2009-2010

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION & ECONOMIC RECOVERY

MINUTES

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY – 2009–2010

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AND

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LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY

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Joint Legislative Study Commission on Poverty Reduction and Economic Recovery

Friday, January 16, 2009, 10:00 A.M.
Room 643, Legislative Office Building

Sen. Ed Jones, Presiding

I. **Welcome** *Sen. Jones*

II. **Poverty from a National Perspective** *Speaker Joe Hackney*

III. **Department of Health and Human Services - Programs**

John Price, Director, Office of Rural Health and Community Care
Sherry Bradsher, Director, Division of Social Services.

IV. **Department of Revenue – Tax Credits**

Nancy Pomeranz, Director, Personal Taxes Division
David Baker, Director, Property Tax Division

V. **Housing Finance Agency – Housing Responses**

Bob Kucab, Executive Director

VI. **Department of Commerce – State of the Workforce Report**

Roger Shackleford, Executive Director of Workforce Development

VII. **NC Community College System – Job Training**

Dr. Saundra Williams, Senior Vice President and Chief of Technology and Workforce Development

VIII. **Lunch Break**

IX. **NC Community Action Association** *Sharon C. Goodson, Executive Director*

X. **NC Justice Center** *Bill Rowe, General Counsel*

XI. **Poverty Reduction and Economic Recovery in NC** *Rev. Mac Legerton*

XI. **Committee Discussion**

XII. **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. Cherie Berry,
Hon. Lanier Cansler, Hon. Moses Carey, Jr.,
Hon. Eugene Conti, Jr., Hon. Keith Crisco,
Hon. Linda Hayes

MINUTES

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTIOIN AND ECONOMIC RECOVERY

Friday, January 16, 2009
10:00 a.m.

The Legislative Study Commission on Poverty Reduction and Economic Recovery met in Room 643 of the Legislative Office Building on Friday, January 16, 2009. Chairman Edward Jones presided and called the meeting to order at 10:05 a.m. Chairman Jones welcomed the Committee members, Counsel Staff, Sergeant-At-Arms, and Visitors.

Chairs present: Representative Garland E. Pierce. Members: Senator Don W. East, Senator Floyd McKissick, Representative Angela R. Bryant, Representative Earl Jones, and Representative James H. Langdon. Public members: Mr. James C. Beasley, Ms. Elyse Cochran, Dr. Zeno Edwards, Reverend Mac Legerton, Ms. Patricia S. Peterson, and Dr. Al Wentzy. Ex Officio members or designees: Ms. Sherry Bradshers, Mrs. Tina Morris-Anderson, and Mr. Manfred Emmrich. A Visitor's Registration list and presentations are attached and filed as a record to the minutes.

Chairman Jones recognized Speaker Joe Hackney, House of Representatives, North Carolina General Assembly to explain his presentation on poverty from a National perspective. Speaker Hackney spoke from an article in the National Magazine of Policy and Politics entitled, "An Old Battle Rejoined" referred to poverty around the world and defining who is poor. See Attachment 1 for additional information.

Chairman Jones recognized Mr. John Price, Director, Office of Rural Health and Community Care, Department of Health and Human Services to share his presentation on Programs. Mr. Price shared information on rural health centers, medical, dental, and psychiatric placement, prescription assistance, North Carolina Farmworker Health Program, Community Care of North Carolina, HealthNet, and community health grants. For additional information, see Attachment 2.

Chairman Jones recognized Ms. Sherry Bradsher, Director, Division of Social Services, Department of Health and Human Services to explain her views on Programs. Ms. Bradsher shared information about the poverty guidelines for Food & Nutrition Services, Medicaid, North Carolina Health Choice, child care subsidies, the Low Income Energy Assistance Payments for Heating Program, and Crisis Intervention Program, and several others. The Department of Health and Human Services Programs presentation is Attachment 3.

Chairman Jones recognized Representative Bryant. Representative Bryant was concerned about the guidelines since Ms. Bradsher's information was not what they used for their services and some of the incomes were less than indicated on the chart. She said every program would have different eligibility criteria and at or below 200% of poverty or began at 135%. Representative Bryant requested a chart of food stamps, crisis, and other major charts for members to compare. Ms. Bradsher stated the information would be provided.

Chairman Jones asked Representative Pierce to chair the meeting until he returned. Chairman Pierce called on Mr. David Baker, Director, Property Tax Division, Department of Revenue to explain Tax Credits. Mr. Baker's presentation was in reference to income tax credit, low income housing, real and

personal property used for charitable purposes, taxation of low-income housing property, low income for senior citizens, and property tax relief programs for individuals. See Attachment 4 for additional information.

Mr. Nancy Pomeranz, Director Personal Taxes Division, Department of Revenue was recognized by Chairman Pierce to explain her views on Tax Credits. Ms. Pomeranz's presentation was in reference to available income tax credits to low income individuals. See Attachment 5 for detailed information.

Chairman Pierce recognized Representative Jones. Representative Jones wanted to know what type of outreach efforts were used to inform ex-offenders of the tax credit opportunities and how they could qualify. Ms. Pomeranz did not have an answer, but would provide the information.

Chairman Jones recognized Mr. Bob Kucab, Executive Director, Housing Finance Agency to explain his presentation on Housing Responses. Mr. Kucab stated that the Housing Finance Agency is self-supporting and their mission is to create housing opportunities for persons not served by the private market. The Housing Finance Agency finances everything from homeless shelters and affordable apartments to home loans for first-time buyers. Their primary financing tools are tax-exempt bonds, federal and state tax credits, the federal HOME Program, federal rent subsidies, and the state's Housing Trust Fund. Mr. Kucab's presentation is attached to the minutes as Attachment 6.

Chairman Jones recognized Representative Bryant. Representative Bryant wanted information on housing development in the communities and creative ideas being used to eliminate the turnover property to make demolitions happen. Mr. Kucab said their new Neighborhood Stabilization Program addresses foreclose and dilapidated structures. The communities should apply and inquire about funds to be used to demolish vacant and dilapidated homes. The requested information will be provided.

Chairman Jones recognized Mr. Roger Shackleford, Executive Director of Workforce Development, Department of Commerce to present his presentation on State of the Wrokforce. The purpose of the State of the North Carolina Workforce seeks to shed light on statewide trends and to unmask significant regional patterns in job creation and its impact on the demand for workers. The study examines economic and workforce development patterns in the state's urban areas, small towns, and rural communities and North Carolina's geographic regions-the Mountains, Piedmont, and Coast. Based on the analysis of the current and project labor market supply and demand the goal of the study describes North Carolina's progress to date and the challenges and opportunities for completing a successful economic transformation. The presentation is filed as a part of the minutes as Attachment 7.

Chairman Jones called on Representative Bryant. Representative Bryant wanted to know what could be done in the next 12 months to address joblessness in the community. Mr. Shackleford suggested meeting with people to ensure they were maximizing what was available, maximizing the public, private, and the community based resources. To ensure that resources are being maximized so individuals can work together. Representative Bryant wanted examples of who they should look for. Mr. Shackleford suggested looking at the Employment Service Office or the JobLink Center working with the Nash Edgecombe Economic Development Community Based Organization. (Nash County was used as an example.)

Dr. Saundra Williams, Senior Vice President and Chief of Technology and Workforce Development, North Carolina Community College System, was asked to come forward by Chairman Jones to explain her presentation on Job Training. This presentation covered unemployment, employment, and Training Programs, Worforce Initiatives/Partners, and Support Services. The North Carolina Community Colleges provide a variety of education and training programs for individuals who are unemployed,

underemployed, and hard-to-employ. These programs help individuals learn new skills and upgrade their current skills in fast-growing occupations. Upon completion, students earn a credential certificate, diploma, associate degree, certification or licensure. See Attachment 8 for additional information.

Chairman Jones recognized Representative Jones. Representative Jones wanted information on the GATE Program in reference to urban areas in North Carolina. Dr. Williams said the information would be provided.

Chairman Jones recognized Reverend Legerton. Reverend Legerton felt Community Colleges should send state departments information in reference to policies supporting the work, present economy, and job loses to the Commission. He also said policy recommendations related to the role of community colleges and state could tie directly to poverty reduction and economy recovery. Chairman Jones suggested the Commission get the contract information from presenters for assistance.

Chairman Jones recognized Senator McKissick. Senator McKissick asked if Social Services staff spoke with Dr. Williams regarding recommendations about the Study Commission dealing with craft programs. The craft programs would help qualify and train those that work within the local Social Services Agencies. Senator McKissick said there is a need to craft and unite. Dr. Williams felt this was being done at a local level. Ms. Sherry Bradsher said they collected the data and discussed how to build the workforce for the Department of Social Services (DSS). The data was collected in reference to turnover and vacancy rates for DSS. The information was shared with community college, as well as mapped where the human services workers were programmed.

Chairman Jones recognized Representative Bryant. Representative Bryant had a concern about Financial Aid. She said a four year college Financial Aid Department would not consider that a person must eat, have transportation, room/board, and other needs. She wanted to know what could be done to assist with this matter. Dr. Williams said there is a difference in how financial aid is calculated. It depends on the type of individual, if they have children, a child living with them, room, living with their parents, books, tuition, and other needs. Dr. Williams offered information for comparison since the model is different. Representative Bryant wanted to know if a person was unemployed with a low income, would they consider some type of minimum living expenses, even if they had a place to stay. Dr. Williams needed to have the Financial Aid section discuss this matter and provide the information later.

The meeting adjourned for lunch at 12:15 p.m. and reconvened at 1:07 p.m.

The North Carolina Community Action Association members were welcomed by Chairman Jones. Chairman Jones recognized Ms. Sharon C. Goodson, Executive Director of the North Carolina Community Action Association (NCCAA) to explain her presentation. Ms. Goodson said the North Carolina Community Action Association is a statewide network of 36 Community Action Agencies (CAAs) and 6 Limited-Purpose Agencies that work to eradicate poverty across North Carolina in the 100 counties. The Association is the only statewide office that addresses all the programs operated in CAAs. CAAs receive Community Service Block Grant funds administered by the Office of Economic Opportunity in the DHHS. The OEO administers funds for two of the many programs that CAAs offer. They are a statewide organized network on poverty issues and programs. CAAs also leverage other federal, state and private funds. Each CAAs if governed by a tripartite board of directors - consisting of equal parts public sector, private sector, and low-income representation. The Association should be utilized as a resource by organizations studying poverty. NCCAA is a statewide structure already in place to respond to issues that impact low-income families, children, and the elderly. Ms. Goodson requested Chairman Jones allow Ms. Angie Miller, President of the North Carolina Community Action

Association and the Executive Director from Boone, NC to speak. See Attachment 9 for additional information.

Chairman Jones recognized Ms. Miller. Ms. Miller said Speaker Hackney provided a lot of information on the national level and she quoted some of his presentation by saying he indicated that 37.3 million Americans are living in poverty, 1.4 million Americans are considered to be living in poverty, and 40% of those Americans are in rural areas. Ms. Miller asked "Why are these people in poverty?" Many of the issues were due to inadequate transportation, lack of transportation, reduction in the workforce, no child care and unaffordable child care, no place to leave them while working. She also said the low income persons are the ones we see daily - men, women, those in college, grandparents, individuals taking early retirement, and the new poor individuals asking for assistance in order to survive. There are five action themes for rooting out poverty. They are: maximizing participation, building an economy that works for everyone, investing for the future, maximizing quality of opportunity, and ensuring healthy people and places. These can be done on national, state, and local levels. This presentation is made a part of the minutes and filed as Attachment 10.

Mr. Bill Rowe, General Counsel with the North Carolina Justice Center was recognized by Chairman Jones to explain his presentation. Mr. Rowe said the North Carolina Justice Center is a statewide nonprofit research and advocacy organization whose mission is to eliminate poverty in North Carolina. Their issues are to have access to courts, consumer protection health care, housing, infrastructure, public assistance, public education, tax and budget policy, economy and workforce. Mr. Rowe recommended how to measure economic hardship. See Attachment 11 for additional information.

Chairman Jones recognized Reverend Mac Legerton, Executive Director, Center for Community Action to explain his presentation on Poverty Reduction and Economic Recovery in North Carolina. Reverend Legerton identified 10 areas that should be discussed when dealing with poverty. They are: employment, education, life skills and balance, health care, housing, environment, social support systems, social equity, transportation, and child care. He suggested the Commission form a Working Group on Best Practices and Policies to engage the public, including representatives from public and private agencies, institutions and businesses, in dialog and deliberations to identify and evaluate best practices and policies in poverty reduction and economic recovery. The presentation is filed as a part of the minutes as Attachment 12.

Committee Discussion

Chairman Jones recognized Representative Pierce. Representative Pierce had a preliminary talk with Speaker Hackney about a Standing Committee for this session. He said Speaker Hackney understood the importance of the Commission and he felt the Speaker's response would be favorable and would stay in touch with him. In reference to the working group, he said the General Assembly members would not be involved; therefore, they had two items on the table, a Working Group and a Standing Committee.

Chairman Jones recognized Representative Bryant. Representative Bryant suggested the Commission look at five or six short and long term cross cutting or crucial areas of recommendations. Some of her concerns were jobs, rural transportation, child care subsidy, income, eligibility and requirements for programs. She felt there was a need to look at gaps to make sure they were not reduced at a crucial time. Representative Bryant's long term strategies consisted of six or ten areas for the Commission. She supported the Standing Committee during session, but felt it might be limited to members. It was stated that their job would be to hear from the Study Commission, focus and notice key areas that

would impact poverty reduction. Chairman Jones was in agreement and mentioned the areas should be looked at in reference to long term.

Representative Jones was recognized by Chairman Jones. Representative Jones suggested a Standing Committee because their task was too monumental to deal with the various issues. This should be suggested to the Senate and House leadership that their #1 recommendation was a Standing Legislative Committee. This is important due to the economy and other issues involved. The Standing Legislative Committee on the House and Senate would deal with low wealth and poverty reduction issues. A formal recommendation to both leadership, House and Senate would be recommended to be established this year, in this session, and a Standing Committee to deal with poverty reduction. Chairman Jones said this could be done and the committee could continue into the short session. Ms. Kristine Leggett from Fiscal Research said the Commission was charged with making their report in the 2010 Session of the General Assembly. She said an Interim Study Committee could only meet during the interim. After session is over, they could meet again immediately to work on their plan for recommendation to the 2010 General Assembly. Chairman Jones wanted to know if their request could be submitted for a Standing Committee before the final session of the Commission. Ms. Leggett said yes, and they needed to speak with President Pro Tempore and the Speaker. Representative Jones made a recommendation that a Standing Legislative Committee be established regarding low wealth issues for poverty reduction issues for the Senate and House. The recommendation was received and second. Chairman Jones carried the motion and asked for any discussion.

Reverend Legerton was recognized by Chairman Jones for discussion. Reverend Legerton said it was critical to keep the theme of Poverty Reduction and Economic Recovery together and the motion should include both said names due to the impact of poverty reduction and economic development. This Commission should look at a perspective or economic development that would impact and reduce poverty. Representative Jones said he concurred with Reverend Legerton's request. Chairman Jones said having heard the change and the motion made to make the change with the proper name Poverty Reduction and Economic Recovery a Standing Committee to represent the title. All members favored the change and the motion was carried. Dr. Wentzy said the Standing Committee should make some short term recommendations to the General Assembly especially as the budget year approaches. This is his expectation and earnest desire. Chairman Jones said experts and interested parties should be involved to advise the Standing Committee and no one should be tuned out. He felt everyone should be involved, have periodic meetings, and discuss the direction to take. Representative Jones said if there is no Standing Committee, the organizations within the group could continue working. They could contact Representative Pierce, Senator Jones, or other legislators for drafting legislation. The advantage to having a Standing Committee is they would meet once a week or once every two weeks with an agenda. They could be more focused, legislation would be recommended by the Standing Committee, passed through that Committee, and have a chance of going to the floor. A Standing Committee would be better.

Representative Bryant was recognized by Chairman Jones. Representative Bryant wanted to know if an interim report would be done by the chairs. If so, what decision would be needed from the Commission for the report, prepare a draft, or will this be the last meeting. She wanted to know the game plan. Chairman Jones said the game plan should be whether or not a Standing Committee would be assigned and that was rule one. He said the Commission could do a lot more through the upcoming terms when they meet again. Chairman Jones said he would discuss with the President and that the House should discuss with the Speaker to make this happen. Representative Bryant wanted to know if they would agree on 10 priority issues for focus. Chairman Jones said they could, but he wanted to be sure the Standing Committee was in place. He said this could be done without a Standing Committee.

Chairman Jones recognized Representative Bryant. Representative Bryant wanted to know if another meeting was being planned by the chairs before session. Chairman Jones said no. Representative Bryant said if the chairs wanted issues from them, receive votes, or decide on 10 issues. Chairman Jones asked Representative Bryant to hold her suggestions. Representative Jones said the information was overwhelming and did not want to see them put together five or six issues. He felt they had justification for a Standing Committee even if they could not present their ideas and recommendations on all the items. Representative Pierce felt there was nothing they had to send forward. They had the present information which needed framing before moving forward. He also felt confident that the Speaker would agree to have the committee, but wanted the members to wait on the Speaker for approval.

Chairman Jones recognized Representative Bryant. Representative Bryant said she supported the committee 100%, but still wanted consideration for some of her ideas due to the economic environment. She said they should pick one or two items and fight for them. Chairman Jones said he appreciated her comments and said the Speaker is the President of the NCSL. He would be aware of the issues involved. The Speaker was in Representative Pierce's backyard and knew firsthand the seriousness in North Carolina and the country. He felt the members could come together and work on approval for a Standing Committee. Chairman Jones asked Representative Bryant to please support them. Representative Bryant said she would.

Chairman Jones recognized Dr. Wentzy. Dr. Wentzy said he respected both points of view, but felt they should be careful not to use a shotgun, but use a rifle to attack specific problematic areas affecting their mission. He felt they had sufficient information to go to Senator Basnight and Speaker Hackney to ask for a Standing Committee. He recommended moving forward on this matter. Chairman Jones said he would do what he could on the Senate side and felt that the House would do the same. Chairman Jones suggested looking at other stated ideas and practices as a guideline. He was not of the shotgun effect. They needed to narrow their focus and do it with one buck shot at a time.

Chairman Jones recognized Reverend Legerton. Reverend Legerton said if there was no legislative committee on both sides, the committees could discuss the stimulus package from the federal level if addressed along with the Governor. Chairman Jones called on Counsel Staff for a comment. Ms. Leggett said the economic stimulus and money issues would be discussed in great detail in all the Appropriations Subcommittees. They will handle this in the committees.

Chairman Jones thanked Ms. Leggett and recognized Reverend Legerton. Reverend Legerton moved to place a recommendation into a motion to establish a Working Group on Best Practice Policies. The Working Group would move discussion into the public arena and provide a form to discuss with the government agencies, business communities, and nonprofits during the time of session. The motion would include the recommendation from the Working Group's first meeting to compile a discussion paper and present it to the Commission in the fall. If the Commission was terminated, those papers would be returned to the committee. Ms. Leggett said staff would not be available for a working group during session, was not sure of available resources from the General Assembly, and funding for the meeting. She requested that they keep this in mind when planning. Reverend Legerton said the nonprofit organizations attended the first two meetings and felt they had enough resources for the working group to manage and locate meeting space.

Chairman Jones recognized Representative Bryant. Representative Bryant was concerned if a motion was needed. She said the nonprofits could use the lay members of the committee and work from their previous work and inform them of the outcome. She was also concerned about authorization and creating additional complications. She said this could be done with the idea of returning. Representative Jones was in agreement with Representative Bryant. He said if they do not have a coalition of group

representation, they can work with Senator Jones, Representative Pierce, and others to draft legislation for them, conduct their study, determine priority, address issues, and then carry the legislation. This is why it is so important to try to get a Standing Committee. They would work close together, come up with the various research and studies, and draft the legislation to provide certain solutions to the problems brought up. Representative Pierce asked the staff if the public members could meet or if there were any statute rules that would prevent them from meeting independently of this group. Mr. Gilkeson said there was nothing to prevent them from meeting. He said Representative Bryant and Representative Jones were correct. It was not necessary for the study committee to vote to authorize them to meet. They could do this on their own.

Chairman Jones recognized Reverend Legerton. Reverend Legerton said he would be glad to withdraw his motion. He noted that there were only six members who spoke today. He wanted to hear from the public members before withdrawing his motion. Chairman Jones stated again that the meeting was open to everyone. He requested everyone to participate by choice. Ms. Morris-Anderson said there was another approach to radiating poverty and it is called asset building. She suggested that a presentation be made on that particular area, which includes an individual development accounts program which is housed within the State Department of Labor. They would be more than happy to provide that information at the appropriate time. Mr. Shackleford said they would be glad to participate and support a working group as a resource. They could bring institutional knowledge regarding best practices and how government works. He felt he could play a role in support of a working group. Chairman Jones stated again there were a lot of resources in the meeting and wanted everybody to contact these individuals. He said they would come when needed. Representative Pierce asked staff to prepare a written form requesting a Standing Committee. Ms. Leggett said it was appropriate for the request to be in the form of a letter from the two co-chairs. Representative Pierce also said he was in agreement with Mr. Shackleford and felt they had the resources with the different agencies. He saw no reason why they could not meet across the state, since they are from different parts of the state as a public member. They could meet in the district they are from and no body would need to empower them to have a meeting as members, and meet without the legislators. Mr. Emmrich was in agreement with Mr. Shackleford and offered the Department of Employment Security for services.

Chairman Jones recognized Reverend Legerton. Reverend Legerton withdraws his motion. Chairman Jones said with a lack of a second, the motion was withdrawn.

Chairman Jones thanked all for attending the meeting and said they would be notified of the next meeting.

There being no further business, the Chairman adjourned the meeting at 2:50 p.m.

Respectfully submitted,

Senator Edward Jones
Presiding, Co-chair

Mildred Alston
Committee Assistant

ATTENDANCE

POVERTY REDUCTION AND ECONOMIC RECOVERY LEGISLATIVE STUDY COMMISSION

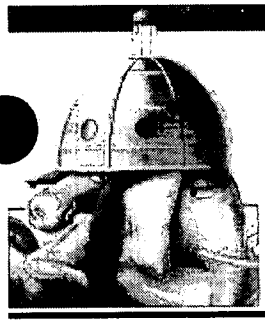
(Name of Committee)

DATES MEMBERS	1/16/09														
Representative Garland E. Pierce Co-Chair	√														
Senator Edward Jones, Co-Chair	√														
Senator Doug Berger	X														
Senator Don W. East	√														
Senator Steve Goss	X														
Senator Floyd McKissick, Jr.	√														
Senator Joe Sam Queen	X														
Senator David F. Weinstein	X														
Representative Angela R. Bryant	√														
Representative William A. Current, Sr.	X														
Representative James Harrell, III	X														
Representative Earl Jones	√														
Representative James H. Langdon, Jr.	√														
Representative Trudi Walend	E														
Mr. James C. Beasley, Avery Co.	√														
Ms. Elyse Cochran, Gaston County	√														
Dr. Zeno L. Edwards, Jr. Beaufort Co.	√														
Reverend Mac Legerton, Robeson Co.	√														
Ms. Patricia S. Peterson, Duplin Co.	√														
Dr. Al Wentzy, Northampton Co.	√														
Ex Officio Members															
Superintendent June Atkinson Department of Public Instruction Designee: Ms. Patricia West	X														

Ex Officio Members (Cont'd)

Secretary Lanier Cansler Dept. of Health and Human Services Designee: Ms. Sherry Bradsher	√														
Commissioner Cherie Killian Berry Department of Labor Designee: Mrs. Tina Morris-Anderson	√														
Secretary Keith Crisco Department of Commerce Designee:	X														
Chairman Moses Carey, Jr. Department of Employment Security Designee: Mr. Manfree Emmrich	√														
Secretary Linda Hayes Department of Juvenile Justice Designee: Mr. Ed Pope	X														
Secretary Eugene Conti Department of Transportation Designee:	X														
Staff Members															
Bill Gilkeson, Research Div.	√														
Melanie Bush, Fiscal Research	√														
Kristine Leggett, Fiscal Research	√														
Dan Ettefagh, Bill Drafting	√														
Irma Avent Hurst Committee Assistant	√														
Mildred Alston Committee Assistant	√														

E = Excused Absence



STATE LEGISLATURES

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An Old Battle Rejoined

States are at the front of a renewed fight against poverty.

In This Article and More

Presidential Approaches
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The Right Investments
Mirror Image
Focus on Kids
Winds of Change?

Print-Friendly Version

By Christine Nelson and Josh Lohmer
January 2009

Sitting on a stack of boards under a tar-paper roof in Inez, Ky., President Lyndon Johnson declared war on poverty in April 1964, just months after the assassination of John F. Kennedy.

That now famous announcement led to programs such as food stamps and Head Start designed to help the poor. It also sparked an ongoing national debate about what causes poverty and how to fight it.

More than four decades later, one thing is clear: poverty persists. Although it steadily declined throughout the 1960s, the poverty rate has fluctuated only slightly since 1971 when it settled at 12.5 percent—its exact spot in 2007. That means about 37.3 million people were living in poverty in 2007, up from 36.5 million in 2006. And more people may be in trouble soon.

"In this economic downturn, a lot more people are going to need more help," says Ron Haskins, an expert on poverty at the Brookings Institution.

Poverty looks different now than it did in 1964, when many rural communities didn't have electricity, running water or indoor plumbing. On the other hand, the poor now face a new set of challenges, including mounting barriers to economic mobility. Despite a growing national economy from 2001 to 2007, the U.S. Census Bureau reports that the median income of working age households remains lower and poverty remains higher than before 2001, the year of the last recession. In other words, even in good economic times, poverty remains.

Child poverty is also a growing problem. It fell in the '90s, but is up 15 percent since 2000. About 18 percent of children today, or about 13 million kids, live in households with incomes below the poverty line.

While disagreements continue about the causes of poverty, especially between liberal and conservative hardliners, efforts are gaining steam to shore up the gains made against poverty since the 1960s, particularly when it comes to children.

These efforts are increasingly visible in the states, which have shown a renewed willingness to put poverty front and center.

"As we watched our kids fall further and further behind, we knew we needed to do something significant," says Senator Doug Racine, chair of the Vermont Child Poverty Council. In 2007, Racine spearheaded legislation to create a bipartisan group of legislators and cabinet secretaries committed to halving child poverty in Vermont in 10 years. Commissions similar to Vermont's are at the forefront of state poverty efforts across the country.

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Presidential Approaches

Once he took office, Johnson wasted little time taking on poverty. His administration created an Office of Economic Opportunity and set in motion a series of initiatives designed to strike at, as he put it, "the causes, not just the consequences of poverty." Many of these programs, such as Medicaid, Job Corps and work study, still exist today.

Haskins thinks Johnson's programs, although imperfect, were "nonetheless great because they bestowed upon the federal government a serious responsibility for the unfortunate among us."

In the 1980s, Johnson's sense of obligation was tempered by Ronald Reagan, who shifted the poverty debate from the plight of the poor to personal responsibility. "Those whom government intended to help discovered a cycle of dependency that could not be broken," Reagan said in accepting the nomination at the 1984 Republican National Convention. "Government became a drug, providing temporary relief, but addiction as well."

Reagan thought many social programs invited fraud and abuse and encouraged the poor to collect welfare and avoid work. While he believed the federal government should provide a safety net, Reagan thought a growing economy was the best medicine for poverty's ills.

Bill Clinton took a middle ground, stitching together elements of the Johnson and Reagan views into a third approach that he summed up with the phrase "make work pay." In 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act, which called for "reciprocal responsibility"—essentially insisting that the government should receive a commitment in return for providing aid.

The idea was to require welfare beneficiaries to work, but also to help them find and keep good jobs through more education and skills training, affordable child care, and larger tax credits. This mix of what Haskins, a leader of the 1996 welfare overhaul, now calls "carrots and sticks" defines where the poverty discussion generally sits today.

States Take Lead, Set Targets

With that history as a backdrop, states are looking to rejoin the battle against poverty.

In addition to Vermont, 12 states have established efforts to reduce poverty. For example, the Illinois Commission on the Elimination of Poverty, created in 2008, plans to reduce what it calls extreme poverty, defined as families and individuals with incomes less than half the federal poverty level—$21,200 for a family of four—by at least 50 percent by 2015. Minnesota's Commission, established in 2007, wants to eradicate poverty altogether by 2020.

Proponents of target-setting say explicit goals encourage a shared vision among policymakers that is easily understood by the public and one that cuts across traditional roles of government agencies.

"Setting targets allows us to take a long range view and to move the conversation from mere survival to family self-sufficiency," says Representative Morrie Lanning, a member of the executive team leading the Minnesota Commission. "We'd like nothing better than to put ourselves out of business."

The Right Investments

Most state councils are still in the early stages, creating roadmaps for changes they hope to make over the next 10 years, says Representative Mary Mushinsky, a member of the Connecticut Child Poverty and Prevention Council.

Lawmakers are reaching out to citizens through town hall forums, where they can hear about what's troubling low-income families. "We're looking hard at ways to deliver more effective services and we're trying to figure out: What is the best return on our investment in children and families," Mushinsky says.

Legislators committed to reducing poverty may find themselves stymied by a dour fiscal situation. Big ideas—universal pre-kindergarten, expanded access to child care or a state earned income tax credit—can make a real difference in the lives of children, but tight budgets may not allow for big new spending.

In 2007, for example, Connecticut legislators passed a state earned income tax credit to piggyback on the federal tax credit and provide an average refund of $322 to low-income working families. Governor Jodi Rell vetoed the bill, concerned that the cost would harm other state priorities.

With state revenues tanking, state lawmakers are postponing expensive long-term plans and instead have turned their attention to short-term relief.

Alaska, Connecticut, Massachusetts and New York have allocated additional state funds to assist low-income families with heating bills, though those costs may be moderated by the dropping price of oil.

In an effort to help Pennsylvania families with rising food costs, the state made changes to the food stamps program, raising benefit levels and removing limits on household assets. New Mexico held a special legislative session at the end of 2008 to expand the state earned income tax credit and provide a one-time cash rebate aimed at struggling families.

The task forces also are grappling with work-support programs such as children's health insurance, the earned income tax credit, child-care assistance, food stamps and housing assistance. These programs can boost a family's income above the poverty level but, says Racine, "when workers get a raise or an increase in hours, too often that means the end of help with child care or assistance, which can leave working families falling further behind,"

Vermont's Child Poverty Council is taking this issue head on. The council plans a detailed look at benefit programs in Vermont and move toward a policy of benefit step-downs to eliminate disincentives for higher pay. Similar efforts are underway in Colorado, Connecticut and Minnesota.

Mirror Image

Underlying the poverty policy debate is a lack of consensus on why people are poor. A 2001 study by Harvard's Kennedy School of Government and National Public Radio found that 45 percent of Americans believe poverty is caused by circumstances beyond people's control; but 48 percent think poor people don't do enough to help themselves.

"This is a troublesome split," says Haskins. "It's like we're bipolar in America. We're concerned about the poor, but we're also mad when people don't work."

The job market, though, has become something of a dead-end for less-educated workers. Once upon a time, a high-school graduate could find good-paying work in a factory and support a middle-class family. Such jobs—mostly replaced by machines or sent overseas—have gone the way of the muscle car. A good education, which in today's global economy means at least some type of post-secondary degree, now dictates success.

In 1964, a college graduate earned on average about $10,000 more a year than a worker with only a high-school diploma. Nearly 45 years later that gap has almost tripled as university grads have watched their paychecks steadily increase, while earnings for those without a college degree have barely budged.

"You know, in the past, you could go to the mills or General Motors and make good money," says Haskins. "But now if you want to make $40,000 or $50,000, you need some good education or serious skills training."

Focus on Kids

Child poverty is a chief concern among experts, who say that kids who grow up poor typically run into trouble as they get older.

According to research published by the Center for American Progress in 2007, children who experience deep and persistent poverty from birth to age 5 are more likely to earn less and suffer from poorer health over their lifespan. Girls who grow up poor are eight times more likely to become a teen parent, and boys are five times more likely to spend time in prison. Overall, poor kids are far more likely to drop out of school or end up in foster care.

These facts have policymakers worrying about both the well-being of our nation's children and the growing

economic drag caused by reduced productivity, ballooning health expenditures and soaring incarceration costs. Those costs add up to nearly $500 billion, or 4 percent of U.S. gross domestic product annually.

That situation inspired Vermont Senator Racine. "We got into this work with a focus on children, not just to get them through the next day," he says, "but to give them a real chance to escape the long-term effects of poverty."

Winds of Change?

After Johnson, poverty as a cause slowly faded from the national conscience. The economic boom in the 1990s and the perceived success of welfare reform seemed to push concern for the poor to the margins. In 2005, however, images from the aftermath of Hurricane Katrina, combined perhaps with John Edwards' populist-leaning presidential campaigns, reminded Americans of the poor.

The financial crises, high food and energy costs, insufficient health care and unemployment have crept up the income strata, leaving more people struggling. That may be a double-edged sword for those who want more attention paid to the poor.

First, the downturn could mean poverty receives less attention because so many people are hurting. Although the economy figured prominently in all three presidential debates, the word poverty was never mentioned.

Second, many state legislatures adjourned before the real onset of the current financial meltdown, meaning lawmakers will return to a changed world, facing budget shortfalls that will hinder efforts to help the needy.

There is widespread anticipation that the new president will make poverty a priority, even if it's by another name. Barack Obama has promised to "make work pay" by increasing the minimum wage and investing $1 billion in job-training programs. He also would like to fully fund Community Development Block Grants and designate Promise Neighborhoods, where poverty is a scourge. These would be modeled after Geoffrey Canada's Harlem Children's Zone, a comprehensive effort that provides a host of services to families in order to get kids on a path to success.

Experts and policymakers will continue to debate what causes poverty, but most probably would agree the economic downturn will make poverty worse for workers and children. With predictions that rising unemployment could push as many as 10 million more people into poverty within three years, policymakers will be looking for new ways to build on and expand the success of welfare reform.

Representative Terry Schooley, who chairs Delaware's Child Poverty Task Force, remains optimistic that the incoming administration, along with the states, will address the full range of issues related to poverty and opportunity.

"The economic situation has made people more aware of the hardship faced by the poor," she says. "I have never heard so manypeople tell me they're only one paycheck away from real trouble. So I'm optimistic that we're going to get a good discussion of these issues."

Christine Nelson tracks welfare and poverty issues for NCSL. Josh Lohmer tracks policies affecting low-income families.

Comments

Post a comment

North Carolina Office of Rural Health & Community Care

John Price, Director
919-733-2040
John.Price@ncmail.net

The North Carolina Office of Rural Health and Community Care assists underserved communities and populations to develop innovative strategies for improving access, quality, and cost-effectiveness of health care.

Guiding Principles:

- State and local partnerships
- Ownership vested in community partnerships
- In-depth technical assistance provided on an on-going basis
- Accountability is clear and measured
- Activities centered around improving the ability of communities to meet the health needs of underserved residents

Rural Health Centers

The Office has assisted local communities in establishing and operating 85 community-owned rural health centers. Through technical assistance, operational and capital support, and the Medical Access Plan (MAP) indigent care funding, rural health centers provide primary care to residents who face geographic or economic barriers. The program is a unique public/private endeavor to provide much-needed health care access for these populations.

Program Results (SFY 08):

- Rural Health Centers Funded: 28
- Total Economic Impact of Funded Rural Health Centers: ~$30 million
- Total State Support for Funded Rural Health Centers: ~$2.6 million (8.7%)
- 284,000 Patient Visits
- 67% of State Support for Indigent Care Funding

Medical, Dental, & Psychiatric Placement

Rural and underserved NC communities benefit from the placement of primary medical, psychiatric, and dental providers through this program. The Office markets statewide and nationally to attract potential candidates. The Office designed and utilizes a sophisticated database for tracking candidates and opportunities. To augment recruitment, incentives are offered through a loan repayment program.

Program Results (SFY 08):

- Total Medical & Dental Placements: 143
- Total Psychiatric Placements: 14
- Placements in Professional Shortage Areas: 111 (80%)
- Total Providers Receiving Loan Repayment: 109 (70%)

Rural Hospital Assistance

This program utilizes a combination of federal and state funding designed to promote the financial stability of small rural hospitals while limiting duplication of services and enhancing quality of care. Through Federal Rural Hospital Flexibility and Small Rural Hospital Improvement Program (SHIP) funding, one third of NC's small rural hospitals have been certified as Critical Access Hospitals (CAHs). State-funded Hospital Critical Needs grants provide support to the most financially vulnerable rural hospitals that treat a higher percentage of medically indigent and uninsured patients.

Program Results (SFY 07):

- Employment by Critical Access Hospitals: 3,886 FTEs
- Total Employment Impact on the Affected Communities: 7,704 FTEs
- Total financial impact (direct, indirect, induced): $1,047,730,224

Prescription Assistance

In collaboration with the NC Health and Wellness Trust Fund, prescription drug assistance is provided to uninsured, low-income residents through sites across the state that are issued software, known as the Medication Access and Review Program (MARP), to make accessing free prescription drugs easier. Through premium assistance (NCRx), the program supports the medication needs of low-income seniors who are Medicare prescription drug program enrollees. ChecKmeds NC is designed to help seniors enrolled in a Medicare Prescription Drug Program manage their medication therapy through one-on-one consultations with pharmacists.

Program Results (SFY 08):

- Prescription Requests Entered through MARP Software: 195,884
- Total Wholesale Value of Prescription Requests: $104,199,284
- Return on Investment through MARP: $12:$1
- Number of Enrollees in NCRx: 5,085
- Number of ChecKmeds Claims Processed: 18,875

NC Farmworker Health Program

NCFHP improves the health of migrant and seasonal farmworkers by increasing access to primary and preventive health care. Farmworkers are targeted for services because agriculture is one of the most dangerous occupations in the US. In addition, farmworkers often face multiple barriers that impede access to health care, including lack of familiarity of services, language, transportation, clinic hours, and insurance. Through health care fee-for-service and outreach initiatives, the NCFHP assists local and state leaders in improving access, quality, and cost-effectiveness of medical and dental care for underserved NC residents.

Program Results (CY 07):

- Total Farmworkers Served: 11,415
- Total Grants Awarded: $1,387,509
- Total Cost per Farmworker Served: $121.55

Community Care of NC

The recipient of Harvard University's Innovations in American Government Award in 2007, Community Care of North Carolina (formerly known as Access II and III) builds community health networks organized and operated by community physicians, hospitals, health departments, and departments of social services. Through regional networks, the program establishes the local systems needed to achieve long-term quality, cost, access and utilization objectives in the management of care for Medicaid and other indigent recipients. (Please refer to the additional handout for further information.)

Program Results (SFY 08):

- Medicaid Recipients Enrolled in a Community Care Network: 830,000
- Physicians Participating in CCNC: ~3,000
- Counties with CCNC Networks: 100
- Cost Savings to Medicaid to Date: $415 million

HealthNet

The HealthNet initiative supports the ongoing maintenance of community-based systems of care for the uninsured. HealthNet meshes the volunteer spirit of NC's community physicians, hospitals, health departments, community and rural health centers, and other community-based organizations affiliated with Community Care of NC, to strengthen and sustain efforts to provide indigent clients access to an integrated health delivery system. HealthNet gains will support communities' efforts to work collaboratively, share and conserve scarce resources, and find medical homes for the uninsured.

Program Results (SFY 08):

- Uninsured Individuals with a Medical Home/Primary Care Provider: 43,000
- Individuals with Access to Needed Prescription Medications: 24,670

Community Health Grants

Many of the State's residents have lost health insurance coverage due to recent layoffs in an economy that has seen numerous textiles, furniture, and other industries close. This program is designed to address the needs of this particularly vulnerable and expanding population. Funds are awarded through a competitive grant application process. Applications are reviewed and approved by a team of community health center, rural health center, local non-profit health center, Institute of Medicine, free clinic, and public health department representatives.

Program Results (SFY 08):

- Total Uninsured and Indigent Users Served: 69,000
- Counties Benefiting from Community Health Grants: 33
- Cost per Uninsured and Indigent User: $101.45

North Carolina's Medicaid Managed Care (Community Care / Carolina ACCESS)

The NC Division of Medical Assistance initiated a primary care case management (PCCM) model of managed care in 1991. Known as Carolina ACCESS (CA), Medicaid recipients were enrolled by the county department of social services (DSS). In partnership with Managed Care, the county DSS continues to be the primary venue for enrollment, education on the benefits of a medical home, and information on accessing care in a managed care plan. In NC, most Medicaid recipients must choose a primary care provider (PCP) to serve as their "medical home." A Medicaid recipient's category of aid determines if enrollment in CA is mandatory, optional, or ineligible. Eighty percent of NC's 1.2 million Medicaid recipients receive primary care health services from a Managed Care enrolled provider.

PCPs contract with DMA to serve as the medical home and gatekeeper for health care. The PCP is responsible for providing primary care services and authorizing referrals for specialized services as deemed medically necessary. Over 3,000 PCP medical practices participate in NC's Medicaid Managed Care program. Currently, CA is operational in all 100 counties and has opened access to medical care in the private sector for preventive primary care.

The Managed Care Section ensures access to high quality, cost-effective healthcare for the state's 984,489 managed care members. The Managed Care Section also operates a customer service line that provides support, education, and linkage for Medicaid recipients. Together with EDS, the Managed Care Section develops policies and processes to ensure claims have the proper primary care authorization and overrides are tightly monitored.

Managed Care Consultants work with local primary care and all other medical providers around the state to assure the correct implementation of all Medicaid and Managed Care policies and procedures. Consultants play a vital role in support of practices that serve the Medicaid population, keeping them informed of policy changes and providing documentation, training, and other resources.

The Community Care of North Carolina (CCNC) program expanded CA by building community health networks organized and operated by community physicians, hospitals, health departments, and departments of social services. By establishing 14 regional networks, the program establishes the local systems needed to achieve long-term quality, cost, access, and utilization objectives in the management of care for over 860,000 Medicaid and 93,000 Health Choice recipients. Providers plan cooperatively for meeting patient needs and strengthening the community health care delivery infrastructure. PCPs take the lead in managing the care of their enrolled population, providing preventive services, and developing processes by which at-risk patients can be identified and their care managed before high-cost interventions are necessary.

- Partnership — The program is a partnership of essential local providers including community physicians, hospitals, health departments, departments of social services, and other community-based agencies. This group plans and develops initiatives for meeting the health care needs of local Medicaid enrollees. The program office is based in Raleigh at the North Carolina Office of Rural Health and Community Care to provide technical and clinical support. Sponsored by the Office of the Secretary, the Division of Medical Assistance and the North Carolina Foundation for Advanced Health Programs, Inc., these public and private funding sources have all contributed resources to assist local providers through community care networks.
- Population Health Management Approach — Participating networks address the overall health status of enrollees by proactively managing their care. By employing such tools as risk stratification, disease management, case management, and access management, the networks are establishing the care management processes and support mechanisms needed to improve enrollee care and achieve program objectives.
- Accountability — All CCNC/CA networks work with each other and with the state to define, track, and report performance measures that gauge the effectiveness of participating networks in achieving quality, utilization, and cost objectives.

http://www.communitycarenc.com
http://www.ncdhhs.gov/dma/mangcarewho.html

Programs in Counties Identified by the Poverty Reduction and Economic Recovery Legislative Study Commission

County	Rural Health Center	HealthNet	Prescription Assistance	Community Care of NC	Critical Access Hospital	Migrant Farmworker Health	Community Health Grant
Alleghany				X	X		
Avery		X	X	X	X		
Bladen			X	X	X		X
Columbus	X		X	X		X	
Edgecombe	X		X	X			
Graham			X	X			
Halifax	X		X	X	X		X
Hoke			X	X			
Northampton	X			X			X
Robeson			X	X		X	X
Scotland			X	X	X		
Tyrrell	X		X	X			
Warren		X	X	X			X
Watauga		X	X	X	X	X	
Yancey	X	X		X	X	X	

ATTACHMENT 3

Presentation to the
Joint Legislative Study Commission
on Poverty Reduction and Economic Recovery
Friday January, 16, 2009

Department of Health and Human Services Programs

Sherry S. Bradsher, Director, NC Division of Social Services

2008 HHS Poverty Guidelines

Persons In Family or Household	48 Contiguous States and D.C.	Alaska	Hawaii
1	$10,400	$13,000	11,960
2	14,000	17,500	16,100
3	17,600	22,000	20,240
4	21,200	26,500	24,380
5	24,800	31,000	28,520
6	28,400	35,500	32,660
7	32,000	40,000	36,800
8	35,600	44,500	40,940
For each additional person, add	3,600	4,500	4,140

Source: *Federal Register*, Vol. 73, No. 15, January 23, 2008, pp. 3971-3972

Food & Nutrition Services (FNS) is a federally funded food assistance program that helps low-income families purchase the foods they need for a nutritionally adequate diet. As an entitlement program, all eligible individuals can receive assistance.

Medicaid is a health insurance program for low-income individuals and families who cannot afford health care costs. Medicaid serves low-income parents, children, seniors, and people with disabilities. The local Department of Social Services, on behalf of NC Division of Medical Assistance determines eligibility for all Medicaid and Health Choice.

North Carolina Health Choice is another federal program, administered by the state that offers a free or reduced price comprehensive health care program for children. If a family makes too much money to qualify for Medicaid but too little to afford rising health insurance premiums, Health Choice is considered as an option.

Child care subsidies are an important support to low-income working families and to North Carolina's economy because it allows them to have safe, reliable and affordable child care so that they can work. During difficult economic times, child care subsidies also help provide support to parents enrolled in school to increase their job skills and ultimately return to the workforce and become self-sufficient.

NC Facts:

- 1 in 10 workers has a child under age 6. (Source: The Economic Impact of the Child Care Industry in North Carolina)
- The child care industry in NC generates $1.77 billion annually and provides more than 47,000 jobs. (Source: The Economic Impact of the Child Care Industry in North Carolina)

- The Subsidized Child Care Program is a major purchaser of care from NC's child care industry - in 2007, 38.9% of children in child care facilities received subsidies (Source: NC 2007 Child Care Market Rate Study), with subsidy expenditures averaging over $35 million per month in SFY 2007-08.
- Almost 160,000 individual children received child care subsidies last year, with an estimated 383,558 children potentially eligible statewide.

The **Low Income Energy Assistance Payments for Heating (LIEAP) Program** provides a one-time payment in early February to eligible households to help pay heating bills. Eligible households include Food and Nutrition Services households who meet vulnerability guidelines. The County Departments of social services also take applications for the program in November of each year. This program is federally funded.

The **Crisis Intervention Program (CIP)** provides assistance to low-income persons who are experiencing a heating or cooling related crisis. Assistance targets families with children under 6 years of age, persons over 50 and others who are at great risk due to health conditions. County departments of social services administer the program. This program is federally funded.

The **Emergency Shelter Grants Program** serves individuals and families who are experiencing homelessness by assisting 130 shelters and transitional housing programs with operating costs and with the provision of certain essential social services.

The **Weatherization Assistance Program, and the Heating and Air Repair & Replacement Program,** help low-income families save energy and reduce expenses. Local granting agencies conduct necessary energy-efficiency measures (i.e., insulation, air sealing, duct sealing, water heater wrapping, system repair, etc.).

Through the **Community Services Block Grant Program** DHHS provides grants to local agencies to assist low-income families with employment, education, better use of available income, housing, emergency assistance, community involvement, and more effective use of other resources.

North Carolina's Temporary Assistance for Needy Families (TANF) program, called **Work First**, is based on the premise that parents have a responsibility to support themselves and their children. Through Work First, parents are provided with short-term training, job search and other services to help them become employed and self-sufficient.

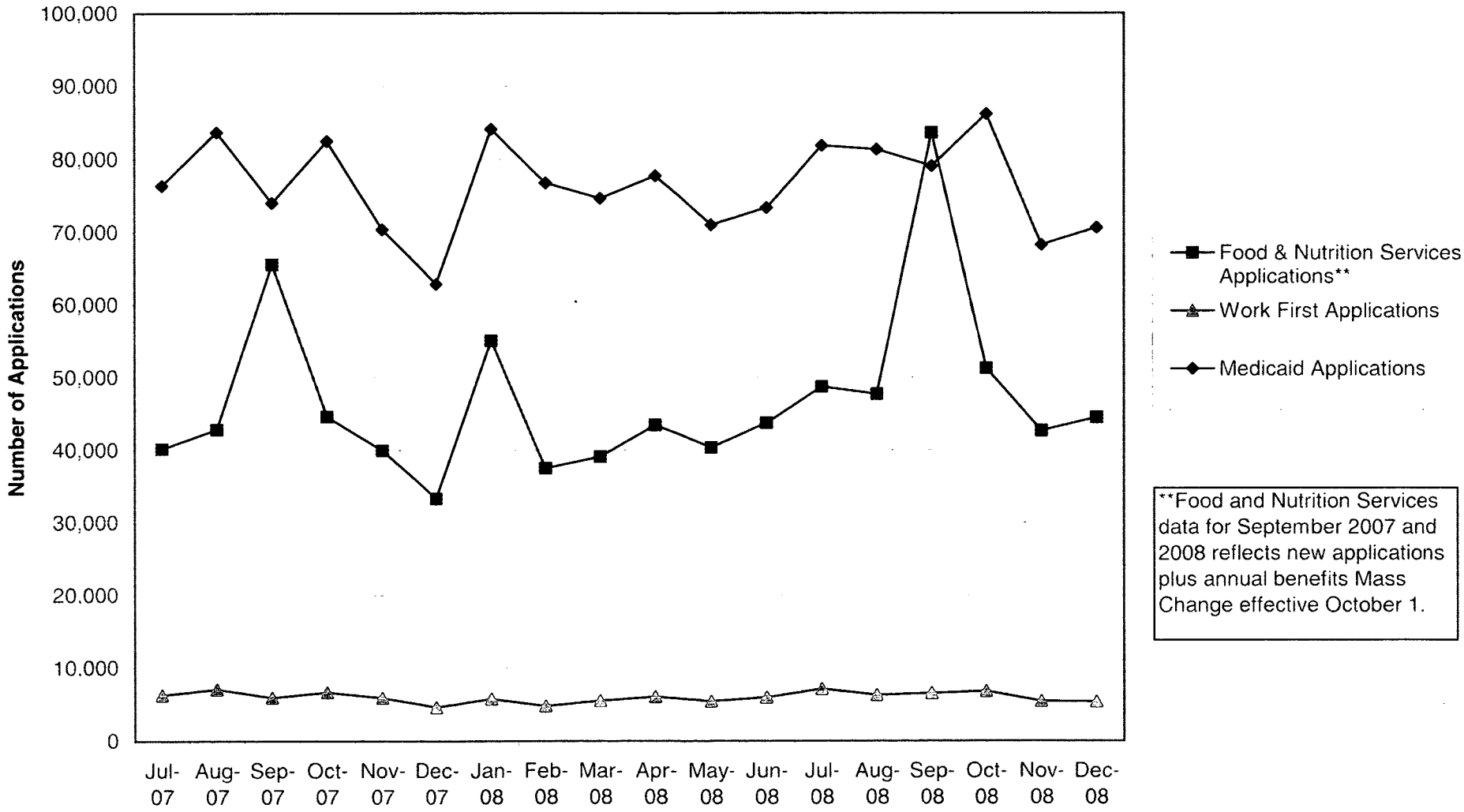
The State's Division of Public Health directly serves residents through the state lab, early intervention program for children, medical examiners office, and the office of vital records. However, most direct public health services are provided by the local health departments which are being very burdened as evidenced by the **Women Infants and Children's Program (WIC)**, as it has increased by slightly over 24,087 participants in the last 11 months; averaging an increase of 2,190 participants per month.

Medicaid, Food Nutrition Services and Work First Applications for July 2007 Through December 2008

	Medicaid Applications	Food & Nutrition Services Applications**	Work First Applications
Jul-07	76,402	40,218	6,375
Aug-07	83,720	42,877	7,168
Sep-07	74,047	65,624	6,009
Oct-07	82,527	44,621	6,772
Nov-07	70,442	39,982	5,983
Dec-07	62,878	33,383	4,692
Jan-08	84,141	55,064	5,847
Feb-08	76,806	37,571	4,890
Mar-08	74,675	39,160	5,618
Apr-08	77,758	43,463	6,129
May-08	71,006	40,359	5,497
Jun-08	73,346	43,746	6,021
Jul-08	81,869	48,688	7,186
Aug-08	81,338	47,669	6,356
Sep-08	79,063	83,633	6,580
Oct-08	86,168	51,249	6,869
Nov-08	68,253	42,673	5,492
Dec-08	70,622	44,462	5,447

**Food and Nutrition Services data for September 2007 and 2008 reflects new applications plus annual benefits Mass Change effective October 1.

Medicaid, Food & Nutrition Services and Work First Applications
July 2007 - December 2008



**Food and Nutrition Services data for September 2007 and 2008 reflects new applications plus annual benefits Mass Change effective October 1.

Comparision of Application Data for July - December 2007 to July - December 2008

Month	Year	Medicaid Applications	% Change - 07 to 08	Food and Nutrition Services**	% Change - 07 to 08	Work First	% Change - 07 to 08
JULY	2007	76,402		40,218		6,375	
	2008	81,869	7.2%	48,688	21.1%	7,186	12.7%
AUGUST	2007	83,720		42,877		7,168	
	2008	81,338	-2.8%	47,669	11.2%	6,356	-11.3%
SEPTEMBER	2007	74,047		65,624		6,009	
	2008	79,063	6.8%	83,633	27.4%	6,580	9.5%
OCTOBER	2007	82,527		44,621		6,772	
	2008	86,168	4.4%	51,249	14.9%	6,869	1.4%
NOVEMBER	2007	70,442		39,982		5,983	
	2008	68,253	-3.1%	42,673	6.7%	5,492	-8.2%
DECEMBER	2007	62,878		33,383		4,692	
	2008	70,622	12.3%	44,462	33.2%	5,447	16.1%

** Food and Nutrition Services data for September 2007 and 2008 reflects new applications plus annual benefits Mass Change effective October 1.

Joint Legislative Study Commission on
Poverty Reduction and Economic Recovery

January 16, 2009

David B. Baker, Director
Property Tax Division
N.C. Department of Revenue

Low income housing:

G.S. 105-278.6. Real and personal property used for charitable purposes.

(a) Real and personal property owned by:

(8) A nonprofit organization providing housing for individuals or families with low or moderate incomes shall be exempted from taxation if: (i) As to real property, it is actually and exclusively occupied and used, and as to personal property, it is entirely and completely used, by the owner for charitable purposes; and (ii) the owner is not organized or operated for profit.

G.S. 105-277.16 — Taxation of Low-Income Housing Property: Designates low-income housing to which the North Carolina Housing Finance Agency allocated a federal tax credit under section 42 of the Code as a special class of property. Requires the assessor to use the income approach as the method of valuation and requires the assessor to take rent restrictions that apply to the property into consideration. The assessor may not consider the income tax credits received under section 42 of the Code in determining the income attributable to the property.

Three Property Tax Relief Programs for Individuals -G.S. 105-277.1(b)(3a) defines property tax relief as:

G.S. 105-277.1—Elderly or Disabled Exclusion

Basic Requirements:

–Age (at least 65) or Total and Permanent Disability.

–Income (for 2009--$25,600 or less).

–Assessment Reduction = Greater of $25,000 or 50% of the appraised value of the permanent residence.

G.S. 105-277.1B—Homestead Circuit Breaker

Ownership Requirements·

Owner must be at least 65 years of age or totally and permanently disabled.

Must have owned and occupied property as the owner's permanent legal residence for five (5) years.

Must be a North Carolina resident.

2009 the owner's income cannot exceed $38,400.

Income = $0 to $25,600	Taxes are limited to 4% of income.
Income = $25,601 to $38,400	Taxes are limited to 5% of income.
Income = Over $38,400	Does not qualify.

G.S. 105-277.1C—Disabled Veteran Exclusion

No age requirement.

No income requirement.

Veteran who, as of January 1, has a permanent and total disability that is service-connected OR receives benefits for specially adapted housing under 38 U.S.C. 2101.

1.Honorably discharged disabled veteran.

2.Unmarried surviving spouse of an honorably discharged disabled veteran.

Assessment reduction = First $45,000 of the appraised value of the permanent residence.

David B. Baker, Director
Property Tax Division
919-733-7711
david.baker@dornc.com
http://www.dor.state.nc.us/

Income Tax Credits for Low-Income Individuals

Work Opportunity Tax Credit (WOTC) (N.C.G.S. 105-129.16G)

- Available to employers that hire workers who fall into certain targeted groups such as:
  - Temporary Assistance to Needy Families (TANF) recipients
  - Qualified Food Stamp Recipient
  - Summer Youth Employee
  - Qualified Veteran
  - Vocational Rehabilitation Referral
  - Qualified Ex-Felon
  - Supplemental Security Income (SSI) Recipient
- Designed to help these individuals gain employment and receive on-the-job experience
- State credit is 6% of the federal credit

Credit for Small Business Employee Health Insurance (N.C.G.S. 105-129.16E)

- Encourages small businesses to provide health insurance for employees who make $40,000 or less per year
- A small business is defined as one that employs no more than 25 eligible employees throughout the taxable year
- An eligible employee is an employee who works on full-time basis with a normal work week of 30 or more hours
- The credit is $250 per eligible employee, limited to the actual cost of providing the benefits

Low-Income Housing Credit (N.C.G.S. 105-129.40 through 49)

- Encourages the development of low-income housing
- To qualify, a percentage of units must be rented to low-income tenants
- Rent cannot be more than 30% of tenants' income
- To qualify for the State credit, individual or business must be allocated a federal credit
- North Carolina's credit is a percentage of the development's qualified basis
- The percentage is determined based on the location of the units and affordability of the units for individuals in the area

Credit for Child and Dependent Care Expenses (N.C.G.S. 105-151.11)

- Credit for working individuals who have employment related child care expenses
- Expenses are limited to $3,000 for one dependent or $6,000 for two or more dependents
- Based on adjusted gross income, filing status, dependent's age, and physical and mental ability of the dependent to care for themselves
- Credit is based on a percentage of employment related expenses and the percentage is higher for individuals with lower adjusted gross incomes

Credit for Children (N.C.G.S. 105-151.24)

- $100 credit per child that is:
  - Under the age of 17
  - Eligible for the federal child tax credit

- Adjusted gross income limits apply based on filing status. The credit is not allowed if the adjusted gross income exceeds:

Married filing Jointly -	$100,000
Head of Household -	$80,000
Single -	$60,000
Married filing separately	$50,000

Earned Income Tax Credit (EITC) (N.C.G.S. 105-151.31)

- The earned income tax credit, enacted by Congress in the early 70s, is a federal tax credit available to assist working families and individuals by reducing the tax burden on workers, supplementing wages, making work more attractive than welfare, and helping low-income families build assets. The federal EITC is refundable, meaning that even if they don't have to file or pay taxes, many working poor families can still file and get an EITC refund. The amount of the credit depends on taxpayers' income and the number of qualifying children they have.
- New State tax credit in 2008 for low- to moderate-income individuals that have earned income
- To claim the North Carolina EITC, individuals must:
  - Have earned income from employment or self-employment
  - Meet the criteria for the federal EITC
  - Have a valid social security number (qualifying children must also have a valid social security number)
- Federal EITC Thresholds for 2008:
  - Earned income and adjusted gross income must be less than:
    - $38,646 ($41,646 for married filing jointly) with two or more qualifying children
    - $33,995 ($36,995 for married filing jointly) with one qualifying child
    - $12,880 ($15,880 for married filing jointly) with no qualifying children
  - Maximum federal credit:
    - $4,824 with two or more qualifying children
    - $2,917 with one qualifying child
    - $438 with no qualifying children
- State EITC is 3.5% of federal EITC for tax year 2008
- Credit is increased to 5% for tax year 2009
- Maximum credit allowed:
  - 2008
    - Federal - $4,824
    - State - $169
  - 2009
    - Federal - $5,028
    - State - $251

Testimony of Bob Kucab, Executive Director, N.C. Housing Finance Agency
Poverty Reduction and Economic Recovery Legislative Study Commission
January 16, 2009

Mr. Chairman and members of the committee, my name is Bob Kucab and I am director of the N.C. Housing Finance Agency.

I appreciate the opportunity to speak today and I share your recognition that finding safe and affordable housing is a big challenge for persons in poverty. Housing is their single biggest expense, and it influences everything from health to wealth to children's success in school.

Our Housing Finance Agency is self-supporting and has a mission to create housing opportunities for persons not served by the private market. We have financed $11.7 billion of affordable homes and apartments in all 100 counties. Both large and small communities have benefited from the new jobs and tax revenues generated.

Most importantly, more than 191,000 households—nearly half a million people—have better housing because of these investments.

Our programs finance everything from homeless shelters to affordable apartments to home loans for first-time buyers. We are engaged in over 1,000 partnerships with local governments, nonprofits, and for-profits.

Our primary financing tools are tax-exempt bonds, federal and state tax credits, the federal HOME Program, federal rent subsidies, and the state's Housing Trust Fund.

Virtually all of the housing that we finance is affordable to persons below 80% of median income, the general definition of "low income." However, we are increasingly successful in solving housing problems for persons near—and even below—the poverty level, because we have our state's Housing Trust Fund.

The Trust Fund was created by the General Assembly in 1987 and it is the state's most flexible housing resource. The Trust Fund leverages $4 of housing for every $1 invested, and all of it goes to bricks and mortar. About 82% of its investments have benefitted households below 50% of median income, and nearly half (47%) have benefited households at or below 30% of median—which is $14,450 for a family in the more rural counties.

I have provided our "Summary of Programs" for a complete overview, but here are just a few solutions to highlight:

To help homeless and unemployed persons acquire marketable skills, we have funded a Construction Training Partnership since 1996 that is coordinated by the N.C. Home Builders Association. The program is active in three cities, including Rocky Mount, and it has provided classroom and field construction experience to over 675 persons in poverty.

To help home owners avoid losing their homes, we work with 32 local counseling agencies that offer delinquency counseling and foreclosure intervention assistance. Since last March, we have secured more than $5 million in federal funds to reimburse agencies for their work in saving homes.

To help home owners who have lost jobs through plant closings, we manage the state's Home Protection Program through 23 partners. It has provided loans to make mortgage payments for 377 home owners while they retrain or look for a job.

To help low-wage workers build assets, we work with the Departments of Commerce and Labor and the IDA Collaborative to support 14 local Individual Development Account Programs with sponsors like CADA, a nonprofit in Rich Square. Under IDA programs, over 400 families with incomes averaging $28,000 have received financial training, a match for their savings, and help buying a home. We also help buyers working with 52 Habitat for Humanity chapters. In fact, we are the largest Habitat investor in the state, with cumulative investments of $25.5 million. The average income of the 1,160 families who have become homeowners in this way is below $25,000.

To help persons with special needs, including disabilities, we have provided financing for 2,500 housing units through our Supportive Housing Development Program. These facilities include a new home for homeless and runaway children in Gastonia, housing for persons with developmental disabilities in Burnsville, and a domestic violence shelter in Elkin.

To support renters with disabilities whose incomes are below the poverty level, we manage the Key Program along with the N.C. Department of Health and Human Services. So far, Key Program funds have been committed to assist almost 400 persons with disabilities living at 72 new or substantially renovated rental developments that we have financed, including apartments in downtown Weldon. As a result, tenants in poverty pay rents as low as $150 per month.

To help very low-income home owners who live in substandard housing, we provide either comprehensive rebuilding or emergency repairs to prevent persons from being harmed or displaced. These programs operate through a network of 65 partners, like Senior Services of Hoke County. The average income of home owners in the comprehensive rehab program is $14,800 and for the Urgent Repair Program it has been $10,565.

These are all successful programs that provide tangible and life changing assistance to persons in poverty. We can do more with each of them.

In the 2008 Session, the General Assembly made a $17 million appropriation to the Housing Trust Fund, with $7 million set aside for persons with disabilities. A broad-based coalition led by the Justice Center and the Housing Coalition is working to increase the state's Housing Trust Fund investment to $50 million.

I encourage you to include the Housing Trust Fund as part of your recommendations.

Mr. Chairman and members, thank you for your work on this important topic.

Let's Make Home Happen!

NORTH CAROLINA
HOUSING
FINANCE
AGENCY

Our Mission

To create affordable housing opportunities for North Carolinians whose needs are not met by the market.

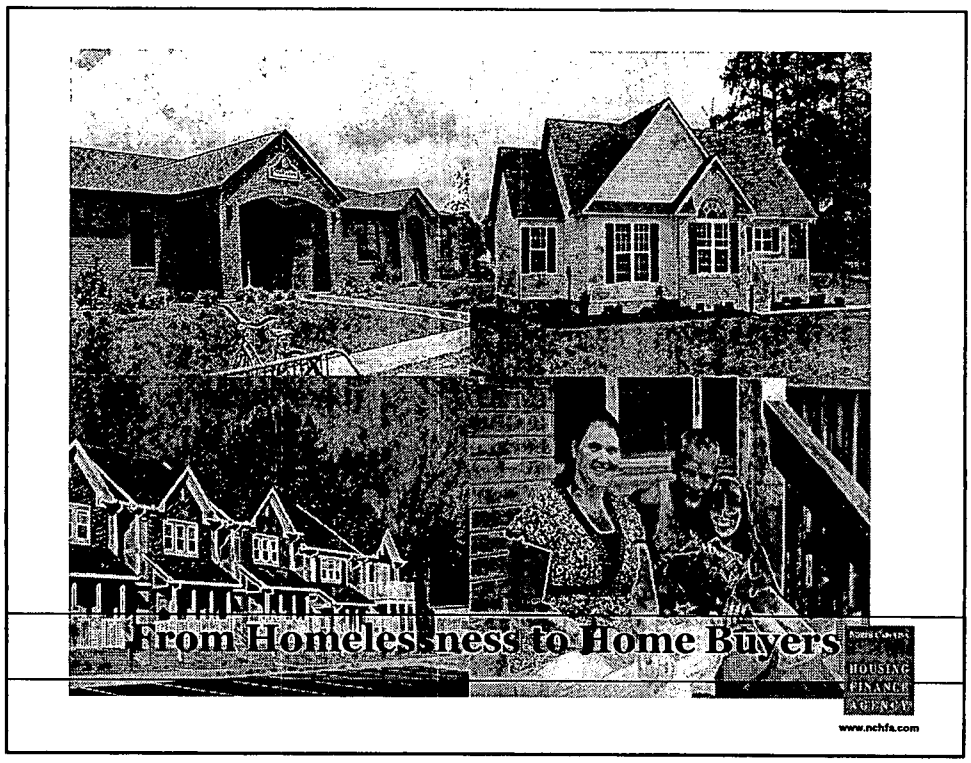
www.nchfa.com

The N.C. Housing Finance Agency has financed

$11.7 billion in affordable homes and apartments

The N.C. Housing Finance Agency has financed

Better housing for 191,000 households


From Homelessness to Home Buyers
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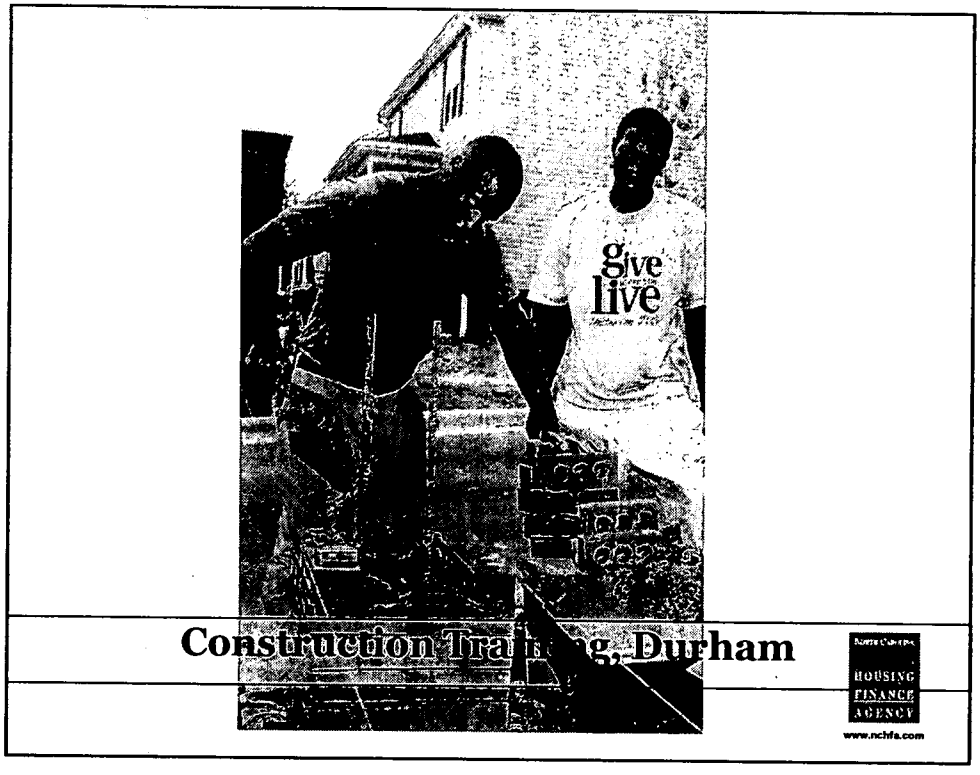
give
live
Construction Training, Durham
HOUSING
FINANCE
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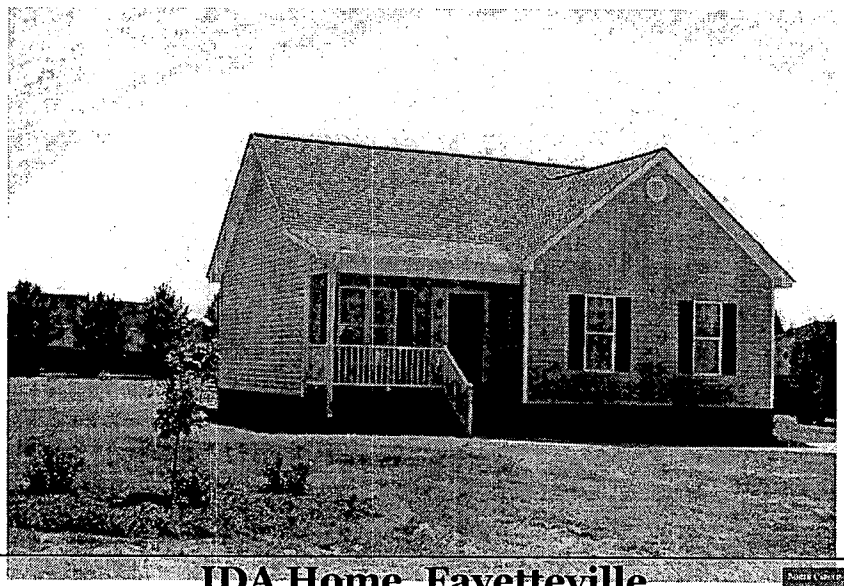
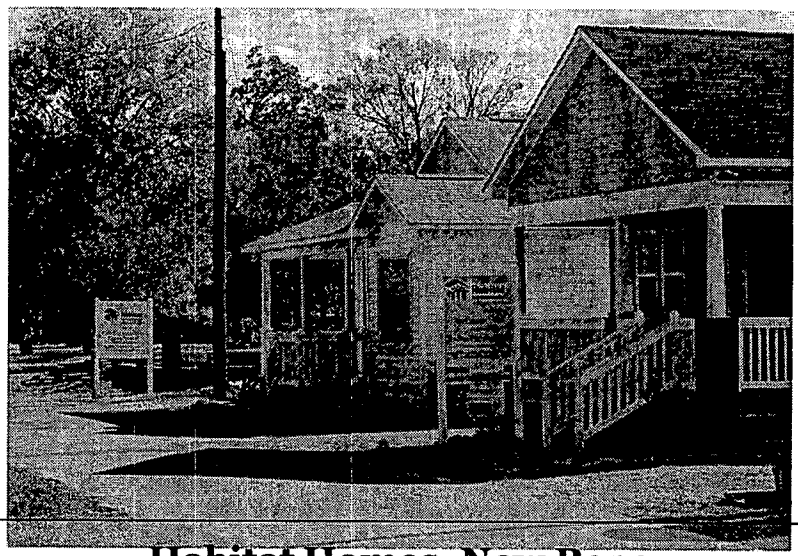
www.nchfa.com

Facing Foreclosure?
North Carolina has FREE resources to help you.
The N.C. Housing Finance Agency administers the Home Protection Program that may be able to provide a bridge loan if you have lost your job due to changes in the economy. Participating counseling agencies will help determine if you are eligible for assistance, help you apply, and may be able to secure a stay-of-foreclosure while your application is being reviewed.
The Agency also supports local counseling agencies that can help whatever the reason for foreclosure. They can work with your mortgage company at no cost on a possible repayment plan or loan modification.
The Office of the Commissioner of Banks reviews sub-prime loans that closed in 2005, 2006 and 2007. They connect homeowners facing foreclosure with local counselors that may be able to help you renegotiate the terms of your loan or get legal assistance.
Don't delay – take the first step today
• Contact one of the participating counseling organizations listed on the back.
• Find details at www.ncforeclosurehelp.org.
• Contact the Office of the Commissioner of Banks consumer hotline at 888-384-3811.
You don't have to lose your home.
A certified counseling agency can help you save your most important asset and get your finances back on track.
If you're having trouble paying your mortgage...



IDA Home, Fayetteville

www.nchfa.com



Habitat Homes, New Bern

www.nchfa.com

The N.C. Housing Finance Agency has provided

$25.5 million in all-time financing

for Habitat for Humanity

www.nchfa.com

Lumbee Tribe, Red Springs

Self-Help Single-Family Homes

www.nchfa.com

The N.C. Housing Finance Agency has financed

2,500 units of supportive housing :

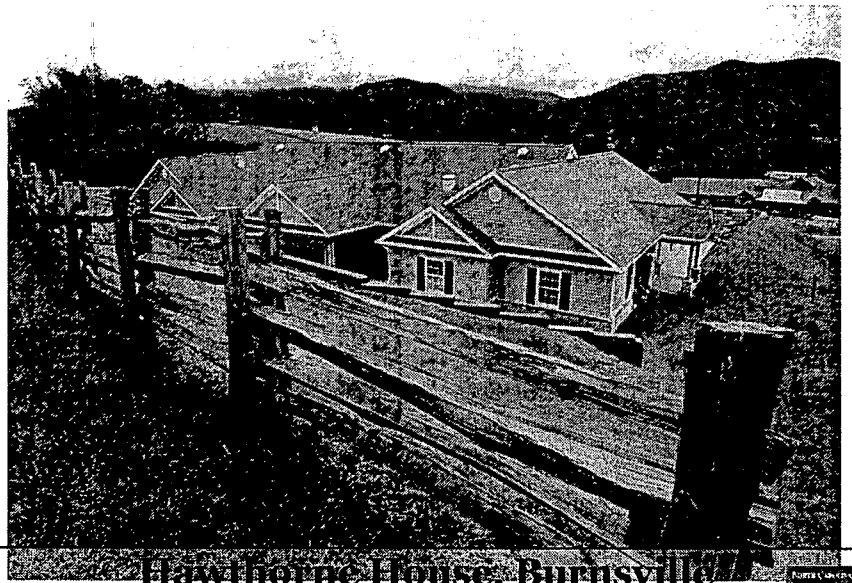
- mental illness & developmental disabilities
- survivors of domestic violence
- homeless

www.nchfa.com

Pearson Family Center, Gastonia

Supportive Housing for Homeless and Runaway Children

www.nchfa.com



Hawthorne House, Burnsville

Supportive Housing for the Developmentally Disabled

www.nchfa.com

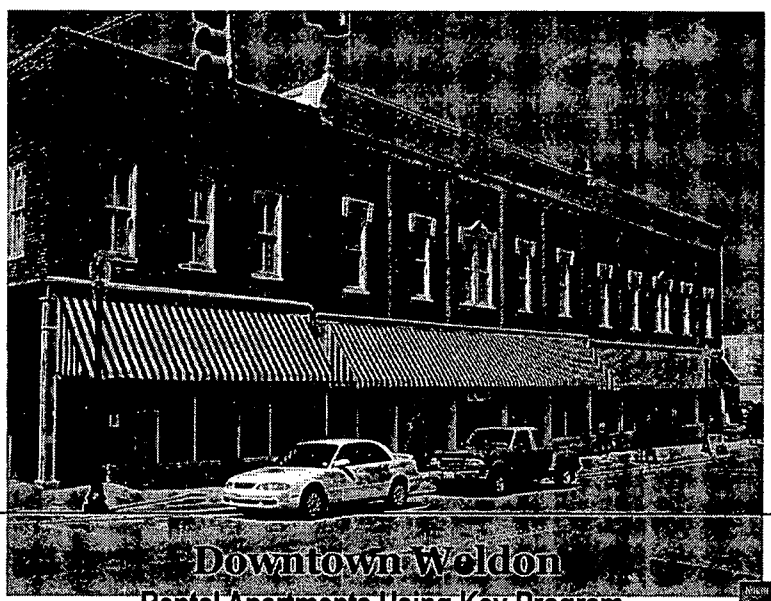
The Ark at Elkin

Supportive Housing for Survivors of Domestic Violence

www.nchfa.com

Parke Place, Laurinburg
Rental Apartments Using Key Program

www.nchfa.com

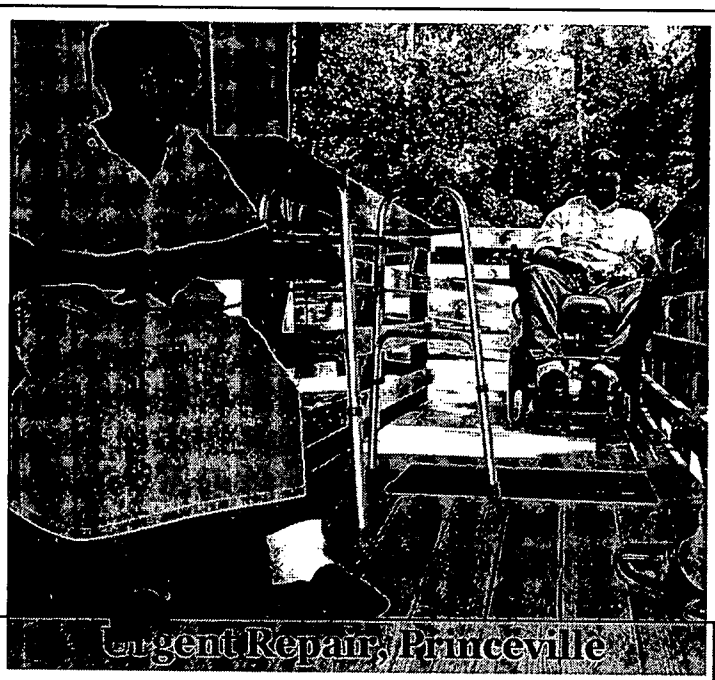


Downtown Weldon
Rental Apartments Using Key Program

www.nchfa.com

Before and After, Western North Carolina

Urgent Repair



Urgent Repair, Princeville

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State of the North Carolina Workforce

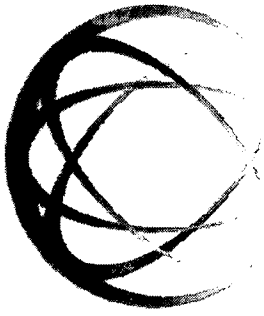
An Assessment of the State's Labor Force Demand and Supply 2007 – 2017

Executive Summary

The North Carolina Commission on Workforce Development

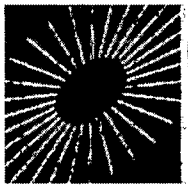
January 2007

NORTH CAROLINA
the state of minds



NORTH CAROLINA
the state of minds

The North Carolina Commission on Workforce Development procured the services of the following organizations to conduct this research



CSW
corporation for a skilled workforce

Center for Regional Economic Competitiveness

State of the North Carolina Workforce

An Assessment of the State's Labor Force Demand and Supply 2007 - 2017

The North Carolina economy is transforming in many ways and on many levels. One key transformation involves the State's shift from an economy based on traditional manufacturing to a new economy driven increasingly by knowledge-intensive, business services activities. In response to this transformation, many firms are changing their products or production processes and offering expanded services as they adapt new technologies and build closer ties with suppliers and customers. Just as important is continued service sector growth, which is creating a large demand for both jobs requiring high skills and offering high wages and jobs requiring minimal skills, leaving a significant gap in the demand for jobs in the "middle." When viewed in the aggregate, economic and occupational shifts are having dramatic impacts on the state's workforce.

This "State of the North Carolina Workforce" report seeks to shed light on statewide trends and to unmask significant regional patterns in job creation and its impact on the demand for workers. In particular, the study examines economic and workforce development patterns in the state's urban areas, small towns, and rural communities as well as North Carolina's geographic regions–the Mountains, Piedmont, and Coast. Based on an in-depth quantitative analysis of the current and projected labor market supply and demand, the goal of the study is to describe North Carolina's progress to date and the challenges and opportunities for completing a successful economic transformation.

Important caveats should be noted related to this analysis. First, this analysis uses data calibrated to the US Bureau of Economic Analysis (BEA) definition for employment. The BEA combines employment data from the North Carolina Employment Security Commission's unemployment insurance administrative records (the most commonly used data source in counting jobs) with data on proprietors, farm workers, and government workers. Second, the forecasts are based on both past trends and assumptions about anticipated future developments, assuming no changes in policy or economic conditions. Thus, these forecasts should be used in the spirit in which they are provided, as a tool for assessing likely future growth patterns *in the event that no policy action takes place to change that future and there are no major unforeseen economic upheavals.* Third, other analyses may differ slightly in their outlook for certain industries or occupations. These differences come from using different projection tools and models. However, the core predictions hold true across methodologies and represent an accurate picture of the future, assuming current trends do not change.

Following are the eight key trends identified in the report:

- **Many of North Carolina's traditional manufacturing industries continue to shed jobs as part of an on-going economic transition.**
- **North Carolina's traditional "middle jobs"—those that paid a family-sustaining wage and required minimal formal education or training—are disappearing as part of this transition.**
- **New job creation is concentrating in certain fast-growing metropolitan areas.**
- **Many areas of North Carolina are not prospering from the economic transformation.**
- **The future prosperity of all North Carolinians depends on achieving higher educational attainment levels for all citizens.**
- **Impending baby-boom retirements will exacerbate an emerging skills gap among experienced, skilled workers.**
- **High-skill in-migrants will help fill part, but not all, of this skills gap.**
- **Low-skill in-migrants present both opportunities and challenges in meeting the state's workforce needs.**

This report reviews each of these trends, identifies key issues and challenges for North Carolina, and examines both industry's demand for labor and the supply of workers available to meet those needs. It should be noted that while these trends are presented separately, many are integrally linked and are only presented discretely for ease of assimilation. Policy actions should take into account the whole of the picture and the relationship among the trends. Following is a brief discussion regarding the eight key trends from the study.

Many Traditional NC Manufacturing Industries Are Shedding Jobs

Mature manufacturing industries still account for a sizable portion of the North Carolina economy, and many are expected to continue shedding jobs during the next decade. For instance, certain industry sectors—such as elements of textiles, apparel, furniture, and computer/electronics—are shedding a large number of jobs, offsetting employment gains in other industries. Losses in these industry sectors are occurring throughout the state, but their greatest impacts are being felt in smaller communities that once relied almost entirely on recently down-sized or closed manufacturing facilities.

Executive Summary Figure 1:

NC Employment in Selected Manufacturing Industries

North Carolina Employment	2002	2005	Δ Employ, 2002-05	% Change
Textile and textile product mills	99,091	68,580	-30,511	-30.8%
Apparel	35,697	26,426	-9,271	-26.0%
Furniture & related products	67,695	59,280	-8,415	-12.4%
Computer & electronic products	46,741	39,215	-7,526	-16.1%
NC MFG Industries	662,354	590,346	-72,008	-10.9%

Source: US Bureau of Economic Analysis

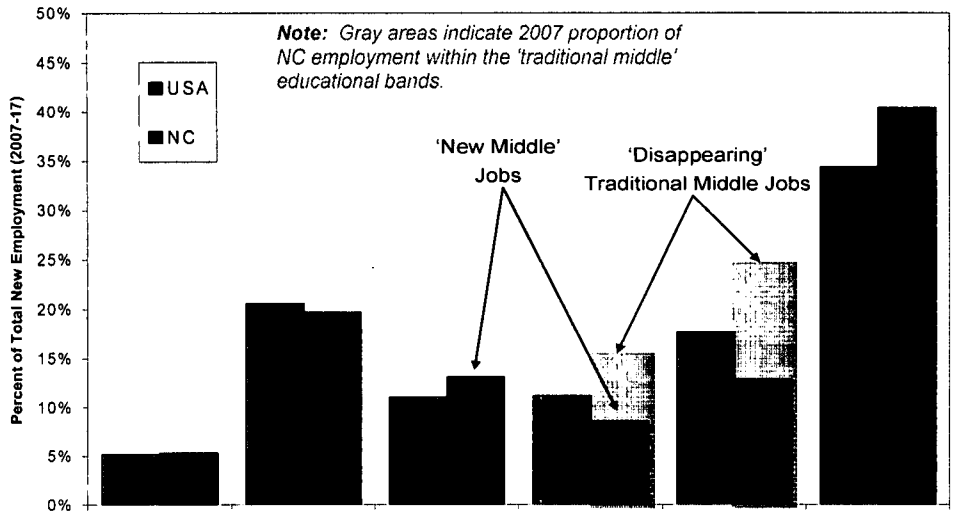
North Carolina's Traditional "Middle Jobs" Are Disappearing

The tragedy of the state's manufacturing jobs loss is that many semi-skilled workers are finding they do not have the skills to compete for jobs in high demand occupations. The difficulties facing these workers are exacerbated by two facts: (1) those high demand jobs are disproportionately being created in a few urban areas while the losses are occurring in other parts of the state, and (2) the level of skills needed to be competitive for good paying jobs is rising dramatically with time. The lost manufacturing jobs represented many of the 'traditional middle jobs' that offered family-supporting wages but did not require extensive education and training. Many of the state's dislocated workers did not have a high school education because manufacturers did not require a diploma. Dislocated or unprepared workers who do not have the resources or inclination to obtain the skills required from significant investments in education often must settle for low-skill jobs. Yet, available jobs offering middle-income pay now demand more formal education, often beyond a high school degree. To compete for these 'new middle jobs,' workers must invest years in more education or re-training.

