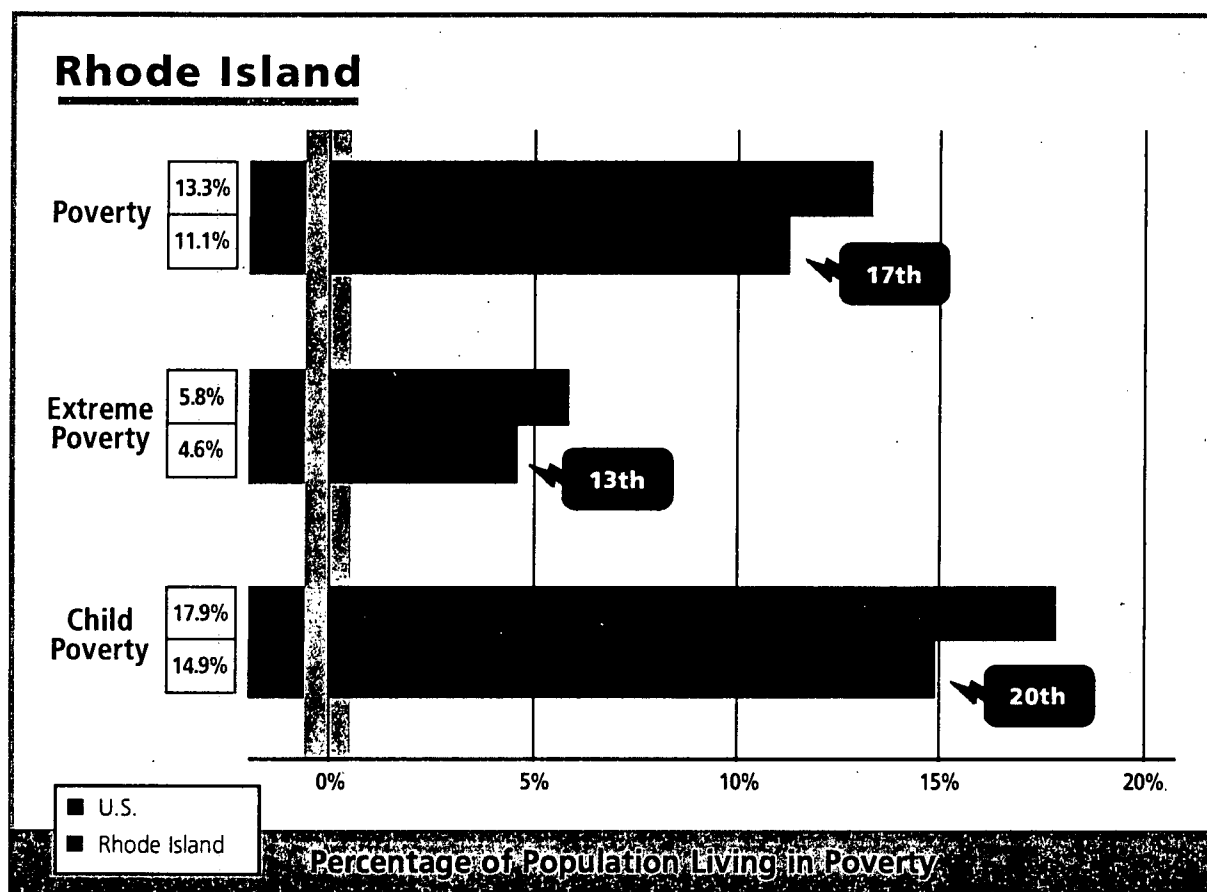
The original measure called for a report in January 2008, but the deadline has been extended to June. The commission has at least eight sessions planned before then.

The commission's purposes include identifying programs and legislation that already exist and new laws and programs necessary to:

- ◆ Build income and assets for families
- ◆ Promote financial education, literacy, and counseling
- ◆ Protect families from predatory and abusive financial services

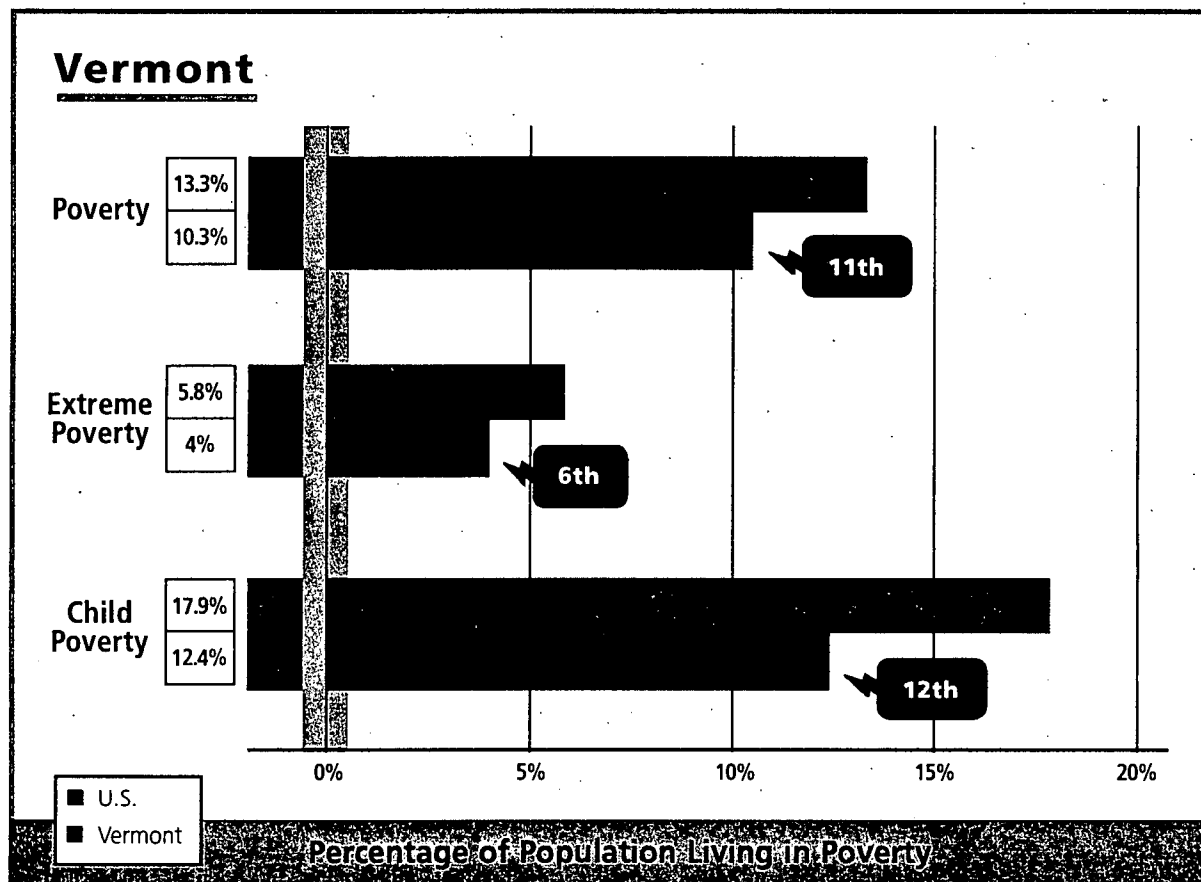
It is expected that the commission will “work with charitable foundations, local government, community-based organizations, policy and research organizations, advocacy organizations, and other entities as may be appropriate to advance the financial security and viability of families.”¹⁰⁶

Poverty Institute Director Linda Katz observes that “the budget crisis that Rhode Island is facing makes the commission's work all the more critical. Coordinating public and private strategies to help parents get family-sustaining jobs with health benefits is not only vital to the families' economic well-being but is part of the solution to the deficit as more people pay taxes and rely less on publicly funded programs.”¹⁰⁷

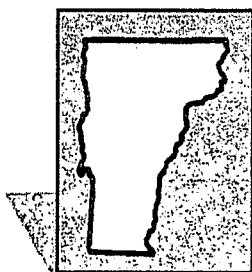


Sources: U.S. Census Bureau, 2006 American Community Survey, R1701-02 and Table 9.
The lowest poverty level is in the state ranked 1st.

As Commission-member and Senator Juan Pichardo (D-Providence) notes, “This commission is tackling new problems—unscrupulous financial practices that can set anybody back, but it’s worse when you are already struggling and have no cushion to provide for your loved ones. How money is handled is one thing; making enough of it is another focus. We need to find ways to ensure our workers can get the skills they need for the ever-changing job market. We need to dig in—not just to find solutions for the state but to build the political will for those solutions.”¹⁰⁸



Sources: U.S. Census Bureau, 2006 American Community Survey, R1701-02 and Table 9.
The lowest poverty level is in the state ranked 1st.



Vermont

Initiative: A target to cut child poverty in half by 2017 is overseen by the Child Poverty Council (2007).

On June 5, 2007, the Vermont legislature passed a bill establishing the Child Poverty Council.¹⁰⁹ The measure is similar but not identical to the 2004 Connecticut child-poverty-target legislation. Notably, the council is to identify “priorities for implementing strategies” along with “biannual benchmarks” toward achieving at least a 50-percent reduction in child poverty in Vermont by 2017.¹¹⁰ Annually, the council is to report on the progress in meeting the biannual benchmarks. It is made up of six legislators, four state department commissioners, and four others representing various constituencies.

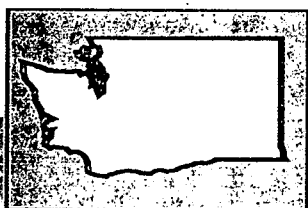
The bill was introduced by Senator Doug Racine (D-Chittenden), the chair of the Committee on Health and Welfare and a former lieutenant governor. For Racine, the impetus was simple: “We’re seeing growing income inequality here. We’re seeing more and more families with children showing up at homeless shelters and food shelves...Children who are in poverty are not doing nearly as well in school as the other children. It’s time to do something about it.”¹¹¹

To date, the council has pursued two broad missions. First, as required by the law, it hosted public hearings in each of the state's 14 counties in 2007. As the council co-chair and social worker, Representative Ann Pugh (D-South Burlington), noted, "We stayed away from Montpelier and got out around the state... We could hear directly from people who never could get to the capitol. So we heard a lot from those who are struggling to make ends meet. And we heard good ideas along the way."¹¹²

Sen. Racine, the council's other co-chair, added, "One of the important results of going around the state is that local media covered the hearings. Since part of our mission is to make sure all Vermonters understand what it means to be poor and near-poor in our state today, getting the newspapers and other media to cover the stories of working families wrestling with the realities of getting by helps a lot."¹¹³

The council also heard from experts. At one session, advice was offered by Anne Foley, a senior advisor in Connecticut's Office of Policy Management, the lead agency for that state's council and poverty target. She urged the Vermont council to "avoid too many recommendations," noting that a shorter set contributes to a better focus. Foley also urged the council to consider and make decisions on which measures of poverty would be utilized. In Connecticut, both the official poverty line and 200 percent of poverty are taken into account.¹¹⁴

The next mission of the council is to develop and issue its report, and then it will follow up on its recommendations.



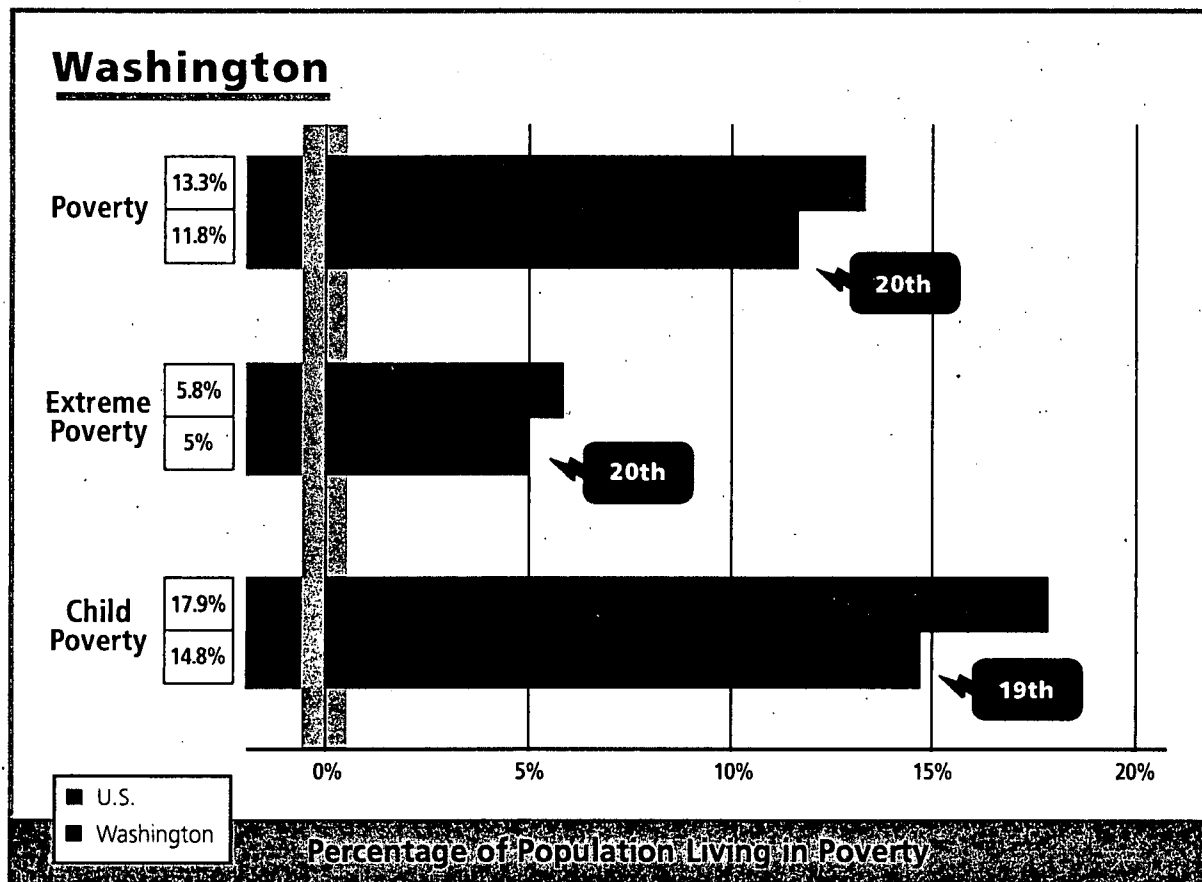
Washington

Initiative: Poverty Advisory Committee (2006).