At the same time, the economy is creating many new high-skill, high-wage jobs but they are now concentrated in a few major urban hubs. Creating opportunities for workers in less populated areas of the state will take new and innovative approaches to economic development. It is clear, however, that education levels must increase for these new approaches to gain any traction.

Executive Summary Figure 2:

US and NC Net New Jobs by Required Education (Estimated Change 2007-2017)



There simply are not enough skilled workers to fill the high-skill, high-wage jobs in the occupations where they are now growing. Those being squeezed from their traditional middle jobs are not ready to compete for available opportunities. Furthermore, few opportunities are available within easy commuting distance of many displaced workers. Thus, it becomes even harder for the unprepared to gain access to higher income jobs leaving them to compete primarily for low-skill, low-paying wages. The result is an increasingly polarized workforce – those who have skills and access to good-paying jobs and those without skills and only access to primarily lower-paying jobs.

New Job Creation Is Concentrating in Fast-growing Urban Areas

As North Carolina's traditional economic base declines, the data reveal that the state's overall economy is becoming more diverse and more similar to the rest of the country. The state's services sector is expected to grow more rapidly in the coming decade, as a combination of high-skill, high value-added services and low-skill, low value-added services replace the jobs lost in mature goods-producing sectors. Whereas the state's traditional manufacturers are often located in small towns, we see that the bulk of these emerging new activities, particularly those that require higher skills and thus have higher pay are concentrating in the state's larger metropolitan areas. Many of the metropolitan counties of the Piedmont region, for instance, enjoy the most dynamic economies. The companies in the Piedmont account for 64 percent of current jobs and 68 percent of new jobs projected to be created in the next decade. Statewide, metropolitan counties have 74 percent of current jobs while 81 percent of projected new jobs are expected to be created in these metropolitan areas.

Many Areas Are Not Prospering

In contrast to the success in the Piedmont, especially around Charlotte and the Research Triangle, relatively slower growth has occurred throughout much of the rest of the state, especially in the Mountains and Coastal regions. While many of the largest metropolitan areas are growing rapidly, smaller urban (or "micropolitan") areas and rural counties are creating fewer jobs, many of which include lower wage consumer services or temporary jobs. In addition, the Piedmont Triad has also not yet gained traction in finding a new economic base to replace its declining manufacturing industries.

Overall, about 40 percent of the state's new jobs will require little more than short-term training (see "Below GED" in Executive Summary Figure 2), but in the micropolitan and rural areas, that figure is closer to 50 percent. Unfortunately, these low-skill jobs pay approximately 60 percent of the state's current average earnings.

The metro areas are enduring labor supply shortages even though they offer higher average wages. Increasingly, they are tapping the workforce in nearby micropolitan and rural labor markets for the best and brightest talent, requiring either relocation or extended commuting patterns.

Quite simply, the state's micropolitan and rural economies are not creating enough high- and middle-income jobs to meet all of their local employment needs. For some workers, the option is to settle for underemployment or no employment.

Future Prosperity Depends on Achieving Higher Educational Attainment Levels

Even in the most successful regions, North Carolina's earnings trail the rest of the country. Not only is this true statewide, but also in the state's high earning metro counties and Piedmont region where average earnings trail the US by 4 percent. Based on the mix of industries and occupations projected to grow the fastest in North Carolina, this relative earnings pattern will not change during the coming decade. To close that gap, the future prosperity of North Carolinians relies heavily upon further enhancing workers' education and skills.

Simply put, the more education that an occupation demands, the higher the average earnings. Workers with no post-secondary education or certification are finding it increasingly difficult to compete for jobs in high wage occupations. The highest wage occupations require an advanced degree and pay 106 percent greater than the state average. Those requiring a bachelor's degree pay 90 percent greater than the state average. Those occupations requiring some college or an associate's degree offer earnings 15 percent higher than the state average. Even jobs that required some college or at least one year of training and experience paid about 5 percent above average.

The good news is that, overall, the state's educational attainment levels are rising. In 1990, 70 percent of North Carolina adults aged 25 and older held a high school degree, increasing to 84 percent by 2005. Likewise, in 1990, only 17 percent of adult North Carolinians held a bachelor's degree or higher, but this rate increased to 27 percent by 2005. Even with this significant progress during the past 15 years, the state continues to trail the nation in educational attainment and still has far to go to ensure that workers without a formal post-secondary education, especially those without access to or the resources to take advantage of education opportunities, do not fall farther behind.

Baby-boom Retirements Will Deplete Labor Force Talent

Global demographic shifts will create additional challenges in meeting North Carolina's future workforce needs. Perhaps most pressing is the impending retirement of the first wave of the baby-boom generation (those born between 1946 and 1955). If this segment of the workforce is lost en masse, it could create tremendous upheaval in the workplace.

While the boomers are retiring, the state is projected to add about 30,000 new adults each year as potential workers, enough to replace the retirees but not enough to fill the new jobs being created. With 70,000 new jobs being created each year during the next 10 years, 40,000 net new jobs could go begging for workers annually. The retirement of one-quarter of the workforce, especially many of the state's most experienced workers, in just 13 years has the potential to leave a gaping hole in the supply of workers during the next two decades.

High Skill In-migrants Can Help Close the Skills Gap

Fortunately, new in-migrating workers are helping to mitigate the state's current labor shortages. New North Carolinians represent several key cohorts – including highly-prized college-educated, young adults (especially those aged 20-29). In addition, Hispanics, Asians, and foreign-born residents are also common in-migrants to North Carolina. While the state's overall age structure is relatively similar to the US, in-migrants are, on average, about seven years younger. In-migrants provide potential solutions to the demand for workers for both high-skill and low-skill occupations.

Attracting young talent is not the only solution for closing the state's skill gap. The state is also attracting retirees and, importantly, 'pre-retirees' (aged 50-64). These pre-retirees are often looking for their eventual retirement destination, but they are not yet ready to leave the workforce. Nearly one in four retirement and pre-retirement age in-migrants chose to move to Charlotte during the last decade. The Raleigh-Durham area has also served as a major destination for pre-retirees. Certainly, Asheville has also benefited from in-migrations among this group, with 9 percent of all 50-and-older in-migrants to North Carolina choosing the Asheville metropolitan area as their new home.

Low Skill In-migrants Present Opportunities and Challenges

Just as experienced in-migrants help in closing the state's skills gap, the state is also attracting a large number of unskilled or semi-skilled in-migrants. One of the largest cohorts within this group of in-migrants is Hispanic workers. This cohort of new North Carolinians poses new challenges for the state's workforce development leaders. Growth in the state's Hispanic population continues to far outpace the national average. In 2005, North Carolina was ranked 11th for total number of Hispanic residents, and official estimates put that number at over 600,000. However, recent research on unauthorized at the Pew Hispanic Center (www.pewhispanic.org) of unauthorized migrants suggests that the total may actually be as high as 1 million (or 11 percent) North Carolinians are of Hispanic origin.

The large scale influx of low-skill Hispanic workers provides a significant source of workers for many industries, including construction, agriculture, food processing and a number of other services. Nevertheless, this population also poses several real challenges for the state's education, workforce and social services providers. Many low-skill workers, especially persons whose first language is not English, could inhibit growth of the state's standard of living. Efforts to acculturate this new in-migrant community will be critically important to the state's economic success.

Call to Action

North Carolina's changing economy will demand an adaptable workforce. During the past decade, jobs losses in traditional manufacturing sectors have resulted in significant economic hardship across the state. Many of those dislocated workers settled for lower paying, low-skill jobs because they did not qualify for the new jobs that offered better wages, but demanded

higher skills or better education. Furthermore, many dislocated workers lacked access to educational resources, could not afford to take advantage of those educational opportunities, or simply were not inclined to disrupt their lives any further by going back to school. These issues continue in those basic sectors as certain manufacturing industries shed more jobs in the future, but North Carolina's future economy will look very different. New industries are emerging, many of which offer high wages to those with the most skills. Consequently, North Carolina finds itself with a widening gap: on one end is a growing shortage of high skill talent needed to fill emerging well paying jobs and on the other end are many low skill workers settling for jobs that do not offer a family-sustaining wage.

The state's workforce and education system faces the challenge of preparing an increasingly larger proportion of North Carolinians for better-paying, higher skill jobs. This challenge is made more daunting by the large existing pool of workers that lack the most basic skills or credentials (e.g., a high school degree or post-secondary training and education) necessary for these new higher quality jobs. As a result, North Carolina must seek to provide the state's existing workforce with better access to longer-term training and education to meet the needs of its fast-growing industries. Importantly the State must also create opportunities throughout all of North Carolina.

As leaders review the key trends facing the state, North Carolina must consider the implications for state policy. How do we respond most effectively to the painful transitions caused by worker dislocations in our traditional industries? How do we prepare workers for emerging, fast-growing industries? How do we help the entire state to prosper while encouraging the state's fast-growing urban economies to continue operating at their fullest capacity? How do we help our citizens to value education more highly to ensure that they are fully prepared for the opportunities that fast-growing new industries offer? These are some of the questions raised and key challenges facing our state.

State and local policy makers and practitioners involved in workforce development, education, and economic development must all participate fully in developing the solutions to address these challenges effectively. The responses from these existing networks and the state's multi-billion dollar investment in education, workforce development and economic development should be directed to efforts that create an environment in which the economy continues to develop and allows all citizens to contribute as valued members of that economy. These solutions must recognize that North Carolina is no longer a source for low-cost, low-skill labor for global markets. Our success will be based on innovation, new ideas, entrepreneurial behaviors, and continuously advancing education levels. How we achieve these ideals and create a more integrated system of life-long learning are at the heart of whether North Carolina can continue to prosper and truly become "The State of Minds."

For a copy of the complete State of the Workforce Report, please visit:
http://www.nccommerce.com/workforce/swr

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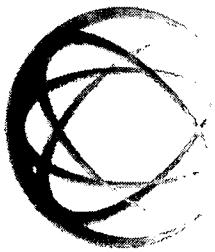

NORTH CAROLINA
the state of minds

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1,000 copies of this document were printed at a total cost of $1,741.95 or approximately $1.74 per copy.

THE STATE OF THE NORTH CAROLINA WORKFORCE

Joint Legislative Study Commission on
Poverty Reduction and Economic Recovery

January 16, 2009

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NORTH CAROLINA
the state of minds

The State of the North Carolina Workforce Report

Overview

- Analyzes labor market demand and supply and forecasts from 2007-2017
- Identifies several key trends of the current and projected workforce
- Provides facts to guide policy choices

Key Trends/Policy Issues

1. Traditional manufacturing industries continue to shed jobs—*disappearing traditional middle jobs.*
2. New job creation concentrated in certain fast-growing metropolitan areas.
3. Education is critical for future prosperity.
4. Low-skill in-migrants create special challenges for NC's education, training, and social network systems.
5. Impending baby-boom retirements will exacerbate an emerging skills gap among experienced, skilled workers creating key talent shortages.

These trends will challenge economic development, workplace productivity, and ultimately the health and viability of our communities.

Traditional Manufacturing Industries Continue to Lose Jobs

- Part of an ongoing economic transformation
- Loss of traditional "middle jobs"
- Between 2003 and 2008, mfg. employment declined 14.4% (-87,318 jobs)
- In 2003, mfg. accounted for 20% of private sector employment; today 15%

New Job Creation Concentrated in Urban Areas

- Job creation is concentrated in fast growing metropolitan areas
- Dr. Mike Walden: new economy regions are "racehorses, propelled ahead at lightening speed by the evolving economy"
- Loss of traditional industries disproportionately affects small rural areas

Education is Critical for Future Prosperity

A Generation Overlooked: NC's Dropouts

- For Year 2006-2007 5.24%
- Total for 2006-2007 23,550
- Total represents a 6% increase from Year 2005-2006 (22,180)

Department of Public Instruction
Annual Report on Dropout Events and Rates

Higher educational attainment typically leads to greater economic prospects

NC Net New Jobs and Earnings by Required Education (Est. 2007 and 2017)

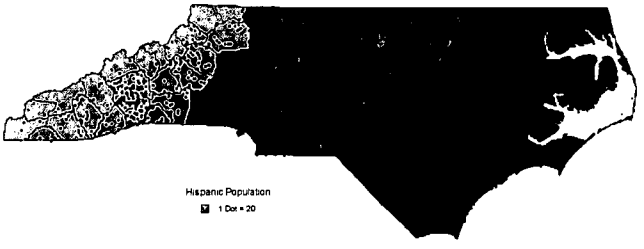
North Carolina

Educational Band	Emp 2007	Net New Jobs (07-17)	Average Earnings 2007	% Total Emp (2007)	% New Jobs (07-17)
Advanced Degree	160,572	36,560	$83,785	3.2%	5.3%
4-year College Degree	687,536	134,808	$77,005	13.7%	19.7%
Tech-Some Post	386,614	89,452	$46,774	7.7%	13.1%
HS Diploma/Some Experience	801,703	58,980	$42,952	15.9%	8.6%
HS Diploma/Entry	1,263,563	88,085	$34,123	25.1%	12.9%
Below HS Diploma	1,732,747	276,598	$24,405	34.4%	40.4%
Total	*5,032,734*	*684,484*	*$40,598*	*100.0%*	*100.0%*

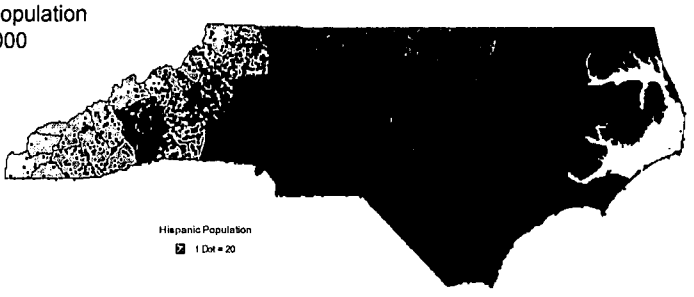
Source: Regional Dynamics

Low Skill In-migration Creates Future Workforce Challenges & Opportunities

Hispanic Population Density, 1990



Hispanic Population Density, 2000



Baby-Boom Retirements Will Deplete Labor Force Talent

- During the next 10 years, NC will lose about 61,000 workers annually to retirement.
- The largest portion—over 30%—of the working population is the baby-boomer generation.
- The "early boomers" (born 1946-1955) will begin reaching retirement age by 2011.
- Early boomers represent more than one quarter of working age population—due to retire over the next 13 years.
- Will exacerbate talent shortage

Current Employment Growth Trends

- Job growth occurring in high wage / high skill and low wage / low skill
- Loss of "middle jobs"
- Growth concentrated in:
  - Knowledge based industries such as Professional & Technical Services (Accounting, Tax Prep, Bookkeeping) and Healthcare & Social Assistance (Registered Nurses, Nursing Aides, Home Health Aides)
  - Service industries such as Retail Trade and Accommodation & Food Service

North Carolina's 25 Fastest Growing Industries (Est. 2007 and 2017)
Source: Regional Dynamics forecasts

Sector	Industry Name	Employment 2007	Emp Change 07-17	Avg Earnings 2007	Industry Type
Professional & Business Services	Temporary Help Services	130,831	63,589	**$22,964**	Exporting
Government	State and Local Government, NEC	336,792	35,388	$44,327	Locally-Serving
Professional & Business Services	Computer Systems Design and Related Services	46,450	23,531	**$65,033**	Locally-Serving
Government	State and Local Government, Education	229,249	23,284	$44,379	Locally-Serving
Education & Health Services	Offices of Physicians	64,520	21,809	**$70,088**	Locally-Serving
Other Services	Religious Organizations	107,698	20,649	**$18,627**	Exporting
Leisure & Hospitality	Full-Service Restaurants	136,476	19,226	**$15,373**	Locally-Serving
Education & Health Services	General Medical and Surgical Hospitals	135,009	18,063	$47,298	Locally-Serving
Leisure & Hospitality	Limited-Service Eating Places	126,770	17,096	**$14,928**	Locally-Serving
Education & Health Services	Community Care Facilities for the Elderly	29,532	14,600	**$22,815**	Exporting
Professional & Business Services	Management Consulting Services	25,240	12,779	**$62,929**	Locally-Serving
Education & Health Services	Child Day Care Services	33,813	12,736	**$17,522**	Locally-Serving
Education & Health Services	Nursing Care Facilities	51,375	12,208	**$25,995**	Locally-Serving
Education & Health Services	Home Health Care Services	29,464	11,801	$32,433	Locally-Serving
Wholesale & Retail Trade	Supermarkets and Other Grocery (except Convenience) Stores	94,035	10,762	**$26,628**	Locally-Serving
Transportation & Utilities	General Freight Trucking, Long-Distance	44,486	10,443	$39,648	Exporting
Education & Health Services	Colleges, Universities, and Professional Schools	35,932	9,391	$39,108	Locally-Serving
Professional & Business Services	Accounting, Tax Preparation, Bookkeeping, and Payroll Services	39,685	8,794	$33,275	Locally-Serving
Wholesale & Retail Trade	Department Stores	71,552	8,015	**$27,008**	Locally-Serving
Professional & Business Services	Management of Companies and Enterprises	68,988	7,820	**$80,047**	Exporting
Leisure & Hospitality	Golf Courses and Country Clubs	27,408	7,757	**$14,140**	Exporting
Professional & Business Services	Janitorial Services	36,346	7,674	**$19,278**	Locally-Serving
Education & Health Services	Offices of Dentists	20,758	7,011	**$69,969**	Locally-Serving
Professional & Business Services	Employee Leasing Services	13,116	6,872	**$27,351**	Requires Import
Construction	Plumbing, Heating, and Air-Conditioning Contractors	55,018	6,828	$39,257	Exporting

Addressing Workforce Challenges in North Carolina

- ***Its all about education and skills!*** Place emphasis on the "Valuing Education Initiative". Change the culture of education.
- Target low wage workers and working poor families.

  Emphasis on workplace literacy, including soft skills, as well as financial literacy.
- Sector approaches to training. Private sector led partnerships targeting key industry.
- Create career pathways.
- Work-based learning (OJT, Apprenticeship, work experience, internships).
- Increase education and training capacity

Questions

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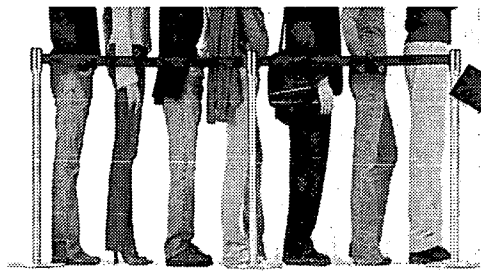
Creating Success

NC Community College

Hope • Opportunity • Jobs

Unemployed



An inescapable reality of today's economy is that education, occupational skills, and lifelong learning are essential to poverty reduction and economic recovery.

NC Community Colleges provide a variety of education and training programs for individuals who are unemployed, underemployed, and hard-to-employ.

Our programs help individuals learn new and/or upgrade their current skills in fast-growing occupations. Upon completion, students earn a credential-- certificate, diploma, associate degree, certification, or licensure.

Training Programs

- **Curriculum**
- **Continuing Education**
- **Basic Skills**
- **HRD Program**
- **Small Business Centers**

Support Services

- Developmental Education
- Counseling Services
- Assessment Testing
- Tutorial Labs
- Financial Assistance

Workforce Initiatives/Partners

- WIA Programs
- Career Readiness Certification
- Career Pathways
- GATE Project
- Project Skill-UP
- JobLink Career Centers
- Employment Security Commission
- Workforce Development Boards

EMPLOYED

ATTACHMENT 8

Creating Success for the Unemployed and Underemployed

Training Programs

The training programs that ANY student, including dislocated, unemployed, or underemployed workers have access to at a community college are:

- ## Curriculum Programs

  The North Carolina Community College System offerings exceed twenty-two hundred curriculum programs under more than two hundred fifty curriculum titles. Programs are offered at the certificate, diploma and the associate of applied science degree levels. These programs provide credit toward Associate Degrees and can transfer to advanced degrees at in four-year colleges and universities.

  Dislocated workers often aspire toward degree credit, but can frequently enroll in curriculum programs for skills training to get a job. An example of this type of curriculum program is Welding. Few welding students actually receive degrees because they find jobs before completion.

  Pell grant and financial aid make curriculum programs more accessible to financially challenged students. Counselors are ready, willing and able to lead displaced workers to the appropriate programs and to the financial aid that may be required for enrollment.

- ## Continuing Education Programs

  Continuing Education programs are short-term courses that enable North Carolinians to acquire knowledge and skills to obtain and maintain prosperous career opportunities. In Continuing Education, there's a variety of single courses that require less than 6 months of training and **lead to a recognized credential** (licensure, certification, state-qualified, or registry listing). Additionally, colleges have the flexibility to bundle a series of courses and offer students a **Certificate of Completion** that is locally recognized and endorsed by local business and industry. These courses are frequently taken advantage of by the unemployed or underemployed to achieve knowledge of a particular subject that can lead to a job. Examples are Real Estate, Health Care Worker, Green Energy Technician, etc.

- ## Basic Skills Programs

  The mission of the Basic Skills program is to assist adults to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency; assist adults who are parents to obtain the educational skills necessary to become full partners in the educational development of their children; and assist adults in the completion of a secondary school education.

  The North Carolina Community College System provides educational opportunities for adults to improve their reading, writing, mathematics, and communication skills through

five major program components (Adult Basic Education, General Educational Development, Adult High School, English as a Second Language, and Compensatory Education).

- **Human Resource Development**

The **Human Resources Development (HRD)** program provides skill assessment services, employability skills training, and career development counseling to unemployed and underemployed adults. Over eighty-seven thousand individuals took advantage of these services in 2007-2008. **The HRD program can be used extensively to assist our dislocated workforce.**

Career Start helps bridge the gap between the educational needs and job skills essential for participants to succeed in the workforce. It integrates the services of the community colleges' HRD Program and the job placement services from the Employment Security Commission. This program served 10,769 but will end in June 2009. Alternative strategies to serve this population and other dislocated workers are being discussed with the Department of Health Human Services.

- **Small Business Center**

The **Small Business Center Network (SBCN),** comprised of 58 Small Business Centers throughout North Carolina, supports the development of new businesses and the growth of existing businesses by being a community based provider of training, counseling, and resource information.

Last year our 58 Centers provided 3,466 seminars for 55,121 individuals, and counseled with 4,744 clients who started 483 businesses resulted in 1,909 new jobs created and 1,210 jobs saved. **It is anticipated that many of the dislocated workers will take advantage of these services as they try to find new opportunities.**

The new GATE grant, a partnership between Small Business Canters, the NC Rural Center and NC REAL will provide proactive counseling, training and support for several regions to encourage entrepreneurship support for those who need targeted assistance.

Workforce Initiatives /Partners

- **WIA Programs**

  WIA Funds come from the Department of Commerce Workforce Development programs through the local Workforce Boards, who determine the appropriateness of training programs to meet the needs of the businesses and the jobs that are available in each region. These funds are used to assist needy students with tuition, supplies and materials necessary to enroll at local community colleges.

- **Career Readiness Certificate Initiative (CRC)**

  The Career Readiness Certificate (CRC) Initiative provides the opportunity for an individual to earn a portable credential that promotes career development and skill attainment, and confirms to employers that the individual possesses the basic workplace skills of reading for information, applied math, and locating information. This certificate is an especially useful economic development tool in cities and counties where the academic achievement levels of the incumbent, dislocated, or potential workforce are inhibitors to business development. As a result of the assessment, individuals earn a CRC or identify areas in which they need further training in order to earn a CRC. Upon earning their CRC, they are entered into a database that showcases North Carolina's skilled Workforce.

- **Career Pathways**

  These paths to employment are made communicated to clients who want to pursue a different career or enter a new program. Students gain knowledge of the appropriate programs or courses that can lead to employment in specific areas.

- **PROJECT GATE (Growing America Through Entrepreneurship)**

  This project **is** a joint effort between the NCCCS Small Business Centers, the Department of Commerce Workforce Division, and NC REAL Enterprises for rural dislocated workers that is being tested in four states, including North Carolina. There will be eight GATE sights in North Carolina, each with a part-time counselor located at Small Business Centers, as well as a virtual site that can cover the remainder of North Carolina's rural counties. The goal of the project is to ensure that **dislocated** workers in NC are given the opportunity to develop; their own businesses. This program will work with the State Rapid Response Team and JobLink Centers/ESC to reach workers when they are first laid off. Participants receive free entrepreneurship training and continue to receive unemployment benefits while in the program.

PROJECT GATE sites are:

Community College	County Served
Isothermal CC	Polk, Rutherford
Lenoir CC	Lenoir, Green, Jones
Randolph CC	Randolph
Richmond CC	Richmond, Scotland
Robeson CC	Robeson
Rockingham CC	Rockingham
Surry CC	Surry
Western Piedmont CC	Burke

- **Project Skill-Up**

  A NCCCS initiative, funded by the NC Tobacco Trust Fund Commission, whose goal is to assist dislocated workers in tobacco-dependent counties. It is an employability skills training program that targets individuals and communities, businesses and agencies that have been adversely impacted by changes in the tobacco industry. Objectives are to 1) develop and implement outreach and recruitment activities; 2) provide skills assessment and short-term occupational skills training; and 3) when applicable, provide financial assistance to students to meet their educational goals.

Project Skill-Up Sites are:

Community College	County Served
Asheville-Buncombe TCC	Buncombe, Madison
Central Carolina CC	Harnett, Lee
Forsyth TCC	Forsyth, Stokes
Johnston CC	Johnston
Lenoir CC	Greene, Jones, Lenoir
Rowan-Cabarrus CC	Cabarrus
Southeastern CC	Columbus
Vance-Granville CC	Franklin, Granville, Vance, Warren
Wilkes CC	Ashe

- **JobLink Career Centers**

  These local centers partner with North Carolina's Community College system to ensure that training and education opportunities are available to meet targeted training needs. These centers are administered by the Employment Security Commission either at their offices or frequently on community college campuses. The staff is well informed about what the community colleges have to offer their clients and frequently work with the Work Force Boards to assist with enrollment and necessary supplies or equipment.

- **Employment Security Commission-**
  The partnership between the North Carolina Employment Security Commission and North Carolina's Community Colleges expands the capabilities of both agencies to provide maximum services for their clients.

- **Workforce Development Boards**
  Administered by the Department of Commerce Workforce Commission, these regional boards are made up of regional representatives from the business and educational communities. The partnership between community colleges and these boards is an important tool to determine the educational needs of the workforce in communities.

Support Services

The following Support Services that are available at all 58 Community Colleges are available to assist students to make sure that they are successful in completing training programs:

- **Developmental Education**
- **Counseling Services**
- **Assessment Testing**
- **Tutorial Labs**
- **Financial Assistance when applicable**

North Carolina Community College System Workforce Development

Dr. Scott Ralls, President, North Carolina Community College System
rallss@nccommunitycolleges.edu, 919-807-6950

Dr. Saundra Williams, Senior Vice President and Chief of Technology and Workforce Development
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North Carolina Community Action Association

"Helping People. Changing Lives."

community Action PARTNERSHIP
Helping People. Changing Lives.

1

About the North Carolina Community Action Association (NCCAA)

- Statewide network of 36 Community Action Agencies (CAA's) and 6 Limited-Purpose Agencies that work to eradicate poverty across North Carolina in all 100 counties.
- The Association is the only statewide office that addresses all the programs operated in CAA's.
- CAA's receive Community Service Block Grant funds administered by the Office of Economic Opportunity in the NC Dept. of Health and Human Services.
- OEO administers funds for two of the many programs CAA's offer.

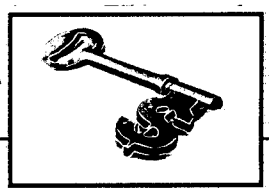
2

Continued...

- We are the statewide organized network on poverty issues and programs.
- CAA's also leverage other federal, state and private funds. Each CAA is governed by a tripartite board of directors - consisting of equal parts public sector, private sector and low-income representation.
- The Association should be utilized as a resource by organizations studying poverty. NCCAA is a statewide structure already in place to respond to issues that impact low-income families, children and the elderly.

3

About NCCAA



- CAA's offer a variety of programs and services that include, but is not limited to:
  - Head Start/Child Development
  - Self-Sufficiency
  - Weatherization
  - Job Training
  - Senior Services
  - Financial Literacy
  - Entrepreneurial Development
  - Affordable Housing
  - Section 8 Housing
  - Nutrition
  - Housing Counseling
  - Credit Counseling
  - Asset Development
  - Volunteer Tax Assistance
  - Information and Referral
  - Coordination of community services that assist low-income participants

4

Continued...

- CAA's are time-tested and have contributed to the well-being of families and communities served for more than four decades.
- Through comprehensive case management, CAA's help individuals develop their own road map -- for what it takes to secure a good quality job with benefits, save and develop assets, and own an affordable home. Program participants write their own success stories and our staff guides them through the process.
- Our trained and professional staff provides the guidance and structured support an individual needs to reach his/her goals, whether the plan takes a few months or a few years.

5

NCCAA

- While our network has experienced success, there is much that needs to be done to improve the quality of life of North Carolina's low-income families and children.
- Poverty is everybody's business -- the business sector, nonprofits, government, faith-based organizations and the community.
- Working together in a coordinated fashion with maximum participation from low-income citizens, we can identify barriers that keep the borderline or poverty-stricken poor, as well as solutions that will help lead them to economic security.

6

4) Invest for the future – provide education, especially for those with the greatest needs; preserve and protect our environmental assets, including renewable energy and a healthy global ecosystem.

Do what we need to do today to be prepared for the jobs of tomorrow. Provide training and skill development now.

We must have the collective maturity to spend today's dollar for the greatest benefit of tomorrow.

5) Ensure healthy people and places – accessible, affordable health care is essential.

15

What can "YOU" do?

- Recognize and utilize the existing statewide structure of the NC Community Action Association as a resource to address issues of poverty.
- Create a statewide Poverty Task Force to identify long and short range goals for eliminating poverty in North Carolina. This task force must consist of all sectors of the community—public, private, nonprofit, community and faith-based, as well as representation from the low-income.
- Charge the Poverty Task Force with an ongoing state initiative to Root Out Poverty in North Carolina and establish poverty reduction goals and targets.

16

What can "YOU" do? (continued)

- Continue to support funding for the N.C. Housing Trust Fund, and educational programs like More at Four and Smart Start which complements the Head Start Program.
- Host Rooting Out Poverty Forums across the state to give low-income North Carolinians an opportunity to share their barriers to becoming self-sufficient.

17

North Carolina Community Action Association
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Sharon C. Goodson, Executive Director

*Excerpts and some content from Rooting Out Poverty: A Campaign by America's Community Action Network, National Community Action Partnership

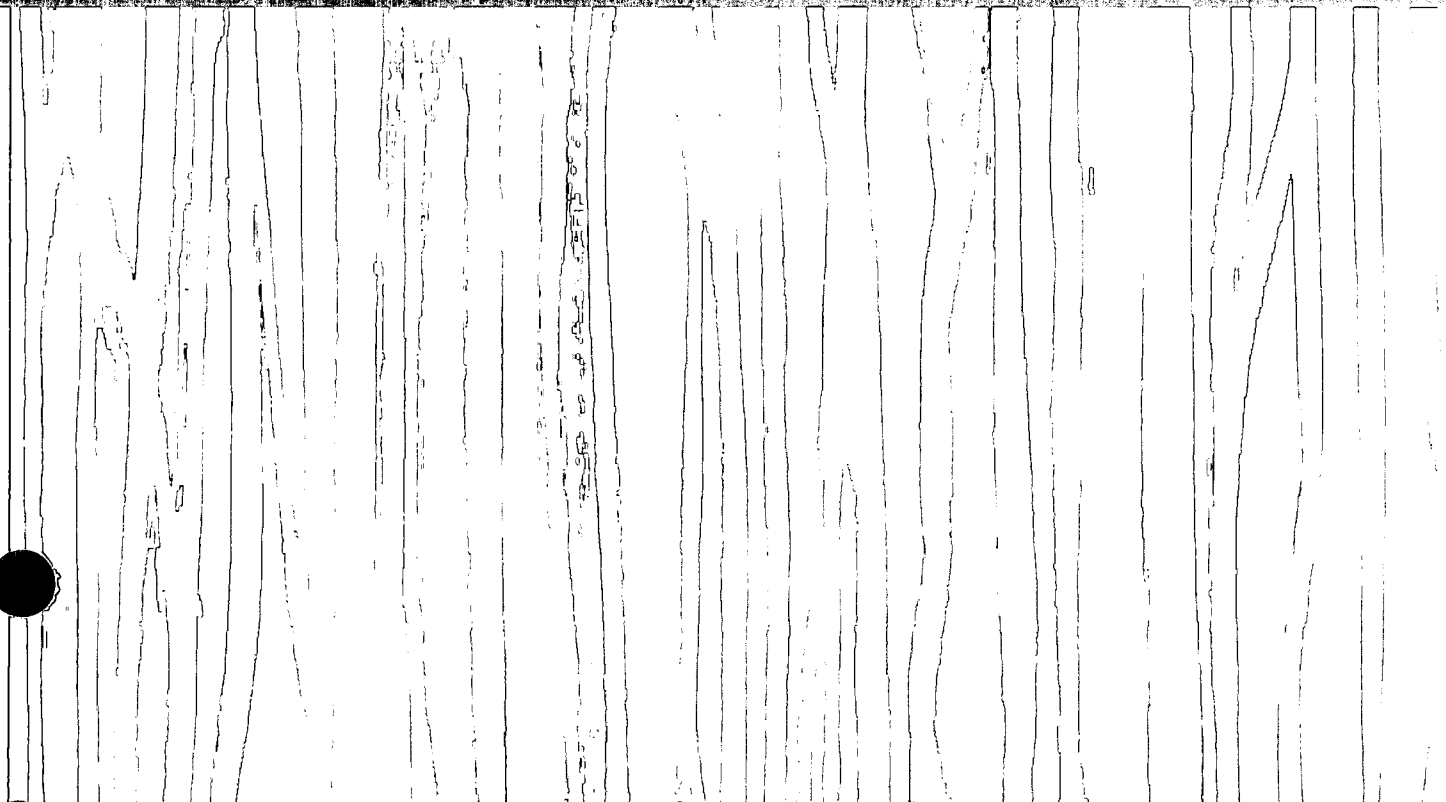
18

ISSUED BY

Helping People. Changing Lives.
Community Action
PARTNERSHIP
AMERICA'S POVERTY FIGHTING NETWORK

ROOTING OUT POVERTY:

A Campaign by America's Community Action Network



Public Law 88-452

August 20, 1964
[S. 2642]

AN ACT

To mobilize the human and financial resources of the Nation to combat poverty in the United States.

Economic Opportunity Act of 1964.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Economic Opportunity Act of 1964".

FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. Although the economic well-being and prosperity of the United States have progressed to a level surpassing any achieved in world history, and although these benefits are widely shared throughout the Nation, poverty continues to be the lot of a substantial number of our people. The United States can achieve its full economic and social potential as a nation only if every individual has the opportunity to contribute to the full extent of his capabilities and to participate in the workings of our society. It is, therefore, the policy of the United States to eliminate the paradox of poverty in the midst of plenty in this Nation by opening to everyone the opportunity for education and training, the opportunity to work, and the opportunity to live in decency and dignity. It is the purpose of this Act to strengthen, supplement, and coordinate efforts in furtherance of that policy.

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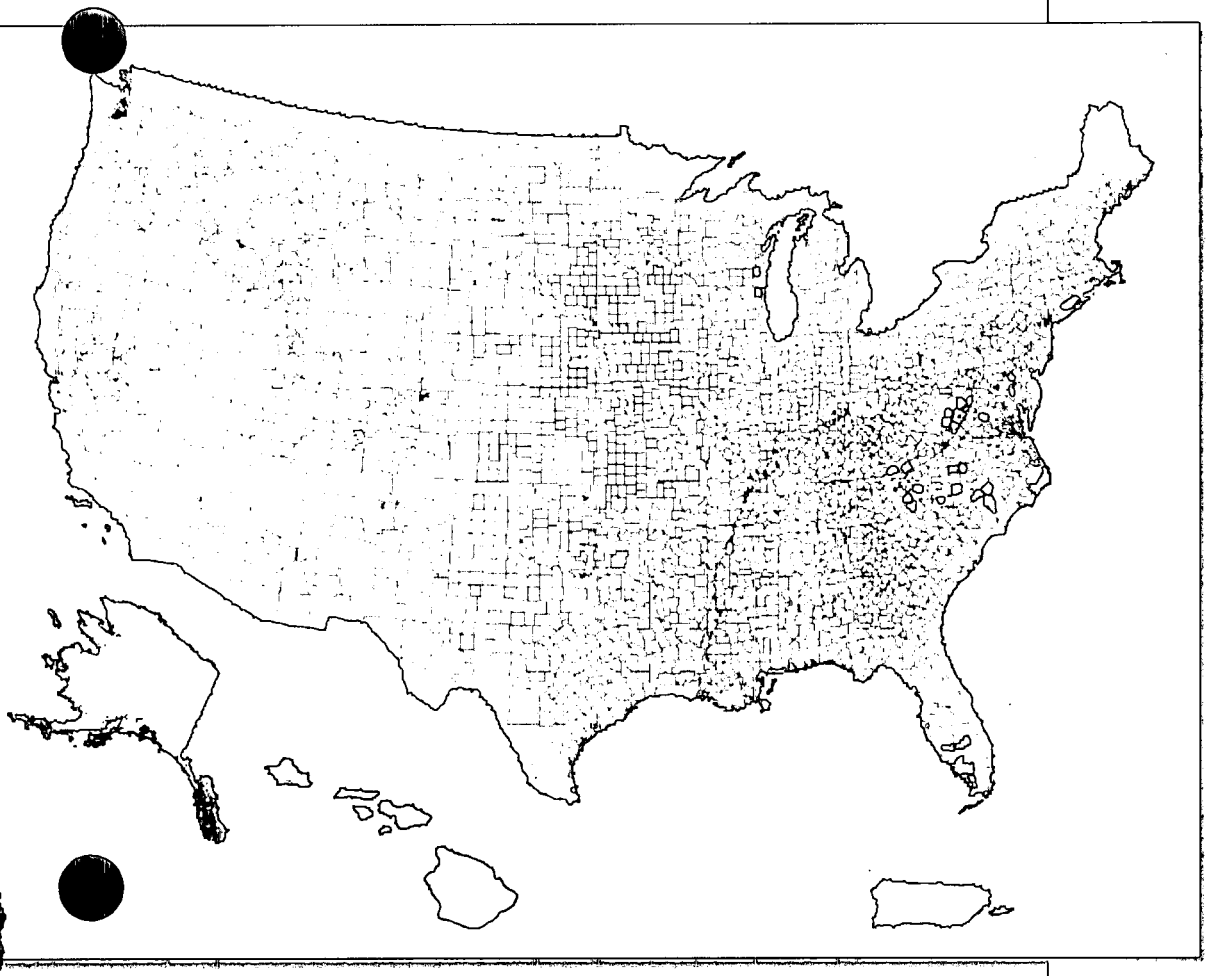
ROOTING OUT POVERTY:

A CAMPAIGN BY AMERICA'S COMMUNITY ACTION NETWORK



Community Action Agencies serve more than 99% of U.S. counties.

WHAT THE CAMPAIGN IS AND HOW IT ORIGINATED

Rooting Out Poverty is the bedrock of a national campaign, led by the Community Action agencies — more than 1,000 — that form America's Community Action Network. It is based on more than four decades of helping people who are poor move to economic security. It is grounded in experience and tested by time. We know that more can be done — more must be done — to reduce and eliminate the poverty that limits the future for more than one in ten Americans.

This is a strategic document. It frames our campaign, but it permits the flexibility and adaptability that we have proved are hallmarks of success in this work. At the national level, the Community Action Partnership, the National Community Action Foundation, CAPLAW, and the National Association for State Community Service Programs *(see page 31)* have helped coordinate work leading to this campaign. But this is a nationwide campaign for action that seeks to reach, educate, and inform every American about the fact that the current extent of poverty in America is intolerable — and correctable. We issue a call to action and ask a commitment to establishing opportunities and pathways to make it possible for those now living in economic insufficiency to move up to self-sufficiency.

Community Action agencies and others working against poverty began the discussion that led to this campaign in the National Conversation on Poverty and Economic Security, including the May 2007 symposium attended by more than 300 people from across the nation. Approximately six dozen recommendations emerged; these were reviewed at member meetings of Community Acton Partnership and the National Association for State Community Service Programs. The National Steering Committee provided more structured guidance toward the final document in October 2007. This report was also shared in draft with member and affiliate organizations by the Community Action Partnership, to widen opportunities for comment.

HOW THIS REPORT CAN HELP GET THE JOB DONE

This report is a rallying point for practical action. Whoever you are, wherever you live, you can help people move themselves toward economic health. If you join us in seeking a community where all contribute and where the economy works for everyone, if you believe that people must be involved in shaping their own futures, and if you believe that communities and nations must commit to investing in positive futures for all, then our report and our campaign invite you to join us.

This campaign is a call for action. This report can help guide state and local programming, generate community-wide discussions, stimulate new ideas, reframe and refocus work, bring together agencies on a regional or statewide basis, or provide a framework for training and professional development to reach our objectives. The report can help explain the benefits of the Community Action Network to local leaders — ranging from religious leaders to legislators, from educators to law enforcement officers, from health department leaders to local and state budget officials. Use it, adapt it to local needs and conditions, and promote locally grounded action as the driving force to root out poverty.

This is a report for the nation — not just for Community Action Agencies. The campaign summons all of us to generate economic and social changes that will lift up our own neighborhoods and communities as well of those less well off. Pages 16 and 17 highlight some of the many ways everyone can take action using this report. This is a report for a more just, more economically stable, more future-focused national policy that helps people and communities reach their full potential.

Welcome to the Campaign!

James Norman, President and CEO, Action for a Better Community, Inc., Rochester, New York, is Chair of the Steering Committee

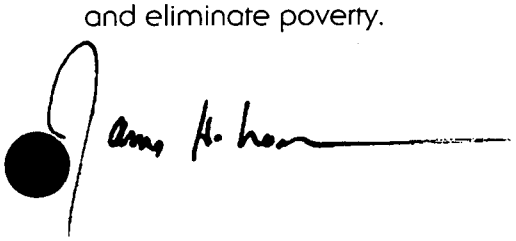
For more than four decades, the nation's Community Action Agencies have been on the front lines of the battle to reduce poverty. Our work is grounded in helping people and changing lives. We build on the principles of citizen participation, advocacy, leveraging resources, and providing effective services. The Community Action Network was born in a period of great optimism. We embraced Dr. King's dream of an America free from discrimination and poverty, and we continue to do so.

Community Action has been the nation's laboratory for developing and refining many innovative poverty reduction initiatives. We have helped millions of individuals and families to achieve self-sufficiency and economic security. We have helped thousands of communities — urban, suburban, and rural — through our housing, energy conservation, health services, water projects, and local economic development programs. Community Action Agency boards include program participants, civic leaders, and public officials, which helps ensure that action is focused on community needs as the core of each organization's work.

Community Action Agencies have learned that reducing poverty is a complex endeavor and that eliminating poverty is an even more daunting task. But is it not our moral obligation and responsibility to create an economy that works for everyone? It can be done, and we need to muster the will to make it happen.

Rooting Out Poverty, our national campaign, draws from the experience of Community Action Network agencies. The campaign's five action themes are accompanied by suggested strategies that may be tailored to local conditions.

The key word in all of this is ACTION. We know it works and we need your help. Use this report to help generate action and enlist more support at the community, state, and national levels to help reduce and eliminate poverty.



"Poverty has not disappeared. Even taking the most aggressive approach to these new statistics, about 5% of Americans, or about 15 million people, are living below the poverty line, with millions more living just above it. And, as the post-Katrina images have reminded us, there are still large pockets of deep poverty and social deprivation."

Douglas J. Besharov, American Enterprise Institute, in testimony before the Subcommittee on Income Security and Family Support, Committee on Ways & Means, U.S. House of Representatives, August 1, 2007

Homeless San Diego woman seeks rest in affluent urban park.

FIVE ACTION THEMES FOR ROOTING OUT POVERTY

These five action themes help focus the work of rooting out poverty on national, state, and local levels. They embrace work by faith groups, local governments, civic organizations, social service agencies, business groups, and neighborhood organizations, as well as individuals, rich, poor, and in between.

The themes are designed to be flexible and adaptable, grounded in the needs of each community. They are framed in positive terms — the desired outcomes that we all share — with strategies toward those outcomes.

MAXIMIZE PARTICIPATION

Maximize Participation

Engage as many people and groups as possible — especially those who might otherwise be voiceless in the community — in making it possible for people and communities to help themselves and each other achieve their full potentials.

RESULT: Stronger, more responsive communities and broader range of people working together lead to more thoughtful and effective solutions to problems that cause or prolong poverty or limit economic opportunity.

BUILD AN ECONOMY THAT WORKS FOR EVERYONE

Build an Economy that Works for Everyone

Create and maintain economic mechanisms and innovative financing, that improve financial and economic conditions of all residents, especially those in need of workforce skills and positions. Develop a variety of work and career opportunities at pay levels that reward effort and skill appropriately. Engage the nation's sense of economic justice in local, state, and national economic development initiatives.

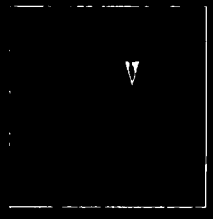
RESULT: More broadly based and more effective economies provide better job opportunities and wage levels for all.

INVEST FOR THE FUTURE

Invest for the Future

Provide education, workforce training, infrastructure, and protection of vital assets (including clean air and water, renewable energy, and a healthy global ecosystem) to help people and communities to improve the quality of life, increase economic opportunity, and anticipate future individual and community needs.

RESULT: Education and skill levels rise for all; sound policies and practices protect and preserve vital assets, leading to greater capacity to meet challenges of the future.

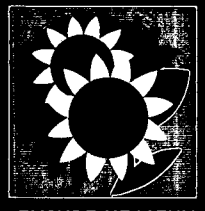


MAXIMIZE EQUALITY OF OPPORTUNITY

Maximize Equality of Opportunity

Remove barriers and roadblocks; create public policies programs, and initiatives (including enforcement strategies) that ensure maximum opportunity for all those seeking to improve their situations, skills, and futures. Ensure that opportunities are fully accessible and widely promoted.

RESULT: More people and communities can reach their full potentials through a greater range of opportunities in a wider variety of situations.



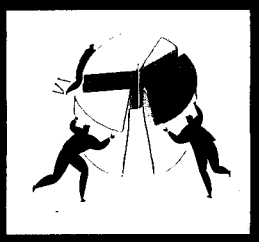
ENSURE HEALTHY PEOPLE & PLACES

Ensure Healthy People and Places

The physical, environmental, and personal health of individuals, families, and communities is essential to their abilities to maximize potential, take advantage of opportunity, and invest for the future. Accessible, affordable health care is essential; poorer people are disproportionately more likely to forego preventive care and to postpone treatment for health problems, which increase the physical damage, the economic loss and the cost of care. Attention to health care needs pays multiple dividends. Communities that strive for healthy environments — free of pollution, toxic waste, and environmental degradation — benefit their citizens physically and socially, increase their long-term attractiveness to employers, and make themselves more appealing to new residents.

RESULT: Healthier people reduce medical costs; increase well-being; and improve quality of life, better enabling people to avoid or advance out of poverty. Communities that are safe and environmentally healthy improve their attractiveness and their economic as well as physical health.

Maximize Participation



MAXIMIZE PARTICIPATION

The first thing to maximize is participation by those who are seeking economic self-sufficiency. "Maximum feasible participation" by those seeking to avoid or escape poverty has remained a hallmark of Community Action Agencies for years, not just because it was required, but because it works. Participation in programs and activities invests, involves, and engages participants not just in their own self-betterment, but in using their skills and potential to help other people and the whole community. Participation in a governance system — a local organization's board, a community committee, a school management system — helps people demonstrate their competencies and build a sense of ownership, pride, and engagement. Equally important, it ensures that the voices of those most affected are heard where they can do the most good.

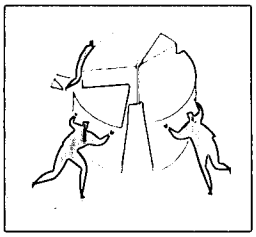
The second thing to maximize is participation by other agencies and organizations. Poverty is a condition with many causes and many cures. Neighborhood, community, state, or national partnerships and cooperative efforts leverage assets, widen vision, open opportunities, and generate creativity. Result: Stronger, more responsive communities and a broader range of people working together lead to more thoughtful and effective solutions.

Participation must be sincere, fully accepted, and equal. Those who participate may need or benefit from coaching, and their authentic viewpoints and voices must be respected. Participation must also be pervasive. Token roles on a token board will quickly destroy any positive message.

Some Strategies To Maximize Participation

- Promote voting by all eligible people and remove barriers to exercising the vote.
- Work to ensure fully accessible voting places with appropriate voter assistance.
- Develop advocacy strategies that provide opportunities for all to participate effectively.
- Enable Community Action leaders to seek community, state, or national positions.
- Help organizations identify and benefit from the concept of maximizing participation in their organizations' work with people.
- Create effective, authentic evaluation systems for programs and organizations, securing useful feedback from participants and demonstrating that the feedback has been effectively heard.

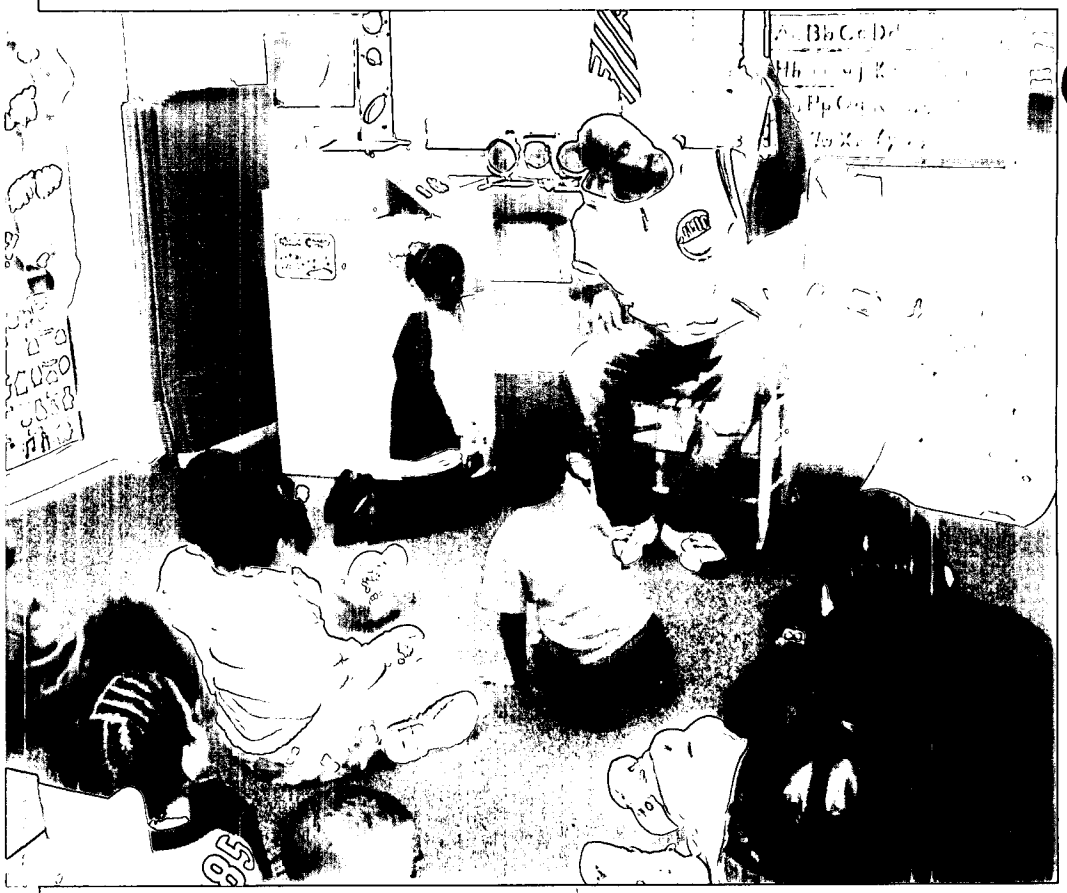
A Community Action Agency staff member conducts an energy audit with help from a 3-year-old resident in Westmoreland, NY. Audit findings help target weatherization work.



MAXIMIZE PARTICIPATION

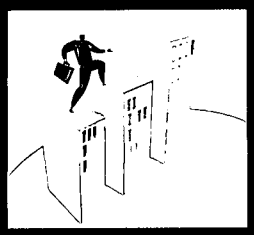
- Form alliances and partnerships among national, state, and local organizations, including bipartisan and nonpartisan coalitions, to promote effective and responsive policies and programs.
- As permitted by law, conduct voter registration and get-out-the-vote drives for all areas of the community.
- Conduct issues forums for public officials and for candidates for office.
- Develop and deliver training for community members in public education and advocacy.
- Make sure that organizations' strategic plans include education and advocacy with key public officials and other community leaders about the need for appropriate local actions in the five theme areas.

These strategies and those in the other four theme areas represent efforts at local levels that have proved effective. They are by no means exhaustive; they are presented as inspirations to action.



Children need positive adult role models, both male and female. This young man fills that need through KIND (Kids in Need of Dads) for Head Start/Early Head Start classes in Ohio.

Build an Economy that Works for Everyone



BUILD AN ECONOMY THAT WORKS FOR EVERYONE

An economy that provides a wide range of jobs; that adapts to global changes; that values and offers education and training to children, youth, and adults; that takes a long-term perspective; and that addresses financial and economic conditions of all residents will provide more opportunities, better-quality jobs, and improved access to economic well-being. Such an economy will also build a sense of equal opportunity and economic justice.

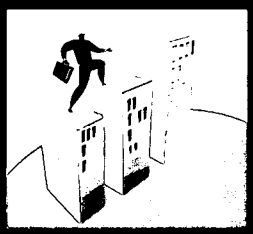
An economy that works for everyone provides incentives built on a baseline of equity and opportunity; offers financial and economic education to all; it promotes sound savings and wise spending. It will do so in ways that communicate effectively with the full range of audiences that make up this nation, especially those who have the fewest resources. It will seek to be a rising tide that indeed lifts all boats.

An economy that works for everyone eliminates structural inequalities as wasteful and inefficient. It helps its members adapt to and excel at the increasingly knowledge-based economy while accommodating other needed skills and work styles. It works with educational systems to provide sound preparation for future workforces and provides training as a good investment to its current workforces.

An economy that works for everyone generates sufficient resources to ensure that the needs of special populations — the elderly, the infirm, the poor — are met in the proper form and spirit.

Some Strategies To Build an Economy That Works for Everyone

- Educate all elements of the community on the numerous benefits of a healthy, thriving economy that meets the widest possible range of community needs.
- Enlist local economic institutions and agencies as partners in education, outreach, and advocacy.
- Develop government-supported or -based alternatives for those just learning employment skills or acquiring financial literacy.
- Recognize and employ appropriate strategies to compensate for the global nature of today's economy, including investment and retraining strategies to help workers continue or upgrade employment.
- Establish policies, programs, and practices that make conservation of resources socially and economically attractive.
- Ensure that people with limited resources have access to affordable energy supplies.

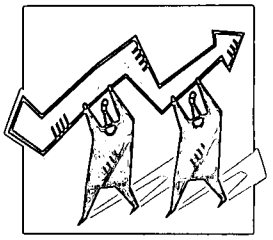


BUILD AN ECONOMY THAT WORKS FOR EVERYONE

- Develop and implement policies to support transportation systems that effectively serve those most in need at prices they can afford.
- Encourage and support U.S. corporations to conduct business in ways that promote and support economic security and economic justice, especially for those who are out of the economic mainstream.
- Encourage national support of international organizations that oversee sound and safe labor, manufacturing, and economic policies in countries with which the U.S. does business.
- Provide appropriate language skills, financial literacy, economic literacy, and related education and training for all Americans.
- Support and promote asset-building and asset-focused strategies to help generate positive capacities for those seeking to leave or avoid poverty.
- Promote a variety of tools to encourage savings, including Individual Development Accounts (IDAs) and similar vehicles, especially for those who otherwise lack capital formation skills or opportunities.
- Provide training, opportunities, and proper support for those seeking to invest in small business or microenterprise development.
- Help communities put into place systems that enable their members to get the skills to secure and keep the jobs they want.

Sharing perspective with state legislators builds common ground for strategies that strengthen local and statewide economies in Minnesota.

Invest for the Future



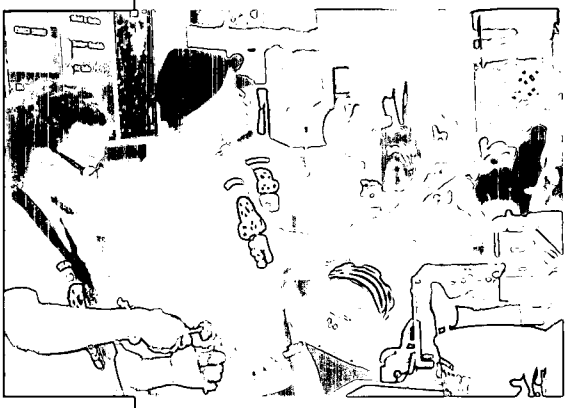
INVEST FOR THE FUTURE

Investing for the future means providing the training now to develop the knowledge and skills that today's children and workers will need for the jobs and industries of tomorrow. It means providing wide-ranging education in terms of subject, audience, and format. It means devising educational strategies that meet the needs of those outside traditional settings and that build the basic skills of those who may not have acquired them growing up.

It means encouraging K-12 schools, community colleges, technical schools, and colleges and universities to widen their perspectives and create well-grounded visions of the future — then meet those needs. Communities, states, and the nation all have roles to play in researching, developing, and coordinating these efforts and most importantly in seeing that all those who can possibly benefit from such learning (including the chronically poor) have every opportunity to gain the benefits.

Investing for the future means conserving resources and finding creative alternatives — building greener, smarter, and for the longer term; finding energy alternatives; conserving; and innovating. It also means husbanding all resources and setting standards of living that do not endorse waste.

Investing for the future means spending preventively — dealing with causes rather than with negative aftermaths. From this perspective, each of the other themes must draw on this one. Each must look preventively and positively toward the future in its own area.



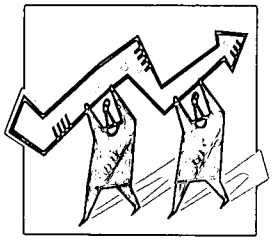
A Ben & Jerry's PartnerShop works with a Minnesota Community Action organization to prepare youth for regular, unsubsidized employment.

But investing for the future is a core theme in its own right. Done properly, it preserves the good and averts the bad. It is also among the most demanding of themes, because it mandates a social willingness to defer gratification — a collective maturity that is willing to spend today's dollars for tomorrow's good.

Investing for the future can be a powerful energizer, signifying belief in and commitment to a bright promise for every community resident.

Investing for the future involves working on behalf of all age groups, for the benefit of all, with the interests of all in mind. If it is selfish ("my future or I don't play"), it is untrue to itself. Community Action Agencies are especially good places to muster energy for future investment, to help build the consensus and commitment that are vital to making these investments a powerful force.

Investing for the future requires the ability to look out for the well-being of people — of our environments, our creativity, and our potential to achieve. It requires willingness to seek potential, to take risks, and to look for promise. It requires thinking about both individuals and groups as they head toward the future. It also requires perceiving the wide variety of possible future paths and what actions can shape those paths toward desired outcomes. It is not for the faint of heart; it is for those who want to leave a legacy of a better world.



INVEST FOR THE FUTURE

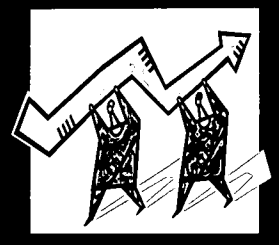
Some Strategies To Invest for the Future

- Ensure that every child and his or her family will have access to high-quality early education and developmentally grounded day care, based on the best of the Head Start concept, to reduce future criminality, drug use, and family dysfunction and increase family well-being and children's achievement.
- Pay careful attention to closing the well-documented achievement gap that keeps poorer children from reaching the academic levels of their counterparts.
- Provide every child the opportunity and support to complete high school and to continue through college or technical training that meets his or her interests and capabilities, to better equip tomorrow's workers for the realities of the knowledge economy and increasingly complex technology use.
- Ensure that high-quality, adult-focused learning is available and accessible to all, in order to help workers gain or update skills, to provide support for job shifts in economic dislocations, to adapt to emerging technologies, and to provide opportunities for career redirection.
- Value and promote civic engagement and active community membership at all levels of education with the goal of helping young people become adults who sustain their commitment to active roles in civic life because they see the importance of that contribution.
- Provide universal, quality health care that includes emphasis on preventive strategies and health education to improve health at all ages.
- Teach personal and family financial literacy and lifelong financial health from early childhood through adulthood in age-appropriate ways, including wise savings, asset building, and smart spending.

Head Start gives a valuable leg up on a good education and success throughout school and life for these Oklahoma youngsters.

- Develop and promote social, economic, and political strategies that respect all persons, provide for full opportunity for all, and promote equal treatment for all.
- Establish strong incentives and sanctions to encourage energy saving measures and conservation of resources, both short-term and long-term, for businesses and individuals.

- Design communities to maximize foot traffic, public transportation, and neighborhood services to help build social capital, conserve resources, and reduce pollution.
- Establish programs and policies that ensure reasonable energy sources and prices for people facing economic challenges.
- Develop and consistently implement conservation and pollution prevention policies for U.S. resources and use U.S. leverage to engage other nations in appropriately similar practices.
- Rework the definition of poverty so it reflects what has been learned about the continuum of poverty and the actual costs of living a safe and healthful life in the U.S. today, so that future programs will provide realistic and fair levels of assistance.
- Increase sustainable green space that is easily accessible to all residents of communities.
- Use tax and economic policies to support and encourage small businesses formation and personal savings by people of all income levels to promote economic growth.



INVEST FOR THE FUTURE

A program needs a home and these Arkansas residents break ground for a new community services center that will house multiple programs under on roof — convenient and cost-effective thinking!

MAXIMIZE EQUALITY OF OPPORTUNITY

Maximize Equality of Opportunity

Maximizing equality of opportunity means providing access to and the ability to take advantage of chances for personal and professional growth and advancement. It means not a classless society but one in which success is reliant on individual achievement. It guarantees that if someone — no matter his or her background — wishes to strive for something better, there will be a fair starting platform for that effort and no irrelevant barriers along the way.

Put another way, every American has the right to expect a level playing field — the right to expect that laws, rules, and regulations provide an equal base, an equal boost, and relevant criteria.

Maximizing equality of opportunity both drives and relies on the other four action themes in this report. Unless the economy works for everyone, unless participation is broad and maximized, unless there are healthy communities and people from which participants come, and unless there is commitment to investing for the future, there may well be no opportunity at all.

Maximizing equality of opportunity is a major benefit to all of society. It enables the community and the nation to discover talents that might otherwise go untapped; it promotes a desire to strive because there is a greater chance of success.

Maximizing equality of opportunity is at the heart of America's most prized values. The Declaration of Independence reminds us that "all...are created equal (and) endowed by their Creator with certain inalienable rights...life, liberty, and the pursuit of happiness." Happiness is not guaranteed, but the opportunity to pursue it is guaranteed by one of our most sacred documents.

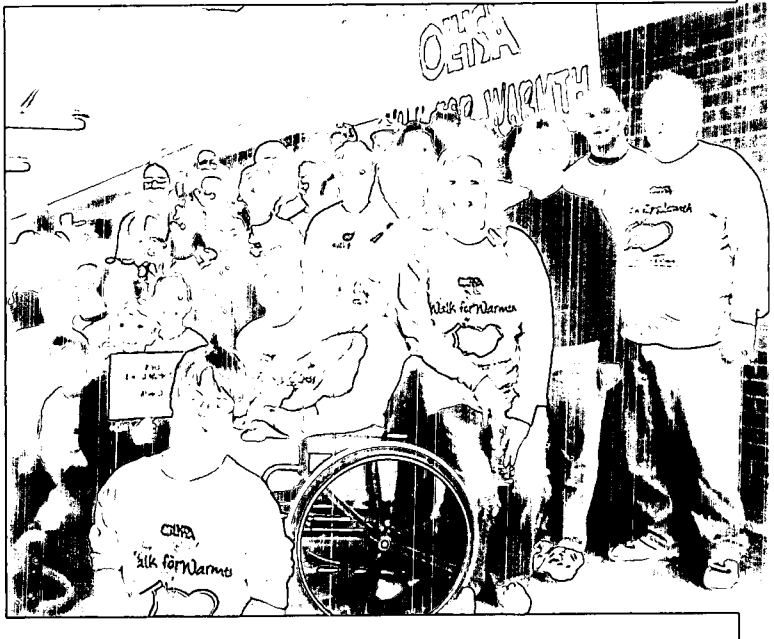
This newly graduated Georgia physician got his start in Head Start. His community continued to support him throughout college and medical school by believing in him, keeping in touch, raising funds for his education, and providing "care packages" and household furnishings through the years.

Some Strategies To Maximize Equality of Opportunity

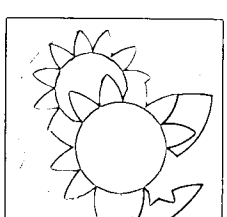
- Help formalize government commitments to reducing and preventing poverty by insisting that specific action objectives are set and progress is monitored.
- Publicize and educate people on how to tap into various opportunities, reaching outside the mainstream and outside traditional communications channels.
- Ensure that all anti-discrimination laws are fairly enforced at all levels of government.
- Ensure enforcement of equality of opportunity with clear rules and regulations, an uncomplicated complaint system, and sufficient and well-trained investigators and prosecutors.

- Provide guidance and training for those seeking to shift or upgrade work skills during their careers, at all levels of work.
- Repeal or properly amend laws and regulations that perpetuate structural discrimination.
- Develop programs to make it easier for people to become more involved in the political process at all levels.
- Elect officials who are familiar with the Community Action approach and its value.
- Conduct programs and events that help all elements in communities come together to learn to appreciate and value each other.
- Develop diverse networks of strong, positive mentors to support promising young people from all parts of the community.
- Ensure that government and nonprofit sector programs are available to all, with offerings in as many languages and cultural traditions as needed, and provide key public service officials (e.g. police) access to appropriate training and advice on dealing with diverse cultures.
- Develop educational outreach to groups that may not be aware of various opportunities; provide training that is relevant to their cultural backgrounds and presented with the appropriate language support.

MAXIMIZE EQUALITY OF OPPORTUNITY



A Michigan Community Action Agency gave all kinds of people the chance to be part of its Walk for Warmth teams, raising funds to provide heating bill support for less well-off families.



ENSURE HEALTHY PEOPLE AND PLACES

Ensure Healthy People and Places

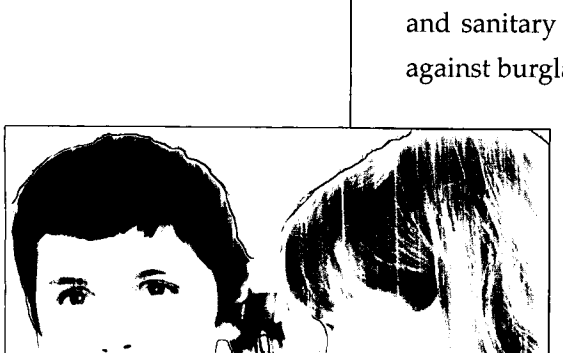
Healthy people living in healthy places are more likely to achieve their potential, to be productive taxpayers as adults, and to contribute to community life than their counterparts. People out of the economic mainstream are disproportionately challenged with health problems, many of which could have been forestalled or sharply reduced with the kind of preventive and early intervention care often out of their economic reach.

Healthy people and places mean that people are sick less often, injured less often, victimized by crime less often, and more capable of living up to their full potential.

Healthy people will have access to adequate health care and will be more likely to engage in preventive practices, to have illnesses detected earlier, and to ensure that children and elders receive prompt high quality care — thus reducing medical costs to the economy overall.

Healthy people are more productive. They miss less work, do a better job when at work, are subject to fewer infectious diseases, and are better able to take part in the community. They are not addicted to drugs or other substances. They are less costly to the health care system and less likely to burden those systems.

Healthy places certainly include homes that are secure against wind and weather; that provide adequate plumbing, clean water, code-compliant electrical service, and sanitary and other services; that provide locks and other physical security against burglars and other criminals.



Well-child checkups can spot and even solve potential problems before they become costly and debilitating major illnesses, which is why a California Community Action Partnership sponsors them.

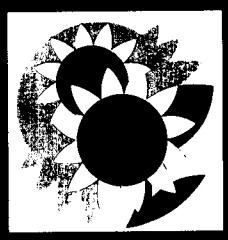
Healthy places also include pollution-free water and air, safe streets, and ample parks and other green spaces, as well as opportunities for exercise and recreation. They also encompass safe, healthy work-places, whatever the type of work involved. Healthy places increase the physical and even the emotional health of their residents.

Healthy places offer environmental and physical health, healthful opportunities in safe work surroundings, and facilities to help children grow up healthy and older residents enjoy the healthiest status possible.

Healthy people living in healthy places are less costly, more productive, and more engaged. They learn better, live longer, enjoy life more, and contribute more to the world around them.

Some Strategies To Ensure Healthy People and Places

- Provide State Children's Health Insurance Program coverage to the children of working poor (up to 300 percent of Federal poverty level) and their parents.
- Make possible adequate, universal health care for infants, children, and adults, including dental, vision, and mental health care.
- Provide effective, accessible, affordable treatment for alcohol, drug and other dependencies.
- Develop and promote training in sound nutrition and assure access to adequate food supplies.
- Provide assistance to families in strengthening family stability and, where appropriate, sound parenting skills.
- Ensure that all new construction, especially residential housing, meets environmentally friendly ("green") construction standards and maximum feasible energy conservation standards.
- Retrofit existing housing to ensure maximum possible "green" construction and energy conservation.
- Ensure that housing for lower-income families is properly weatherized against high heating and cooling costs.
- Make certain that appropriate laws and regulations are enforced to ensure physically safe housing for all.
- Recognize the right of all people to live in communities safe against crime and disorder, through such strategies as problem-oriented policing, community-focused policing, and community crime prevention.
- Design transportation systems so that they meet the needs of residents — workers and others — to reach jobs and services, connect with other parts of the community, and travel safely at the times they desire to do so, all at the lowest possible cost.
- Create new jobs and career opportunities in such future-oriented areas as alternative fuels for those unemployed or underemployed.



ENSURE HEALTHY PEOPLE AND PLACES

Thanks to help from the local Community Action Agency in South Dakota, this single dad was able to buy a home for himself and his five children.

HOW YOU CAN TAKE ACTION

The five themes that are the action focus of this national campaign are a framework. They represent a consensus among many people with both academic training and practical experience about the areas that must be addressed to reduce and prevent poverty in America.

What action needs to be taken, by whom, how, and when? Those answers are, in large measure, up to you. Community Action Agencies have learned that local situations, needs, and priorities differ widely across time and space. Local tools for action are seldom identical. Local networks and partnerships may vary widely.

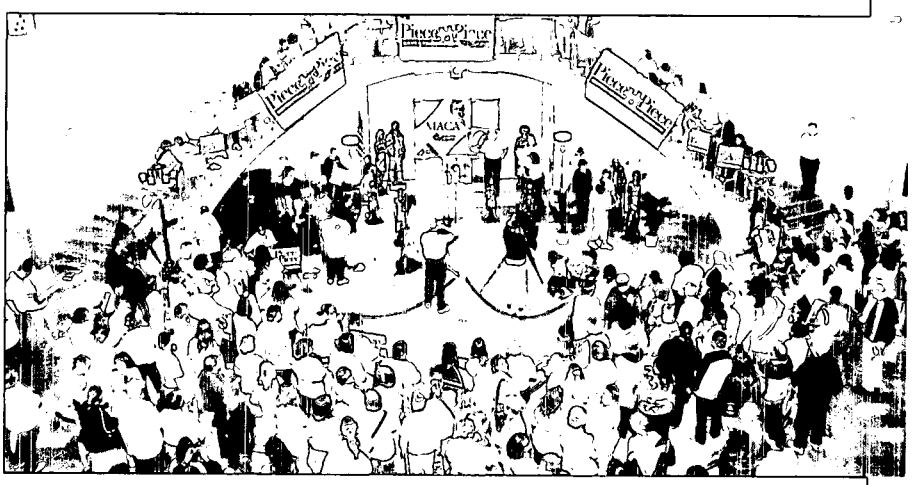
But this national agenda provides a framework for determining what actions are or may be appropriate for your area. It offers a way both to organize the work to be done and to identify the benefits of that work.

Here are some suggestions for using this report:

- Find and get in touch with your local Community Action Agency to get involved. *(See www.communityactionpartnership.com)*
- Hold a meeting of the local Community Action Agency (or similar) board to examine the fit between the national campaign and the local organization's agenda.
- Conduct a community-wide meeting (or several if needed) to explore the ways in which various organizations are (or can be)involved in moving the national campaign forward locally.
- Assess the community's status with respect to the national agenda. The Community Action Agency's own needs assessment will be a good starting point, but go beyond to find out what else is being done (or not done).
- Develop a speakers' panel that can talk about the community's work to root out poverty, using the five themes. Prepare and share speaking notes that can help weave the story into presentations by many speakers in a variety of settings, describing the value of community work to help all members achieve their potential through fair opportunities for growth and self-improvement.
- Meet with local newspaper, broadcast, or cablecast editorial boards or directors. The five themes can form the base for a story on local efforts to reduce or eliminate poverty; they can also provide material for a series of stories on individualized successes and for editorial support.
- Consider a scorecard or a "thermometer" graphic that shows how well the organization or the community is doing in pursuit of its own agenda within the theme structure.

Though developed prior to these five themes, the Duluth, Minnesota Blueprint to End Poverty (see inside back cover) is a great example of clear, locally relevant goals that have wide support. Duluth has developed a Guiding Coalition and committees to focus on each of the plan's four areas.

- Have someone in the community write up the local organization's actions around each theme. Offer these stories to local weekly newspapers, which will often keep stories on file for times when they have available space. (These are sometimes known as "evergreen" stories.)
- Develop, with local school officials or youth group leaders, a civics or social studies seminar that uses the five themes to look at local needs and efforts to reduce poverty. This could include causes, case studies, research in various areas, and more.
- Develop study-discussion-action guides that local adult groups — civic, fraternal, social, and faith-based — can employ to talk about poverty-related problems (and solutions) in your area. Include the roles of the local Community Action Agencies and their partners.
- Share the campaign and its five themes with local officials — agency chiefs, elected leaders, civic leaders and more. Prepare a briefing that different community leaders can give, especially current or successful clients. Ask how you can work together with local officials toward specific goals under the agenda's umbrella.
- Organize the local organization's work around the national campaign themes and ask other organizations to do the same, to help boost community commitment to these five areas. Other subject areas can be included depending on local needs.
- Consider setting local targets under the five themes and use them as a means of noting and celebrating progress.
- Collect and document examples of successes using the themes as a means of grouping and tracking them.
- Make sure state and national organizations know about your local uses of the campaign themes.



Speaking out at Missouri's state capitol, these Community Action leaders tell legislators about effective strategies for families striving for economic security.

MANY LINKED AND INFLUENTIAL ISSUES

Although ***Rooting Out Poverty*** has five major themes, there are many other areas of local, state, and national policy that may at first appear unrelated but can significantly affect the ability and opportunity of people seeking to achieve economic security. Over the past five decades, we have come to realize that these policies and programs must be part of the landscape. Energy availability and prices drive the costs of many vital services, ranging from heating and cooling to transportation. Oil price and supply additionally affect the costs of everything petrochemical. And increases in these costs disproportionately affect the ability of poorer people to earn a living. Thus energy prices and conservation are legitimate campaign issues.

Immigration has risen anew as a major concern among many Americans. Concern over discrimination and even legal action affect not only those here without legal sanction, but intimidate legitimate immigrants from seeking help for fear they will be subject to heavy scrutiny from the government. Immigrants who could benefit from assistance in anchoring their economic well-being may avoid any community organization for fear of challenge or discrimination. How immigrants are treated may directly affect their economic well-being and that of the whole community.

Discrimination is still an issue in our society. Though many strides have been made, a number of structural conditions and situations still place various groups disproportionately in poverty or poverty-inducing circumstances. These conditions must be monitored, reduced, and removed.

Unaffordable medical costs and services both in the community and in its neighborhoods may keep children and adults from receiving preventive care and early intervention services. They may turn minor illness into crisis. Prescription costs may drive the elderly to cut their medications in half or fail to take them at all, worsening their health. Those with chronic illnesses may get worse (and cost the system more) because they cannot afford stabilizing care.

Economic development policy may upgrade a neighborhood but leave its residents unable to afford the new shops or the transportation to less expensive stores. So-called big-box retailers may replace whole neighborhoods of small businesses with something less accessible and less flexible. The jobs provided may be a major benefit or an economic stagnation. Careful, thorough analysis is vital to community economic vitality.

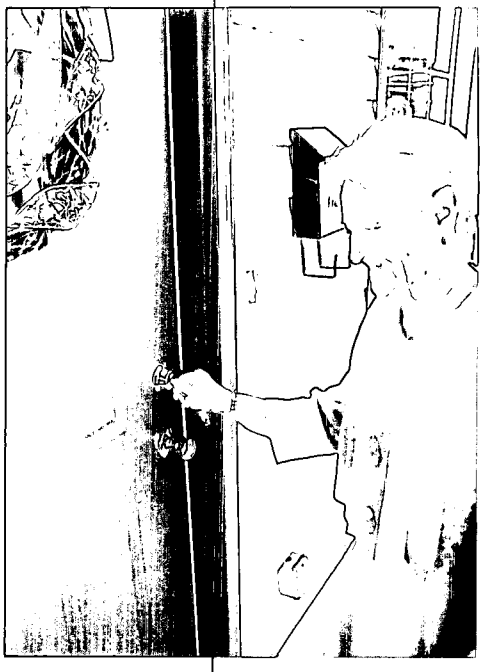
Education policy may indeed leave children behind — leaving them without the skills to get and succeed in the kinds of jobs that are available in the market as it evolves into the future. The structural issues of school quality can increase a community's poverty rates two or even three decades later. And the effects of

education policy are not confined to K-12 education but go to workforce quality and economic health.

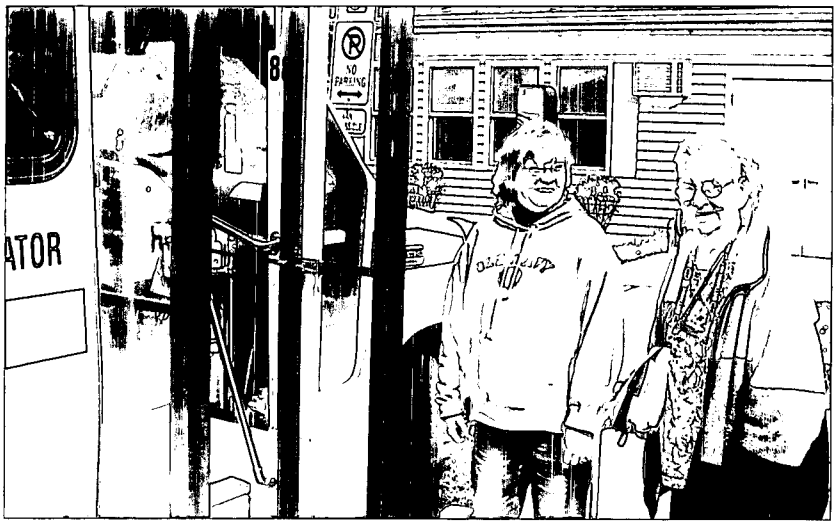
Lack of opportunities for high school graduates and older adults to upgrade education and skills may leave them unequipped for the jobs available. Public transportation policy may favor automobiles over mass transit, or it may reduce mass transit options. In some communities, bus schedules don't accommodate workers' hours. In others, transportation costs take a disproportionate amount of employee wages. Gasoline prices and long commutes may be the high price of affordable housing. The high costs of getting to and from work may well be the barrier to getting work.

U.S. trade policy and positions, as well as the realities of international trade in general, may take viable jobs from qualified workers and export those jobs overseas, thereby reducing work opportunities and the well-being of communities. The challenge is to develop new skills and better jobs for U.S. workers.

It is vital that those working to increase economic security, as well as to improve opportunity, recognize the many critical influences on their ability to succeed. They must be able to help policy makers in these fields understand the connection to poverty in the work and to understand the potential harm to those trying to avoid or arise from poverty that may come from seemingly unrelated decisions.



Above, energy-efficient housing replaces old dwelling, providing greater comfort at lower cost for this Tennessee resident.



Left, in upstate New York, public transportation may be inconvenient or nonexistent in rural areas. Seniors in this community get service through a convenient bus that gets them where they need to go, thanks to the local Community Action Agency.

Voices of poverty...

My Head Start teacher, Mrs. M, was there for me when my mom was "on vacation" (which I later learned meant drug treatment), and she taught me always to do my best. She made sure that I had clean clothes and that I got a good lunch and a warm smile every day. Today I'm a mom, and I run my own home cleaning business. I try to be there for my employees like Mrs. M was there for me.

When the company where I had worked went bankrupt, my pension vanished. I could barely afford Medicare and the heating bills were eating up my budget. Pretty soon, I could see no answer but selling the house. It wasn't worth a whole lot, but I just couldn't keep it up. The Community Action folks helped me with insulating the house and fixing the roof leak and the kitchen floor. They made sure I got to help them wherever I could. I'm still in my house, and I'm helping others at the Community Action Agency as a tax assistant!

THE MEANING OF POVERTY

Central to reducing and ameliorating poverty is how that condition is defined. Just what does it mean to "be poor"? Some would argue that they know poverty when they see it. Others would claim that people who are poor can tell you who they are. But this is not sufficient for effective public policy. Some specifics are necessary for clarity of program and purpose.

THE REALITY OF POVERTY

A widow may own a $200,000 house but have no food in the pantry. A four-year-old enrolled in Head Start may wear the same two outfits for months because the family has no money for clothes since the mother, its breadwinner, was laid off. Lack of health insurance may drive a worker from the work force because he or she can't afford the medicines that would stabilize the illness and make work possible. A newborn may not get well-baby care because there is no doctor his mother can get to who will accept Medicaid patients. That child becomes chronically ill and falls behind in school, forever impairing his capacity to make a living.

A neighborhood may lose its key economic facilities, such as a grocery store or a drug store, and the resulting diversion of economic activity can cause the other businesses to leave. A national crisis in mortgage lending may lead to a flood of foreclosures which in turn make normal resales almost impossible, driving down the value of housing stock and destroying neighborhood vitality and viability.

DEFINING POVERTY

In the 1960s, the Federal Government established a "poverty line" of income that divided the poor from everyone else. This established what social scientists call a dichotomous variable — one is either poor or "not poor" based on a specific income figure. The switch is either on or off. Federal programs still use that definition today, though its terms and conditions have been modified over the years.

Meanwhile, more than 40 years of experience of ongoing work to eradicate poverty have taught us that poverty is not a single condition, that there is no magic number that divides the poor from the rest of us. Instead, poverty has been recognized increasingly as a continuum — people may be extremely poor, very poor, somewhat poor, working poor, or emerging from poverty. There are different ways to be impoverished. For example, someone may be working but impoverished because there is no health insurance to assist the family with a catastrophic illness or injury. Someone may own his or her home but have no income for utilities and basic repairs.

Community Action Agencies have seen first-hand the challenges. They have dealt with the need for operationally relevant definitions of poverty that permit programs to work effectively to help move individuals, families, and neighborhoods

out of poverty using realistic measures that address the variety of causes, situations, and circumstances that it involves.

The idea that poverty should be measured on one or more continuums is powerful. If the various measures are well thought out, they can suggest not just the problems being faced but strategies for addressing them. A working group that is part of the National Conversation on Poverty is looking at ways of bringing together several continuums; this would create a much more realistic way of defining and describing poverty. It also could highlight links between problems. For example, the house-poor widow may qualify for Medicaid but not for transportation assistance. If she cannot get to a food pantry, her health may suffer because of poor nutrition. Recognizing these links helps make services more rational.

The process of creating an improved poverty measure will not be quick. The tool must be tested, refined, and accepted both by policymakers and budgeters and by people in the field delivering services. But without a new and more effective measure, those who work with poverty situations will be chained to the limitations of the on-off switch that is today's major national measure, which many agree distorts the reality of poverty and limits effective prevention and intervention.

However it's defined, poverty may be just a hot meal away for those with illnesses and limited resources. Mobile meals involve families in helping and provide a human touch in this Tennessee program.

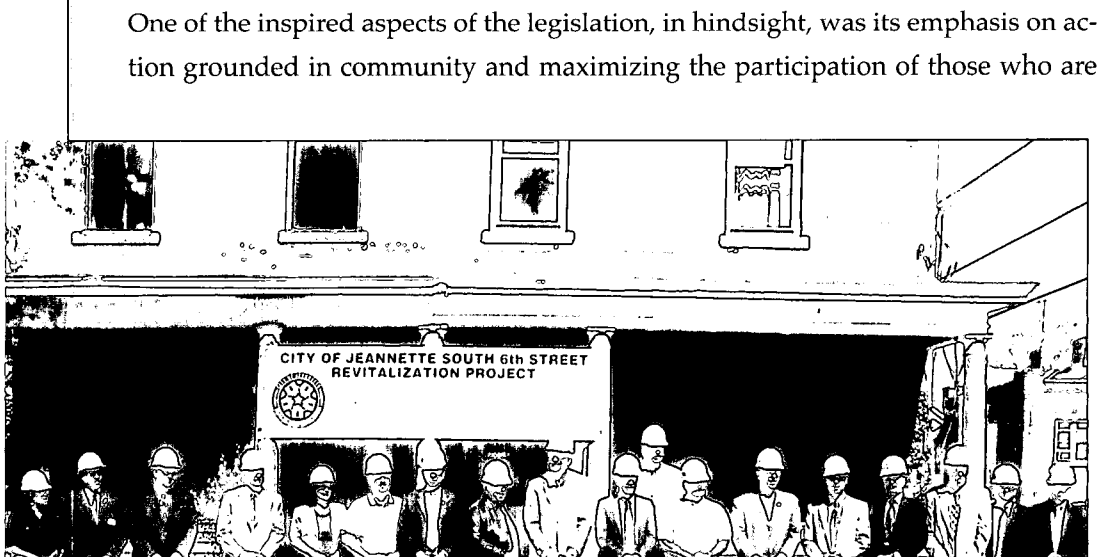
PREVENTING POVERTY — A NATIONAL COMMITMENT

Americans have a long history of localized voluntary efforts to help the poor, especially children. These efforts have continued through to the present day. Modern government intervention to promote social and economic justice began, according to many, with the child labor laws of the early 20th century. Obviously the massive relief and support efforts of the Great Depression in the 1930's were a landmark shift from limited to significant government involvement in helping those less well off and providing government-subsidized or sponsored jobs.