Washington's Department of Community, Trade, and Economic Development (CTED) established the Poverty Advisory Committee, which included leaders from state agencies and advocacy groups. In formulating its set of recommendations, the committee added its expertise to the perspectives of citizens who participated in a set of community forums that preceded the Advisory Committee's deliberations.¹¹⁵

The community forums helped to identify the issues crucial to moving families out of poverty. Family-wage jobs, housing, healthcare, mental-health services, and transportation surfaced as major issues. The committee took stakeholder opinions—including those of the nearly 500 individuals who participated in the community forums—into account when it formulated its recommendations, issued in May of 2007.

A key reason for gaining local insights was the fact that, as noted in the committee's report, "Washington's prosperity needs to reach all parts of our state and improve the lives of all of our residents. To make permanent, effective improvements, poverty needs to be fought at the local level where solutions are crafted that fit the unique character of each of our cities and counties."¹¹⁶



Sources: U.S. Census Bureau, 2006 American Community Survey, R1701-02 and Table 9.
The lowest poverty level is in the state ranked 1st.

The Advisory Committee recommendations are grouped as follows:

- ◆ Basic Needs: housing, food, transportation, health
- ◆ Challenging Poverty: moving families and individuals out of poverty
- ◆ System Improvements: improve services, streamline administration

Among the recommendations are: companies that receive CTED funds should report and get incentives for hiring low-income workers, education foundations and state agencies should be encouraged to expand financial literacy, and local developers should be encouraged to use innovative state incentives related to affordable housing.¹¹⁷

Statistics

Sources of overall poverty and extreme poverty statistics and rankings by state:

U.S. Census Bureau, Income, Earnings, and Poverty Data from the 2006 American Community Survey, p. 21, Table 9: *Number and Percentage of People in Poverty and Percentage of People by Ratio of Income-to-Poverty Level in the Past 12 Months by State: 2006.*

<http://www.census.gov/prod/2007pubs/acs-08.pdf>.

U.S. Census Bureau, 2006 American Community Survey, R1701. *Percent of People Below Poverty Level in the Past 12 Months (For Whom Poverty Status is Determined): 2006.*

http://factfinder.census.gov/servlet/GRTTable?_bm=y&_box_head_nbr=R1701&-ds_name=ACS_2006_EST_G00_-&-lang=en&-format=US-30&-CONTEXT=grt.

Source of child poverty statistics and rankings, by state:

U.S. Census Bureau, 2006 American Community Survey, R1702. *Percent of Related Children Under 18 Years Below Poverty Level in the Past 12 Months: 2006.*

http://factfinder.census.gov/servlet/GRTTable?_bm=y&-geo_id=01000US&-box_head_nbr=R1702&-ds_name=ACS_2006_EST_G00_-&-lang=en&-redoLog=false&-mt_name=ACS_2006_EST_G00_R1701_US30&-format=US-30&-CONTEXT=grt

State Initiative Charts

Notes:

- ◆ Charts will be updated as states make additional recommendations.
- ◆ Recommendations may or may not have been considered or acted upon.
- ◆ Recommendations should be used as a reference tool to identify which policies have gained attention where; the absence of a recommendation in a given state does not indicate disinterest in that area (e.g., a state may not have a recommendation to expand EITC not because it is disinterested in EITC but because it already accomplished a major expansion.)
- ◆ Categories used to track state recommendations here are identical to those used to track national organization reports at: <http://www.affirmativeoptions.org>

State Initiatives: Overview and Links

States	Initiative (Year Established)	Poverty Target	Report Links and Status
Alabama	House Task Force on Poverty (2007)		Report — 2008 Creation of a permanent, bipartisan commission on the Reduction of Poverty is recommended by the Poverty Task Force.
Colorado	Common Good Caucus (2007)		The 2008 goal of the bicameral, bipartisan caucus is to develop a 2009 agenda.
Connecticut	Child Poverty Council (2004) merged into the Child Poverty and Prevention Council (2006)	CHILD POVERTY Cut 50% by 2014	Progress Report — Jan. 2008 Expert Panel Recommendations — Dec. 2007 Progress Report — Jan. 2007 Agency Prevention Report — Jan. 2007 Progress Report — Jan. 2006 Initial Plan — Jan. 2005
Delaware	Child Poverty Task Force (2007)	CHILD POVERTY Cut 50% by 2017	A 10-year-plan is due to the governor in 2008.
District of Columbia	D.C. Poverty Commission (2006)		Commissioners are being appointed; the 2008 sunset date will likely be extended.
Iowa	Successful Families Caucus (2007)		Initiated by a bipartisan team of four legislators, the caucus is now made up of one-fifth of the General Assembly. Legislation is pending.
Michigan	First poverty summit sponsored by state (2008)		Leading up to the summit, scheduled for November 2008, the Michigan Commission on Community Action and Economic Opportunity will hold six forums across the state.
Minnesota	Legislative Commission to End Poverty in Minnesota by 2020 (2006)	OVERALL POVERTY "End" poverty by 2020	Recommendations are due December 15, 2008. The commission has held nine regional meetings. The legislature appropriated \$250,000 for the commission's three year operation.
Oregon	Oregon Progress Board (1989) Independent executive agency; created by legislature	OVERALL POVERTY Drop the rate of poverty from 12.1% to no more than 10% by 2010	The Oregon Progress Board set 91 benchmarks that measure progress on a range of issues, including poverty. That benchmark calls for a drop in the rate of poverty, which, if achieved, would represent a cut in poverty of nearly 17 percent within six years.
Rhode Island	Commission on Family Income and Asset-Building (2007)		Report and recommendations due June 2008.
Vermont	Child Poverty Council (2007)	CHILD POVERTY Cut 50% by 2017	Report and recommendations due soon.
Washington	Poverty Advisory Committee (2006) Committee created by executive agency		Report — 2007
PENDING INITIATIVES			
Alabama	Pending: Permanent Commission on the Reduction of Poverty		If enacted, the bicameral commission would report annually to the legislature regarding its evaluation of current and proposed policy. Operational funds would be appropriated.
Illinois	Pending: Commission on Poverty Eradication (2008)	EXTREME POVERTY Cut 50% by 2015	If enacted, the commission would issue an interim report and recommendations by March 1, 2009.
Louisiana	Pending: Child Poverty Prevention Fund, implemented by a Child Poverty Prevention Council (2008)	CHILD POVERTY Cut 50% by 2018	If enacted, the Child Poverty Prevention Council would oversee a fund aimed at halving child poverty and would give grants directly to parishes, focusing on those with high poverty rates. The council would be housed within the Department of Social Services and would include representatives from six state departments.
Maine	Pending: Council on Poverty and Economic Security (2007)	If established, council may set targets for the elimination of poverty	If enacted, the council would meet at least annually to develop recommendations and would report to the governor and the legislature every two years.

State Initiatives: Checklist of Recommendations

TOPIC	Income & Assets <i>e.g.</i>	Adult Education & Employment <i>e.g.</i>	Child Education & Child Care <i>e.g.</i>	Work Supports & Safety Net <i>e.g.</i>	Housing & Health <i>e.g.</i>	Family Structure <i>e.g.</i>	Links to Reports/Notes <i>e.g.</i>
	<ul style="list-style-type: none"> • Wages • Taxes • Predatory Lending • Independent Development Accounts 	<ul style="list-style-type: none"> • Postsecondary • Infrastructure • Prisoner Reentry • Workforce Investment Act • Employer Incentives 	<ul style="list-style-type: none"> • Early Childhood Education • K-12 • Child Care 	<ul style="list-style-type: none"> • Unemployment Insurance • TANF • Transportation • 211 Social Services Directory • Public Benefits "Cliffs" 	<ul style="list-style-type: none"> • Transitional Housing • Rental Subsidies • Mental Health • Insurance Rates 	<ul style="list-style-type: none"> • Teen Pregnancy Reduction • Home Visiting • Fatherhood Initiatives • Couples/Marriage 	<ul style="list-style-type: none"> • Poverty Measure
STATE:							
Alabama	✓	✓	✓	✓		✓	<p>Report — 2008 The Poverty Task Force also recommended the creation of a bipartisan permanent formal commission on the Reduction of Poverty and a report for the legislature that offers an overall needs assessment.</p>
Connecticut	✓	✓	✓	✓	✓	✓	<p>Child Poverty Council Report — 2005 The council's initial plan lists 67 recommendations. While a subcommittee identified six top priorities, the report includes the full list.</p> <p>Expert Panel Recommendations — 2007 The expert panel prioritized the 67 recommendations, highlighting 13 most likely to reduce child poverty in the short term. Among those recommendations:</p> <ul style="list-style-type: none"> Evaluate effectiveness of the implementation of the council's recommendations. Provide low-income individuals with an expectation of success regarding possibilities and techniques for achievement. Increase ESL programming. Enhance availability of transportation.
Iowa	✓	✓	✓	✓			
Washington		✓		✓		✓	<p>Report — 2008 The Department of Community, Trade, and Economic Development strives to educate residents about the complexity of poverty issues through education, community, and business contacts. CTED hosted forums across the state which had nearly 500 participants.</p>

Recommendations Detailed by Policy Area: Income & Assets

Alabama	<p>Require businesses that receive economic incentives pay a wage equal to the area median income level.</p> <p>Encourage the promotion of the EITC for low-income workers.</p> <p>Raise the income-tax threshold to the poverty level.</p> <p>Eliminate sales tax on groceries/food.</p> <p>Exempt thrift stores on military bases from sales tax.</p> <p>Regulate the interest rate of payday- and title-loan companies.</p> <p>Enable and fund IDAs to match savings for low-income families. The savings can be used to purchase a home, finance higher education, or start a business.</p>
Connecticut	<p>Expand property-tax rebates to include low-income families raising children.</p> <p>Create dependent exemptions against state income tax.</p> <p>Charge higher income-tax rates for highest earners.</p> <p>Dedicate part of community college graduates' income tax to community college system through "check off" box on income-tax forms.</p> <p>Provide payment in lieu of taxes (PILOT) for group homes.</p> <p>Refundable state EITC.</p> <p>EITC outreach.</p> <p>Create child-care and/or child-education credit that phases out as household income increases and is at least partially refundable.</p> <p>Curb predatory lending (limit interest rates and ban negative amortization.)</p> <p>Strengthen state's IDA program and make available to all working families.</p> <p>Encourage low-income individuals to bank and accumulate assets.</p> <p>Encourage entrepreneurship.</p> <p>Expand second-mortgage pool.</p>
Connecticut Expert Panel Recommendations	<p>Refundable state EITC.</p> <p>EITC outreach.</p>
Iowa	<p>Offer financial consumer protection.</p> <p>Secure EITC increase from 7 to 10 percent of federal EITC.</p>
Washington	<p>Assist state, public, and private programs that encourage financial-literacy education and asset-building programs for low-income residents.</p>

Recommendations Detailed by Policy Area: Adult Education & Employment

Alabama	Require workforce development programs funded by the state to have low-income population/area recruitment goals.
Connecticut	<p>Enhance parents' educational attainment, skills, and employment opportunities.</p> <p>Increase low-income parents' access to literacy, postsecondary, and vocational education.</p> <p>Enhance literacy programs for adults including Adult Basic Education (ABE) and GED services.</p> <p>Increase vocational training opportunities for populations that do not have high school diplomas or have limited English proficiency.</p> <p>Provide assistance with vocational and postsecondary education expenses (tuition, books, supplies, child care, transportation, tools, or license fees).</p> <p>Provide subsidies for low-income individuals to attend community college, e.g. through means-tested tuition relief.</p> <p>Spend higher proportion of TFA funds on job training and education.</p> <p>Create state-funded work-study programs to supplement federal work-study programs.</p> <p>Provide additional incentives for businesses to locate in areas accessible to low-income individuals.</p> <p>Link training to industries and encourage training programs to develop curricula to meet workforce-shortage and high-growth employment areas.</p> <p>Provide resources to the Workforce Investment Boards and strengthen the employer-service component of the CTWorks centers as a "one-stop" for services that employers need.</p> <p>Provide public jobs programs by increasing participation in Hiring Incentive Tax Credit program, available to companies that hire recipients of the TFA program.</p>
Connecticut Expert Panel Recommendations	Increase cash assistance and other forms of support for postsecondary education, including community college, vocational education, and ESL.
Iowa	Develop workforce strategies that improve outreach, referral, and collaboration among and by agency partners at the state and local levels.

Recommendations Detailed by Policy Area: Child Education & Child Care

Alabama	<p>Provide additional funds to Head Start, until there is no waiting list.</p> <p>As funds are available, condition approvals of "First Class" pre-K with two recommendations:</p> <ul style="list-style-type: none"> Funds should target low-income communities. Monthly co-pay for low-income families should be reduced.
Connecticut	<p>Provide "education through birth": support school-readiness and early childhood education.</p> <p>Create one coordinated system for early childhood education.</p> <p>Provide comprehensive early childhood education programs with mandated parent involvement.</p> <p>Enhance preschool teacher training (including on-site consultation for preschool teachers) to encourage earning advanced degrees.</p> <p>Amend preschool system to allow full-day, full-year (or school-day, school-year) programming.</p> <p>Advocate for year-round school programming for grades K-3 in low-income districts.</p> <p>Expand, enhance, and subsidize after-school programming.</p> <p>Shift Educational Cost-Sharing formula to provide more resources in certain municipalities.</p> <p>Develop incentives to recruit and retain qualified teachers to work in low-income school districts.</p> <p>Enhance drop-out prevention efforts.</p> <p><i>Re: Care4Kids:</i></p> <ul style="list-style-type: none"> Increase child-care subsidy to more closely match current market costs. Increase number of child-care certificates. Expand facilities for child care. Expand child-care eligibility to cover those in education or job training programs. <p>Enhance training of child-care workers.</p> <p>Ensure adequate wages and benefits for child-care workers.</p> <p>Subsidize parents to stay home and care for children.</p>
Connecticut Expert Panel Recommendations	<p>Amend preschool system to allow full-day, full-year (or school-day, school-year) preschool.</p> <p>Advocate for year-round school programming for grades K-3.</p> <p>Enhance drop-out prevention efforts.</p> <p>Develop incentives to recruit and retain qualified teachers to work in low-income school districts.</p> <p>Make child-care subsidies available to all low-income families, up to 200 percent of poverty.</p>
Iowa	<p>Provide K-12 comprehensive financial literacy.</p>

Recommendations Detailed by Policy Area: Work Supports & Safety Net

Alabama	Supportive of a 211 comprehensive directory of services that would be available to all
Connecticut	<p>Allow postsecondary education and vocational training to count toward the federal work participation requirement under the Temporary Family Assistance (TFA) program.</p> <p><i>Re: Jobs First Employment Services (JFES):</i> Comprehensive up-front assessment of barriers to employment to quickly identify fragile/high-barrier populations.</p> <p>Assessing each JFES participant to determine reason for lack of skills; develop individualized plans to remove barriers to employment (and if not possible within 21 months, classify participant as exempt from JFES work requirement and TFA time limits).</p> <p>Provide intensive case-management to identify ways to reduce barriers to employment for families with extreme barriers.</p> <p>Enhance level of financial support for families with extreme barriers to employment by increasing cash-assistance levels until parents can bring in more earnings.</p> <p>Create child-only grant for children whose parents have died or are incapacitated; and those in the care of a grandparent.</p> <p>Rethink 21-month time limit in TFA.</p> <p>Improve Food-Stamp participation rates.</p> <p>Enhance Unemployment Insurance (UI) for those who have been laid off.</p> <p>Extend UI benefit period.</p> <p>Increase UI benefits.</p> <p>Create additional "good cause" exemptions to voluntary quit provisions.</p> <p>Expand UI eligibility for benefits to part-time workers.</p> <p>Ensure culturally competent case-management services.</p> <p>Undertake study to identify eligibility "cliffs" in state's various assistance programs.</p> <p>Develop recommendations regarding most effective and economically-efficient ways to provide supplemental assistance to support families' journeys to economic self-sufficiency.</p>
Connecticut Expert Panel Recommendations	<p>Provide intensive case management to identify ways and reduce barriers to employment for families with extreme barriers.</p> <p>Improve Food-Stamp participation rates.</p> <p>Amend state welfare programs so parents receiving welfare benefits, especially TANF, Food Stamps, Medicaid, and housing, don't abruptly lose benefits.</p> <p>Increase uptake among eligible families in Food Stamps, child nutrition, WIC, SSI, energy assistance, and other programs providing income support.</p> <p>Help high-risk populations with multiple barriers and most difficulty sustaining employment.</p>
Washington	<p>Coordinate state programs providing food to meet low-income nutritional needs.</p> <p>Statewide implementation of 211 social-services telephone referral system.</p> <p>Combine and consolidate reporting, monitoring, and auditing between government agencies and agency departments.</p>

Recommendations Detailed by Policy Area: Housing & Health

Alabama	<p>Create Affordable Housing Trust Fund Task Force charged with developing comprehensive recommendation to legislature on a housing trust fund prior to its 2009 Session.</p> <p>Reduce the time municipalities have to wait to demolish or sell abandoned or destroyed houses.</p> <p>Develop a current study of housing needs and conduct an analysis on findings focusing on low-income individuals and families.</p> <p>Ensure that medical providers do not charge those without insurance more than Medicaid patients or other insured groups.</p>
Connecticut	<p>Increase shelters and transitional living options for people discharged from inpatient behavioral-health treatment facilities.</p> <p>Expand availability of state rental assistance subsidies.</p> <p>Expand Transitional Rental Assistance Program (T-RAP) to allow families to remain eligible for longer period of time.</p> <p>Expand availability of affordable, family-sized housing units.</p> <p>Provide incentives to housing developers to develop family-sized units.</p> <p>Create Housing Trust Fund.</p> <p>Expand supportive housing for families.</p> <p>Expand use of Low-Income Housing Tax Credits to help finance housing and rehabilitation efforts.</p> <p>Enforce laws ensuring non-discrimination based on rent source.</p> <p>Encourage programs that facilitate homeownership, especially in central cities and among minorities.</p> <p>Ensure public or private health-insurance coverage for parents.</p> <p>Provide tax incentives to small businesses that offer health insurance to employees and their dependents.</p> <p>Allow uninsured parents to buy into state employee health insurance plan.</p> <p>Reduce medical expenses by expanding HUSKY to cover uninsured parents and relative caregivers of all HUSKY-eligible children with premiums increasing as family income increases up to 300 percent of the federal poverty level.</p> <p>Restore presumptive and continuous eligibility provisions under HUSKY.</p> <p>Enhance mechanism to provide information about employer-sponsored health insurance coverage for TFA participants transitioning off cash assistance.</p> <p>Advocate for universal health insurance for families of children living in poverty.</p> <p>Ensure access to sufficient number of health-care providers in the community and timely appointments.</p> <p>Strengthen health-care coordination and outreach.</p> <p>Enhance prevention and early-intervention programs.</p> <p>Increase education about preventing disease and accessing disease-prevention services, e.g., diabetes, obesity.</p> <p>Provide immunizations for all children.</p> <p>Increase early identification and accessible, culturally appropriate health-promotion and health-care services for all families, especially families with a parent or child with mental illness or substance abuse problems.</p> <p>Enhance medical and behavioral health-care availability for families with special needs.</p> <p>Strengthen care for children with special health-care needs through transitional programs and medical home model through the DPH.</p> <p>Expand availability of behavioral health inpatient- and outpatient-treatment services.</p>
Connecticut Expert Panel Recommendations	<p>Expand availability of state rental-assistance subsidies.</p> <p>Ensure all parents and children receive health care for which they're eligible.</p> <p>Expand health coverage to non-parental caretakers with whom children reside.</p>
Iowa	<p>Provide health care coverage for all children through either public or private insurers.</p>
Washington	<p>Increase low-income/affordable-housing projects and programs.</p> <p>Help homeless and transitional-housing seekers.</p> <p>Expand dental care for low-income adults and children.</p> <p>Increase access to health and mental-health care.</p>

Recommendations Detailed by Policy Area: Family Structure

Connecticut	<p>Provide family planning and decrease teen pregnancy.</p> <p>Provide culturally competent newborn-to-5 home visiting, medical, and social services.</p> <p>Enhance fatherhood initiatives and child support enforcement.</p> <p>Increase economic opportunity for men to increase marriage rates.</p> <p>Create stable, two-parent homes with two earners.</p> <p>Establish and maintain infrastructure to support young at-risk families through early intervention.</p>
<p>Connecticut</p> <p><i>Expert Panel Recommendations</i></p>	<p>Remove marriage penalties.</p> <p>Prevent teen pregnancies.</p> <p>Programs should be adopted to help males complete high school and transition into the labor force.</p> <p>Policies that increase work incentives (e.g., wage subsidies) should also be considered.</p>

Endnotes

¹ The Pew Forum on Religion and Public Life. <http://pewforum.org/religion08/compare.php?Issue=Poverty>

² Sargent Shriver National Center on Poverty Law.

<http://www.povertylaw.org//news-and-events/events/presidential-candidate-survey.html>

³ *Combating Poverty: Emerging Strategies from the Nation's Cities*, National League of Cities, Institute for Youth, Education, and Families, 2007.

http://www.nlc.org/ASSETS/492F291196434AA590778DC4361670B8/08_YEF_CombatingPoverty.pdf

⁴ *Repairing the Economic Ladder: A Transformative Investment Strategy to Reduce Poverty and Expand America's Middle Class*, U.S. Conference of Mayors, Taksforce on Poverty, Work, and Opportunity, Jan. 24, 2007.

<http://usmayors.org/chhs/VillaraigosaPovertyReport07.pdf>

⁵ The District of Columbia is treated as a state in this report.

⁶ Alabama has both an established and pending initiative.

⁷ *Economic Mobility of Families Across Generations*, Economic Mobility Project, The Pew Charitable Trusts.

http://www.economicmobility.org/assets/pdfs/EMP_Across_Generations_ES.pdf

⁸ Federal Reserve Board Chairman Ben Bernanke, Remarks Before the Greater Omaha Chamber of Commerce, Feb. 6, 2007.

⁹ John Schmitt and Dean Baker, *What We're In For: Projected Economic Impact of the Next Recession*, Center for Economic and Policy Research, January 2008.

http://www.cepr.net/documents/publications/JSDB_08recession.pdf

¹⁰ Yet, while the rate has improved, the number has not; because of our steady population growth there are 36.5 million poor (2006) compared to the 39.5 million who were poor in 1959. *Historical Poverty Tables: Table 2. Poverty Status of People by Family Relationship, Race, and Hispanic Origin: 1959 to 2006*, U.S. Census Bureau.

<http://www.census.gov/hhes/www/poverty/histpov/hstpov2.html>

¹¹ Ibid.

¹² Michael Förster and Mira D'Ercole, "Income Distribution and Poverty in OECD countries in the second half of the 1990s," *OECD Social, Employment and Migration Working Papers*, Organisation for Economic Co-operation and Development, 2006. <http://www.oecd.org/dataoecd/34/11/34542691.xls>

¹³ "Social and Welfare Statistics," *Society at a Glance: OECD Social Indicators*, Organisation for Economic Co-operation and Development, 2005.

http://www.oecd.org/document/24/0,2340,en_2825_497118_2671576_1_1_1_1,00.html

¹⁴ *Annual Update of the HHS Poverty Guidelines*, Department of Health and Human Services, Jan. 23, 2008.

<http://aspe.hhs.gov/poverty/08fedreg.htm>

¹⁵ *Poverty Measurement Studies and Alternative Measures*, U.S. Census Bureau.

<http://www.census.gov/hhes/www/povmeas/nas.html>

- ¹⁶ Eve Bender, "State Seeks Solutions To Foster-Care Crisis," *Psychiatric News*, Jan. 21, 2005. <http://pn.psychiatryonline.org/cgi/content/full/40/2/8>; Tara Lubin, *Families at Risk: Issues in Custody Relinquishment*, Forum for State Health Policy Leadership at the National Conference of State Legislatures, October 2006. <http://www.ncsl.org/programs/health/forum/custodyrelinquishment.htm>
- ¹⁷ *Hunger and Homelessness Survey: A Status Report on Hunger and Homelessness in America's Cities*, U.S. Conference of Mayors and Sodexo, December 2007. <http://www.usmayors.org/HHSurvey2007/hhsurvey07.pdf>
- ¹⁸ *Poverty and Hardship Affect Tens of Millions of Americans*, Center on Budget and Policy Priorities, Dec. 20, 2007. <http://www.cbpp.org/12-20-07pov.htm>
- ¹⁹ Gregory Acs and Pamela Loprest, *Who Are Low-Income Working Families?*, The Urban Institute, September 2005. http://www.urban.org/UploadedPDF/311242_working_families.pdf
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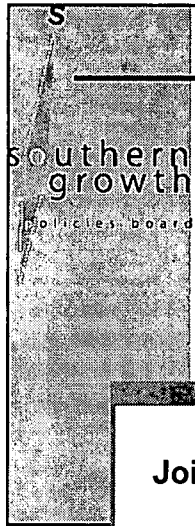
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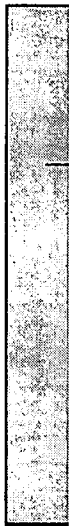
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North Carolina Urban Poverty

**Joint Legislative Study Commission on Poverty
Reduction and Economic Recovery**
December 19, 2008

1



Southern Growth Policies Board

- Created by Southern Governors in 1971
- Brings Together Governors, State Legislative Leaders, Business Leaders, Higher Education Leaders, and Citizens
- Annual "Future of the South" Report
- Secretariat for the Southern Consortium of University Public Service Organizations

southern growth policies board

2

What is Urban Poverty?