Despite the economic prosperity of much of the immediate post-World War II era, many people still lived in poverty — sometimes because of official obstacles, sometimes because of ill health, sometimes because of lack of educational and other opportunity, sometimes because of lack of financial savvy. But there was no question that the historical U.S. poverty rate of 20 to 25 percent of the population was sustained through the 1950s.

Major government intervention to reduce or prevent poverty (outside of economic calamity) started with the Economic Opportunity Act of 1964, proposed by President Lyndon Johnson. This legislation included Medicaid, Medicare, Job Corps, Head Start, and more. Data show that for children 0-16 and for adults over 64, poverty dropped sharply by the end of the first decade of these nationally led efforts. Through 2004, though, poverty rates for the 17- to 64-year-old group had not dropped significantly.

One of the inspired aspects of the legislation, in hindsight, was its emphasis on action grounded in community and maximizing the participation of those who are



Local, state, and federal officials joined a Pennsylvania Community Action Agency in celebrating the start of an urban renewal project that will remove a dilapidated building and create more than 40 new energy-efficient, single-family homes and townhouses. Community Action Agencies are often well-equipped to bring government agencies and businesses together to solve problems.

poor. The concept of letting the subjects be drivers of action was novel. The phrase "maximum feasible participation" became a bedrock of Community Action Agencies, who found energy, value, and reality in having what might have been their "clients" become their partners.

One signature legacy of the Economic Opportunity Act that thrives to this day is the concept of community-based comprehensive service anti-poverty agencies. Today, Community Action Agencies serve more than 99 percent of America's counties, administering a wide range of programs from Head Start to workforce training, from economic development to elder care, from weatherization to treatment for alcohol and drug abuse. They partner with local, state, and national organizations and work to prevent, reduce, or ameliorate poverty both among individuals and in neighborhoods and communities. Community Action Agencies make this promise to the nation:

THE PROMISE OF COMMUNITY ACTION

COMMUNITY ACTION CHANGES PEOPLE'S LIVES,
EMBODIES THE SPIRIT OF HOPE,
IMPROVES COMMUNITIES, AND MAKES AMERICA
A BETTER PLACE TO LIVE.
WE CARE ABOUT THE ENTIRE COMMUNITY,
AND WE ARE DEDICATED TO HELPING PEOPLE
HELP THEMSELVES AND EACH OTHER.

Offering free prostate cancer screenings helps this Arkansas neighborhood ensure that its children will have their dads around for more years to come — reducing family stress, improving health for Dad, and enlisting support for preventive health care for youngsters.

COMMUNITY ACTION AGENCIES
THE RESOURCE

COMMUNITY ACTION PARTNERSHIP MISSION

It is the mission of the Community Action Partnership to be a national forum for policy on poverty and to strengthen, promote, represent and serve its network of member agencies to assure that the issues of the poor are effectively heard and addressed.

We as Community Action Agencies are the living legacy of the Economic Opportunity Act of 1964. We are the local organizations charged with addressing and relieving poverty in communities across the nation. Why have we survived and even thrived? The answer is at once simple and complex.

First, our organizations see economic security and self-sufficiency for the people and neighborhoods we serve as our goals. The programs we run are tools to reach these goals, not ends in themselves. This "eyes on the prize" strategy means that our organizations are driven by results. We recognize and value preventive strategies, and realize the need to work with, not on, the people we serve. It also means that our agencies take a pragmatic approach, seek solutions rather than simply business as usual, and remain close to those with whom we work by engaging them to the maximum extent possible in the development and implementation of program, policy, and advocacy.

Second, our organizations are grounded locally. Almost all of us are members of a national association, but we govern ourselves locally and seek local partnerships and funding as well as resources from national and federal programs, either directly or through state intermediaries. The "community action" phrase that names our organizations defines them. We work with and in communities and neighborhoods, addressing the shared needs and the individual needs of the cities, towns, and counties we serve.

Some people fix cars for a living, others for love of machines. A Missouri Community Action Agency found a volunteer auto mechanic who loves making cars roadworthy so people can make a living. More than $13,000 in donated time and parts has meant dozens of formerly out-of-work folks driving to new jobs.

Third, collaboration and partnership define our approach. We reject turf in favor of focus on problem solving. We recognize the leverage gained from linking with other organizations and programs toward shared purpose, which creates energy to meet needs rather than isolation despite joint purpose.

Fourth, our approach is tested and validated by experience. More than 40 years have demonstrated that many of the core values that emerged from the Economic Opportunity Act of 1964 might have been idealistic, but they were also effective in all kinds of settings and all kinds of circumstances. Our agencies know that what they do works, which gives them credibility and confidence in good times and bad that they can adhere to their paths while savoring experience.

As our field has matured, we have paid attention to identifying and formalizing core values and strategies. The principles developed by the Community Action Partnership in 2002 *(page 27)* capture shared understanding of how work needs to be done.

COMMUNITY ACTION IN ACTION

The "community" and "action" aspects of Community Action Agencies are the source of our power and versatility. We strive to empower and enable people and neighborhoods to become self-sufficient economically and engaged productively in the civic life of their community.

Because we harness community resources and energies, our work leverages national, state, and local government investment, as well as corporate backing. In 2005, the most recent available data show, Community Service Block Grant (CSBG) federal funds leveraged almost $16 worth of funds from other sources, measured nationwide, for every dollar of CSBG funds invested. Almost a third of this amount ($4.94) represented non-federal funding, including money from state and local governments and the value of volunteers' time. Non-CSBG federal funds come from grants, contracts, cooperative agreements, and other support for programs and services provided by Community Action Agencies.

As Community Action Agencies, we take on a wide variety of tasks to meet these needs; our work is a living illustration of the need for redefining poverty and "not poverty" as a multi-layered, multi-measured set of distinctions.

COMMUNITY ACTION PRINCIPLES

WE OPEN DOORS AND LEAD THE WAY.

WE TURN HOPE INTO REALITY.

WE EMPATHIZE.

WE TREAT PEOPLE WITH RESPECT.

WE SAY "YES," FINDING SOME WAY TO HELP.

WE GIVE A VOICE TO THOSE IN NEED.

WE MIRROR THE DIVERSITY OF OUR COMMUNITIES THROUGH OUR LOCAL BOARDS.

COMMUNITY ACTION AT STATE AND NATIONAL LEVELS

Community Action is locally grounded but nationally bonded. More than 1,000 Community Action Agencies in better than 99 percent of the nation's counties serve almost all of the U.S. population. The overwhelming majority of these agencies are members of the Community Action Partnership, a national group that provides communication, training, technical assistance, public education, and other benefits.

CAPLAW provides legal assistance to Community Action Agencies that need such help, and the National Community Action Foundation provides an advocacy voice for policy. But the Community Action Network engages with other national organizations as well. These partnerships, like those among local Community Action Agencies, leverage resources and enrich efforts at the state and local levels.

Almost every state has a statewide organization of the Community Action Agencies. Each state (as well as Puerto Rico and the District of Columbia) has an office that manages the federal Community Services Block Grant funds that help support the work of local agencies, fund special and demonstration project, and coordinate state priorities. These state agencies have their own national association, the National Association for State Community Services Programs. For more information on these organizations, see page 31.

Volunteer foster grandparents enrich the lives of their young friends, sharing their affection and experience in Illinois.

We Bring Community Services to Community Members

The variety of work that Community Action Agencies do is astonishing. In addition to developing initiatives to meet local needs and beyond their work in partnership with or on behalf of local and state organizations, these agencies manage a total of nearly 100 distinct Federal programs. Community Action Agencies are without question nexus of much of the nation's on-the-ground anti-poverty work. They are the day-to-day engines of meaningful intervention for people seeking the economic and social betterment that helps them move forward out of poverty. Here are just a few examples (out of thousands) Community Action Agencies' work. They explain how and why these agencies are the nation's premier front-line force to reduce poverty and help people change their lives.

➵ In **Roanoke, Virginia, Total Action Against Poverty** combined loans, grants, and housing tax credits to renovate a 225-unit complex so that the numerous low-income families in the community could have safe, attractive, affordable housing.

Volunteer Income Tax Assistant helps resident apply for the Earned Income Tax Credit in a Wisconsin community. Millions of dollars in otherwise-unclaimed tax credits and deductions are available to help families make ends meet thanks to this program and its trained volunteers. Community Action Agencies around the nation manage or staff many of these sites.

➵ The **Community Action Agency of Northeastern Alabama** has created Fathers, Friends, and Families, which brings together a host of programs for young noncustodial fathers — training in parenting skills, comprehensive family development services, and assistance in learning to manage financial responsibilities. Other practical help — from emergency rent and utilities payments to help in securing job training and employment — is also provided by the agency staff.

➵ In **Maine's Oxford and Franklin Counties, Community Concepts, Inc.** (the local Community Action Agency), saw a need for daytime care for the frail elderly and other adults with mental challenges. It created such a program in a homelike setting, now funded chiefly by fees for service, that enables family members to go to work or school without worrying that their loved ones are in danger and alone.

➵ **Hawaii's Honolulu Community Action Partnership** helps prisoners, ex-offenders, and their families through the Malama Pono ("Taking Care") program. Trained volunteers from faith-based organizations each spend two hours a week with children who have a parent in prison. Staff members work with other family members as well. After two years, most children had dramatically improved school performance and peer relationships. Four of five family members sought it had found employment and/or housing with help from program staff.

➵ A single Minnesota mother in her 40s, struggling to support herself and her children, became a homeowner thanks to an imaginative combination of programs operated by **West Central Minnesota Communities Action, Inc.** (Elbow Lake). An Individual Development Account matched her savings at a three-to-one rate.

Financial literacy courses and individual financial counseling helped her learn to manage money. A subsidized mortgage and interest-free gap financing completed the package that put this family into their own home.

➵ In many parts of the U.S. winters can be bone-chilling cold and summers steaming hot. This makes weatherization a good investment — so good that **Community Action of Southeast Iowa** saved residents $554 on average in heating and cooling costs for the 113 homes weatherized in 2007. In addition to weatherizing homes, the agency does home repairs for needy residents. Weatherization programs not only improve housing but help stretch funds that cover heating and cooling costs.

➵ A **Colorado** resident in his late 20s, Eduardo had emigrated from Central America. He spoke almost no English and was barely able to support himself. To learn English, Eduardo enrolled in the **Pike's Peak Community Action Agency Transitions To Independence Program**. Once he completed that training, he started studying English at the local community college. His case manager heard of an insurance company that was seeking a bilingual agent. Eduardo got the job and continued in college to study for his broker's license. He also enrolled in the Community Action Agency's asset-building program to save for his own home.

➵ **Nevada's Community Services Agency Head Start** joined with the University of **California (Los Angeles) Johnson & Johnson Health Care Literacy Training Program** to develop a three-year education course that helps parents learn to manage their children's health care needs well. Staff training is provided along with the curriculum. The course will become a resource for Head Start programs around the country.

➵ The **Frederick (Maryland) Community Services Agency** has pioneered MEDBANK, which helps low- to moderate-income people secure long-term medications they need but can't afford. MEDBANK links pharmaceutical companies' patient assistance programs with patients who need the companies' drugs. By combining MEDBANK with the RxBridge web-enabled database developed by the agency, one case manager can serve 500 to 600 clients in a given year. Pharmaceutical companies ship 90-day supplies of the drugs to doctors' offices for patients to pick up. A retired married couple with (between them) diabetes, gastric esophageal reflux disease, hypertension, stroke, and pulmonary disease are able to take the medications (otherwise $1,600 per month) that help them remain independent thanks to this program.

A Wisconsin JumpStart participant gets the keys to a new-to-her, gently used car. JumpStart's low-cost cars for low-income participants have helped them improve both jobs and housing.

➵ **JumpStart**, a program of **West Central Community Action Agency in Glenwood City, Wisconsin**, recog-

nizes the fact that for many families, a working car is as vital as a working phone. This program has helped hundreds of low-income families purchase good quality, reliable, fuel-efficient cars for work and for life. JumpStart provides a $1,500 down payment, but participants must meet payments on a modest car loan. JumpStart also requires participants to pay into a Program Participation Fund that offers grants for participants who find their cars need major repairs. Better than three out of five clients changed jobs because of this program, and all of them said their new jobs were better ones. Half the participants moved to other housing, with three out of four of that group reporting improved rental housing and one in five moving from rental to ownership.

➳ Too many low-income families don't know about or are uncomfortable with the application process for the Earned Income Tax Credit (EITC) (available on federal tax returns and some state tax returns). Hundreds of **Community Action Agencies in nearly every state** have gone beyond simply providing information. They recruit and train volunteer income tax assistants, who help these families file returns that claim all the appropriate deductions and credits. **Akron (Ohio) Summit Community Action** facilitates an EITC coalition that in one year helped file nearly 900 returns, resulting in $1.2 million in refunds to families. In **California, the Community Action Partnership of San Bernardino** not only provides free electronic tax filing and resources for help in retroactive filing for prior years' returns, but offers a $2 for $1 match for those who invest their refunds in savings plans. **Connecticut's** various volunteer income tax assistance programs generated returns for more than 2,900 individuals and families in 2006 with a total of $2.6 million in refunds.

An older home in Wisconsin gets upgraded insulation blown in, with lower heating and cooling bills just ahead for the low-income homeowner, thanks to a Community Action weatherization crew.

➳ Asset building is not about structures — it is about how to secure and increase resources over and above daily necessities that enable lower income individuals and families to achieve their potentials and fulfill their dreams of economic self-sufficiency and security. The **Lincoln (Nebraska) Action Program's Entrepreneur Development Account** helps people learn how to plan, start, operate, and expand viable businesses. Individual Development Accounts match personal savings with equal or greater cash for savings and provides financial literacy education and financial counseling. **Shawnee Development Council in Karnak, Illinois**, celebrated an Individual Development Account success when Valerie, a single mother of three surviving children, went from unemployment to a full-time job and Individual Development Account savings that paid almost a year's worth of college tuition and fees for her eldest son.

➳ Community Action Agencies and Partnerships **across the nation** are key distribution links for state- and federally funded heating assistance, helping hundreds of thousands of households meet gas, oil, or electric heat bills they could not oth-

erwise afford. These heating assistance programs are complemented by the longer-term weatherization projects that help reduce heating and cooling costs.

➵ Food banks have become a staple of Community Action Agencies, but new ideas keep the programs fresh. **Andy's Garden in Salt Lake City, Utah**, donates 10,000 pounds a year of fresh vegetables to the city's low-income families. **The Joint Council for Economic Opportunity of Clinton and Franklin Counties** in **New York** provides a $20 basket of discounted edibles monthly that is available to all comers. In **Kern County (Bakersfield), California, Bright House Networks**, a cable company, pledged $40,000 worth of support to the Partnership's food bank, including $4,000 cash and a year of public service ads promoting the program and seeking public support.

➵ The **Utah Community Action Partnership Association** realized that nowhere were all the state data on poverty collected in one place. The *2007 Data Book on Poverty in Utah*, created by the Association, meets that need, using official data sources to present a coherent picture of asset poverty, energy, food, nutrition, health, homelessness, housing, and public assistance. Data are presented in several ways — across time, compared with national data, and county by county.

➵ In **New Mexico**, state funds helped the Community Action Association provide organizational development and leadership training to the state's Community Action Agencies. In addition to the foundational training, an annual management seminar helps the agencies to focus on self-assessment, improvement plans, and action steps for change.

President Lyndon B. Johnson signs the Economic Opportunity Act of 1964 into law.

APPENDIX

STEERING COMMITTEE
NATIONAL CONVERSATION ON POVERTY & ECONOMIC SECURITY

- James Norman, Steering Committee Chair, National Conversation on Poverty and Economic Security; President and CEO, Action for a Better Community, Inc., Rochester, New York, and Member, Community Action Partnership Board
- Tim Donnellan, Chair, Community Action Partnership and President and CEO, Community Action Partnership of the Greater Dayton Area, Ohio
- Kip Bowmar, Executive Director, Kentucky Association for Community Action
- Lois Carson, Executive Director, Community Action Partnership of Riverside County, California
- Jeannie Chaffin, Community Services Block Grant Program Manager, Missouri Department of Social
  Services and Member, National Association for State Community Services Programs (NASCSP)
- Leonard Dawson, Executive Director, Coastal Georgia Area Community Action Authority, Inc. and Member, Community Action Program Legal Services (CAPLAW)
- Tunde Eboda, Program Manager, District of Columbia Department of Human Resources, and Member, National Association for State Community Services Programs (NASCSP)
- Connie Greer, Community Services Block Grant Director, Minnesota Office of Economic Opportunity and immediate past President, National Association for State Community Services Programs (NASCSP)
- Dana Jones, CEO, United Planning Organization, Washington, DC
- Edith Karsky, Executive Director, Connecticut Association for Community Action
- Peter Kilde, Executive Director, West Central Wisconsin Community Action Agency, Inc.
- Barry Lamont, Chair, National Community Action Foundation (NCAF)
- Anita Lichtblau, Executive Director and General Counsel, Community Action Program Legal Services (CAPLAW), Boston, MA
- Ona Porter, Executive Director, Community Action New Mexico
- Meg Power, Senior Advisor, National Community Action Foundation (NCAF)
- Pat Steiger, Member, National Community Action Foundation (NCAF) Board of Directors
- Mary Ann Vandemark, Executive Director, Human Development Commission, Caro, Michigan
- John Wilson, Executive Director, Community Action Association of Pennsylvania

Four National Organizations Empowering Community Action Agencies

The following four national organizations provide support and services that enable the Community Action Network to root out poverty more effectively. These independent organizations also collaborate on various advocacy and policy issues affecting low-income Americans.

Helping People. Changing Lives.
community Action®
PARTNERSHIP
AMERICA'S POVERTY FIGHTING NETWORK

The *Community Action Partnership* is the nonprofit, national membership organization representing the interests of the 1,000 Community Action Agencies (CAAs) across the country that annually help 13 million low-income Americans achieve economic security. Whether it's a Head Start program, weatherization, job training, housing, or financial education, CAAs work to make America a better place to live. In order to help CAAs meet the ever-changing needs of their communities, the Partnership publishes a quarterly magazine, provides training and technical assistance opportunities, and sponsors national certification and capacity-building programs.

Website: www.communityactionpartnership.com | Phone: 202-265-7546

The *National Community Action Foundation* is the nonprofit Washington, DC-based advocate for the Community Action Network. NCAF formulates and promotes federal legislative and program initiatives to strengthen the Community Action Network's ability to serve low-income families and works with Members of Congress and the executive branches of federal and state governments to maintain funding and support for CAA programs and initiatives. The organization conducts research on legislative and policy proposals affecting the poor and supplies information to federal and other public officials on CAA programs.

NCAF
NATIONAL COMMUNITY ACTION FOUNDATION

Website: www.ncaf.org | Phone: 202-842-2092

CAPLAW
Community Action Program Legal Services, Inc.

CAPLAW, a nonprofit membership organization, provides legal resources that help to sustain and strengthen the Community Action Network. Through its in-house legal staff and a network of private attorneys, CAPLAW provides legal consultation, training, and publications on a wide variety of legal and management topics. This assistance enables CAAs to operate more effective organizations and to promote the bona fide participation of low-income people in the planning and delivery of CAA programs and services. CAPLAW's work enhances CAAs' ability to provide the nation's poor with opportunities to improve their quality of life and achieve their full potential.

Website: www.caplaw.org | Phone: 617-357-6915

The *National Association for State Community Services Programs* (NASCSP) is a nonprofit membership organization for state officials who administer community services programs against poverty. NASCSP's vision encompasses the empowerment of low-income families to reach self-sufficiency in its broadest context, through helping states fully use their resources to implement an extensive array of services to these families, including weatherization, energy assistance, child care, nutrition, employment, state energy programs, job training, and housing. NASCSP also provides training and technical assistance to states and local agencies in the areas of data collection and Results-Oriented Management and Accountability (ROMA) implementation.

National Association for State
Community Services Programs
Assisting states in responding to poverty issues
www.nascsp.org

Website: www.nascsp.org | Phone: 202-624-5866

Acknowledgements

The following are thanked for helping to make this document a reality:

- The Ford Foundation for its generous support of the National Conversation on Poverty and Economic Security
- The Steering Committee of the National Conversation on Poverty and Economic Security, which is listed in full on page 30, for its work in framing key concepts
- The Board of Directors of the Community Action Partnership for its support and leadership
- CAPLAW and the National Association of State Community Services Programs for their generous support
- James Masters, Center for Community Futures, and Mary Virtue, Cornerstone Consultants, consultants to the National Conversation on Poverty and Economic Security
- Jim Scheibel, former Community Action Agency director
- The more than 300 participants from around the nation who took part in the May 2007 National Symposium on Poverty and Economic Security
- The nearly 1,000 Community Action staff and participants throughout the nation who testified, commented on, and otherwise contributed to various stages of this report
- The numerous Community Action Network agencies who kindly provided photographs, success stories, and comments on the text of this report
- Management and Coordination: Donald W. Mathis, President and CEO, Community Action Partnership
- Principal Writer: Jean F. O'Neil, Aries Consulting
- Layout and Design: Dini Stewart, Community Action Partnership

Photo Credits

Our thanks for these evocative photos go to the following local agencies (and to many others for the photos they provided, many of which will enrich later reports.

Page	Credit
1	*Community Services Block Grant Report FY 2005*, National Association for State Community Services Programs
3	Taken in San Diego, CA, August 2007, by staff member of Crowley's Ridge Development Council, Jonesboro, Arkansas
5	Mohawk Valley Community Action Agency, Rome, New York
6	Lima/Allen Council on Community Affairs, Lima, Ohio
8	Community Action Partnership of Ramsey and Washington Counties, St. Paul, Minnesota
9	Community Action of Minneapolis, Minneapolis, Minnesota
10	Head Start, Washita Valley Community Action Council, Chickasa, Oklahoma
11	Crowley's Ridge Development Council, Jonesboro, Arkansas
12	Macon-Bibb County Equal Opportunity Program, Macon, Georgia
13	Photo by Christie, Oakland-Livingston Human Services Agency, Pontiac, Michigan (team from Howell United Methodist Church, Howell, MI)
14	Community Action Partnership of Sonoma County, California
15	Northeast South Dakota Community Action Program, Sisseton, South Dakota
17	Missouri Association for Community Action, Jefferson City, Missouri
19	(New House) Knoxville-Knox County Community Action Committee, Knoxville, Tennessee
19	(Bus Transportation) Orleans Community Action Committee, Albion, New York
21	Knoxville-Knox County Community Action Committee, Knoxville, Tennessee
22	Westmoreland Human Opportunities, Greensburg, Pennsylvania
23	Central Arkansas Development Council, Benton, Arkansas
24	Missouri Valley Community Action Agency, Marshall, Missouri
25	Central Illinois Economic Development Corporation, Lincoln, Illinois
26	Social Development Commission, Milwaukee, WI
27	West Central Community Action Agency, Glenwood City, Wisconsin
28	Social Development Commission, Milwaukee, WI
29	Lyndon Baines Johnson Presidential Library, Austin, Texas

DULUTH'S BLUEPRINT TO END POVERTY

INVEST IN EDUCATION AND SKILL DEVELOPMENT & IMPROVE ACCESS TO QUALITY EMPLOYMENT OPPORTUNITIES.

- Promote and provide a living wage to Duluth workers through a wide variety of employment opportunities in the areas that offer benefits and childcare.
- Put systems in place so that all community members can obtain the necessary skills to get and keep the jobs they want.
- Offer access to and support for programs that help families build up savings or put money on reserve for future investments.
- Develop a wide variety of affordable educational opportunities available to meet the community's diverse needs.

DEVELOP AFFORDABLE, EFFICIENT TRANSPORTATION OPTIONS.

- Develop a well-coordinated public transportation system which offers a wide variety of bus route options and extended service hours on selected routes to meet employment options.
- Promote the value of public transportation for all community members regardless of physical ability or limitations.
- Create and enhance programs that support access to personal vehicles (car purchase and repair initiative) and non-motorized transportation options.

INCREASE ACCESS TO AFFORDABLE HOUSING & CREATE HEALTHY NEIGHBORHOODS.

- Create more options for homeownership; expand affordable rental options and housing assistance.
- Increase the housing stock through tax and policy incentive so that everyone has access to safe, decent, affordable housing.
- Promote community-building programs and landlord/tenant agreements that create and maintain safe, clean neighborhoods that value all citizens.

PROVIDE OPPORTUNITIES FOR ALL

- Ensure that Duluthians have the opportunity to be healthy, care for family members, invest in their future and have access to needed support services.
- Increase the availability and quality of childcare and dependent care. Invest in and improve healthcare systems.
- Streamline systems so that accessing supportive resources is convenient and easy.
- Ensure that the organized criminal justice system embrace diversity in its employment and support opportunities for ex-offenders to succeed.

What people are saying about *Rooting Out Poverty...*

Helping people. Changing lives. That is truly what Community Action represents. And the notion that you help people to raise themselves up to empower themselves — you don't just talk, you act. *Rooting Out Poverty* offers realistic strategies and recommendations that promote economic security for all Americans.

Juan Williams, author, **Eyes on the Prize** *and* **Enough;**
commentator, National Public Radio and FOX News

I worked in the vineyards of Community Action Agencies in their infancy, and through the years I have seen the amazing things that these groups can achieve. I have also seen the disastrous effects of the nexus of poverty, crime, and hopelessness throughout my career. It's time to take that next step to root out poverty. The Community Action Network is right — America should listen and act.

John A. Calhoun, President, Hope Matters, Inc.
Founding President/CEO, National Crime Prevention Council

Rooting Out Poverty builds on the best traditions of progressive thought and practical action. Based on half a century of increasing knowledge and understanding about how to ban poverty from our midst, the Partnership's thoughtful prescriptions can give every American a second chance to live in dignity. As always, we need the wisdom, and especially the will, to act on what is right for America.

Samuel Halperin, Ph.D. former president, Institute for Educational Leadership and American Youth Policy Forum

The Community Action Partnership's campaign to root out poverty builds on the central wisdom of the Community Action model: only if people have the chance to participate in decisions that shape their lives can we build an economy that works for everyone. We hope to join with and learn from Community Action Agencies in this forward-looking campaign to eradicate poverty.

Deborah Weinstein, Executive Director, Coalition on Human Needs

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AMERICA'S POVERTY FIGHTING NETWORK

EXECUTIVE SUMMARY

Rooting Out Poverty: A Campaign by America's Community Action Network

Rooting Out Poverty... is a call to action for a national commitment — **a national campaign** — to promote economic security for all of us in America and to substantially reduce, if not eliminate, poverty.

The report was developed during the past year with the input of nearly 1,000 individuals in the Community Action Network from across America. More than 1,000 local Community Action Agencies provide essential services and new opportunities for low-income individuals and families, covering all states.

Rooting Out Poverty recommends the following five action themes, strategies that community leaders and individuals can use to "root out" poverty at the state, local, and national levels:

- MAXIMIZE PARTICIPATION – involve everyone in the community—rich, poor, and in-between—in addressing and solving needs and issues that result from poverty. This includes involving civic, faith-based, business, and other groups.

- BUILD AN ECONOMY THAT WORKS FOR EVERYONE – develop and promote economic opportunities and improved conditions for all, including jobs and workforce development.

- INVEST FOR THE FUTURE – provide education, especially for those with greatest needs, preserve and protect our environmental assets, including renewable energy and healthy global ecosystem.

- MAXIMIZE EQUALITY OF OPPORTUNITY – ensure that opportunities are fully accessible and widely promoted. Create policies, programs, and initiatives, including enforcement strategies that enable people to improve their situations.

- ENSURE HEALTHY PEOPLE AND PLACES – accessible, affordable health care is essential. Healthy environments, free of pollution, toxic waste and environmental Degradation are essential for healthy communities.

The report lays out 64 specific recommendations that Community Action Agencies can consider emphasizing as they address those issues and needs most immediate to their geographic areas of service and as they pertain to federal and state policy improvements.

Rooting Out Poverty also identifies effective success stories from Community Action which show that economic security and the lives of low-income and other vulnerable people in America can be improved through thoughtful, cost-effective programs and strategies that will be the basis for this national campaign.

For more information, contact Don Mathis at the Community Action Partnership, (202)-449-9774 or cell (410) 322-0510.

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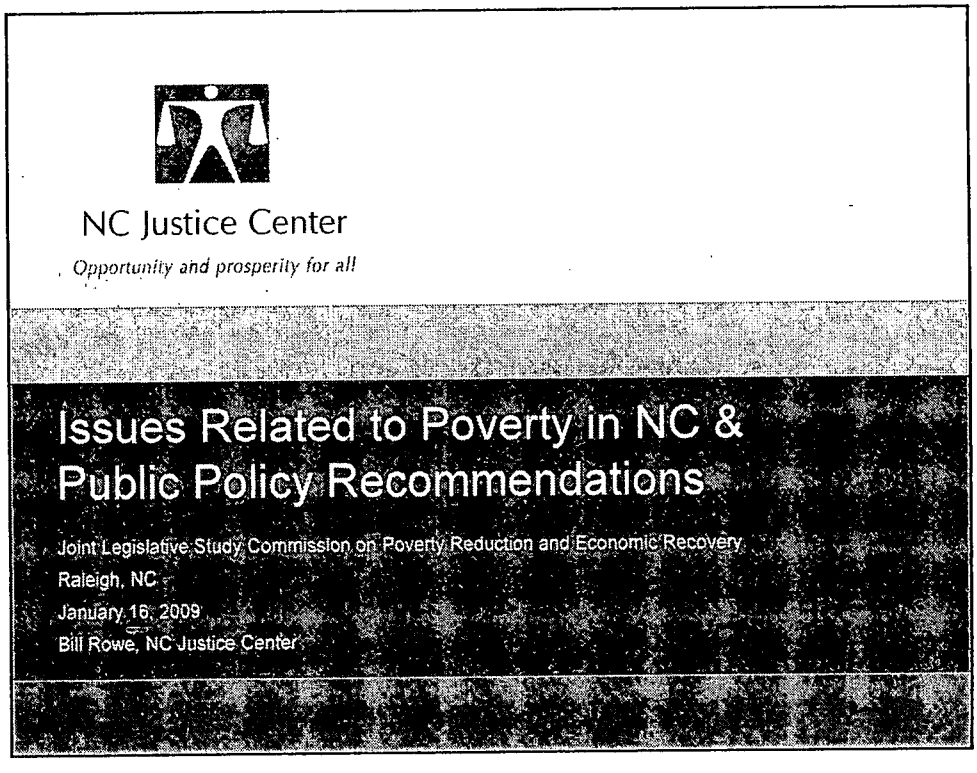
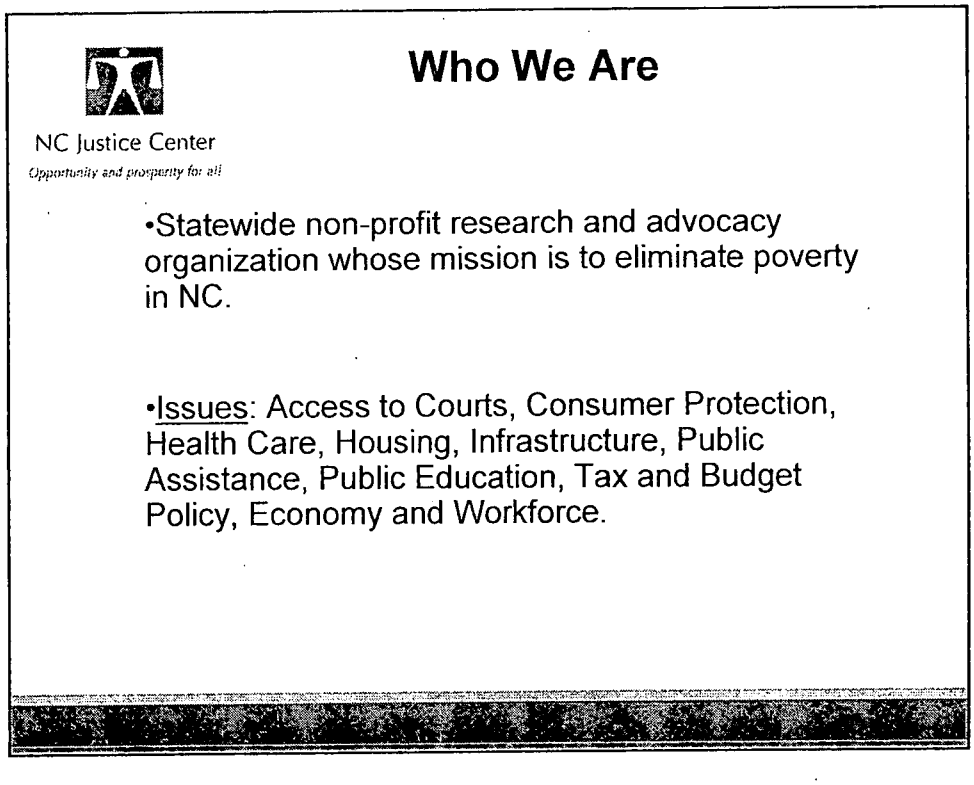

NC Justice Center
Opportunity and prosperity for all
Issues Related to Poverty in NC & Public Policy Recommendations
Joint Legislative Study Commission on Poverty Reduction and Economic Recovery
Raleigh, NC
January 16, 2009
Bill Rowe, NC Justice Center


NC Justice Center
Opportunity and prosperity for all
Who We Are
•Statewide non-profit research and advocacy organization whose mission is to eliminate poverty in NC.
•Issues: Access to Courts, Consumer Protection, Health Care, Housing, Infrastructure, Public Assistance, Public Education, Tax and Budget Policy, Economy and Workforce.

NC Justice Center

Opportunity and prosperity for all

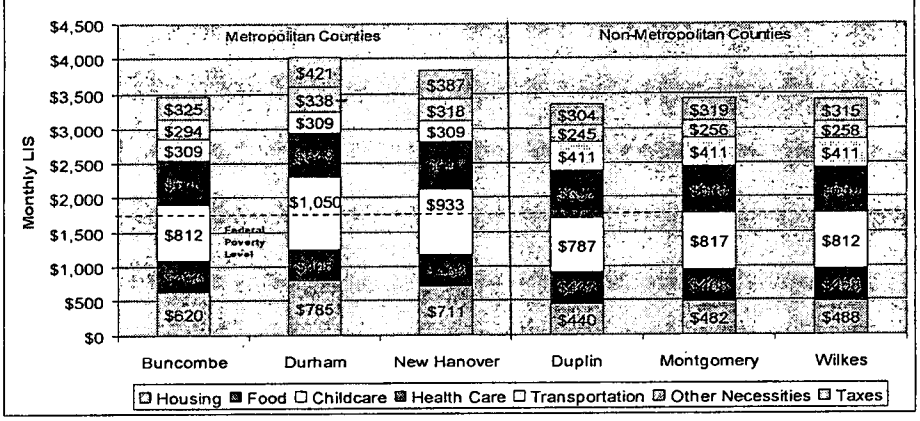
How Do We Measure Economic Hardship?

- Federal Poverty Level (FPL) is an outdated measure that undercounts the extent of economic hardship.
  - $21,207 for a four-person family in 2007.
- Living Income Standard (LIS) is an estimate of how much income families with children need to pay market prices for seven basic goods and services.
  - $41,184, on average, in NC in 2007; equal to 201% of the FPL.

NC Justice Center

Where Does the Money Go?

Monthly Living Income Standard Budgets for a Four-Person Family, Representative Counties, 2008



Who Falls Below the LIS?

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- 34 percent of all **persons** in North Carolina live in families below 200% of the FPL.
  - Female, African-American, Hispanic, immigrants and children are disproportionately apt to fall below the LIS.
- Of the adults in families below the LIS, 61% work.
  - 60% of those adults work on a full-time basis.

Why Do Families Fall Below the LIS?

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- Most families below the LIS work.
  - Typical family holds the equivalent of 1.2 full-time jobs.
- "Working Hard Is Not Enough".
  - Overall poverty in NC grew from 2001-07 – time of economic expansion.
  - Low-wage jobs less likely to offer benefits and mobility.
  - In 2003-05, 34% of North Carolinians were in jobs that paid low wages ***and*** provided ***neither*** health insurance ***nor*** retirement benefits.

The Impact on NC Families

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Income – 1.4 million people in families below LIS ("Cannot make ends meet")

Health Care – 1.5 million people lack health coverage; only 50% of private sector jobs provide health insurance.

Affordable Housing – 750,000 households have a housing problem (disrepair, overcrowded, or unaffordable – pay more than 30% of income)

Impact cont'd.

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Safe & affordable childcare – 30,000 eligible children on subsidy waiting list.

Access to the Courts – NC ranks 30th in funding of civil legal services; Per capita funding for legal aid in NC is $7.58 per eligible person.

Prisoner Re-entry – 98% of incarcerated individuals will eventually leave prison at a rate of 25,000+ per year; 60% will re-offend within 3 years.

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What To Do?

- Establish poverty reduction as a priority for the long haul.
- **Policies**:
  1. Strengthen safety net and work supports.
  2. Improve job quality (Pay, benefits, standards).
  3. Improve education and training levels.
  4. Protect and enforce fundamental rights.

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8 Recommendations for the Short Term

1. **Cover every child with health insurance** - Fully fund the existing NC Health Choice and Medicaid Programs & fund the implementation of NC Kids' Care.
2. **Implement scheduled increase in NC's Earned Income Tax Credit (EITC)** - Consider more.
3. **Increase investment in NC Housing Trust Fund** - Will generate jobs, increase state & local tax revenues, leverage private investments & meet a huge& growing need.

Recommendations, cont'd.

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Opportunity and prosperity for all

4. **Allocate additional funding for the Subsidized Child Care program** – Allows more parents to work, look for work or obtain training/education & ensures children are appropriately cared for.

5. **Increase funding for civil legal services providers** – Will resolve crises and stabilize families facing foreclosures, evictions, domestic violence, consumer rip-offs & access to needed benefits.

Recommendations cont'd.

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Opportunity and prosperity for all

6. **Establish a comprehensive study of barriers to prisoner re-entry** – Ultimately will lead to safer communities and savings to state & local governments.

7. **Eliminate or raise asset limit requirements for Food Stamps** – Current limit is $2,000; $3,000 for elderly – States are increasing or eliminating limits in response to economic crisis. (Eg. GA, SC, WV, OH, PA, VT)

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Recommendations, cont'd.

8. **Raise and Index to the cost of living NC's Minimum Wage** – Federal minimum wage is $6.55/hr & will increase to $7.25/hr in July 2009; Currently need $9.88/hr. to match the buying power of minimum wage in 1968 – 40 years ago.

NC Justice Center
Opportunity and prosperity for all

Questions?

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NC Justice Center
(919) 856-2177
bill@ncjustice.org

www.ncjustice.org

North Carolina Housing Finance Agency

Summary of Programs

Homeownership Programs for Individuals

The FirstHome Mortgage offers an interest rate below the market rate. It is targeted to moderate- and low-income individuals who haven't owned a home in three years. Also available are interest-free, deferred second mortgages up to $7,000 to pay a substantial part of the downpayment and closing costs for home buyers below 80% of area median income.

A HomeSaver feature helps borrowers who use the Agency's mortgage keep their home if they lose their job. The Agency will advance four months of principal and interest payments for borrowers who lose their jobs through no fault of their own. The funds are repaid at 0% interest when the home is sold or refinanced.

The Mortgage Credit Certificate (MCC) is an option for some buyers who do not qualify for the Agency's mortgages because of their debt ratios, credit issues or other reasons. An MCC reduces a homeowner's tax liability, dollar-for-dollar, by 20% of the mortgage interest they pay. The maximum MCC tax credit is $2,000 a year.

To learn more about all the Agency's mortgage programs, visit www.nchfa.com or call the Agency at 919-877-5700 or 800-393-0988 and ask for an underwriter.

Home Protection Program for Individuals

The Home Protection Pilot Program is available on a trial basis in 61 counties to help workers who lose their jobs because of plant closings and other changing economic conditions to avoid foreclosure on their homes. The pilot program was created and funded by the General Assembly. Displaced workers apply through participating local agencies that offer housing counseling and determine their eligibility. Qualified homeowners receive up to $20,000 in loans at 0% interest to help them make mortgage payments. Participating counties and counseling organizations are listed at www.nchfa.com – click on "Homeowners" and then on "Home Protection Pilot Program." Contact Hal Wright at 919-877-5690.

Homeownership Programs for Local Governments & Nonprofit Groups

The New Homes Loan Pool provides interest-free, deferred-payment second mortgage loans of up to $20,000 per unit for the purchase of newly constructed or substantially rehabilitated homes. Assistance is targeted to home buyers below 80% of area median income. Housing sponsors qualify for an additional grant of $4,000 per home when homes meet certain standards of energy efficiency. Contact Bill Bunting at 919-877-5629.

More information about the N.C. Housing Finance Agency's programs and activities is available at www.nchfa.com.

The Self-Help Loan Pool provides interest-free mortgage loans of up to $20,000 per home for permanent financing of newly built homes using home buyer sweat equity. Assistance is targeted to home buyers below 50% of area median income. Grant funding is also available at $4,000 per home when homes are built to certain standards of energy efficiency. Contact Sonia Joyner at 919-877-5630.

The IDA Loan Pool provides interest-free, deferred-payment second mortgage loans of up to $20,000 to home buyers participating in local Individual Development Account (IDA) programs. Assistance is targeted to households below 80% of area median income. Grants of up to $1,000 are also provided to participants to match their IDA savings. Contact Keir Morton at 919-877-5634.

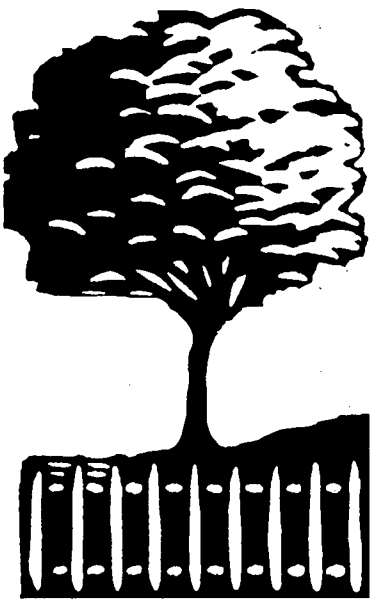
Rental Programs

The Housing Credit Program encourages the production of rental housing for low-income households by allowing a 10-year federal tax credit. The program has a two-part annual application cycle, requiring a preliminary site and market application to be submitted in January and a full application in May. Contact Scott Farmer at 919-877-5641. For Asset Management, contact Sara Newsom at 919-877-5679.

State Tax Credits are available for projects that receive an allocation of federal tax credits and meet certain income targeting requirements. The state tax credit cannot be used with projects financed using tax-exempt bonds. It is not necessary to submit a separate application for the state tax credit. Contact Mark Shelburne at 919-877-5645.

The Rental Production Program provides loans of up to $1 million per development for the construction of rental housing for households below 50% of area median income. Contact Scott Farmer at 919-877-5641. For Asset Management, contact Sara Newsom at 919-877-5679.

The Key Program provides operating assistance for persons with disabilities, making the rents affordable to individuals on SSI incomes. This program is funded in partnership with the North Carolina Department of Health and Human Services and is available to existing affordable housing developments that are participating in NCHFA programs such as the Supportive Housing Development Program and the Housing Credit Program. Contact Scott Farmer at 919-877-5641.



The Preservation Loan Program (PLP) provides loans of up to $1 million for the rehabilitation and preservation of existing affordable housing developments that are not able to utilize other funding sources. This program is funded in conjunction with the Key Program in that owners of developments funded through PLP must agree to target units to persons with disabilities. Contact Scott Farmer at 919-877-5641.

Supportive Housing Programs

The Supportive Housing Development Program provides interest-free mortgage loans of up to $500,000 per development for the production of emergency, transitional and permanent housing for homeless families and individuals, and persons with special housing needs. This program serves households below 50% of area median income, and gives priority to households below 30% of area median income. Contact Mike Mittenzwei at 919-877-5654, Mary Reca Todd at 919-877-5672, Margrit Bergholz at 919-877-5633, or Gwen Belcredi at 919-877-5648.

The Supportive Housing Pre-Development Loan Program assists nonprofit organizations developing supportive housing by providing financing for pre-development costs such as architectural and engineering work, environmental reviews, appraisals and consulting fees. Contact Mary Reca Todd at 919-877-5672.

Housing Rehabilitation Programs

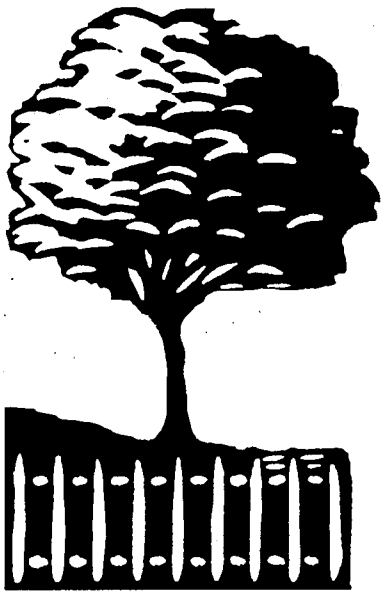
The Single-Family Rehabilitation Program provides up to $400,000 to local governments, regional agencies, and nonprofit organizations for forgivable, deferred-payment loans to rehabilitate single-family, owner-occupied homes. Assistance is targeted to elderly and disabled homeowners, in eligible counties, who are below 80% of area media income; 25 different counties become eligible annually. Contact Dick Smith-Overman at 919-877-5628.

The Urgent Repair Program provides up to $150,000 to local governments, regional agencies and nonprofit organizations for grants to correct housing conditions that pose an imminent threat to life or safety or that may cause the displacement of households below 50% of area median income. Contact Mike Handley at 919-877-5627.

The Displacement Prevention Partnership works with state and regional offices of Independent Living to provide accessibility modifications enabling very-low-income homeowners with severe mobility impairments to live at home. Contact Dorothy Cross at 919-877-5661.

The Duke Home Energy Loan Program (HELP) is available to homeowners below 80% of area median income through local governments, regional agencies and nonprofits within the Duke Power service area. Loan Pool funds are provided as deferred-payment loans to make homes more energy-efficient. Contact Cal Jordan at 919-877-5632.

The Lead Abatement Partnership works with the state Departments of Health and Human Services and Environment and Natural Resources to eliminate lead paint hazards in owner–occupied homes of children with elevated blood lead levels. Contact Mike Handley at 919-877-5627.



Policy and Research Activities

The Consolidated Plan is a housing and community development plan that provides details about the state's housing needs and conditions, sets out a strategy to meet needs, identifies resources available, and establishes one-and five-year investment plans to meet priority needs. Contact Emily Askew at 919-877-5634.

The Housing Resource Guide lists and describes organizations in North Carolina that provide housing services. An online, searchable version is available at www.nchfa.com. Contact Keir Morton at 919-877-5634.

Consumer Education and Training Activities

The Housing Tax Credit Compliance Training Program. One-day Tax Credit and half-day Rental Production Program training sessions assist owners and managing agents of rental properties in maintaining compliance with Housing Tax Credit regulations and/or Rental Production Program requirements. Sessions are held every other month at locations throughout the state. Visit the Agency website, www.nchfa.com, for a schedule. Contact Betty Ballentine at 919-877-5646.

The N.C. Elderly Housing Rights and Consumer Protection Program provides information and training for advocates, service protectors and consumers, on housing rights and related consumer protection issues. Contact Mary Reca Todd at 919-877-5672.

The Reverse Mortgage Counseling Program. North Carolina statute requires the North Carolina Housing Finance Agency to approve the training standards and certify individuals providing counseling to elderly homeowners who are applying for reverse mortgages. The Agency sponsors counselor training and also reimburses organizations for counseling homeowners through a grant from the N.C. Banking Commission. Contact Keir Morton at 919-877-5634.

Training for Predatory Lending Counselors is required by North Carolina's anti-predatory lending law, which mandates that persons considering high-cost home loans receive counseling from a North Carolina Housing Finance Agency-approved counselor before completing the loan process. The purpose is to ensure that borrowers fully understand the material terms of the loan and the amount of fees and costs the borrower will be required to pay. Contact Keir Morton at 919-877-5634.

General

The North Carolina Housing Partnership was established by the General Assembly to set policy for the use of the North Carolina Housing Trust Fund. The Housing Trust Fund was created by the General Assembly in 1987 and is the state's most flexible housing resource. The Agency administers the Housing Trust Fund and pays all its operating costs. The Housing Partnership comprises 13 members. Contact Patricia Amend at 919-877-5717.

The Housing Coordination and Policy Council is a 15-member advisory group representing state agencies and departments with responsibility for housing programs. It was established by the General Assembly to advise the Governor and the General Assembly concerning state housing policy and ways to improve the coordination of the state's housing efforts. Contact Paul Kimball at 919-877-5652.

The Housing North Carolina Awards recognize homeownership, rental, and supportive housing developments built in North Carolina that are judged to be outstanding examples of affordable housing. Contact Margaret Matrone at 919-877-5606.

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Making Ends Meet on Low Wages:

The 2008 North Carolina Living Income Standard

By John Quinterno, NC Budget and Tax Center
with Meg Gray and Jack Schofield

A Project of the
NC JUSTICE CENTER

This report is funded by generous grants from the Ford Foundation, the Charles Stewart Mott Foundation, the Working Poor Families Project, and the Z. Smith Reynolds Foundation. Additional support provided by individual contributors to the NC Justice Center.

OVERVIEW

Work is a fundamental human activity. It is the raw material from which ideas are born, enterprises are launched, families are built and neighborhoods are sustained. Human labor provides the resources needed to satisfy material needs, the ability to access new opportunities and a sense of personal dignity and purpose. Those benefits manifest themselves in prosperous individuals, strong families, thriving industries and vibrant communities.

For a sizable number of North Carolina families, however, work falls far short of its promise. One-third of North Carolina's working families earn low incomes, and the number and proportion of such families has risen since 2000.[1] That increase, in turn, is linked to trends in the labor market, most disturbingly the growth of low-wage work. In 2006, some 24 percent of working Tar Heels earned less than $9.12 per hour.[2] Moreover, low-wage jobs are less likely to provide basic workplace benefits and advancement opportunities, thereby increasing the odds that people will be unable to move ahead, no matter how hard they work.[3]

Restoring the promise of work for families earning low wages is a central challenge confronting North Carolina. Yet a lack of meaningful statistics about the economic pressures facing low-wage families often hinders progress. The primary national measure, the federal poverty level, is widely regarded as outmoded. Similarly, the prolonged erosion in the value of the minimum wage has undercut its relevance as a basic wage standard.

To better inform the debate around work, wages and opportunity, the North Carolina Budget and Tax Center developed the Living Income Standard (LIS), a market-based approach for estimating how much income a working family with children needs to pay for basic expenses. Updated periodically since 2001, the

Poverty Reduction and Economic Recovery in N.C.

By Rev. Mac Legerton, Executive Director, Center for Community Action

Poverty is a major and growing challenge in North Carolina. 40 of 100 counties have poverty rates that are over 17%. 10 counties in North Carolina, all in the East, have been persistently poor since the Federal designation of "counties of persistent poverty" was created 50 years ago. There are six major regions, or: "pockets" of poverty in our State: the southeastern, mideastern, and northeastern regions; the southwestern and northwestern regions; and the inner city regions within the major metropolitan areas. Identifying these regions is central to engaging local, regional, and state constituencies, resources, and policies in creating effective strategies and solutions to reducing poverty in NC and creating a new economy.

Reducing poverty is very complex because successful efforts must include a comprehensive approach with multiple strategies on multiple levels. There is growing recognition in the field of research and practice that there is no *one* solution to poverty and multiple programs are needed in combination with one another to create significant impact. Such a comprehensive and systems approach is necessary because the causes of poverty are rooted on multiple levels, including the lives of individuals, families, communities, institutions, systems, and cultures. Primary program and project areas in addressing poverty reduction and economic recovery include: (1) employment; (2) education; (3) life skills and balance; (4) health care; (5) housing; (6) environment (7) social support systems; and (8) social equity. Communities may implement multiple programs but if the projects are not placed in a larger context with significant program and policy alignment, isolated program and policy development will have little, overall impact on poverty reduction and economic recovery in a given community, county, or state.

In spite of these challenges, there are many effective models of poverty reduction and economic recovery that are being utilized across North Carolina and the United States. Here is a "starter" list that includes 14 projects with strategies that have proven to be effective and successful, particularly when they are placed within a comprehensive and concerted approach to poverty reduction and economic recovery. This list is by no means comprehensive, but it identifies select examples of creative programs and proposals that are directly link poverty reduction and economic recovery. This list concludes with five sample research projects relevant to poverty reduction in N.C. They are:

- Creating Poverty Reduction and Economic Recovery Regions that develop and implement an integrated, regional approach that:

  (1) links local, regional, and state organizations and sectors that are crucial to effective strategies;
  (2) develops local and regional plans for poverty reduction and economic recovery; and leverages resources;
  (3) attracts community investment and encourages the alignment of resources and public policies to support change; and
  (4) networks regions as learning communities that can benefit from the experience, expertise, lessons, and motivation of other regions and join together to advocate for program and policy development and implementation that benefits and expands their mutual efforts.

  The six regions identified in NC (above) provide a framework for this approach.

Best practice models that have proven successful in poverty reduction and economic recovery can be found in every sector across NC and the nation. Examples of these include:

- Coaching and career pathways projects that assist unemployed and underemployed persons in preparing for and acquiring jobs in industries, such as health and education, where the wages and benefits enable employees to support and sustain their families and livelihoods. These projects are enhanced and strengthened by sector development strategies that join sector leaders together to create clearer career pathways and systems of support in their particular sectors

- Aligning and expanding community college programs – and offering state financial aid where none exist – that support education and training in sectors where there are job opportunities and careers that meet living income standards. These include health and education, entrepreneurship, and local food and small farm production.

- Shifting and expanding agricultural production toward the creation of local and regional food systems based on the establishment of new institutional buying and consumer purchasing markets. Jobs and business potential in this growth market are high when public and private resources are aligned to support these initiatives

- Establishing local small business incentive and investment programs with local boards that provide grants to entrepreneurs to start and expand businesses and jobs on the local level

- Expand entrepreneurship support systems in communities and higher education and align K-12 curriculum with a new emphasis on entrepreneurship, small business development and hands-on experience for students in starting and managing businesses

- Supporting educational collaboratives at the K-12 level similar to Smart Start that develop prevention and intervention programs that advance the education of children and the capacity of parents to assist their advancement

- Requiring more focus on parent education and training in funding for child care, preschool programs, after-school, and dropout prevention programs. More and more programs are being created that lack a significant, parent-child interaction and education focus. Parental capacity building is identified as a major issue and lack but initiatives continue to intervene with children as if they lived in a vacuum without parents as potential supporters and influential partners in educational success

- Establishing family literacy programs that provide educational training and assistance to the parent and child at all grade levels and focus on increasing caregiver capacity to assist with educational development of the child and preparation for higher education

- Expanding initiatives for young people to advantage teaching as a career in rural and inner city areas where teaching jobs are plentiful and there aren't enough local educators to fill them

- Advancing recreation and tourism initiatives and align them with field trips, experiential learning experiences, and hands-on projects with the public schools to increase local knowledge and create curriculum related to local agricultural, cultural, and ecological assets

- Engaging local governments and government service organizations in increasing public education and access to both the federal and the new N.C. Earned Income Tax Credit (EITC) Programs. Every North Carolina county – and our State as a whole – continues to lose millions of dollars in income security payments that go to pay for basic public and private goods and services. Presently, nonprofit organizations are leading these public education and access efforts. It is in the interest of both local and state agencies and organizations that every citizen in N.C. that is eligible for federal and state income security benefits receive them.

- Lowering the number of standardized tests in K-12 education, utilizing additional methods of assessment and more project and place-based learning curricula that: (1) develop practical and critical thinking skills: and (2) prepare students for further education and work in the 21st century.

- Creating support programs and employment opportunities for adults with disabilities and persons in transition such as re-entry programs for ex-offenders

- Completing major research in public education that: (1) recommends how to create amore equitable school finance system that does not place an unfair burden on poor, rural systems; (2) begins the process of concretely defining the meaning of a sound basic education in major areas of educational quality and how this basic right can be equitably achieved across North Carolina; and (3) assesses the cost and losses to counties and NC resulting from the teacher shortage that forces schools, particularly rural systems, to recruit teachers from outside the state who are inexperienced and leave N.C. once they are able to return to their own state or region. Creative solutions to this third crisis in education in our state also need to be recommended and enacted.

- Performing major research on who is paying and who is receiving minimum wage, who would be harmed, and who would benefit if the minimum wage was raised and was more aligned with living income standards. Major benefactors of minimum wage jobs include large, national businesses in the food services and service industries. Most of the large benefactors of businesses with high profits, services that can't be outsourced, and with prices that are still partially determined by customer demand. Also, the two major injured parties in minimum wage economies are the low-wage earners and local and state governments that lose the benefits of higher taxes from increased wages, sales, purchases, and the additional job and business creation resulting from rising income and spending.

- Executing major research on the benefits of universal health care for both the public and private sector and as a cost-savings and stimulus measure for the private, small business employment sector.

- Doing a comparison of the Medicaid burden in N.C. on high poverty counties and the potential impact on poverty reduction if these funds were redirected toward specific poverty reduction, school finance, and economic recovery strategies.

- Completing research on urban poverty in N.C. and determine which urban areas have rates and patterns comparable to the 40 counties in N.C. with poverty rates over 17%.

In addressing poverty reduction and economic recovery opportunities and barriers in our State, I wanted to begin this presentation with the opportunities. The establishment of regional partnerships

on poverty reduction and economic recovery in these six recommended regions would be a positive and concrete step in beginning the long-term process and goal of reducing poverty in all North Carolina counties, particularly those with rates in the 40 counties and urban regions that are over 17%.

In concluding this presentation, I will list many of the structural causes of poverty in N.C. While this is not a complete list by any means, it is an initial list of some of the major institutional and systemic causes that contribute to the high level of poverty in N.C., particularly in its outlying rural and inner city areas. Most of these causes are addressed directly or indirectly by one or more of the practical and research. They are:

- Individuals and families in N.C. have been more negatively impacted by job losses than families in any other state in the nation.

- Underemployment and unemployment, both primary causes of poverty, are higher in rural areas where living wage jobs and rates of job loss are high.

- North Carolina is ranked 49th among states in wages. Mississippi is the only state that has lower wages than N.C. The low wage level and structure is a primary cause of poverty in N.C. (See the proposed research project related to the issue of low-wage employment).

- The lack of adult access to health care and affordable housing is also significant contributions to rising poverty.

- In spite of the Leandro lawsuit by rural counties and the NC Supreme Court decision that supports the right of every child to a Sound Basic Education, rural school systems lag far behind urban systems in school funding and educational achievement. What constitutes a sound basic education has only been broadly defined by the Court and there are no concrete measures to insure the capacity and resources of schools to provide it.

- North Carolina has more K-12 high stakes tests than any other state in the nation. Combined with No Child Left Behind's unfunded mandates, rural school systems have been disproportionately impacted by "teaching to the test" in order to try and meet federal standards. Already lagging behind, rural communities have higher adult illiteracy and dropout rates that create less family support and assistance for education at home. To compensate for this lack, rural schools spend more class and after-school time in test preparation. This focus lowers the quality of education and further disenfranchises both students and teachers in the educational process.

- N.C. is the only state in the nation that still requires local counties to split the cost of meeting its federally mandated, 50% Medicaid match. This policy places an inequitable burden on poor rural counties that have the highest Medicaid tax and the lowest finances for public schooling. For example, 1/3 of the Robeson County's entire budget goes to cover its required match to assist the state in meeting its Medicaid match. This local tax burden means that poor rural counties have fewer resources to support education and other essential services.

- State business incentives go primarily to import large businesses create jobs from outside the state rather than incubate and support the locally-owned small businesses and entrepreneurship that sustain and advance our state's job creation.

- Many economic development strategies and projects are not directly tied to poverty reduction. The primary beneficiaries are often not those that are living in poverty or near poverty. If they are beneficiaries, the employment benefits often do not provide enough financial and social support for an individual or family to rise out of poverty.

- The NC Community College system was largely developed to service the growing manufacturing sector in the State that is now diminishing. Health and education are now major growth sectors in the new economy of N.C. with careers that support sustainable livelihoods. The community college system needs to be aligned to service these two sectors whose jobs pay well and won't be outsourced. Federal and state financial aid is presently not available for many of the entry-level programs in the health field, such as the Certified Nurse Assistant (CNA) certification program.

- Agriculture is a key economic engine in N.C. but extension and community college resources are neither sufficient nor aligned at the present time to advantage effective strategies to create local and regional food systems and increase food security

My intent in developing this paper was to provide initial reflections on the significant work and issues being addressed by fellow members of the new Poverty Reduction and Economic Recovery Legislative Study Commission in N.C. I am very heartened by the spirit, inquiry, and care that we shared at the first meeting on December 19, 2009. I look forward to our ongoing work and submit the following recommendation:

Recommendation: That the Poverty Reduction and Economic Recovery Legislative Study Commission form a Working Group on Best Practices and Policies in order to engage the public, including representatives from public and private agencies, institutions and businesses, in dialog and deliberations in order to identify and evaluate best practices and policies in poverty reduction and economic recovery. The Working Group will meet monthly during the 2008 Legislative Session and prepare a paper on its findings for presentation at the first meeting of the Legislative Study Commission following the close of the session.

Reference: Mac Legerton, "Poverty Reduction and Economic Recovery in N.C." Published by the Center for Community Action, 2009. Contact: Rev. Mac Legerton, Center for Community Action, P.O. Box 723, Lumberton, N.C. 28359 Telephone: 910-739-7851; Email: mac_cca @bellsouth.net

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- The lack of adult access to health care and affordable housing is also significant contributions to rising poverty.

- In spite of the Leandro lawsuit by rural counties and the NC Supreme Court decision that supports the right of every child to a Sound Basic Education, rural school systems lag far behind urban systems in school funding and educational achievement. What constitutes a sound basic education has only been broadly defined by the Court and there are no concrete measures to insure the capacity and resources of schools to provide it.

- North Carolina has more K-12 high stakes tests than any other state in the nation. Combined with No Child Left Behind's unfunded mandates, rural school systems have been disproportionately impacted by "teaching to the test" in order to try and meet federal standards. Already lagging behind, rural communities have higher adult illiteracy and dropout rates that create less family support and assistance for education at home. To compensate for this lack, rural schools spend more class and after-school time in test preparation. This focus lowers the quality of education and further disenfranchises both students and teachers in the educational process.

- N.C. is the only state in the nation that still requires local counties to split the cost of meeting its federally mandated, 50% Medicaid match. This policy places an inequitable burden on poor rural counties that have the highest Medicaid tax and the lowest finances for public schooling. For example, 1/3 of the Robeson County's entire budget goes to cover its required match to assist the state in meeting its Medicaid match. This local tax burden means that poor rural counties have fewer resources to support education and other essential services.

- State business incentives go primarily to import large businesses create jobs from outside the state rather than incubate and support the locally-owned small businesses and entrepreneurship that sustain and advance our state's job creation.

- Many economic development strategies and projects are not directly tied to poverty reduction. The primary beneficiaries are often not those that are living in poverty or near poverty. If they are beneficiaries, the employment benefits often do not provide enough financial and social support for an individual or family to rise out of poverty.

- The NC Community College system was largely developed to service the growing manufacturing sector in the State that is now diminishing. Health and education are now major growth sectors in the new economy of N.C. with careers that support sustainable livelihoods. The community college system needs to be aligned to service these two sectors whose jobs pay well and won't be outsourced. Federal and state financial aid is presently not available for many of the entry-level programs in the health field, such as the Certified Nurse Assistant (CNA) certification program.

- Agriculture is a key economic engine in N.C. but extension and community college resources are neither sufficient nor aligned at the present time to advantage effective strategies to create local and regional food systems and increase food security

My intent in developing this paper was to provide initial reflections on the significant work and issues being addressed by fellow members of the new Poverty Reduction and Economic Recovery Legislative Study Commission in N.C. I am very heartened by the spirit, inquiry, and care that we shared at the first meeting on December 19, 2009. I look forward to our ongoing work and submit the following recommendation:

Recommendation: That the Poverty Reduction and Economic Recovery Legislative Study Commission form a Working Group on Best Practices and Policies in order to engage the public, including representatives from public and private agencies, institutions and businesses, in dialog and deliberations in order to identify and evaluate best practices and policies in poverty reduction and economic recovery. The Working Group will meet monthly during the 2008 Legislative Session and prepare a paper on its findings for presentation at the first meeting of the Legislative Study Commission following the close of the session.

Reference: Mac Legerton, "Poverty Reduction and Economic Recovery in N.C." Published by the Center for Community Action, 2009. Contact: Rev. Mac Legerton, Center for Community Action, P.O. Box 723, Lumberton, N.C. 28359 Telephone: 910-739-7851; Email: mac_cca @bellsouth.net

Poverty Reduction and Economic Recovery in N.C.

By Rev. Mac Legerton, Executive Director,
Center for Community Action

- Poverty is a major and growing challenge in North Carolina.

- 40 of 100 counties have poverty rates over 17%.

- 10 counties are counties of persistent poverty (USDA)

Six Major Regions of Poverty in N.C.

- Southeast
- Mideast
- Northeast
- Southwest
- Northwest
- Inner cities

Poverty Reduction and Economic Recovery

is very complex.

Successful efforts must include a comprehensive approach with multiple strategies on multiple levels

Primary program and project areas include:

(1) Employment
(2) Education
(3) Life skills and balance
(4) Health care

Primary program and project areas (continued)

(5) Housing
(6) Environment
(7) Social support systems; and
(8) Social equity

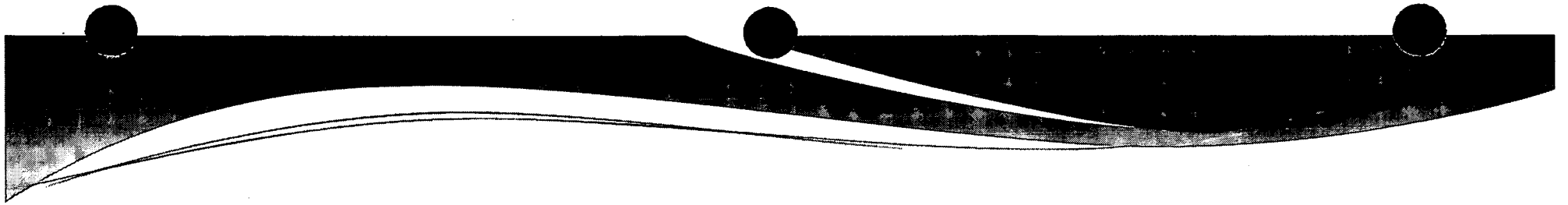
Creating Poverty Reduction and Economic Recovery Regions

(1) Link local, regional, and state organizations and sectors

(2) Develop local and regional plans

(3) Attract community investment and align resources and public policies

(4) Network regions as learning communities



The six poverty regions identified in NC provide a framework for a regional approach: Southeast, Mideast, Northeast, Southwest, Northwest, and Inner-City

Developing Career Pathways Projects

Assisting unemployed and underemployed persons in preparing for and acquiring jobs in industries with job opportunities that meet basic living income standards

Aligning and Expanding Community College Programs

Create new alignments and expand education and training programs in sectors with job opportunities and careers,

that meet living income standards

Examples: Health, Education,

Entrepreneurship, and Agriculture

Creating local and regional food systems

Reconstruct agriculture as a major economic development and job creation engine to service local food consumption through institutional buying and consumer purchasing

Establishing local small business incentive and investment programs

with local boards that provide grants to entrepreneurs to start and expand businesses and jobs on the local level (similar to Smart Start), using a portion

of state incentive monies

Expanding entrepreneurship

support systems
in counties and regions

Create regional partnerships and align K-12 curriculum with emphasis on entrepreneurship, small business development and hands-on experience for students in starting
and managing businesses

Supporting Educational Collaboratives at the K-12 level

Advancing the education of children and the capacity of parents to assist their advancement at the Elementary, Middle School, and High School levels

(similar to Smart Start at the 0 – 5 age level)

Expanding the Focus on Parent Education and Training

Expanding the focus at all levels and require more parental involvement in funding for child care, More At Four, preschool programs, after-school, and dropout prevention programs

Establishing family literacy programs

that provide educational training and assistance to the parent and child at all grade levels and focus on increasing caregiver capacity to assist with educational development of the child and preparation for higher education

Expanding initiatives for young people to consider and enter teaching as a career

Focusing initiatives in rural and inner city, high poverty areas where teaching jobs are plentiful and there aren't enough local educators to fill them

Advancing recreation and tourism initiatives

and align them with field trips, experiential learning experiences, and hands-on projects with the public schools to increase local knowledge and create curriculum related to local agricultural, cultural, and ecological assets

Engaging local governments and government service organizations in increasing public education and access to both the federal and the new N.C. Earned Income Tax Credit (EITC) Programs

Lowering the number of standardized tests
in K-12 education

and utilizing additional methods of assessment and more project and place-based learning curricula

Creating support programs and employment opportunities

for adults with disabilities and persons in transition such as re-entry programs for ex-offenders

Completing major research in public education that:

(1) Recommends how to create a more equitable school finance system

(2) Begins the process of concretely defining the meaning of a sound basic education; and

(3) Assesses the cost and losses to counties and NC resulting from the teacher shortages

Performing major research

on who is paying and who is receiving minimum wage, who would be harmed, and who would benefit if the minimum wage was raised – there is a direct link between high poverty and low wages/benefits

Executing major research

on the benefits of universal health care for both the public and private sector and as a cost-savings and stimulus measure for the private, small business employment sector

Doing a comparison

of the Medicaid burden in N.C. on high poverty counties and the potential impact on poverty reduction if these funds were redirected toward specific poverty reduction, school finance, and economic recovery strategies

Completing Research on Urban Poverty in N.C.

and determine which urban areas have rates and patterns comparable to the 40 counties in N.C. with poverty rates over 17%

- Individuals and families in N.C. have been more negatively impacted by job losses than families in any other state in the nation.

- Underemployment and unemployment, both primary causes of poverty, are higher in rural areas where living wage jobs and rates of job loss are high.

- North Carolina is ranked 49th among states in wages. Mississippi is the only state that has lower wages than N.C.

- The lack of adult access to health care and affordable housing is also significant contributions to rising poverty.

- In spite of the Leandro lawsuit and the NC Supreme Court decision, rural school systems lag far behind urban systems in school funding and educational achievement.

- North Carolina has more K-12 high stakes tests than any other state in the nation. Combined with No Child Left Behind's unfunded mandates, rural school systems have been disproportionately impacted by "teaching to the test" in order to try and meet federal

- N.C. is the only state in the nation that still requires local counties to split the cost of meeting its federally mandated, 50% Medicaid match.

- State business incentives go primarily to import large businesses create jobs from outside the state rather than incubate and support the locally-owned small businesses and entrepreneurship that sustain and advance our state's job creation.

- Many economic development strategies and projects are not directly tied to poverty reduction.

- The NC Community College system needs to re-align programs to service growth economies where jobs and careers are available and provide a living income standard, such as expanding programs in the health and education sectors

- Agriculture is a key economic engine in N.C. but extension and community college resources are neither sufficient nor aligned at the present time to advantage effective strategies to create local and regional food systems and increase food security

Recommendation:

That the Poverty Reduction and Economic Recovery Legislative Study Commission form a Working Group on Best Practices and Policies

Purpose of Working Group

Engage the public, including representatives from public and private agencies, institutions and businesses, in dialog and deliberations in order to identify and evaluate best practices and policies in poverty reduction and economic recovery.

Proposal

That the Working Group meet monthly during the 2008 Legislative Session and prepare a paper on its findings for presentation at the first meeting of the Legislative Study Commission following the close of the 2008 session

Reference:

Mac Legerton, "Poverty Reduction and Economic Recovery in N.C." Published by the Center for Community Action, 2009.

Contact:

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Center for Community Action,
P.O. Box 723
Lumberton, N.C. 28359
Telephone: 910-739-7851;

House

Sgt at Arms

1 John Brandon
2 Coulton Adams
3 Ken Burroughs
4 Tom Wilder

Senate

1 Mary Perry
2 Richard Telfair
3 Leslie Wright
4 Chester White

VISITOR REGISTRATION SHEET

POVERTY REDUCTION AND ECONOMIC RECOVERY LEGISLATIVE STUDY COMMISSION
Name of Committee

Friday, January 16, 2009
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rob Thompson	Covenant
Amy Simes	Dewr
Dennis Gaddy	Community Success Initiative
Daryl Atkinson	Office of Indigent Defense Services
Koon Allen Woyee	FCC-Butner / Durham Prisoners Resource Roundtable
Sheldon Howard	Community Success Init.
David Baker	NCDOR
Nancy Pomeranz	NC DOR
Gail McRae	(P.O. Box 488, Lbg, NC 28353) Four-County Community Services, Inc.
Kevin Ryan	DHHS/DPH
Candace Mujahid	CSI

VISITOR REGISTRATION SHEET

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NAME	FIRM OR AGENCY AND ADDRESS
Sharon C. Goodson	N.C. Community Action Assoc Raleigh, NC
Angela R Miller	WAMY Community Action Boone, NC
Chris Kolega	Ctr for Responsible Lending
Neil Parry-Hill	NC HFA
Margaret Mattone	NC HFA
Bob Kucab	NC HFA
Sadie Hoffler	Roanoke Area Development Assoc, Inc
Jean Rogers	Halifax County
Dorothy Adams	Raeford NC
Gloria B. Hall	Cameron Height Community Action Project : B. A. Hall House of Serenity

VISITOR REGISTRATION SHEET

POVERTY REDUCTION AND ECONOMIC RECOVERY LEGISLATIVE STUDY COMMISSION
Name of Committee

Friday, January 16, 2009
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
J. Quinterno	NC Budget + Tax Center
I. Rivera	MBA, Inc, POBox 6, Salemburg, NC
Martha Beatty	Community Outreach Advocate Inc. PO Box 783 Raeford 28376
Elena Bullard	Community outreach Advocate Inc P.O. Box 783- Raeford NC 28376
Dora Graham	5249 Calloway Rd Raeford NC 28376
Yolanda Bagwell	NC Rural Center 4021 Carya Drive, Raleigh, NC 27810
Helen McLean	NC Rural Ctr
Bill Rowe	NC Justice Center
Marlon D. Lavaro	NC Justice Center
Alexandra Forter Sirota	Action for Children N.C.
Shinica Thomas	NC Community College System

VISITOR REGISTRATION SHEET

POVERTY REDUCTION AND ECONOMIC RECOVERY LEGISLATIVE STUDY COMMISSION
Name of Committee

Friday, January 16, 2009
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Brian Balfour	Civitas Institute
Barbara Boyce	NC Community College System Office
Hilda Dickens	" NCCCS
Anne Bacon	NC Rural Center

Legislative Study Commission on Poverty Reduction and Economic Recovery

AGENDA

10 am
September 29, 2009
Room 643
Legislative Office Building

Call to Order
Rep. Garland E. Pierce, presiding.

Remarks by Co-Chairs
Rep. Pierce and Sen. Edward W. Jones.

Report on Economic Stimulus
Mr. Dempsey Benton,
Director of Economic Recovery and Investment, Office of the Governor.

Information and Proposals for the Commission's Consideration
North Carolina Justice Center

- Ms Melinda Lawrence, Executive Director
  -- Proposed issues for consideration by the Commission.

- Ms. Meg Gray and Ms Elaine Mejia, N.C. Budget and Tax Center
  -- Recent Census data on poverty, income, and health insurance.

Planning by Members for Commission's Work During Interim

Adjournment

MINUTES

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTIOIN AND ECONOMIC RECOVERY

Tuesday, September 29, 2009
10:00 a.m.

The Legislative Study Commission on Poverty Reduction and Economic Recovery met in Room 643 of the Legislative Office Building on Tuesday, September 29, 2009. Chairman Garland E. Pierce presided and called the meeting to order at 10:02 a.m. Chairman Pierce welcomed the members, who introduced themselves, Counsel Staff, Sergeant-At-Arms, and Visitors.

Chairs present: Senator Edward Jones. Members: Senator Doug Berger, Senator Don W. East, Senator Steve Goss, Senator Floyd McKissick, Representative Angela R. Bryant, Representative Bryan R. Holloway, Representative Earl Jones, and Representative Nick Mackey. Public members: Dr. Zeno Edwards, Ms. Patricia S. Peterson, and Dr. Al Wentzy. Ex Officio members or designees: Ms. Maria Spaulding, Mrs. Tina Morris-Anderson, Manfred Emmrich, and Ms. Johanna Reese. A Visitor's Registration list and presentations are attached and filed as a record to the minutes.

Chairman Pierce recognized Chairman Jones for remarks. Chairman Jones stated that the problems of poverty could not be solved in one meeting, and the Commission should seek to offer direction to deal with problems brought on by poverty. He also said he was particularly interested in the corrections and court systems and the effect of fines could have on those least able to pay.

Chairman Pierce recognized Mr. Dempsey Benton, Director of Economic Recovery and Investment, Office of the Governor to explain the Report on Economic Stimulus. Mr. Benton's presentation, "American Recovery and Reinvestment Act" shared information about tax law changes - individual and business, direct pay to individuals, state budget stabilization, formula program allocation, federal agency allocation and competitive public and private grants. He said North Carolina has received $8.3 million, thus far. Some of the examples were direct payments in the area of food stamps, one-time social security payments. Pell Grants and increased unemployment funds. He said there are 44 allocations in place in North Carolina and money allocated to federal agencies in the state come based on the location of such federal facilities. Mr. Benton said the state will get $183 million in Housing and Community Development grants. The local public housing agencies will divide $83.5 million. Other money in this category will be used to update financial plans for private and nonprofit groups. Working with the Housing Finance Agency will affect 660 projects across the state. He also said the office was advised that $95 million would come to convert tax credits into cash equity. In the federal Department of Defense Funds, counties will receive $250 million in addition to any BRAC funds already scheduled. The transportation money will spread $735 million over 268 projects. The education grants guidelines will come in December and North Carolina will make applications. Mr. Benton said separate accounting is required for each program and quarterly reports will be issued next month. The presentation is attached and filed as Attachment 1 to the minutes.

Chairman Pierce recognized Dr. Edwards. Dr. Edwards wanted to know if Pell Grants were given to athletes. Mr. Benton said such information was difficult to track, but he believed very few were given to athletes. Representative Bryant wanted to know more about the number of public sector jobs provided. Mr. Benton said the state budget stabilization from the General Assembly resulted in about 12,000 public sector jobs. She also wanted to know about employment targets for areas with high

unemployment, specifically her area in Rocky Mount. Mr. Benton said three high unemployment areas had been targeted, including the Rocky Mount area. He said small teams were beginning to contact local governments to open communications about availability. (The other regions he mentioned were the southern border counties around Moore and Montgomery and foothill counties around Rutherford and Caldwell. The counties listed do not include all counties in the target.)

Chairman Pierce recognized Representative Jones. Representative Jones wanted to know about any mechanisms that could analyze how African-American owned businesses were fairing in funds and contracts. He wanted to know if tracking was possible for funds provided to African-Americans in general. Mr. Benton's office provided members with a notebook on procedures and results. His office will provide updates on how the funds are administered. The counties will be giving information to the office.

Senator Goss was recognized by Chairman Pierce. Senator Goss asked about bidding procedures for local businesses between states without creating turf battles. Mr. Benton said there was no such procedure. He noted the water and sewer contracts were limited to $3 million each which could make the climate more attractive to local firms. Transportation program benchmarks required 50% of the Department of Transportation (DOT) bids to be out in June.

Senator McKissick was recognized by Chairman Pierce. Senator McKissick wanted to know which housing authorities qualify and determine what they receive. Mr. Benton said the Department of Housing and Urban Development makes those decisions. A message was sent to 100 public housing authorities informing them of funding and this is the amount. There was no local application processed.

Chairman Pierce recognized Senator East. Senator East wanted to know how many jobs were public or private that might assist a business person. Mr. Benton said $830+ million of transportation funds would go out to private companies through contracts for construction work buying buses or vehicles. A number of those are in turns of traffic signals upgrades which will be a combination of engineers designing those as well as buying equipment which will come out of the market place.

Chairman Pierce recognized Senator Berger. Senator Berger wanted to know if North Carolina would be hurt in vying for education money since the administration did not favor raising the cap on the number of charter schools. Mr. Benton said the charter school component was a low priority. He said the major criteria in consideration for the race for the top funds were: distribution of quality teachers, ability of states to track student progress through the school experience, uniform standards, and upgrading low performance schools.

Chairman Pierce recognized Senator Jones. Senator Jones noted there are funds to prevent homelessness and asked who were already homeless. Mr. Benton said the local programs for the homeless were not changed. The ARRA funds were intended as a preventive measure. Senator Jones wanted to know how water and sewer money was allocated and wanted information about private wells. Mr. Benton said individual private wells would not be affected, unless an extension of service included someone with a substandard well. He said money was intended for local government water systems. Chairman Pierce asked Mr. Benton to explain the homeless process again. Chairman Pierce said he attended a Homeless Coalition meeting and they identified 140 or 150 students as being homeless in the school system. He wanted to know what was available for those families outside of what is being purposed now. If they are homeless now, is there anything in the stimulus package to assist them. Mr. Benton said he didn't believe there were specific funds to provide directly to the homeless. The decision was made to put the funds in prevention. He also said this was a new program

which would define the line between those who are homeless and those on the verge. Chairman Pierce requested additional information be provided to the Commission.

Chairman Pierce recognized Representative Jones for follow-up on a concern by Senator East. Representative Jones wanted to know if there were any moneys that would have enough flexibility to be used for grants for small businesses to grow, expand, and startup. Mr. Benton said they hope to get proposals in the energy efficiency category to assist existing small businesses in the form of a grant or land for business improvements to make them efficient and reduce their operation cost. He said the Small Business Administration (SBA) did not receive a lot of funding for the recovery act in comparison to other programs. They did receive funding to support small businesses trying to get started with long guarantees. A loan guarantee can go up to 90% or 100%. SBA can help small businesses or individuals get their performance bonding capacity. They must be bonded if bidding on public or private jobs. Representative Jones said there was no recovery money for SBA above and beyond what they already had. Mr. Benton said they were given additional funding to handle these elements and North Carolina does not have an allocation, it is a national funding. They received $400 million nationally. Each SBA agency has to work within their national number to get funds to guarantee startup business loans. Chairman Pierce said the Commission would ask Mr. Benton to come back once they finish their first report and suggested Mr. Benton get with the Counsel staff to discuss his return.

Ms. Melinda Lawrence, Executive Director of the North Carolina Justice Center was recognized by Chairman Pierce to explain her presentation on Information and Proposals for the Commission's Consideration. Ms. Lawrence said the Commission should hear the background information from Ms. Elaine Mejia on recent Census data on poverty, income, and health insurance before hearing from her on policy recommendations.

Chairman Pierce recognized Ms. Elaine Mejia, Director of the North Carolina Budget and Tax Center Project to explain her presentation. Ms. Mejia said the data included in her presentation was released 45 minutes ago by the Census Bureau. Ms. Mejia did not have a copy of her presentation for the Commission, but would be provided. The current poverty guidelines created in 1965 was based on the family food budget. If you are a family of four, this year (2009) you are considered below poverty if your house income is below $22,050. Senator Jones wanted to know if a child could be in poverty, but not the family. Ms. Mejia said no, children are typically in younger families and have not had the growth in their own careers. If a child is in poverty, the family is definitely in poverty. Ms. Mejia said she would provide additional information in reference to this concern. She referred to the data that was just released. The data indicated 49% of North Carolina below the poverty level is considered the working poor. That is someone in the family working for a cumulative experience of 39 weeks per year. She said the so-called "real" unemployment figure of 16.8% was accurate. It added those out of work with those marginally associated in the workforce wanting to work, but giving up trying and those who are involuntarily working part-time. She indicated that her data was for households in 2008 for the 37 largest counties in North Carolina, and of those counties North Carolina had the highest. All requested information will be provided to the Commission. This presentation is filed as Attachment 2 to the minutes.

Ms. Melinda Lawrence, Executive Director of the North Carolina Justice Center was recognized by Chairman Pierce to explain her presentation on Information and Proposals for the Commission's Consideration. Ms. Lawrence outlined the issues that the Center would like for the Commission to consider. The Center was asking for focus on: workforce development, housing, tax policy, health care and federal recovery funds. Senator East and Representative Holloway questioned the statistics offered by Ms. Lawrence. They challenged the idea that one out of every two North Carolinians over 16 was deficient in literacy skills. Ms. Lawrence could not cite the source, but offered to provide

documentation. She was pointing out a significant number of citizens fall in that category. Ms. Lawrence is asking that the Commission look at the following policy recommendations:

- How to get basic literacy skills for adults who do not have basic literacy skills and do not qualify for jobs and training programs in Workforce of Development.
- The state's labor policies for ways to remove bearers to unionization (which nationally will increase average wages), to provide better benefits and improve the safety of working conditions.
- Polices that addresses and set some basic labor standards.
- Recommending indexing the minimum wage to inflation so it will continue to rise without the legislation having to revisit as inflation dictates.
- Asking for basic consideration of allowing each worker in North Carolina to have a minimum number of paid sick days for their own illness, medical treatment or a family member. North Carolina is one of the few states who do not provide paid sick days for many workers.
- Considering repelling the band on collective bargaining for public employees. Many public employees live below the poverty level or below the living income standard.

Ms. Lawrence wanted the Commission to focus on affordable housing. A short term recommendation would be to increase the state investment in the North Carolina Housing Trust Fund. This is an award winning program that targets providing affordable housing to the poorest of the poor in the state. She said the Commission should look at the possibility of extending some of the foreclosure procedural protection of slowing down the foreclosure processes. They should look at careful examination of the foreclosure process and give families an opportunity to pay those taxes. The first thing to do would be to increase the state EITC. The state has adopted and earned income tax credit that is set at only 5% of the federal tax credit level. The national average is 20% of the federal earned income tax credit level. The Center is asking the Commission to consider raising the state EITC to 10% which is half of the national average. The second tax policy recommendation would be to increase the local property taxes for individuals whose home market value has gone up. Ms. Lawrence's recommendation was for health care and to get as many federal dollars as possible. They want the Commission to:

- Look at ways to maximize the federal funding that can be brought into the state by expanding the Children's Health Insurance and the Medicaid Programs.
- Look at ways to free authorization of the children's program and set up procedural changes that will make it easier for enrollment and prevent those from falling off enrollment.
- Look at ways to allow children to enroll and stay enrolled.
- Look at ways to remove the existing enrollment cap on the Children's Health Insurance program and allow enrollment as needy children occur.
- Look at cost saving programs for Medicaid. It was suggested that the Preferable Drug List is a cost saving program and agree to pay for the drugs that really work.
- Look at full funding of Medicaid, available federal matching dollars, and how to prevent families from getting into medical debit.
- Look at what can be done with families who are currently in poverty by medical debit.
- Look at ways to maximizing the number of jobs that are created for low income workers and ensure that the services provided go to poor and working families.

Ms. Lawrence would like to return and explain in detail the specifics of the policy recommendations. The presentation is attached and filed as Attachment 3 to the minutes.

Chairman Pierce said Ms. Lawrence's return would be discussed with Counsel Staff and her issues were important and they needed to go over them one at a time. He suggested asking the UNC Center to do a presentation also.

Representative Jones was recognized by Chairman Pierce. Representative Jones suggested considering unionization for gathering data from five states that have unions and compare to the state of North Carolina. He felt eventually the media would educate the general public that poverty is linked to non unionization. He said having North Carolina isolated alone will not go anywhere. Ms. Lawrence said they have gathered some data and would be happy to bring it back to the Commission.

Committee Discussion

Chairman Pierce said Senator Jones will preside the next meeting on Tuesday, October 27, at 10 a.m.

Chairman Pierce recognized Representative Bryant. Representative Bryant was concerned about the high cost for water and sewer treatment. She requested to have someone speak to the Commission about these issues and the connections to poverty. Ms. Lawrence said they have done some work on this matter but did not bring it. Representative Bryant said this issue is broad and she supports it, but was specifically interested in the issue of water and how much people are paying.

There being no further business, the Chairman adjourned the meeting at 11:56 a.m.

Respectfully submitted,

Representative Garland E. Pierce
Presiding, Co-Chair

Mildred Alston
Committee Assistant

ATTENDANCE

POVERTY REDUCTION AND ECONOMIC RECOVERY LEGISLATIVE STUDY COMMISSION

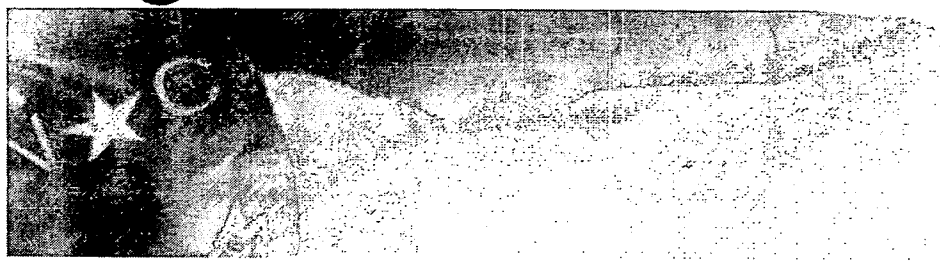
(Name of Committee)

DATES MEMBERS	9-29-09														
Representative Garland E. Pierce Co-Chair	√														
Senator Edward Jones, Co-Chair	√														
Senator Doug Berger	√														
Senator Don W. East	√														
Senator Steve Goss	√														
Senator Floyd McKissick, Jr.	√														
Senator Joe Sam Queen	E														
Senator David F. Weinstein	X														
Representative Angela R. Bryant	√														
Representative William A. Current, Sr.	E														
Representative Bryan R. Holloway	√														
Representative Earl Jones	√														
Representative James H. Langdon, Jr.	X														
Representative Nick Mackey	√														
Representative Randy Stewart	E														
Mr. James C. Beasley, Avery Co.	E														
Dr. Zeno L. Edwards, Jr. Beaufort Co.	√														
Reverend Mac Legerton, Robeson Co.	X														
Ms. Patricia S. Peterson, Duplin Co.	√														
Dr. Al Wentzy, Northampton Co.	√														
Ex Officio Members															
Superintendent June Atkinson Department of Public Instruction Designee:	X														

Ex Officio Members (Cont'd)

Secretary Lanier Cansler Dept. of Health and Human Services Designee: Ms. Maria Spaulding	√														
Commissioner Cherie Killian Berry Department of Labor Designee:	X														
Secretary Keith Crisco Department of Commerce Designee:	X														
Chairman Moses Carey, Jr. Department of Employment Security Designee: Mr. Manfred Emmrich	√														
Secretary Linda Hayes Department of Juvenile Justice Designee: Mr. Ed Pope	√														
Secretary Eugene Conti Department of Transportation Designee: Ms. Johanna Reese	√														
Staff Members															
Bill Gilkeson, Research Division	√														
Melanie Bush, Fiscal Research	√														
Kristine Leggett, Fiscal Research	√														
Dan Ettefagh, Bill Drafting	X														
Irma Avent-Hurst Committee Assistant	√														
Mildred Alston Committee Assistant	√														

E = Excused Absence



NCRECOVERY.GOV
Office of Economic Recovery & Investment

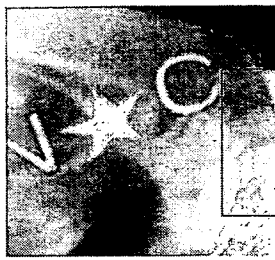
American Recovery and Reinvestment Act

… at work in North Carolina

JobsNOW

Governor Beverly Perdue

ATTACHMENT 1



Objectives

Near Term

- Stabilize State Budgets and Local Gov't. Programs Dependent on State Budgets
- Create Jobs
- Safety Net

Long Term

- Energy Conservation/Efficiency
- Health Care-Health IT
- Education

How does ARRA come to the state?

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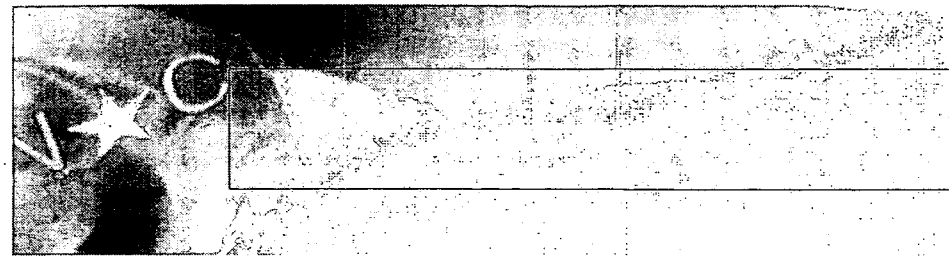
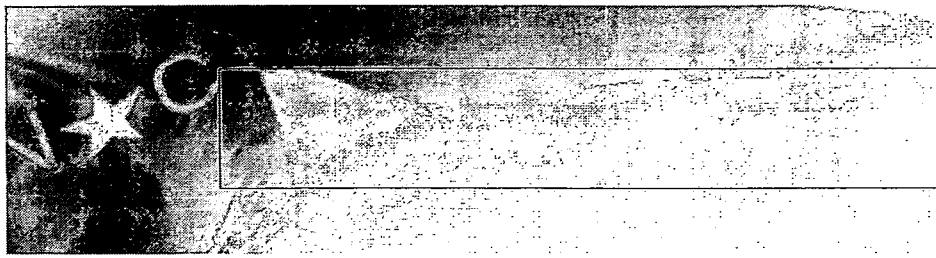
- Direct Payment to Individuals- Safety Net
- State Budget Stabilization
- Formula Program Allocation
- Federal Agency Supplemental Budgets
- Competitive Grants: Public & Private



N. C. / ARRA

Direct Paymts to Individuals	**$1.7 Billion**
Stabilize State Budget	**$3.5 Billion**
Formula Allocations	**$2.5 Billion**
Federal Agencies Supplemental	**$ .6 Billion**
Total-to-date	**$8.3 Billion**



Direct Payments

- **Supplemental Nutrition Assistance Program**

  (Thru Aug. '09- $115 Million)

- **Social Security Recipients**

  (One Time payment)

- **Pell Grants**

  (+ 10%)

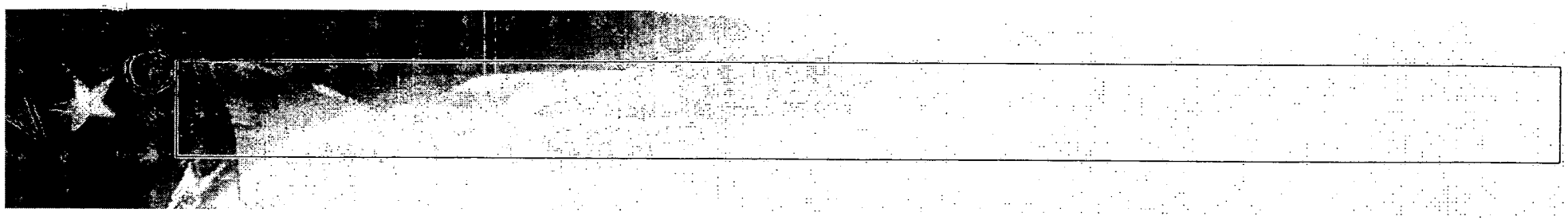
- **Increased Unemployment. Benefits**

  (Thru Aug. '09: $219 Million)

- **$616 Million**

- **$412 Million**

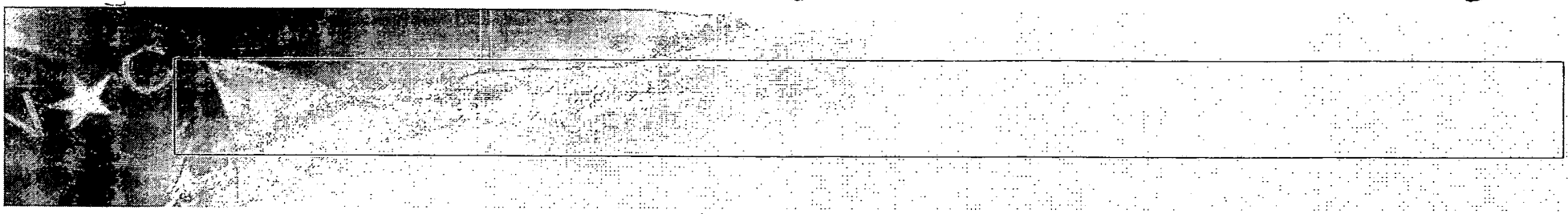
- **$600 Million +/-**



State Fiscal Stabilization:

(**08-09**) $1,055,383,309

(**09-11**) $2,423,738,980



Formula Programs – 44 Overall Categories

Major Areas:

• Transportation	838.8
• Clean Water/ Drinking Water	137.1
• Education-Title I/IDEA	675
• Energy Efficiency	274
• Workforce Investment- Adult	54.8
• WIA-Youth	25.1
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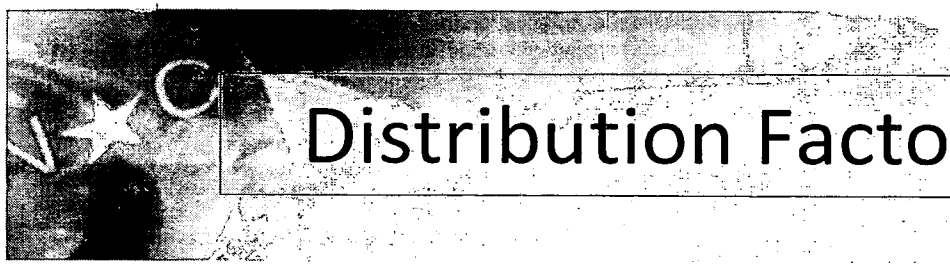
• Child Care	67.5
• Employment Services	69.7



Distribution Factors- State Formula Programs

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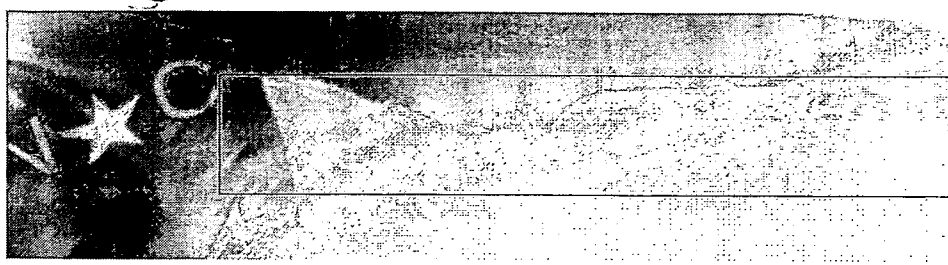

Next Steps

- **<u>Transportation</u>- Highways**
  268 Projects
  $348 Million Under Contract
- **<u>Transit</u>- $103 Million Awarded to:**
  21 Urban Systems
  63 Rural Systems
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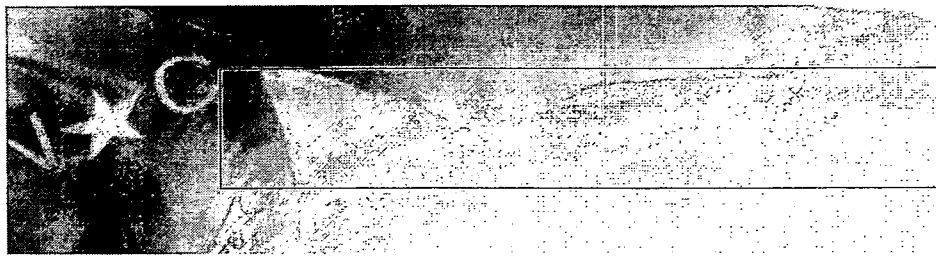
Next Steps

Workforce Investment

- Summer Youth Employment
- Funds to Regional Workforce Boards
- Statewide Skills Training
  - Community Colleges

Weatherization

- Contracts with Local Organizations
- Risk Review Assessments
- Target Average $4000/Unit
  (NMT $6500/Unit)



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- **Energy Efficiency/EECBG**
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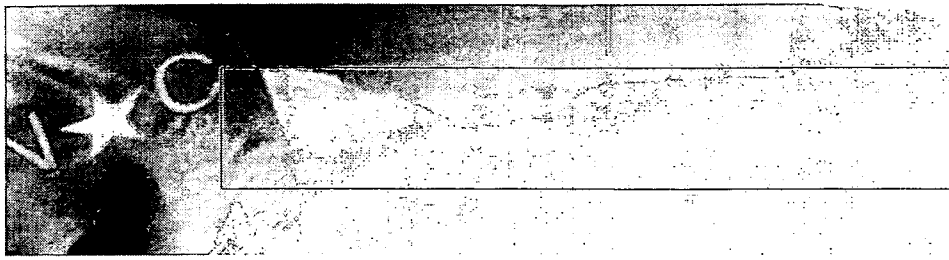
- **Community Development Block Grant**
  - 27 Community Projects Approved
- **Homelessness Prevention**
  - Application Submitted
  - Award by Sept. 30
- **Affordable Housing Projects**
  - $52 Million
  - Awarded to 10 Projects- 666 Units



Competitive Grants

Education

- "Race to the Top": $4.35 Billion
- Innovations: $650 Million
- Guidelines Due by December

Health

- Health IT Strategic Plan

  Applications: October & November

Competitive Grants

Broadband $7.2 Billion

- 3 Rounds
- 1st Awards by Dec. 09

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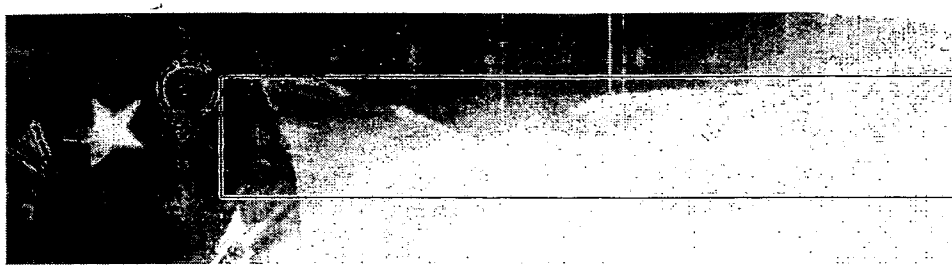
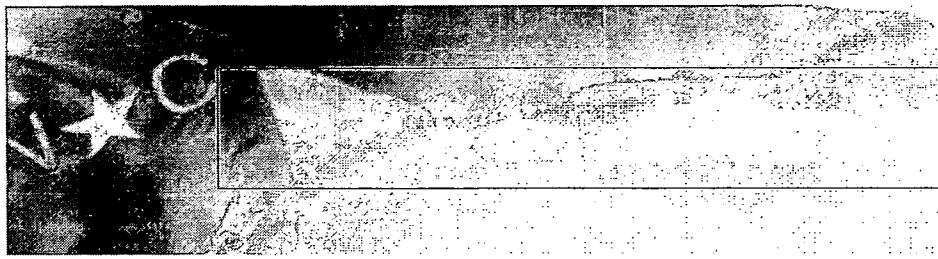


Bond Authority

- Zero Percent Interest School Construction Bonds

- Build America Bonds/ Recovery Zone Bonds



Key Metrics To-Date (9-09)

- **<u>Transportation</u>**

  Highways- Projects in 83 Counties

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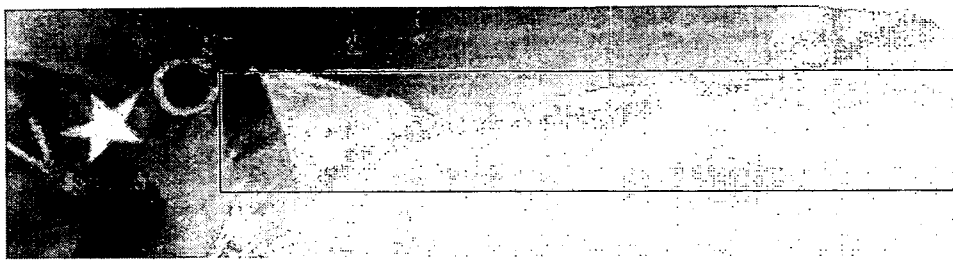
- **<u>Drinking Water & Clean Water</u>**

  Projects in 58 Counties



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- **Housing Funds Help Start Construction of 666 New Affordable Housing Units**
- **All Local Public Housing Authorities in the State Receive Funds to Make Improvements to Existing Dwelling Units**

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- **Briefing Seminars for HUBs and Small Businesses**
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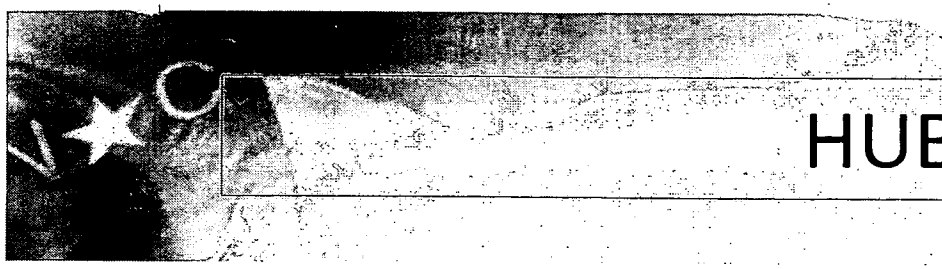
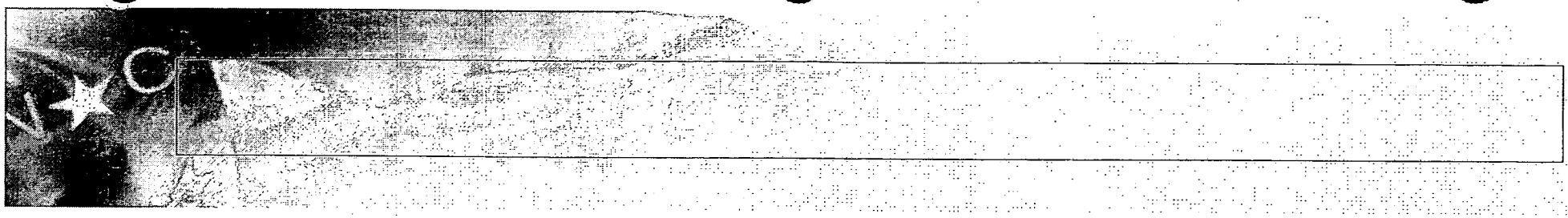


HUB/Small Business Awareness

Nine Regional Meetings

- Williamston
- Salisbury
- Wilmington
- Greensboro
- Goldsboro
- Charlotte
- **Raleigh: Sept. 16**
- **Hickory: Sept. 23**
- **Rocky Mount: Sept. 30**



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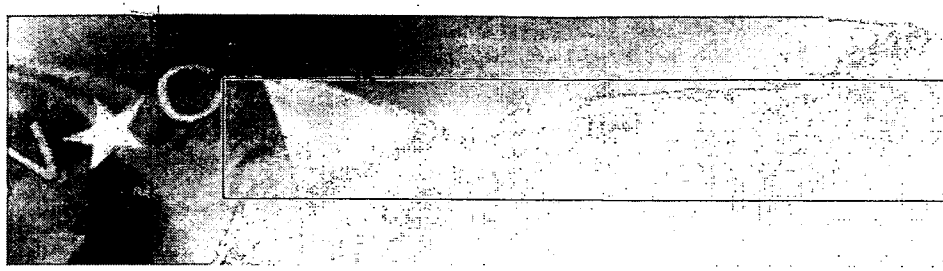
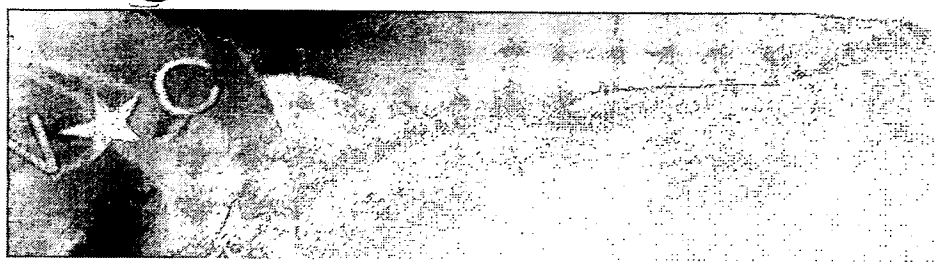
- **Regular, quarterly reports**
- **Federal Oversight**
- **Citizen Feedback**



ARRA

- **One-time Funds**
- **Up to 3 Years to Invest**
- **Timelines to be Met:**
  -ARRA Requirements
  -"Use-it-or-Lose-It" Schedules



NCRECOVERY.GOV
Office of Economic Recovery & Investment

Office of Economic Recovery and Investment

20308 Mail Service Center
Raleigh, NC 27699-0308

919-733-1433

www.NCRecovery.gov

HP LaserJet P1505

Self Test / Configuration

Product Information

Product Name:	= HP LaserJet P1505
Formatter Number:	= CA0288T
Product Serial Number:	= VNB3J09042
Service ID:	= 18194
Firmware Version:	= 20070816
Max Print Resolution:	= FastRes 1200

Memory

Total Memory:	= 2 MBytes
Available Memory:	= 0 MBytes

Counters

Total Pages printed	= 10985
Input Jams	= 6
Output Jams	= 1
Narrow Media Page Count	= 205
Cartridge Jams	= 0
Average Job Size	= 2.13
Total Jobs Printed	= 5157
Average Coverage	= 5

Status Log

Code	Page
13.0001	9284
13.0001	9161
13.0002	7315
13.0001	4904
	2385

NCRecovery.gov

American Recovery and Reinvestment Act

... at work in North Carolina

Job. NOW

Governor Beverly Perdue

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North Carolina
Office of Economic Recovery and Investment
Status Report
As of
September 11, 2009

The American Recovery and Reinvestment Act (ARRA) of 2009 allocates $6,023,539,859 to North Carolina. The funds are available in the following categories:

- State Fiscal Stabilization
- Targeted, Formula Programs
- Direct Allocations to Local Governments
- Grant Allocations to State Agencies

The state is also receiving funding from ARRA in other allocation processes as well.

- Direct payments to individuals
    - Food Stamp Increase ($616 million to 1,122,281 participants)
    - Pell Grant Increase
    - Social Security – One time payment of $250 to 1,651,972 beneficiaries – $412,993,000)
- Federal departments supplemental budgets
  Approximately $500 million is allocated to projects in North Carolina.
- Research and Development
  Grants awarded to UNC-system $57,063,641

The following will provide an overview of the fiscal stabilization, targeted, formula programs, and those direct allocations to local governments.

Program Description	Amount Allocated	As of September 11, Amount committed to Projects / Budgets
A. State Fiscal Stabilization		
1. Education		
• Application approved. The state committed $126,962,971 to meet '08-'09 state education budget needs. • The '09–'11 State budget	$ 1,161,931,564	$ 1,161,931,564

Program Description	Amount Allocated	As of September 11, Amount committed to Projects / Budgets
allocates $517,484,296 to each fiscal year.		
2. General Purpose		
Application approved. The state committed $232,670,404 to meet '08-'09 state public safety budget needs. The '09-'11 State budget allocates $12,926,135 each year to Department of Correction	$ 258,522,671	$ 243,152,270
3. Medicaid		
Drawdown is ongoing. In '08-'09 the State expended $695,749,936 in additional funding. The '09-'11 State budget allocated $1,359,918,118 of supplemental Medicaid receipts. This account is adjusted based on the adopted '09–'11 state budget	$ 2,055,668,054	$ 2,055,668,054

B. Target, Formula Programs

The grants come from federal departments. After receiving program specific guidelines from each federal department, the state has to submit a detailed grant application for each funding category. Time schedules vary based on the federal department guidelines

1. Transportation		
Total for all Transportation	$ 838,831,242	$ 838,831,242
• These funds are for highways, bridges, and transit capital improvements. • State DOT is awarding construction contracts each month. Bids are at 20 – 25% below NCDOT estimates. • Projects have been identified		

Program Description	Amount Allocated	As of September 11, Amount committed to Projects / Budgets
to spend 100% of funds allocated to highways and bridges. • Transit capital projects have been allocated to local transit systems. ($103,864,203).		
2. Clean Water/Drinking Water		
Capital Improvements	$ 137,068,500	$ 132,577,692
• The state has approved 110 local improvement projects.		
3. Energy Efficiency Projects		
Weatherization	$ 131,954,536	$ 12,561,217
• The application was submitted to Federal Government 05/12/09. • Federal approval has been received for 40% of the grant. • The state has executed 19 contracts committing $8,653,531.		
Energy Efficiency Program	$ 75,989,000	$ 7,598,900
• The detailed application was submitted to federal department 05/12/09. • Federal approval has been received for 40% of the grant. • Ten percent of funds advanced to state for ramp up costs and preliminary training.		

Program Description	Amount Allocated	As of September 11, Amount committed to Projects / Budgets
Energy Efficiency and Conservation Block Grant • The detailed application was submitted 06/25/09. • Federal approval could come in 60 + days.	$ 20,925,300	
Energy Star Appliance Rebate Program • Initial application submitted 08/14/09, and approved. • Detailed application due to U.S. Department of Energy by 10/15/09.	$ 8,848,616	
4. Education		
Title I and IDEA Funding • Application approved. State has notified all LEAs of formula allocations. 50% allocated 04/01/09 ($332,239,336). • Funds to educate homeless youth allocated 07/01/09 ($1,627,010)	$ 677,060,763	$ 261,058,729
Education Other • **School Lunch Equipment**: SBE approved 109 School Food Authority applications totaling $3,313,727 on 06/04/09. • **Work Study**: Funds go directly to students ($4,777,311). • **Education Technology** $10 million of the $16.4 million	$ 38,743,248	$ 3,313,727

Program Description	Amount Allocated	As of September 11, Amount committed to Projects / Budgets
will be competitive. • **Head Start funds** $14,314,846		
5. Workforce Investment Act		
Workforce Investment Act	$ 79,827,136	
Adults		$ 35,438,154
• The 24 local workforce agencies have been allocated $35,438,154.		
Youth		$ 21,310,093
• The 24 local workforce agencies have been allocated $21,310,093 for summer youth employment program.		
• State level training programs have been initiated which total 19,493,592.		19,493,592
6. Human Services		
Child Care	$ 67,543,000	$56,023,990
• Awarded. Funds to be allocated to counties in FY 09-10.		
Community Services Block Grant	$ 26,243,124	
• Application submitted 05/29/09 and approved. Contracts are being approved.		

Program Description	Amount Allocated	As of September 11, Amount committed to Projects / Budgets
Human Services Other	$ 85,260,191	$ 6,858,909

- **SNAP Funds** – $9,400,000 allocated and available to counties through 09/30/09 ($1,579,348 committed).
- **Emergency Food and Shelter funds** – $3,335,422 allocated and has gone to local FEMA boards.
- **Foster Care/Adoption funds** – $11,774,494 allocated ($4,961,810 committed).
- **Older Blind Individuals funds** – $1,042,363 allocated.
- **Senior Nutrition Funds** – $2,547,512 allocated and will be spent after 07/01/09.
- **Senior Community Services** – $621,560 allocated ($235,206 committed).
- **Commodity Assistance** – $3,876,000 allocated ($82,545 committed).
- **Immunization** – $5,153,105 allocated.
- **Independent Living** – $402,340 allocated.
- **Vocational Rehabilitation** – $18,029,008 allocated.
- **Homelessness Prevention** – $29,078,387 allocated. Application has been approved. Project applications have been received and are under review. State will make final awards to local programs by 09/30/09.

Program Description	Amount Allocated	As of September 11, Amount committed to Projects / Budgets
7. Housing & Community Development		
Total Housing & Community Development	$ 64,233,301	
• **Community Development Block Grant non-entitlement funds** – $12,080,614 allocated and have been committed to local projects.		$ 11,476,583
• **HOME Investment Partnership Program** – $52,152,687 allocated. The HOME Investment Funds have been committed to projects.		$ 52,152,687
8. Criminal Justice		
Total Criminal Justice	$ 40,912,714	$ 35,256,472
• **Crime Victims Compensation Funding** – $647,904 has been paid directly to crime victims.		
• **Crime Victims Assistance** – $1,110,000 allocated.		
• **Internet Crimes Against Children** – $879,040 allocated.		
• **Violence Against Women** – $3,784,210 allocated.		
• **Justice Assistance Grants** – $34,491,558 allocated. Application approved, project awards have been announced.		

Program Description	Amount Allocated	As of September 11, Amount committed to Projects / Budgets
9. Employment Services		
Total Employment Services	$ 69,698,780	$ 587,768
Wagner-Peyser/Reemployment Services – $11,091,396 allocated • Reemployment Services to Unemployment Insurance Claimants. Application made 03/09/09. • Available for obligation until 09/30/2010, and expended by 06/30/2011.		
Unemployment Insurance Funds – $14,647,397 allocated • No application necessary.		
Trade Adjustment Assistance Grants – $43,959,987 allocated		
C. Direct Allocations to Local Governments		
Total Direct Allocation to Local Governments	$ 127,473,117	
Community Development Block Grant entitlement – $6,921,506 allocated to local governments from HUD.		
Public Housing Capital Fund – $83,426,611 allocated to local Public Housing Authorities by HUD.		
Energy Efficiency and Conservation Block Grants – $37,125,000 allocated to Local Governments. • Local Governments		

Program Description	Amount Allocated	As of September 11, Amount committed to Projects / Budgets
responsible for applications by 08/10/09.		
D. Grants to State Agencies		
Discretionary Grants to State Agencies • AmeriCorps State Grant Award ($891,387) • US Forestry Service Hazard Mitigation Grants ($4,666,000) • Aquaculture Assistance ($797,772) • Water Quality Management Program ($714,400) • State Clean Diesel Grant Program ($1,730,000) • EPA-Clean School Bus WEPN ($509,000) • EPA-Grants to Replace Aging Diesel Engines ($1,116,600) • EPA-Wind Energy on Tribal Land ($40,000) • EPA-Municipal Makeover: improving the Performance of Curbside ($31,500) • EPA-Phone Book Product Stewardship Project ($45,000)	$ 10,541,659	
CCPS – Army National Guard	$ 39,500,000	$39,500,000
Leaking Underground Storage Tank Trust Fund	$ 6,763,343	
TOTAL	**$ 6,023,539,859**	**$ 4,994,791,643**

Subsidized Childcare

The ARRA provides $67.5 million for additional child care assistance. By federal directions, $11.5 million is to be used for quality enhancement efforts. This leaves $56 million for direct services.

The ARRA funds are divided across all the counties using the same legislative approved formula as in past distributions for this program. This creates a new total funding for each county including all sources. Since there are 5,000 childcare centers in the state, the decision was made to focus the ARRA funds to a specific number of the centers so that the reporting and record keeping would be more manageable. This process involves picking 50 counties which include the tier 1 counties and/or those counties with highest unemployment rates, plus counties with highest number of children on the waiting list. Then DHHS selects a number of centers within those counties which would receive the ARRA funded slots and be responsible for reporting. They have identified 291 centers out of the 5,000 to be responsible for reporting.

This approach does not modify the actual amounts each county receives. It adjusts the mix of funding sources.

These ARRA funds must be used in fiscal year 09-10, so the department will more closely monitor how the funds are used in each county and make adjustments on a quarterly basis to avoid the use it-lose it situation.

Overall, the adopted state budget cut $15 million from this program. The net increase is therefore $41 million which should serve an additional 8,000 children this year.

SFY 09-10 Non-Smart Start Subsidized Child Care Allocations

County	Base Formula Allocation			Stimulus Funds	Total Annual Allocation - With Stimulus					
	Total Allocation	Maximum Allowable Funds for Services Support	Direct Services Funding	Direct Services Allocation	Total Allocation	Maximum Allowable Funds for Services Support	Direct Services Funding	2nd Quarter - 36% ARRA	3rd Quarter - 36% ARRA	4th Quarter - 28% ARRA
Alamance	$ 5,728,658	$ 281,905	$ 5,446,753	$ 942,008	$ 6,670,666	$ 281,905	$ 6,388,761	$ 339,123	$ 329,703	$ 273,182
Alexander	$ 1,137,671	$ 80,000	$ 1,057,671	$ 142,218	$ 1,279,889	$ 80,000	$ 1,199,889	$ 51,198	$ 49,776	$ 41,243
Alleghany	$ 599,742	$ 80,000	$ 519,742	$ 65,695	$ 665,437	$ 80,000	$ 585,437	$ 23,650	$ 22,993	$ 19,051
Anson	$ 1,045,625	$ 80,000	$ 965,625	$ 141,912	$ 1,187,537	$ 80,000	$ 1,107,537	$ 51,088	$ 49,669	$ 41,154
Ashe	$ 1,282,869	$ 80,000	$ 1,202,869	$ 241,107	$ 1,523,976	$ 80,000	$ 1,443,976	$ 86,799	$ 84,388	$ 69,921
Avery	$ 425,077	$ 80,000	$ 345,077	$ 64,751	$ 489,829	$ 80,000	$ 409,829	$ 23,310	$ 22,663	$ 18,778
Beaufort	$ 2,240,472	$ 110,029	$ 2,130,443	$ 297,852	$ 2,538,324	$ 110,029	$ 2,428,295	$ 107,227	$ 104,248	$ 86,377
Bertie	$ 957,677	$ 80,000	$ 877,677	$ 129,377	$ 1,087,054	$ 80,000	$ 1,007,054	$ 46,576	$ 45,282	$ 37,519
Bladen	$ 1,421,026	$ 80,000	$ 1,341,026	$ 183,298	$ 1,604,324	$ 80,000	$ 1,524,324	$ 65,987	$ 64,154	$ 53,156
Brunswick	$ 4,924,805	$ 241,634	$ 4,682,971	$ 774,694	$ 5,699,299	$ 241,634	$ 5,457,665	$ 278,890	$ 271,143	$ 224,661
Buncombe	$ 9,261,148	$ 433,007	$ 8,828,141	$ 1,366,240	$ 10,627,388	$ 433,007	$ 10,194,381	$ 491,846	$ 478,184	$ 396,210
Burke	$ 2,733,816	$ 135,318	$ 2,598,498	$ 397,271	$ 3,131,087	$ 135,318	$ 2,995,769	$ 143,018	$ 139,045	$ 115,209
Cabarrus	$ 5,746,144	$ 249,593	$ 5,496,551	$ 686,579	$ 6,432,723	$ 249,593	$ 6,183,130	$ 247,169	$ 240,303	$ 199,108
Caldwell	$ 3,000,962	$ 148,779	$ 2,852,183	$ 450,790	$ 3,451,753	$ 148,779	$ 3,302,974	$ 162,285	$ 157,777	$ 130,729
Camden	$ 283,084	$ 80,000	$ 203,084	$ 25,916	$ 309,000	$ 80,000	$ 229,000	$ 9,330	$ 9,071	$ 7,516
Carteret	$ 2,154,453	$ 106,220	$ 2,048,233	$ 270,322	$ 2,424,775	$ 106,220	$ 2,318,555	$ 97,316	$ 94,613	$ 78,393
Caswell	$ 704,739	$ 80,000	$ 624,739	$ 86,634	$ 791,374	$ 80,000	$ 711,374	$ 31,188	$ 30,322	$ 25,124
Catawba	$ 5,745,826	$ 273,097	$ 5,472,729	$ 674,908	$ 6,420,734	$ 273,097	$ 6,147,637	$ 242,967	$ 236,218	$ 195,723
Chatham	$ 2,415,420	$ 115,803	$ 2,299,617	$ 355,154	$ 2,770,574	$ 115,803	$ 2,654,771	$ 127,856	$ 124,304	$ 102,995
Cherokee	$ 1,250,313	$ 80,000	$ 1,170,313	$ 164,856	$ 1,415,169	$ 80,000	$ 1,335,169	$ 59,348	$ 57,700	$ 47,808
Chowan	$ 743,461	$ 80,000	$ 663,461	$ 94,895	$ 838,356	$ 80,000	$ 758,356	$ 34,162	$ 33,213	$ 27,520
Clay	$ 446,421	$ 80,000	$ 366,421	$ 56,127	$ 502,548	$ 80,000	$ 422,548	$ 20,206	$ 19,644	$ 16,277
Cleveland	$ 4,070,678	$ 201,907	$ 3,868,771	$ 584,801	$ 4,655,479	$ 201,907	$ 4,453,572	$ 210,528	$ 204,680	$ 169,592
Columbus	$ 2,600,288	$ 128,947	$ 2,471,341	$ 425,373	$ 3,025,661	$ 128,947	$ 2,896,714	$ 153,134	$ 148,880	$ 123,358
Craven	$ 5,153,734	$ 254,307	$ 4,899,427	$ 697,966	$ 5,851,699	$ 254,307	$ 5,597,392	$ 251,268	$ 244,288	$ 202,410
Cumberland	$ 16,020,957	$ 738,812	$ 15,282,145	$ 2,126,296	$ 18,147,253	$ 738,812	$ 17,408,441	$ 765,467	$ 744,204	$ 616,626
Currituck	$ 783,716	$ 80,000	$ 683,716	$ 84,269	$ 867,985	$ 80,000	$ 787,985	$ 30,337	$ 29,494	$ 24,438
Dare	$ 1,145,469	$ 80,000	$ 1,065,469	$ 151,931	$ 1,297,400	$ 80,000	$ 1,217,400	$ 54,695	$ 53,176	$ 44,060
Davidson	$ 5,840,110	$ 287,438	$ 5,552,672	$ 873,132	$ 6,713,242	$ 287,438	$ 6,425,804	$ 314,328	$ 305,596	$ 253,208
Davie	$ 1,289,989	$ 80,000	$ 1,209,989	$ 178,101	$ 1,468,091	$ 80,000	$ 1,388,091	$ 64,116	$ 62,335	$ 51,649
Duplin	$ 2,727,924	$ 135,598	$ 2,592,326	$ 449,808	$ 3,177,732	$ 135,598	$ 3,042,134	$ 161,931	$ 157,433	$ 130,444
Durham	$ 17,216,714	$ 806,112	$ 16,410,602	$ 2,615,487	$ 19,832,201	$ 806,112	$ 19,026,089	$ 941,575	$ 915,420	$ 758,491
Edgecombe	$ 2,929,863	$ 144,703	$ 2,785,160	$ 384,614	$ 3,314,477	$ 144,703	$ 3,169,774	$ 138,461	$ 134,615	$ 111,538
Forsyth	$ 14,041,799	$ 666,501	$ 13,375,298	$ 1,883,356	$ 15,925,155	$ 666,501	$ 15,258,654	$ 678,008	$ 659,174	$ 546,173
Franklin	$ 2,153,222	$ 106,028	$ 2,047,194	$ 319,370	$ 2,472,592	$ 106,028	$ 2,366,564	$ 114,973	$ 111,780	$ 92,617
Gaston	$ 7,532,228	$ 373,186	$ 7,159,042	$ 1,065,347	$ 8,597,574	$ 373,186	$ 8,224,388	$ 383,525	$ 372,871	$ 308,951
Gates	$ 382,920	$ 80,000	$ 302,920	$ 44,978	$ 427,898	$ 80,000	$ 347,898	$ 16,192	$ 15,742	$ 13,044
Graham	$ 666,570	$ 80,000	$ 586,570	$ 91,866	$ 758,435	$ 80,000	$ 678,435	$ 33,072	$ 32,153	$ 26,641
Granville	$ 1,826,920	$ 90,660	$ 1,736,260	$ 271,579	$ 2,098,499	$ 90,660	$ 2,007,839	$ 97,769	$ 95,053	$ 78,758
Greene	$ 940,255	$ 80,000	$ 860,255	$ 115,141	$ 1,055,396	$ 80,000	$ 975,396	$ 41,451	$ 40,299	$ 33,391
Guilford	$ 20,617,257	$ 960,881	$ 19,656,376	$ 2,586,953	$ 23,204,211	$ 960,881	$ 22,243,330	$ 931,303	$ 905,434	$ 750,216
Halifax	$ 2,431,457	$ 120,726	$ 2,310,731	$ 338,679	$ 2,770,136	$ 120,726	$ 2,649,410	$ 121,925	$ 118,538	$ 98,217
Harnett	$ 5,005,372	$ 247,301	$ 4,758,071	$ 809,808	$ 5,815,180	$ 247,301	$ 5,567,879	$ 291,531	$ 283,433	$ 234,844
Haywood	$ 2,454,099	$ 119,910	$ 2,334,189	$ 314,357	$ 2,768,455	$ 119,910	$ 2,648,545	$ 113,168	$ 110,025	$ 91,163
Henderson	$ 3,767,174	$ 180,877	$ 3,586,297	$ 562,894	$ 4,330,068	$ 180,877	$ 4,149,191	$ 202,642	$ 197,013	$ 163,239
Hertford	$ 1,015,777	$ 80,000	$ 935,777	$ 138,450	$ 1,154,227	$ 80,000	$ 1,074,227	$ 49,842	$ 48,457	$ 40,150
Hoke	$ 2,295,063	$ 111,504	$ 2,183,559	$ 357,971	$ 2,653,033	$ 111,504	$ 2,541,529	$ 128,869	$ 125,290	$ 103,812
Hyde	$ 292,712	$ 80,000	$ 212,712	$ 43,677	$ 336,390	$ 80,000	$ 256,390	$ 15,724	$ 15,287	$ 12,666
Iredell	$ 5,230,440	$ 222,600	$ 5,007,840	$ 745,023	$ 5,975,462	$ 222,600	$ 5,752,862	$ 268,208	$ 260,758	$ 216,057
Jackson	$ 2,108,029	$ 103,077	$ 2,004,952	$ 299,392	$ 2,407,420	$ 103,077	$ 2,304,343	$ 107,781	$ 104,787	$ 86,824
Johnston	$ 6,187,827	$ 296,280	$ 5,891,547	$ 897,039	$ 7,084,866	$ 296,280	$ 6,788,586	$ 322,934	$ 313,964	$ 260
Jones	$ 550,059	$ 80,000	$ 470,059	$ 84,610	$ 614,670	$ 80,000	$ 534,670	$ 23,260	$ 22,614	$ 18

SFY 09-10 Non-Smart Start Subsidized Child Care Allocations

County	Base Formula Allocation: Total Allocation	Base Formula Allocation: Maximum Allowable Funds for Services Support	Base Formula Allocation: Direct Services Funding	Stimulus Funds: Direct Services Allocation	Total Annual Allocation - With Stimulus: Total Allocation	Total Annual Allocation - With Stimulus: Maximum Allowable Funds for Services Support	Total Annual Allocation - With Stimulus: Direct Services Funding	2nd Quarter - 36% ARRA	3rd Quarter - 35% ARRA	4th Quarter - 29% ARRA
Lee	$ 2,521,177	$ 123,191	$ 2,397,986	$ 397,401	$ 2,918,578	$ 123,191	$ 2,795,387	$ 143,064	$ 139,090	$ 115,246
Lenoir	$ 2,734,953	$ 134,972	$ 2,599,981	$ 376,839	$ 3,111,792	$ 134,972	$ 2,976,820	$ 135,662	$ 131,894	$ 109,283
Lincoln	$ 1,820,851	$ 102,785	$ 1,718,066	$ 281,223	$ 2,102,074	$ 102,785	$ 1,999,289	$ 101,240	$ 98,428	$ 81,555
Macon	$ 1,552,554	$ 80,000	$ 1,472,554	$ 181,343	$ 1,733,897	$ 80,000	$ 1,653,897	$ 65,284	$ 63,470	$ 52,590
Madison	$ 646,708	$ 80,000	$ 566,708	$ 79,236	$ 725,943	$ 80,000	$ 645,943	$ 26,525	$ 27,732	$ 22,978
Martin	$ 1,340,060	$ 80,000	$ 1,260,060	$ 166,735	$ 1,506,794	$ 80,000	$ 1,426,794	$ 60,025	$ 58,357	$ 48,353
McDowell	$ 1,151,581	$ 80,000	$ 1,071,581	$ 248,473	$ 1,400,055	$ 80,000	$ 1,320,055	$ 89,450	$ 86,966	$ 72,057
Mecklenburg	$ 39,446,055	$ 1,850,905	$ 37,595,150	$ 5,825,680	$ 45,271,735	$ 1,850,905	$ 43,420,830	$ 2,097,245	$ 2,038,988	$ 1,689,447
Mitchell	$ 557,675	$ 80,000	$ 477,675	$ 83,595	$ 641,270	$ 80,000	$ 561,270	$ 30,094	$ 29,258	$ 24,243
Montgomery	$ 912,335	$ 80,000	$ 832,335	$ 166,130	$ 1,078,466	$ 80,000	$ 998,466	$ 59,807	$ 58,146	$ 48,178
Moore	$ 2,570,212	$ 126,963	$ 2,443,249	$ 343,000	$ 2,913,212	$ 126,963	$ 2,786,249	$ 123,480	$ 120,050	$ 99,470
Nash	$ 3,075,585	$ 152,721	$ 2,922,864	$ 434,877	$ 3,510,463	$ 152,721	$ 3,357,742	$ 156,556	$ 152,207	$ 126,114
New Hanover	$ 7,493,460	$ 359,567	$ 7,133,913	$ 875,883	$ 8,369,363	$ 359,567	$ 8,009,796	$ 315,318	$ 306,559	$ 254,006
Northampton	$ 1,026,135	$ 80,000	$ 946,135	$ 120,530	$ 1,146,665	$ 80,000	$ 1,066,665	$ 43,391	$ 42,186	$ 34,954
Onslow	$ 7,483,356	$ 509,464	$ 6,973,892	$ 1,729,741	$ 9,213,097	$ 509,464	$ 8,703,633	$ 622,707	$ 605,409	$ 501,625
Orange	$ 4,378,486	$ 197,433	$ 4,181,053	$ 599,062	$ 4,977,548	$ 197,433	$ 4,780,115	$ 215,662	$ 209,672	$ 173,728
Pamlico	$ 566,143	$ 80,000	$ 486,143	$ 82,604	$ 648,747	$ 80,000	$ 568,747	$ 29,738	$ 28,912	$ 23,955
Pasquotank	$ 2,017,304	$ 91,902	$ 1,925,402	$ 229,826	$ 2,247,130	$ 91,902	$ 2,155,228	$ 82,737	$ 80,439	$ 66,649
Pender	$ 1,728,618	$ 85,184	$ 1,643,434	$ 269,464	$ 1,998,082	$ 85,184	$ 1,912,898	$ 97,007	$ 94,312	$ 78,145
Perquimans	$ 432,734	$ 80,000	$ 352,734	$ 58,328	$ 491,063	$ 80,000	$ 411,063	$ 20,998	$ 20,415	$ 16,915
Person	$ 1,367,174	$ 80,000	$ 1,287,174	$ 192,513	$ 1,559,687	$ 80,000	$ 1,479,687	$ 69,305	$ 67,380	$ 55,829
Pitt	$ 7,399,730	$ 356,380	$ 7,043,350	$ 1,211,792	$ 8,611,522	$ 356,380	$ 8,255,142	$ 436,245	$ 424,127	$ 351,420
Polk	$ 666,174	$ 80,000	$ 586,174	$ 78,249	$ 744,423	$ 80,000	$ 664,423	$ 28,170	$ 27,387	$ 22,692
Randolph	$ 5,269,404	$ 261,045	$ 5,008,359	$ 801,030	$ 6,070,434	$ 261,045	$ 5,809,389	$ 288,371	$ 280,360	$ 232,299
Richmond	$ 2,014,705	$ 100,177	$ 1,914,528	$ 299,534	$ 2,314,238	$ 100,177	$ 2,214,061	$ 107,832	$ 104,837	$ 86,865
Robeson	$ 7,030,868	$ 345,877	$ 6,684,989	$ 1,124,864	$ 8,155,730	$ 345,877	$ 7,809,853	$ 404,951	$ 393,702	$ 326,211
Rockingham	$ 3,100,932	$ 154,056	$ 2,946,876	$ 450,118	$ 3,551,050	$ 154,056	$ 3,396,994	$ 162,042	$ 157,541	$ 130,534
Rowan	$ 4,884,991	$ 235,804	$ 4,649,187	$ 647,397	$ 5,532,388	$ 235,804	$ 5,296,584	$ 233,063	$ 226,589	$ 187,745
Rutherford	$ 2,628,229	$ 130,613	$ 2,497,616	$ 388,542	$ 3,016,771	$ 130,613	$ 2,886,158	$ 139,875	$ 135,990	$ 112,677
Sampson	$ 2,488,202	$ 123,485	$ 2,364,717	$ 419,509	$ 2,907,711	$ 123,485	$ 2,784,226	$ 151,023	$ 146,828	$ 121,658
Scotland	$ 1,762,693	$ 84,902	$ 1,677,791	$ 272,783	$ 2,035,477	$ 84,902	$ 1,950,575	$ 98,202	$ 95,474	$ 79,107
Stanly	$ 2,213,258	$ 104,522	$ 2,108,736	$ 311,039	$ 2,524,296	$ 104,522	$ 2,419,774	$ 111,974	$ 108,863	$ 90,201
Stokes	$ 1,127,163	$ 80,000	$ 1,047,163	$ 148,447	$ 1,275,609	$ 80,000	$ 1,195,609	$ 53,441	$ 51,956	$ 43,050
Surry	$ 2,404,653	$ 119,404	$ 2,285,249	$ 350,130	$ 2,754,782	$ 119,404	$ 2,635,378	$ 126,047	$ 122,545	$ 101,538
Swain	$ 860,412	$ 80,000	$ 780,412	$ 105,879	$ 966,292	$ 80,000	$ 886,292	$ 38,117	$ 37,058	$ 30,705
Transylvania	$ 951,451	$ 80,000	$ 871,451	$ 111,758	$ 1,063,209	$ 80,000	$ 983,209	$ 40,233	$ 39,115	$ 32,410
Tyrrell	$ 184,765	$ 80,000	$ 104,765	$ 24,348	$ 209,112	$ 80,000	$ 129,112	$ 8,765	$ 8,522	$ 7,061
Union	$ 6,129,050	$ 281,176	$ 5,847,874	$ 821,519	$ 6,950,569	$ 281,176	$ 6,669,393	$ 295,747	$ 287,532	$ 238,241
Vance	$ 2,132,041	$ 105,893	$ 2,026,148	$ 280,295	$ 2,412,335	$ 105,893	$ 2,306,442	$ 100,906	$ 98,103	$ 81,285
Wake	$ 31,127,616	$ 1,479,633	$ 29,647,983	$ 6,152,966	$ 37,280,582	$ 1,479,633	$ 35,800,949	$ 2,215,068	$ 2,153,538	$ 1,784,360
Warren	$ 935,774	$ 80,000	$ 855,774	$ 115,816	$ 1,051,589	$ 80,000	$ 971,589	$ 41,694	$ 40,535	$ 33,587
Washington	$ 705,530	$ 80,000	$ 625,530	$ 82,872	$ 788,402	$ 80,000	$ 708,402	$ 29,834	$ 29,005	$ 24,033
Watauga	$ 922,021	$ 80,000	$ 842,021	$ 136,052	$ 1,058,073	$ 80,000	$ 978,073	$ 48,979	$ 47,618	$ 39,455
Wayne	$ 4,940,009	$ 242,600	$ 4,697,409	$ 634,294	$ 5,574,303	$ 242,600	$ 5,331,703	$ 228,346	$ 222,003	$ 183,945
Wilkes	$ 2,133,081	$ 84,941	$ 2,048,140	$ 233,489	$ 2,366,570	$ 84,941	$ 2,281,629	$ 84,056	$ 81,721	$ 67,712
Wilson	$ 4,413,827	$ 215,527	$ 4,198,300	$ 699,496	$ 5,113,324	$ 215,527	$ 4,897,797	$ 251,819	$ 244,824	$ 202,854
Yadkin	$ 949,020	$ 80,000	$ 869,020	$ 133,611	$ 1,082,632	$ 80,000	$ 1,002,632	$ 46,100	$ 44,764	$ 38,747
Yancey	$ 683,910	$ 80,000	$ 603,910	$ 110,804	$ 794,714	$ 80,000	$ 714,714	$ 39,889	$ 38,781	$ 32,133
North Carolina	$ 378,390,613	$ 19,833,862	$ 358,556,651	$ 56,023,990	$ 434,414,603	$ 19,833,862	$ 414,580,641	$ 20,168,636	$ 19,608,397	$ 16,246,957

Note Subsidized child care funds for Cherokee, Clay, Graham, Haywood, Jackson, Macon, and Swain Counties are administered by Southwestern Child Development These allocations are combined into a contract with SWCD each year

Apartment Developments Awarded Federal TCAP Stimulus Funds and Housing Tax Credits
N. C. Housing Finance Agency

County	City	Project Name	Total Development Cost	TCAP Stimulus Funds	Federal Tax Credits	Total Units	Project Type	Population Served	Owner	Contact	Phone
Buncombe	Asheville	Westmore	$8,560,850	$5,959,309	$892,171	72	New	Family	Mountain Housing Opportunities, Inc.	Rich Olejniczak	(828)254-4030
Cabarrus	Concord	Wexford Pointe Apartments	$12,093,429	$5,950,726	$944,879	106	New	Family	Solstice Partners, LLC	Cathy Connors	(919)610-7883
Caldwell	Hudson	Pine Mountain Trace	$5,006,817	$2,797,613	$418,832	40	New	Family	Weaver-Kirkland Housing, LLC	Linda Wall	(336)478-2273
Chatham	Pittsboro	Powell Spring	$6,131,618	$3,892,576	$627,587	48	New	Elderly	Evergreen Construction Company	Tim Morgan	(919)848-2041
Cleveland	Shelby	Kensington Gardens	$6,401,260	$4,667,891	$679,421	44	New	Elderly	Guilford Financial Services, LLC	Maida Renson	(336)373-0600
Cumberland	Fayetteville	Campbell Terrace	$11,729,052	$8,004,973	$1,290,615	112	New	Family	TCG United, LLC	Murray Duggins	(910)485-6600
Forsyth	Winston-Salem	Orchard Creek Apartments	$8,653,735	$5,742,684	$859,740	64	New	Family	Bradley NC 2008, LLC	Brad Queener	(843)358-4886
Guilford	High Point	Clara Cox Apartments Phase II	$11,483,567	$8,496,834	$1,272,065	92	New	Family	Crosland, LLC	Dionne Nelson	(704)561-5235
Scotland	Laurinburg	Scottish Glenn II Apartments	$5,305,957	$2,582,700	$416,400	40	New	Family	Opportunity Inc.	Nancy Walker	(910)276-2582
Wake	Raleigh	Meadowcreek Commons	$6,428,880	$4,057,381	$654,158	48	New	Elderly	DHIC, Inc.	Natalie Connell	(919)832-4345
Total	10		$81,795,165	$52,152,687	$8,055,868	666					

Apartment Developments Awarded Federal Housing Tax Credits Only

County	City	Project Name	Total Development Cost	Federal Tax Credits	Total Units	Project Type	Population Served	Owner	Contact	Phone
Alamance	Mebane	Mebane Mill Lofts	$12,604,847	$793,803	75	New	Family	Landmark Asset Services, Inc.	Bill Scantland	(336)714-8920
Bladen	Elizabethtown	Swanzy Ridge Apartments	$5,513,208	$557,424	40	New	Family	Ilex Properties, LLC	Holly Smith	(919)363-1677
Catawba	Hickory	Grayson	$9,203,510	$755,282	84	New	Elderly	Pressly Development Company	David Pressly	(704)872-1000
Halifax	Roanoke Rapids	Chapel Ridge	$5,638,437	$452,447	50	New	Family	United Equities VI	Julie Graw	(919)755-9155
Jones	Maysville	Longview Apartments	$2,503,904	$177,459	24	Rehab	Family	Lands, Inc.	Joan Norris	(910)791-3354
Mecklenburg	Charlotte	Steele Creek Seniors Apartments	$13,372,706	$1,072,721	120	New	Elderly	Wood Partners	Judy McLeod	(704)332-8995
Mecklenburg	Charlotte	Vantage 78 Apartments	$15,715,638	$1,231,976	168	Rehab	Family	Vantage 78 Preservation, LP	Matthew Finkle	(212)801-1073
New Hanover	Wilmington	Taylor West at Taylor Estates	$6,180,846	$676,400	48	New	Family	Housing and Economic Opportunities, Inc.	Glenn Floyd	(910)341-7700
Onslow	Jacksonville	Huntington Place	$8,290,571	$822,116	72	New	Family	Wynnefield Properties, Inc.	Patty Reeder	(336)454-6134
Onslow	Richlands	Baytree Apartments	$2,302,518	$138,692	24	Rehab	Elderly	Lands, Inc.	Joan Norris	(910)791-3354
Rockingham	Reidsville	Woodbridge Apartments	$4,092,491	$268,230	50	Rehab	Family	Housing Opportunities Inc.	Sandy Lucas	(336)544-2300
Transylvania	Brevard	Broad River Terrace	$8,300,849	$825,840	62	New	Family	Fitch Development Group, Inc.	Hollis Fitch	(704)632-0407
Wake	Raleigh	Raleigh Gardens	$10,076,801	$575,932	126	Rehab	Family	Ashton Raleigh, LP	Eddy Benoit	(678)320-3827
Wilson	Wilson	Ashebrook Park	$6,457,787	$682,997	56	New	Family	Pendergraph Development, LLC	Frankie Pendergraph	(919)755-0558
Total	14		$110,254,113	$9,031,319	999					

North Carolina Housing Finance Agency

3508 Bush Street | Raleigh, NC 27609

Contact:
Margaret Matrone, NCHFA, 919-877-5606, mamatrone@nchfa.com
Connie Helmlinger, NCHFA, 919-877-5607, cshelmlinger @nchfa.com

August 27, 2009

$95 Million Awarded to North Carolina to Build Affordable Apartments
Stimulus Funds will get already approved projects off the ground in 26 counties

The U.S. Treasury has awarded $95 million to North Carolina to jump-start stalled development of 36 affordable apartment projects in 26 counties. The North Carolina Housing Finance Agency, which manages the federal housing tax credit program, will provide the funds to 36 rental developments that were awarded tax credits in 2007 and 2008 and applied for the assistance.

The money – known as "Exchange funds" – was authorized under the American Recovery and Reinvestment Act of 2009 (ARRA) to allow state housing agencies to receive cash grants replacing a portion of the state's federal tax credit allocation. The 20-year-old federal housing credit encourages private investments to build privately owned rental housing affordable to lower income families. As the contraction of the market has made traditional investors cautious, housing credit projects across the country have been put on hold.

"This money will go to work immediately in communities across the state, creating jobs and affordable housing for North Carolinians," said Bob Kucab, executive director of the N.C. Housing Finance Agency. "Both are crucial components of our state and national recovery."

The funds will help finance 2,013 family and senior apartments. Nearly 70 percent (1,393) of the apartments will be for families; the remainder will be for seniors. Ten percent will be reserved for persons with disabilities, affordable to persons living on Supplemental Security Income (SSI) of approximately $660 a month. **[Editor: A list of housing developments by county is enclosed. The award amounts will be determined based on the initial application and the current development needs.]**

All of the apartments will be affordable to North Carolinians whose incomes are at 60 percent or less of the median. This ranges from $46,140 for a family of four in Raleigh to $29,940 in lower income areas such as Robeson or Vance counties.

The $95 million award comes on the heels of $52 million in federal stimulus funds that was awarded two weeks ago to 10 properties in 10 counties under the federal Tax Credit Assistance Program (TCAP). TCAP was another component included in ARRA to help developments get off the ground quickly despite the current difficulties in the tax credit equity market.

# # #

The North Carolina Housing Finance Agency is a self-supporting public agency. It has financed 191,000 affordable homes and apartments in the last three decades, including nearly 80,000 homes for first-time home buyers. To learn more, go to www.nchfa.com or call 919-877-5700 or 800-393-0988.

Rental Developments Approved for AARA Exchange Program Funding by North Carolina Housing Finance Agency

Project Name	Project City	Project County	Total Units	Type	Target Population	Applicant Name	Contact Person	Applicant Phone
Glenwood Hills*	Morganton	Burke	60	New	Family	Greenway Development Company, LLC	Bradley Parker	(803)366-1200
Villas at Logan Gardens*	Concord	Cabarrus	44	New	Elderly	Douglas NC, LLC	David Douglas	(919)741-9328
Caldwell Gardens*	Lenoir	Caldwell	97	Rehab	Family	Bradley NC 2008, LLC	Brad Queener	(919)741-9328
Wedgewood*	Edenton	Chowan	49	Rehab	Family	Chowan Court II, LLC	Gaye Morgan	(336)231-8125
Cleveland Ridge #	Kings Mountain	Cleveland	48	New	Family	Pendergraph Development, LLC	Frankie Pendergraph	(919)755-0558
Kings Falls #	Kings Mountain	Cleveland	36	New	Elderly	Pendergraph Development, LLC	Frankie Pendergraph	(919)755-0558
Camden Square*	New Bern	Craven	76	New	Family	Wynnefield Properties, Inc.	Craig Stone	(336)454-6134
Bunce East*	Fayetteville	Cumberland	72	New	Family	United Developers, Inc.	Murray Duggins	(910)485-6600
Spring Lake Green*	Spring Lake	Cumberland	48	New	Family	United Developers, Inc.	Murray Duggins	(910)485-6600
Rowan Pointe #	Mocksville	Davie	60	New	Family	Landmark Asset Services, Inc.	Bill Scantland	(336)714-8920
Bermuda Run*	Warsaw	Duplin	49	Rehab	Family	Stewart's Creek II, LLC	Gaye Morgan	(336)231-8125
Churchview Place*	Greensboro	Guilford	68	New	Elderly	Beacon Management Corporation	George Carr	(336)282-6000
Lawndale*	High Point	Guilford	100	Rehab	Family	Silver Street Development Corporation IV	Jeffrey Lyon	(910)509-1826
Chapel Ridge Manor*	Roanoke Rapids	Halifax	36	New	Elderly	Stuart LeGrand	Julie Graw	(919)755-9155
Lantern Lane*	Raeford	Hoke	48	Rehab	Family	Pendergraph Development, LLC	Frankie Pendergraph	(919)755-0558
Soco Creek Village*	Cherokee	Jackson	60	New	Family	Fred G. Mills	Julie Graw	(919)755-9155
Cedarwood*	Pollocksville	Jones	24	New	Family	Barry T. Mills	Barry Mills	(910)285-2141
Richardson Court*	Nashville	Nash	50	Rehab	Family	Atlantic Development, LLC	Drew Fitch	(207)467-8230
Meadow's Gate*	Jacksonville	Onslow	80	New	Family	East Carolina Community Development, Inc.	Keith Walker	(252)504-3996
Tanner Place*	Jacksonville	Onslow	42	Rehab	Family	Jenkins Properties, LP	Ragan Ramsey	(919)801-3047
Arbors at Winmore*	Carrboro	Orange	58	New	Family	Crosland	Dean Edwards	(919)754-8990
Eno Haven*	Hillsborough	Orange	76	New	Elderly	The Banks Law Firm, P.A.	Jim Yamin	(919)281-9169
Crystal Springs*	Greenville	Pitt	64	New	Elderly	Greenville Housing Development Corporation	Don Rogers	(252)329-4000
Lakeview Terrace #	Greenville	Pitt	100	Rehab	Family	Bradley NC, LLC	Brad Queener	(843)358-4886
Nathaniel Village #	Greenville	Pitt	48	New	Family	Landmark Asset Services, Inc.	Bill Scantland	(336)714-8920
Windsor Crossing #	Lumberton	Robeson	40	New	Elderly	Greenway Development Company, LLC	Bradley Parker	(919)349-9872
Arrowpoint Acres*	Pembroke	Robeson	50	New	Family	Lumbee Land Development, Inc.	Tammy Maynor	(910)522-5182
Harris Pointe #	Eden	Rockingham	56	New	Elderly	Wynnefield Properties, Inc.	Craig Stone	(336)454-6134
Sampson Square*	Clinton	Sampson	40	New	Elderly	Fred G. Mills	Julie Graw	(919)755-9155
Springchase*	Laurinburg	Scotland	40	Rehab	Family	Hawkeye, Inc.	David Morrow	(205)759-5781
The Village #	Locust	Stanly	48	New	Family	Wynnefield Properties, Inc.	Craig Stone	(336)454-6134
Vance Commons*	Henderson	Vance	40	New	Elderly	TCG Development Services, LLC	Peter Behringer	(301)563-5562
Highland Terrace*	Cary	Wake	80	New	Elderly	DHIC, Inc.	Natalie Connell	(919)832-4345
Bailey Place*	Fuquay-Varina	Wake	48	Rehab	Family	Jenkins Properties, LP	Ragan Ramsey	(919)801-3047
Cottages at Glendale*	Wilson	Wilson	40	New	Elderly	Pendergraph Development, LLC	Frankie Pendergraph	(919)755-0558
Springbrook*	Wilson	Wilson	38	New	Family	Guilford Financial Services, LLC	Maida Renson	(336)373-0600
		Total	2,013					

Received Federal Housing Tax Credits in 2007

* Received Federal Housing Tax Credits in 2008

North Carolina Community Colleges

JobsNow "12 in 6" Allocation Model

Community College	Factors: Unemployed Labor Force	Factors: UI Rate	Points: 60% Unemployed Labor Force	Points: 40% UI Rate	Total	Allocation Amount
Alamance CC	7,751	10.93%	9	6	15	$ 250,000
Asheville-Buncombe TCC	10,652	8.24%	9	2	11	150,000
Beaufort County CC	3,739	11.99%	6	6	12	200,000
Bladen CC	1,899	12.54%	3	8	11	150,000
Blue Ridge C	5,568	9.04%	6	4	10	150,000
Brunswick CC	5,737	11.74%	6	6	12	200,000
Caldwell CC & TI	7,461	12.23%	9	8	17	300,000
Cape Fear CC	11,801	9.22%	12	4	16	300,000
Carteret CC	3,214	10.23%	6	4	10	150,000
Catawba Valley CC	12,451	13.08%	12	8	20	350,000
Central Carolina CC	11,238	10.48%	12	4	16	300,000
Central Piedmont CC	43,606	9.48%	12	4	16	300,000
Cleveland CC	7,183	14.46%	9	8	17	300,000
Coastal Carolina CC	5,264	8.39%	6	2	8	100,000
College of The Albemarle	8,654	12.12%	9	8	17	300,000
Craven CC	4,210	10.11%	6	4	10	150,000
Davidson County CC	11,629	11.76%	12	6	18	350,000
Durham TCC	14,185	6.80%	12	2	14	250,000
Edgecombe CC	3,858	15.56%	6	8	14	250,000
Fayetteville TCC	11,706	8.89%	12	2	14	250,000
Forsyth TCC	17,830	9.03%	12	4	16	300,000
Gaston College	18,303	13.00%	12	8	20	350,000
Guilford TCC	24,256	9.91%	12	4	16	300,000
Halifax CC	3,332	13.98%	6	8	14	250,000
Haywood CC	2,934	10.55%	6	6	12	200,000
Isothermal CC	5,569	14.05%	6	8	14	250,000
James Sprunt CC	2,651	10.89%	6	6	12	200,000
Johnston CC	7,576	9.75%	9	4	13	200,000
Lenoir CC	4,663	11.29%	6	6	12	200,000
Martin CC	2,250	11.09%	6	6	12	200,000
Mayland CC	2,933	12.39%	6	8	14	250,000
McDowell CC	3,270	15.54%	6	8	14	250,000
Mitchell CC	9,365	11.75%	9	6	15	250,000
Montgomery CC	1,518	13.49%	3	8	11	150,000
Nash CC	5,565	11.95%	6	6	12	200,000
Pamlico CC	499	9.34%	3	4	7	100,000
Piedmont CC	3,789	12.44%	6	8	14	250,000
Pitt CC	7,833	9.74%	9	4	13	200,000
Randolph CC	8,300	11.14%	9	6	15	250,000
Richmond CC	5,314	15.47%	6	8	14	250,000
Roanoke-Chowan CC	2,087	11.30%	6	6	12	200,000
Robeson CC	6,614	11.81%	9	6	15	250,000
Rockingham CC	5,814	12.94%	6	8	14	250,000
Rowan-Cabarrus CC	16,514	10.66%	12	6	18	350,000
Sampson CC	2,864	8.89%	6	2	8	100,000
Sandhills CC	5,321	9.67%	6	4	10	150,000
South Piedmont CC	10,443	10.07%	9	4	13	200,000
Southeastern CC	3,348	13.87%	6	8	14	250,000
Southwestern CC	5,058	11.87%	6	6	12	200,000
Stanly CC	3,654	12.08%	6	8	14	250,000
Surry CC	6,307	11.90%	9	6	15	250,000
Tri-County CC	2,980	15.41%	6	8	14	250,000
Vance-Granville CC	8,962	11.06%	9	6	15	250,000
Wake TCC	33,193	7.41%	12	2	14	250,000
Wayne CC	4,873	9.17%	6	4	10	150,000
Western Piedmont CC	5,663	13.98%	6	8	14	250,000
Wilkes CC	6,013	12.85%	9	8	17	300,000
Wilson CC	4,751	11.98%	6	6	12	200,000
						$ 13,450,000

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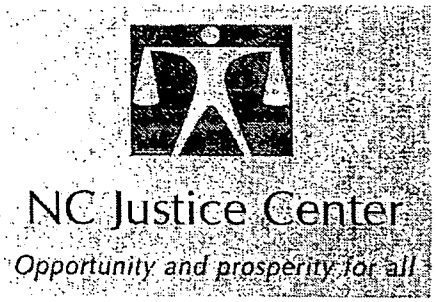
NC Statistical Snapshot: poverty, income, and related Indicators

Elaine Mejia
NC Justice Center

September 29, 2009

ATTACHMENT 2



2009 Poverty Guidelines

- $10,830: One-person household
- $14,570: Two-person family
- $18,310: Three-person family
- $22,050: Four-person family

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NC and US Poverty, 2008

Total Poverty

- NC: 14.6% (16th highest) (up from 13.1% in 2000)
- US: 13.2%

Child Poverty

- NC: 19.5% (16th highest) (up from 18.1% in 2000)
- US: 17.8%

Family Poverty

- NC: 10.9% (up from 9.6% in 2000)
- US: 9.7%

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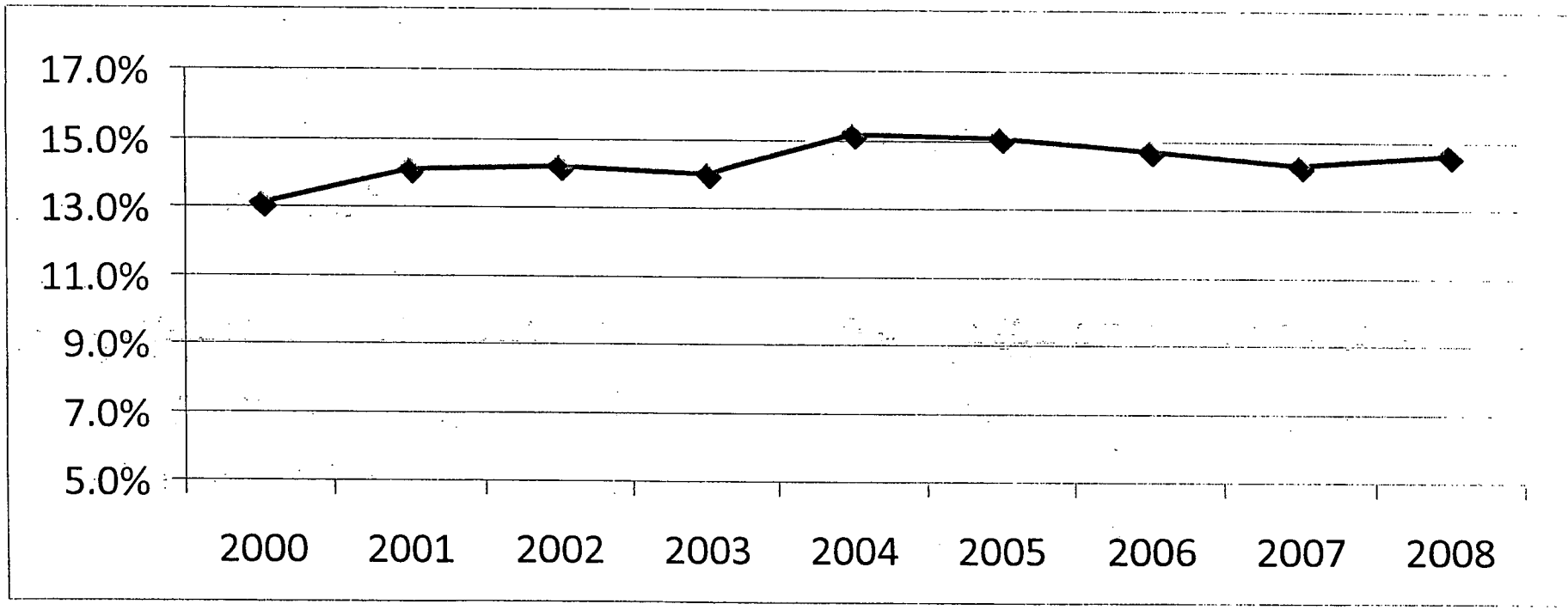
Change in NC Poverty Rates, 2000-2008



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Facts about working poor families

- 49.1% of poor families work; of those families:
- 15.9% have at least one minority parent
- 32% own their own homes
- 34% have at least one parent without a HS degree or GED
- 59% have no parent with postsecondary education

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Median Household Income, 2008

- National = **$52,029**
- North Carolina = **$46,549**
  - **$692** less than the 2000 median of $47,241
  - **$5,480** below the national median income
  - NC ranks **39th** in median income: Georgia, Florida, and Virginia have higher median incomes
  - Of the 37 NC counties for which there is local data, **Wake County** highest at $65,180 and **Wilkes County** lowest $29,705

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Health Insurance Coverage

- 2007/2008: **15.9%** (1 in 6) of North Carolinians were uninsured
- 2000/2001: **13.4%**
- NC Institute of Medicine estimates that the number of uninsured has increased by 140,000 in 2009

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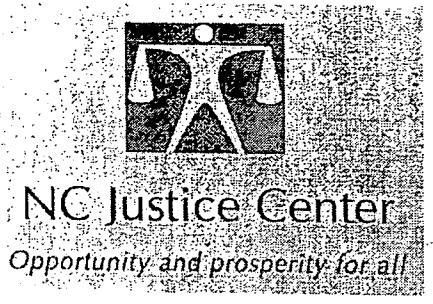
Projections for 2009

Mid-year indicators worsening

- Job loss
- Unemployment
- Food stamp participation



NC Job Loss

- From December 2007 through December 2008 NC lost **42,000** jobs
- From January to July 2009, NC has lost an additional **220,000** jobs
- **262,000** Total jobs lost since start of recession

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NC Unemployment

- August 2009 Unemployment= **10.8%**
  - National = **9.7%**
- August 2008 Unemployment= **6.6%**
  - National = **6.2%**
- NC record high unemployment in May 2009 = **11.1%**

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NC Food Stamp Participation

- **993,081** North Carolinians participating in August 2008
- **1,231,868** North Carolinians participating in August 2009
  - 24% increase
  - 13% of North Carolinians (1 in 8)

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Living Income Standard: a better measure

- Alternative to the federal poverty level (FPL)
- LIS is an estimate of how much income families with children need to pay market prices for a bundle of basic goods and services
  - FPL for a four-person family = $21,027 in 2007
  - NC Living Income Standard (statewide average) = *$41,184*
- LIS based on actual cost data and adjusts for geographic differences

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Opportunity and prosperity for all

Contact Information:

Elaine Mejia, Project Director

Budget & Tax Center

NC Justice Center

(919) 856-2176

elaine@ncjustice.org

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Opportunity and prosperity for all

Reducing Poverty in NC: Policy Areas for Consideration

Joint Legislative Study Commission on Poverty Reduction and Economic Recovery

Raleigh, NC

September 29, 2009

Melinda Lawrence, NC Justice Center

ATTACHMENT 3

NC Justice Center

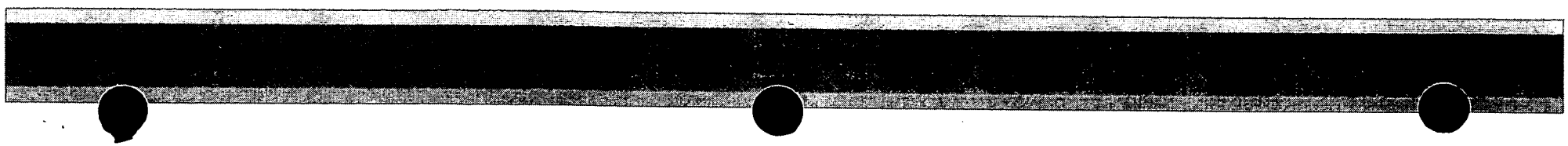
Opportunity and prosperity for all

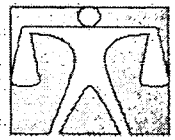
Who We Are

The North Carolina Justice Center is the state's leading progressive advocacy and research organization. Our mission is to end poverty in North Carolina **by working to ensure that every household has access to the resources, services and fair treatment it needs to achieve economic security.**

The Justice Center works to improve the lives of low- and moderate-income North Carolinians through five main strategies:

- Litigation
- Research & Analysis
- Advocacy
- Community Education
- Communications





NC Justice Center

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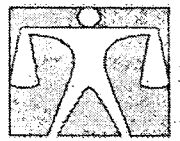
Our Work

The Justice Center is home to a number of well-known specialized projects, including the:

- **NC Budget & Tax Center**
- **NC Health Access Coalition**
- **Immigrants Legal Assistance Project**
- **Poverty Law Litigation Project**
- **NC Education & Law Project**

Learn more at: www.ncjustice.org



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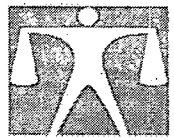
Five Focus Areas

1. **Workforce Development:** connecting low-wage workers with quality jobs
2. **Housing:** ensuring access to affordable, quality housing
3. **Tax policy:** policy changes that can reduce poverty
4. **Health care:** improving access to health care and maximizing federal matching dollars
5. **Federal recovery funds:** maximizing federal dollars and doing so equitably



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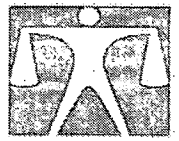
Workforce Development

- One of every two North Carolinians over age 16 is deficient in basic literacy skills.
- In NC, 42% of prime age workers (ages 25 to 54) have only a HS school degree or less.
- More than 1 in 3 North Carolina families earn less than they need to meet basic household expenses (LIS).
- NC median income has remained stagnant throughout the decade and is well below the national average.
- Only 3.5% of NC workers are union members.
- Nearly half of NC's workers lack paid sick days.



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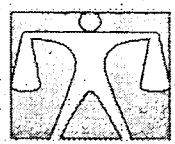
Workforce Development cont'd...

Recommendations:

• Examine policies and best practices for connecting adult learners with basic education programs.

• Examine labor policies and review ways to remove barriers to unionization, strengthen labor enforcement, and create basic labor standards such as:

- Indexing the minimum wage to inflation
- Ensuring paid sick days for all workers
- Repealing the ban on collective bargaining for public employees.



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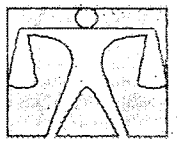
Housing

- More than 600,000 low-income N.C. households pay more than 30% of their income on housing.
- At least another 150,000 N.C. households live in housing that is in serious disrepair or is overcrowded.
- 20,000 N.C. homes still lack indoor plumbing.
- Lack of access to basic public services and affordable utilities is a huge problem in many communities – particularly low income communities.



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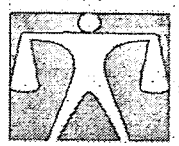
Housing cont'd...

Recommendations:

•Increase state investment in the N.C. Housing Trust Fund. NCHTF is a broadly supported, award-winning program that targets the poorest of the poor. State funding remains inadequate and stagnant.

•Examine feasibility of new policies to aid low-income utility consumers and promote access to services (e.g. expanded shut-off protections, rate discounts for low-income customers, and annexation reform).

•Explore possibility of extending new private home mortgage foreclosure protections to public (tax) foreclosures.



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Tax policy

Two particular items deserving of attention – the state Earned Income Tax Credit and low income property tax relief

EITC:

•The NC EITC began in tax year 2008; It's currently set at 5% of the federal credit.

•In 2009-10, an estimated 830,000 households, around 20% of total in state, will benefit. The average benefit is $108.

•Maximum benefit (married or single with 3 children) is $283.

•NC EITC is low by comparison to most states: Range is 3.5% (LA) to 40% (WI); average is approximately 20%.

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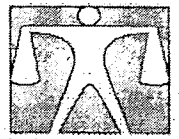
Tax policy cont'd...

Property taxes

- Property taxes can be an significant and undue burden on low income homeowners; when income declines, property tax bills do not.
- Home values, and therefore property tax bills, have increased substantially in certain communities (e.g. Orange County property values increased 22% in 4 years).



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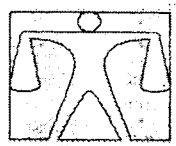
Tax policy cont'd...

Recommendations:

- Increase the state EITC to at least half the national average – 10% of the federal credit.
- Establish a refundable property tax "circuit breaker." With such a program, low-income homeowners would receive a refund on their income taxes of a portion of their property tax bill that exceeds a certain share of their income. A majority of other states have this policy tool in place

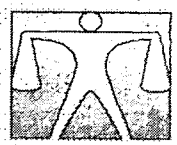


NC Justice Center

Opportunity and prosperity for all

Health Care

- One in six North Carolinians lacked health coverage in 2007 and 2008.
- A lack of health insurance is one of the top reasons families find themselves in poverty, with medical debt rising as one of the top reasons families fall into poverty.
- Programs such as NC Health Choice and Medicaid are critical health insurance lifelines to children and poor North Carolinians.
- These programs, particularly in tough economic times, need to be strengthened and fully-funded.
- Both bring much-needed federal dollars into NC's budget and economy.



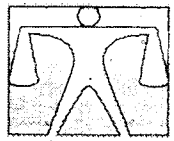
NC Justice Center

Opportunity and prosperity for all

Health Care cont'd...

Recommendations:

- Explore federal incentives through CHIPRA (federal Children's Health Insurance program) to expand eligibility and ease administrative burdens for NC Health Choice.
- Remove NC Health Choice enrollment caps and work to boost enrollment.
- Explore costs-savings for programs like Medicaid such as a Preferred Drug List.
- Ensure full funding of Medicaid so that federal matching dollars are not left on the table.
- Explore the extent of medical debt in NC and consider policies to address the situation.

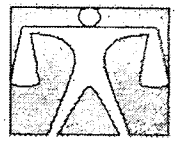


NC Justice Center

Opportunity and prosperity for all

Federal Recovery Funds

- Billions of dollars are flowing into North Carolina as a result of ARRA.
- Some of the funds are going directly to North Carolinians (food stamps and unemployment insurance) but others have flexibility in how and where they're spent.
- Federal recovery funds in the specific areas of transportation, commerce, and weatherization represent job creation opportunities.
- But these job creation opportunities should be extended to the disadvantaged workers (such as low-wage, workers of color, women, and ex-offenders) equally.



NC Justice Center

Opportunity and prosperity for all

Federal Recovery Funds cont'd...

Recommendations:

- Explore policy options to ensure that ARRA-related jobs include living wage provisions and flow to truly disadvantaged workers.
- Ensure general equity, accountability, and transparency in ARRA funds.
- Position NC to be competitive for grants in areas such as education.