- Limited access to employment opportunities and income,
- Inadequate and insecure housing and services,
- Violent or unhealthy environments,
- Little or no social protection mechanisms, and,
- Limited access to adequate health and education opportunities.

s
Southern growth policies board

-The World Bank

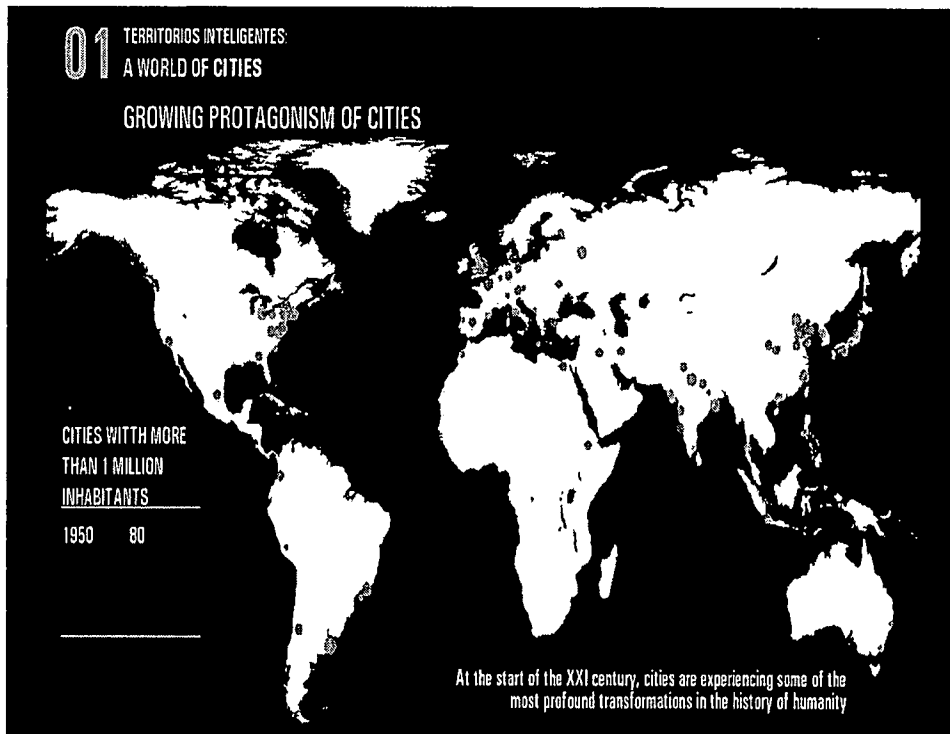
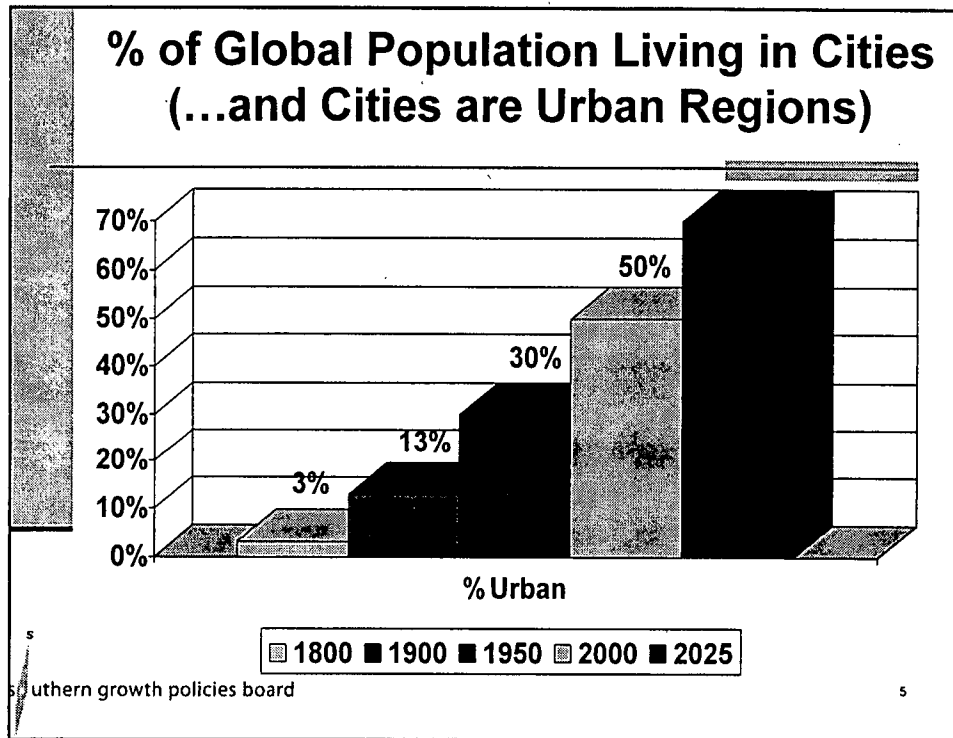
3

4 Points

- The World and North Carolina are urbanizing very quickly.
- Good job opportunities and educational attainment are a key factor
- Geographic nomenclature can be misleading
- Poverty is present in all urban areas, even those perceived as doing well

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4

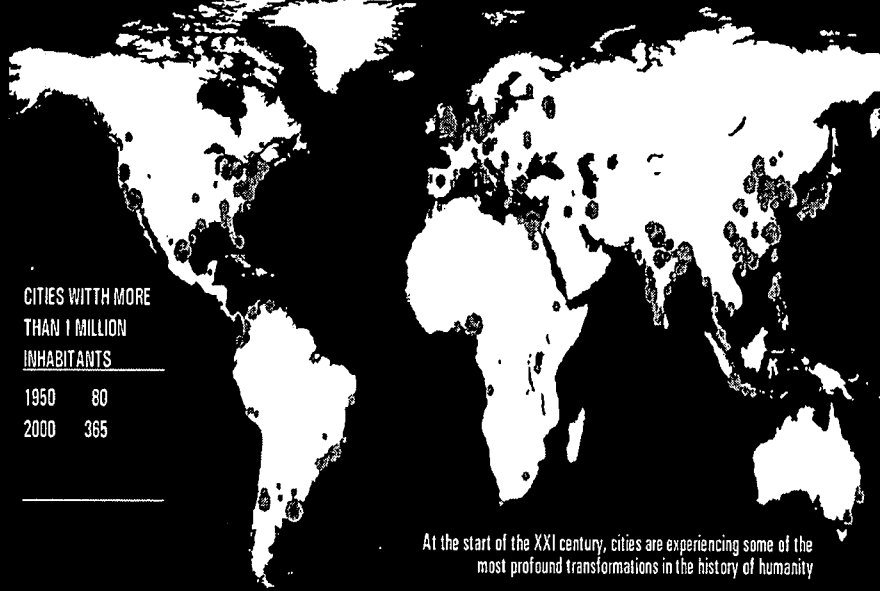


01 TERRITORIOS INTELIGENTES: A WORLD OF CITIES

GROWING PROTAGONISM OF CITIES

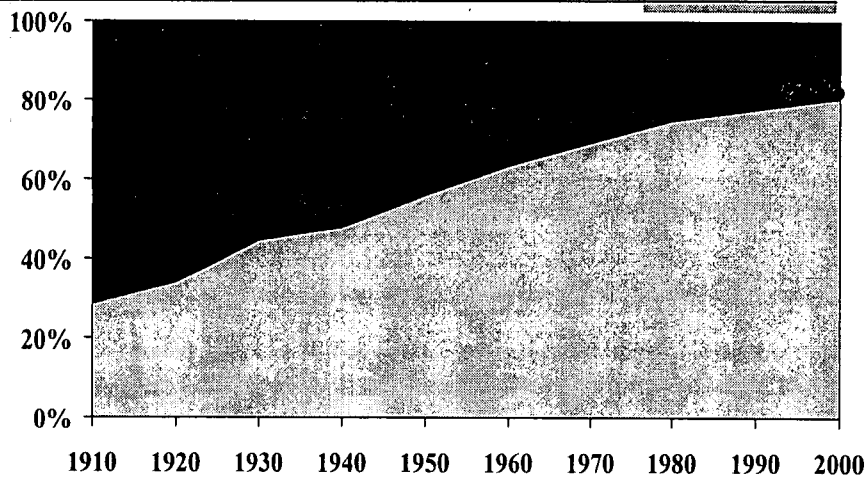
CITIES WITH MORE
THAN 1 MILLION
INHABITANTS

1950	80
2000	365



At the start of the XXI century, cities are experiencing some of the most profound transformations in the history of humanity

USA Population Concentration Metro-Non-Metro



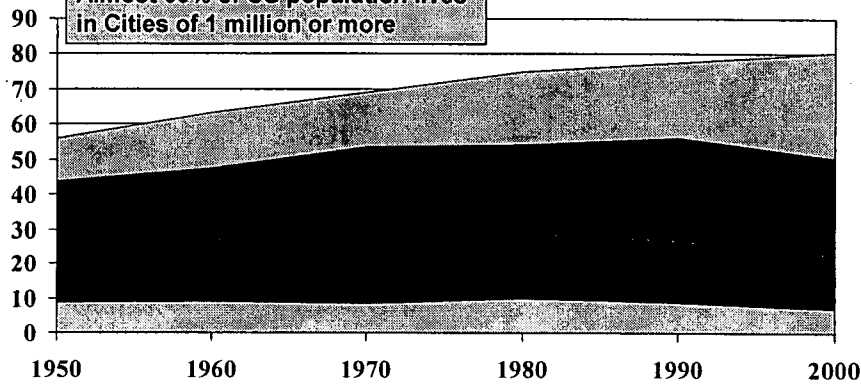
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□ Metro ■ Non-Metro

Source: Census

USA Population By City Size

Almost 60% of US population lives in Cities of 1 million or more



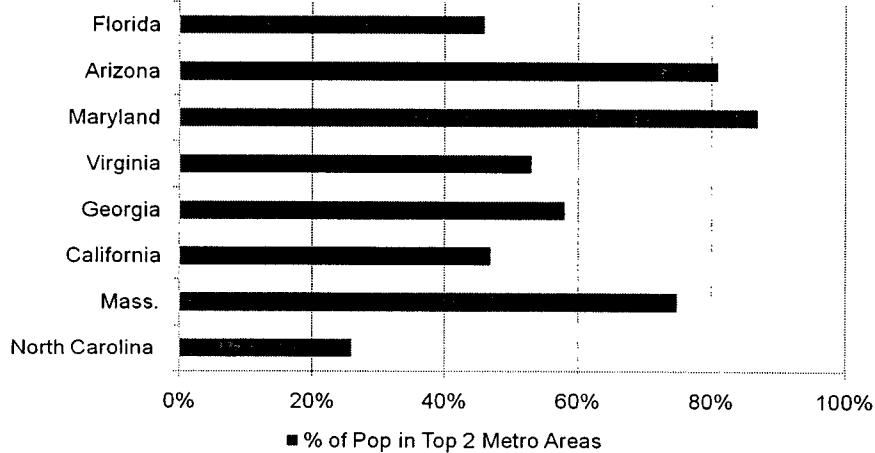
Cities less than 250,000
 Cities 250-999,999
 Cities 1M to 5M
 Cities Over 5M