NC Justice Center

Opportunity and prosperity for all

N.C. Justice Center
Contact Information

Melinda Lawrence

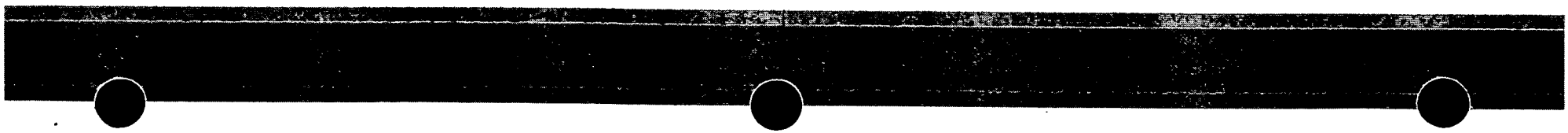
Executive Director

919-856-3193 or melinda@ncjustice.org

Bill Rowe

General Counsel

919-856-2177 or bill@ncjustice.org



LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC AND RECOVERY

TUESDAY, SEPTEMBER 29, 2009

SENATE SERGEANT-AT-ARMS

1. Mr. Chester White
2. Mr. Richard Telfair
3. Mr. George Robinson
4. Ms. Mary Perry
5.

HOUSE SERGEANT-AT-ARMS

1. Mr. Fred Hines
2. Mr. John Brandon
3. Reverence Charles Williams
4.
5.

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — Tues., September 29, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Alexandra Forter Sirota	Action for Children N.C.
Brian Balfour	Circles
Martha Beatty	PO Box 783 Raeford NC 28376 Community Outreach Advocate Inc. 929 North Old Stage Road St Pauls, NC 28384
Anna M Watson	Mt Pisgah Missionary Baptist Church
MARK K. SPANO	RHA Howell, Inc. LA GRANGE, NC
JAMES KIRBY	OFFICE OF SENATOR QUEEN
Michael Haley	Dept. of Commerce
Mary Beth	AARP NC
Julia Leggett	The Arc of NC
Imani Rivera	MBA, Inc / HOPE Works

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — Tues., September 29, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
MANFRED EMMRICH	ESC
Pat Pittman	Commerce
Melinda Lawson	NC Justice Center
William Westermeyer	UNC - student.
Helen McLennan	NC Rural Center
Margaret Matheson	NCHFA
ANTHONY ALLEN	NCACC
Judy Stancil	NCACC
Heather Hunt	UNC Ctr. on Poverty, Work + Opportunity
GENE NICHOL	UNC CENTER ON POVERTY, WORK &
Elaine Mejia	NC Justice Center

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — Tues., September 29, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Chris Kubla	CAC
Annette Newkirk	Governor's Office
Ken Melton	K.M.A.

Legislative Study Commission on Poverty Reduction and Economic Recovery

AGENDA

10 am
October 27, 2009
Room 643
Legislative Office Building

Call to Order
Sen. Edward Jones, presiding.

Remarks by Co-Chairs
Sen. Jones and Rep. Garland Pierce.

Information and Proposals for the Commission's Consideration
North Carolina Justice Center
Mr. Bill Rowe, General Counsel, N.C. Justice Center.

Report on Poverty from a Rural Perspective
Mr. Billy Ray Hall,
President, North Carolina Rural Economic Development Center, Inc.

Review of Commission's Legislative Charge
Commission Staff.

Planning by Members for Commission's Work During Interim

Adjournment

MINUTES

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTIOIN AND ECONOMIC RECOVERY

Tuesday, October 27, 2009
10:00 a.m.

The Legislative Study Commission on Poverty Reduction and Economic Recovery met in Room 643 of the Legislative Office Building on Tuesday, October 27, 2009. Chairman Edward Jones presided and called the meeting to order at 10:09 a.m. Representative Pierce welcomed the members, Counsel Staff, Sergeant-At-Arms, and Visitors.

Chairs present: Representative Garland E. Pierce. Members: Senator Doug Berger, Senator Don W. East, Senator Steve Goss, Representative Angela R. Bryant, Representative William Current, Representative Bryan R. Holloway, Representative Earl Jones, Representative Nick Mackey, and Representative Randy Stewart. Public members: Dr. Zeno Edwards, Reverend Mac Legerton, Ms. Patricia S. Peterson, Ms. Jean Reaves, and Dr. Al Wentzy. Ex Officio members or designees: Ms. Maria Spaulding, Mrs. Tina Morris-Anderson, Mr. Manfred Emmrich, Ms. Johanna Reese, Ms. Rita Brown, and Mr. Keith Sutton. A Visitor's Registration list and presentations are attached and filed as a record to the minutes.

Chairman Jones urged the members to focus on a narrow path to deal directly with issues of poverty. He recognized Representative Pierce for remarks. Representative Pierce expressed his appreciation to those in attendance.

Chairman Jones recognized Mr. Bill Rowe, General Counsel from the North Carolina Justice Center and Mr. Gene Nichol of the UNC Chapel Hill School of Law and the Center on Poverty, Work and Opportunity to explain their shared presentation on Information and Proposals for the Commission's Consideration. Chairman Jones recognized Mr. Rowe to present first. Mr. Rowe had four recommendations for consideration by the Commission. They are:

- Raise the North Carolina Earned Income Tax Credit (EITC) to 10% of the federal credit.
- Remove the cap on enrollment for the critical Health Choice children's health insurance program.
- Increase funding for the North Carolina Housing Trust Fund.
- Establish a "Tax Incident Analysis" for all tax bills introduced in General Assembly and the overall tax system.

Mr. Rowe said the proposals could be used to create jobs, improve healthcare and housing while helping the investment of federal funds. See Attachment 1 for additional information.

Chairman Jones recognized Mr. Gene Nichol to continue the presentation. Mr. Nichol offered the Commission effective steps to address North Carolina poorest citizens. He cited the crisis for those at the bottom of the economic ladder and stated how poverty has risen. The figures cited for North Carolina are: child poverty 19.5%, 15% of families are below the federal poverty line, 11% unemployed, 185,000 have lost health insurance this year, one of the highest rising rates of uninsured in the nation, and 260,000 jobs have been lost in 22 months. He said income and equality has peeked, food stamp participation is up by 24%, and food banks have more applicants than they can handle. Mr. Nichol is

purposing that North Carolina should raise the state income tax credit to 10% of the federal benefit. The federal earned income tax credit is widely recognized as the largest most effective, low and moderate income anti-poverty program in the nation. He is recommending that North Carolina remove caps on enrollment in the health choice and children's insurance program. This year, the General Assembly limited growth in the children health insurance program to 7% in FY 2010 and 3% in FY 2011. For additional information, refer to Attachment 1.

Chairman Jones recognized Mr. Bill Rowe to present the second part of the presentation on housing. Mr. Rowe said housing problems affect 750,000 low income families in the state, either paying too large a percentage of income for housing, over crowded conditions, other needs that won't be met due to paying for housing. The biggest problem is cost with over 460,000 households paying over 50% of their income for housing. The North Carolina Housing Trust Fund run by the North Carolina Finance Agency can help with financing housing for many low income families; down to those with incomes of $10,000 and less. Eighty percent money will assist individuals who are 50% below the median income. He said increasing the funding from $10 million to $50 million would help 6,000 families and then leverage $200 million in investment. At the same time, he said this would create 3,000 jobs and generate $30 million in state and local taxes. The final item was the creation of a Tax Incidence Analysis that would measure the impact tax change legislation would have on various income groups. The idea would be to help lawmakers realize the impact of complicated tax changes. The Center believes this would create fairness as part of tax debate. Thus far, eight states have such a mechanism.

Section I Discussion

Chairman Jones recognized Senator East. Senator East wanted Mr. Nichol to provide a further examination of poverty statistics. Mr. Nichol repeated the previous mentioned figures. Senator East pursued the idea by asking about the condition of poverty prior to the down turn in the economy. He said poverty was increasing and the number of people in poverty increased between 2000 and 2007 and the rate of people being added to the poverty roles had increased with the condition of the economy.

Chairman Jones recognized Representative Bryant. Representative Bryant felt there had not been a consistent war on poverty and asked Mr. Nichol to comment. Mr. Nichol agreed that in the last 20 years poverty had taken a lower place in universal concerns. He said one in five children in North Carolina lives in poverty requires bold steps, and efforts to relieve poverty needed to be a high priority. Representative Bryant requested figures which compared to the level of federal spending on military budgets and spending on poverty. Mr. Nichol said he did not have the requested information. Representative Stewart asked how North Carolina's 20% participation in the earned income tax credit was compared to other Southeastern states. Mr. Nichol said he did not have the exact numbers, but would get them. He also said this state was probably close to surrounding states.

Chairman Jones called on Dr. Wentzy. Dr. Wentzy wanted to know why the proposal was only a 10% raise in the EITC. Mr. Nichol said this was a realistic goal.

Chairman Jones recognized Representative Jones. Representative Jones said various interest groups do not want to touch the issue of unionization and the labor rights in North Carolina. He said he would like to see a comparison of North Carolina's work on poverty with other states that were unionized. He felt North Carolina needed to recognize the need for unions to aid poverty. In North Carolina some individuals retiring from textile companies with no unionization receives $180 to $250 per month while retired union workers in Maryland receives $1,800 per month. He said the initiatives brought from the Center were good suggestions, but when ignoring the state's right to work laws and labor issues leaves a major component out. Mr. Nichol agreed with Representative Jones. He said these

recommendations were made at the request of the Commission to come up with durable and practical recommendations for consideration. He also said perhaps an overall change in the state's labor laws would be too ambitious for the Commission, but he would support it. Mr. Nichol asked Mr. Rowe to give a comment on this matter. Mr. Rowe said the recommendations presented were the ones they felt would be considered for consensus. He said he could not think of an issue that might draw more heat and fire than labor laws, and perhaps the issues should be discussed. He noted poverty today means families with some members working, but not earning enough to get by. Representative Jones agreed with the realistic approach, but felt this approach often left out major issues. He said the effort to reduce poverty had to start somewhere. He called attention to the 10 years for the General Assembly to raise the state's minimum wage. Chairman Jones cautioned the Commission its efforts needed to be narrowed more like a rifle and less like a shotgun.

Senator Goss was recognized by Chairman Jones. Senator Goss asked if there were statistics to track generational data concerning poverty, particularly people who had moved up from a poverty situation into better economic conditions and stayed there. Mr. Nichol said the information was not on hand, but could be provided, which looks at intergenerational poverty and persistent of poverty.

Reverend Legerton was recognized by Chairman Jones. Reverend Legerton said his comment was related to Senator East with the time allotted until May. They could look at the levels of poverty such as policy issues, successful programs, and what individuals can do to move themselves out of poverty. The requested information will be provided by Mr. Nichol.

Chairman Jones recognized Ms. Reaves. Ms. Reaves spoke of the need to recognize a responsibility to North Carolina National Guard, reservist personnel on active duty, or returned from duty to find they are in poverty due to a situation they were not in before. She said many citizens have served, returned with serious injuries, or diagnosis does not permit them to return to the workforce. She felt the responsibility extended to the families of the men and women who were on duty because of the changes in living standards. Chairman Jones wanted to know if this situation could be addressed. Mr. Nichol agreed that the situation was heart-breaking and is inconsistent in North Carolina. He felt this demises us as a people for those living in poverty in North Carolina, especially those who have served at great risk.

Representative Jones was recognized by Chairman Jones. Representative Jones wanted to see a racial component in the first two recommendations. Mr. Nichol said the bottom third of all the poverty statistics reflected a disproportionate number of people of color. He said this was true in varying degrees across poverty figures. Senator Berger agreed with Representative Jones in reference to bargaining rights, EITC, and expansion of child health insurance. He felt the proposals were aimed at different ways to divide the 'pie" without seeking to make the "pie" larger. He expressed his belief that poverty and crime are closely related as well as educational needs and the absence of a father figure. He asked for a response from Mr. Nichol. Mr. Nichol agreed that there was a strong correlation between family structure and education in regards to poverty. He said these factors had a heavier impact on people on the bottom of the poverty ladder. He said the sales taxes have a greater impact on the people at the lower economic condition and they needed to look at how to assist them to overcome that burden. Chairman Jones reminded the Committee they needed to stay on track and he could relate to all comments made by them.

Section 2 Discussion

Chairman Jones called on Senator Goss. Senator Goss was concerned about the federal children's health care for special children in North Carolina and the affect it would have on these programs.

Mr. Nichol said the federal health care would not affect the state until 2013 if it is successful.

Representative Current was recognized by Chairman Jones. Representative Current wanted to know the Justice Center's definition of poverty. Mr. Nichol said the Poverty Center in Chapel Hill used the federal standard based on a family of four making $20 to $21,000 per year. Mr. Rowe said the Justice Center used the living income standard of 200% of the federal poverty level. He said the Justice Center would have this information listed county by county on the website. Representative Current said he wanted to know how the Justice Center plans to handle the four recommendations. Mr. Rowe said the information will be provided.

Chairman Jones recognized Representative Bryant. Representative Bryant supported the four recommendations as a beginning, but wanted to focus on the removal of the cap on children's health enrollment. She wanted strategies that would help increase the health choice and information about School Based Health Centers. Mr. Nichol suggested raising the cap would help with the enrollment and send an important message for health coverage insurance for children. He also mentioned the funds from the federal government of $680,000 grant that DHHS has for outreach on the issue. He offered to provide working enrollment information to the Commission. Representative Bryant wanted to know if others had tried enrollment through the schools. Dr. Wentzy said DSS clients can enroll in the health programs through the DSS offices.

Chairman Jones wanted to know if a person who is receiving aid from the federal government would be considered to be in poverty. Dr. Wentzy said the DSS office administers 40 different federal and state programs and refer to their own guidelines in their county. He said most of them did not consider the housing guidelines. He felt he could not make a blanket statement to answer the question. Representative Jones said the answer is "yes." He said assistance is granted to someone who falls within the poverty guidelines of a particular program.

Chairman Jones said if this was done, you are not out of poverty, because one must be in poverty to meet the federal guidelines or move to a different status. Representative Jones said the Community Action Program is in almost every county in the State and can assist individuals with job training programs and raise them above the poverty level. Dr. Wentzy said various programs do serve to take people off the welfare rolls, but into the working poor category. He felt there was no easy answer for someone who was out of poverty. Mr. Nichol said there was a debate at the federal level, because some criticized the federal standards for not fully capturing all benefit programs. The consensus is if you based your figures on old prices, the cost of food, cost of living in North Carolina, and across the nation, there would be a higher definition of poverty, not a lower one. Representative Jones said there needs to be more coordination with the anti-poverty programs in community colleges. He felt there needs to be areas of job training, high demand skills, and a good income that will help lift individuals out of poverty.

Representative Stewart was recognized by Chairman Jones. Representative Stewart commented on Section 2, Item 4. He thought it would be significant for the Commission to look at the program, since the federal match of $3 to $1 for the Health Choice program was a part of the stimulus package and money to be added to the economy. Dr. Wentzy said the federal government recently increased the poverty limits for health care, but because of the budget, the General Assembly was not able to do the same. Ms. Reaves was in agreement with Representative Stewart's comment of the federal match, but wanted to know if this would be a permanent situation. These would be recovery dollars and would go back to 2/3's and 1/3 over an 18 to 20 month time period. Mr. Nichol was not certain of the long term future, but said this would bring Health Choice in line with Medicaid. He said he could not guess the future of the federal budget or federal government, so he did not recommend any long term

recommendations. Ms. Reaves wanted to be sure it was temporary and they move quickly for the most benefits.

Chairman Jones called on Senator Berger. Senator Berger said the Health Choice has always been $3 to $1 match, and the change was to bring Medicaid closer to that level. He also said despite legislature cuts in the budget, Health Choice was increased and the cap had not been an impediment. Senator Berger wanted to hear from Ms. Melanie Bush, Fiscal Research, North Carolina General Assembly for a response. Ms. Bush said the Medicaid rate will end December 2010, but felt this was a temporary situation. She said the money included in the budget would allow increase at the local level. Further details will be provided later by Ms. Bush.

Chairman Jones called on Senator Berger for a comment. Senator Berger noted there seemed to be a stigma associated with both programs and mentioned the idea of a different system. Dr. Wentzy said DSS would like to be able to make more community contact but lacked the personnel. Representative Bryant wanted to hear from a Health Choice Program representative. Her concerns were a partnership with public schools and eligible children being considered.

Section 3 Discussion

Chairman Jones recognized Senator Goss. Senator Goss wanted to know how many homeless families were in North Carolina. Mr. Rowe did not have the figures, but would provide them. Chairman Jones wanted to know how Mr. Rowe would define homeless families. Mr. Rowe said the count is not handled by them. It is handled by the US Census.

Section 4 Discussion

Chairman Jones recognized Dr. Wentzy. Dr. Wentzy suggested considering a meeting dealing with the impact of North Carolina's transition from manufacturing to a service industry. He recommended keeping Item 4.

Chairman Jones recognized Ms. Bush. Ms. Bush referred to a previous statement in the Budget Bill Section Law 2009-451 Section 10.30 Facilitation of Enrollment and Reenrollment of Eligible Children of Medicaid NC Health Choice. These efforts would direct the departments to explore various opportunities working with groups and others to increase education and enroll individuals into the program. There was no appropriation for the effort. Ms. Reaves said the group could go through numerous organizations, such as the Teacher's Association, PPOs, State Employees' Association, and others. There needs to be a way to contact and identify them. Chairman Jones was in agreement they needed to get the information out and make organizations aware so they could save.

Chairman Jones recognized Mr. Billy Ray Hall, President of the North Carolina Rural Economic Development Center, Inc. for his presentation. Mr. Hall's presentation provided a detailed look at the Center from a rural perspective and efforts now underway. See Attachment 2 for detailed information.

Chairman Jones wanted to know if any of the used funds were developed by stimulus. Mr. Hall said the Mobilization Program was the only program developed by stimulus funds. Since the Rural Center is a nonprofit Center, they could not receive stimulus funds, but could join other nonprofits to help community groups with eligibility to apply.

Chairman Jones wanted to know the definition of "farm." Mr. Hall said all the data collected was in 2007, but a farm is defined by the federal government as a unit that sells $1,000 of product in farm

GATE sells. They produce on the land $1,000 worth of product that is sold off the land. Roughly you would have 50,000 people involved in farming in North Carolina, and about 16,000 of those farms earn their living primarily from that farm. The other 33,000 earn their living by farming part-time and working away from the farm.

Chairman Jones recognized Senator Goss. Senator Goss praised the work of the Rural Center and particularly the transparency of the corporation and would like to see others model themselves after the Rural Center. Chairman Jones agreed with Senator Goss' praising of the Rural Center.

Chairman Jones recognized Representative Bryant. Representative Bryant wanted to hear what short term advice Mr. Hall had for the Commission. Mr. Hall did not know what his board would say, but he offered his personal views. He said the Commission should seek to provide the maintenance and well-being of people in poverty during the difficult economic times. The second effort could cover a broader area bringing people out of poverty into job opportunities by using pilot programs involved with economic development efforts.

Chairman Jones recognized Representative Jones. Representative Jones noted the decline in farms and asked if it matched with the decline in tobacco. Mr. Hall said there were two declines in farms. One is the return to the land where there is a combination of tobacco. He said tobacco was still a stable part of the income on farms. The decline is the division of farm and deficiency from larger farms. The larger farms are able to handle and make the larger income. Those economic forces are driving the small farmers off so they are unable to hold onto their land for farming.

Chairman Jones recognized Ms. Reaves. Ms. Reaves was concerned about unemployed employees. She asked if GATE funds could go to the spouse of a former worker for the spouse to start a business. Mr. Hall said the federal funds would require it to be a person who has been laid off. If a state program was set up, a similar program could be structured to assist a spouse. The average loan is $5,200 and the spouse or individual who develops a good work plan is eligible for the loan program. They can go to the Small Business Center (SBC) and work at the Center to develop the business plan. She also wanted to know about economic development efforts and the impact of activities of BRAC. Mr. Hall said there were two groups working in the Fayetteville area, but could not recall the names.

Chairman Jones recognized Senator Berger. Senator Berger wanted to know if the $154 million provided annually to corporations as tax credits could be spent for job creations since this was a result of the Bill Lee Act. Mr. Hall could not speak on an issue until his board had a chance to study and look at the issue, debate how it will benefit all areas, and relate to the legislature body or private group. He was familiar with the research and felt a lot of money was spent recruiting industry to North Carolina when two out of three new jobs come in small businesses. Mr. Hall believes the guide should match the price per job for a program. Senator Berger felt the General Assembly should consider how many jobs are cut and when the budget cut is enacted. He said the likelihood in the May General Assembly Session could face the need to make more cuts. He did not think the $85 million was needed for EITC and increased money for the Housing Trust Fund would be the best way to take the issue of poverty. He felt the Commission should consider taking some of the Bill Lee money as a funding source. Senator Berger agreed with the cost per job idea submitted by Mr. Hall. Reverend Legerton suggested taking some of the Bill Lee money and focus on local group efforts. Representative Jones said the more prosperous tier should be eliminated, but he did not want a large percentage of the Bill Lee money allocated to small businesses. He said he favored business incentives. Mr. Hall clarified that he did not favor doing away with incentives, but to look at the need for competition in both.

Chairman Jones recognized Representative Stewart. Representative Stewart wanted to know more

about the Rural Center's Micro-enterprise Loan Program. Mr. Hall said an individual should go to SBC at Nash Community College (Nash County was used as an example). When the individual go there, SBC will work with them to develop a plan. When they develop the business plan and need funding up to $25,000, they will assist with backing their loan request and send it to the Rural Center. The Center will review the plan and the final loan considerations. Dr. Wentzy asked what the Commission could do for the Rural Center. Mr. Hall said they could maintain the concentration on poverty and support fair consideration when dealing with money for jobs.

Chairman Jones asked for input from the audience. In response, Ms. Lucy Gorham, Senior Program Director, MDC spoke about a new project called North Carolina Benefit Bank. This project increase benefit screening for eligible families. They will be available for presentations about the program in 2010. Chairman Jones asked Ms. Gorham to leave her contact information for future reference. Her contact information is:

Mailing Address
PO Box 17268
Chapel Hill, NC 27516-7268

Physical Address
400 Silver Cedar Court, Suite 300
Chapel Hill, NC 27514
Phone: 919-968-4531, ext. 348
Fax: 919-929-8557
E-mail: lgorham@mdcinc.org
Website: www.ndcinc.org

Committee Discussion

Chairman Jones recognized Representative Bryant. Representative Bryant wanted permission to distribute an article from Forbes Magazine concerning Rocky Mount as one of the nation's 10 most impoverished families and the need to acknowledge and fight poverty. See Attachments 3 and 4.

Chairman Jones said the next meeting will be Tuesday, December 1, at 10 a.m. The two agenda items not covered in this meeting will be discussed at the next meeting. They were: Commission's Legislative Charge and the Commission's Interim Work Plan. Representative Pierce will chair the meeting.

There being no further business, the Chairman adjourned the meeting at 12:24 p.m.

Respectfully submitted,

Senator Edward Jones
Presiding Co-Chair

Mildred Alston
Committee Assistant

ATTENDANCE

POVERTY REDUCTION AND ECONOMIC RECOVERY LEGISLATIVE STUDY COMMISSION

(Name of Committee)

DATES MEMBERS	10/27/09														
Senator Edward Jones, Co-Chair	√														
Representative Garland E. Pierce Co-Chair	√														
Senator Doug Berger	√														
Senator Don W. East	√														
Senator Steve Goss	√														
Senator Floyd McKissick, Jr.	√														
Senator Joe Sam Queen	X														
Representative Angela R. Bryant	√														
Representative William A. Current, Sr.	√														
Representative Bryan R. Holloway	√														
Representative Earl Jones	√														
Representative James H. Langdon, Jr.	X														
Representative Nick Mackey	√														
Representative Randy Stewart	√														
Mr. James C. Beasley, Avery Co.	X														
Dr. Zeno L. Edwards, Jr. Beaufort Co.	√														
Reverend Mac Legerton, Robeson Co.	X														
Ms. Patricia S. Peterson, Duplin Co.	√														
Ms. Jean Reaves, Halifax Co.	√														
Dr. Al Wentzy, Northampton Co.	√														
Ex Officio Members															
Superintendent June Atkinson Department of Public Instruction Designee:	X														

Ex Officio Members (Cont'd)

Secretary Lanier Cansler Dept. of Health and Human Services Designee: Ms. Maria Spaulding	√														
Commissioner Cherie Killian Berry Department of Labor Designee: Mrs. Tina Morris-Anderson	√														
Secretary Keith Crisco Department of Commerce Designee: Ms. Rita Brown	√														
Chairman Moses Carey, Jr. Department of Employment Security Designee: Mr. Manfree Emmrich	√														
Secretary Linda Hayes Department of Juvenile Justice Designee: Mr. Keith Sutton	√														
Secretary Eugene Conti Department of Transportation Designee: Ms. Johanna Reese	√														
Staff Members															
Bill Gilkeson, Research Division	√														
Melanie Bush, Fiscal Research	√														
Kristine Leggett, Fiscal Research	√														
Dan Ettefagh, Bill Drafting	X														
Irma Avent-Hurst Committee Assistant	√														
Mildred Alston Committee Assistant	√														

E = Excused Absence

HOUSE PAGES

NAME OF COMMITTEE Study Comm Poverty Reduction & Economic Recovery DATE 10-27-09

1. Name: _____

County: _____

Sponsor: _____

2. Name: _____

County: _____

Sponsor: _____

3. Name: _____

County: _____

Sponsor: _____

4. Name: _____

County: _____

Sponsor: _____

5. Name: _____

County: _____

Sponsor: _____

	HOUSE	SGT-AT-ARM	SENATE
1.	Name: Dusty Rhodes		Robert Young
2.	Name: David Shenon		Mary Perry
3.	Name: Judy Turner		Leslie Wright
4.	Name:		Richard Takefair

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — October 27, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
R.V. Bilyard	NC Rural Center 4021 Carya Dr. Raleigh, NC
Keith Sutton	DJJDP
Leon D. Henry	NCACDC
Emila Sutton	IDA + Asset Building Collaborative of NC NC Assets Alliance
Lucy Gorham	MDC, Inc. PO Box 17268 Chapel Hill 27516-7268
Helen McLaurin	NC Rural Center
Yolanda Burwell	NC Rural Center
Rob Thompson	Covenant
Billy Ray Hall	NC Rural Center
Rita Harris	NC Commerce Dept
Billy Gullett	NCRC

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — October 27, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Martha Beatty	PO Box 783 Raeford 28376 Community Outreach Advocate Inc.
Kylene Richards	P.O. Box 783 Raeford 28376 Hoke Cnty Coalition Against Homelessness
Amy Simes	DENR
Kevin Leonard	NCACC
Daniel Amburn	Electri Cities of N.C.
JAMES KIRBY	OFFICE OF SEN. QUEEN
Brian Balfour	Civitas

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — October 27, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Chris Hollis	K&L Gates
Robert Mitchell	
Patrick Buffkin	Nelson Mullins

ATTACHMENT 1

Recommendations for Joint Legislative Study Commission on Poverty Reduction and Economic Recovery

October 27, 2009

Presented by: Bill Rowe, NC Justice Center & Gene Nichol, UNC at Chapel Hill School of Law & UNC Center on Poverty, Work & Opportunity

1. Raise the North Carolina Earned Income Tax Credit (EITC) to 10% of the federal credit.

- EITC is widely recognized as the largest, most effective anti-poverty program.
- Begun in 1975 with bi-partisan support, the EITC:
  - rewards work
  - offsets regressive taxes
  - lifts working families out of poverty
  - promotes economic development
- North Carolina is one of 24 states with a state EITC, but is one of the lowest at 5% of the federal benefit.
- 20% of North Carolina households benefit from the EITC.
- Increasing North Carolina's EITC from 5% to 10% is estimated to cost approximately $85 million.

2. Remove the cap on enrollment for the critical Health Choice children's health insurance program.

- North Carolina limited growth in its children's health insurance program to 7% in FY 2010 and 3% in FY 2011.
- Approximately 3 of every 5 (186,000) uninsured children in NC are eligible for, but not enrolled in Medicaid or Health Choice.
- Eligibility is based on citizenship status and household income below 200% of the federal poverty level.
- The Federal government will cover 75% of the cost of enrolling more children in both Medicaid and Health Choice.
- The cap on enrollment is directly at odds with HHS' efforts to conduct more outreach and enroll more children.

3. Increase funding for the North Carolina Housing Trust Fund.

- Over 750,000 low income households in NC have a housing problem. (Pay too much; overcrowded; or poor conditions)
- Biggest problem is cost – over 460,000 households pay more than 50% of their income for housing.
- Cost burden leads to unstable housing situations resulting in difficulty making ends meet.
- The NC Housing Trust Fund is the state's most flexible housing resource and is administered by the NC Housing Finance Agency.
    - Finances needs from homeless shelters to homeownership
    - Reaches extremely low incomes - $10,000 and less
    - 80% of funds help families below 50% of area median income (AMI), with nearly ½ for below 30% of ami.
- Increase from $10 million to $50 million in the Housing Trust Fund will:
    - Help 6,000 families with housing needs
    - Leverage an additional $200 million in investment
    - Create 3,000 jobs
    - Generate $30 million in state and local taxes

4. Establish a "Tax Incidence Analysis" for all tax bills introduced in General Assembly & the overall tax system.

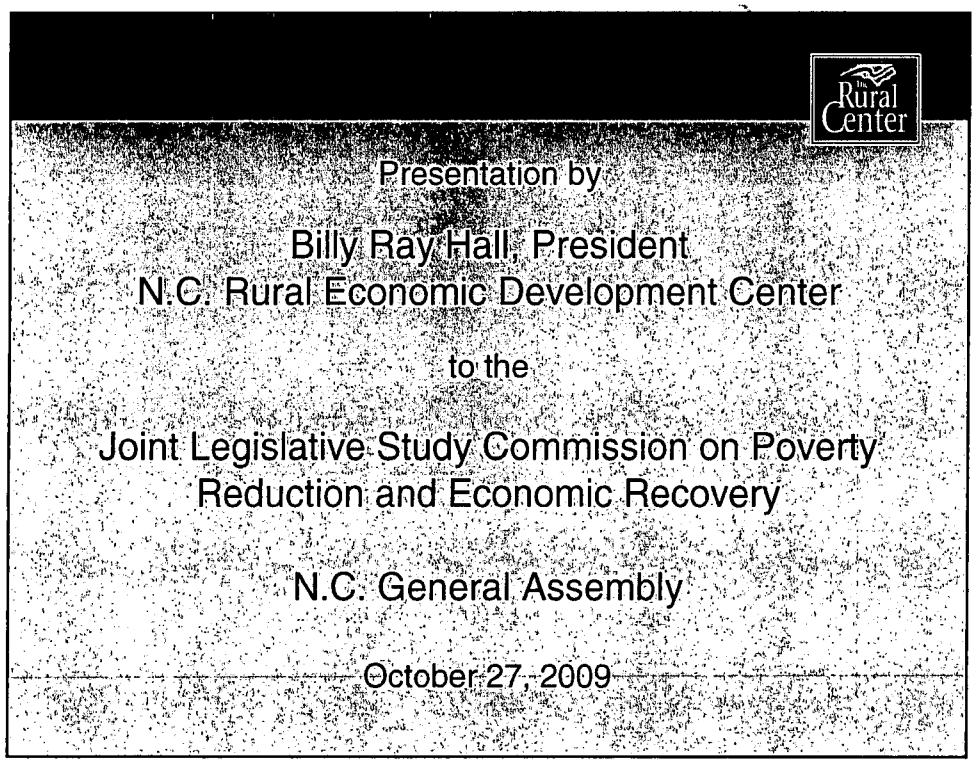
- Tax incidence analysis measures the impact of a tax change on different income groups.
- Helps lawmakers understand the impact of what are sometimes complicated tax changes.
- Ensure that "fairness" is part of the debate over taxes.
- 8 states have a implemented a multi-tax incidence model

Contact info:

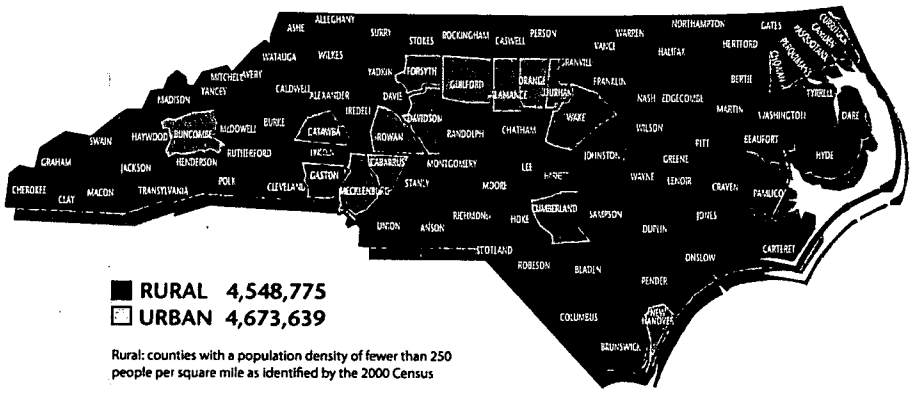
Bill Rowe, NC Justice Center, (919) 856-2177; bill@ncjustice.org

Gene Nichol, UNC at Chapel Hill School of Law & UNC Center on Poverty, Work & Opportunity, (919) 962-5106; gnichol@email.unc.edu

The
Rural
Center


The Rural Center
Presentation by
Billy Ray Hall, President
N.C. Rural Economic Development Center
to the
Joint Legislative Study Commission on Poverty Reduction and Economic Recovery
N.C. General Assembly
October 27, 2009

North Carolina Rural Counties



■ RURAL 4,548,775
□ URBAN 4,673,639

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

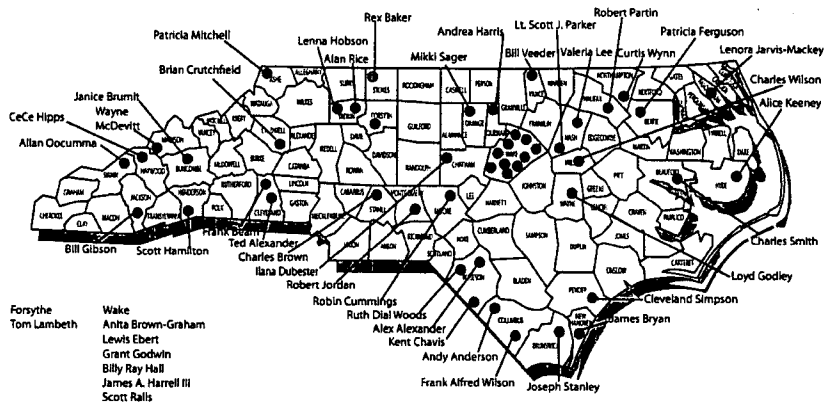
Source: U.S. Census Bureau, 2008 Population Estimates

Our Mission

To develop, promote and implement sound economic strategies to improve the quality of life for rural North Carolinians with special focus on individuals with low to moderate incomes and communities with limited resources.

North Carolina

Rural Center Board Demographics 2009-2010

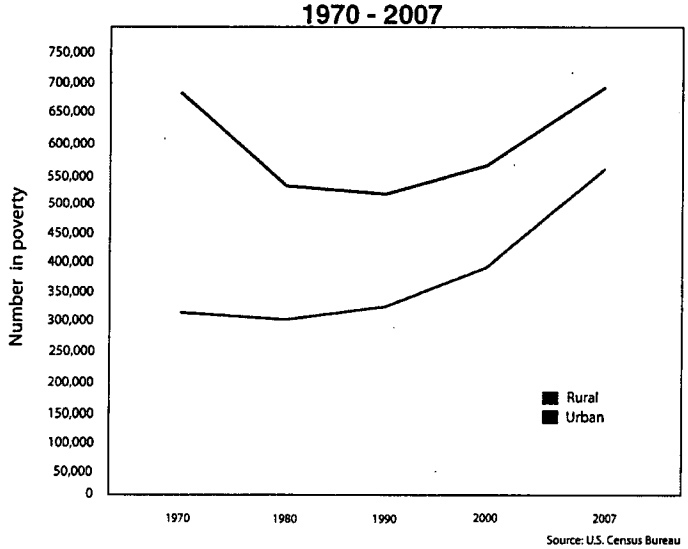


Forsythe
Tom Lambeth

Wake
Anita Brown-Graham
Lewis Ebert
Grant Godwin
Billy Ray Hall
James A. Harrell III
Scott Ralls
Katherine Thomas
Jennifer Tolle Whiteside
Steve Troxler
Larry Wooten

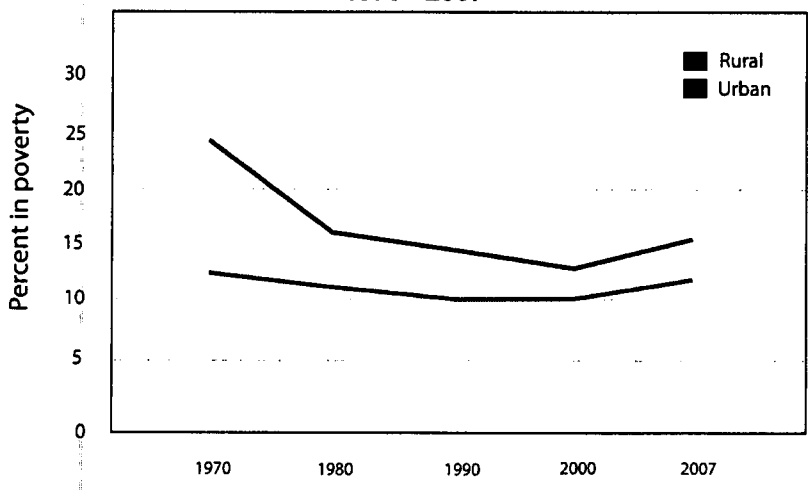
North Carolinians in Poverty

1970 - 2007



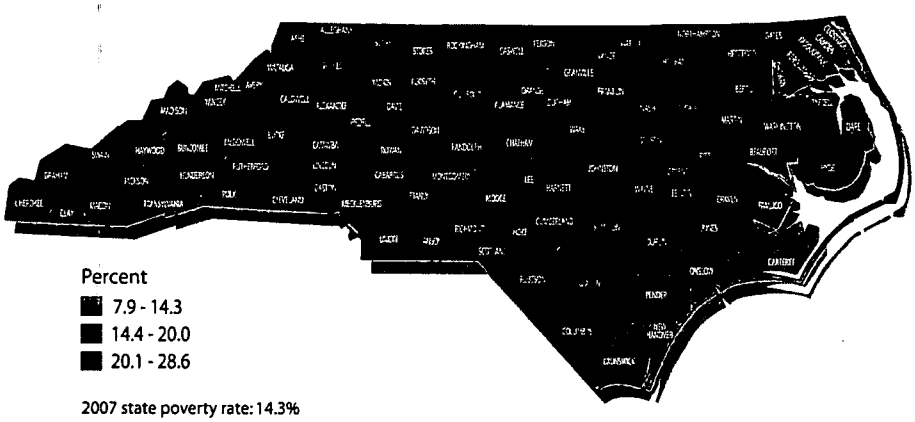
Source: U.S. Census Bureau

Poverty Rates
1970 - 2007



Source: U.S. Census Bureau

Poverty Levels
2007

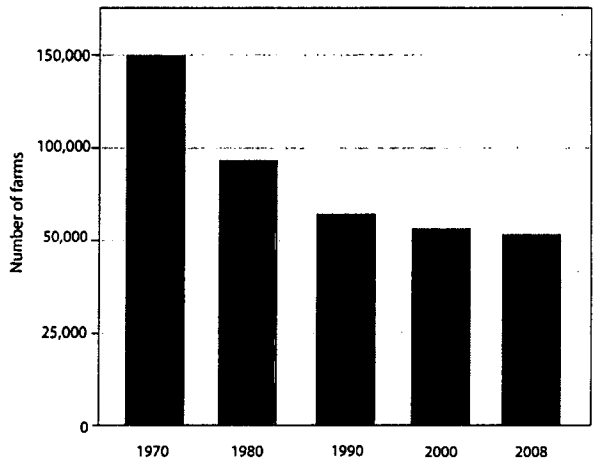


2007 state poverty rate: 14.3%

Source: U.S. Census Bureau

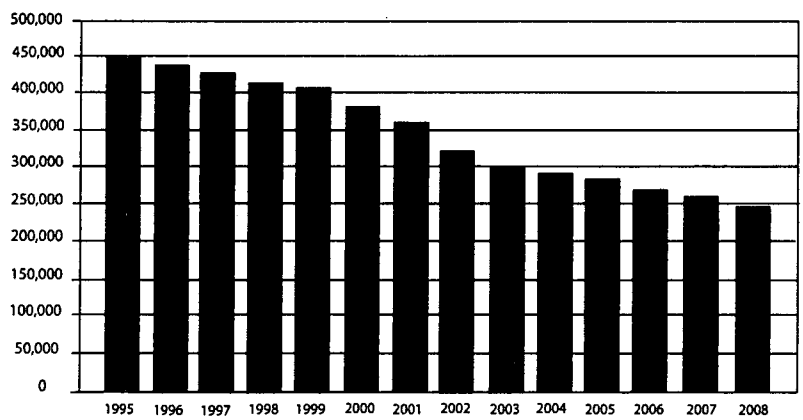
Number of Farms Declining

1970 - 2008



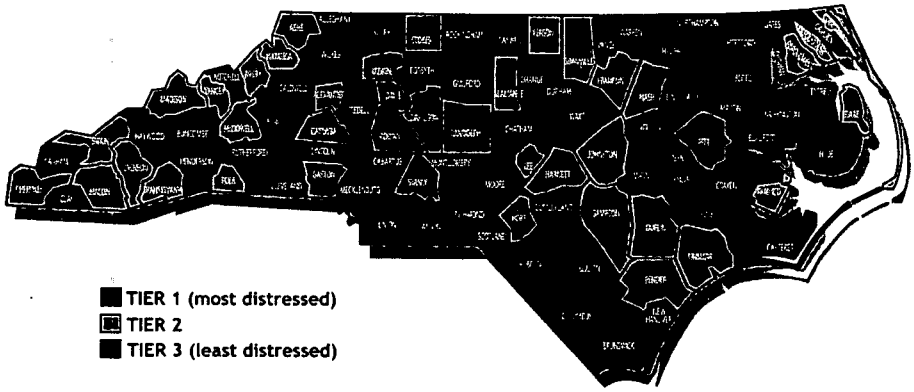
Source: USDA National Agricultural Statistical Service

Declining Factory Employment



Source: N.C. Employment Security Commission

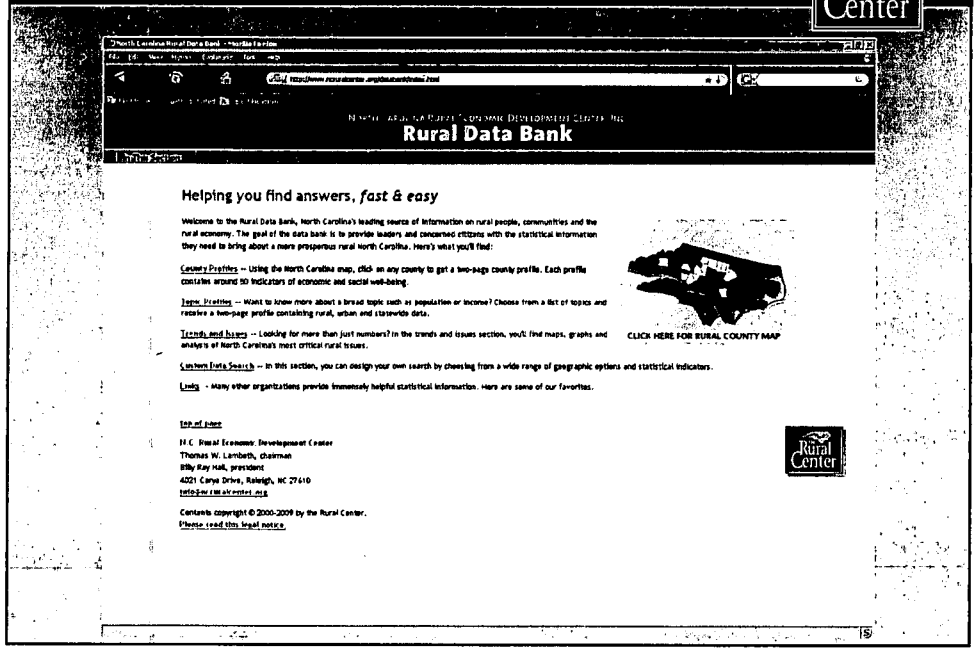
2009 Tier Designations



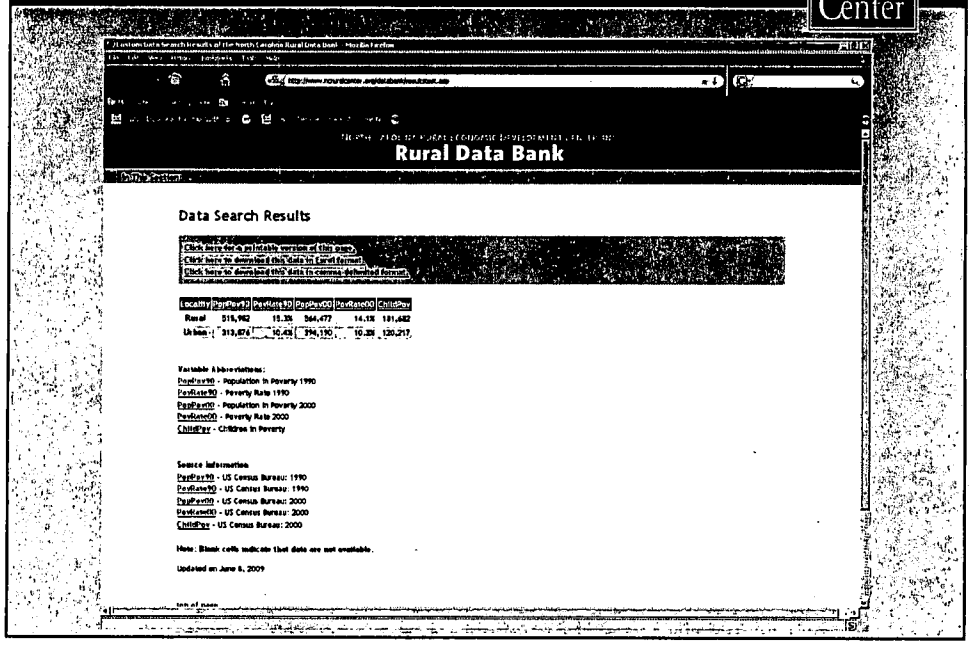
- TIER 1 (most distressed)
- TIER 2
- TIER 3 (least distressed)

Source: N.C. Department of Commerce 2009

Rural Data Bank



Rural Data Bank



Water & Sewer Grants Program

- Supplemental & capacity building grants since 1994
- Critical needs
  - Public health
  - Environmental protection

[illegible] Sewer Grants Program

The Rural Center

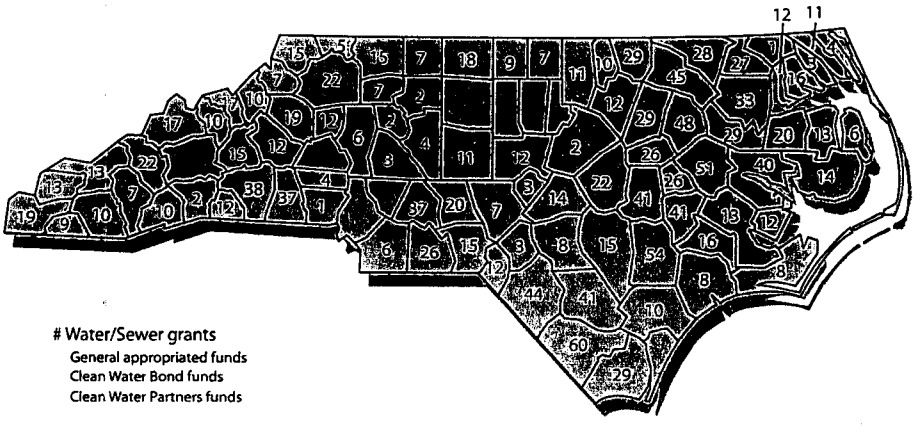
- 1,578 grants
- $386 million
- $2 billion leveraged

[illegible] Sewer Grants Program

The Rural Center

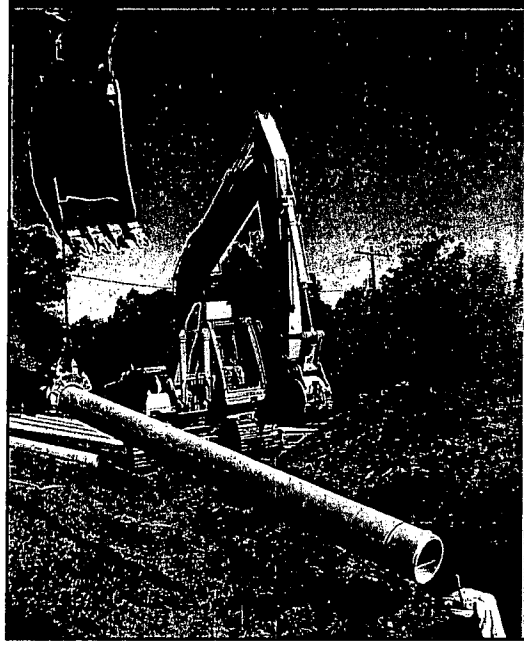
Critical Needs Water / Sewer Grants

1994 - October 2009



Water/Sewer grants
General appropriated funds
Clean Water Bond funds
Clean Water Partners funds

ELF Water & Sewer



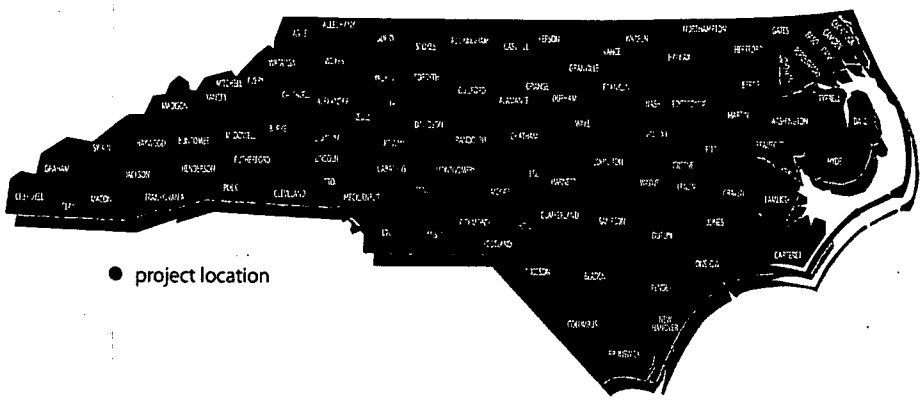
- Established in 2004
- Economic stimulus
  - Enables business location, expansion
  - Creates jobs

ELF Water & Sewer

- 160 grants
- $51 million
- $123 million leveraged
- 5,911 new jobs
- 185 new businesses

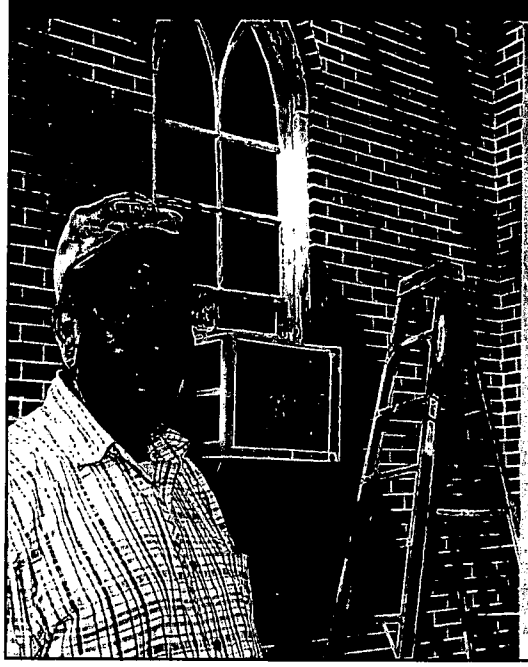
Job-Generating Water / Sewer Grants

December 2004 - October 2009



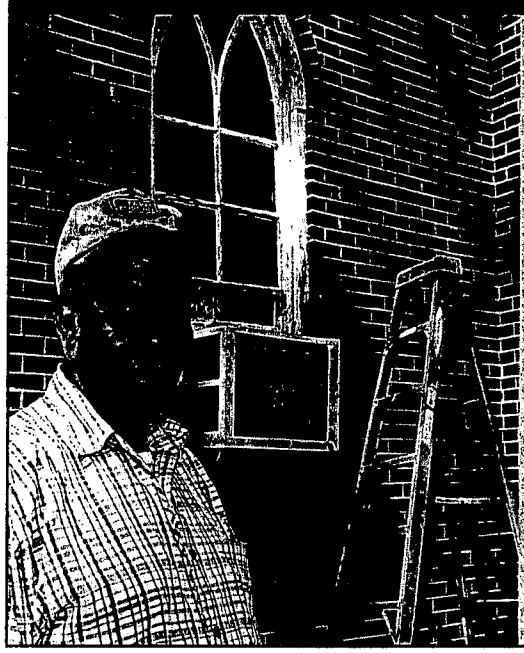
● project location

Micro-enterprise Loan Program



- **Established in 1989**
- **Encourages small business growth, self-sufficiency**
- **Targets underserved communities**

Microenterprise Loan Program

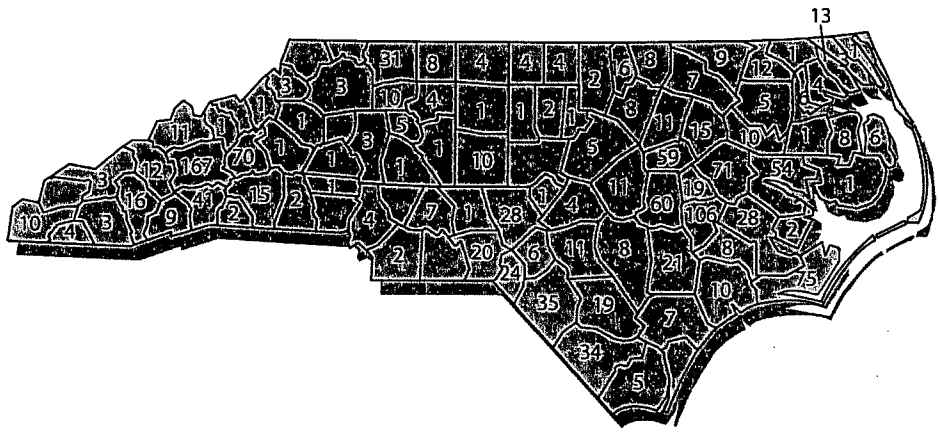


- 1,378 loans
- $7.2 million
- 48% minority, 52% women, 49% low income
- 2,890 new jobs

Microenterprise Loan Program

Microenterprise Loans

October 1989 - October 2009



CDC Grants Program

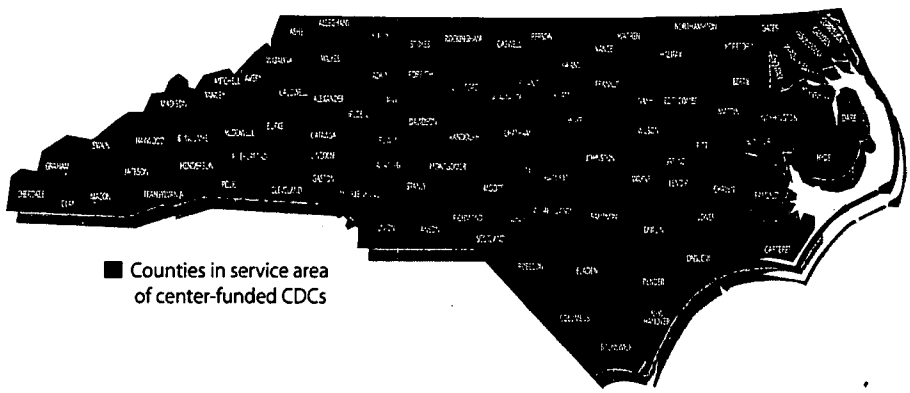
- Established in 1988
- Strengthens organizations serving minority communities
  - Grants
  - Technical assistance

CDC Grants Program

- 80 CDCs supported
- $32.4 million
- 690+ housing units built
- 280 homes rehabilitated
- 23 CDCs currently in program

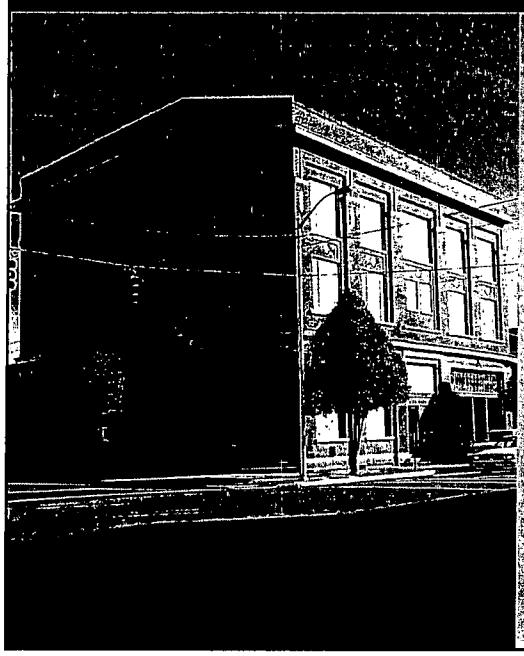
Counties Served

1989 - 2009

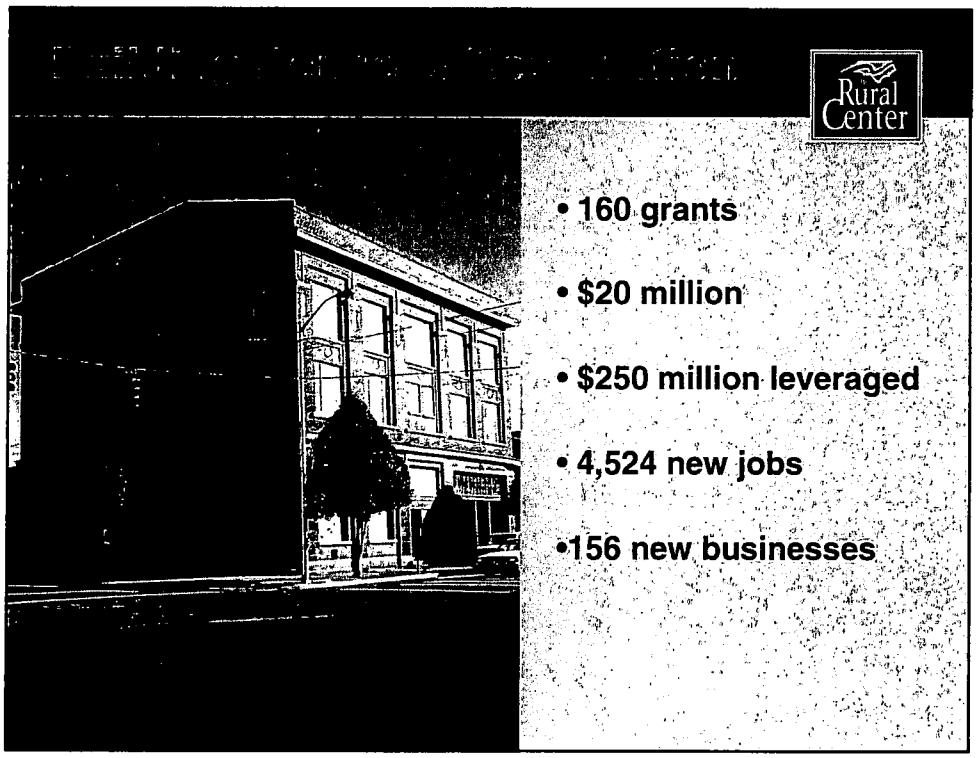


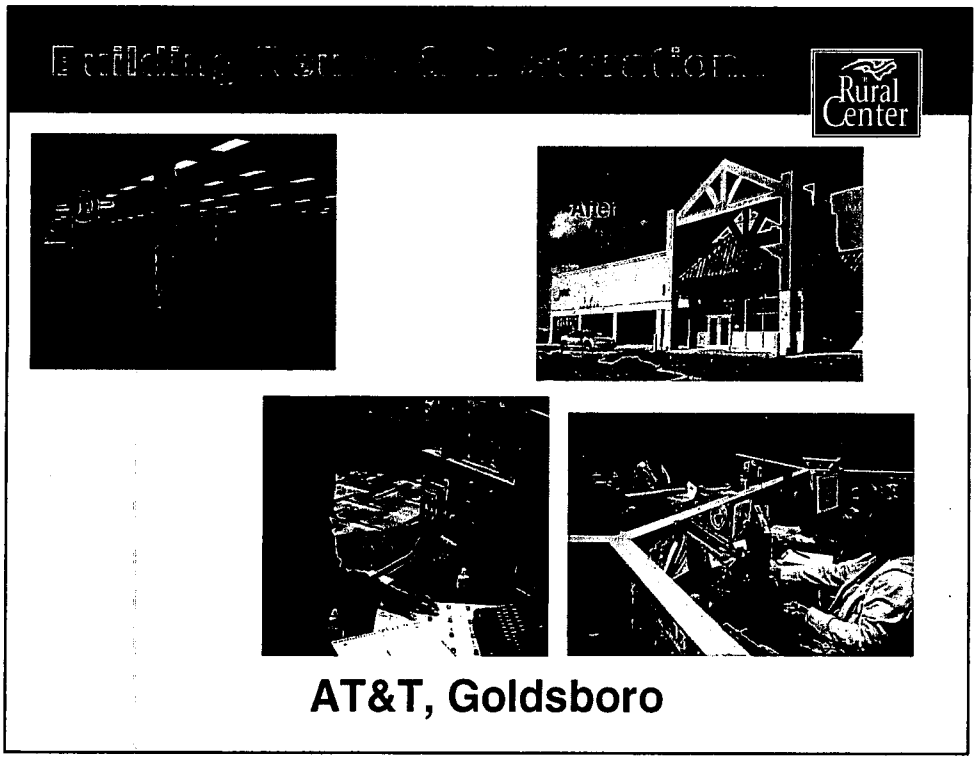
■ Counties in service area of center-funded CDCs

Building Reuse & Restoration



- Established in 2004
- Prepares vacant buildings for new uses
- Creates jobs

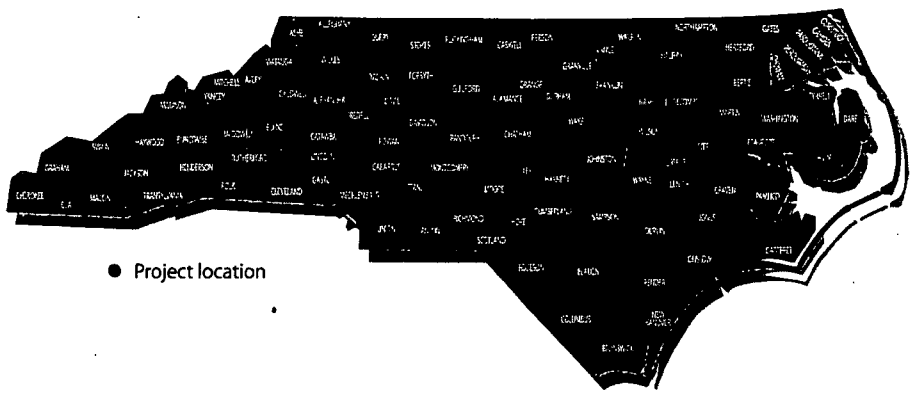




AT&T, Goldsboro

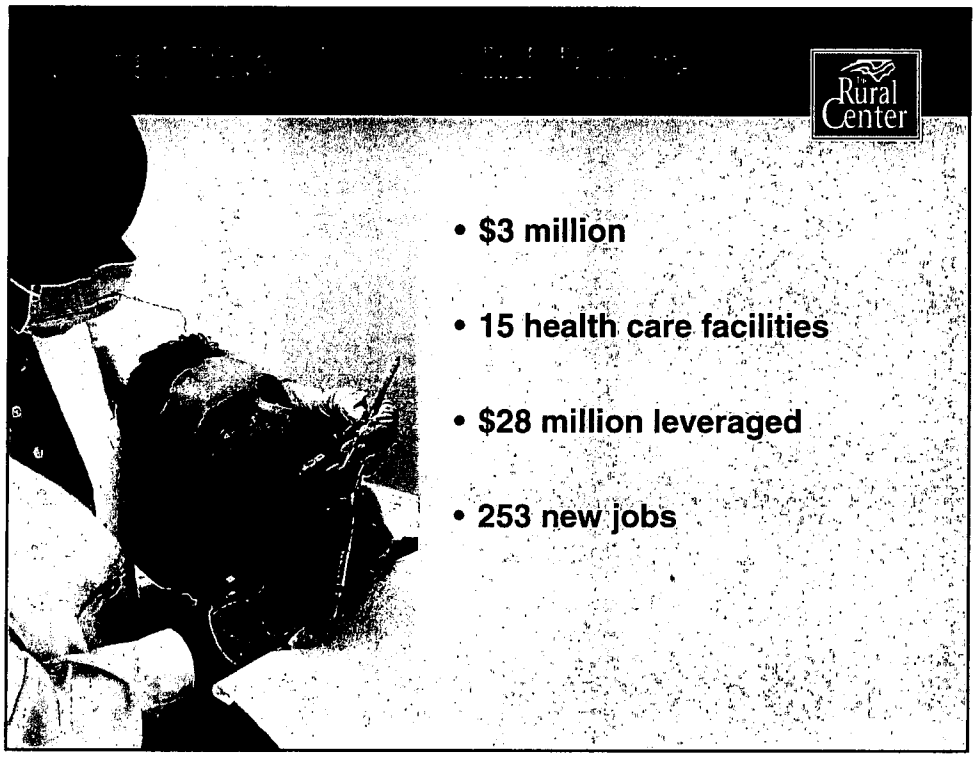
Building Reuse Grants

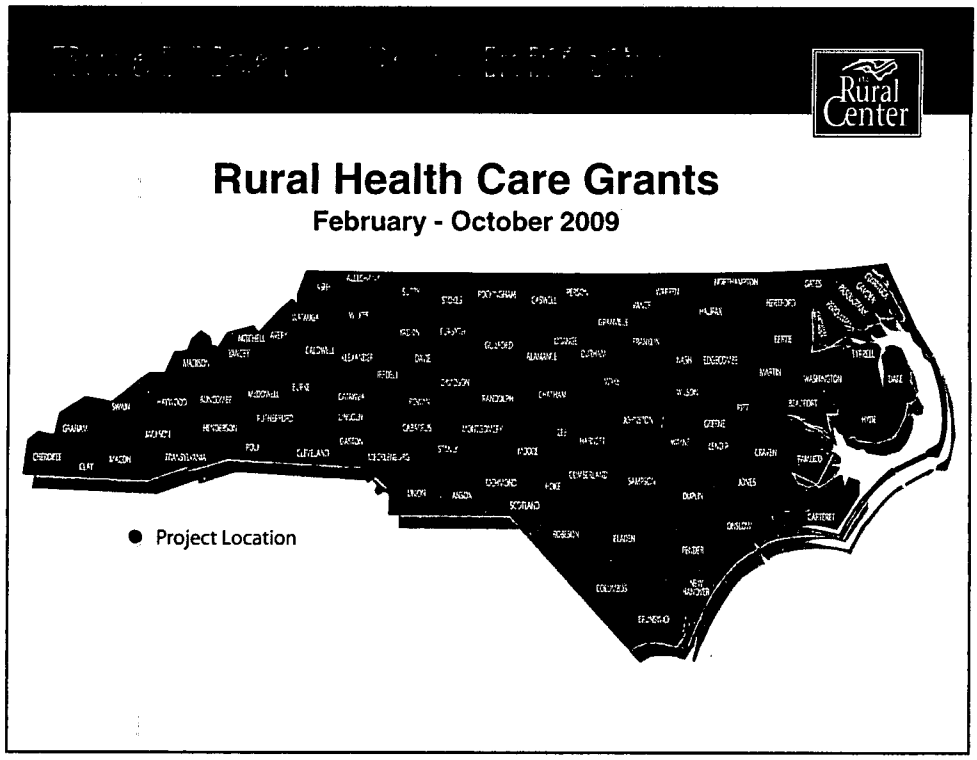
September 2004 - October 2009



Rural Health Care Initiative

- **Established in 2009**
- **Construction, renovation of health care facilities**
- **Job creation**

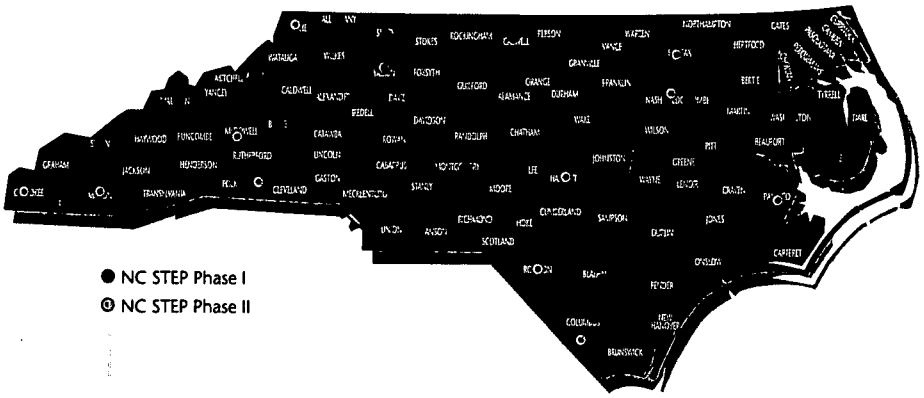

The Rural Center
• $3 million
• 15 health care facilities
• $28 million leveraged
• 253 new jobs


The Rural Center
Rural Health Care Grants
February - October 2009
Project Location

- Launched in 2006
- Community coaching
- Inclusive planning
- Training
- Grants

- $5.8 million
- 20 strategic plans completed (33 towns)
- 55 projects completed; 52 underway
- 59 new businesses
- 880 new jobs

45 Demonstration Sites



● NC STEP Phase I
⊙ NC STEP Phase II

- **Established in 2009**
- **Helps laid-off workers pursue self-employment**
  - **Scholarships**
  - **Coaching**

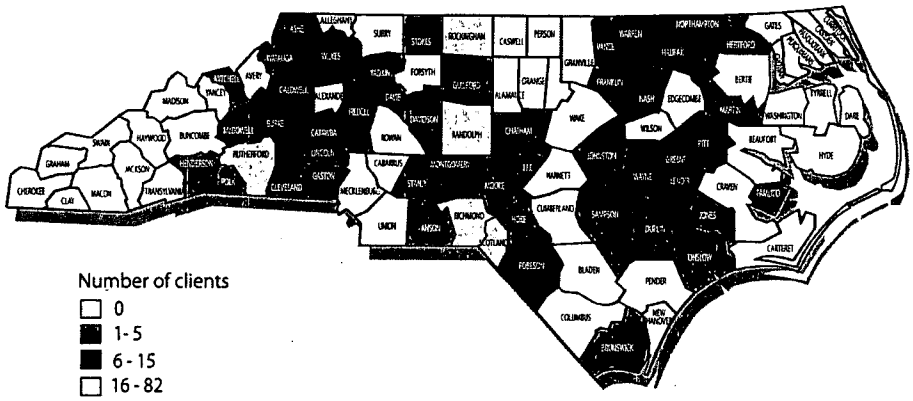
Project GATE

- 266 participants
- $25,451 in tuition for 109 individuals
- 4 micro loans
- 2 dozen businesses already started

Project GATE

Project GATE Clients by Residence

April - October 2009



Community Mobilization

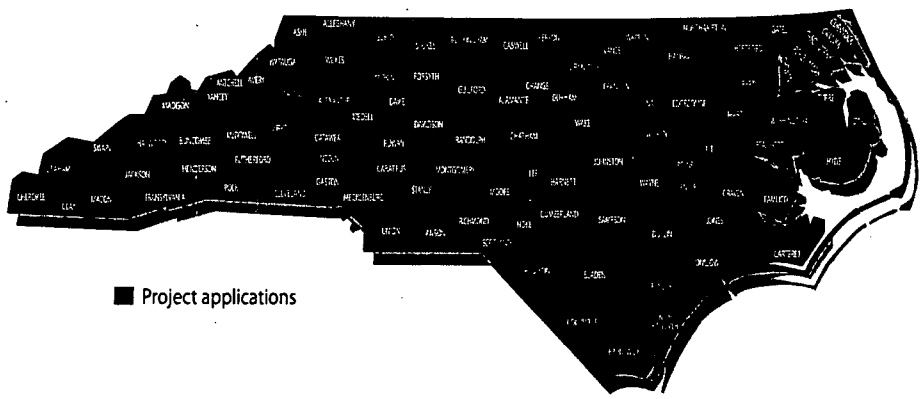
- Encourages collaborations to serve laid-off workers
- Part of JobsNOW Initiative

Community Mobilization

- $600,000 available
- Four training sessions across state; 114 participants
- 27 applications received

Community Mobilization Project

Counties Covered by Applications



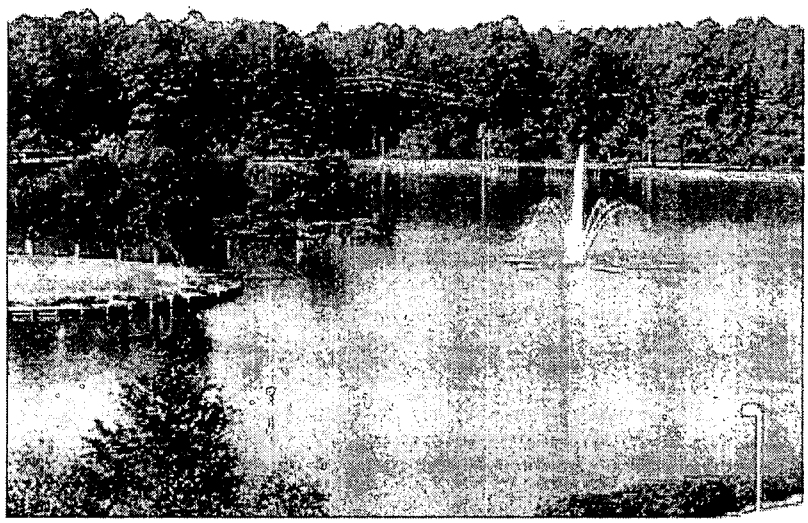
■ Project applications

The Rural Center

Forbes.com

In Depth: America's 10 Most Impoverished Cities

Read the full story Joshua Zumbrun E-mail ! Create Alerts Speed



http://www.city-data.com/picfilesc/picc38433.php

Rocky Mount, N.C.

Rocky Mount, N.C., Metro Area

Population: 143,364
Per capita income: $22,662
Income of bottom one-fifth: $7,840
People earning below 50% of poverty line: 7.8%
Food stamp recipients: 17%
Public health care recipients under age 65: 28,048
2008 unemployment: 8.7%

The bottom fifth in Rocky Mount earn less than in other southern cities on this list Macon or Albany. Unemployment for 2008, even before the worst of the recession, was already elevated. It has since risen further to 13.8%.

REPRESENTATIVE ANGELA R. BRYANT
NORTH CAROLINA HOUSE OF REPRESENTATIVES
7TH DISTRICT - HALIFAX AND NASH COUNTIES

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Forbes.com

The Economy

America's Most Impoverished Cities

Joshua Zumbrun, 10.12.09, 5:15 PM ET

WASHINGTON - The Great Recession is rewriting the rules of American poverty. Data from the Census Bureau, released in September, show that during the first year of the recession, incomes fell farther and poverty leaped higher than during almost any other time in a generation.

In 2008, U.S. median income fell to $50,303 from $52,163 in 2007. That 3.6% decline is the largest one-year drop since records begin. The poverty rate increased to 13.2% from 12.5%, meaning the recession has brought 2.6 million more Americans into poverty. The Economic Policy Institute projects that in the next two years, incomes could decline by another $3,000 and poverty could increase by 1.9 percentage points.

Just as the recession has changed the map of unemployment (see "Stars and Jobless Stripes"), it has redrawn the contours of poverty.

In Depth: America's 10 Most Impoverished Cities

To find out who is being hit worst, we used new data from the U.S. Census Bureau's 2008 American Community Survey. Although the Census Bureau defines poverty simply as people earning below a certain income level, (which varies based on family size) we also looked at per capita incomes for a region, the percentage of food stamp recipients, the percentage of people under age 65 receiving public health care and the unemployment rate.

Poverty may once have been worst in the Deep South. And cities on the border with Mexico are plagued with poverty. But the recession--and the decline of American manufacturing--has left Rust Belt cities with comparable levels of poverty. The problem is concentrated in these three regions. All 10 cities on our list are southern cities, border cities or declining manufacturing centers.

Four southern cities make the list: Pine Bluff, Ark.; Albany and Macon, Ga.; and Rocky Mount, N.C. In these cities, per capita incomes are between $18,000 and $23,000, but the bottom 20% are bringing in between $7,500 and $8,500.

The most impoverished region is at the southern tip of Texas. The metropolitan statistical areas for McAllen and Brownsville, Texas, have the lowest incomes and most food stamp recipients of any in America.

"When looking at the entire [metro area] we have a lot of communities that do have large pockets of poverty," says Mike Perez, the city manager of McAllen, Texas. "A lot are recent immigrants--that's part of it. There's a language barrier. And because they're recent immigrants, they don't have the education. That's tied to having jobs that pay well. It's a bit of a vicious cycle."

Despite the discouraging statistics, McAllen has been adding jobs rapidly--Forbes rated McAllen the best medium-size city for job growth earlier this year. (See "Best Mid-Sized Cities For Jobs.") Perez and other city leaders are quick to point out that they don't have control over their entire regions or local economies. Metropolitan statistical areas include counties that are tied to a central city economically, but are oftentimes beyond the control of the mayor. As well, the regions on this list are usually subject to national economic trends that even the best of local governments may be unable to fight.

"We just got our rating upgraded to AA by Standard & Poor's," says Perez. "Sometimes when you look at an entire region, you paint the entire region with the same brush. I think sometimes that's not quite fair. There are areas in the MSA that are very strong and doing very well." The same could be said of any of the regions on the list.

Further west, in El Centro, Calif., and Yuma, Ariz., incomes are higher, but Yuma and El Centro have the highest unemployment rates of any cities in the country.

Cathy Kennerson, CEO of the El Centro Chamber of Commerce, says a host of alternative energy companies--in geothermal, wind, biomass and solar--are looking to invest in the region, but she says Uncle Sam is holding things up with a slow approvals process. "It's such a great area here in the desert for renewable energy manufacturing," says Kennerson, who notes that one sector that continues to grow in the county is the federal government.

Finally, the industrial Midwest is creeping onto the list. The metropolitan areas around Saginaw, Mich., and Flint, Mich., have some of the worst poverty in the nation. Although per capita incomes are higher, the percentage of the population living below half of the poverty line is near 10% in both cities, and 15% of the populations are on food stamps. Other cities in the region are not far behind as manufacturing jobs continue to disappear. In the 1990s, there were nearly 18 million manufacturing jobs in the United States. The recession in 2001 lowered that number to about 14 million, and the current recession to 12 million. The result: a once-great production engine is collapsing into one of the most impoverished regions of America.

In Depth: America's 10 Most Impoverished Cities

The legislation was originally approved by Congress and signed into law by President George H. W. Bush in 1990. The legislation is named in honor of Ryan White, an Indiana teenager who contracted AIDS through a tainted hemophilia treatment in 1984, and was expelled from school because of the disease. White became a well-known advocate for AIDS research and awareness, until his death on April 8, 1990.

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Air Force: http://www.afpc.randolph.af.mil/stoploss

The Need to Acknowledge and Fight Poverty

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The official measure, created in 1955, failed to factor in rising costs of medical care, transportation or childcare. It also ignores geographical variations in the cost of living. Further, it also fails to consider non-cash government aid when calculating income. As a result, the poverty figures released by Census last month may overlook millions of people suffering in poverty, many of whom are 65 and older.

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The National Academy of Sciences also found that 14.3 percent of people 18 to 64, or 27 million, are suffering in poverty, compared to 11.7 percent under the traditional Census measure. Many of the additional poor are low-income, working people facing growing transportation and childcare costs.

It should also be noted that food stamp assistance, which is at an all-time high of about 36 million, likely softened these figures.

These figures are especially troubling and could get worse. In 2008, U.S. median income fell to $50,303 from $52,163 in 2007. That 3.6% decline is the largest one-year drop since records begin. And, the Economic Policy Institute projects that in the next two years, incomes could decline by another $3,000 and poverty could increase by 1.9 percentage points.

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According to Forbes, nearly 8 percent of Rocky Mount area residents were among the nation's extreme poor in 2008, living at below 50 percent of the poverty line. And, about 17 percent of area residents received food stamps last year, and nearly 23 percent of

residents under the age of 65 received Medicaid. Also, Rocky Mount's unemployment rate at the time of the report was 8.7 percent and since has risen to 13.8 percent.

While Forbes also ranked Rocky Mount as the 119th best small places for business and careers, largely because of the city's available workforce, this is a region that suffers with a great number of needs. This is a community with great pride and potential that continues to work hard to provide opportunities and improve the quality of life for its residents.

As we look at ways to make sure our resources are going where they are needed most, we should look at the way poverty is measured. Unfortunately, the official U.S. poverty measure has changed very little since it was originally adopted in 1969, with the exception of annual adjustments for overall price changes in the economy, as measured by the Consumer Price Index for all Urban Consumers.

Currently, the poverty threshold reflects a measure of the economic realities of the mid-1950s. The poverty line has not been adjusted to reflect changes in needs associated with improved standards of living that have occurred over the decades since the measure was first developed.

A congressionally commissioned study conducted by the National Academy of Sciences has recommended that the poverty level be reset to take into account economic changes that have occurred over the past four decades. The National Academy of Sciences recommended that non-cash benefits, taxes and tax credits be counted as income while expenses such as work-related child care, housing and out-of-pocket medical expenses be deducted from income in determining families' poverty status. As a result, comparatively more working families and elderly people would be counted as poor.

The National Academy of Sciences also recommended that the poverty income levels be adjusted for regional cost of living differences. The current poverty income thresholds are uniform across the 50 states and the District of Columbia.

The Measuring American Poverty Act of 2009 introduced by Representative McDermott and a companion bill introduced by Senator Dodd would instruct the U.S. Census Bureau to adopt many of the modern poverty measurement recommendations made by the National Academy of Sciences. If adopted, the legislation would result in a new poverty measure that would coexist with the official poverty measure, and re-designate the current "official" measure as the "traditional" poverty measure. The new poverty measure would not affect programs that use poverty as criteria for either determining eligibility or allocating funds, but would stand as an additional statistical indicator to measure the effects of programs on poverty.

This would be a helpful step toward ensuring that we have a system that is fair to people who need help as well as to the taxpayers providing that help. This economic crisis serves as a reminder to all Americans just how vulnerable we all are, and that reducing our existing poverty will require a great deal of effort and attention.

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Legislative Charge to Poverty Reduction and Economic Recovery Legislative Study Commission

Session Law 2008-181 (2008 Studies Bill), Part XLI

"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.

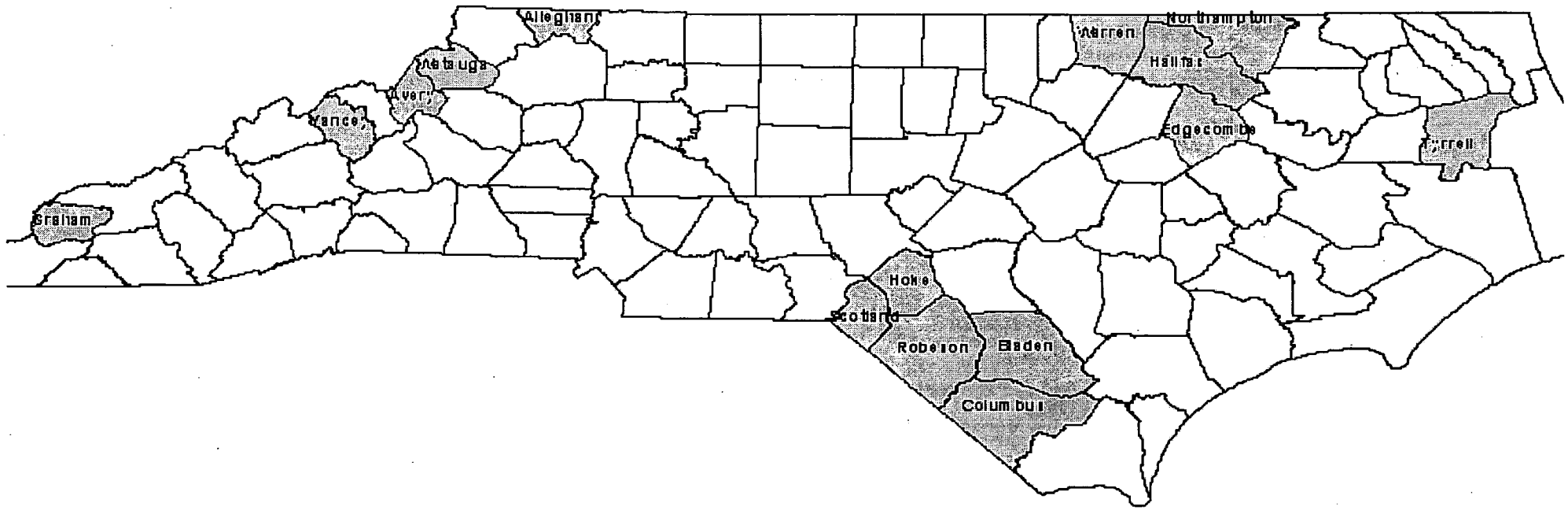
To that end,

there is created the Poverty Reduction and Economic Recovery Legislative Study Committee."

"The Commission shall

1. Study and develop a coordinated, integrated approach to poverty reduction and economic recovery.

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.


Alleghany
Watauga
Avery
Vance
Graham
Warren
Northampton
Halifax
Edgecombe
Currell
Hoke
Scotland
Robeson
Bladen
Columbus

3. Examine other states' evidence-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."

"The Commission

- Shall submit its final report by the 2010 Regular Session of the 2009 General Assembly . . .
- 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.

Commission's work so far:

- Poverty from a national perspective – Gene Nichol and Jesse White – 12-19-08, Speaker Joe Hackney, 1-16-09.
- Poverty in North Carolina – Anne Bacon, 12-19-08.
- Poverty from urban perspective – Ted Abernathy, 12-19-08.
- Poverty from rural perspective – Yolanda Burwell, 12-19-08, and Billy Ray Hall, 10-27-09.
- Various ways State agencies address poverty – 1-16-09

- Report on Stimulus Package – Dempsey Benton – 9-29-09.
- Recommendations by advocacy groups – NC Justice Center – 9-29-09 and 10-27-09.

Thank you Mr. Chairman. I'm Gene Nichol, Director of the Poverty Center at the University of North Carolina. I'm honored to speak to the Commission members again – with Bill Rowe and our partners at the Justice Center. When this Commission's work began, we explored broad and ambitious goals for this effort; including, as I recall, the setting of benchmarks and timetables, as many other states have done in the last four years, to reduce poverty and extreme poverty and troubling child poverty in North Carolina over the next decade.

I hope, of course, that such overarching efforts – including their necessary challenges in education and economic development and job training and health care – are not beyond our capabilities. But there is no doubt that the world has much changed in the past year. Huge challenges in the state budgeting process and dramatic shortcomings in resources have arisen. Needs often beyond measure and capability. So we come, at the request of the committee, to offer a brief, and we think, modest list of practical but effective steps to address the challenges of North Carolina's poorest citizens.

It is worth recalling, though, that the crisis of those at the bottom of our economic ladder has, in the intervening year, only deepened. Child poverty has risen to 19.5%. Almost 15% of all North Carolinians now live below the federal poverty threshold. About 11% of us are unemployed. 185,000 North Carolinians have lost their health care coverage in this year alone. We have one of the highest rising rates of the uninsured in the nation. 260,000 jobs have disappeared in the last 22 months. Income inequality in North Carolina has peaked. Food stamp participation is up by 24%. Food banks are overrun with applicants. These steps, it is obvious to state, will not reverse this daunting tide. But they well help to give a fairer shot and a fighting chance to those Tar Heels locked at the bottom.

1. North Carolina should raise the state earned income tax credit to 10% of the federal benefit.

The federal Earned Income Tax Credit (EITC) is widely recognized as the largest, most effective low-and moderate income anti-poverty program in the nation. Begun in 1975 under President Ford, the bi-partisan program – expanded by presidents Clinton and Bush – rewards work, offsets regressive taxation schemes, sustains families, lifts threatened workers out of poverty, and promotes economic development. In 2007, North Carolina wisely became one of twenty-four states bolstering the proven benefits of the federal EITC by adding an analogous refundable state credit. Our state EITC was pegged, however, at the very modest rate of 3.5% of the federal benefit. This year it was raised to 5% - still among the lowest in the nation. [New York's rate, for example, is 30% of the federal EITC.] Approximately 20% of North Carolina households take advantage of the credit. They receive an average benefit of $108. The maximum benefit, at present, is roughly $280. The Carolina credit should be raised to 10%.

The state EITC helps offset not only income taxes, but frequently regressive payroll and state and local sales and property taxes. Sales tax increases, for example, fall disproportionally upon the poorest North Carolinians. For very low income workers, the credit can work as an income supplement as well. An increased credit would directly enhance economic security, improve the possibility of social mobility, encourage work and savings, foster local purchasing power and economic recovery, sustain families, and reduce poverty in North Carolina. It would, of course, cost revenues – like other tax cuts – reportedly an estimated $85 million. But raising the state EITC would be among our wisest investments in North Carolinas families.

2. North Carolina should remove caps on enrollment in the critical S-CHIP or Health Choice children's insurance program.

This year the NC General Assembly limited growth in North Carolina's children's health insurance program to 7% in FY2010 and 3% in FY2011. Growth caps have been imposed on the program for the past seven years. North Carolina now enrolls fewer eligible children than many other states. Approximately 3 of every 5 (186,000) uninsured children in North Carolina are eligible for, but not enrolled in, Medicaid or NC Health Choice. That is, they are citizen children who live households with an income of less than 200% of the federal poverty level. Another 23,000 are ineligible because of citizenship status; and 97,000 because their family income levels are too high. Imposed enrollment caps mean that we leave vulnerable kids uninsured and generous federal matching funds on the table.

The federal government provides a nearly 3-1 match for kids enrolled in NC Health Choice. Therefore, North Carolina can choose to cover more children in both Medicaid and Health Choice with the national government picking up 75% of the cost. Even with their respective budget crises, in 2009, eighteen states expanded health care coverage for poor children – usually by increasing eligibility levels. The federal government has increased funds available to North Carolina to enroll kids in Health Choice by 25%. We recently received a $678,000 grant to conduct outreach campaigns to enroll more eligible children in Medicaid and Health Choice. An enrollment cap is, of course, at odds with such efforts. Health Choice provides crucial support for North Carolina's many, and increasing, uninsured families. An expanded state commitment to the program, for a relatively small investment, would pay large dividends for our poorest families and most threatened children.

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In Depth: America's 10 Most Impoverished Cities

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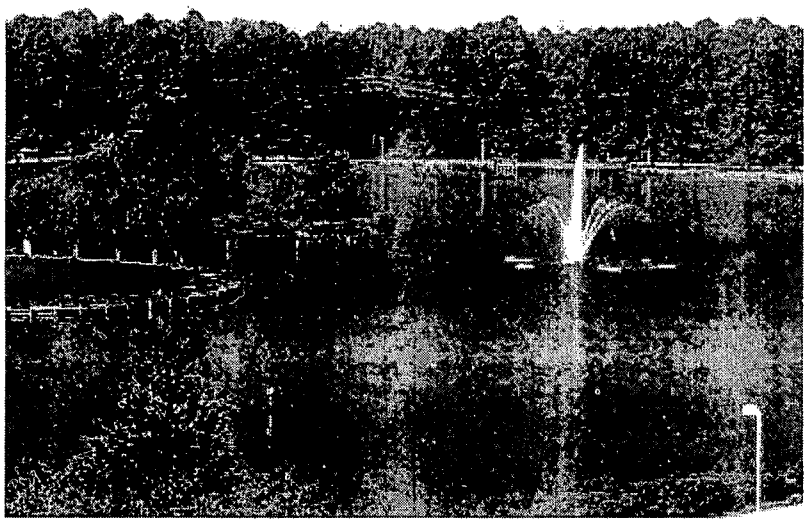

http://www.city-data.com/picfilesc/picc38433.php

Rocky Mount, N.C.

Rocky Mount, N.C., Metro Area

Population: 143,364
Per capita income: $22,662
Income of bottom one-fifth: $7,840
People earning below 50% of poverty line: 7.8%
Food stamp recipients: 17%
Public health care recipients under age 65: 28,048
2008 unemployment: 8.7%

The bottom fifth in Rocky Mount earn less than in other southern cities on this list Macon or Albany. Unemployment for 2008, even before the worst of the recession, was already elevated. It has since risen further to 13.8%.

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The Economy

America's Most Impoverished Cities

Joshua Zumbrun, 10.12.09, 5:15 PM ET

WASHINGTON - The Great Recession is rewriting the rules of American poverty. Data from the Census Bureau, released in September, show that during the first year of the recession, incomes fell farther and poverty leaped higher than during almost any other time in a generation.

In 2008, U.S. median income fell to $50,303 from $52,163 in 2007. That 3.6% decline is the largest one-year drop since records begin. The poverty rate increased to 13.2% from 12.5%, meaning the recession has brought 2.6 million more Americans into poverty. The Economic Policy Institute projects that in the next two years, incomes could decline by another $3,000 and poverty could increase by 1.9 percentage points.

Just as the recession has changed the map of unemployment (see "Stars and Jobless Stripes"), it has redrawn the contours of poverty.

In Depth: America's 10 Most Impoverished Cities

To find out who is being hit worst, we used new data from the U.S. Census Bureau's 2008 American Community Survey. Although the Census Bureau defines poverty simply as people earning below a certain income level, (which varies based on family size) we also looked at per capita incomes for a region, the percentage of food stamp recipients, the percentage of people under age 65 receiving public health care and the unemployment rate.

Poverty may once have been worst in the Deep South. And cities on the border with Mexico are plagued with poverty. But the recession--and the decline of American manufacturing--has left Rust Belt cities with comparable levels of poverty. The problem is concentrated in these three regions. All 10 cities on our list are southern cities, border cities or declining manufacturing centers.

Four southern cities make the list: Pine Bluff, Ark.; Albany and Macon, Ga.; and Rocky Mount, N.C. In these cities, per capita incomes are between $18,000 and $23,000, but the bottom 20% are bringing in between $7,500 and $8,500.

The most impoverished region is at the southern tip of Texas. The metropolitan statistical areas for McAllen and Brownsville, Texas, have the lowest incomes and most food stamp recipients of any in America.

"When looking at the entire [metro area] we have a lot of communities that do have large pockets of poverty," says Mike Perez, the city manager of McAllen, Texas. "A lot are recent immigrants--that's part of it. There's a language barrier. And because they're recent immigrants, they don't have the education. That's tied to having jobs that pay well. It's a bit of a vicious cycle."

Despite the discouraging statistics, McAllen has been adding jobs rapidly--Forbes rated McAllen the best medium-size city for job growth earlier this year. (See "Best Mid-Sized Cities For Jobs.") Perez and other city leaders are quick to point out that they don't have control over their entire regions or local economies. Metropolitan statistical areas include counties that are tied to a central city economically, but are oftentimes beyond the control of the mayor. As well, the regions on this list are usually subject to national economic trends that even the best of local governments may be unable to fight.

"We just got our rating upgraded to AA by Standard & Poor's," says Perez. "Sometimes when you look at an entire region, you paint the entire region with the same brush. I think sometimes that's not quite fair. There are areas in the MSA that are very strong and doing very well." The same could be said of any of the regions on the list.

Further west, in El Centro, Calif., and Yuma, Ariz., incomes are higher, but Yuma and El Centro have the highest unemployment rates of any cities in the country.

Cathy Kennerson, CEO of the El Centro Chamber of Commerce, says a host of alternative energy companies--in geothermal, wind, biomass and solar--are looking to invest in the region, but she says Uncle Sam is holding things up with a slow approvals process. "It's such a great area here in the desert for renewable energy manufacturing," says Kennerson, who notes that one sector that continues to grow in the county is the federal government.

Finally, the industrial Midwest is creeping onto the list. The metropolitan areas around Saginaw, Mich., and Flint, Mich., have some of the worst poverty in the nation. Although per capita incomes are higher, the percentage of the population living below half of the poverty line is near 10% in both cities, and 15% of the populations are on food stamps. Other cities in the region are not far behind as manufacturing jobs continue to disappear. In the 1990s, there were nearly 18 million manufacturing jobs in the United States. The recession in 2001 lowered that number to about 14 million, and the current recession to 12 million. The result: a once-great production engine is collapsing into one of the most impoverished regions of America.

In Depth: America's 10 Most Impoverished Cities

VICTORY

Around the country, people are finding help and hope overcoming homelessness

BY SHIRLEY HENDERSON & KEVIN CHAPPELL PHOTOGRAPHY BY VALERIE GOODLOE

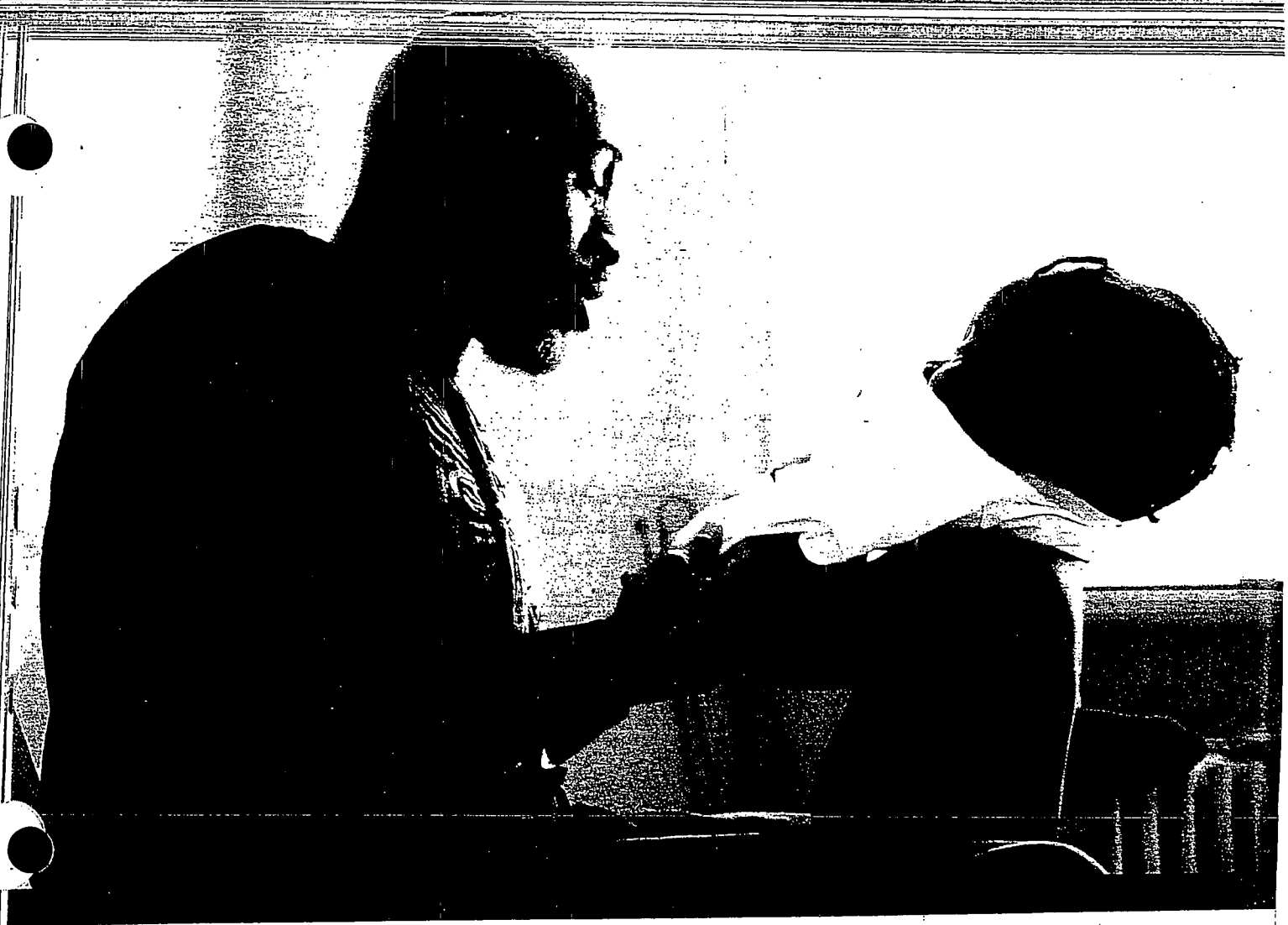
The economic downturn has taken many prisoners. It has been almost two years since the recession began in December 2007, and many people have become locked in a cycle of financial hardship due to job loss, foreclosure or eviction.

It seems that no city has escaped the economy's reach unscathed. News stories carry images of tent cities that have sprung up around Los Angeles, Miami and Washington, D.C., and are allegedly filled with the newly homeless. Many people go to family and friends for help or seek refuge in shelters, churches or in some desperate cases, their cars.

The saying goes that when America gets a cold, Black America gets pneumonia. So how are African-Americans faring in the face of these circumstances? Black neighborhoods are continuing to face high foreclosure rates in cities such as Chicago, Detroit and Las Vegas. Of the 14.7 million Americans without jobs, the unemployment rate for Blacks was 14.7 percent as of June 2009, according to the U.S. Department of Labor.

Still, there is hope. At the beginning of the year, Congress passed an almost-$800 billion economic recovery package that includes $1.5 billion for the Homelessness Prevention and Rapid Re-Housing Program (HPRP). Columbus, Ohio, and Washington, D.C., are implementing models to curtail the problem of homelessness and paving the way for other cities to follow.

The six individuals who we have profiled in this story all have had a brush with homelessness. Most of them were gainfully employed at some time. All have children or families. In some cases, the new face of the homeless may look familiar.



Joseph Harris prepares his son, Pierre, inside an apartment loaned to him by a friend. Later (clockwise), the two engage in a spirited game of catch in their living room. Joseph enrolls his son in day care at Perry School in Washington, D.C. Father and son bond and Pierre enjoys a bus ride with dad on their way to court.

FATHER

NAME: Joseph Harris, 46
LOCATION: Washington, D.C.

'I'm not a person who goes to church. I do know that throughout my struggles, as long as I stayed positive, God has been with me.'

I used to pour concrete by trade, but I was in a car accident and couldn't work for a while.

I was evicted from my apartment last fall. I stayed with friends and at motels. Slept in my car for a while. I tapped into some social programs, but there are so many people in need that I kept getting doors closed.

Boom. Boom. Boom.

My main thing is that I don't want brownie points. If you have a child, you're supposed to take care of your child. This is what I'm supposed to do. I haven't cured AIDS. I don't have a cure for cancer. Somebody might say, "Oh, wow! Look at him." I don't want to come across like that at all. This is my responsibility. No matter how rough it gets, I have to stick with it [and] try to make the best

decisions for my son (4-year-old Joseph III) and me.

The hardest part is when he can't run around in his own place, and now he has to go with other people who are telling him, "Don't do this. Don't touch that." We used to have our own place. He had his own toys. He could do what he wanted to do.

Taking care of my son is a lot easier now. When he was small, I had the little harness. But now he can walk. I still end up putting him on my shoulders anyway.

I want to set a foundation for us. We need stability. We can do a lot of things that normal families do. Once I obtain that, the sky is the limit. I don't want to work all my life. So I have to think of other avenues. My main objective is to be the first generation to leave something for my son. Then he may have something to give to his son and it won't be so hard [for him].

I visualize me having all of those things. One thing that I do know—and I'm not a person who goes to church—I do know that throughout my struggles, as long as I stayed positive, God has been with me. I pray.

At one time, I let my circumstances allow me to be around people who were shady [and] were involved in trying to get a quick buck. But God spoke directly to me and told me that my son needed me. I figured out that there was another way.

If I need some money, let me go cut some grass. Let me go to somebody's house to see if they need their windows washed. I know that sounds crazy in today's time, but I think God is all that. So I may go to a person, and they [might] need nothing done, but by me coming at them in [a certain] manner, they may just say, "You know anything about drywall? I got something that needs to be done in my garage."

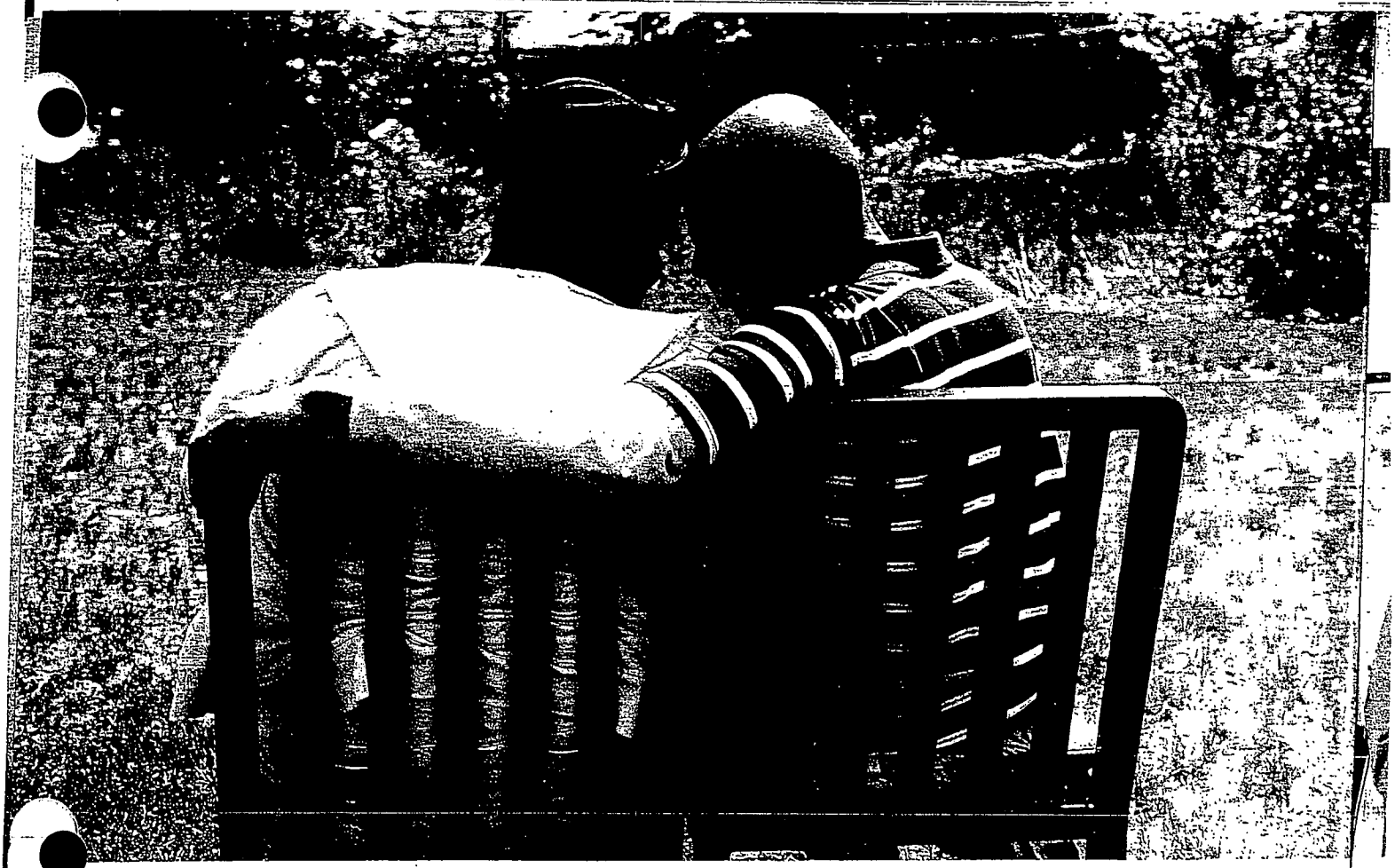
And that's how God blesses us. I was blocking my blessing by jumping out there and trying to get my own, and ended up coming close to being incarcerated. If I love my son the way I say that I do, why would I put myself in a position where I can't be around my son? God got me through that, and I made a promise to myself that I would never, ever do anything illegal.

I believe God put me in this situation. God works in mysterious ways to those who don't know him. But there ain't nothing mysterious about God. You have to be patient and quiet to hear what he's saying. Being raised as a Christian when I was a little boy, I read the entire Bible.

One thing I do know is that you need two parents to raise a child, to get that balance. I have all of the testosterone for my son, but he needs that nurturing spirit, too. Hopefully, one day, I will be blessed with a beautiful young lady who will understand. A man needs a woman. A woman completes a man. A woman gives a man strong advice.

My son wants to be president when he grows up. But I just want him to reach his full potential in whatever he chooses to do. I just hope that God allows me be on this earth to help him work toward that.

When my son grows up, I hope he will look at me and say, "Even through all of the struggle, all of the frustration, all of the things that people said to you that you wouldn't have taken but you took for me, I love you."



While the kids attend school, Richard and Waurkeeta Bost take a moment to discuss their plans for the day. (Below) Back at the shelter, Richard ends the day by helping sons Jayden and Jaijuan with a bath.

COUPLE

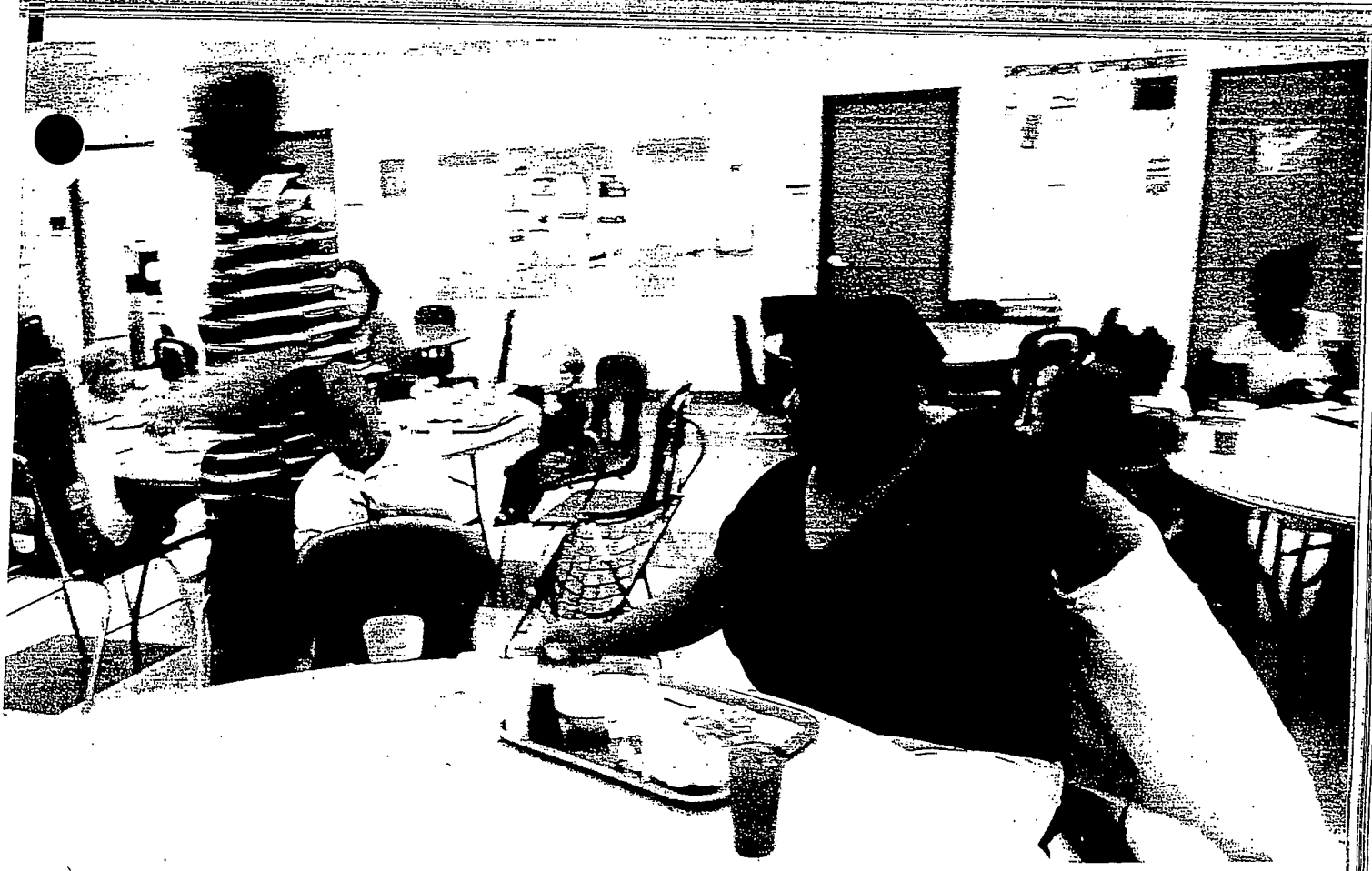
NAMES: Waurkeeta Bost, 30; Richard Bost, 35
LOCATION: Columbus, Ohio

'Our goals are to find a safe place to live, get employed, raise our children and be productive.'

Waurkeeta: I was born and raised in Columbus. My husband is from Chicago. Richard and I kind of found each other here, fell in love and got married. We have three kids, Jayden, 5; Jaijuan, 6; and Sandrea, 13.

I worked for a company called Excel, which works with Toys "R" Us and Babies "R" Us. They do online merchandising. I was a receiver. It was a seasonal position from September until December 2008. It was my second year working for them. They let me go the day before Christmas.

Richard: I used to work on the production line of Magnetic Springs, a water bottling company. I was there a little over three



t family (above) enjoys breakfast inside the YWCA shelter in Columbus, Ohio. Later (below), Jayden returns home from day care and is greeted by his sister, Sandrea; and brother, Jaijuan.

years working as a water bottler until the layoff in October 2008.

I've worked a few temp jobs since the layoff. None of them really took. I also do a lot of other things. If I had my choice, I'd be a cook. I got my experience as a cook in the military. At the time that I was working, we were renting a house with three bedrooms.

Waurkeeta: We couldn't afford to live in the house anymore and they were trying to evict us. So to not have anything [bad] on our credit report, we left. My older sister let us come and live with her from October 2008 to April of this year.

There were some issues at her house. We made the decision to come here to get the help that we needed. The shelter (YWCA Columbus) is divided into different "neighborhoods." We have our own room with bunk beds. We have a shower in the bathroom and they have a shared family bathroom to bathe the kids in.

The first night in the shelter, Jaijuan cried. I was a little leery of coming to a shelter. I've never been in a shelter and I didn't know what to expect. But when I got here, everyone made me feel basically like I was home. The staff was nice.

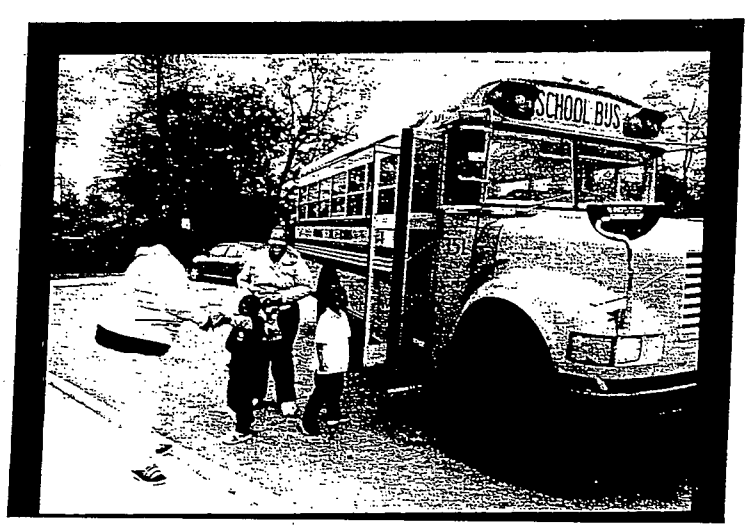
I don't blame anybody else or blame myself for our situation. I felt like, if I had known [what could happen], I would have done this diff- and that differently. But when they give you a pink slip to let [illegible] that your job is ending ... I was like, "They could have let [illegible]t [previous] Monday, instead of waiting." I was hurt more because I had small kids and I have a child who is autistic. That was another big thing. It was like, "Oh, how are we going to do this?"

Jayden was diagnosed when he was three years old. He has his moments. He mostly has a speech delay, but we were still able to potty train him. He goes to a special-needs preschool.

[The kids] are coping better with living here. My daughter wasn't feeling it at first and my sister let her stay with her until we could get her bused to her school. We took our son back and forth to school. My daughter is living with us again. She's OK with it now.

Richard: The job market is kind of dry in Columbus. We went to a job fair yesterday. All of the jobs require that you apply for them on the Internet. Here, they let you use the computers to apply for jobs.

I mean, looking back, there were things that I should have done differently or better. It's too late to dwell on those things. All I can do is what I can do for now. I don't have the luxury or time to sit back and wonder about what I could have done or should have done. My kids, my wife, they depend on me so, I can't fail them.



Inside the St. John's Shelter Program for Women & Children in Sacramento, La Selle Manning and her children receive dinner from volunteers. (Below) La Selle, who recently moved into an apartment, transfers her possessions into a storage facility with help from her children's father.

MOTHER

NAME: La Selle Manning, 30
LOCATION: Sacramento, Calif.

"I kept the faith."

I was working part-time last year with an in-home support service and helping elderly people inside their homes. I liked working with older people. At the time, I was renting a four-bedroom house and living with my four kids, Desirae, 14; Elijah, 11; Shadijah, 8; and Naesean, 1. I was also getting financial assistance for two of my kids.

My landlord told us that the house we were renting was going through foreclosure. I was pretty upset because we had been staying there for four years and it was home to us. I told my kids

Legislative Study Commission on Poverty Reduction and Economic Recovery

AGENDA

10 a.m.
December 1, 2009
Room 643
Legislative Office Building

Call to Order
Rep. Garland Pierce, Presiding

Remarks by Co-Chairs
Rep. Pierce and Sen. Edward Jones

Review of Commission's Legislative Charge
Commission Staff

Planning by Members for Commission's Work During Interim

Adjournment

MINUTES

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTIOIN AND ECONOMIC RECOVERY

Tuesday, December 1, 2009
10:00 a.m.

The Legislative Study Commission on Poverty Reduction and Economic Recovery met in Room 643 of the Legislative Office Building on Tuesday, December 1, 2009. Chairman Garland E. Pierce presided and called the meeting to order at 10:06 a.m. Chairman Pierce welcomed the members, staff, sergeant-at-arms, and visitors.

Chairs present: Senator Edward Jones. Members: Senator Doug Berger, Senator Don W. East, Senator Floyd McKissick, Representative Angela R. Bryant, Representative Bryan R. Holloway, Representative Nick Mackey, and Representative Randy Stewart. Public members: Ms. Patricia S. Peterson, Ms. Jean Reaves, and Dr. Al Wentzy. Ex Officio members or designees: Ms. Maria Spaulding, Mrs. Tina Morris-Anderson, Mr. Joe Crocker, Mr. Manfred Emmrich, Secretary Linda Hayes, Department of Juvenile Justice, and Ms. Johanna Reese. A Visitor's Registration list and presentations are attached and filed as a record to the minutes.

Chairman Pierce expressed his appreciation to Co-Chair Jones, Committee members, counsel staff, sergeant-at-arms, committee assistants, and visitors attending the meeting.

Chairman Pierce said he read in the Fayetteville newspaper that Robeson County was #1 and Scotland County was #2 in poverty in his district. He was not pleased with these results and shared information about other counties and stated that they had a challenge before them. He said he wanted the Commission to come up with ideas that would make a difference in the State of North Carolina.

Chairman Pierce recognized Senator Jones for remarks. Senator Jones thanked all for attending the meeting and said he looked forward to working on the issues at hand.

Chairman Pierce called on Mr. Bill Gilkeson, Research Attorney from the Research Division of the North Carolina General Assembly, to explain the Review of Commission's Legislative Charge. Mr. Gilkeson said the Commission shall submit its final report by the 2010 Regular Session of the 2009 General Assembly. The 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. See Attachment 1 for additional information about the Commission Charge.

Chairman Pierce called on Dr. Wentzy, Department of Social Services in Northampton County. Dr. Wentzy felt it was appropriate to focus on key issues, because he wanted the Commission to make a difference in the economy and reduce poverty with their recommendations. He thought the Commission would have the benefit of the legislative research staff in presenting what has occurred in a number of states throughout the nation. He commented on the purposes established by the General Assembly that Speaker Hackney articulated on. His recommendation was to have a

good report from the legislative research staff regarding what other states are doing. Chairman Pierce asked other non-legislative members to give their views, type of service they can offer, and the direction they see for the Commission.

Chairman Pierce recognized Mrs. Morris-Anderson from the Department of Labor. Mrs. Morris-Anderson had two items for the Commission to consider. She said they have a program entitled, "Individual Account System," which is designed to address poverty. She recommended asking the North Carolina Assets Alliance program to come for a presentation since they are responsible for overseeing North Carolina.

Chairman Pierce recognized Ms. Johanna Reeves from the Department of Transportation. Ms. Reeves said they are interested in assisting workers find job transportation. She mentioned looking at public transit and individual vehicles. Ms. Reeves was willing to share her information with the Commission.

Chairman Pierce called on Secretary Hayes from the Department of Juvenile Justices. Secretary Hayes had two items of interest. She suggested looking at children from a community program standpoint and looking at the facility and the way children are treated from the education standpoint. She felt poverty plays a roll in the lives of children that could cause behavior problems that could lead to delinquency. She asked the Commission to consider her requests of poverty effects. Secretary Hayes was willing to share their statistics results with the Commission.

Chairman Pierce called on Mr. Emmrich from the Department of Employment Security. Mr. Emmrich said their primary task was to locate employment benefits for the 1,000 North Carolinians out of work. They are charged with assisting individuals to locate employment. He wanted the Commission to focus their attention on the challenges to help persons find jobs due to the economy.

Chairman Pierce called on Ms. Reaves from Halifax County. Ms. Reaves wanted the Commission to realize that jobs were an important part of the issue. She also wanted them to realize they were dealing with long term issues, chronic poverty, general poverty, and to think about what could be addressed in those issues. She felt they should look at an overall potential state recovery in the current situation. She said that North Carolina has the resources to address the long term chronic problems and wanted them to help promote getting North Carolina healthy and keeping it healthy.

Chairman Pierce called on Ms. Peterson from Duplin County. Ms. Peterson said she has been working on a health project through UNC Chapel Hill called the Hope Works project. She has discussed community issues with some of the ladies and will share the information with the Commission.

Chairman Pierce recognized Dr. Wentzy. Dr. Wentzy's top concerns were education, specifically dropout issues, financial literacy for the entire population, jobs, affordable housing and homeless, hunger, taxation, medical care, day care, and transportation. He referred the

members to his written statement provided to the Co-Chairs. Chairman Pierce agreed that all these things play a part in poverty and economic recovery. See Attachment 2 for details.

Chairman Pierce recognized Representative Bryant. Representative Bryant asked if the floor was opened for preliminary comments on what they have done and where they are going. Chairman Pierce said the members were focusing on where they want to go and begin bringing closure to the issues. Representative Bryant felt their focus had been narrowed with the recommendations and support from the North Carolina Justice Center and the UNC Center on Poverty Working Opportunity. She encouraged the Commission to focus on the below items:

- Earned Income Tax Credit
- Removing the cap on children eligible for Health Choice
- Increasing funding for Housing Trust Fund
- Tax Impact on Poverty
- How to enhance job opportunities, especially rural aspects
- Rural transportation funding
- Provide a list of what is happening in State Government with other states

Representative Bryant said if these issues cannot be accomplished in the Short Session, they should look at the Long Session. Chairman Pierce wanted to know if staff was aware of any research on any state they could use as a model. Mr. Gilkeson referred the members to the material received from Mr. Bill Rowe from the North Carolina Justice Center. This document contains a list of items and a link to #7 about ongoing poverty studies in several states. It shares information about 15 states (Alabama, Colorado, Connecticut, DC, Delaware, Illinois, Iowa, Maine, Michigan, Minnesota, Oregon, Rhode Island, Vermont, Washington, and in some cases a study committee has been authorized) whose efforts are summarized in the link. Mr. Gilkeson felt Mr. Rowe would be able to explain additional information about this. Chairman Pierce asked Mr. Rowe if he knew what state in the US was number one in poverty or the severity of something going on at this point. Mr. Rowe said they would need to contact some of the states for details, and said Mississippi or Arkansas would be in turns of poverty. Chairman Pierce said it would be important to have a representative from those states to share what they are doing to off set and reduce poverty. Representative Bryant said she supports Secretary Hayes regarding the linkage between poverty and juvenile delinquency.

Chairman Pierce called on Senator East. Senator East said the primary focus was jobs. He felt if you do not have a job, you cannot purchase food; make house or car payments. He stated that in his district the textile and furniture industries were gone and that tobacco was going. He referred to a radio report stating one in eight people in the US were on food stamps. He said the Commission should concentrate on jobs and an incentive for small businesses to hire new workers.

Chairman Pierce called on Senator Berger. Senator Berger said the Commission should be cautious of what it recommends. He felt they would be faced with what they cannot cut in the 2010 Session budget. He said they should identify or catalog different programs that may not be working, free those funds, and put them in programs without funds. He also said there is an intractable population of poverty, a subset of society that he feels is based on the issues of fatherhood. The Commission should look at who are the dropouts and who are the people in the criminal system. He felt they would be individuals growing up without a father. He suggested considering policies to enhance fatherhood. Chairman Pierce said there were some new fatherhood initiatives that passed

on the federal level. The recent General Assembly Session passed legislation to change penalties for fathers who failed to pay child support. He said from what he heard thus far, they wanted to target two or three items that was durable and would make an impact with the taxes and the health care for youth.

Chairman Pierce recognized Representative Bryant. Representative Bryant felt they were still looking at seven or eight items. She wanted to broaden her previous list to include persistent poverty, state agency participation so that the list encompassed 8 areas.

Chairman Pierce asked Ms. Reaves to go over the seven items again. Ms. Reaves said they talked about subset of four bigger issues. They talked about jobs, education, dropout rates, and the attitude of fatherhood. She felt the Commission needed to understand what they are allowed to do and have committees with the entry Commission. Chairman Pierce asked staff if they could breakout into subcommittees. Representative Bryant gave the following items from the Justice Center:

- Raising the EITC
- Self Choice – Representative Bryant requested having a representative from Self Choice to look at maximizing.
- Housing Trust Fund
- Tax Fairness
- Jobs – Senator East suggested making jobs #1.
- Issues of Persistent Poverty
- Look at all state programs dealing with poverty to see what works and what doesn't work
- Look at what is happening in other states

Representative Bryant suggested checking with the departments to see what they might have going on. Chairman Pierce recognized Ms. Spaulding from DHHS. Ms. Spaulding said they had a Fatherhood Initiative that was active in some counties across the state. She also said the community action agencies would be good resources in the various counties. Ms. Spaulding will provide information about programs that are working in the state through DHHS. Secretary Hayes suggested a group of four: jobs, education, taxation and health.

Chairman Pierce recognized Mr. Joe Crocker from the Department of Commerce. Mr. Crocker said the Widely Shared Prosperity Committee might be of assistance to the Commission. This committee looks at ways to increase prosperity for all of North Carolina recovery and what initiatives can be done and implemented to help North Carolinians to raise their economic prosperity. Chairman Pierce asked if this committee was honed in on the 15 counties under the Commission's charge. Mr. Crocker said the 15 counties may be included in the overall scope of an initiative without funding should be made in January. Chairman Pierce asked Mr. Crocker to return to share information about the Widely Shared Prosperity Committee with the Commission. Mr. Crocker said he will check with Secretary Crisco and the Chairman of the Human Development Board and get back with a response.

Chairman Pierce recognized Ms. Spaulding. Ms. Spaulding said they are using federal recovery money to create 1,000 jobs through the TANF Program for 22 counties. Ms. Dean Simpson from the Social Services Division of DHHS said these counties had developed their own plans and budgets and applied for the funds. The federal funds that the recovery money programs are using

will have a final cutoff date. These are new jobs, not replacement of laid-off or reduction in force workers. Chairman Pierce wanted to know if they looked at the 15 counties when making their decision. Ms. Simpson said no. They let the counties volunteer and work with their communities and employers to develop these jobs. Ms. Reaves said sometimes the very counties the Commission would be seeking to help do not have the resources to take advantage. Chairman Pierce wanted to know the amount of funding provided. Ms. Spaulding said she would provide a complete narrative of the TANF program specific details to the Commission. She also said there would be direct contact with local directors of social services concerning this and other such programs. Chairman Pierce said he hoped that all counties are taking advantage of this since some may not be aware. Representative Bryant said subcommittees could be beneficial, each member, including chairs should take an area of the eight items, look at further development, and consider the recommendations they want to discuss.

Planning by Members for Commission's Work during Interim

Chairman Pierce informed the Commission that he and Senator Jones discussed holding public hearings in the spring of 2010 in certain areas of the 15 counties as the Commission charge. The purpose of the meetings would be to hear what the public had to say. He asked staff to look at identifying a county. In his talking he mentioned a few near by counties, Scotland, Hoke, Robeson, Northampton, Edgecombe, and a few other counties next door to each other.

Chairman Pierce recognized Ms. Leggett. In reference to the subcommittee, Ms. Leggett suggested merging the rate, income tax credit, and tax incident analysis into one, since they are on the same line. She said to merge all state programs and look at what other states are doing into one heading. She suggested appointing the subcommittees and let them begin immediately. Have them meet and report to the full Commission in February or sooner. Chairman Pierce said they should pull this together because they needed to communicate. Ms. Leggett said the groups would be: Tax Issues, Health Choice and Medicaid, and Increasing the Housing and Trust Fund. She said Increasing the Housing and Trust Fund may not require a subcommittee, because it could be under state programs.

Chairman Pierce recognized Secretary Hayes for a comment. Secretary Hayes suggested looking at jobs, health care, education, and taxation. Representative Bryant requested the original list be used for the subcommittees. Ms. Leggett gave the names of the last two subcommittees. They are: State Programs and Persistent Poverty.

After further discussion of the subcommittees and the areas of concern, Senator Jones cautioned the Commission on the work. He said there was a need for staff to carry out the mission. He referred to the work as "worker bees" to develop the tactics from the strategies proposal. He felt the ideas were great, but said it was a lot of work involved. Chairman Pierce asked staff to develop the major subcommittees and the scope. He also said DHHS mentioned having some staff to participate in the Commission work. Chairman Pierce asked if there were other presenters they should bring to the Commission.

Chairman Pierce called on Representative Mackey for comments. Representative Mackey was in agreement with the Commission on their discussions. Dr. Wentzy wanted to know about funding for travel. Ms. Leggett wasn't sure if funding was available, but would check and get back with the Commission.

Committee Discussion

The next meeting will be January 6, at 11 a.m. Subcommittees have the option of meeting at 10 a.m. on the same day.

The Chairman recognized Ms. Reaves. Ms. Reaves said it would be beneficial to meet in January, give an interim report, continue working independently, and give a final report from the subcommittees in February. It was suggested holding subcommittee meetings on the same day as, but prior to, regular Commission meetings would save money. Senator Jones said he didn't have a problem with returning in January. It was suggested January 6, 2010. The Chairman said the subcommittees will meet at 10 a.m. and the full Commission at 11 a.m.

There being no further business, the Chairman adjourned the meeting at 12:24 p.m.

Respectfully submitted,

Representative Garland E. Pierce
Presiding Co-Chair

Mildred Alston
Committee Assistant

ATTENDANCE

POVERTY REDUCTION AND ECONOMIC RECOVERY LEGISLATIVE STUDY COMMISSION

(Name of Committee)

DATES MEMBERS	12/1/09														
Senator Edward Jones, Co-Chair	√														
Representative Garland E. Pierce Co-Chair	√														
Senator Doug Berger	√														
Senator Don W. East	√														
Senator Steve Goss	X														
Senator Floyd McKissick, Jr.	√														
Senator Joe Sam Queen	X														
Representative Angela R. Bryant	√														
Representative William A. Current, Sr.	X														
Representative Bryan R. Holloway	√														
Representative Earl Jones	X														
Representative James H. Langdon, Jr.	X														
Representative Nick Mackey	√														
Representative Randy Stewart	√														
Mr. James C. Beasley, Avery Co.	X														
Dr. Zeno L. Edwards, Jr. Beaufort Co.	X														
Reverend Mac Legerton, Robeson Co.	X														
Ms. Patricia S. Peterson, Duplin Co.	√														
Ms. Jean Reaves, Halifax Co.	√														
Dr. Al Wentzy, Northampton Co.	√														
Ex Officio Members															
Superintendent June Atkinson Department of Public Instruction Designee:	X														

Ex Officio Members (Cont'd)

Secretary Lanier Cansler Dept. of Health and Human Services Designee: Ms. Maria Spaulding	√														
Commissioner Cherie Killian Berry Department of Labor Designee: Mrs. Tina Morris-Anderson	√														
Secretary Keith Crisco Department of Commerce Designee: Joe Crocker	√														
Chairman Moses Carey, Jr. Department of Employment Security Designee: Mr. Manfree Emmrich	√														
Secretary Linda Hayes Department of Juvenile Justice Designee:	√														
Secretary Eugene Conti Department of Transportation Designee: Ms. Johanna Reese	√														
Staff Members															
Bill Gilkeson, Research Division	√														
Melanie Bush, Fiscal Research	√														
Kristine Leggett, Fiscal Research	√														
Dan Ettefagh, Bill Drafting	X														
Irma Avent-Hurst Committee Assistant	√														
Mildred Alston Committee Assistant	√														

E = Excused Absence

HOUSE PAGES

NAME OF COMMITTEE Study Comm. on Poverty Reduction DATE 12/1/09

1. Name: _____

   County: _____

   Sponsor: _____

2. Name: _____

   County: _____

   Sponsor: _____

3. Name: _____

   County: _____

   Sponsor: _____

4. Name: _____

   County: _____

   Sponsor: _____

5. Name: _____

   County: _____

   Sponsor: _____

SGT-AT-ARM

1. Name: Reggie Sills
2. Name: Toussaint Avent
3. Name: Charles Coker
4. Name: Leslie Wright
5. Robert Young
6. Chester White

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — December 1, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sarah Krishnamoorthy	UNC Center for Civil Rights
JAMES KIRBY	OFFICE OF SEN. QUEEN
Helen McLennan	NC Rural Center
Anne Bacon	NC Rural Center
Yolanda Burwell	NC Rural Center
Erin McLaughlin	MHANC
Chris Kukla	CRL
Carley Ruff	NC Housing Coalition
David Curtis	Future Innovations
Brian Balfour	Civitas
Bill Rowe	NC Justice Center

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — December 1, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Joe Crocker	Commerce
Margaret Matrone	NCHFA
Chris Hollis	K&L Gates
Annette Newkirk	Governor's office
Benita Peterson	
Ruth Smith	

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — December 1, 2009

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Billy Lassiter	DJJDP

Legislative Charge to Poverty Reduction and Economic Recovery Legislative Study Commission

Session Law 2008-181 (2008 Studies Bill), Part XLI

"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.

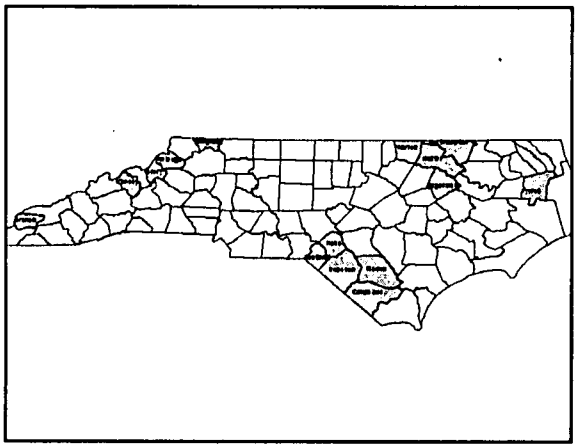
To that end,

there is created the Poverty Reduction and Economic Recovery Legislative Study Committee."

"The Commission shall

1. Study and develop a coordinated, integrated approach to poverty reduction and economic recovery.

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' evidence-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."

"The Commission

- Shall submit its final report by the 2010 Regular Session of the 2009 General Assembly . . .
- 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.

Commission's work so far:

- Poverty from a national perspective – Gene Nichol and Jesse White – 12-19-08, Speaker Joe Hackney, 1-16-09.
- Poverty in North Carolina – Anne Bacon, 12-19-08.
- Poverty from urban perspective – Ted Abernathy, 12-19-08.
- Poverty from rural perspective – Yolanda Burwell, 12-19-08, and Billy Ray Hall, 10-27-09.
- Various ways State agencies address poverty – 1-16-09

- Report on Stimulus Package – Dempsey Benton – 9-29-09.
- Recommendations by advocacy groups – NC Justice Center – 9-29-09 and 10-27-09.

October 2, 2009

Senator Ed Jones
NC Senate
300 N. Salisbury Street, Room 623
Raleigh, NC 27603-5925

Representative Garland E. Pierce
NC House of Representatives
300 N. Salisbury Street, Room 301C
Raleigh, NC 27603-5925

RE: Suggestion - Poverty Reduction & Economic Recovery Study Commission

Dear Senator Jones and Representative Pierce:

Per our conversation after the last meeting, we have had a number of meetings to date and we've always discussed relevant subjects with good discussion; however, I feel that perhaps we need to take a "scoped target rifle" approach in lieu of what might appear as a "shotgun approach."

North Carolina and specifically the NC General Assembly are blessed to have an educated, committed and caring NCGA Research Division at our disposal. While I think it appropriate to allow members and perhaps the public the opportunity to speak to us on appropriate subjects germane to our study purpose, I wonder if we shouldn't ask Legislative Research to get involved at this point and focus on:

1. Restatement of the Problem Statement/Purpose/Research Questions, which are provided to us in our charge (H 2687);
2. Conduct a Review of the Literature – like studies, conducted by others (Speaker Hackney indicated other States have or are doing like studies) – what did they learn, resolve and recommend (?);
3. Methodology or Data Collection – to be determined by preceding study with ample opportunity for Commission members and public to provide info;
4. Findings – summarize key and essential findings; and,
5. Conclusions/Implications/Recommendations.

My request and recommendation for the next meeting is to seek Legislative Research leadership in presenting items 1 and 2, above. As a result of the expected discussion, particularly with item 2, I am hopeful that we can formulate a plan for working on item 3, which may even take several meetings to allow all information to be presented and which might be affective in responding to items 4 and 5. I also think it is very important that every time we allow presenters to make a presentation to us, we need to hear their solutions and recommendations. In my judgment, without this caveat, we won't adequately respond to the purpose and study questions. The old axiom, "bring me solutions, not just problems, might apply."

Thank you for the opportunity to serve on this most worthwhile endeavor! If I can be of any assistance to you or this team effort, please contact me. Thank you!

I am respectfully yours,

D. Albert Wentzy, Ph.D.
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Jackson, NC 27845

The Poverty Study Commission had asked Gene Nichol and I for some information when we presented to them at the end of last month. Below is that list with what I hope are helpful responses, attachments and/or links to additional information.

1. Any cost/benefit analysis of economic impact of:

- **EITC** - See attached summary of EITC in NC. Also, the refundability of the EITC increases the purchasing power of its recipients, thereby boosting their local economies where the refund dollars get spent and cycled. In 2009, the NC Budget & Tax Center estimates that the federal EITC will bring approximately $1.8 billion into North Carolina that will be spent throughout the state's 100 counties. North Carolina's state EITC will provide an additional $68 million.

Also attached is a report on EITC in San Antonio and its economic impact.

From the Brookings Institute is the following on calculating an "economic multiplier" for EITC –

> "Economists often describe the total economic impact of a fiscal injection such as the EITC into a local economy through the use of an "economic multiplier." The multiplier represents the factor by which total economic output resulting from the initial investment exceeds that investment, due to the additional economic activity it spurs. The multiplier in any given local economy depends on the interdependence of its different sectors, so it may vary widely from community to community. One example of research on the total economic impact of EITC dollars, for the city of San Antonio, found that refunded EITC dollars spent in the local economy would generate a total economic impact 58 percent larger than those initial expenditures."

- **Removing enrollment cap on Health Choice** – See Calculator from Families USA - http://www.familiesusa.org/issues/medicaid/other/medicaid-calculator/medicaid-calculator.html?state=North_Carolina For every $1 million we spend on Medicaid in NC we get 36 good jobs, $1.4 million in salaries and wages, and $3.8 million in business activity.

Also, see attached summary from the NC Medical Journal. Although the analysis does not include Health Choice dollars in the study, the effect is the same since those funds are spent the same way:

- Basically, Medicaid $s spent by the state are multiplied 3 times:

  * More employment (including full- and part-time jobs),

  * More labor income(including wages and salaries plus income from sole proprietorships or partnerships including many physicians' practices)

  * More capital income (including rental income, interest income, and corporate dividend income).

"The economic impacts within North Carolina of the 2003 Medicaid expenditures in the state included 182 000 jobs supported (including both full-time and some part-time jobs), $6.1 billion in labor income (wages, salaries, and sole proprietorship/partnership profits), and $1.9 billion in capital income (rents, interest payments, and corporate dividend payments)."

2. Provide commission with link to Living Income Standard and data sets for counties. See http://www.ncjustice.org/?q=node/198 - and for NC County data: http://www.ncjustice.org/sites/default/files/1193_lisdetailbudgetsfamilytyp.pdf

3. List of "best practices" for outreach for Health Choice? Partner with public schools? See attached "Project Narrative" of what NC is doing with federal grant for outreach:

Summary:

1. Physicians and school nurses play an important role in outreach and enrollment efforts as they hold a particular place of trust among parents and families. Physicians and school nurses will be co-partners in using the KHA process to target eligible but uninsured students entering kindergarten.

2. Children who are eligible for the Federal School Lunch Program, as determined by DPI's file matching or a parental application, can also be determined to be eligible to receive benefits from other programs, such as Medicaid/CHIP. DPI's Child Nutrition Service Division and local school-district nutrition officials will work to target children who might be eligible for health insurance.

3. Formal collaboration and coordination between our statewide partners and our local partners will be imperative to our success. The heart of our initiative represents an on-going collaboration between state and local agencies, professional associations and community-based healthcare providers, plus state and local nonprofits. This collaboration started with the original federal CHIP legislation in 1997.

4. Accessible, literacy-appropriate information on public health insurance options, as well as follow-up mechanisms to ensure actual enrollment and retention, will enhance the success of local partners. The NCHSF and the NC Healthy Schools Initiative will provide local partners with the materials they need to reach parents.

4. Definition of homeless and homeless count in NC? See:
http://www.endhomelessness.org/content/article/detail/2158

5. How does NC rank with other states, including southern states, regarding "20% of NC households benefit from EITC"? See attached "EITC Claim Data."

6. Is 3-1 federal match temporary? For Medicaid & Health Choice? - At the moment the 3-1 match for Medicaid will revert to 2 to 1 in December 2009 and 3 to 1 match for Health Choice has no sunset.

7. What have 12 or so other states that have "poverty studies" come up with? See:
http://www.spotlightonpoverty.org/statewide.aspx

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CHARACTERISTICS OF EITC-ELIGIBLE TAXPAYERS, 2007

STATE:

North Carolina

The Metropolitan Policy Program at Brookings

EITC-ELIGIBLE POPULATION

Total EITC-Eligible Tax Units 796,537

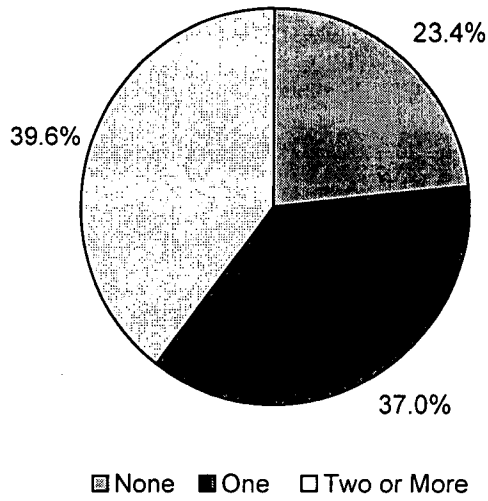
Total Population in EITC-Eligible Units 2,257,740

EITC-ELIGIBLE FILING UNIT CHARACTERISTICS

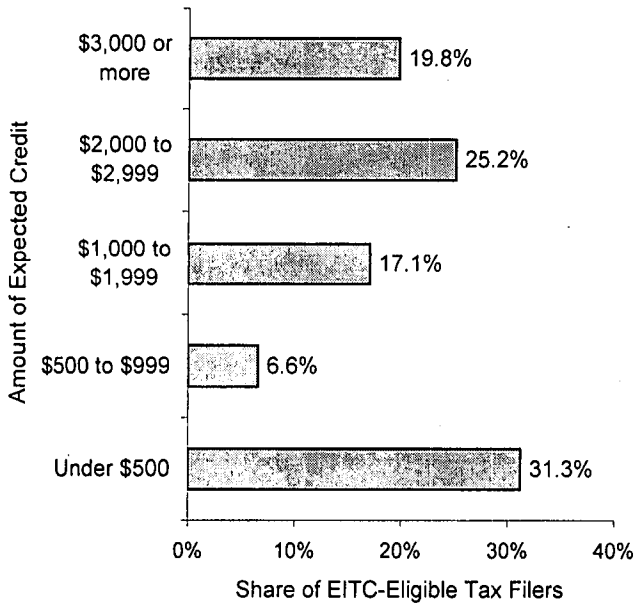
Filing Status

Married, Filing Jointly	26.8%
Head of Household	53.0%
Single	20.2%

Number of Qualifying Children



Size of Expected Earned Income Tax Credit

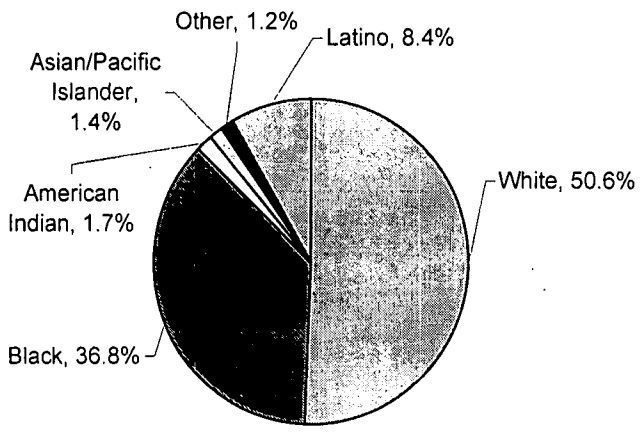


Adjusted Gross Income

$1 to $4,999	19.1%
$5,000 to $9,999	17.0%
$10,000 to $14,999	17.3%
$15,000 to $19,999	10.9%
$20,000 to $24,999	11.6%
$25,000 to $29,999	11.1%
$30,000 to $39,999	13.0%

EITC-ELIGIBLE TAX FILER CHARACTERISTICS

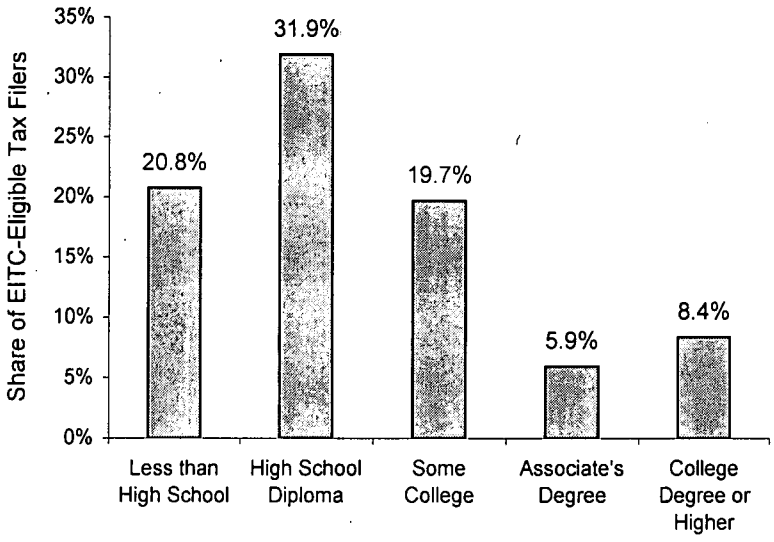
Race and Ethnicity of Taxpayer



Age of Taxpayer

Under 25 years	13.3%
25 to 34 years	29.1%
35 to 44 years	26.0%
45 to 54 years	16.2%
55 years and over	15.4%

Highest Level of Education Attained by Taxpayer



Home Ownership

Owner-occupied, with mortgage	33.0%
Owner-occupied, no mortgage	14.4%
Renter-occupied	49.1%

Receipt of Food Stamps

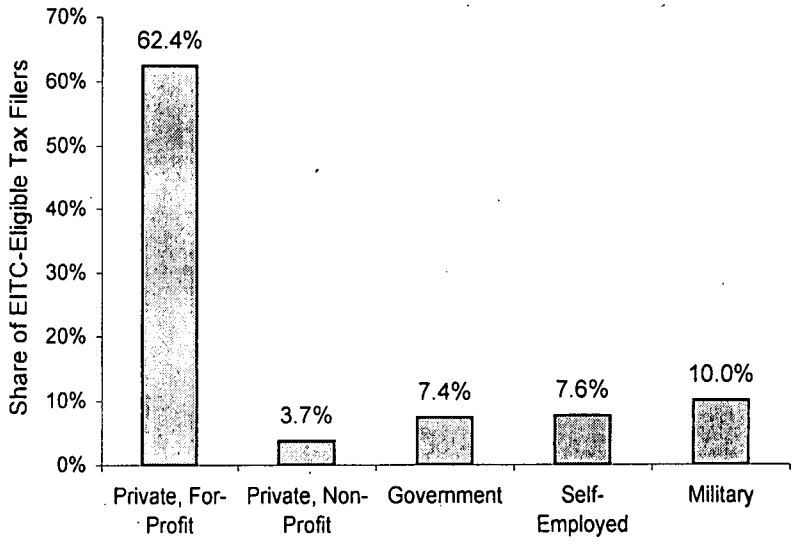
Share of tax filers in households that receive food stamps	26.3%

Language Spoken at Home

English	88.9%
Spanish	8.6%
Other	2.5%

* "Other" includes any language that is spoken by (a) less than 1% of taxpayers, or (b) less than 2,000 taxpayers in total.

Sector of Work for Taxpayers



* Categories may not add to 100%. Remainder represents taxpayers who identified themselves as unemployed.

Top Five Occupations

Office Administration	11.6%
Production/Manufacturing	10.8%
Sales	9.8%
Construction/Mining	9.8%
Transportation	7.9%

Top Five Industries

Manufacturing	13.5%
Healthcare	11.7%
Retail Trade	11.5%
Construction	10.9%
Accommodation/Food Services	9.1%

Source: MetroTax model estimates based on 2007 American Community Survey microdata

Mildred Alston (Rep. Pierce)

From: Bill Gilkeson (Research)
Sent: Monday, December 28, 2009 4:37 PM
To: Wendy Miller (Rep. Current); Rep. Bill Current
Cc: Mildred Alston (Rep. Pierce)
Subject: FW: Persistence of Poverty
Attachments: Changing Poverty 1.pdf; Persistence of Poverty (Saxon).pdf; Changing Poverty 5.pdf; Changing Poverty 4.pdf; Changing Poverty 3.pdf; Changing Poverty 2.pdf

Rep. Current and Wendy,

I'm forwarding some material John Saxon has sent. As you can see, he suggests they could be handouts -- or not, depending on what we want.

He is planning to do a PowerPoint, and he's saying below he needs an AV projector. Usually what we do here is have a laptop and run the PowerPoint from the laptop. I'll tell him that. Our subcommittee will meet in 643, the same room where the full committee will meet at 11. Other subcommittees will meet in different rooms.

From: Saxon, John L [mailto:Saxon@sog.unc.edu]
Sent: Monday, December 28, 2009 04:23 PM
To: Bill Gilkeson (Research)
Subject: Persistence of Poverty

See attached PDF files. Please provide AV projector. I'll bring my computer and PP presentation. Copying the handouts for PP presentation and articles 4 and 5 is optional. For that matter, copying articles 1, 2, and 3 is optional as well but I think all of the articles and especially those three will be useful (and all are quite short and readable).

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Percentage of Taxpayers Who Claim the Federal EITC by State, 2006

State	Total Tax Returns filed (2006)	Total returns receiving the Federal EITC (2006)	Share of Taxpayers Claiming the Federal EITC (2006)	Sum of Federal EITC received (2006)	Poverty Rate (ACS 2008)
Mississippi	1,182,057	380,644	32.2%	$ 878,133,246	21.2%
Louisiana	1,800,219	496,041	27.6%	$ 1,138,666,941	17.3%
Alabama	1,961,713	498,995	25.4%	$ 1,126,079,267	15.7%
Arkansas	1,156,418	282,972	24.5%	$ 588,299,179	17.3%
South Carolina	1,900,742	437,209	23.0%	$ 894,500,401	15.7%
Georgia	3,968,790	909,995	22.9%	$ 1,976,925,754	14.7%
Texas	9,824,355	2,247,543	22.9%	$ 4,912,378,600	15.8%
New Mexico	860,694	195,276	22.7%	$ 379,281,065	17.1%
Tennessee	2,678,708	567,251	21.2%	$ 1,123,286,996	15.5%
Oklahoma	1,497,944	309,797	20.7%	$ 611,611,695	15.9%
North Carolina	3,893,599	784,179	20.1%	$ 1,577,614,579	14.6%
Kentucky	1,783,947	353,631	19.8%	$ 668,245,389	17.3%
Florida	8,316,250	1,600,980	19.3%	$ 3,124,244,688	13.2%
West Virginia	762,663	145,456	19.1%	$ 261,410,664	17.0%
New York	8,681,944	1,487,516	17.1%	$ 2,822,117,450	13.6%
Missouri	2,655,791	450,246	17.0%	$ 857,016,725	13.4%
Idaho	623,011	103,332	16.6%	$ 191,057,767	12.6%
Arizona	2,488,769	410,324	16.5%	$ 797,294,171	14.7%
Montana	455,237	72,072	15.8%	$ 125,833,537	14.8%
California	15,238,900	2,391,365	15.7%	$ 4,555,644,576	13.3%
Indiana	2,901,418	449,988	15.5%	$ 841,957,145	13.1%
South Dakota	372,068	56,154	15.1%	$ 99,565,278	12.5%
Ohio	5,414,059	816,699	15.1%	$ 1,531,504,029	13.4%
Michigan	4,514,689	677,552	15.0%	$ 1,299,246,644	14.4%
Illinois	5,815,120	870,335	15.0%	$ 1,715,297,863	12.2%
Delaware	401,147	58,909	14.7%	$ 110,257,335	10.0%
Nevada	1,148,747	168,084	14.6%	$ 303,622,851	11.3%
Kansas	1,252,908	177,822	14.2%	$ 323,613,196	11.3%
Virginia	3,504,003	495,705	14.1%	$ 926,447,087	10.2%
Maine	623,264	87,815	14.1%	$ 148,101,166	12.3%
Hawaii	616,578	85,385	13.8%	$ 146,641,001	9.1%
Nebraska	813,549	112,214	13.8%	$ 203,519,233	10.8%
Oregon	1,636,795	225,257	13.8%	$ 390,938,932	13.6%
Utah	1,041,765	140,614	13.5%	$ 259,860,106	9.6%
Pennsylvania	5,940,230	796,141	13.4%	$ 1,422,236,913	12.1%
Rhode Island	504,040	67,382	13.4%	$ 123,711,822	11.7%
Iowa	1,354,604	177,343	13.1%	$ 308,418,932	11.5%
Maryland	2,619,686	341,385	13.0%	$ 627,849,528	8.1%
North Dakota	309,886	39,565	12.8%	$ 67,458,375	12.0%
Wyoming	252,593	31,757	12.6%	$ 54,585,036	9.4%
Colorado	2,155,959	268,516	12.5%	$ 470,330,326	11.4%
Alaska	325,655	40,049	12.3%	$ 66,272,186	8.4%
Vermont	314,853	38,397	12.2%	$ 60,318,884	10.6%
Washington	2,922,927	354,415	12.1%	$ 619,970,600	11.3%
New Jersey	4,102,070	485,935	11.8%	$ 900,272,712	8.7%
Wisconsin	2,691,212	311,945	11.6%	$ 548,809,415	10.4%
Minnesota	2,504,244	272,832	10.9%	$ 463,512,854	9.6%
Massachusetts	3,069,471	315,298	10.3%	$ 529,974,333	10.0%
Connecticut	1,672,928	171,742	10.3%	$ 296,619,975	9.3%
New Hampshire	648,752	63,298	9.8%	$ 102,704,655	7.6%
United States	134,381,430	22,401,882	16.7%	$ 43,715,793,960	13.2%

Sources: The Brookings Institution, EITC Interactive, http://www.brookings.edu/metro/EITC/EITC-Data.aspx
American Community Survey 2008

Prepared by: Meg Gray Wiehe, NC Justice Center, meg@ncjustice.org

Share of Federal EITC Claims by State, 2006

State	Percent of Total U.S. EITC Claims, TY 2007	Estimated Benefit of Federal EITC in FY 2010 (in millions)	Rank
Texas	11.02%	$ 5,956	1
California	10.90%	$ 5,893	2
Florida	7.35%	$ 3,972	3
New York	6.45%	$ 3,486	4
Georgia	4.56%	$ 2,463	5
Illinois	3.89%	$ 2,102	6
North Carolina	**3.62%**	**$ 1,955**	**7**
Ohio	3.48%	$ 1,883	8
Pennsylvania	3.20%	$ 1,730	9
Michigan	2.99%	$ 1,616	10
Tennessee	2.54%	$ 1,374	11
Alabama	2.51%	$ 1,355	12
Louisiana	2.50%	$ 1,349	13
Virginia**	2.11%	$ 1,141	14
New Jersey	2.07%	$ 1,118	15
South Carolina	2.01%	$ 1,086	16
Mississippi	1.94%	$ 1,049	17
Missouri	1.93%	$ 1,045	18
Indiana	1.92%	$ 1,036	19
Arizona	1.90%	$ 1,026	20
Kentucky	1.51%	$ 815	21
Maryland	1.42%	$ 769	22
Washington	1.42%	$ 770	23
Oklahoma	1.35%	$ 732	24
Arkansas	1.31%	$ 708	25
Wisconsin	1.24%	$ 672	26
Massachusetts	1.22%	$ 658	27
Colorado	1.09%	$ 588	28
Minnesota	1.07%	$ 581	29
Oregon	0.91%	$ 491	30
New Mexico	0.85%	$ 459	31
Kansas	0.74%	$ 398	32
Nevada	0.72%	$ 390	33
Iowa	0.70%	$ 379	34
Connecticut	0.68%	$ 370	35
Utah	0.60%	$ 324	36
West Virginia	0.58%	$ 312	37
Nebraska	0.46%	$ 249	38
Idaho	0.44%	$ 239	39
Hawaii	0.34%	$ 183	40
Maine	0.34%	$ 181	41
Rhode Island	0.29%	$ 156	42
Montana	0.28%	$ 152	43
Delaware**	0.25%	$ 135	44
New Hampshire	0.24%	$ 128	45
South Dakota	0.22%	$ 120	46
District of	0.19%	$ 102	47
North Dakota	0.15%	$ 80	48
Alaska	0.14%	$ 78	49
Vermont	0.13%	$ 73	50
Wyoming	0.12%	$ 64	51
Other	0.10%	$ 55	52
U.S. Total	**100%**	**$ 54,049**	

Source: adapted from Center on Budget and Policy Priorities

Prepared by: Meg Gray Wiehe, NC Justice Center, meg@ncjustice.org

ARTICLE

The Economic Impacts of Medicaid in North Carolina

Christopher Dumas, PhD; William Hall, PhD; Patricia Garrett, PhD

Abstract

Objective: *The purpose of this study is to provide estimates of the economic impacts of Medicaid program expenditures in North Carolina in state fiscal year (SFY) 2003.*

Study Design: *The study uses input-output analysis to estimate the economic impacts of Medicaid expenditures.*

Data Sources /Study Setting: *The study uses North Carolina Medicaid program expenditure data for SFY 2003 as submitted by the North Carolina Division of Medical Assistance to the federal Centers for Medicare and Medicaid Services (CMS). Industry structure data from 2002 that are part of the IMPLAN input-output modeling software database are also used in the analysis.*

Principal Findings: *In SFY 2003 $6.307 billion in Medicaid program expenditures occurred within the state of North Carolina—$3.941 billion federal dollars, $2.014 billion state dollars, and $351 million in local government funds. Each dollar of state and local government expenditures brought $1.67 in federal Medicaid cost-share to the state. The economic impacts within North Carolina of the 2003 Medicaid expenditures included the following: 182 000 jobs supported (including both full-time and some part-time jobs); $6.1 billion in labor income (wages, salaries, sole proprietorship/partnership profits); and $1.9 billion in capital income (rents, interest payments, corporate dividend payments). If the Medicaid program were shut down and the funds returned to taxpayers who saved/spent the funds according to typical consumer expenditure patterns, employment in North Carolina would fall by an estimated 67 400 jobs, and labor income would fall by $2.83 billion, due to the labor-intensive nature of Medicaid expenditures.*

Limitations: *Medicaid expenditure and economic impact results do not capture the economic value of the improved health and well-being of Medicaid recipients. Furthermore, the results do not capture the savings to society from increased preventive care and reduced uncompensated care resulting from Medicaid.*

Conclusions: *State and local government expenditures do not fully capture the economic consequences of Medicaid in North Carolina. This study finds that Medicaid makes a large contribution to state and local economic activity by creating jobs, income, and profit in North Carolina. Any changes to the Medicaid program should be made with caution.*

Relevance: *The rising costs of health care and the appropriate role of government health insurance programs are the object of current policy debates. Informed discussion of these issues requires good information on the economic and health consequences of alternative policy choices. This is the first systematic study of the broader economic impacts of Medicaid expenditures in North Carolina.*

Medicaid is a health insurance program for certain low-income individuals and families. The program covers children in low-income households; the aged, blind, and/or disabled; and people who are eligible to receive federally-assisted income maintenance payments.[a] In North Carolina, Medicaid is jointly funded by federal, state, and county governments. (In October 2007 the state began a 3-year phaseout of county funding with this share being assumed by the state.) The North Carolina Division of Medical Assistance manages the Medicaid program.[1] Approximately 1 out of 6 North

a For additional information on Medicaid, see http://www.cms.hhs.gov/.

Christopher Dumas, PhD, is an associate professor in the Department of Economics and Finance at the University of North Carolina Wilmington. He can be reached at 910-962-4026, dumasc (at) uncw.edu, or 601 South College Road, Wilmington, NC 28403.

William Hall, PhD, is a professor in the Department of Economics and Finance and director of the Center for Business and Economic Services at the University of North Carolina Wilmington.

Patricia Garrett, PhD, is a former project director at NC Covering Kids & Families for the North Carolina Pediatric Society Foundation in Raleigh, North Carolina.

Carolinians (1.4 million people) was eligible for Medicaid coverage at some time during state fiscal year (SFY) 2003. Although considerable information is available on Medicaid program services, recipients, and costs, relatively little information is available on the economic impacts of Medicaid expenditures, especially at the state or regional level. The purpose of this study is to estimate the economic impacts of Medicaid program expenditures in North Carolina in SFY 2003.

It is well-known that Medicaid program costs are large and growing.[2] In 2001 Medicaid financed $5.32 billion of the $31.6 billion spent on health care in North Carolina, or 17% of total health care spending in the state.[3] From 1978 to 2003, Medicaid expenditures in North Carolina increased from $307 million to $6.3 billion.[4,5] By 2003, average nationwide Medicaid costs (22.3% of state government expenditure) had displaced elementary and secondary education (21.4% of state government expenditure) as the largest state expenditure.[6] In North Carolina Medicaid is a large and growing proportion of the state budget—currently about 16%.[7] Moreover, because Medicaid is an entitlement program, state expenditures cannot be capped. This introduces unpredictability into the budgetary process, which is one factor that makes Medicaid a challenging program for states to administer.[6,8]

The individual and public health benefits of Medicaid are also well-known. Figure 1 provides a schematic summary of the health and economic benefits of Medicaid for individuals and communities. Health care professionals appropriately emphasize both the clinical benefits (see Figure 1.A) and public health benefits (see Figure 1.B) of the Medicaid program. By promoting access to timely and appropriate medical care, and with an emphasis on preventive care and best practice protocols, Medicaid improves health status and mitigates the possibility that chronic conditions will become disabilities. For example, a recent study finds that enrolling children in Medicaid before they get sick promotes the use of preventive care, reduces the need for hospitalization, and improves health.[9] In a recent review study of health insurance and access to prescription medicines, insurance coverage was found to be essential for access to prescription drugs with increased access consistently observed for insured compared to uninsured children.[10] In another recent study of automobile accident victims receiving hospital care, victims without health insurance were found to receive less care and suffer a substantially higher mortality rate compared to victims with health insurance.[11] In terms of public health effects, Medicaid expenditures support health care infrastructure used by the general public (eg, community hospitals), contain communicable diseases, and promote general public health through health awareness and wellness campaigns.

In addition to health benefits, Medicaid indirectly confers economic benefits to recipients (see Figure 1.C.1-2) and to other patients in the health care system (see Figure 1.C.2-3). By improving health, Medicaid improves labor participation—an individual's capacity to stay employed and work productively. By facilitating timely and preventive care, Medicaid reduces costly emergency care,[9] thus reducing the overall cost of health care to the individual and to the economy. Additionally, by reducing unpaid medical costs, Medicaid reduces cost-shifting. Cost-shifting occurs when unpaid medical costs are absorbed by hospitals, county health departments, or other safety net providers and/or passed on in the form of higher premiums to consumers with private health insurance. For example, a recent study by Families USA[12] finds that the uninsured cannot pay two-thirds of their health costs, and of this amount, two-thirds is passed on to those with private health insurance in the form of higher premiums. The Families USA study found that in 2005 the annual premium cost for a family health insurance policy provided by private employers was an average $922 higher due to the cost of care for the uninsured.

Figure 1.
Major Health and Economic Benefits of Medicaid Expenditures for Individuals and Communities

Benefits	Beneficiaries	
	Individual	*Community*
Health	A. *Clinical effects.* By promoting access to timely and appropriate medical care, and with an emphasis on preventive care and best practice protocols, Medicaid improves health status and mitigates the possibility that chronic conditions will become disabilities.	B. *Public health effects.* Medicaid expenditures support health care infrastructure used by the general public (eg, community hospitals), contain communicable diseases, and promote general public health through health awareness and wellness campaigns.
Economic	C. *1. Improved labor participation.* . By improving health Medicaid improves an individual's capacity to stay employed and work productively. *2. Reduced cost of care.* By facilitating timely and preventive care Medicaid reduces costly emergency care, reducing the overall cost of health care to the individual and the economy. *3. Reduced cost shifting.* By reducing unpaid medical costs Medicaid reduces health care provider write-offs that are passed on to the insured in the form of higher insurance premiums.	D. *Direct and multiplier effects.* Medicaid expenditures stimulate the local economy through supporting jobs, labor income (wages, salaries, and sole proprietorship/ partnership income), capital income (rents, interest payments, and corporate dividend payments), and taxes.

What is less well-known is that Medicaid has substantial, positive impacts on state business activity (see Figure 1.D). Medicaid expenditures stimulate the local economy, supporting jobs, labor income, business income, and taxes. Recent studies nationwide have begun to assess these impacts at the state level.[13-31] For example, studies conducted in both Alaska[14] and Texas[15] found that Medicaid has substantial economic impacts in those states. The Alaska study found that Medicaid program expenditures supported over 9 000 jobs in the state and generated more than $346 million in personal income (wages, salaries, and business income). Each dollar of Alaska state funds invested in Medicaid resulted in $2.31 dollars of personal income to state residents due to the infusion of Medicaid cost share dollars from the federal government (ie, Alaska made money on Medicaid). As would be expected, the Medicaid program has larger impacts in states with larger economies and populations such as Texas. In Texas Medicaid supported 474 420 jobs and $20 billion in personal income. Unlike Alaska, Texas didn't make money on Medicaid—each dollar of Texas state funds invested in Medicaid returned 91 cents of personal income to Texans due to the vagaries of the federal cost sharing formula. However, it is critical to remember that these figures do not include the economic value of the improved health and well-being of Medicaid recipients or the medical cost savings resulting from preventive care funded by Medicaid.

This study provides estimates of the economic impacts of Medicaid program expenditures in North Carolina in SFY 2003 including estimates of economic impacts on employment; labor income (wages and salaries); capital income (rents, interest payments, and corporate dividends); and government tax revenues at the federal, state, and local levels. These estimates do not include the economic value of the improved health and well-being of Medicaid recipients or the medical cost savings resulting from preventive care funded by Medicaid. Hence, the goal of this study is to provide results for the direct and multiplier effects in the community (see Figure 1.D). In addition, our data set allows us to investigate Medicaid expenditures at the county level and to determine whether urban or more affluent counties receive disproportionately larger expenditures relative to rural or less affluent counties. We also report the results of a policy simulation experiment in which we determine the economic impacts of shutting down the Medicaid program, returning the money (federal, state, and local) to taxpayers, and allowing the taxpayers to spend the funds according to typical consumer expenditure patterns.

Data

The study relies on North Carolina Medicaid program expenditure data for SFY 2003 as submitted by the North Carolina Division of Medical Assistance to the federal Centers for Medicare and Medicaid Services (CMS). The data included all SFY 2003 North Carolina Medicaid program expenditures including the following associated programs: Baby Love; Community Alternatives; Dental Program; Health Check; Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Services; Managed Care; Piedmont Behavioral Healthcare and Piedmont Innovations; and Transportation Program administration.[b] The analysis does not include NC Health Choice for Children (SCHIP) program expenditures.[c] The data used in this study are unique in that they provide Medicaid expenditures by county of health care provider location rather than by county of patient residency.

Methodology

This study uses input-output analysis to estimate the economic impacts of Medicaid.[32] Input-output analysis is commonly used by economists to estimate the full economic impacts of an initial change in spending in a regional economy. Input-output models are not perfect; they are approximations of spending patterns in regional economies. Nonetheless, they are widely used as good, first-order approximations of regional economies, and their use by economists to estimate economic impacts is standard operating procedure. IMPLAN Professional® Input-Output Analysis computer software was used in this study to conduct input-output analysis.[33] IMPLAN is a leading input-output modeling software package used by university researchers, government agencies, and consultants nationwide. In a review of the literature, we identified 19 studies[13-31] of the economic impacts of Medicaid at the state level, all of which used some form of input-output analysis to estimate economic impacts. Ten of the 19 studies used IMPLAN input-output modeling software. (Five studies used the RIMS II input-output model, which is fundamentally similar to IMPLAN, and the remaining studies used custom-built input-output models or did not report the type of input-output model used.) Carbaugh et al[34] reviewed 17 studies of the role of Medicaid in state economies. Of these, 11 used IMPLAN; 3 studies, including those of Families USA,[35,36] used RIMS II. IMPLAN has also been used to estimate the economic impacts of hospital closures.[37,38] Rickman and Schwer[39] compared benchmarked versions of IMPLAN, RIMS II, and a third leading input-output software package called REMI, and found that

b For additional information on the distribution of Medicaid expenditures across program areas in North Carolina, see: http://www.dhhs.state.nc.us/dma/prog.htm.

c Unfortunately, this study is limited to the economic impacts of Medicaid because comparable information was not available for SCHIP dollars. Substantively, this has limited consequences because the Medicaid budget is much larger than the SCHIP budget. Nevertheless, because SCHIP dollars are targeted exclusively at children, their absence limits a nuanced appreciation of how public spending on children's health impacts the economy.

the economic impact multipliers of the benchmarked models do not differ significantly. Duncombe and Wong[40] provide a good introduction to the differences between input-output models and other methods of regional economic analysis.