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Source: Census

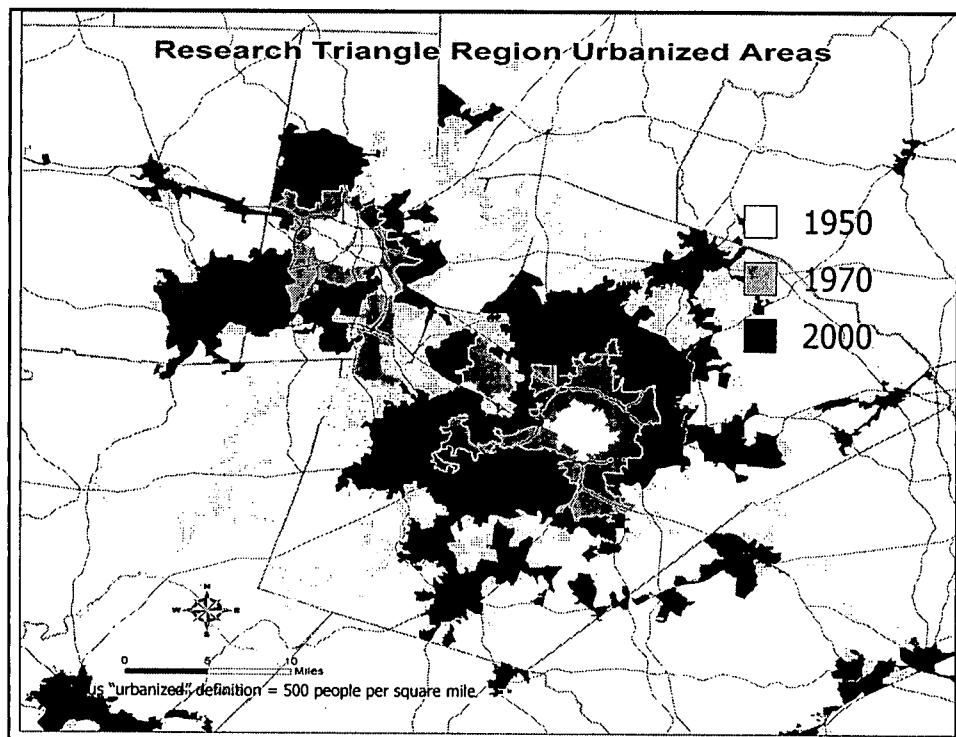
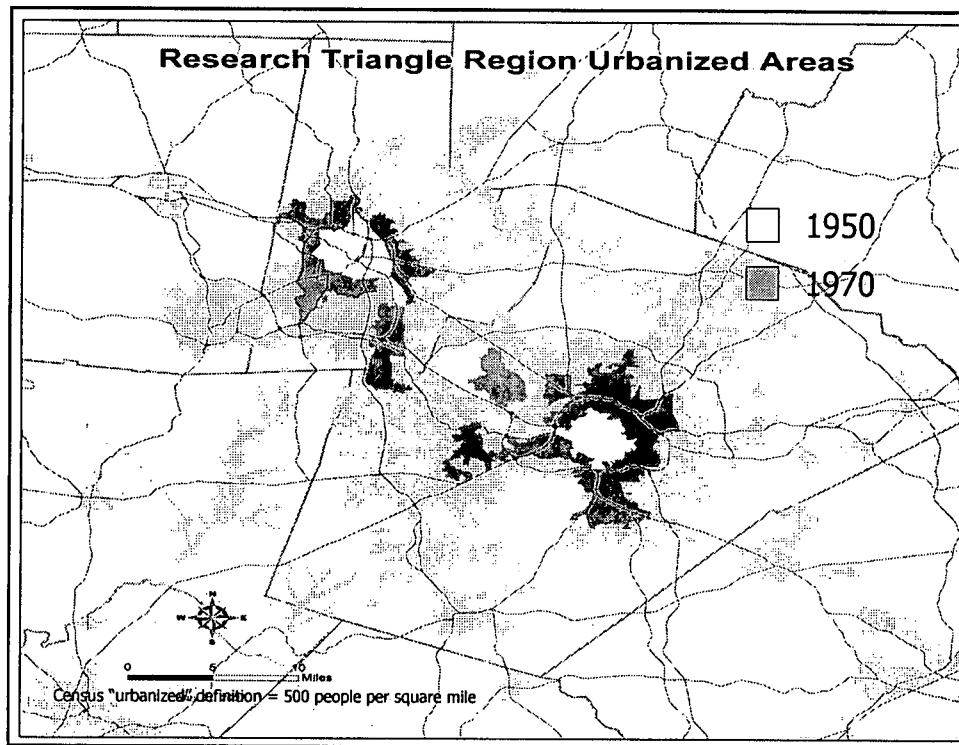
NC Urban/Rural

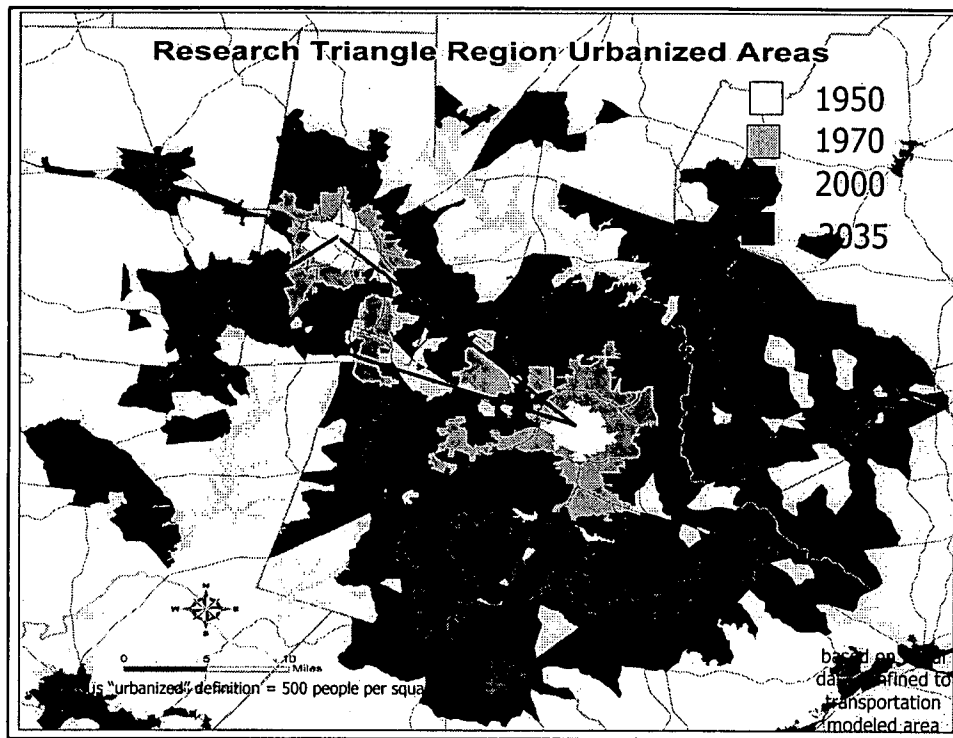
% of Pop in Top 2 Metro Areas



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10

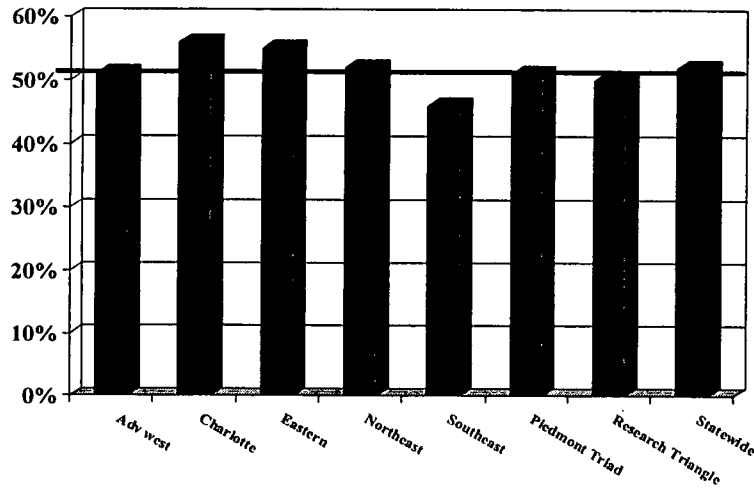




Gallup's World Poll-2007

- "What the whole world wants is a good job."
- The most evident result in this fact is global migration patterns, the best and brightest move to the places where the best jobs and opportunities are.

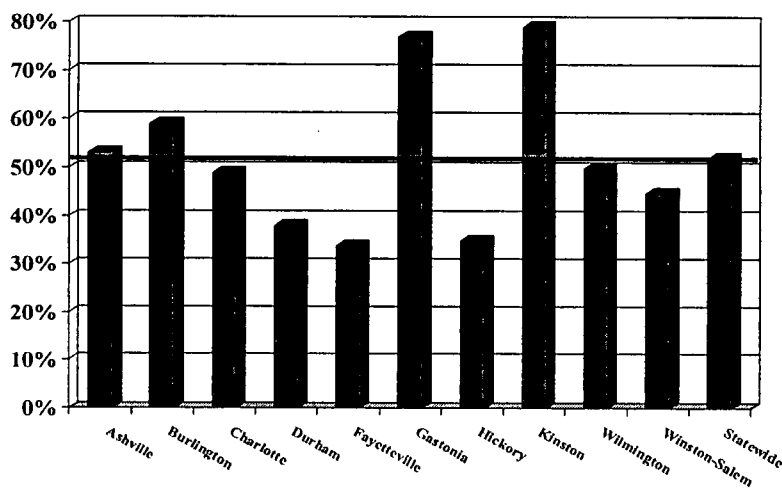
% Increase Unemployment Last 12M



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15

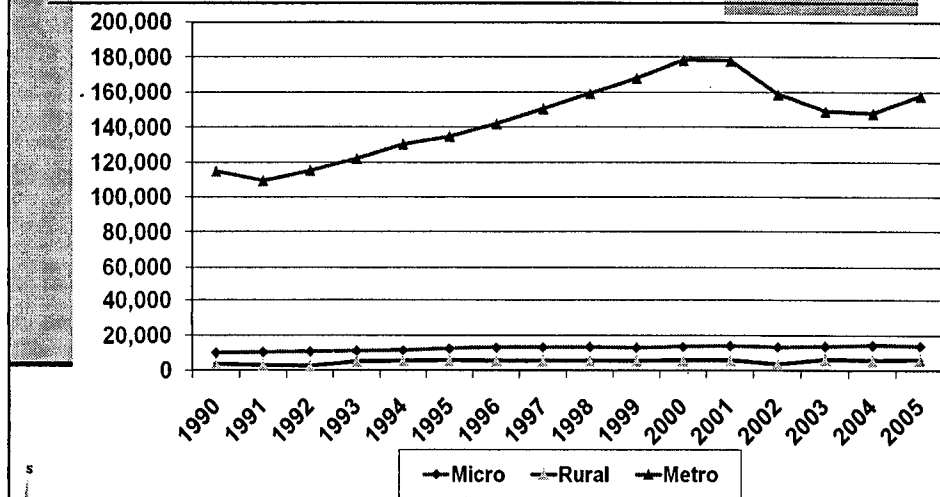
% Increase Unemployment Last 12M



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16

NC High Tech Jobs Metro/Micro/Rural

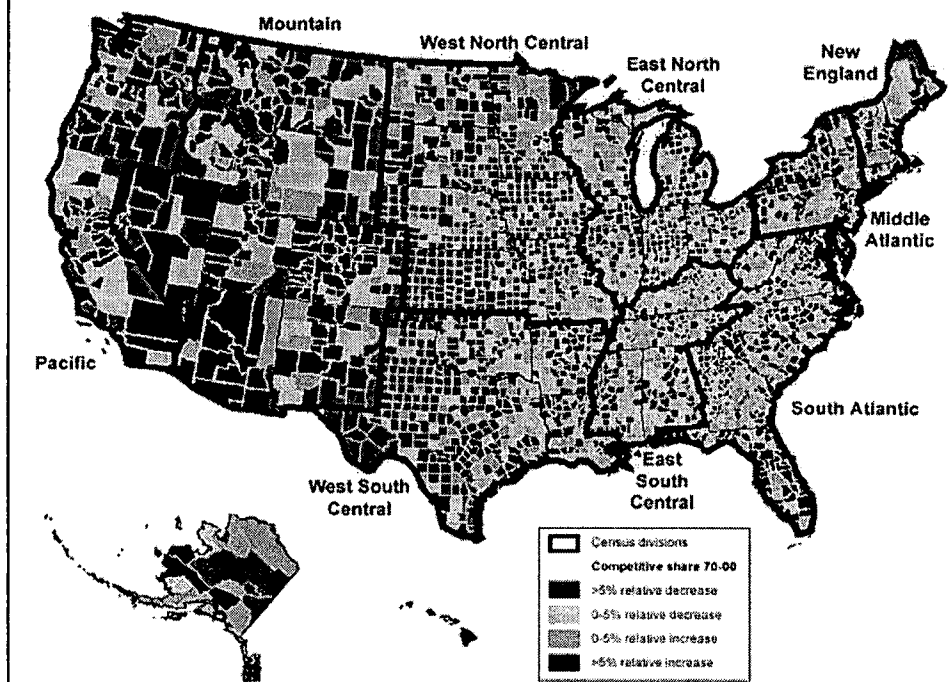


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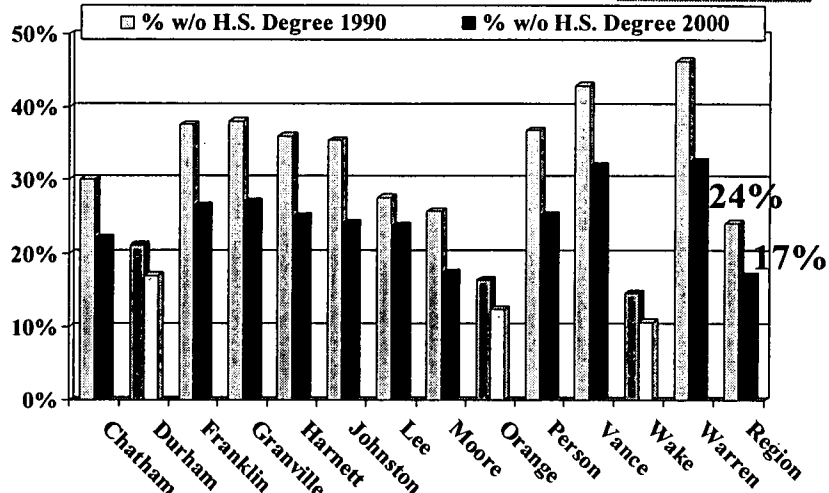
17

ESC

U.S. brain drain/gain by county, 1970-2000.



% Adult Population Without a H.S. Degree

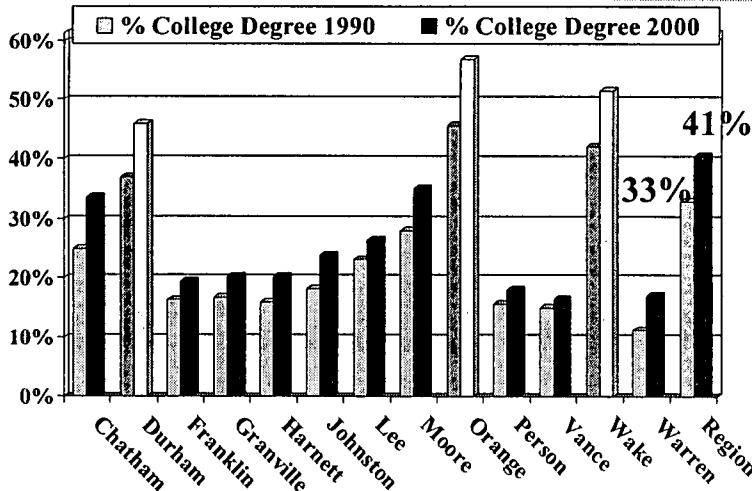


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19

Census

% Adult Population with a College Degree



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20

Census (Assoc + BA+ Masters+ PhD)

Defining Distress

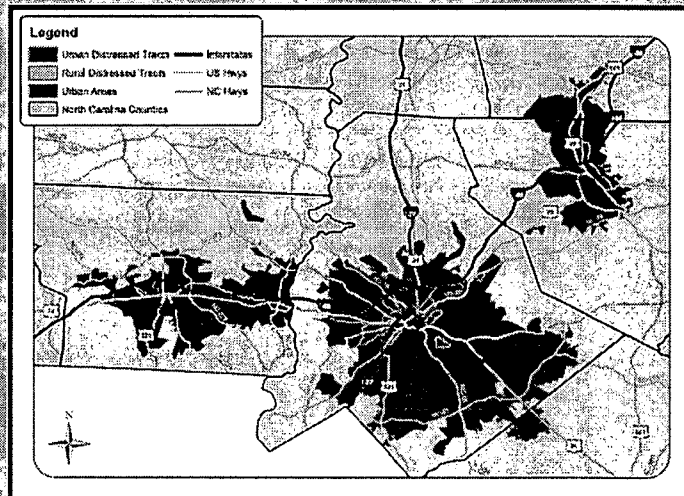
We define distressed areas as those which met all three of the following criteria in 2000:

- Unemployment rate greater than or equal to 150% of the North Carolina average unemployment rate of 3.4% (greater than or equal to 5.1%)
- Per capita income less than or equal to 67% of the North Carolina average per capita income of \$20,307 (less than or equal to \$13,606)
- Poverty rate greater than or equal to 150% of the North Carolina average poverty rate of 12.5% (greater than or equal to 18.45%)

All North Carolina distressed tracts were then classified as Urban or Rural according to whether the tract's geographic center falls inside of Census designated Urbanized Areas. An Urbanized Area is defined as "an area consisting of a central place(s) and adjacent territory with a general population density of at least 1,000 people per square mile of land area that together have a minimum residential population of at least 50,000 people."

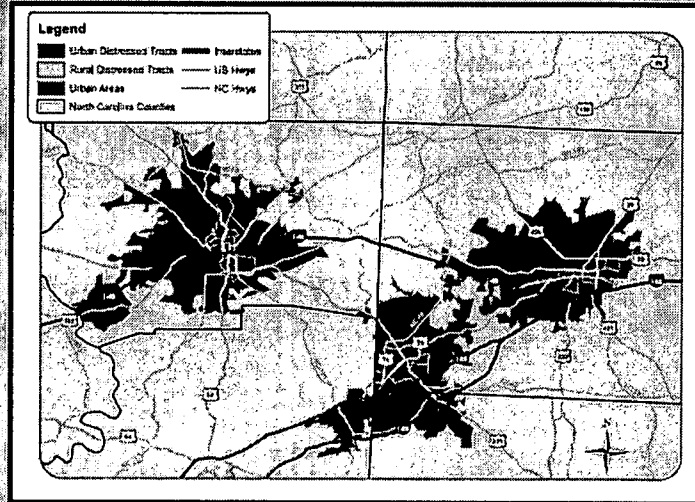
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Charlotte & Gastonia



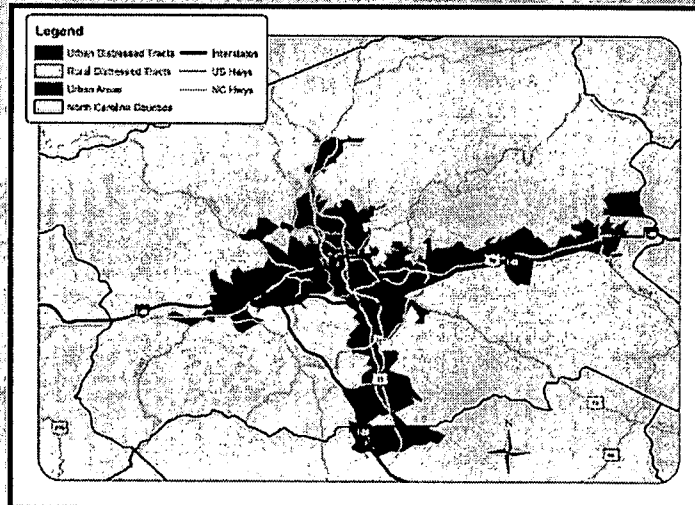
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The Triad



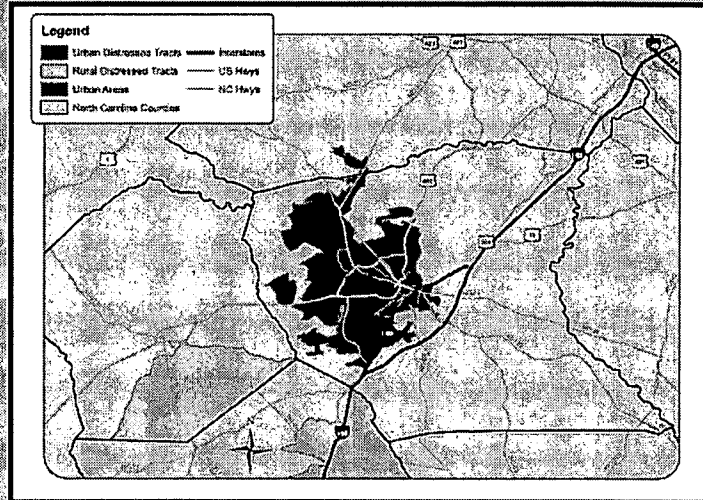
Southern growth policies board

Asheville



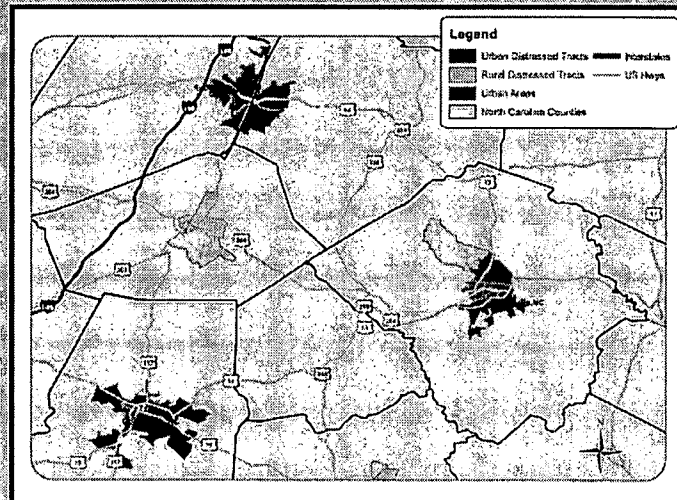
Southern growth policies board

Fayetteville



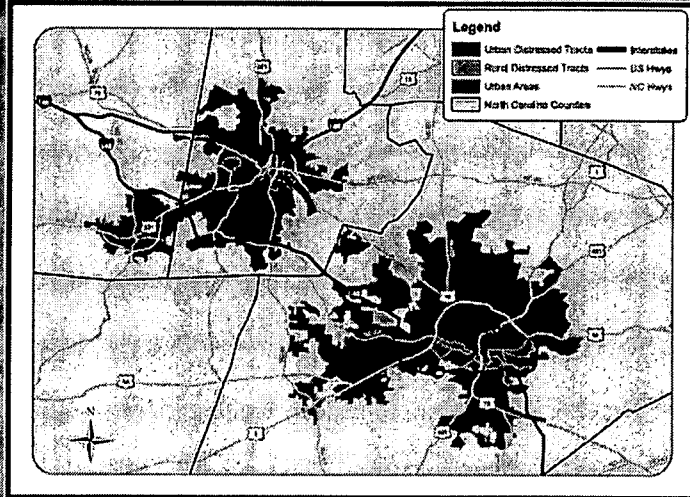
southern growth policies board

Greenville, Goldsboro, Rocky Mount

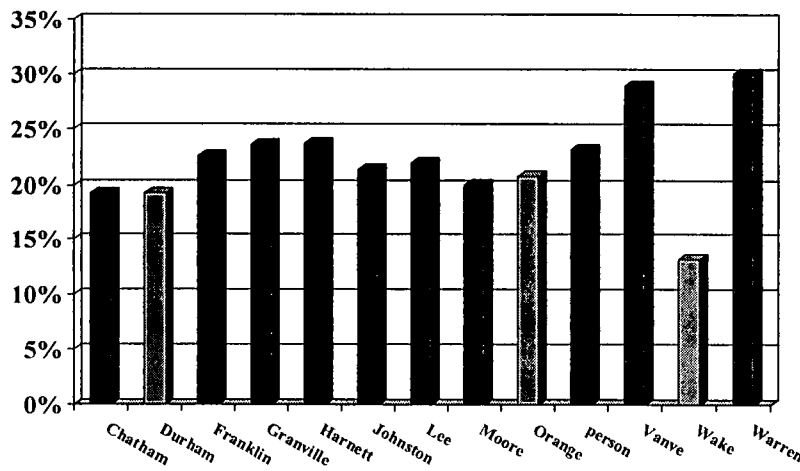


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The Triangle



% of Families Earning Under \$20,000

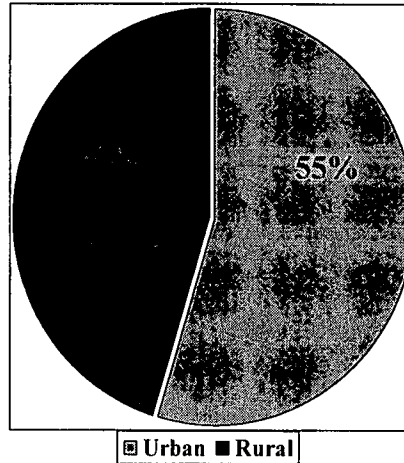
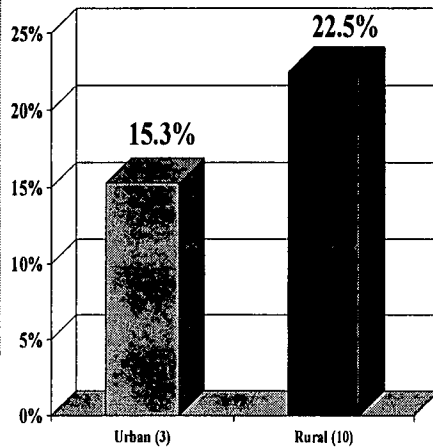


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28

Woods & Poole Economics

Research Triangle Families Earning Less than \$20,000



s
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29

Woods & Poole Economics

s
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Thank You

Ted Abernathy
tabernathy@southern.org

30

SMALL TOWNS

FACT BOOK



*"Without prosperous
local economies, the people
have no power and the
land no voice."*

– Wendell Berry

Contents

INTRODUCTION 1

HISTORY AT A GLANCE 6

When & why were North Carolina's towns established?

STATISTICAL PROFILE 10

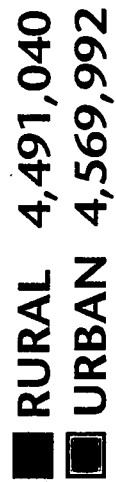
How do we measure small town well-being?

VOICES FROM THE FIELD 16

What do local leaders say about small town needs?