Input-output models are interconnected systems of linear equations that track the flow of dollars between and among households, businesses, and government in a specified geographic region as small as a county or as large as the United States. The IMPLAN input-output modeling system consists of 2 parts: a mathematical computer model and a database. The IMPLAN modeling system contains equations for over 500 industry categories plus additional equations that model household and government spending. In essence, there is one equation for each *industry* in a regional economy. (The equation for a given industry can be different in different geographic areas.) Each industry equation specifies the dollar amounts of *input* goods and services required to produce the dollar amount of industry *output* in the region. The equations are linked together such that the output dollar amount produced by one industry is the total of all the input dollar amounts required by all of the other industries in the system. For example, the dollar value of electricity output produced by the electricity industry feeds into all of the other industry equations as the (dollar-valued) electricity inputs to those industries. (The electricity industry also uses some of its own electricity, which feeds back into its own equation.) In addition, some of the outputs leave the system as *exports* from the region, and some inputs enter the system as *imports* into the region. Furthermore, households (workers) and taxes are treated as inputs in the industry equations in the sense that industries pay for (send money to) workers and taxes. Households are treated as separate industries that receive their own inputs (eg, wages, salaries, rental income, dividend payments, government program payments) and produce their own outputs (eg, household expenditures for food, clothing, electricity, rent, mortgage payments, taxes). (In fact, there are multiple household industries, each corresponding to a different household income level, because households of different income levels have different patterns of inputs and outputs.) Each level of government (federal, state, and local) is treated as a separate industry in that it receives input tax receipts from households, businesses, and other levels of government, and it produces outputs (eg, expenditures on the military, highway construction, public schools, health care programs, payments to other levels of government).

The IMPLAN database is derived from federal and state employment and income data and government survey data of businesses and households.[33] The data are cleaned, organized, and transformed into consistent units. The industry equations, household receipts and expenditures, and government receipts and expenditures are all based on the employment, income, and survey data. The IMPLAN database is updated every few years as the government surveys are updated. The equations, receipts, and expenditures can be calculated at the national, state, or county level (or a collection of counties smaller than a state). When data are scarce for a particular industry in a particular geographic area, average results for that industry at the next level of aggregation are used (for example, if data are scarce for the widget production industry in a particular state, the average results for the nationwide widget industry might be used for that state). In addition, the database contains information on imports and exports for each geographic region.

When conducting economic impact analysis, IMPLAN is used to calculate changes in the economy relative to the baseline condition of the economy when local and system wide data were collected. The present study of Medicaid expenditures in 2003 relied on the 2002 IMPLAN database (ie, the 2002 IMPLAN structural matrix was used in the analysis). The initial change to the economy must be specified by the user. This initial change is called the direct impact. For example, if the state of North Carolina is the region of analysis then Medicaid dollars initially spent in the state constitute the *direct impact.* These initial expenditures purchase output from various health care industries. For example, in this study Medicaid dollars purchase output from the following list of IMPLAN health care industry sectors in North Carolina in 2003:

- Pharmaceutical and medicine manufacturing
- Surgical and medical instrument manufacturing
- Surgical appliance and supplies manufacturing
- Ophthalmic goods manufacturing (eg, eyeglasses)
- Home health care services
- Doctors, dentists, and other health care professionals
- Other ambulatory health care services
- Hospitals
- Nursing and residential care facilities
- Office administrative services (eg, program administration, tracking patient records)

In order to produce the purchased health care products and services, health care industries must, in turn, pay workers and purchase various goods and services from other industries. Next, the industries producing these goods and services must, in turn, purchase other goods and services, and so on. However, the process does not go on forever. At each round of purchasing, the dollar amount of purchases becomes smaller, eventually becoming negligible. The second and subsequent rounds of purchases constitute the *indirect impacts* of the initial Medicaid expenditures. At each round of purchasing, some of the dollars received by the producing industries go toward paying workers and owners of the firms. The workers and owners pay taxes on this income, save some of the income, and spend the rest. This spending by workers and owners initiates additional, attenuating rounds of purchasing called the *induced impacts* of the initial Medicaid expenditures. The indirect and induced impacts are collectively known as *multiplier effects.* The sum of the direct, indirect, and induced impacts is called the *total impact.*

The direct, indirect, and induced impacts of the Medicaid expenditures lead to changes in business sales (also known as business activity or business output), employment, labor income (eg, wages and salaries), capital income (eg, rents, interest and dividend income), and taxes paid to various levels of government. IMPLAN tracks the changes in business sales, employment,

and other areas separately for the direct, indirect, and induced impacts and also cumulates them into total impacts.

Results

The Economic Impacts of Medicaid

In SFY 2003 $6.307 billion in initial Medicaid program expenditures occurred within the state of North Carolina—$3.941 billion federal dollars, $2.014 billion state dollars, and $351 million in local government funds. Each dollar of state and local government expenditures brought $1.67 federal cost-share Medicaid dollars to the state. Of the $6.307 billion in Medicaid expenditures, $1.63 billion or 25.8% was spent on children ages 0-18. The economic impacts of these Medicaid expenditures are both deep and broad. The estimated statewide total economic impacts (including economic multiplier effects) of the $6.307 billion in Medicaid expenditures within North Carolina in SFY 2003 are summarized in Table 1.

Table 1 provides impact estimates for 3 economic indicators of interest: employment (including full- and part-time jobs), labor income (including wages and salaries plus income from sole proprietorships or partnerships including many physicians' practices), and capital income (including rental income, interest income, and corporate dividend income). The economic impacts within North Carolina of the 2003 Medicaid expenditures in the state included 182 000 jobs supported (including both full-time and some part-time jobs), $6.1 billion in labor income (wages, salaries, and sole proprietorship/partnership profits), and $1.9 billion in capital income (rents, interest payments, and corporate dividend payments).

We find that Medicaid expenditures directly support 92 489 jobs (including both full- and part-time jobs) in North Carolina. An additional 89 634 jobs are supported by the indirect and induced multiplier effects of Medicaid spending for a total of 182 124 jobs statewide supported by Medicaid. Of these jobs, Medicaid directly supports the equivalent of approximately 85 000 health care industry jobs with multiplier effects supporting an additional 6 000 health care jobs for a

Table 1.
Economic Impacts of Medicaid Expenditures on Employment, Labor Income, and Capital Income: North Carolina State Fiscal Year 2003

	Economic Impacts of Federal Expenditures	Economic Impacts of State & Local Expenditures	Economic Impacts of Total Expenditures
Employment[1]			
Direct Impacts	57 738	34 751	92 489
Indirect Impacts	12 066	7 243	19 309
Induced Impacts	43 940	26 385	70 325
Total Impacts	**113 744 jobs**	**68 380 jobs**	**182 124 jobs**
Labor Income[2]			
Direct Impacts	$1 857 157 998	$1 115 689 427	$2 972 847 425
Indirect Impacts	$436 380 583	$262 417 396	$698 797 979
Induced Impacts	$1 524 323 030	$915 342 114	$2 439 665 144
Total Impacts	**$3 817 861 699**	**$2 292 842 764**	**$6 110 704 463**
Capital Income[3]			
Direct Impacts	$310 423 367	$186 369 112	$496 792 479
Indirect Impacts	$252 410 077	$151 467 201	$403 877 278
Induced Impacts	$619 650 077	$372 115 364	$991 765 441
Total Impacts	**$1 182 483 521**	**$709 951 650**	**$1 892 435 171**

SOURCE: Unless otherwise indicated all data reported in this article reflect the IMPLAN® analysis of data provided by the North Carolina Division of Medical Assistance for North Carolina State Fiscal Year 2003 as reported to the US Centers for Medicare and Medicaid Assistance.

NOTES:

1. Employment includes all jobs both full- and part-time.
2. Labor Income includes wages, salaries, sole proprietorship income, and partnership income. Values are 2003-year dollars.
3. Capital Income includes rental income, interest income, and corporate dividend income. Values are 2003-year dollars.

total of about 91 000 health care jobs supported. Estes[3] estimated that 395 000 individuals were employed in the North Carolina health care sector in 2001. Allowing for moderate growth (8% per year) in the total number of health care jobs in North Carolina between 2001 and 2003, Medicare conservatively supports at least 20% of all health care jobs in the state.

The direct impact of Medicaid spending on capital income is $497 million. The indirect and induced impacts of Medicaid spending on capital income are nearly 3 times larger than the direct effects. This means that the multiplier effects of Medicaid expenditures on capital income are very strong. It is not just the corporations in the health care industry that benefit from Medicaid; business quite broadly benefits as well.

The aggregate impact of Medicaid expenditures on labor income ($6.1 billion) is much larger than the impact on capital income ($1.9 billion). This is consistent with the fact that health care is a labor-intensive sector characterized at the service delivery level by many small firms with relatively high employment. While direct impacts occur predominantly in health care industries, Medicaid also produces substantial multiplier effects in nonhealth industries through business-to-business transactions (indirect impacts) and consumer purchasing (induced impacts). Industry-by-industry results produced by the IMPLAN model (not reported here for the sake of brevity) indicate that the construction, transportation, wholesale and warehousing, retail trade, finance and insurance, and hotel and restaurant industries in North Carolina each received over $100 million in wages and salaries due to the indirect and induced impacts of Medicaid expenditures in 2003.

How does Medicaid job creation compare to economic development efforts that offer firms incentives to open or expand activities in North Carolina? In a November 9, 2004 press release,[41] Governor Mike Easley announced that North Carolina offered Dell Computer an incentive package of $242.5 million over 20 years to create, directly and indirectly, 8 000 jobs within the state or $30 313 spending per job. By comparison North Carolina state and local governments invested $2.371 billion in Medicaid in 2003, which when leveraged with federal cost share dollars, supported 182 000 jobs or $13 000 in state/local spending per job. Although some Medicaid-supported health care jobs such as physician may pay higher salaries than the average Dell job, and other Medicaid-supported jobs such as hospital custodian may pay less, the average wage/salary of North Carolina health care workers in 2003 was $39 660—similar to the state-average median household income in 2004 of $40 863.[42] Furthermore, Medicaid-supported jobs are widely distributed geographically across the state, whereas the jobs created by specific industrial projects are typically concentrated in a relatively small geographic region.

Much of the labor income and capital income supported by Medicaid is taxable by federal, state, and local governments. The federal government collects personal income, corporate profit, and payroll taxes. There is a comparable set of taxes at the state level. In addition, households pay local property taxes plus state and local sales taxes.[d] Table 2 summarizes tax receipts by governmental entity.

Panel 1 of Table 2 shows that the federal government collected approximately $1.6 billion in taxes as a result of all Medicaid expenditures (by all levels of government) in North Carolina in 2003—most in the form of personal income taxes (53.6%) with another substantial proportion in payroll taxes (41%). Consequently, the federal government recouped approximately 42% of its $3.9 billion in North Carolina Medicaid expenditures. State and county governments contributed $2.365 billion in Medicaid expenditures and collected taxes of $567 million. Consequently, state and local governments recouped approximately 24% of their Medicaid expenditures in the form of tax collections supported by Medicaid expenditures. The larger share of taxes (60.5%) went to the state, principally in the form of personal income (44.6%) and sales taxes (38.6%). State and federal Medicaid funds flowing into each county do not appear directly as line items on the budgets of county governments; they appear only indirectly in the sales tax and property tax revenue lines. Counties and localities realized $224 million in sales and property tax receipts from Medicaid expenditures in 2003, which offset more than half (56%) of their $400 million in Medicaid contributions.

A Policy Experiment: "What if We Gave the Medicaid Money Back to Taxpayers?"

Although the economic impacts of Medicaid spending are large, the economic impacts of spending on this scale would likely be significant if the money were spent on something other than Medicaid. The opportunity cost to society of spending money on Medicaid is that society gives up the economic impacts of spending money in other ways. To investigate the opportunity cost of Medicaid spending, we conduct a policy simulation experiment in which we assume the Medicaid program is shut down, and the federal, state, and local taxes paid by North Carolina taxpayers to support Medicaid are returned to the taxpayers. The taxpayers save and spend the returned funds based on observed patterns in federal consumer expenditure survey data. The expenditure patterns vary by household income level (eg, higher income households save a larger proportion

d In North Carolina separate sales taxes are levied by the state and local governments.[43] In SFY 2003 the North Carolina state sales tax rate was 4.5% on retail sales (or rental) of tangible personal property, room/lodging/hotel rentals, and laundering services with some exceptions. The North Carolina state sales tax does not apply to unprepared food (eg, groceries) but does apply to prepared food and other items (eg, restaurant meals, food purchased in the deli sections of grocery stores, alcohol, tobacco products). Nor does the North Carolina state tax apply to drugs or medical equipment sold with a prescription. The tax does not apply to insulin or prosthetic devices sold with or without a prescription. Every county may charge an additional 2.5% sales tax on all items subject to the North Carolina state 4.5% tax rate. In addition to general sales taxes, some counties levy additional sales taxes on particular items or activities, such as hotel occupancy taxes. Specific policies vary by county. Hence, the allocation of sales taxes in this table is a rough but realistic estimate.

Table 2.
Economic Impacts of Medicaid Expenditures on Federal, State, and County/Local Tax Receipts: North Carolina State Fiscal Year 2003

Government Entity	Tax Receipts Supported By		
	Federal Medicaid Expenditures	State & Local Medicaid Expenditures	Total Medicaid Expenditures
Federal Tax Receipts			
Personal Income	$547 681 505	$328 918 317	$876 599 822
Corporate Profit	$54 857 270	$32 931 277	$87 788 547
Payroll	$418 640 859	$251 423 317	$670 064 176
Total Receipts	$1 021 179 634	$613 274 911	$1 634 452 545
State Tax Receipts			
Personal Income	$95 705 675	$57 477 472	$153 183 147
Corporate Profits	$28 857 605	$17 323 462	$46 181 067
Payroll	$7 285 231	$4 375 321	$11 660 552
Estimated Sales[1]	$82 773 004	$49 694 615	$132 467 619
Total Receipts	$214 621 515	$128 870 870	$343 492 385
County/Local Tax Receipts			
Property	$93 337 918	$56 037 732	$149 375 650
Estimated Sales[1]	$46 559 814	$27 953 221	$74 513 035
Total Receipts	$139 897 732	$83 990 953	$223 888 685
All Entities	**$1 375 698 880**	**$826 134 734**	**$2 201 833 615**

SOURCE: IMPLAN model calculations.

NOTES: Because of the way data are reported estimates are necessary to apportion sales taxes between state and county governments. For the purposes of this exercise, we assume a state sales tax rate of 4.5% and a local sales tax rate of 2.5%. Under these assumptions the state receives 64% (4.5%/[4.5%+2.5%]=64%) of combined state and local sales tax revenues with counties/localities receiving the remaining 36%.

of each dollar returned). Because most Medicaid dollars are spent on labor-intensive, instate health care services rather than goods imported into the state, Medicaid spending has a relatively large instate economic multiplier effect. By contrast, a large proportion of the typical consumer's spending pays for goods imported into the state (eg, gasoline, food, clothing, entertainment, electronics). If the Medicaid program was shut down, funds returned to taxpayers, and taxpayers allowed to spend these monies according to typical consumer spending patterns, the instate economic impacts of these expenditures would be smaller than the instate economic impacts of Medicaid. In fact, our simulation indicated that employment in North Carolina would fall by an estimated 67 400 jobs and labor income would fall by $2.83 billion if Medicaid funds were returned to taxpayers. The reason for this perhaps surprising result is that most Medicaid dollars are spent on labor-intensive, instate health care services rather than goods imported into the state. In contrast, a far larger proportion of typical consumer spending buys goods and services imported into the state. In comparison to typical consumer spending, Medicaid dollars stay in the state, supporting employment and businesses within North Carolina.

The County Cost Share Issue

The rapid growth in Medicaid payments in recent years has put pressure on county government budgets in North Carolina, causing counties to lobby the state to assume the county portion of Medicaid payments. One issue of concern has been that some rural or less affluent counties may be more reliant on Medicaid and may be paying a disproportionate share of Medicaid costs. Another issue has been that Medicaid funds allocated to residents of a given county may not support businesses and tax collections in that county since residents travel across county lines to access health care services not available in the

county of residence. As a temporary measure, the state government agreed in 2006 to cap county Medicaid expenditures.[44] On July 31, 2007, the governor of North Carolina signed into law a measure requiring the state to assume the county portion of Medicaid expenditures.[45] The transfer would be phased in over 3 years beginning October 1, 2007. In partial compensation, counties would be required to give up a portion of their sales tax revenues to the state.

To address the issue of whether some counties may be more reliant on Medicaid, we consider two measures of Medicaid reliance: county Medicaid expenditures[5] as a percentage of county budget[46] in 2003 and Medicaid eligibles[5] as a percentage of county population[46] in 2004. We regressed each of these measures on (1) per capita county income[46] ($1 000s) in 2003; (2) county population[46] (10 000s) in 2003; and (3) the United States Department of Agriculture Economic Research Service (USDA-ERS) Rural-Urban Continuum Codes,[47] 2003, an index of county rural character (larger code numbers indicate a more rural character). County Medicaid expenditures as a percentage of county budget in 2003 are negatively related to per capita county income at the 0.05 level of significance, indicating that wealthier counties spend a smaller percentage of the county budget on Medicaid. County population and USDA-ERS Rural-Urban Continuum Codes are not statistically significant determinants of county Medicaid expenditures as a percentage of county budget in 2003, indicating that rural/urban status does not appear to be a significant determinant of county Medicaid expenditures as a percentage of county budgets. Medicaid eligibles as a percentage of county population, 2004, is negatively related to per capita county income ($1 000s) in 2003 at the 0.05 level of significance. It is also positively related to both county population in 2003 and USDA-ERS Rural-Urban Continuum Codes at the 0.05 level of significance. Hence, wealthier counties tend to have fewer Medicaid eligibles as a percentage of county population while more populous counties and more rural counties have more Medicaid eligibles as a percentage of county population. We conclude that reliance on Medicaid does vary by county type with more affluent counties spending a smaller percentage of the county budget on Medicaid and having a smaller percentage of the population eligible for Medicaid, while more populous and more rural counties have a larger percentage of the population eligible for Medicaid.

To investigate the issue of whether Medicaid funds allocated to residents of a given county actually support businesses and tax collections in the county, we analyze the Medicaid expenditure data by county of health care provider location. The analysis shows that for every North Carolina county, the state and federal government cost share expenditures paid to health care providers located in the county were far greater than the county contribution to Medicaid. For example, relatively populous, urban, and affluent Wake County spent approximately $20 million in local government funds on Medicaid in SFY 2003, but the federal government paid over $200 million in Medicaid expenditures to health care providers located in Wake County. Similar results hold for rural, less populous, or less affluent counties. Even small Yancey County, which spent only $500 000 in local funds on Medicaid in 2003, received over $5 million in federal Medicaid expenditures paid to health care providers located in the county. (Results for all North Carolina counties are available on request from the authors.) One reason that Medicaid expenditures are significant even in rural locations is that a relatively large share of Medicaid expenditures in rural counties goes to nursing and residential care services that are provided in the rural counties themselves. We conclude that even after accounting for Medicaid expenditures that cross county lines, every county in North Carolina has far more state and federal Medicaid money spent in the county than the county itself collects and spends on Medicaid.

Discussion And Conclusions

The rising costs of health care and the appropriate role of government health insurance programs in the health care system are the source of current policy debates. Informed discussion of these issues requires good information on the economic as well as the health consequences of alternative policy choices. The purpose of this study is to estimate the economic impacts of Medicaid program expenditures in North Carolina in SFY 2003 (see Figure 1.D.). In SFY 2003 $6.307 billion in Medicaid program expenditures occurred within the state of North Carolina—$3.941 billion federal dollars, $2.014 billion state dollars, and $351 million in local government funds. Each dollar of state and local government expenditures brought $1.67 federal Medicaid cost-share dollars to the state. The total economic impacts (including direct, indirect, and induced impacts) in North Carolina of Medicaid expenditures in 2003 included (see Table 1):

- 182 000 jobs supported (including both full-time and some part-time jobs)
- $6.1 billion in wages, salaries, and sole proprietorship/partnership income
- $1.9 billion in rents, interest payments, and corporate dividend payments

State and local governments recouped approximately 24% of their Medicaid expenditures in the form of various tax collections on Medicaid expenditures and the economic ripple effects of Medicaid expenditures.

Our unique data set allows us to estimate Medicaid expenditures and economic impacts by health care provider location at the county level. Although we find that reliance on Medicaid does vary by rural/urban and rich/poor county type, the data also show that every North Carolina county received far more in state and federal government cost share expenditures paid to health care providers located in the county than they paid in county-share Medicaid expenditures.

Although Medicaid spending generates large economic impacts, it should be recognized that the Medicaid program diverts spending away from other potential uses that would have generated other economic impacts. In a policy simulation experiment we answer the question, "What would be the net

economic impacts of giving the Medicaid money back to taxpayers?" In the experiment we assume that the Medicaid program is shut down, that federal, state and local taxes paid by North Carolina taxpayers to support Medicaid are returned to the taxpayers, and that the taxpayers save and spend the returned funds based on typical consumer expenditure patterns. We find that the instate economic impacts of these expenditures are substantially smaller than the instate economic impacts of Medicaid. In fact, our simulation indicates that employment in North Carolina would fall by an estimated 67 400 jobs and labor income would fall by $2.83 billion. The reason for this perhaps surprising result is that most Medicaid dollars are spent on labor-intensive, instate health care services rather than on goods imported into the state. In contrast, a far larger proportion of typical consumer spending buys goods and services imported into the state. In comparison to typical consumer spending, Medicaid dollars stay in the state, supporting employment and businesses within North Carolina.

It is important to keep in mind that the Medicaid expenditure and economic impact results do not capture the economic value of the improved health and well-being of Medicaid recipients. Furthermore, the results do not capture the savings to society in general of emphasizing preventive care and reducing uncompensated care nor the long-term benefits of promoting wellness. Health insurance like Medicaid provides access to routine medical care, thereby promoting preventive care and timely and appropriate medical interventions and minimizing the necessity of relying on costly emergency services. Medicaid also reduces uncompensated care, which in turn reduces health care providers' need to shift costs to patients with private insurance. Additionally, comprehensive Medicaid services may allow covered adults to obtain or return to employment more quickly. Medicaid services for children— especially Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) services—support both the typical child as well as children with special health care needs. This investment in human capital should improve the capacity of young Medicaid beneficiaries to become productive members of society in the future.

Another caveat is that Medicaid plays a role in supporting the health care infrastructure available to the general population. Medicaid cuts could threaten the financial health of key facilities such as hospitals, or at least shift a larger share of the infrastructure support costs to those with private insurance. Further, to the extent that health care facilities provide amenity effects—such as those associated with living near an ocean—that boost community property values, facility closures could reduce property values. Similarly, a factory may choose to relocate elsewhere if the only hospital in a community closes. These effects are not captured by standard economic impact analysis.

This article poses a basic question: "What are the economic impacts of Medicaid on the North Carolina economy?" Medicaid is a large program with complex implications for its beneficiaries and the communities in which they live. The program is important for the health of many North Carolina citizens. In addition, the economic impacts of the program are substantial and felt statewide from urban research hospitals to rural nursing home facilities. Budgetary costs do not fully capture the economic consequences of Medicaid in North Carolina. This study finds that Medicaid makes a large contribution to state and local economic activity by creating jobs, income, and profit in North Carolina. Any substantial changes to the Medicaid program should be made with caution. **NCMJ**

Acknowledgements:

The research on which this paper is based was funded primarily by a grant from the Z. Smith Reynolds Foundation to the North Carolina Pediatric Society Foundation. Additional funding came from the Robert Wood Johnson Foundation and its Covering Kids & Families *project. The authors would like to thank the North Carolina Division of Medical Assistance for access to the Program Expenditure Report data. We appreciate the special efforts of Torlen Wade and the professional guidance of Patsy Slaughter. Several colleagues reviewed this and other related manuscripts and made suggestions to improve the accessibility of this research to a multidisciplinary audience. We extend special thanks to Millie Brown, Jane Foy, Carolyn Sexton, and Steve Shore. While we acknowledge the cooperation of our funding agencies, our home institutions, and our colleagues, we take full responsibility for the information presented and the interpretations made in this article.*

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Children's Health Insurance Program Reauthorization Act
Outreach and Enrollment Grants—Cycle I

NORTH CAROLINA "HEALTHY & READY TO LEARN" INITIATIVE

PROJECT ABSTRACT

The North Carolina "Healthy & Ready to Learn" partnership, led by the North Carolina Pediatric Society Foundation (NCPS), is a targeted school-based Medicaid ("Health Check") and Child Health Insurance Program ("NC Health Choice") outreach and enrollment effort to insure all "eligible and uninsured" children entering public kindergarten. Recognizing the critical role that access to preventive care and health coverage plays in assuring that children come to school healthy and ready to learn, our state and local outreach and enrollment partnership will work with physicians, school nurses, School Health Advisory Councils, and other community-based stakeholders to identify eligible and uninsured children.

There is a strong connection between a child's overall health and their ability to succeed in school and later in life. In Year 01, the HRL partnership will focus on identifying and enrolling eligible, uninsured children entering kindergarten in a number of counties/school districts with high rates of eligible but uninsured children . In Year 02, HRL extends to identifying and enrolling the eligible and uninsured four and five-year old children across North Carolina.

The goals of the HRL partnership include: a) enhance outreach and enrollment efforts; b) engage School Health Advisory Councils (SHACs) and school nurses; c) automate NC's required Kindergarten Health Assessment (KHA) form; d) use KHA data to inform our policy and program efforts and guide replication strategies; e) use applications for Free and Reduced Price Lunch as a pathway to "express lane" eligibility for public health insurance programs; and f) apply successful strategies to extending kindergarten outreach and enrollment statewide.

The NCPS Foundation requests $678,210 to support our outreach and enrollment efforts to kindergarteners through the Year 01 pilot feasibility study and statewide implementation during Year 02.

I. PROJECT NARRATIVE

Background: The North Carolina Pediatric Society (NCPS), the applicant and lead partner, is the state chapter of the American Academy of Pediatrics (AAP) and membership organization for more than 1,700 pediatricians in North Carolina. In 1999, the North Carolina Pediatric Society Foundation (NCPS Foundation) was created to support the charitable, educational, and scientific purposes outlined in the NCPS mission statement—"to improve the health and well-being of children, their families and communities", through the collective efforts of its membership. Notable accomplishments for the NCPS Foundation include leading the statewide collaboration for Robert Wood Johnson Foundation's "Covering Kids and Families" ($1 million grant) to reduce the number of uninsured children. The NC "Covering Kids and Families" (CKF) initiative pursued three objectives: outreach to identify and enroll eligible children in Medicaid/CHIP, simplification of the enrollment/re-enrollment process, and enhanced coordination among local and state entities. The NCPS Foundation led the NC Coalition to Promote Health Insurance for Children (NC Coalition) working with three local coalitions to develop and evaluate multiple strategies to achieve these objectives. The Coalition continues to meet quarterly and is led by representatives from the NCPS Foundation and NC Department of Health and Human Services—including the Division of Medical Assistance, Division of Social Services, Department of Public Instruction—and other stakeholders from statewide agencies and community-based organizations. Because of the critical role health plays in children's success in school and in life, the NC Coalition, together with the NC Governor's office, has decided to target entering kindergarteners for its renewed outreach and enrollment efforts through this proposal. Lessons learned and relationships built during the CKF initiative are the foundation of our plan.

A. <u>Outreach & Enrollment Plan</u>—The "Healthy& Ready to Learn" (HRL) partnership will meet the

following goals: a) enhance outreach and enrollment efforts under the provisions of 2009 CHIPRA by building on lessons learned from the existing state coalition and add new partners; b) engage School Health Advisory Councils (SHACs) as a key partner in HRL including a sentinel role for school nurses in direct contact with families when submitting a Kindergarten Health Assessment (KHA) form; c) automate NC's required Kindergarten Health Assessment (KHA) form as a tool for improving health status of NC's entering school-age population and for generating data on enrollment, retention, and re-enrollment in public health insurance programs d) use KHA data to inform our policy and program efforts and guide replication strategies; e) use applications for Free and Reduced Price Lunch as a pathway to "express lane" eligibility for public health insurance programs; and f) apply successful strategies to extending kindergarten outreach and enrollment statewide.

In North Carolina, low-income children are currently offered health insurance coverage through Medicaid/EPSDT called "Health Check" (children age 5 and under in all families up to 200% FPL; children 6-18 up to 100% FPL) and a CHIP program known as NC "Health Choice for Children" (children age 6-18 in families with incomes 100% to 200% FPL). In July 2009, there were 819,936 children enrolled in the North Carolina Medicaid program, and 130,565 children enrolled in NC Health Choice. The percentage of uninsured children has grown more rapidly in NC than nationally. Between 2000-2001 and 2006-2007, the percentage of children who lacked health insurance coverage grew by 2.8% in NC (from 10.3% to 13.1%), whereas the percentage of uninsured children nationally fell by 0.1% (from 11.5%to 11.4%). This is primarily due to recent spikes in unemployment and the deterioration of employer-sponsored insurance (ESI). Overall, three out of every five uninsured children in NC are currently eligible for, but not enrolled in Medicaid or NC Health Choice.[1]

There are 239,778 children who are currently 4-5 years of age in North Carolina and will be entering kindergarten as cohorts over the next two school years, 2009-2010 and 2010-2011. In year 1, the HRL

initiative will focus on identifying and enrolling uninsured children entering kindergarten in a pilot of 16 selected "high need" counties and school districts (8 rural, 8 urban) with the high rates of uninsured children. In year 2 (August 2010), the HRL partnership will expand to identifying and enrolling all uninsured children entering kindergarten in North Carolina. The estimated target population of uninsured four and five-year olds in the pilots is about **3,075** in pilot year (Year 01). The estimated target population of uninsured four and five-year olds (assuming a statewide average of 13% uninsured) in the statewide expansion is approximately **32,000** in the second year (Year 02).

The HRL partnership will hire a project director and 3 community-based coordinators. NCPS Foundation will direct the collaborative efforts of the HRL partnership—with key state-wide co- partners: School Nurses Association of North Carolina (SNANC), the NC Healthy Start Foundation (NCHSF), and Action for Children (AFC). HRL state agency partners include NC DHHS—DMA, DPH, Office of Rural Health and Community Care, North Carolina Healthy Schools—a collaboration between DPI and DHHS, and DPI's Office of School Nutrition Services. The Advisory Committee will include state agency partners listed above, in addition to the NC Office of the Governor, the NCPS, SNANC, NCHSF, NC Academy of Family Physicians, and data/evaluation experts from University of North Carolina at Chapel Hill.

Local school-based personnel partners will undertake a systematic review of KHAs (and match with School Lunch Applications) in selected pilot school districts to identify uninsured children and refer to our local partners for potential Medicaid/CHIP enrollment. Under the NC Health Assessment Law (G. S. 130A-440), every child entering kindergarten in public schools must receive a health assessment by a medical provider no more than 12 months prior to school entry. The KHA form contains important health assessment data regarding illnesses, developmental and behavioral concerns, vision/hearing screening results, and BMI; whether or not the child receives regular health care and the medical home for care; and whether the child has Medicaid, private insurance/HMO, or **no insurance.** It is an underutilized rich source of information

about NC's children who are approaching school age.[2] The KHA, approved by DPI and DHHS, is sent to each of NC's 115 Local Education Agencies (LEA) and NC's 85 Local Health Departments (LHD) in the early spring. Our plan is to improve education for parents and physicians to complete all the required demographic and medical information and to assist school nurses to screen and refer uninsured children for potential enrollment by working with the local SHACs as a community-based resource. Care coordinators from all 14 Community Care of North Carolina networks will be consulted for HRL strategies. Additional crucial income eligibility information resides in the application for free and reduced price lunch. Federal law allows public school districts to inform Medicaid/CHIP officials that children are eligible for free or reduced price meals, unless parents opt out. By file-matching the KHA forms with lunch program applications, we will identify eligible, uninsured children and refer to our local partnerships for potential Medicaid/CHIP enrollment.[3]

Ability to Address Barriers to Enrollment and Retention: NC has a user-friendly, combined application and renewal process for Medicaid and CHIP. The joint application can be returned by mail or in person to the county Department of Social Services (DSS). NC does not require a face-to-face interview or asset test, there is no waiting period to become eligible, and once enrolled, coverage is for 12 months despite any changes to family income—a policy known as "continuous eligibility." NC has implemented at least **four** of **eight** HHS cited enrollment simplification strategies. Additional barriers to be addressed by the HRL partnership include misperceptions about enrollment process, misunderstanding or misinterpretation of messaging regarding insurance coverage and services, and lack of awareness campaigns among members of the faith, business, and other communities including minorities and populations of immigrants for whom English is a second language.

Community-based Outreach: All 115 NC Local Education Agencies (LEA) must have a School Health Advisory Council (SHAC) comprised of individuals selected from health, education, and other sectors of

their respective communities. SHACs provide advice to the school-system on health programs, objectively assessing the needs of children/youth and identifying required resources. SHACs will become the point of coordination for all community-based outreach linking school and health-related activities to achieve improved enrollment and retention in cooperation with school nurses, who are key players in this plan. Drawing on a review of Medicaid/CHIP outreach and enrollment strategies (GAO, Robert Wood Johnson, Kaiser Family Foundation, Council of Chief State School Officers),[4] HRL will build on key recommendations to implement and evaluate school-based outreach and enrollment. Strategies are based on four key premises about community-based outreach:

1. Physicians and school nurses play an important role in outreach and enrollment efforts as they hold a particular place of trust among parents and families. Physicians and school nurses will be co-partners in using the KHA process to target eligible but uninsured students entering kindergarten.

2. Children who are eligible for the Federal School Lunch Program, as determined by DPI's file matching or a parental application, can also be determined to be eligible to receive benefits from other programs, such as Medicaid/CHIP. DPI's Child Nutrition Service Division and local school-district nutrition officials will work to target children who might be eligible for health insurance.

3. Formal collaboration and coordination between our statewide partners and our local partners will be imperative to our success. The heart of our initiative represents an on-going collaboration between state and local agencies, professional associations and community-based healthcare providers, plus state and local nonprofits. This collaboration started with the original federal CHIP legislation in 1997.

4. Accessible, literacy-appropriate information on public health insurance options, as well as follow-up mechanisms to ensure actual enrollment and retention, will enhance the success of local partners. The NCHSF and the NC Healthy Schools Initiative will provide local partners with the materials they need to reach parents.

Access and Credibility with Underserved Groups-- The HRL partnership will build on previous outreach efforts to minorities and immigrants to enroll eligible children and enhance the success of this project in reducing health disparities. NC efforts have always focused on grassroots, community-based outreach beginning with the establishment of county-level coalitions when CHIP was first implemented. For example, a Division of Public Health Minority Outreach Consultant works with community based organizations (CBOs) and social networks to reach out to targeted minority populations and reduce health disparities related to child health insurance coverage. The targeted communities include Latinos, refugees and immigrants, American Indians, and African-American communities. During the NC "Covering Kids and Families" initiative, the Minority Outreach Consultant collaborated with minority CBOs to reach targeted populations through mobile consulate visits, Latino heritage festivals, American Indian gatherings, and attendance at faith-based services and family events within the Catholic (Latino, Vietnamese, Congolese), Baptist (Korean) and Muslim (Arabic) traditions. Through the statewide Refugee Advisory Council, relationships were established with trusted community-based organizations who focus-tested professionally translated enrollment materials in six new languages (Arabic, Chinese, Hmong, Korean, Rhade-a language of the Montagnard, Vietnamese). Child health insurance materials have always been bilingual (English/Spanish). The seven languages (other than English) represent the top seven limited English proficiency populations in NC.

Sustainability: CMS offers states a bonus for achieving "express lane" status through simplification strategies. A June 2009 Memorandum of Understanding (MOU) between NC DHHS and DPI allows the two state entities to share data and information on Food and Nutrition Services, Temporary Assistance to Needy Families (TANF) and Food Stamps for the purpose of enrolling children in the National School Lunch Program. This MOU offers the HRL partnership an opportunity to create a reciprocal agreement to share data and information on school lunch program and other means tested programs. Such an

agreement has the potential to lead to NC's eligibility for "express lane" status—creating a streamlined approach to enrolling eligible children in public health insurance.

In addition, local SHACs are a natural but currently underutilized agent to facilitate collaboration between the health sector and schools and sustain the activities initiated through the HRL partnership. School nurses have a traditional role in assuring the collection of KHA forms including immunization records, managing children's medications and caring for illnesses and injuries. HRL offers an opportunity to build on and expand this role to be a "sentinel" for children and families that need assistance with navigating the variety of public and private efforts that can help improve school readiness and performance, including enrollment in health insurance. The initiation of SHACs as a systematic means of promoting collaboration between health-providers and schools is an opportunity to institutionalize cooperation to improve children's health status and school performance. Other volunteer groups will also be consulted, e.g. the PTA councils in each district. In Year 02, we plan to extend an invitation to Head Start, NC Partnership for Children (Smart Start) and More At Four to become HRL partners.

North Carolina philanthropies The Duke Endowment, the Kate B. Reynolds Charitable Trust and the John Rex Endowment provided substantial support for Covering Kids & Families outreach and enrollment efforts. Each has submitted a letter of support for this initiative and each represents a potential philanthropic partner for future expansion of successful HRL strategies.

Information Technology & Systems Enhancement—Our state-wide non-profit partners will work with IT specialists from DHHS to automate the existing manual version of the KHA form. From the data generated, NC can create a registry of all children entering kindergarten; this data set can be accessed and analyzed by health and school professionals. The HRL partnership will also work with DPI and DHHS on improvements in sharing data and information on school lunch programs and other means-tested program for the specific purpose of "express lane" eligibility for health insurance coverage for children.

B. Data Collection and Reporting-- HRL will contract with the Carolina Institute for Public Policy for data collection and evaluation—to include defining, collecting, analyzing, and reporting data on the targeted uninsured population. To provide the best information concerning the effectiveness of the outreach and enrollment strategy, a pilot will involve testing the plan on the 2009-2010 cohort of kindergarteners entering public schools in a select number of counties, described in the evaluation section. In Year 02, we will use lessons learned to explore taking the strategy statewide. Our first year pilot and second year state-wide plan will report on initial Medicaid/CHIP enrollment, retention, and transition from Medicaid to CHIP (children between 100%-200% of the FPL who are turning age 6). A review of KHA's for children entering kindergarten in our selected pilot counties will create a health status portrait of children entering kindergarten as well as assess the relationship between current coverage status, the child's medical home, and entering kindergarten health status.

The Institute will report to the HRL partnership quarterly over the 2-year grant cycle. In each participating county, data will be collected on the children identified as uninsured by screening of the KHA and matching with income information on the school lunch application. Descriptive statistics by county/school district on number of children referred for enrollment through the intervention, number of children referred for enrollment through the intervention determined to be eligible, and number of children who remain eligible at annual redetermination will be reported. The counts and estimated percentages of uninsured children enrolled in pilots will be used as the outcome measures in the analysis of the effectiveness of the outreach and enrollment strategy.[5]

C. Benchmark/Peer Learning—HRL project co-leaders will provide CMS with access to all affiliated personnel, policy and program documents, data collected on enrollment/retention of eligible children and an open invitation to participate in Advisory Committee meetings or conference calls. The NC Coalition to Promote Health Insurance for Children is well known as a forum for sharing best practices and lessons

learned in our quarterly meetings (meeting agendas and minutes are available 2001 to present). NCPS Foundation is experienced in conducting conferences using the PDSA cycle (plan, do, study, act) of the "collaborative breakthrough" method plus strategic "thinking" and planning exercises in meetings of health professionals; we will employ this experience in HRL activities. The collection of data from KHA forms and School Lunch applications will be supplemented by existing reports on enrollment/reenrollment already provided on a monthly basis by the Division of Medical Assistance. Teleconference notes and interviews with local partners including SHACs and school health nurses will be summarized and reported. The HRL partnership will benefit from the existing State Coalition's ongoing information exchange and collaboration around children's health insurance outreach/enrollment efforts including the production of reports for circulation to all partners and CMS.

The Advisory Committee will identify key quality and performance measures in addition to measures of enrollment, retention and reenrollment. Reporting on all project activities--failures and successes--will be the default for measurement so that mistakes and missed opportunities can inform project improvement as much as the successful strategies that local partners achieve. Project lead personnel will attend the HHS National Outreach and Enrollment Conference and coordinate all messaging/strategies with the national Medicaid/CHIP outreach and enrollment campaign.

II. **EVALUATION PLAN**—HRL will feature a strong evaluation based on an innovative research analysis and design. We will evaluate whether the "intervention" leads to an increase in enrollment in Medicaid and CHIP in selected counties. We propose evaluation to inform us about the local pilots in Year 01 and a statewide effort in Year 02: a) the specific activities employed, interventions adopted in that community, barriers encountered, and methods used to overcome barriers; b) outcomes (enrollment, re-enrollment); and c) relationship of the interventions to outcomes. The pilot phase will be iterative: that is, community-based pilot leaders will provide monthly reports on activities, accomplishments, and problems encountered;

they will meet monthly by teleconference to review reports, receive guidance from peers and project leaders, and make adjustments to interventions, as indicated, or attempt new strategies.

By following a cohort of children in the initial year (2009-2010) and another cohort of entering kindergarteners (2010-2011), evaluation will assess the effect of the outreach and enrollment plan on initial Medicaid and CHIP enrollment, retention rates as well as the cohort transition from Medicaid/CHIP (for those first-year children between 100%-200% of FPL who are turning age 6 in Year 02 of the grant). We will monitor: a) children who are potentially eligible for Medicaid/CHIP within the target geographic areas, the number of children enrolled through local SHAC efforts; b) children who remain programmatically eligible at the annual redetermination for Medicaid/CHIP; c) potential overall impact on decreasing the number of low-income uninsured children as evidenced in a reduction in the percentage of the low-income uninsured children in the target geographic areas.

The Institute proposes accurate and valid information about (1) the effectiveness of the intervention as well as (2) assessing whether local variations in the intervention are systematically related to differences in outcomes. The first objective–assessing the overall effectiveness of the intervention, requires accurate measures of outcomes, strong design to eliminate or reduce bias, especially selection bias, and an analysis plan based on the design. The second objective–correlating local variations in implementation with variations in program outcomes–requires process measures to supplement outcome measures and an approach to the analysis that eliminates as many alternative explanations of the differences as possible.

In Year 01, at least sixteen counties/school districts will be selected as pilot intervention sites. Selection will use a quantitative index of high need for health insurance. Counties selected for Year 01 will be those with the greatest need based on index of need for child health insurance, with at least eight selected from each group (rural, urban). Use of the need index as an assignment variable allows the use of a regression discontinuity design (RD) with a strict cut-off, a design that effectively eliminates selection bias from the

estimates of effects. Only the regression discontinuity design and the random assignment design allow evaluators to remove selection bias and history as threats to validity or sources of bias. Other designs, such as implementing the initiative statewide, cannot rule out other changes that occurred from one year to the next as the source of any differences in enrollments that are found as a plausible source of bias. Designs that match counties selected for the intervention to other counties cannot rule out selection (counties readiness or willingness to participate may explain selection and improved outcomes) as a plausible source of bias.

For process evaluation, we will collect data on children identified in the initiative by using the KHA--coding data from the form and coding data on the timing of all contacts, the sources of all contacts, and disposition. For monitoring the contact data, a spreadsheet application will be developed to facilitate follow-ups as well as gather data for the evaluation. The coding of the KHA data will use the protocols established in a statewide sample study of the KHA currently underway by the NC Center for Health Statistics (available Fall 2009).

The analysis of the process associations with the initiative's outcomes will be conducted on the sample of kindergarteners identified as uninsured in the pilot counties/school districts in Year 01 and expanded statewide in Year 02. Each uninsured child identified through screening will be coded as insured or uninsured at the end of Year 01 and Year 02. Using that variable as the dependent variable in a logistic regression, independent variables including the child's demographics and other health status information from the KHA, intervention variables including type and extent of enrollment follow-up, and county variables that may affect need and opportunity to enroll will be used as independent variables in the model. All models will be estimated as mixed (two level) models.

In addition, to this more formal quantitative assessment of processes, the evaluation will conduct four focus groups with local partners to describe the activities of local outreach and enrollment partners,

information on effective practices, and recommendations for improvement. In combination, the evaluation will produce accurate and valid information about the effectiveness of the intervention, quantitative and qualitative information about how variations in the intervention affected enrollments. Evaluation will also provide a base for improvements in North Carolina, and inform whether the initiative can be replicated and effectively implemented in other states.

III. WORK PLAN & TIMELINE

GOAL	ACTIVITY	RESPONSBILE ENTITY	TIME
Enhance Outreach and Enrollment Strategies	1. Convene Advisory Committee; Meet Quarterly 2. Review existing O/E materials; develop new materials based on CHIPRA messages 3. Assess potential for campaigns through community-based partners (ex: faith, business, minority, immigrant/ESL groups, etc.) 4. Promote O/E efforts through SHACs, other partners (e.g. Family Resource Line)	1. NCPS Foundation and State Coalition to Promote Children's Health Insurance 2. Project Director in conjunction with DHHS, DPI, HSF 3. HRL Advisory Committee 4. Project Director in conjunction with DHHS, DPI, HSF	1. Oct 2009-Sep 2010 2. Oct 2009-Sep 2010 3. Dec 2009-Aug 2010 4. Dec 2009-Mar 2010
School Health Advisory Councils (SHACs)	1. Select counties/LEAs for pilots 2. Contract with SHACs to establish expectations 3. Request School Nurses Association of NC (SNANC) to engage and train local	1. HRL Advisory Committee 2. NCPS Foundation 3. HRL Advisory Committee 4. DHHS/DPI, Project	1. Nov-Jan 2010 2. Jan-Mar 2010 3. Oct-Mar 2010 4. April-July 2010 5. Sep 2010

	school nurses on *HRL* initiative and request feedback, recommendations 4. Conduct SHAC trainings to prepare for local efforts 5. Trial School Assistance Workshops	Director, SNANC 5. DHHS/DPI, Project Director, SHNANC	
Data Collection & Evaluation	1. Establish Carolina Institute for Public Policy contract/MOU to set performance expectations 2. Develop, apply criteria for counties/LEAs to be selected as pilots 3. Establish baseline data for selected counties/LEAs for Year 01-Year 02 measurements using DMA's current reporting on enrollment, retention, re-enrollment for Medicaid/CHIP	1. NCPS Foundation/Project Director, HRL Advisory Committee 2. NCPS Foundation/Project Director, HRL Advisory Committee 3. Project Director in conjunction with DMA and CIPP	1. Oct-Nov 2009 2. Nov-Jan 2010 3. Nov 2009-Feb 2010
Grants Administration and Management	1. Recruit, hire key personnel 2. Contract with pilot SHACs in selected counties/LEAs 3. Develop contracts/MOUs with co-partners (CIPP, NCHSF, ACF, SNANC) 4. Devise contact and reporting methods with CMS project officer	1. NCPS Foundation, HRL Advisory Committee 2. NCPS Foundation Staff 3. NCPS Foundation Staff 4. NCPS Foundation Staff/Project Director	1. Oct-Dec 2009 2. Jan-Mar 2010 3. Oct-Dec 2009 4. Oct 2009-Sep 2010

[1] http://www.nciom.org/projects/access_study08/HealthAccess_FinalReport.pdf

[2] http://www.nchealthyschools.org/docs/home/kha0809.pdf.

[3] http://www.ncpublicschools.org/docs/childnutrition/publications/eligibility/2007-08f-rapp-verificationfrms.pdf

[4] For example, see http://www.gao.gov/new.items/he00086.pdf; http://www.kff.org/medicaid/7495.cfm; http://www.coveringkidsandfamilies.org/actioncenter/files/School-BasedOutreach.pdf; http://www.fns.usda.gov/cnd/CHIP/report.pdf

2004 UPDATE
Increased Participation in the Earned Income Tax Credit in San Antonio

Prepared for

City of San Antonio

November 23, 2004

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EITC Study Update

In 2003, Texas Perspectives Inc. (TXP) was retained by the City of San Antonio to determine if public awareness campaigns that promote full access and utilization of the Earned Income Tax Credit (EITC) - a federal tax credit for working individuals and families whose incomes range from significantly below the poverty line to approximately double the poverty line - is not merely justified as socially responsible, but actually could more than pay for itself when considering the economic impact to the community. TXP concluded that the tax benefits to the City of San Antonio would likely exceed the costs of an EITC awareness campaign, making the effort of that type both appropriate and cost-effective. Since the original study was published, new and expanded datasets have become available which allow a more detailed assessment of the situation in the San Antonio area. In addition, a number of national studies have also been released that discuss the overall positive impact the EITC has on lower-income families. Building on the original study, TXP has been engaged by the City of San Antonio Department of Community Initiatives to update the 2003 findings.

Methodology Overview

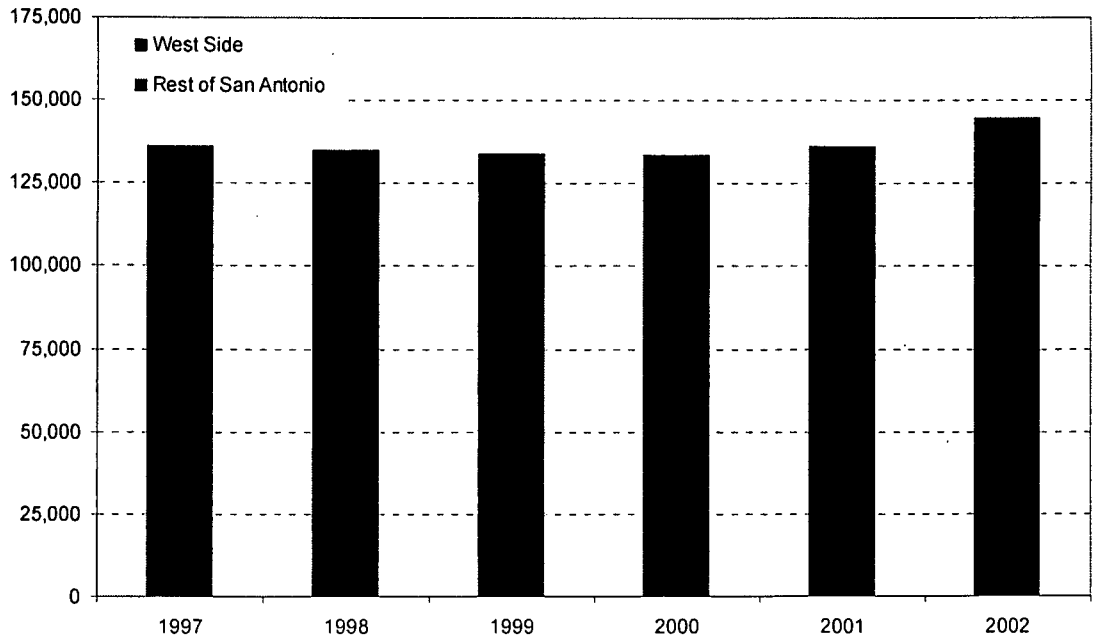
For the original study, TXP utilized zip code-level IRS tax data. A challenge that occurs when using zip code-level data is that city boundaries and individual zip code boundaries do not always correspond. For example, only a fraction of zip code 12345 may lie within a city's geographic border. Adjusting for these differences is complicated given ever changing real estate development patterns, city annexation policies, fluctuating population densities, and outdated underlying Census figures. For the original and current EITC analysis, TXP defines "San Antonio" as all zip codes in Bexar County starting with 782**. The Brookings Institution, however, has attempted to allocate some portion of the zip code to the relevant municipality. While neither approach is invalid, reviewers should be aware that TXP's figure will vary from data provided by The Brookings Institution.

Current EITC Utilization

In tax year 2002, San Antonio had 145,183 tax filers claim the EITC, representing 26.8 percent of total tax filers. This resulted in $283,574,105 of EITC dollars flowing from the federal government to low-income families. The average EITC credit paid to San Antonio families was $1,953. Not surprisingly, much of this activity was concentrated on the West Side, as the average receipt rate of the seven zip codes in that area (01, 04, 07, 26, 27, 28, and 37) was 41.9 percent, compared to 23.4 percent for the balance of the city. At the Metropolitan Statistical Area (MSA) geographic level, the San Antonio rate of EITC receipt was 25 percent versus 15 percent for Austin-San Marcos, 19 percent for Dallas, 40 percent for El Paso, and 22 percent for Houston.

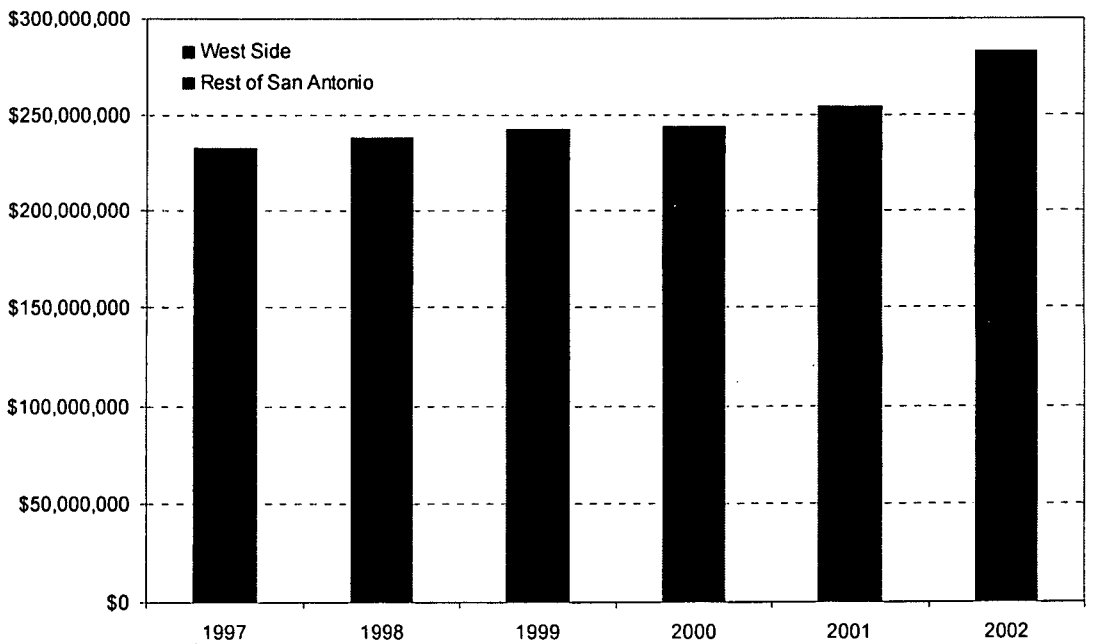
The tables of the following pages provide an overview of San Antonio EITC activity.

Figure 1
San Antonio EITC Claims, 1997 - 2002



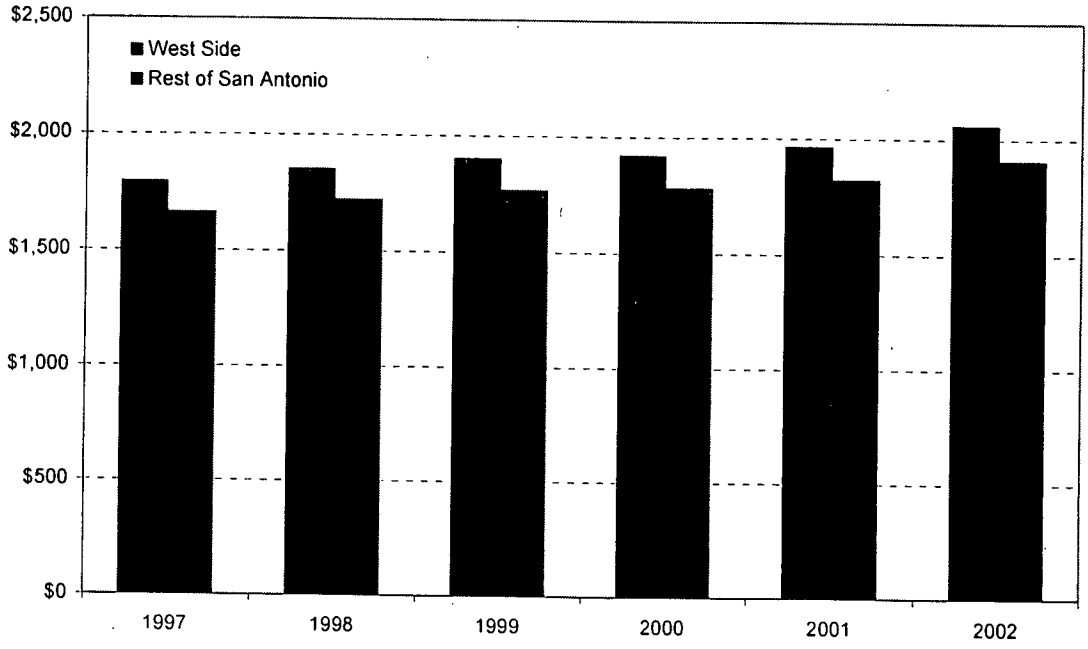
Source: TXP, The Brookings Institution

Figure 2
San Antonio EITC Tax Credits, 1997 - 2002



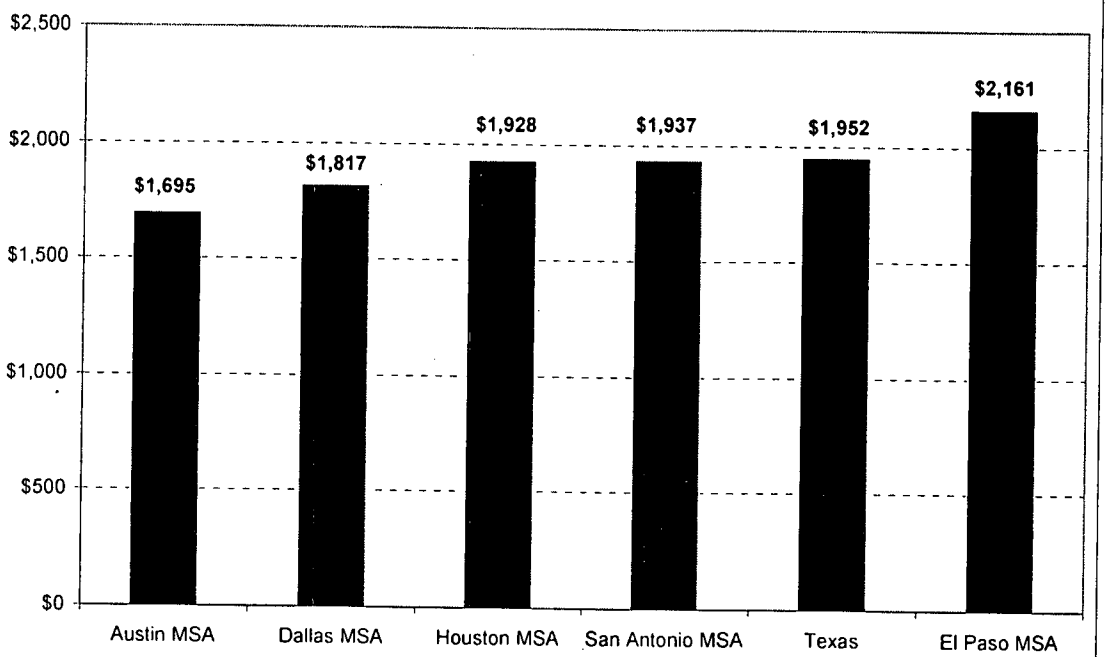
Source: TXP, The Brookings Institution

Figure 3
Average San Antonio EITC Tax Credit Per Recipient, 1997 - 2002



Source: TXP, The Brookings Institution

Figure 4
Average EITC Tax Credit Per Recipient By Texas MSA, 2002



Source: TXP, The Brookings Institution

In the original study, no attempt was made to estimate the economic impact of existing EITC participants on the San Antonio and Bexar County economies. In this update, the impact of existing EITC payments is provided. Based on the same methodology used in the original study, using a combination of data from the Consumer Expenditure Survey of the Bureau of Labor Statistics (CES) and several surveys in other communities about usage of EITC funds, it is assumed that about one-third of the money would not be spent locally (e.g., if it were used for savings or to retire debts). Using data again from the CES on spending patterns by income level, the remaining two-thirds is likely to be spent on three main categories of goods and services: retail, general services, and utilities. The results of running the increased spending levels through the IMPLAN model are delineated in the following tables.

Table 1 - Output Impact
Spending Attributable to Existing EITC Participation

Year	Direct	Indirect	Induced	Total
Agriculture/Mining	$0	$2,031,626	$605,094	$2,636,720
Construction	$0	$3,874,144	$1,284,339	$5,158,483
Manufacturing	$0	$3,183,762	$3,190,799	$6,374,561
Transportation & Utilities	$0	$9,354,943	$3,566,281	$12,921,224
Wholesale Trade	$0	$1,675,604	$3,130,085	$4,805,684
Retail Trade	$121,629,354	$694,752	$9,826,865	$132,150,971
Finance & Real Estate	$0	$9,779,328	$13,123,248	$22,902,576
Services	$40,866,490	$23,741,133	$15,145,766	$79,753,389
Government/Misc.	$27,498,806	$3,294,037	$2,269,668	$33,062,506
TOTAL	$189,994,650	$57,629,324	$52,142,151	$299,766,125

Table 2 - Value-Added Impact
Spending Attributable to Existing EITC Participation

Year	Direct	Indirect	Induced	Total
Agriculture/Mining	$0	$1,364,441	$409,051	$1,773,492
Construction	$0	$2,179,479	$492,310	$2,671,789
Manufacturing	$0	$1,337,373	$988,087	$2,325,461
Transportation & Utilities	$0	$4,573,950	$1,862,840	$6,436,785
Wholesale Trade	$0	$1,189,000	$2,221,085	$3,410,085
Retail Trade	$97,939,986	$494,569	$7,490,277	$105,924,832
Finance & Real Estate	$0	$6,663,108	$9,236,947	$15,900,055
Services	$14,207,485	$15,203,242	$9,335,743	$38,746,471
Government/Misc.	$9,877,701	$1,571,402	$942,723	$12,391,831
TOTAL	$122,025,178	$34,576,554	$32,979,064	$189,580,795

Table 3 - Labor Income Impact
Spending Attributable to Existing EITC Participation

Year	Direct	Indirect	Induced	Total
Agriculture/Mining	$0	$797,593	$239,113	$1,036,710
Construction	$0	$1,274,033	$287,782	$1,561,815
Manufacturing	$0	$781,769	$577,593	$1,359,367
Transportation & Utilities	$0	$2,673,737	$1,088,939	$3,762,676
Wholesale Trade	$0	$695,038	$1,298,352	$1,993,395
Retail Trade	$57,251,624	$289,102	$4,378,504	$61,919,230
Finance & Real Estate	$0	$3,894,975	$5,399,534	$9,294,509
Services	$8,305,101	$8,887,182	$5,457,285	$22,649,568
Government/Misc.	$5,774,093	$918,577	$551,076	$7,243,745
TOTAL	$71,330,823	$20,212,011	$19,278,182	$110,821,016

Table 4 - Employment Impact
Spending Attributable to Existing EITC Participation

Year	Direct	Indirect	Induced	Total (Part & Full-Time)
Agriculture/Mining	0	10	10	15
Construction	0	56	15	71
Manufacturing	0	20	15	41
Transportation & Utilities	0	46	20	71
Wholesale Trade	0	15	31	46
Retail Trade	3,157	15	224	3,396
Finance & Real Estate	0	61	61	122
Services	627	398	286	1,311
Government/Misc.	51	20	31	102
TOTAL	3,835	653	694	5,171

As shown above, the economic impact of existing participation in the EITC in San Antonio is significant, injecting $190.0 million in direct spending will create $299.8 million in total economic activity, $189.6 million in value-added, $110.8 million in labor income, and support over 5,100 permanent part and full-time jobs. At the same time, the City of San Antonio can expect to benefit from this increased economic activity. Table 5 outlines the potential fiscal impacts.

Table 5
Fiscal Impact of Existing EITC Participation
City of San Antonio (000s)

Citv Sales Tax	$849.6
City Property Tax	$1,006.6
CPS City Revenue	$875.6
Other Revenue	$915.3
TOTAL	$3,647.1

It is also possible to update the original economic impact of additional EITC participation that would be expected if every qualifying family took advantage of the credit. Table 6 below provides more detail regarding increased participation in the EITC. The methodology detailed in the original study was used to create the new estimates.

Table 6
Current and Potential EITC Payments in San Antonio and on the West Side - 2002

Estimated 2002 EITC Paid	
Current West Side EITC	$84,353,259
Rest of San Antonio EITC	$199,220,846
Total San Antonio EITC	$283,574,105
Estimated Level of Nonparticipation	
Unclaimed West Side EITC	31.3%
Unclaimed Rest of San Antonio EITC	19.1%
Total Unclaimed San Antonio EITC	22.7%
Estimated Level of Additional Potential Funds	
Unclaimed West Side EITC	$26,402,570
Unclaimed Rest of San Antonio EITC	$38,051,182
Total Unclaimed San Antonio EITC	$64,453,752

As the table indicates, a total of $64.4 million in additional EITC funds could be paid to San Antonio households if full participation were to occur. Approximately 40 percent of these funds would flow to families on the West Side, as the high level of nonparticipation among larger families suggests that over $26.4 million goes unclaimed by residents in West Side zip codes. Once local families received this additional credit, the money would be put to a variety of uses.

Table 7
Detailed Spending from Potential EITC Payments in San Antonio and on the West Side - 2002

Additional Potential Local Spending	
Local Spending on West Side	$17,689,722
Local Spending in Rest of San Antonio	$25,494,292
Total Local Spending	$43,184,014
West Side Breakdown	
Retail Trade (61.1%)	$10,808,420
Services (22.7%)	$4,015,567
Utilities (16.2%)	$2,865,735
Rest of San Antonio Breakdown	
Retail Trade (61.1%)	$15,577,013
Services (22.7%)	$5,787,204
Utilities (16.2%)	$4,130,075
Total Local Spending	
Retail Trade	$26,385,433
Services	$9,802,771
Utilities	$6,995,810
Total Local Spending	$43,184,014

The results of running the increased spending levels through the IMPLAN model are delineated in the following tables.

Table 8 - Output Impact
Spending Attributable to Increased EITC Participation

Year	Direct	Indirect	Induced	Total
Agriculture/Mining	$0	$461,770	$137,532	$599,302
Construction	$0	$880,557	$291,918	$1,172,475
Manufacturing	$0	$723,639	$725,239	$1,448,878
Transportation & Utilities	$0	$2,126,291	$810,582	$2,936,874
Wholesale Trade	$0	$380,849	$711,439	$1,092,287
Retail Trade	$27,645,219	$157,911	$2,233,555	$30,036,685
Finance & Real Estate	$0	$2,222,750	$2,982,792	$5,205,542
Services	$9,288,573	$5,396,138	$3,442,492	$18,127,203
Government/Misc.	$6,250,222	$748,704	$515,874	$7,514,800
TOTAL	$43,184,014	$13,098,609	$11,851,425	$68,134,048

Table 9 - Value-Added Impact
Spending Attributable to Increased EITC Participation

Year	Direct	Indirect	Induced	Total
Agriculture/Mining	$0	$310,125	$92,974	$403,098
Construction	$0	$495,375	$111,897	$607,273
Manufacturing	$0	$303,972	$224,583	$528,556
Transportation & Utilities	$0	$1,039,616	$423,406	$1,463,021
Wholesale Trade	$0	$270,249	$504,832	$775,081
Retail Trade	$22,260,847	$112,411	$1,702,470	$24,075,728
Finance & Real Estate	$0	$1,514,462	$2,099,472	$3,613,934
Services	$3,229,229	$3,455,555	$2,121,927	$8,806,712
Government/Misc.	$2,245,109	$357,165	$214,272	$2,816,548
TOTAL	$27,735,186	$7,858,929	$7,495,834	$43,089,949

Table 10 - Labor Income Impact
Spending Attributable to Increased EITC Participation

Year	Direct	Indirect	Induced	Total
Agriculture/Mining	$0	$181,285	$54,348	$235,635
Construction	$0	$289,576	$65,410	$354,986
Manufacturing	$0	$177,689	$131,281	$308,971
Transportation & Utilities	$0	$607,715	$247,506	$855,221
Wholesale Trade	$0	$157,976	$295,103	$453,080
Retail Trade	$13,012,761	$65,710	$995,193	$14,073,664
Finance & Real Estate	$0	$885,292	$1,227,264	$2,112,555
Services	$1,887,672	$2,019,974	$1,240,390	$5,148,036
Government/Misc.	$1,312,397	$208,784	$125,254	$1,646,436
TOTAL	$16,212,832	$4,594,002	$4,381,751	$25,188,585

Table 11 - Employment Impact
Spending Attributable to Increased EITC Participation

Year	Direct	Indirect	Induced	Total (Part & Full-Time)
Agriculture/Mining	0	2	2	3
Construction	0	13	3	16
Manufacturing	0	5	3	9
Transportation & Utilities	0	10	5	16
Wholesale Trade	0	3	7	10
Retail Trade	717	3	51	772
Finance & Real Estate	0	14	14	28
Services	143	90	65	298
Government/Misc.	12	5	7	23
TOTAL	872	148	158	1,175

As shown above, the economic impact of increased participation in collecting the EITC in San Antonio is potentially quite large, as injecting $43.2 million in direct spending will create $68.1 million in total economic activity, $43.1 million in value-added, $25.2 million in labor income, and support over 1,175 permanent jobs. While these results cannot be disaggregated geographically, it is likely that much of the impact will be felt on the West Side, given the concentration of potential recipients and the fact that most of the impact occurs in consumer sectors. At the same time, the City of San Antonio can expect to benefit from this increased economic activity. Table 12 outlines the potential fiscal impacts.

Table 12
Fiscal Impact of Increased EITC Participation
City of San Antonio (000s)

Citv Sales Tax	$193.1
City Property Tax	$228.8
CPS City Revenue	$199.0
Other Revenue	$208.1
TOTAL	$829.0

Consistent with the original study findings, increased EITC utilization will have positive economic and social consequences for the entire San Antonio region. While the economic boom of the late 1990s resulted in fewer EITC claims, the recession that followed reinforced the important role the EITC plays in lower-income families' economic lives. Increased participation in the EITC program is still good public policy – it leverages local resources to the net benefit of both a targeted population and the community at large.

Increased Participation in the Earned Income Tax Credit in San Antonio

Prepared for

City of San Antonio

January 26, 2003

Overview

The Earned Income Tax Credit (EITC) is a federal tax credit for working individuals and families whose incomes range from significantly below the poverty line to approximately double the poverty line. It is intended to reduce the tax burden on low-income workers, supplement their wages, and assist in the welfare-to-work transition. Larger percentages of eligible families claim the EITC than traditional social welfare programs such as TANF, Food Stamps, and Medicaid.

Enacted by Congress in 1975 as a refundable tax offset for low-income workers, the structure of the EITC was attractive to both sides of the political spectrum because it was both an anti-poverty and an anti-welfare instrument that offered an attractive, work-oriented alternative to existing welfare programs. The credit also addressed national concerns in the mid 1970's over unemployment rates, welfare caseloads, and the working poor.

At its inception, the credit was relatively modest. However, changes in the Tax Reform Act of 1986 and the Omnibus Budget Reconciliation Acts (OBRA) of 1990 and 1993 led to a 10-fold increase in the amount of funds paid between 1984 and 1996. The changes were most dramatic for families with two children; the 1993 OBRA expanded the maximum credit for this group from $1,511 in 1993 to $3,556 in 1996. The earnings subsidy that the EITC represented for these families in fact doubled, from 19.5 percent of earnings in 1993 to 40 percent of earnings in 1996. Over time, the EITC has thus become a significant source of income for working families. In 2002, for example, families with one child and an income level of $7,000 to $13,000 received the maximum amount of $2,506. Families with two or more children with an income level of $10,000 to $13,000 qualified for the maximum amount of $4,140. For a hypothetical family with two children and an income level of $10,700, the credit of $4,140 is roughly equivalent to an additional $2 per hour of full-time work. The available credit drops as income rises; for families with two or more children, it begins decreasing near $13,500, and reaches zero at $33,200.

People who know they will qualify for the credit at the end of the year may request that their employer pay them an Advanced Earned Income Tax Credit (AEITC), which allows them to receive the credit over equal installments in each regular paycheck. However, the vast majority of EITC recipients (99 percent) receive their funds in the form of a lump-sum payment. Numerous studies have shown that due to the "lumpy" nature of most EITC payments, recipients use the opportunity to improve family well being (move to a safer neighborhood, improve transportation, etc.) or to make large purchases.

Today, the EITC is the largest federal aid program targeting the working poor. Nevertheless, numerous studies have found that a significant number of eligible families fail to claim the credit. A primary purpose of this report is to demonstrate that public awareness campaigns to promote full access by these families is not merely justified as socially responsible, but actually could more than pay for itself when considering the economic impact to the community and the fiscal

impact to the City of San Antonio. Particular attention is paid to the effect on San Antonio's West Side population.

The importance of the Credit for working families in reducing poverty and income inequality is reviewed in the next section, followed by a discussion of factors that erode the credit's benefit (such as tax preparation costs and refund loan fees). An evaluation of the potential economic and fiscal impacts associated with increased utilization forms the core of the report, with a brief review of selected cities across the nation that have established programs to help families claim the EITC forming the report's final section.

Unless otherwise noted, the main sources of information used in this report came from various studies done by The Brookings Institution, The National Tax Assistance for Working Families Campaign, and a 2000 report from the Center for Policy Research at The Maxwell School at Syracuse University.

Role of the EITC in Family's Financial Lives

The EITC has been shown to have a significant impact on many low-income working families. A series of recent studies indicate that the EITC reduces poverty, encourages participation in the workforce, supplements wages, helps low-income families build assets and purchasing power, and has a positive economic impact on the communities where the recipients reside.

Reduction of Poverty

The EITC is considered to be one of the most successful federal anti-poverty programs ever developed, and the impact of the credit on a working family's income can be considerable. For example, a single parent raising two or more children and earning between $10,350 and $13,520 in 2002 is eligible for the maximum EITC of $4,140 – a 30 to 40 percent increase in the family's income. The EITC lifted 4.7 million people out of poverty in 1999, including 2.5 million children. A 1999 study by Columbia University's National Center for Children in Poverty found the EITC reduces poverty among young children by one-fourth. A 2003 study by The Brookings Institution examined the effect of the EITC on 27 urban and rural sites nationwide and found that, on average, one in five tax filers benefited from the EITC.

Workforce Participation

By restricting eligibility to families with earnings, the EITC promotes work. In particular, it significantly increases the number of single parents who join the workforce. The Brookings Institution found that prior to the large increases in the EITC in the late 1980's and early 1990's, 73 percent of single mothers with children worked at some point during calendar year 1984. By 1996, that number had increased to 81 percent, with 60 percent of the increase attributable to increases in the EITC.

Supplements Wages and Builds Assets

As the income gap between the richest and the poorest Americans has widened over the last 20 years, the wages and salaries of the working poor have not kept pace with those earning larger incomes. For example, The Brookings Institution found that during the late 1990's, the average before-tax income of a Texas family in the bottom fifth of the income distribution was approximately $11,000. Adjusted for inflation, these families were actually earning 9 percent less than during the late 1970's. During the same period, families in the top fifth of the distribution had average before-tax income of $130,000, a 23 percent increase over the late 1970's. By supplementing the wages of low-income families, the EITC has helped to curb the income inequality gap.

In addition to augmenting wages, the EITC helps low-income families build assets for the future. Over half of EITC recipients studied in the Chicago area planned to spend their refunds on investments such as tuition payment or other educational expenses, car repair and other transportation improvements to increase access to jobs, moving to a new neighborhood, or putting money into a savings account. The study also found that the EITC helped the lowest-income families meet immediate needs such as utilities and rent.

Positive Economic Impact

EITC monies are typically spent by recipients in the communities where they reside. As noted earlier, recipients use their refunds to pay off debt, invest in education, and secure decent housing, thus enhancing their economic security and promoting economic opportunities in their neighborhoods. A Brookings Institution study found that over $1 million EITC dollars per square mile flowed through urban communities in 1990. Obviously, the more an area is densely populated with low-income workers, the stronger this effect. The clustering of EITC earners can present an economic opportunity to the community in terms of the purchasing power derived from the credit and may signal retail opportunities in these neighborhoods.

Erosion of the EITC Benefit

Like most Americans, many low-income working families seek help in preparing their tax returns. The process of filing for the EITC, as well as other tax credits, can be a daunting task, particularly for families whose first language is not English. One study found that 68 percent of all EITC earners in 1999 paid to have their returns prepared. These tax preparation services can be costly, however, and can significantly diminish the net benefit of the credit. A fee of $100 or more is typical to have a tax return commercially prepared and electronically filed. For an average 1999 EITC receipt of $1,655, this cost becomes a meaningful reduction in the credit's benefit.

Even more problematic than mere tax preparation costs are the "refund anticipation loans" (RALs) offered by most commercial tax preparers. RALs provide tax filers with an advance on their anticipated tax refund. The funds are generally received 8-10 days sooner than they would have been if direct deposited into a personal bank account by the IRS. Some services even

offer an "instant" RAL, whereby taxpayers can receive a check immediately upon electronic filing.

In addition to receiving refunds sooner, many families choose RALs because they don't have the cash on hand to pay for tax preparation, or don't have a bank account available for the IRS to direct deposit the refund. According to the Federal Reserve, 22 percent of families earning less than $25,000 in income (the majority of the EITC-eligible population) lack a bank account of any kind. Not having access to mainstream financial services forces these families to rely on high-cost alternative financial services that consume large portions of their small incomes. A typical RAL fee is $100 or more; viewed as an annual percentage rate (keeping in mind their costs and short terms), RAL loan rates range from 67 percent to a shocking 774 percent. Despite their high cost, these loans continue to grow in popularity; H&R Block, which prepares 20 percent of all EITC returns filed each year, sold 15 percent more RALs in 2002 than in 2001. In 1999, 49 percent of San Antonio EITC tax filers claimed their credit through an RAL, representing 57 percent of total EITC dollars paid, compared to a national average of 37 percent.

In sum, roughly $1.75 billion of EITC money intended to benefit low-income families in 1999 flowed instead toward paying commercial tax preparation, electronic filing, and high-cost refund loans. A number of communities across the nation, realizing the significance of the erosion of the EITC benefits, have established programs to help families eligible for the credit with tax preparation, establishment of bank accounts and other services designed to help eligible families claim the full EITC they are entitled to.

The EITC in San Antonio

Current Utilization

In tax year 2000, San Antonio had 109,594 tax filers claim the EITC, representing 23.9 percent of total tax filers. This resulted in $200,720,586 of EITC dollars flowing from the federal government to low-income families. According to a Brookings Institution study of 27 communities participating in the National Tax Assistance for Working Families Campaign, San Antonio ranked 10th in tax year 2000 in terms of the percentage of filers claiming the EITC - 23.9 percent versus the study average of 21 percent (the national average was 15 percent). The average EITC credit paid to San Antonio families was $1,831 versus the study average of $1,716 (the national average was $1,700). In comparison to other Texas cities, another Brookings Institution study that examined tax years 1997 and 1998 demonstrated that San Antonio had higher percentages of families earning the EITC. San Antonio's rate of EITC receipt was 23 percent versus 14 percent for Austin, 18 percent for Dallas, and 19 percent for Houston.

Updated figures from the IRS for 2001 show that the EITC is more important than ever in San Antonio, as a total of 133,792 families (representing 23.2 percent of total filers) claimed the

credit that year. Not surprisingly, much of this activity was concentrated on the West Side, as city, the average receipt rate of the seven zip codes in that area (01, 04, 07, 26, 27, 28, and 37) was 38 percent, compared to 19.7 percent for the balance of the city. Assuming a similar level of average refund, this means that almost $250 million was paid in EITC funds to residents of San Antonio in 2001, with almost $72 million of that going to families in the West Side ZIP codes.

Potential Additional Local EITC

In spite of its already substantial impact on San Antonio and the West Side, it is clear that the community is "leaving money on the table." Every year, a significant number of families who qualify do not collect the EITC, for a variety of reasons – failure to file a tax return, ignorance of their eligibility, etc. There have been no comprehensive studies of the magnitude of these unclaimed funds, but "best guesses" from a number of sources (including the IRS) suggest that the figure might be between and 10 and 20 percent. While this figure seems plausible, it lacks sufficient precision for use as more than an "order of magnitude" guide.

One effort at a more formal estimate of the level of unclaimed EITC credits was conducted by the General Accounting Office (GAO) during 2001. In response to a Congressional inquiry, the GAO combined information from the Current Population Survey and the IRS to estimate both the number of households and the dollar volume of unclaimed EITC. Their findings indicate that, overall, approximately 25 percent of eligible households representing 11.1 percent of eligible funds did not claim the credit during 1999. The GAO further identified the fact that failure to claim the EITC varied greatly by the number of children in the family – families with no children and those with three or more children who qualified were far more likely than qualifying families with one or two children to not claim the credit. The figures below outline the findings.

Figure 1
Eligible Nonparticipating Households by Number of Qualifying Children, 1999

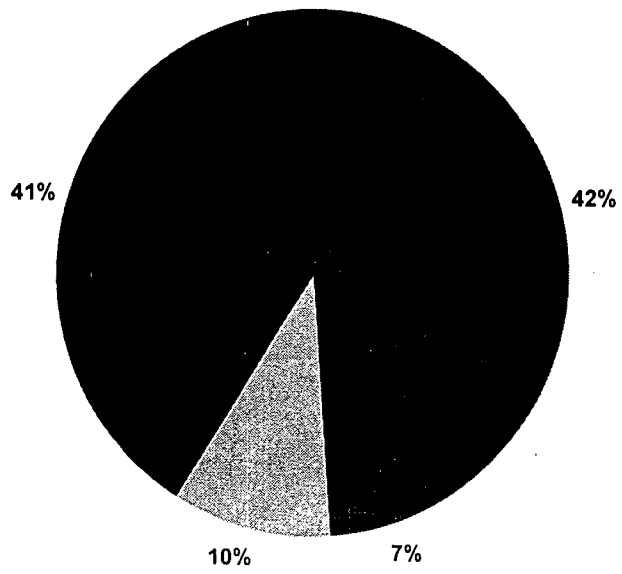
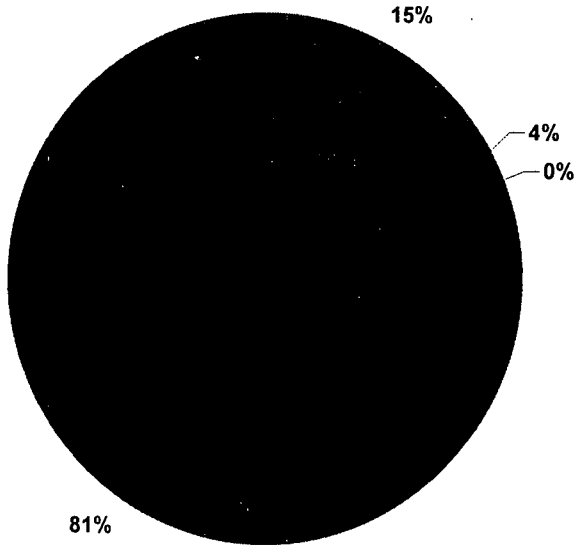


Figure 2
Distribution of EITC Dollars that Nonparticipating Households Were Eligible to Claim, by Number of Qualifying Children in Household, 1999



These estimates from the GAO facilitate a more refined estimate of the level of nonparticipation in San Antonio, especially on the West Side. Using detailed Census data on family size (in combination with the data above), it is possible to estimate the level of additional participation that would be expected if every qualifying family took advantage of the credit. Table 1 below provides more detail.

Table 1
Current and Potential EITC Payments in San Antonio and on the West Side

Estimated 2001 EITC Paid	
Current West Side EITC	$71,890,553
Rest of San Antonio EITC	$173,082,599
Total San Antonio EITC	$244,973,152
Estimated Level of Nonparticipation	
Unclaimed West Side EITC	31.3%
Unclaimed Rest of San Antonio EITC	19.1%
Total Unclaimed San Antonio EITC	22.7%
Estimated Level of Additional Potential Funds	
Unclaimed West Side EITC	$22,501,743
Unclaimed Rest of San Antonio EITC	$33,058,776
Total Unclaimed San Antonio EITC	$55,608,906

As the table indicates, a total of $55.6 million in additional EITC funds could be paid to San Antonio households if full participation were to occur. Approximately 40 percent of these funds would flow to families on West Side, as the high level of nonparticipation among larger families suggests that over $22 million goes unclaimed by residents in West Side zip codes. Once local families received this additional credit, the money would be put to a variety of uses. Based on a combination of data from the Consumer Expenditure Survey of the Bureau of Labor Statistics (CES) and several surveys in other communities about usage of EITC funds, it seems reasonable to assume that about one-third of the money would not be spent locally, e.g., if it were used for savings or to retire debts. Using data again from the CES on spending patterns by income level, the remaining two-thirds is likely to be spent in the following manner.

Table 2
Detailed Spending from Potential EITC Payments in San Antonio and on the West Side

Additional Potential Local Spending	
Local Spending on West Side	$14,076,168
Local Spending in Rest of San Antonio	$22,181,799
Total Local Spending	$37,257,967
West Side Breakdown	
Retail Trade (61.1%)	$9,211,539
Services (22.7%)	$3,422,290
Utilities (16.2%)	$2,442,339
Rest of San Antonio Breakdown	
Retail Trade (61.1%)	$14,633,387
Services (22.7%)	$4,591,632
Utilities (16.2%)	$2,950,179
Total Local Spending	
Retail Trade	$23,851,526
Services	$8,013,922
Utilities	$5,392,518
Total Local Spending	$37,257,966

The Economic and Fiscal Impact of Additional EITC

The $37.3 million expected to be spent in the local economy essentially is an injection that will have ripple effects throughout San Antonio. One of the most effective means of capturing these ripple effects is through use of an input-output model. In this type of analysis, it is useful to distinguish three types of expenditure effects: direct, indirect, and induced. Direct effects are production changes associated with the immediate effects or final demand changes. The payment made by an out-of-town visitor to a hotel operator is an example of a direct effect, as would be the taxi fare that visitor paid to be transported into town from the airport. In this case, the $37.3 million is the direct effect.