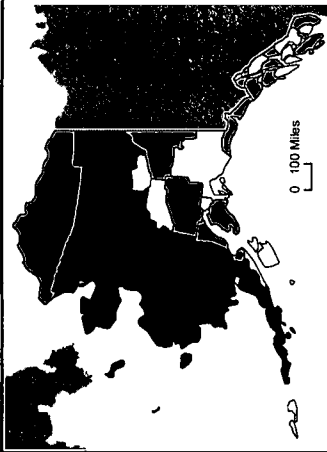
SMALL TOWN DATA TABLES 23

Indicators for North Carolina's municipalities

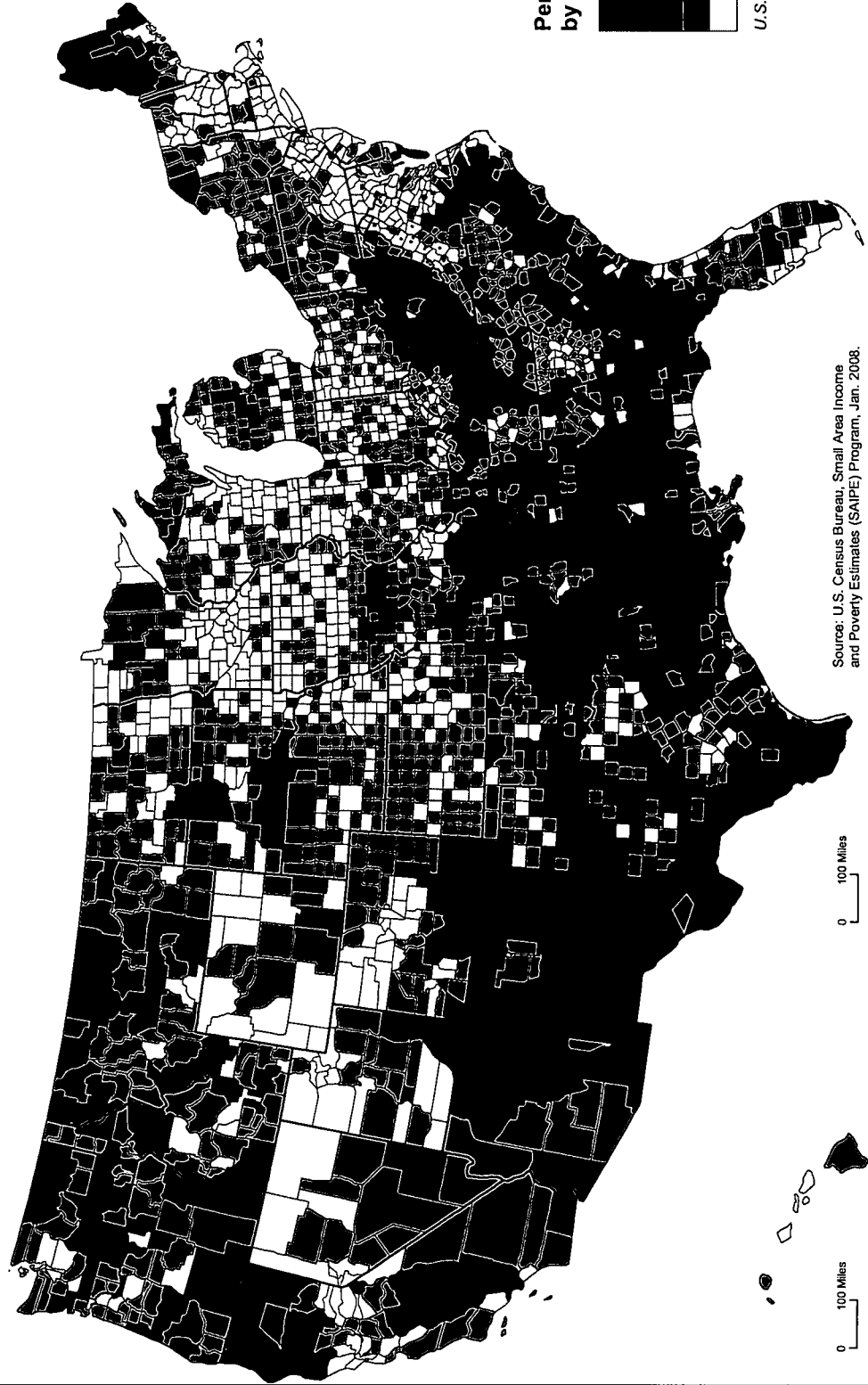
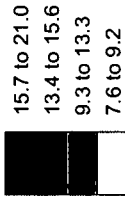


Rural: counties with a population density of fewer than 250 people per square mile as identified by the 2000 Census

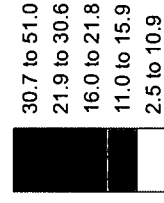
Percent of Total Population in Poverty: 2005



Percent in poverty
by state



Percent in poverty
by county



U.S. percent 13.3

0 100 Miles

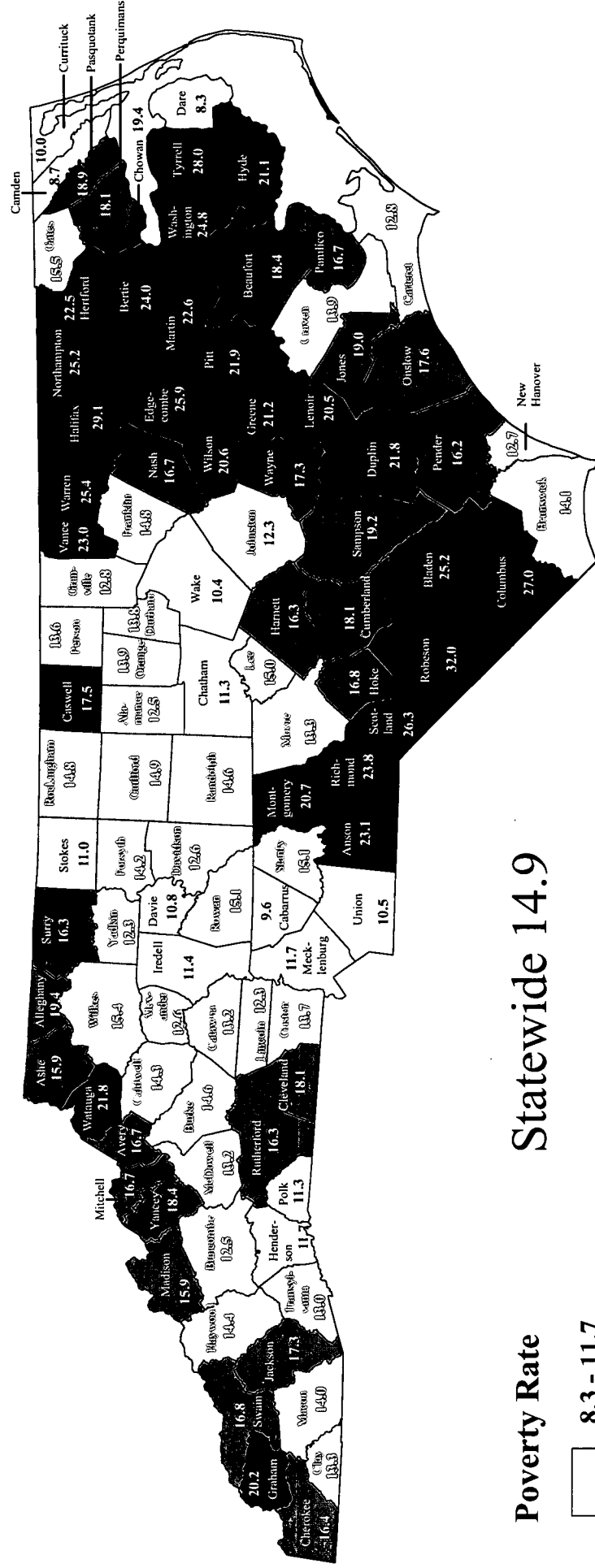
0 100 Miles

Source: U.S. Census Bureau, Small Area Income
and Poverty Estimates (SAIPE) Program, Jan. 2008.

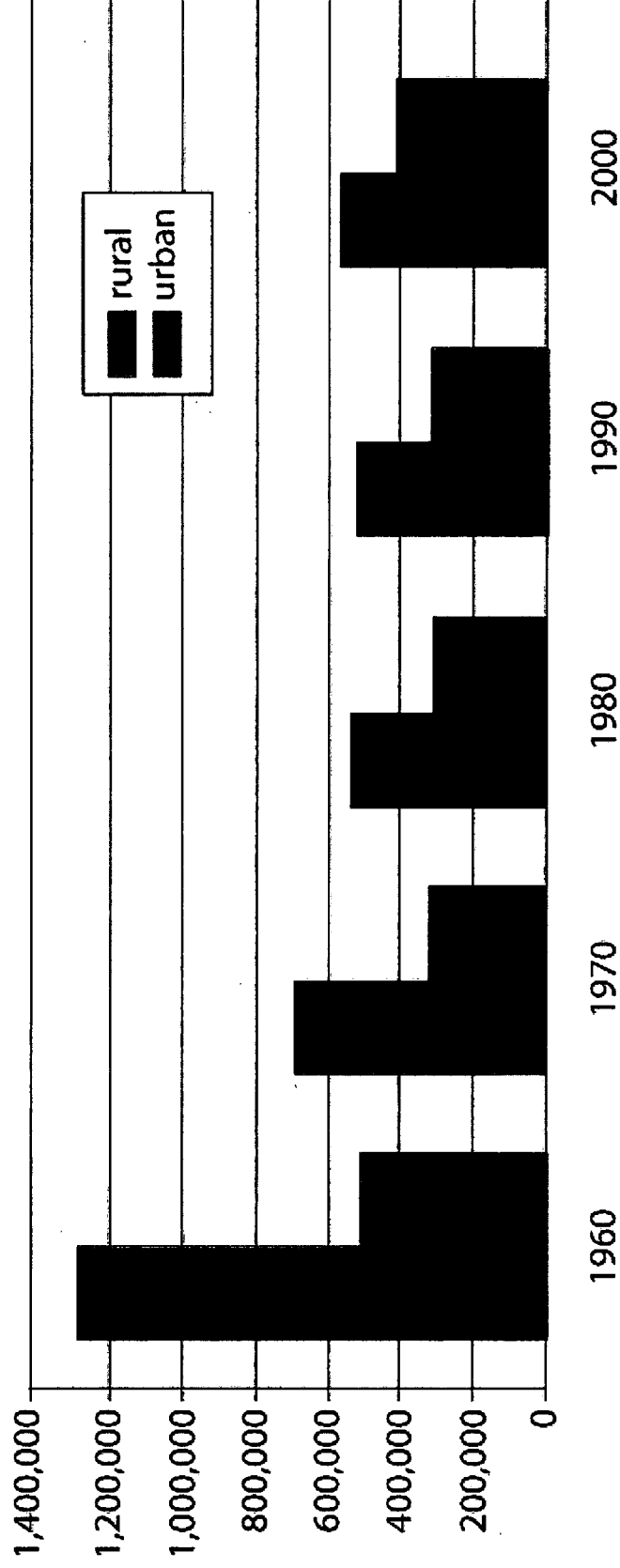
North Carolina

Poverty Rate

2005



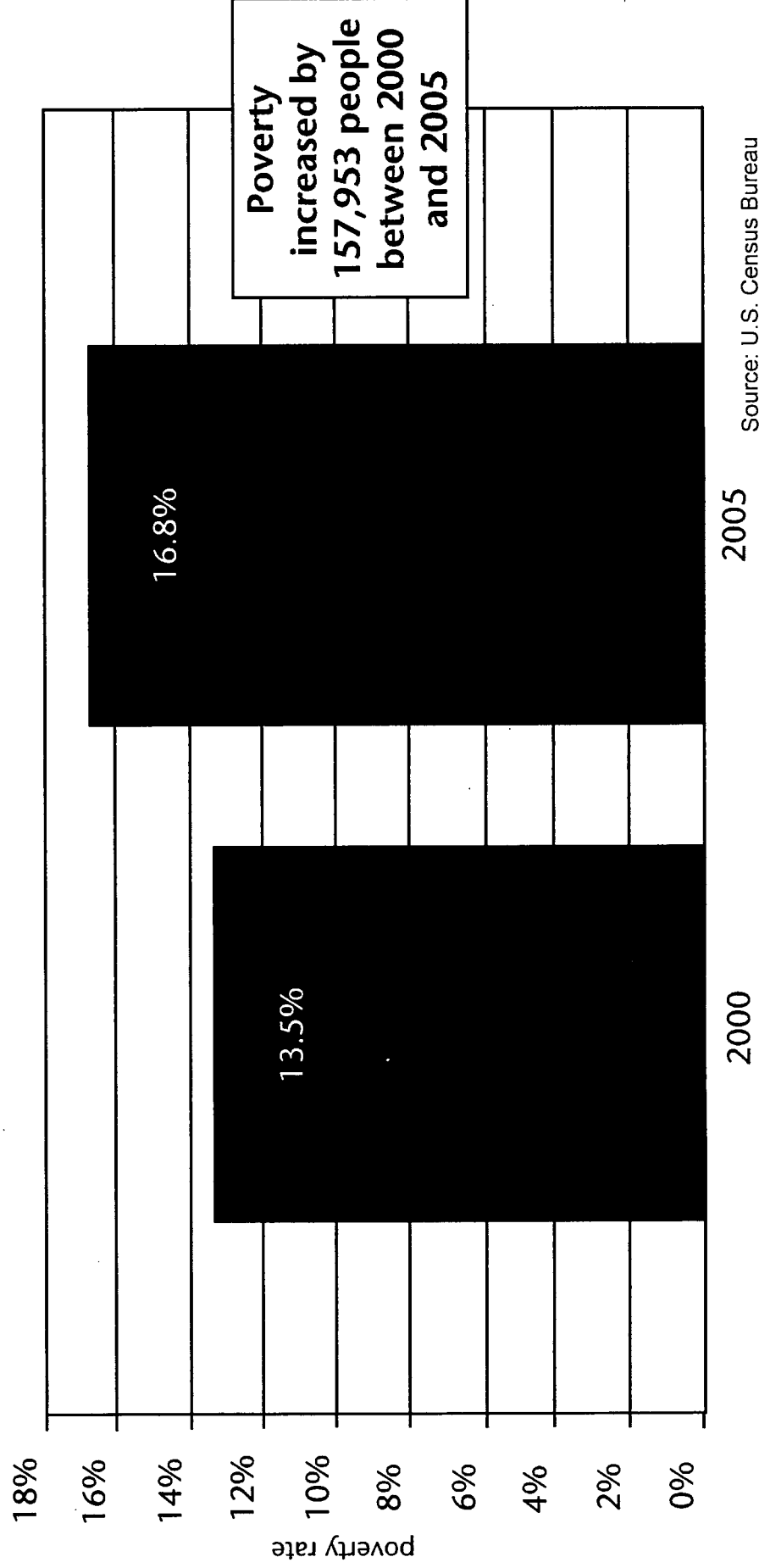
Number of People in Poverty in North Carolina 1960-2000



Source: U.S. Census Bureau

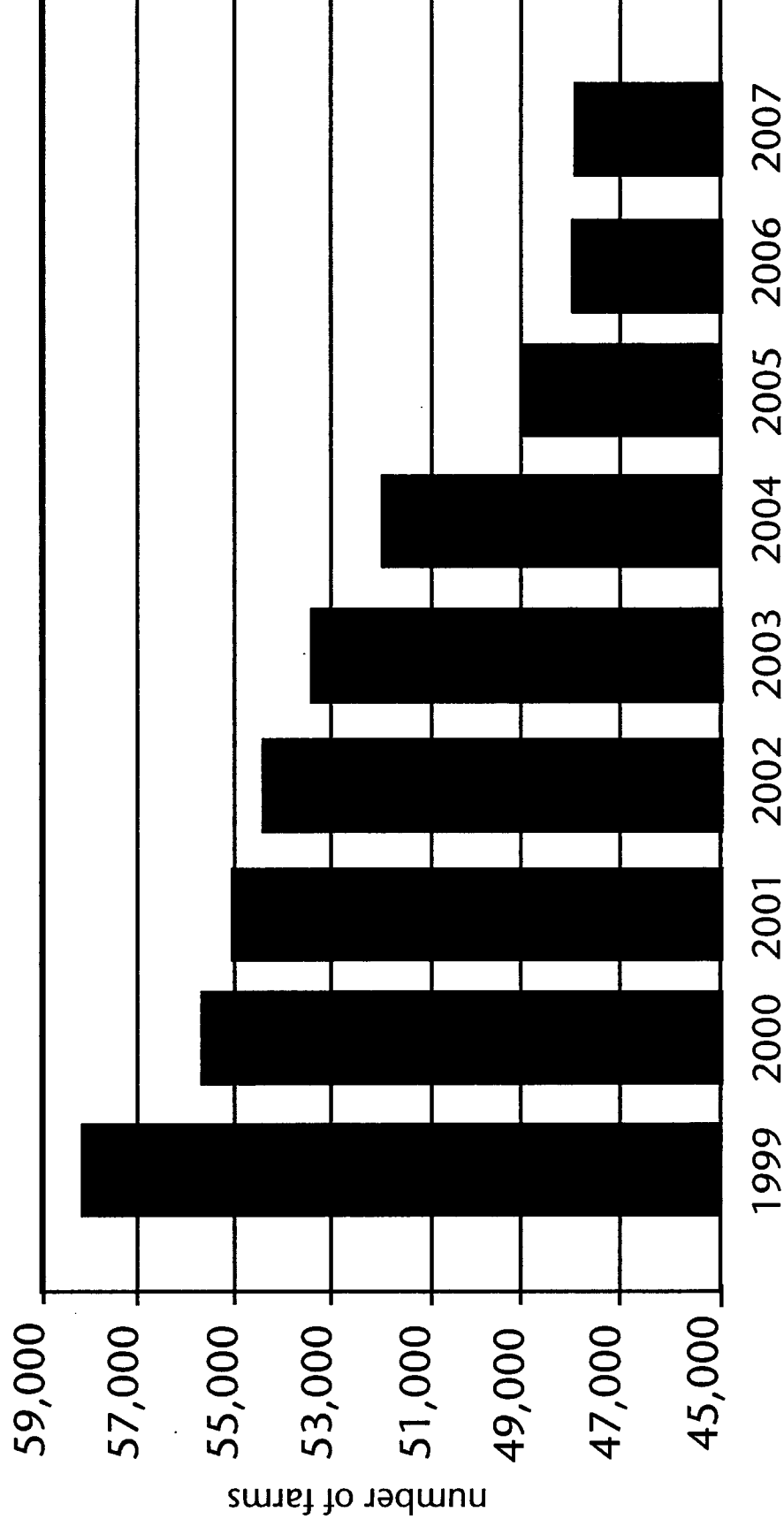
Rural Poverty Has Increased in Recent Years

2000 and 2005





North Carolina Is Losing Farms

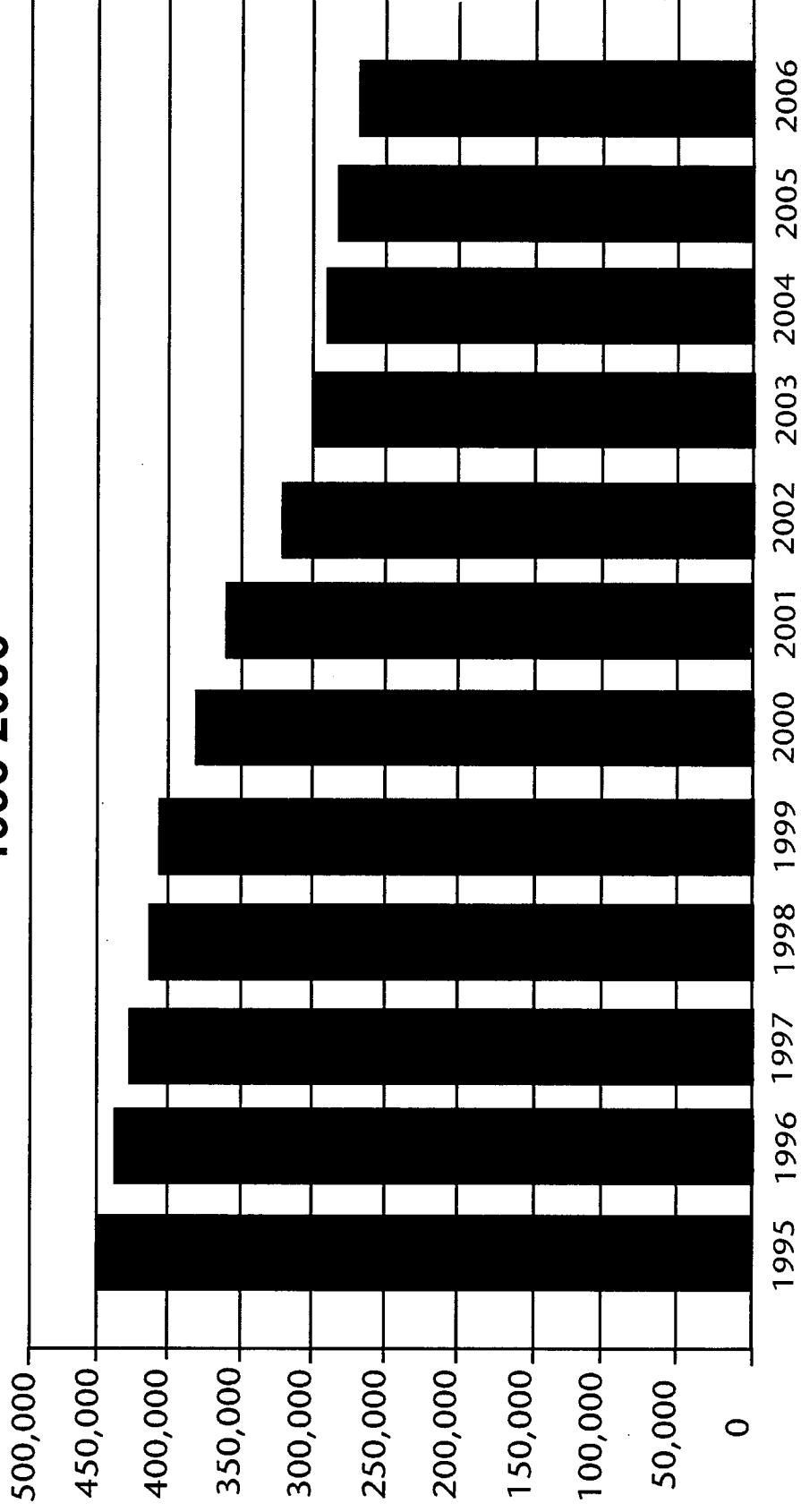


Source: N.C. Department of Agriculture and Consumer Services



Manufacturing Employment Is Decreasing in Rural N.C.

1995-2006



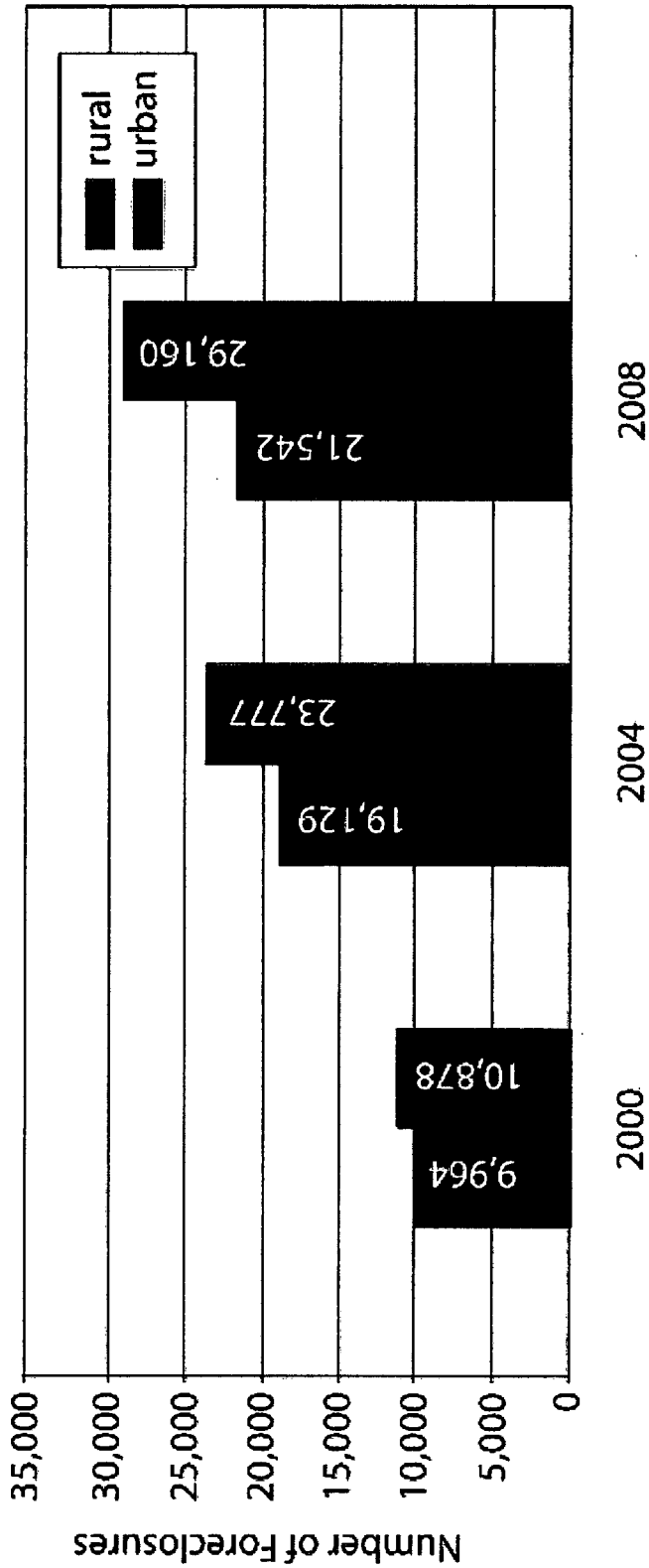
Source: N.C. Employment Security Commission

Foreclosures...



Foreclosures in North Carolina

2000-2008



Source: ncforeclosurehelp.org