Indirect effects are production changes in backward-linked industries cause by the changing input needs of directly affected industries – typically, additional purchases to produce additional output. Satisfying the demand for an overnight stay will require the hotel operator to purchase additional cleaning supplies and services, for example, and the taxi driver will have to replace the gasoline consumed during the trip from the airport. These downstream purchases affect the economic status of other local merchants and workers.

Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects. Both the hotel operator and taxi driver experience increased income from the visitor's stay, for example, as do the cleaning supplies outlet and the gas station proprietor. Induced effects capture the way in which this increased income is in turn spent by them in the local economy.

An economy can be measured in a number of ways. The most common are "Output," which describes total economic activity and is equivalent to gross sales, "Value-Added," which

represents the difference between gross sales and cost of goods sold (not including labor costs), "Labor Income," which includes both wages and salaries and other compensation to employees, and "Employment," which refers to permanent jobs that have been created in the local economy. In order to provide an accurate basis of comparison, all dollar-denominated results are expressed in constant 2001 figures.

The interdependence between different sectors of the economy is reflected in the concept of a "multiplier." An output multiplier, for example, divides the total (direct, indirect and induced) effects of an initial spending injection by the value of that injection – i.e., the direct effect. The higher the multiplier, the greater the interdependence among different sectors of the economy. An output multiplier of 1.4, for example, means that for every $1,000 injected into the economy, another $400 in output is produced in all sectors.

The results of running the increased spending levels through the IMPLAN model are delineated in the following tables.

Table 3 - Output Impact
Spending Attributable to Increased EITC Participation

Year	Direct	Indirect	Induced	Total
Agriculture/Mining	$0	$398,402	$118,659	$517,061
Construction	$0	$759,720	$251,859	$1,011,579
Manufacturing	$0	$624,336	$625,716	$1,250,052
Transportation & Utilities	$0	$1,834,505	$699,348	$2,533,853
Wholesale Trade	$0	$328,586	$613,810	$942,395
Retail Trade	$23,851,526	$136,241	$1,927,049	$25,914,816
Finance & Real Estate	$0	$1,917,727	$2,573,470	$4,491,197
Services	$8,013,922	$4,655,638	$2,970,086	$15,639,646
Government/Misc.	$5,392,518	$645,961	$445,082	$6,483,560
TOTAL	$37,257,966	$11,301,115	$10,225,080	$58,784,161

Table 4 - Value-Added Impact
Spending Attributable to Increased EITC Participation

Year	Direct	Indirect	Induced	Total
Agriculture/Mining	$0	$267,567	$80,215	$347,782
Construction	$0	$427,396	$96,542	$523,938
Manufacturing	$0	$262,259	$193,764	$456,023
Transportation & Utilities	$0	$896,952	$365,303	$1,262,254
Wholesale Trade	$0	$233,163	$435,555	$668,718
Retail Trade	$19,206,039	$96,985	$1,468,844	$20,771,868
Finance & Real Estate	$0	$1,306,636	$1,811,366	$3,118,002
Services	$2,786,089	$2,981,357	$1,830,740	$7,598,186
Government/Misc.	$1,937,018	$308,152	$184,868	$2,430,039
TOTAL	$23,929,147	$6,780,465	$6,467,197	$37,176,809

Table 5 - Labor Income Impact
Spending Attributable to Increased EITC Participation

Year	Direct	Indirect	Induced	Total
Agriculture/Mining	$0	$156,408	$46,890	$203,299
Construction	$0	$249,838	$56,434	$306,272
Manufacturing	$0	$153,305	$113,266	$266,572
Transportation & Utilities	$0	$524,320	$213,541	$737,861
Wholesale Trade	$0	$136,297	$254,607	$390,905
Retail Trade	$11,227,048	$56,693	$858,625	$12,142,366
Finance & Real Estate	$0	$763,805	$1,058,849	$1,822,654
Services	$1,628,631	$1,742,777	$1,070,174	$4,441,582
Government/Misc.	$1,132,300	$180,133	$108,066	$1,420,499
TOTAL	$13,987,980	$3,963,577	$3,780,453	$21,732,010

Table 6 - Employment Impact
Spending Attributable to Increased EITC Participation

Year	Direct	Indirect	Induced	Total
Agriculture/Mining	0	2	2	3
Construction	0	11	3	14
Manufacturing	0	4	3	8
Transportation & Utilities	0	9	4	14
Wholesale Trade	0	3	6	9
Retail Trade	619	3	44	666
Finance & Real Estate	0	12	12	24
Services	123	78	56	257
Government/Misc.	10	4	6	20
TOTAL	752	128	136	1,014

As shown above, the economic impact of increased participation in collecting the EITC in San Antonio is potentially quite large, as injecting $37.3 million in direct spending will create $58.8 million in total economic activity, $37.2 million in value-added, $21.7 million in labor income, and support over 1,000 permanent jobs. While these results cannot be disaggregated geographically, it is likely that much of the impact will be felt on the West Side, given the concentration of potential recipients and the fact that most of the impact occurs in consumer sectors. At the same time, the City of San Antonio can expect to benefit from this increased economic activity. Table 7 outlines the potential fiscal impacts.

Table 7
Fiscal Impact of Increased EITC Participation
City of San Antonio (000s)

City Sales Tax	$166.60
City Property Tax	$197.40
CPS City Revenue	$171.70
Other Revenue	$179.50
TOTAL	$715.50

Selected Case Studies

Forward-thinking local leaders in cities across the U.S. have realized the benefit of the EITC for low-income working families in their communities, as well the favorable impact to the cities themselves in terms of positive economic and fiscal effects. Consequently, a number of cities have enhanced the well-being of their communities by creating programs that inform eligible families about tax credits, connect low-income families to free or low-cost tax assistance, and help families save or leverage their refunds to meet medium- and long-term goals. Much of the case study information detailed below was gathered from the Annie E. Casey Foundation.

Chicago

Chicago has been a model for other cities since its 1999 campaign to increase awareness of the EITC in the greater Chicago area through public-private partnerships. The program is directed by the Chicago Tax Assistance Center, which has enlisted two non-profit organizations to provide free tax preparation assistance for low- and moderate-income families. In early December of each year, the City provides major businesses, other units of local government, social service agencies, and community organizations with promotional materials to distribute informing potential recipients about the EITC. Additionally, the electric, gas, and telephone companies include EITC information with their utility bills. In 2002, the tax preparation program obtained $17.7 million of refunds for almost 13,000 clients - an increase of 25 percent over the previous year. As summed up by Mayor Richard M. Daley, "We're doing this because the EITC puts money in the pockets of people who need it most. And the money moves quickly into the Chicago economy, because these people spend it for necessities, rather than salting it away in the bank."

Denver

Denver is the only city in the country to have established a local EITC program in 2002 called the Denver Earned Income Tax Credit. The credit is available to residents of Denver who have qualified for the federal EITC, and provides a 20 percent match of federal funds received. The Denver EITC was funded by setting aside $5 million in under-utilized Temporary Assistance for Needy Families (TANF) funds. In the first three months of the initiative, more than 4,600 families benefited from the credit, with an average check of $430. The campaign has increased the number of claimants for the federal EITC because the application process for both credits has been combined. This has decreased overhead costs, resulting in 99 cents of every dollar allocated to the Denver EITC program going directly to working poor people.

Boston

Spearheaded by the City of Boston, over 50 community and business leaders in the metropolitan area formed the Boston EITC Action Committee in October 2001. The coalition has recruited more than 200 volunteers who have been trained by the IRS, and many of them are fluent in languages other than English. Over 26 tax preparation sites have been set up in Boston neighborhoods. Before the coalition was established, more than $9 million in EITC refunds went unclaimed; the 2001 campaign increased claims by 18 percent. Other goals of the

coalition include helping families and communities use the EITC to promote asset-building and financial literacy.

Indianapolis

After estimating than 15,000-20,000 eligible families were not claiming the EITC (equaling $22 million in unclaimed benefits), a pilot EITC program was established by the City of Indianapolis last tax season. The program provided comprehensive training to 79 volunteers and targeted three low-income neighborhoods. There were three primary goals: educate taxpayers about the EITC, provide free tax preparation to working families who are eligible for the EITC, and provide families with information about financial literacy/education opportunities. Due to the program, over 3,000 additional families claimed $500,000 in EITC, and saved approximately $138,000 in tax preparation costs. In 2003, the City will invest in a publicity campaign and offer the program citywide. It is estimated this campaign will result in $6 to $8 million in EITC for 2003 that otherwise would go unclaimed.

Louisville

A program was established by the 2002 Louisville EITC Campaign to send representatives of local banks to the Volunteer Income Tax Assistance (VITA) sites to open checking and savings accounts for low-income filers, enabling them to direct deposit their tax refunds. Additionally, homeownership and financial literacy classes were offered at the VITA sites and instructors referred people to other asset-building opportunities such as Individual Development Accounts (IDAs). IDAs, which are typically financed by one or more third party funders such as foundations, employers, financial institutions, and/or state and local governments, provide matching dollars toward purchasing a home, starting a small business, or paying for post-secondary education. Sixty EITC-eligible tax filers took advantage of IDA programs, and $200,000 in matching funds were set aside.

Conclusions

The near-term economic benefits of broader utilization of the EITC by residents of San Antonio and the West Side consist largely of the impact of increased spending, both in terms of direct purchases by residents and the indirect ripple effects to other sectors of the economy and the local public sector jurisdictions. In the final analysis, the economic benefits of this spending materialize in the form of increased jobs and income, which is especially important at time when income disparity is widening and the economy is generally sluggish. In addition, there are significant tax benefits to the school districts, the City, and Bexar County. It is highly likely that the tax benefits to the City of San Antonio ultimately would exceed the costs of a campaign comparable to those outlined in the case studies, making an effort of that type both appropriate and cost-effective.

There are also intangible benefits associated with increasing the resources of families at the lower end of the economic spectrum. Many of these families struggle to make ends meet on a daily basis, which leaves little time or resources to devote to planning for the future. To the

extent that an EITC payment can provide "breathing space" from ongoing financial pressure, it can help create the possibility of saving and investment – perhaps in the form of starting a new business or helping to pay for higher education. The economic impact of these investments in the future could, in many cases, swamp the benefits that come from increased spending. Seen in this light, increasing participation in the EITC program is good public policy – it leverages local resources to the net benefit of both a targeted population and the community at large.

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Legislative Study Commission on Poverty Reduction and Economic Recovery

AGENDA

11 am
January 5, 2010
Room 643
Legislative Office Building

Call to Order
Sen. Edward Jones, presiding.

Remarks by Co-Chairs
Sen. Jones and Rep. Garland Pierce.

Approval of Minutes

Any Reports by Subcommittee Chairs

Discussion by Commission Members

Adjournment

MINUTES

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY

Tuesday, January 5, 2010
11:00 a.m.

The Legislative Study Commission on Poverty Reduction and Economic Recovery met in Room 643 of the Legislative Office Building on Tuesday, January 5, 2010. Chairman Edward Jones presided and called the meeting to order at 11:07 a.m. Chairman Jones welcomed the members, staff, sergeant-at-arms, and visitors.

Chairs present: Representative Garland E. Pierce. Members: Senator Doug Berger, Senator Don W. East, Senator Steve Goss, Senator Floyd McKissick, Jr., Representative Angela R. Bryant, Representative William A. Current, Sr., Representative Bryan R. Holloway, Representative Earl Jones, Representative James H. Langdon, Jr., and Representative Nick Mackey. Public members: Reverend Mac Legerton, Mr. Norman Mebane, Ms. Patricia S. Peterson, Ms. Jean Reaves, and Dr. Al Wentzy. Ex Officio members or designees: Chairman Moses Carey, Jr. (and designee Mr. Manfred Emmrich), Mr. Joe Crocker, Secretary Linda Hayes, Department of Juvenile Justice, Mrs. Tina Morris-Anderson, Ms. Johanna Reese, Ms. Maria Spaulding, and Ms. Phyllis West. A Visitor's Registration list and presentations are attached and filed as a record to the minutes.

Chairman Jones called on Co-Chair Pierce to give remarks. Co-Chair Pierce thanked the Commission and Subcommittees for their work and hoped they could come up with solutions to the problems they face. He said Robeson and Scotland Counties, House District 48 are still number one in poverty and his county (Scotland) is number one in unemployment and number two in poverty. His area is still going through some difficult times. He hopes the Commission will come up with solutions that will make a difference for the State of North Carolina.

Chairman Jones welcomed the newest member, Mr. Norman Mebane to the Commission. Mr. Mebane is from Bertie County, which is one of Chairman Jones' counties.

The next item on the agenda was the minutes from January 16, 2009, September 29, 2009, October 27, 2009, and December 1, 2009. Chairman Jones asked for a motion to accept the minutes as presented. Representative Jones made a motion, Ms. Reaves second, and the minutes were approved.

Chairman Jones asked for reports from the Subcommittees. He suggested that the subcommittees elect a co-chair at their next meeting so the meetings could continue during the absence of the chair. Four Subcommittees were established on December 7, 2009 on Tax Issues, Jobs, State Programs, and Persistent Poverty.

Chairman Jones called on Representative Holloway to share the discussion by the Subcommittee on Tax Issues. Representative Holloway said he was not an expert on the EITC and invited others on the committee to add their comments. There presentation was a program subscribed by staff. The members discussed consideration of taxes on services, which Representative Holloway opposed to

this idea. He said statements were placed on the subject because it is an aggressive tax. Again, he opposed since he does not support these types of taxes. Since this subcommittee had a short meeting Representative Holloway and Chairman Jones asked other members to share their comments too.

Chairman Jones called on Senator McKissick and apologized for overlooking him. Senator McKissick is the chair of the Subcommittee on Tax Credit. He was unable to attend the meeting. He shared views in reference to staff dealing with issues of restructuring the tax code and the Joint Finance Committee in the Senate and House deliberating on the potential implications of a reduced sales tax rate. He also stated there could be a presentation of the EITC to the full Commission. Chairman Jones asked that the subcommittees address most issues before coming to the full Commission, unless an issue needed consideration by the full Commission.

Chairman Jones called on Representative Jones. Representative Jones is the chair of the Subcommittee on Jobs. He praised Chairman Jones and Co-Chair Pierce for working together to establish the subcommittees. He felt it was a very effective and an innovative way of proceeding with their direct concentration in various areas. Representative Jones said the presentation for this subcommittee was given by Mr. Roger Shackleford, Executive Director of Workforce Development from the Department of Commerce. The members wanted to get an idea from Mr. Shackleford as to where North Carolina stands on jobs. The Department conducted a study projecting job loss and gain from 2007 through 2017. The study predicts continuing job losses through manufacturing in textiles and tobacco. The Department felt jobs would be gained over the next 10 years in the areas of professional, wholesale/retail, education and health care. Mr. Shackleford said due to the upper baby boom population, North Carolina will need to replace 60,795 jobs in the next 10 years. He also projected 69,825 jobs will come available. The challenge is that there is a 30% dropout rate which will have an impact on the economy and the ability to fill the jobs. Representative Jones said there are some innovative programs in place and the subcommittee plans to explore technical colleges, and local school systems that have shown results in reducing dropout rates. Chairman Jones invited other members to give their comments.

Chairman Jones welcomed Ex Officio Commission member Mr. Moses Carey to the meeting. Mr. Carey is Chairman of the Department of Employment Security.

Chairman Jones recognized Senator East for a comment. Senator East is a member of the Subcommittee on Jobs. Senator East was interested in the Commission considering a more uniformed incentive system that would include tax breaks, small businesses across the state, county property tax, and sales tax that would create jobs. He suggested the incentives would be in effect until the area poverty rate declined. Representative Jones said the committee discussed incentives and more concentration on poor counties and small businesses. He suggested doing an analysis to see what worked and bringing in major corporations verses tax credit for small businesses. Mr. Shackleford said he would consider the suggestion.

Chairman Jones said there was a wealth of knowledge among the Commission members with great ideas. The incentives can create jobs which meant one or two less people on the poverty line looking for a job.

Chairman Jones called on Representative Bryant. Representative Bryant is the chair of the Subcommittee on State Programs. Representative Bryant said her committee reviewed methods of research that was available in other states to fight poverty. Twelve states had created permanent

panels to address the issue. There were eight or nine states that set goals to eliminate poverty at a specific timeframe. There were various focuses on EITC, child poverty, and often housing and health. Representative Bryant referred to a report on the Minnesota experience which is available for the members. The subcommittee will send a survey to all North Carolina agencies to learn of programs and focus on poverty work that might relate to the scope of the Commission. The survey will also seek recommendations to the Commission from those agencies. They had a brief review of public health care issues, Medicaid, Health Choice, and where North Carolina is as a state. In future meetings, this subcommittee will examine the history of poverty efforts in the state.

Chairman Jones challenged each subcommittee to meet with people who are poor to obtain first hand knowledge of the effect of poverty on their lives and any ideas these people would have for the Commission.

Chairman Jones called on Representative Current. Representative Current is the chair of the Subcommittee on Persistent Poverty. Representative Current said the members wanted to hear from Mr. John Saxon of the School of Government with a historical overview since the early 1960s to present. They wanted to hear how it has been measured as an economic factor. In the early 60s, the poverty rate was 19%, it decreased to 11%, and from 1973 to present it was between 11% and 15%. The battle has not been won as to why poverty persists, but it was interesting to know that the income measurement is number one. The subcommittee will examine the impact of dropout rates, delinquency, homelessness, and fatherhood issues that can play a great part in the persistence of poverty.

Chairman Jones asked other subcommittee chairs to contact each other and make them aware of the issues their group was considering to reduce the possibility of overlapping efforts.

Chairman Jones recognized Representative Bryant. Representative Bryant supported the notion of going directly to people who live in poverty to obtain information. She said perhaps some people could share their feelings with the entire Commission.

Committee Discussion

Chairman Jones said the subcommittee meetings will be on February 9, from 9 a.m. until 10:30 a.m. and the full Commission will meet at 11 a.m. If this was a problem for any of the members, they should have their co-chair conduct the meeting until they arrive.

Chairman Jones called on Co-Chair Pierce for comments. Co-Chair Pierce said the Commission still plans to hold at least two meetings in areas with a high impact of poverty which is covered in the Commission's charge. He suggested looking at having people come here and travel in the spring to meet with local citizens and people feeling poverty. Co-Chair Pierce wanted additional information about the Minnesota report mentioned by Representative Bryant. Representative Bryant suggested contacting Ms. Melanie Bush. Ms. Bush said she will share a copy of the report with Co-Chair Pierce.

Representative Bryant was recognized for a comment by Co-Chair Pierce. Representative Bryant suggested providing additional dates for the Commission meetings through April since February 9th was not a good date for her and maybe some of the other members. Co-Chair Pierce suggested moving the date back to February 2 for the next meeting.

Co-Chair Pierce recognized Senator McKissick. Senator McKissick asked about the possibility of telephone conference meetings as a substitute to formal meetings. Co-Chair Pierce said since Session will convene in May, and plans to hold two of the meetings out of town, the telephone conference idea might not be feasible. Representative Bryant asked if the March and April dates for the Commission could be circulated to members. Co-Chair Pierce said the dates would be considered at the next meeting. Chairman Jones said the dates would be provided by the committee assistance for planning purposes.

Chairman Jones recognized Ms. Reaves. Ms. Reaves recalled an earlier discussion that a permanent committee would be established in the House. She wanted to know the status of that discussion. Chairman Jones said we should have a Standing Committee because poverty will be here forever. He also said this has been discussed and would follow-up on the matter again.

Chairman Jones recognized Representative Jones. Representative Jones agreed that the issue of poverty warranted a permanent group. He noted that some previous efforts had been started, but not continued. He also said he would work to see if a permanent group would be feasible. Representative Pierce said a previous study group made a recommendation for a permanent body and he would like for the Commission to address that point. Chairman Jones asked for additional comments.

To be sure the money is in the budget; Chairman Jones asked the subcommittees to check with the chairs before getting a "high dollar speaker." He suggested sharing the speaker's information with the chairs if there was a cost. If there is no cost, the subcommittee can move forward and ask the person of their choice.

Chairman Jones asked the audience for comments. Representative Pierce invited Ms. Annette Newkirk from the Governor's office for remarks. Representative Pierce noted that Ms. Newkirk was in the audience and wanted to know if the Governor had any special interest in what the Commission was doing. Ms. Newkirk said that various members of the Governor's staff were attending different study groups to monitor and collect data for research and discussion at the Executive level.

The next meeting will be on February 2nd, at 9 a.m.

There being no further business, Chairman Jones adjourned the meeting at 11:45 a.m.

Respectfully submitted,

Senator Edward Jones
Presiding Chairman

Mildred Alston
Committee Assistant

ATTENDANCE

POVERTY REDUCTION AND ECONOMIC RECOVERY LEGISLATIVE STUDY COMMISSION

(Name of Committee)

DATES MEMBERS	1/5/2010														
Senator Edward Jones, Co-Chair	√														
Representative Garland E. Pierce Co-Chair	√														
Senator Doug Berger	√														
Senator Don W. East	√														
Senator Steve Goss	√														
Senator Floyd McKissick, Jr.	√														
Senator Joe Sam Queen	X														
Representative Angela R. Bryant	√														
Representative William A. Current, Sr.	√														
Representative Bryan R. Holloway	√														
Representative Earl Jones	√														
Representative James H. Langdon, Jr.	√														
Representative Nick Mackey	√														
Representative Randy Stewart	X														
Mr. Joe Dickens, Edgecombe Co.	X														
Dr. Zeno L. Edwards, Jr. Beaufort Co.	X														
Reverend Mac Legerton, Robeson Co.	√														
Mr. Norman Mebane, Bertie Co.	√														
Ms. Patricia S. Peterson, Duplin Co.	√														
Ms. Jean Reaves, Halifax Co.	√														
Dr. Al Wentzy, Northampton Co.	√														
Ex Officio Members															
Superintendent June Atkinson Department of Public Instruction Designee: Phyllis West	√														

Ex Officio Members (Cont'd)

Secretary Lanier Cansler Dept. of Health and Human Services Designee: Ms. Maria Spaulding	√														
Commissioner Cherie Killian Berry Department of Labor Designee: Mrs. Tina Morris-Anderson	√														
Secretary Keith Crisco Department of Commerce Designee: Joe Crocker	√														
Chairman Moses Carey, Jr. Department of Employment Security Designee: Mr. Manfree Emmrich	√														
Secretary Linda Hayes Department of Juvenile Justice Designee: Ed Pope	√														
Secretary Eugene Conti Department of Transportation Designee: Ms. Johanna Reese	√														
Staff Members															
Bill Gilkeson, Research Division	√														
Melanie Bush, Fiscal Research	√														
Kristine Leggett, Fiscal Research	√														
Dan Ettefagh, Bill Drafting	√														
Irma Avent-Hurst Committee Assistant	√														
Mildred Alston Committee Assistant	√														

E = Excused Absence

NORTH CAROLINA GENERAL ASSEMBLY

STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

December 3, 2009

MEMORANDUM

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

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

SUBJECT: Meeting Notice

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

DAY:	Tuesday
DATE:	January 5, 2010
TIME:	11:00 a.m.
LOCATION:	Legislative Office Building, Room 643

If you have any questions concerning this meeting or cannot attend, please contact Irma Avent-Hurst by phone (919-715-3032) or e-mail (Edward.Jones@ncleg.net) or Mildred Alston by phone (919-733-5803) or e-mail (Piercela@ncleg.net).

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — January 5, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John Goodman	NC Chamber
Ken McHon	K.M.A.
Dean Plunkett	NCBWWA.
Tom Nowing	N.C. ABC Boards
Yolanda Burwell	NC Rural Center
Gloria Nance-Sims	NC Dept. of Commerce
Lee D. Henry	NCACDL
	NC Chamber
Rita Harris	NC Commerce
Tracy Kimbrell	Parker Poe
T.P. Walmsley	FIBROWATT

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — January 5, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jackie Savage	Connections
Brian Balfour	CWIT's
Elaine Myers	NC Justice Center
Julia Leggett	The Arc of NC
Jennifer Willis	NCCCS
AL Ripley	NC Justice Ctr
MARGARET MATRONE	NCHFA
JAMES KIRBY	OFFICE OF SEN. QUEEN
Annette Newkirk	Gov's Office
Mitch Kokai	John Locke Foundation
Sara Burrows	Carolina Journal

VISITOR REGISTRATION SHEET

SLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND
JOMIC RECOVERY — January 5, 2010

me of Committee — **Date**

'ORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

ME	**FIRM OR AGENCY AND ADDRESS**
✓ Goodman	NC Chamber
McHan	R. M A
Plunkett	NCBWWA.
Nowing	N.C. ABC Boards
Burwell	NC Rural Center
Nancy Lewis	NC Dept. of Commerce
D. Henry	NCACDL
	NC DHHS
Harris	NC Commerce
Kimbrell	Parker Poe
Jamsley	FIBROWATT

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — January 5, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Josh Ellis	SGR
Patricia Johnson	WPTF

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — January 5, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Keith Crisco	DOC

Sgt at Arms

SENATE	HOUSE
Ron Spain	Dusty Rhodes
Richard Telfair	Reggie Sills
Charles Marcellus	Bob Rossi
Ernie Sherrell	John Brandon
Charles Harper	

MINUTES

Joint Legislative Study Commission on Poverty Reduction and Economic Recovery
Sub-Committee on Tax

Tuesday, January 5, 2010
9:30am
Room 423, Legislative Office Building

The Legislative Study Commission on Poverty Reduction and Economic Recovery Tax Subcommittee met on Tuesday, January 5, 2010 in room 423. The following members were in attendance, Senator Floyd B. McKissick Jr., Representatives Bryan Holloway, Nick Mackey, and Garland Pierce. The Sergeant- at- Arms which were in attendance were Dusty Rhodes for the House and Ron Spain for the Senate. The meeting was called to order.

Dan Ettefaugh with staff discussed the three issued statements related to tax issues and poverty reduction economic recovery which were earned income tax credit, tax incident reporting and expanding the sales tax base. Dan reported on the Earned Income Tax Credit. A copy of the document is attached as Attachment 1. Dan gave a brief overview of incident tax incident reporting. There were no questions asked to the committee in regards to the incident tax incident reporting.

Dan also gave a brief overview of broadening sales tax base. There were some discussion with Committee members and visitors regarding the broadening of sales tax base.

Meeting adjourned.

Committee Assistant

Senator

The Earned Income Tax Credit

At the federal level:

Overview: The IRS provides an EITC for individuals who work and whose adjusted gross income[1] does not exceed a specified amount. The credit is intended to offset some of the increases in living expenses and payroll taxes (such as social security tax) and provide an incentive for low-income families to work instead of collect welfare. The amount of the credit may exceed the amount of tax owed by the taxpayer. If it does, the excess is refundable to the taxpayer.

Requirements: To be eligible for the credit, an individual must meet the following requirements:

- Have a valid social security number.
- Have earned income from employment or self-employment.
- Be a U.S. citizen, a resident alien all year, or a nonresident alien (i) married to either a U.S. citizen or resident alien and (ii) filing a joint return.
- Is not a qualifying child of another person.
- Have a qualifying child OR meet the following requirements:
  - Age 25 but under age 65 at the end of the year.
  - Live in the U.S. for more than half the year.

Amount: The amount of the federal credit varies depending upon whether the taxpayer has children and the amount of earned income the taxpayer has. The credit is phased out as the taxpayer's earned income rises. For tax year 2009, a claimant with one qualifying child[2] can receive a maximum credit of $3,043. A claimant with two qualifying children can receive a maximum credit of $5,028. The credit is expanded for tax year 2009 and 2010 so that claimants with three or more qualifying children can receive a maximum credit of $5,657. A claimant or couple claiming the credit with no qualifying children can receive a maximum credit of $457. The earned income amounts and the credit amounts are indexed annually to inflation.

Limitations: The following chart provides the methodology for determining income eligibility for the EITC:

---

[1] Adjusted gross income is an individual's income (wages, interest, dividends, capital gains/losses, etc.) less various adjustments (IRA contributions, alimony paid, etc.), calculated before the itemized or standard deductions, exemptions, and credits are taken into account. AGI is used to calculate a person's income tax liability, is used on many non-IRS forms as a true measure of a individual's income, and is used to determine an individual's eligibility for various tax benefits and exemptions.

[2] A qualifying child can be up to and including age 18 at the end of the tax year, up to and including age 23 if classified as a full-time student for one long semester or equivalent, or any age if classified as "permanently and totally disabled" (one year or more). Grandparents, aunts, uncles, and siblings can also claim a child as their qualifying child provided they shared residence with the child for more than six months of the tax year (in tie-breaker situations in which more than one filer claims the same child, priority is given to the parent). A foster child qualifies if the child has been officially placed by an agency or court.

Size of credit (tax year 2009)

Earned income	Stage Credit (3+ children)
$0–$12,570	Phase in: (45%) x (earned income)
$12,570–$16,420	Plateau: $5,657
$16,420–$43,279	Phase out: $5,657 - (21.06%) x (EI - $16,420)
>= $43,279	No credit
Earned income	**Stage Credit (2 children)**
$0–$12,570	Phase in: (40%) x (earned income)x
$12,570–$16,420	Plateau: $5,028
$16,420–$40,295	Phase out: $5,028 – (21.06%) x (EI - $16,420)
>= $40,295	No credit
Earned income	**Stage Credit (1 child)**
$0–$8,950	Phase in: (34%) x (earned income)
$8,950–$16,420	Plateau: $3,043
$16,420–$35,463	Phase out: $3,043 – (15.98%) x (EI - $16,420)
>= $35,463	No credit
Earned income	**Stage Credit (no children)**
$0–$5,970	Phase in: (7.65%) x (earned income)
$5,970–$7,470	Plateau: $457
$7,470–$13,440	Phase out: ($457) – (7.65% x (EI - $7,470)
>= $13,440	No credit

North Carolina:

In 2007, North Carolina established a refundable State EITC[3] in the amount of 3.5% of an individual's federal EITC, effective for taxable years beginning on or after January 1, 2008, and expiring for taxable years beginning on or after January 1, 2013. For taxable years beginning on or after January 1, 2009, the EITC was expanded to 5% of an individual's federal EITC.[4] While more than 22 million individuals received $41.4 billion in the federal EITC in 2005, the IRS estimates that 20 to 25% of people who qualify for the credit do not claim it. Accordingly, and to better ensure taxpayers in North Carolina receive the benefits of the EITC, the following provisions were enacted: (a) the Department of Revenue must include information on the EITC in its printed booklets for the individual income tax return and (b) software companies producing computer programs for tax calculation in North Carolina were asked to design the programs to automatically compute an individual's eligibility for the State and federal credit.

[3] Section 31.4 of S.L. 2007-323.
[4] Section 28.9 of S.L. 2008-107.

Other States:

As of April 23, 2009, 22 other States and Washington, D.C. have a State EITC.[5] With the exception of Delaware, Maine, and Virginia, the states have overwhelmingly adopted a refundable EITC (Rhode Island's is partially refundable). The credit amount varies from 3.5% of the federal EITC (in Louisiana) to up to 40% of the federal EITC (in Washington, D.C.).

[5] Those states are Delaware, Indiana, Illinois, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, New Jersey, New Mexico, New York, Oklahoma, Oregon, Rhode Island, Vermont Virginia, Washington, and Wisconsin.

VISITOR REGISTRATION SHEET

Liability Reduction / Sub: Tax Issues — 1-5-10

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John Goodman	NC Chamber
Karl Knapp	NCLM
Michael Haley	Commerce
Elaine Mejia	NC Justice Center
Ken Melton	K.M.A.
Lennie Collins	NCDOR
Fred Born	Bone Assoc.
Dale Carroll	NC DO Commerce

ATTENDANCE

Committee: Legislative Study Commission on Poverty Reduction & Economic Recovery

Subcommittee on Tax Issues

DATES / NAMES	7/10
Sen. Floyd B. McKissick, Jr.	✓
Rep. Bryan Holloway	✓
Rep. James Langdon	
Rep. Nick Mackey	✓
Rep. Garland E. Pierce	✓
Rep. Randy Stewart	

Joint Legislative Study Commission on Poverty Reduction and Economic Recovery

Subcommittee on Jobs

Tuesday, January 5, 2010, 10:00 A.M.
Room 424, Legislative Office Building

Rep. Earl Jones, Presiding

I. Welcome

Rep. Jones

II. State of the Workforce

Roger Shackleford, Executive Director of Workforce Development, Dept. of Commerce

III. Committee Discussion

IV. Adjourn

Senate Members
Sen. Don East,
Sen. Steve Goss,
Sen. Joe Sam Queen

House Members
Rep. Earl Jones (Chair)
Rep. Randy Stewart

Public Members
Rev. Mac Legerton,
Ms. Patricia Peterson

Minutes

Joint Legislative Study Commission on
Poverty Reduction and Economic Recovery
Subcommittee on Jobs

Tuesday, January 5, 2010
10:00 A.M.
Room 424, Legislative Office Building

Rep. Earl Jones, Presiding Chair

The Joint Legislative Study Commission on Poverty Reduction and Economic Recovery Subcommittee on Jobs met on Tuesday, January 5, 2010, at 10:00 a.m. in Room 414 of the Legislative Office Building. Present were: Representative Earl Jones, Chair; Senator Don W. East, Reverend Mac Legerton, Ms. Patricia Peterson. Staff included Sherrie Burnette, Committee Assistant, Kristine Leggett, and Research Staff. Sergeant-at-Arms present: Bob Rossi and Charles Marsalis. The visitor roster is attached as Attachment # 1.

Representative Earl Jones, Chair, presided over the meeting. He welcomed the committee members and visitors and allowed each committee member to introduce themselves.

PRESENTATION

Representative Jones then welcomed guest speaker, Roger Shackleford, Executive Director of Workforce Development, Department of Commerce. Refer to Attachment 2 for his presentation, entitled "The State of North Carolina Workforce." Mr. Shackleford read his handout completely verbatim. The Chair opened the floor for question. Senator East asked how do you put together data for these projections. Mr. Shackleford answered by saying they contract with a couple of companies, use federal data. Senator East then asked do tax breaks work. Mr. Shackleford answered its worth trying in these times to get people back to work. Also, OJT (funded by WIA). Senator East wants to talk more about tax breaks (tied to employment rates) for hiring. Mr. Shackleford answered President Obama and his administion is working on jobs bill which should includes a similar component.

Representative Jones: Analysis of major companies been provided incentives to – economic impact, jobs, etc. It's better to focus on small businesses or major corporations.

Mr. Shackleford: I do know our major incentives are performance base. They must reach performance base goals in turns of hiring.

Reverend Legerton: Use Lee money in Tier 1 and 2 counties education piece is so important. What are needs in Rural Schools to help with drop –out rates. Recommendations related to alignment of community college programs, gap in healthcare and education in rural areas. No financial aid for certificate programs.

Kristine Leggett: I would like to clarify there is not a pot of money that can be used to write checks. The Lee act is tax credits it does not come out of the general fund. There are programs that write checks.

Ms. Peterson made a comment: Education key issue, specifically for single mothers. Child care, incentives, etc.

Rep. Jones: 30% drop-out rate seems to be a big problem.

There were no more questions. Representative Jones thanked Mr. Shackleford for his presentation, members and visitors for their participation.

The committee adjourned.

Earl Jones

Representative Earl Jones, Presiding Chairman

Sherrie Burnette

Sherrie Burnette, Committee Clerk

ATTENDANCE

Legislative Study Commission on Poverty Reduction and Economic Recovery Subcommittee on Jobs

(Name of Committee)

DATES	01-05-2010	02-02-2010													
Representative. Earl Jones – Chair	X	X													
Joe Dickens															
Senator Don W. East	X														
Senator Steve Goss															
Reverend Mac Legerton	X	X													
Norman Mebane															
Ms. Patricia Peterson	X														
Senator Joe Queen		X													
Representative Randy Stewart															
Legislative Staff:															
Sherrie Burnette – Committee Asst	X	X													
Kristine Leggett – Research Staff	X	X													

VISITOR REGISTRATION SHEET

Poverty Reduction / Economic Recovery — 1-05-10
Name of Committee: Sub Com. on Jobs — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Al Ripley	NC Justice Ctr
Julia Leggett	The Arc of NC
Loretta Bonilla	News 14
Lesley Cates	Office of Speaker
James Kemp	Office of Sen. Queen
Katherine Jones	North Carolina Housing Fin Agency
Jennifer Willis	NC Comm. College System Office
Rita Harris	NC Commerce

LT-03
RM 424

HOUSE PAGES

NAME OF COMMITTEE Poverty Reduction & Econ Recovery Sub-On Jobs DATE 1-5-10

1. Name: _____

   County: _____

   Sponsor: _____

2. Name: _____

   County: _____

   Sponsor: _____

3. Name: _____

   County: _____

   Sponsor: _____

4. Name: _____

   County: _____

   Sponsor: _____

5. Name: _____

   County: _____

   Sponsor: _____

SGT-AT-ARM

1. Name: Bob Rossi Charles Magalis
2. Name: _____
3. Name: _____
4. Name: _____

The State of the North Carolina Workforce

Legislative Study Commission on Poverty Reduction and Economic Recovery
Jobs Subcommittee

January 5, 2010

NORTH CAROLINA
the state of minds

The State of the North Carolina Workforce Report

- **Analyses labor market demand and supply trends and forecasts from 2007-2017**
- **Identifies several key issues that will likely arise *given current trends* and if there are *no major economic shifts***
- **Provides facts to help guide policy choices**

The North Carolina Commission on Workforce Development is in the process of updating the State of the NC Workforce Report

Key Trends/Policy Issues

1. **Traditional manufacturing industries continue to shed jobs—*disappearing middle jobs.***
2. **Some NC regions more successful than others.**
3. **New job creation is concentrating in certain fast-growing metropolitan areas.**
4. **North Carolina produces too many high school dropout and too few post-secondary grads.**
5. **Low-skill in-migrants create special challenges for NC's education, training, and social network systems.**
6. **Impending baby-boom retirements will exacerbate an emerging skills gap among experienced, skilled workers creating key talent shortages.**

The state's traditional manufacturing industries will likely shed more workers

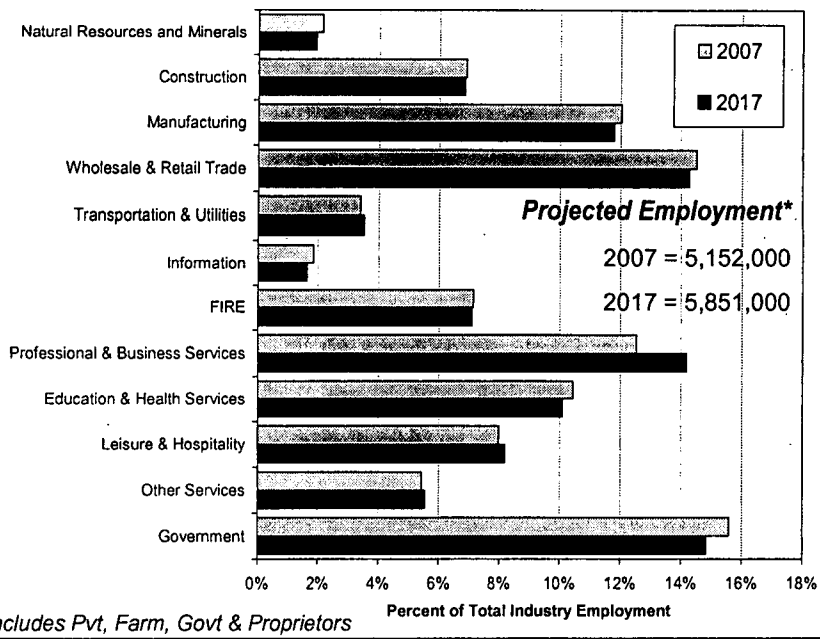
NC Industry	2007	2017	Emp. Change 2007-17	% Change
Tobacco Processing	8,189	5,218	-2,970	-36%
Textiles	74,617	47,670	-26,947	-36%
Apparel	26,152	10,661	-15,491	-59%
Furniture and Wood Products	99,121	107,520	8,399	8%
Select Traditional Industries	208,079	171,070	-37,010	-18%

Source: Regional Dynamics

These 4 industries currently account for one in three NC manufacturing jobs

4

NC's Industry Employment Trends



5

*Includes Pvt, Farm, Govt & Proprietors

Higher educational attainment typically leads to greater economic prospects

NC Net New Jobs and Earnings by Required Education (Est. 2007 and 2017)

North Carolina

Educational Band	Emp 2007	Net New Jobs (07-17)	Average Earnings 2007	% Total Emp (2007)	% New Jobs (07-17)
Advanced Degree	160,572	36,560	$83,785	3.2%	5.3%
4-year College Degree	687,536	134,808	$77,005	13.7%	19.7%
Tech-Some Post	386,614	89,452	$46,774	7.7%	13.1%
GED Some Experience	801,703	58,980	$42,952	15.9%	8.6%
GED/Entry	1,263,563	88,085	$34,123	25.1%	12.9%
Below GED	1,732,747	276,598	$24,405	34.4%	40.4%
Total	*5,032,734*	*684,484*	*$40,598*	*100.0%*	*100.0%*

Source: Regional Dynamics

6

Shortage of "Middle Job" Trainees

Estimated Annual 2-year, Some College & Long-Term Training Workforce Demand & Supply, New Middle Job Needs for North Carolina, 2007-2027	
North Carolina Employment (est. 2007)	5,150,000
Current Jobs Requiring an AA, Some College, or 1 year or More Training	1,188,300
I. Annual Demand for Workers with an AA, Some College, or One Year or More Training	
Total replacement ("New Middle Jobs") required due to retirements during next 10 years	286,386
Total net new jobs to be created in the next 10 years (New Middle Jobs)	148,433
Total Replacement & New Jobs (Next 10 years)	434,819
Average Annual Need – Net New Middle Jobs for next 10 years	**43,482**
II. Annual Supply of New Workers with an Associate, Vocational Award or Long-term Training**	
Current annual AA, certificate, and diploma graduates all NCCCS programs (Related to "New Middle" Jobs)***	24,801
Average New Available Workers (with "New Middle" Jobs Training)	**24,801**
Anticipated annual shortage of Community College & Career Technical Training	**(18,681)**

7

North Carolina has a talent shortage

Changes in Workforce Demands	Annual Number
To Replace Retiring Workers	*60,795*
To Fill Projected Net New Jobs	*69,825*
Total Change in Workforce Demand	***130,620***
Changes in Workforce Supply	
New Young NC Talent	*91,253*
In-Mgrants, aged 18-54 (assuming all join labor market)	*26,760*
Total Change in Workforce Supply	***118,013***
Annual Talent Shortage*	**-12,607**

**Annual estimate calculated from data provided by the US Census Bureau, UNC/NCCCS and Regional Dynamics annual employment projections 2007 to 2017 Regional Dynamics*

8

Barriers

- During the next 10 years, NC will lose about 61,000 workers annually to retirement.
- The "early boomers" (born 1946-1955) will begin reaching retirement age by 2011. Represent one quarter of our working age population.
- Many of our students are not prepared for work and 30% of them don't graduate from high school.
- More than 715,000 adults, ages 20-64, do not have a high school diploma
- The system can no longer absorb the unskilled worker as in the past.

9

Workforce Development Trends in New Economy

- Its all about education and skills! Change the culture of education.
- Targeting low wage workers and working poor families.
- Emphasis on workplace literacy, including soft skills.
- Sector approaches to training. Private sector led partnerships targeting key industry.
- Career pathways.
- Work-based Learning OJT, Apprenticeship, work experience, internships).
- Reduce fragmentation, and align strands of funding for education and training.

10

Key Public Sector Workforce Development Roles in the New Economy

- We must be responsive to labor market needs with flexible strategies.
- Our strategies must support lifelong learning.
- We must continue to build interagency alignment to support policies, resources, system performance, and decision making.
- We must develop funding strategies that redirect/reallocate resources. Take advantage of economies of scales.
- Recognize the critical role that the public sector plays to ensure that the labor markets function well---- LEADERSHIP!!!

11

Roger Shackleford, Executive Director
Division of Workforce Development
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The Earned Income Tax Credit

At the federal level:

Overview: The IRS provides an EITC for individuals who work and whose adjusted gross income[1] does not exceed a specified amount. The credit is intended to offset some of the increases in living expenses and payroll taxes (such as social security tax) and provide an incentive for low-income families to work instead of collect welfare. The amount of the credit may exceed the amount of tax owed by the taxpayer. If it does, the excess is refundable to the taxpayer.

Requirements: To be eligible for the credit, an individual must meet the following requirements:

- Have a valid social security number.
- Have earned income from employment or self-employment.
- Be a U.S. citizen, a resident alien all year, or a nonresident alien (i) married to either a U.S. citizen or resident alien and (ii) filing a joint return.
- Is not a qualifying child of another person.
- Have a qualifying child OR meet the following requirements:
  - Age 25 but under age 65 at the end of the year.
  - Live in the U.S. for more than half the year.

Amount: The amount of the federal credit varies depending upon whether the taxpayer has children and the amount of earned income the taxpayer has. The credit is phased out as the taxpayer's earned income rises. For tax year 2009, a claimant with one qualifying child[2] can receive a maximum credit of $3,043. A claimant with two qualifying children can receive a maximum credit of $5,028. The credit is expanded for tax year 2009 and 2010 so that claimants with three or more qualifying children can receive a maximum credit of $5,657. A claimant or couple claiming the credit with no qualifying children can receive a maximum credit of $457. The earned income amounts and the credit amounts are indexed annually to inflation.

Limitations: The following chart provides the methodology for determining income eligibility for the EITC:

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[1] Adjusted gross income is an individual's income (wages, interest, dividends, capital gains/losses, etc.) less various adjustments (IRA contributions, alimony paid, etc.), calculated before the itemized or standard deductions, exemptions, and credits are taken into account. AGI is used to calculate a person's income tax liability, is used on many non-IRS forms as a true measure of a individual's income, and is used to determine an individual's eligibility for various tax benefits and exemptions.

[2] A qualifying child can be up to and including age 18 at the end of the tax year, up to and including age 23 if classified as a full-time student for one long semester or equivalent, or any age if classified as "permanently and totally disabled" (one year or more). Grandparents, aunts, uncles, and siblings can also claim a child as their qualifying child provided they shared residence with the child for more than six months of the tax year (in tie-breaker situations in which more than one filer claims the same child, priority is given to the parent). A foster child qualifies if the child has been officially placed by an agency or court.

Size of credit (tax year 2009)

Earned income	Stage Credit (3+ children)
$0–$12,570	Phase in: (45%) x (earned income)
$12,570–$16,420	Plateau: $5,657
$16,420–$43,279	Phase out: $5,657 - (21.06%) x (EI - $16,420)
>= $43,279	No credit
Earned income	**Stage Credit (2 children)**
$0–$12,570	Phase in: (40%) x (earned income)x
$12,570–$16,420	Plateau: $5,028
$16,420–$40,295	Phase out: $5,028 – (21.06%) x (EI - $16,420)
>= $40,295	No credit
Earned income	**Stage Credit (1 child)**
$0–$8,950	Phase in: (34%) x (earned income)
$8,950–$16,420	Plateau: $3,043
$16,420–$35,463	Phase out: $3,043 – (15.98%) x (EI - $16,420)
>= $35,463	No credit
Earned income	**Stage Credit (no children)**
$0–$5,970	Phase in: (7.65%) x (earned income)
$5,970–$7,470	Plateau: $457
$7,470–$13,440	Phase out: ($457) – (7.65% x (EI - $7,470)
>= $13,440	No credit

North Carolina:

In 2007, North Carolina established a refundable State EITC[3] in the amount of 3.5% of an individual's federal EITC, effective for taxable years beginning on or after January 1, 2008, and expiring for taxable years beginning on or after January 1, 2013. For taxable years beginning on or after January 1, 2009, the EITC was expanded to 5% of an individual's federal EITC.[4] While more than 22 million individuals received $41.4 billion in the federal EITC in 2005, the IRS estimates that 20 to 25% of people who qualify for the credit do not claim it. Accordingly, and to better ensure taxpayers in North Carolina receive the benefits of the EITC, the following provisions were enacted: (a) the Department of Revenue must include information on the EITC in its printed booklets for the individual income tax return and (b) software companies producing computer programs for tax calculation in North Carolina were asked to design the programs to automatically compute an individual's eligibility for the State and federal credit.

[3] Section 31.4 of S.L. 2007-323.
[4] Section 28.9 of S.L. 2008-107.

Other States:

As of April 23, 2009, 22 other States and Washington, D.C. have a State EITC.[5] With the exception of Delaware, Maine, and Virginia, the states have overwhelmingly adopted a refundable EITC (Rhode Island's is partially refundable). The credit amount varies from 3.5% of the federal EITC (in Louisiana) to up to 40% of the federal EITC (in Washington, D.C.).

[5] Those states are Delaware, Indiana, Illinois, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, New Jersey, New Mexico, New York, Oklahoma, Oregon, Rhode Island, Vermont Virginia, Washington, and Wisconsin.

ATTENDANCE

SUBCOMMITTEE ON STATE PROGRAMS

(Name of Committee)

DATES MEMBERS	1/5/10	2/2/10	3/2/10	3/31/10											
Representative Angela R. Bryant -Chair	X	X	X	X											
Senator Edward Jones	X	X	X	X											
Mr. Joe Crocker	X	X	X	X											
Mr. Manfred Emmrich	X	X	X	X											
Mrs. Tina Morris-Anderson	X	X	X	X											
Ms. Johanna Reese	X	X	X	X											
FISCAL RESEARCH STAFF															
Melanie Bush	X	X	X	X											
COMMITTEE ASSISTANT															
Karon Hardy	X	X	X	X											

MINUTES

SUBCOMMITTEE ON POVERTY REDUCTION AND ECONOMIC RECOVERY ON STATE PROGRAMS

Tuesday, January 5, 2010
10:00 A. M.
Room 425, Legislative Office Building

The Legislative Subcommittee on State Programs met on Tuesday, January 5, 2010 at 10:00 A.M. in Room 425, at the Legislative Office Building. The following members were present: Chair, Representative Angela Bryant and Senator Ed Jones. The following public members were present: Joe Crocker, Manfred Emmrich, Tina Morris-Anderson and Johanna Reese. Committee staff Melanie Bush and Committee Assistant Karon Hardy were in attendance. The Agenda *(Attachment 1)* and the Visitor Registration *(Attachment 2)* are attached hereto and incorporated into the minutes.

Representative Angela Bryant, presiding Chair, opened the meeting with introductions of all members, staff and sergeant at arms. She informed the Committee that she and the Fiscal Staff, Melanie Bush, had met, with feed back from Senator Jones, and decided to cover four major areas: 1. Review existing information from other state anti-poverty programs, measures and commissions. 2. Discuss proposed survey questions to share with all the state agencies. 3. Discuss concerns, issues, suggestions and ideas about how to move forward. 4. Review information on Health Care programs.

The first agenda item taken up was a discussion of other state programs. Ms. Bush reviewed "**State Initiative Charts**". This was from a report produced from a joint effort between the Center for Law and Social Policy and *Spotlight on Poverty and Opportunity*, "Seizing the Moment: State Governments and the New Commitment to Reduce Poverty in America," (http://www.spotlightonpoverty.org/statewide.aspx) that details what other states have done across the country in their anti-poverty commissions and their reports, and it also lists their recommendations. She pointed out key things that would help the committee frame the issue *(Attachment 3)*.

Questions and comments followed Ms. Bush's presentation.

Ms. Morris-Anderson was recognized with a question relative to income and assets. "...are you also looking at the issues of income and assets as well?" she asked.
Ms. Bush responded, "Yes I am sorry that was just an oversight on my part", and said actually I had thought about income and assets certainly are state programs. It was one of those areas that overlap with the tax area. I would have to talk with the staff; this is our initial meeting so we don't really know what we're covering or if that is going to fall under their realm or not. Obviously, development accounts aren't necessarily tax

accounts. But you think of taxes and income in a group, which is why I skipped over that".

Ms. Morris-Anderson followed-up with a request; she would still like to see IDA (Individual Development Accounts) covered?

Representative Bryant added that we would need to look at under which area there would be state program issues that we would need to pull out?

"Is this the first poverty task force or commission that North Carolina is in? Have we looked at any of this before," said Joe Crocker.

Ms. Bush responded, "To my knowledge it is, I am not aware of others I believe so, yes" she said.

Representative Bryant concurred. She suggested that it would be good to have some of the community action agency people to come in and give some history as the committee moves forward.

Ms. Bush offered to research that.

Moses Cary, Jr. responded to Joe Crocker's question: "I believe there was at least one; it has to have been at least 20 years ago that I served on with President Friday, when he was president of the University system. I am not sure what the outcome was or what happened to the report but I know that there were the community action agencies and others in the state and the nonprofit sector who were involved, as well as some government agencies that had gotten involved. I was County Commissioner at the time."

Mr. Crocker said, "The reason I asked, is because the effort that took place with Terry Sanford, One North Carolina. I thought that dealt with poverty, but I can't put all the facts around that.

Representative Bryant reiterated that those reports need to be gathered for reference and to have as a recommendations as a reference point and a stepping off point.

The next item taken up by Ms. Bush was a presentation on **Summary Notes and Additional Research (in red)**. Ms. Bush explained that these are her summary notes of a longer report that goes through what each state has done. *(Attachment 4).*

Representative Bryant added that, "In each of these states there was some sort of permanent council/commission – some ongoing process that was setup and eight of them had a target for poverty reduction. It would be good to look at whether it would be appropriate to set a target for poverty reduction or not." She continued to say, "I think that should be an issue on the table. Melanie will circulate the Minnesota report because sometimes it is good to start with the end in mind to know where we want to end up to help us think about where we want to go.

Representative Bryant recognized the members and the audience for questions or comments based on the information presented.

Margaret Matrone, Director of Government Relations for the NC Housing Trust fund requested an opportunity to make a brief presentation on the Trust Fund as well as IDAs and the role of homeownership savings. "It is a state investment managed by us which has been effective in creating housing for extremely low-income households including in rural areas and economically distressed areas of the state, including improving the lives of children and elders and the disabled in supporting the housing from homelessness to ownership and at the same time creating."

Representative Bryant solicited other comments from the audience regarding good things that are happening in other states from their agency and professional connections.

Representative Bryant recognized Louisa Warren, NC Justice Center. They are a statewide nonprofit organization. Ms. Warren offered her agency as a resource and offered to get information about possible next steps that do not require a lot of money but can make a difference. She also suggested that the Minnesota report be used as a model.

Mr. Crocker posed a question to the Staff. "I noticed a number of the states have child poverty separated from the general poverty discussion, so is that at the expense of not looking at the adult side of poverty at all. I guess there were some efforts to target resources directly to early life instances as opposed to working on current adult programs."

Ms. Bush replied, "Yes, there seems to be a moral obligation to alleviate child poverty. That no child is responsible for being in that circumstance whereas with adults it is sometimes felt they are responsible".

Representative Bryant expounded on Ms. Bush's comments, "If you focus on child poverty you can be more successful politically because you don't bring in those complications of the debate about why this adult is in their situation. Basically it is the issue of classism and the fact that it is unresolved."

Representative Bryant asked Senator Jones if he wanted to share his information about South Carolina at this time.

Senator Jones said that, "When I visited Charleston, South Carolina, the housing area there where people reside. When you start off in a housing area you start off at the oldest structure and you're graded by how well you keep your poverty and the number of calls that are placed to the police and police visits to your residence. When something comes available in a newer development you have the choice to go there. You continue to progress through that system. I believe in my heart that if we don't do something with the family that it starts there. No one wants to live in an old structure, everyone wants

something new. All you have to do is maintain your property, keep order and discipline in your home. If we could get something on that status in our cities where we would reward people for doing great in our neighborhood that would be great.

Representative Bryant asked are there some programs where incentives are used that will help people in poverty engage in the behaviors that would help eliminate poverty?"

Senator Jones further stated, "Because in doing that at least the police are not coming to your house everyday. I am quite sure that the child would be looking at behavior where the child would want to go to school and maybe some of these areas are better for your child to attend a better school system than what they are in right then. I am looking at this as something that would not cost the state a great deal of money."

Representative Bryant asked the audience, "In North Carolina, are there ways we are currently using incentives in any of our programs – that incentive idea to help improve the empowerment behavior of the actual persons in poverty"?

Senator Jones said, "I think if we can change behavior -- this is something that we have control over because it is something that is funded. That way we change those areas of our cities where crime is high."

Representative Bryant, interjected, "I could even see if we there is a way that if people reduce their crime rate could they get a first chance at a CDBG. Could it increase their points? If The community worked together to reduce some findings, eg. crime calls, etc., could they be rewarded for that – individually or as a community".

Representative Bryant recognized Sharnese Ransome, NC Department of Health and Human Services, for a comment.

Ms. Ransome suggested that the committee may want to double check in terms of the authority. She stated that, "Traditionally, public housing authority does not lie under the jurisdiction of the General Assembly. There are public housing authorities and then there is public housing authority under the local government. The legislative body may not have that kind of authority to legislate that kind of a right, it might be one of the local partners or federal partners".

Senator Jones responded to Ms. Ransome that he was looking at the General Assembly went to our federal cohorts and ask that North Carolina be a site for these incentive programs."

Representative Bryant added, "My idea was to look at the whole idea of incentives, what are the pros and cons; are they considered a best practice; have they been found to work; and is there a way to appropriately take that idea and weave it in somewhere and to get results. I do think it is important to look at two sides. One is the systemic side that sets up and perpetuates poverty and then on the other side we have people who have been the targets of that for generations and what will help the people who are the targets of

poverty to do as much as they can to alleviate it. It can't all be done from one side without at some point becoming oppressive and ineffective, so we have to have a two-handed approach. I like Senator Jones' wisdom in that, that he often thinks from this side of what can we do in our communities to get what we need happening.'

Senator Jones' asked, "Have we asked anybody who sleeps in a box to come by and ask why do they do what they do or do we just take for granted? I always like to ask a person, why you do what you do."

Mr. Crocker added, "That is a good question, I can tell you, that I don't know if this is happened on the state level, but I can tell you locally Winston Salem, on their effort to prevent homelessness, if you will, there are direct interactions with those that are sleeping under bridges sleeping in boxes that talk about why they are on the bridges. So that work has been done but on a local basis, whether that has been elevated to inform anybody on the state level, I don't know."

Representative Bryant said, "I think that is a good point, we can make that recommendation when we go back at 11:00 am that the Commission look at hearing from people who are poor instead of us sitting around talking about people who are poor."

Representative Bryant says, "I know Co-Chairperson Pierce would like to do some regional public hearings and that would also be a time to hear from people regionally but it doesn't mean at our state-wide meeting we could not bring people we know from our own communities in to do that."

Mr. Morris shared, "There are across the state and there are many communities that have formed committees to eliminate homelessness in "x" number of years. In the Orange county area it was in 10 years and they have done a lot of work. They got input and they have plenty of people who are homeless who are serving on those committees. There are men, women and children in that group."

Ms. Ransome said, "We have an office within our department that coordinates housing and homelessness that work with partners in an effort to bring in the federal dollars."

Rep. Bryant said that, "More importantly if those programs could get us the actual recipients and have them come in and talk with us that is where Senator Jones is going. Eventhough, we surely want the program information too."

The next item on the agenda was presented by Representative Bryant, **Survey Questions For State Agencies**. *(Attachment 5).* "These are questions that we would like to send out to each of our state agencies. We have five questions we wanted to ask," she said.

1. Please provide a program inventory for each program within your department designed to reduce or alleviate poverty' She added the following statements "Or that has a signficant impact of reducing or alleviating poverty."

2. Program List: under "income level" she wanted to add "income level requirements", "other eligibility requirements" and "poverty reduction and alleviation strategy employed:" and maybe list some categories.
3. Please list any specific programs within your department that would be priority programs for reducing or alleviating poverty?
4. This one was picked up from a question that Rep. Pierce usually asks, "Do you have programs focused in the high poverty counties covered by the poverty reduction committee?" even if they aren't thinking of them as designed to "alleviate poverty."
5. What would you recommend to the Study Committee short-term? Long-term?

This is what we were thinking about sending out to some appropriate list, using our Liaisons as a way to get these questions out and get a response.

Ms. Ransome shared the DHHS process from the point that when a client comes in, they are already in poverty status. DHHS is not reducing poverty but addressing poverty that exists. We won't be able to give you a lot when you talk about reducing or eliminating poverty."

Representative Bryant suggested another verb is needed, such as "addressing the need."

Ms. Ransome suggested it should state "alleviating that condition" because they are already in poverty.

Representative Bryant agreed and suggested that "reduce, alleviate or address the needs of poverty be added."

Representative Bryant stated, "...basically right now you are maintaining people in poverty ...and our goal would be to get to the day when we raise this question your answers are 'alleviate' and 'eliminate' and not 'maintain'. But right now we have all of the above, but I think you make a very good point."

Mr. Thomas Caves, Crime Control and Public Safety, asked Representative Bryant, "Of these counties that have been identified here are these targeted counties that this work is designed for."

Representative Bryant replied, "Yes, the work is for the whole state but under the commission for the Poverty Reduction Economic Recovery committee it targets these identified counties of persistent poverty."

Representative Bryant solicited the Committee for their thoughts about these questions, support, and feedback about this strategy.

Ms. Morris-Anderson said, "It is intended that all state partners would receive this survey, so there would not be an issue unmet?"

Representative Bryant responded, "Correct, we will send it to all state departments. They may send it back saying that is not what we do. Because one of the commissions in Melanie's summary looked at the various outcomes of these various plans and made periodic reports on what's working and what's not working on the programs that reduce and eliminate poverty."

Mr. Caves supports the suggestion to send the survey to all support agencies. He said, "I think every state agency has programs that maybe don't deal directly with preventing poverty but deal with the by-products of poverty – low performance in school that may be affected. He said his agency is concerned with fighting crime in the economy."

Senator Jones asked Mr. Caves, "With the weather we're having right now is the state doing anything to help people in the cities and counties." He said, "I would think this is an emergency to have people out in the cold weather."

Mr. Caves responded by saying, "We tend to rely on the county to relay the request to us if they need resources from the state and we handle those requests on a case by case basis. He offered to pull more detailed information together regarding what the state is doing to combat the cold weather emergencies particularly in the low-income and rural areas in the state."

Senator Jones was recognized for another comment. "I don't know of anything we do to help someone in a tornado or hurricane other than opening shelters. Anything else the state has done to assist these folks?"

Mr. Caves said, "That he is not aware of any specific instances where they have done that yet but he would be happy to follow-up on that."

Representative Bryant stated, "That often in her community sometimes because of cold weather shelters do open up."

Mr. Cave added, "As with any disaster, if the local governments and the local government offices don't have the resources they need to deal with whatever is going on in their county they can pick up the phone and call the State and try to get their resources."

Mr. Cave indicated that there are a variety of emergency management programs that funnel through the State Division of Emergency Management that promote emergency preparedness. He will be happy to provide any information needed.

Ms. Ransome indicated that DHHS does receive emergency monies for heating assistance annually and often additional monies for extremely cold conditions. The check goes to the vendor and not the family. In limited situations it will go to a family for i.e. people who burn wood and because they are buying it from an individual who sells wood. But normally if its gas or electricity or any of those two, it goes to the vendor.

Representative Bryant asked Ms. Bush to present the update on **Public Health Insurance in North Carolina**. This is a quick summary of recommendations around healthcare. *(Attachment 6).*

Representative Bryant asked, "We see how many people are enrolled, are there waiting lists, how many more thousands of people do we know are eligible if they could get in or is this everybody who needs it?"

Ms. Bush responded, "Certainly it is not everyone who needs it... The NC Institute of Medicine projects the number of people that are uninsured that could qualify for Medicaid or CHIP. It just means that they have to enroll. If they choose not to enroll or they don't know about, then, it is undersubscribed. The projected number of eligible uninsured is increasing. The NC Health Choice program is different from Medicaid. Medicaid if you're eligible for Medicaid and you sign up for Medicaid you will get Medicaid and North Carolina pays for it, regardless. North Carolina Health Choice is a different program where North Carolina sets up the money to funnel down from the Feds, but it is limited based on that amount of money."

Representative Bryant asked, "Have we spentout?"

Ms. Bush said, "We are spending the amount of money that we have allocated. So, North Carolina has put up "x" amount of money for Health Choice, we serve 132,000 children. There is available federal money being left on the table but North Carolina would have to put up additional state dollars, I think it is 1.68 million dollars, to draw down the additional federal dollars."

"When you say it is left on the table, we didn't budget that money, or we budgeted and we're holding it", Representative Bryant further asked.

Ms. Bush said, "We didn't budget."

Representative Bryant asked, "But we could get this federal money we're leaving on the table get if we were willing to make that expenditure."

Ms. Bush said, "That's correct". "According to the email I just received 5 minutes ago, 1.68 million dollars to draw down 7 million dollars and that would serve about four thousand more children."

"And we know that we have live breathing bodies of children that would sign up if we spent that money," Representative Bryant asked.

Ms. Bush replied, "I believe so."

Mr. Crocker asked Ms. Bush if this was a new program?

Ms. Bush said, "It was a new program, it was passed in 2007. I want to say. But unfortunately it's placed on hold because it would require a federal waiver for that program, and it would also require a significant amount of money that has been re-budgeted."

Representative Bryant said, "Given the situation, we're facing a Medicaid crisis, correct"?

Representative Bryant thanked the committee and asked for comments. "Melanie gave us a way we could go, housing, health, work support and child poverty. We can look at going forward with one of the four areas in our next meeting or I am open to other suggestions.

Representative Bryant recognized Mr. Emmrich for a comment.

Mr. Emmrich stated that, "This may or may not be part of this committee's charge but Joe Crocker made a good point. There are different efforts going on for many, many years as Ed pointed out and we might want to take a look at that. For example, there is an organization in Chapel Hill right now MDC as a direct result of these efforts and they may very well have some of that history. I would encourage as we go forward to take a look at that."

Representative Bryant said, "Good point. We will start with that at the top of our list next time to look at who we may reach out to give us some of that history piece and maybe move into one of these other substantive areas a little bit."

Mr. Morris was recognized for a comment. He said, "This focuses more on what the recommendations for this task force and the full committee might be. It is important to set targets because you have to have a vision or incentive of where you want to go even if you don't get there. When you're dealing with poverty, it is a complicated setup of factors that influence and affect people in poverty. In an environment like this where there is so much competition for scarce resources and there will be even more scarce resources in the fruit that don't require much money. There could be policy changes that could be written. Because when you have a little bit of success that provides incentives for people to get the message and get more engaged. So we might think about that when we start making our recommendations about what we want to pursue. I can assure you in this environment when unemployment is as high as it is, in the next year or two there are more people eligible for Medicaid. There is no doubt about it. There is a recommendation, healthcare is important, that won't be implemented until 2014. That might be the place to start.

Representative Bryant said, "We definitely will be looking at health. It is about how we sequence it, so that is how we will look at it."

Mr. Crocker said, "On child poverty, I would recommend that we ask Bob Bradley from Action from Children to come. He would be a great resource for any information on child poverty for the children of North Carolina".

Representative Bryant asked Ms. Matrone to find information on incentives within her network. She also asked Ms. Ransome to look in the social service arena too for any use of incentives. She wanted information specifically on how they are used, pros and cons, etc.

Ms. Matrone stated that she would be glad to do that.

There being no further business, the meeting was adjourned at 11:00am.

Respectfully submitted by:

Representative Angela Bryant
Chair

Karon Hardy
Committee Assistant

Attachments:

Agenda *(Exhibit 1)*
Visitor Registration (*Exhibit 2)*
State Initiative Charts *(Exhibit 3*)
Summary Notes and Additional Research *(Exhibit 4)*
Survey Questions For State Agencies *(Exhibit 5)*
Public Health Insurance in North Carolina (*Exhibit 6)*

POVERTY REDUCTION AND ECONOMIC RECOVERY – SUBCOMMITTEE ON STATE PROGRAMS

AGENDA

January 5, 2010

I. WELCOME AND INTRODUCTIONS

II. DISCUSSION OF OTHER STATE ANTI-POVERTY MEASURES/COMMISSIONS

III. DISCUSSION OF SURVEY QUESTIONS FOR STATE AGENCIES

(NOTE: REQUEST FOR FURTURE PRESENTATION BY THE NC HOUSING FINANCE AGENCY)

IV. DISCUSSION OF SUBCOMMITTEE MEMBERS CONCERNS/ISSUES

V. DISCUSSION OF HEALTH CARE: MEDICAID/CHIP/KIDS' CARE

VI. NEXT STEPS

Attachment 2

HOUSE PAGES

NAME OF COMMITTEE Poverty Reduction State Programs DATE 1-5-10

1. Name: _____

   County: _____

   Sponsor: _____

2. Name: _____

   County: _____

   Sponsor: _____

3. Name: _____

   County: _____

   Sponsor: _____

4. Name: _____

   County: _____

   Sponsor: _____

5. Name: _____

   County: _____

   Sponsor: _____

SGT-AT-ARM

House Senate

1. Name: _____
2. Name: John Bandon Ernie Sherrell
3. Name: _____
4. Name: _____

Attachment 3

PLEASE COMPLETE FORM IN ITS ENTIRETY

SUBCOMMITTEE ON STATE PROGRAMS SIGN-IN SHEET - JAN. 5, 2010

NAME	FIRM/ORG. ADDRESS	CITY/STATE	ZIP	PHONE	EMAIL
Joe Crocker	Commerce	Raleigh			
Thomas Caves	Crime Control & Public Safety	Raleigh			
Margaret Matheke	NCHFA	Raleigh			
[illegible]	NCDHHS				
Louisa Warren	NC Justice Center	Raleigh			
Emily Sutton	IDA Collaborative	Raleigh			
Bill Rowe	NC Justice Center				
Ken Melton	Ken Melton & Assoc	Raleigh			Ken@KenMeltonandassoc.com

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 *e.g.* ◦ Wages ◦ Taxes ◦ Predatory Lending ◦ Independent Development Accounts	Adult Education & Employment *e.g.* ◦ Postsecondary ◦ Infrastructure ◦ Prisoner Reentry ◦ Workforce Investment Act ◦ Employer Incentives	Child Education & Child Care *e.g.* ◦ Early Childhood Education ◦ K-12 ◦ Child Care	Work Supports & Safety Net *e.g.* ◦ Unemployment Insurance ◦ TANF ◦ Transportation ◦ 211 Social Services Directory ◦ Public Benefits "Cliffs"	Housing & Health *e.g.* ◦ Transitional Housing ◦ Rental Subsidies ◦ Mental Health ◦ Insurance Rates	Family Structure *e.g.* ◦ Teen Pregnancy Reduction ◦ Home Visiting ◦ Fatherhood Initiatives ◦ Couples/ Marriage	Links to Reports; Notes *e.g.* ◦ Poverty Measure
STATE:							
Alabama	✓	✓	✓	✓		✓	**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.
Connecticut	✓	✓	✓	✓	✓	✓	**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. **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: 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		✓		✓		✓	**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.

Recommendations Detailed by Policy Area: Income & Assets

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

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	Enhance parents' educational attainment, skills, and employment opportunities. Increase low-income parents' access to literacy, postsecondary, and vocational education. Enhance literacy programs for adults including Adult Basic Education (ABE) and GED services. Increase vocational training opportunities for populations that do not have high school diplomas or have limited English proficiency. Provide assistance with vocational and postsecondary education expenses (tuition, books, supplies, child care, transportation, tools, or license fees). Provide subsidies for low-income individuals to attend community college, *e.g.* through means-tested tuition relief. Spend higher proportion of TFA funds on job training and education. Create state-funded work-study programs to supplement federal work-study programs. Provide additional incentives for businesses to locate in areas accessible to low-income individuals. Link training to industries and encourage training programs to develop curricula to meet workforce-shortage and high-growth employment areas. 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. Provide public jobs programs by increasing participation in Hiring Incentive Tax Credit program, available to companies that hire recipients of the TFA program.
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	Provide additional funds to Head Start, until there is no waiting list. As funds are available, condition approvals of "First Class" pre-K with two recommendations: • Funds should target low-income communities. • Monthly co-pay for low-income families should be reduced.
Connecticut	Provide "education through birth": support school-readiness and early childhood education. Create one coordinated system for early childhood education. Provide comprehensive early childhood education programs with mandated parent involvement. Enhance preschool teacher training (including on-site consultation for preschool teachers) to encourage earning advanced degrees. Amend preschool system to allow full-day, full-year (or school-day, school-year) programming. Advocate for year-round school programming for grades K-3 in low-income districts. Expand, enhance, and subsidize after-school programming. Shift Educational Cost-Sharing formula to provide more resources in certain municipalities. Develop incentives to recruit and retain qualified teachers to work in low-income school districts. Enhance drop-out prevention efforts. *Re: Care4Kids:* • 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. Enhance training of child-care workers. Ensure adequate wages and benefits for child-care workers. Subsidize parents to stay home and care for children.
Connecticut *Expert Panel Recommendations*	Amend preschool system to allow full-day, full-year (or school-day, school-year) preschool. Advocate for year-round school programming for grades K-3. Enhance drop-out prevention efforts. Develop incentives to recruit and retain qualified teachers to work in low-income school districts. Make child-care subsidies available to all low-income families, up to 200 percent of poverty.
Iowa	Provide K-12 comprehensive financial literacy.

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

Recommendations Detailed by Policy Area: Housing & Health

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

Recommendations Detailed by Policy Area: Family Structure

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

SURVEY QUESTIONS FOR STATE AGENCIES

- Please provide a program inventory for each program within your department designed to reduce or alleviate poverty.

- For each program, please list:
  - the number and population served
  - income level
  - a brief program description
  - program location and geographic scope
  - funding sources
  - evidence of reduction or alleviation of poverty
  - contact information

- Please list any specific programs within your department that would be priority programs for reducing or alleviating poverty?

- Do you have initiatives focused on or located in the following counties (Alleghany, Avery, Bladen, Columbus, Edgecombe, Graham, Halifax, Hoke, Northampton, Robeson, Scotland, Tyrrell, Warren, Watauga, and Yancey) that would have the direct or indirect impact of reducing or alleviating poverty?

- What would you recommend to the Study Committee that would have the greatest impact on reducing or eliminating poverty in the short-term? Long-term?

Summary Notes and Additional Research (in red)

State Governments and the New Commitment to Reduce Poverty in America
A Joint Report from CLASP and Spotlight on Poverty and Opportunity
April 2008

- 12 states – nearly one in four – have established anti-poverty initiatives
- 10 states – one in five – established their initiatives in 2006 or 2007

ALABAMA

- House Task Force on Poverty (2007)
- Pending bill would establish a permanent commission on the Reduction of Poverty (2008) to meet quarterly and provide the legislature with an annual assessment of current programs, along with proposed policy changes – passed 2009: http://www.al.com/news/birminghamnews/statebriefs.ssf?/base/news/1243584955257040.xml&coll=2
- Priorities:
  - 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 the sales tax on groceries and food
  - Raising the income-tax threshold to the poverty level

COLORADO

- Common Good Caucus (2007)
- December 2007 delivered to Governor anti-poverty budget request of $213.5 million
- Priorities:
  - Educational outcomes, workforce training, and retention
  - Health care reform
  - Access to childhood and higher education

CONNECTICUT

- Child Poverty and Prevention Council (2004)
- Target to cut child poverty in half by 2014
- CT Commission on Children: http://www.cga.ct.gov/coc/poverty.htm
- First state to enact law setting a poverty target
- Council reports annual on progress towards goal, focusing on governor's budget and poverty and prevention reports from state agencies
- Council advises the governor and legislature on ways to realign the state's budget to it reduces child poverty
- Priorities:
  - EITC
  - Child-care subsidies up to 200% of poverty
  - Investments in teacher quality
  - Early childhood and postsecondary education

- Family-structure supports (e.g. teen pregnancy prevention)
- Revise standard of poverty
- Economic modeling that allows state to forecast with recommendations would result in a 25- to 30- percent reduction in child poverty

DELAWARE

- Child Poverty Task Force (2007)
- Executive Order established target to cut child poverty in half by 2017
- Plan due to governor by August 2008
- State website: http://kids.delaware.gov/cptf/

DISTRICT OF COLUMBIA

- DC Poverty Commission (2006)
- More than year after creation, not fully staffed – need to research to see if operational yet, doesn't appear to be

ILLINOIS

- Pending bill set target to cut extreme poverty in half by 2015, to be overseen by the Commission on Poverty Elimination (2008) – Passed: http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=095-0833, first meeting slated for October 28, 2009

IOWA

- Successful Families Caucus (2007)
- Priorities:
  - Health care: covering all children in the state through Medicaid, SCHIP, or private insurance
  - Workforce: improving outreach and collaboration among agencies and community-level partnerships to improve info-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

LOUISIANA

- Child Poverty Prevention Council (2008)
- Pending bill to cut child poverty in half by 2018 and establish the Child Poverty Prevention Fund – passed. Louisiana Solutions to Poverty: http://www.dss.state.la.us/index.cfm?md=pagebuilder&tmp=home&pid=167&printer=1
- February 2009 plan: http://www.clasp.org/admin/site/documents/files/CPPC-Implementation-Plan-2009.pdf
- Priorities:
  - Improve birth outcomes (high risk pregnancy programs and prevention)

- Comprehensive, evidenced based early childhood education initiatives (early childhood programs, nurse-family partnership programs, child care subsidies)
- Strengthen disadvantage youth connections to school and work (pilot projects, expand existing programs)
- Raise EITC from 3.5 percent to 7 percent federal level

MAINE

- Pending bill for target to cut overall poverty to be set by a Council on Poverty and Economic Security (2007) – passed 2008 http://www.mainelegislature.org/legis/statutes/5/title5sec13171.html; No other information available

MICHIGAN

- State-sponsored poverty summit (2008)
- State website: http://www.michigan.gov/poverty/0,1607,7-253-50060---,00.html
- Priorities:
  - Job creation
  - Access to early childhood education
  - Access to health care, including behavioral health
  - Housing security
  - Reform public assistance programs

MINNESOTA

- Legislative Commission to End Poverty in Minnesota by 2020 (2006)
- Target to eliminate poverty
- State website: http://www.commissions.leg.state.mn.us/lcep/
- Final Report, January 2009: http://www.commissions.leg.state.mn.us/lcep/LCEP_Final_Report_SinglePgs.pdf
- Priorities:
  - Emergency jobs program that uses wage subsidies to help businesses regain their footing and employ out-of-work Minnesotans
  - Use proposed federal infrastructure dollars to address unmet transportation needs
  - Respond rigorously to predatory market practices that drive up the prices of goods in some communities and crowd out sustainable practices of legitimate businesses
  - Increasing and expanding income tax credits for low wage workers and fully funding child care assistance and early childhood education programs
  - Repair broken health care system

OREGON

- Oregon Progress Board (1989)
- Benchmark calls for reduction in poverty by 10 percent by 2010 from 2004's 12.1 percent
- State website: http://www.oregon.gov/DAS/OPB/
- 2009 report: http://www.oregon.gov/DAS/OPB/docs/2009Report/2009_Benchmark_Highlights.pdf
- Priorities:
  - Quality jobs (economy, education)

- Engaged, caring and safe communities (civic engagement, social support, public safety)
- Healthy, sustainable surroundings (built environment, natural environment)

RHODE ISLAND

- Commission on Family Income and Asset-Building (2007)
- State website: http://sos.ri.gov/govdirectory/index.php?page=DetailDeptAgency&eid=5453
- Priorities:
  - Build income and assets for families
  - Promote financial education, literacy, and counseling
  - Protect families form predatory and abusive financial practices

VERMONT

- Child Poverty Council (2007)
- Target to cut child poverty in half by 2017
- Identify priorities for implementing strategies and biannual benchmarks, reporting annually
- State website: http://www.leg.state.vt.us/workgroups/ChildPoverty/

WASHINGTON

- Poverty Advisory Committee (2006)
- Recommendations issued May 2007
- Priorities:
  - Basic Needs: housing, food, transportation, health
  - Challenging poverty: moving families and individuals out
  - System improvements: improve services, streamline administration

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — February 2, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Perry M Parks	NCCPN
EMILA SUTTON	IDA & Asset Building Collaborative of NC NC Assets Alliance
Carley Ri[illegible]	NCHC
Donna Gallagher	IDA & Asset Building Collaborative of NC NC Assets Alliance
Jessica Dorrance	UNC CENTER FOR COMMUNITY CAPITAL / NC Assets Alliance
Lucy Gorham	MDC, Inc. & NC Assets Alliance
Tom Bennett	NCVAN
Will Pa[illegible]	NCHFA
Brian Bu[illegible]	Cr. Ag
Annette Nu[illegible]	Gov's office
Bo[illegible]	Melanie Cook

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — February 2, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mitch Kokai	John Locke Foundation
Fred Baron	Baron & Asso.
Bill Rowe	NC Justice Center
Margaret Nations	NCHFA
ANITA ABRAMS	N.C. JOB LINK
Bob Thompson	Covenant w/ NC's Children
JAMES KIRBY	OFFICE OF SEN. QUEEN
Jennifer Wills	NCCCS

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — February 2, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tom Nowine	N.C. ABC Com.
Collins	TSS
Rebecca Troutman	NCHCC

Subcommittee on Persistent Poverty

Legislative Study Commission on Poverty Reduction and Economic Recovery

AGENDA

10 am
January 5, 2010
Room 415
Legislative Office Building

Call to Order
Rep. William Current, presiding.

Remarks by Chair

Charge of Subcommittee

Overview of Efforts to Address Poverty
John L. Saxon, Professor, UNC School of Government

Discussion by Subcommittee Members

Adjournment

MINUTES

PERSISTENT POVERTY SUBCOMMITTEE
FOR
LEGISLATIVE STUDY COMMISSION ON
POVERTY REDUCTION AND ECONOMIC RECOVERY

Tuesday, January 5, 2010
10:00 a.m.

The Persistent Poverty Subcommittee met in Room 415 of the Legislative Office Building on Tuesday, January 5, 2010. Chairman William A. Current, Sr. presided and called the meeting to order at 10:04 a.m. Chairman Current welcomed and expressed his appreciation to the members, staff and sergeant-at-arms present. He then allowed each member to introduce themselves. Chairman Current also welcomed the visitors in attendance.

Chair present: Representative William A. Current, Sr. Member present: Senator Doug Berger. Public Members present: Ms. Jean Reaves and Dr. Al Wentzy. Ex Officio members or designees present: Ms. Phyllis West, Department of Public Instruction, Ms. Maria Spaulding, Department of Health and Human Services, and Secretary Linda Hayes, Department of Juvenile Justice and Delinquency Prevention. Staff present: Bill Gilkeson, Research Attorney, and Wendy Miller, Committee Clerk.

The Agenda (Exhibit 1) and the Visitor's Registration (Exhibit 2) are attached hereto and incorporated into the minutes.

Chairman Current reiterated that the Persistent Poverty Subcommittee was charged to focus on issues related to persistent poverty, including, but not limited to, drop-out prevention and delinquency, fatherhood, and homelessness.

Chairman Current introduced John L. Saxon, Professor of Public Law and Government at the UNC School of Government, to present a PowerPoint Presentation on "*The Persistence of Poverty*" (Exhibit 3). John Saxon joined the Institute of Government in 1992. Prior to that, he worked for 15 years as an attorney for the US Senate and the US Department of the Interior, and as a legal services lawyer in South Carolina, Virginia, and North Carolina. He is the editor of *North Carolina Legislation 1997* and *North Carolina Legislation 1998*, co-author of *The Law and the Elderly in North Carolina*, and he has written a number of articles and bulletins regarding welfare reform social services, child support, and elder law. In 2004 the result of Saxon's research on faith-based social services initiatives were published in *Popular Government*. Saxon earned a BA from Auburn University and a JD from Antioch School of Law in Washington, DC.

Mr. Saxon began his presentation by stating there are three questions that need to be asked when talking about Persistent Poverty:

1. What does poverty look like today?
    a. How do we measure poverty?
2. To what extent has poverty persisted?
    a. Over time, within geographic regions, within demographic groups?
3. Why has poverty persisted?
    a. What causes poverty and what are the solutions?
    b. What difference have government anti-poverty programs made?

Mr. Saxon explained that there are two "official" measures of poverty. They measure only economic well-being and focus only on cash income.

1. US DHHS: Federal poverty guidelines
2. Census Bureau: Federal poverty thresholds

According to Mr. Saxon's presentation and looking at the population as a whole from 1980 to 2009, poverty and poverty rates in North Carolina have gone up and down but over the long period have stayed about the same. Several members of the subcommittee noted that some counties are higher now than in the 1980's and some are lower. Ms. Reaves commented that something must have happened during certain time periods to cause this effect. Dr. Wentz responded that some counties lost agriculture and textile jobs, etc., that would have made an impact on the numbers.

Mr. Saxon further stated that statistics show that public assistance reduces poverty by as much as 50% but fills only 66% of the total poverty gap. According to Mr. Saxon, there are significant holes in the safety net for some groups; some poor don't receive assistance and some who receive assistance are not poor.

Representative Current thanked Mr. Saxon for sharing his presentation with the subcommittee and stated that due to subcommittee members having to attend the full Commission meeting at 11:00 a.m. there would, unfortunately, be no time for questions or comments. He added that perhaps Mr. Saxon could return at a future meeting if necessary.

Representative Current requested that subcommittee members send suggestions for future meetings that would cover the areas of fatherhood, homelessness, and dropout prevention and delinquency to either him, Bill Gilkeson or Wendy Miller.

There being no further business, the Chairman thanked everyone for attending and adjourned the meeting at 11:59 a.m.

Respectfully submitted,

Representative William A. Current, Sr.
Presiding Chair

Wendy Miller
Committee Assistant

Attachments:

Agenda (Exhibit 1)
Visitor's Registration (Exhibit 2)
"The Persistence of Poverty" by Mr. John Saxon (Exhibit 3)

VISITOR REGISTRATION SHEET

Subcommittee on Persistent Poverty — January 5, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tom Novinc	N.C. ABC Board
Rebekah King	NCHFA
Yolanda Burwell	NC Rural Center
Bill Rowe	NC Justice Center
Sarah Krishnaraj	UNC Ctr for Civil Rts
Gloria Nance-Lein	NC Dept. Commerce
Rob Schofield	NC Policy Watch
Carolyn Bird	NC State University

NC Legislative Study Commission on
Poverty Reduction & Economic Recovery

January 5, 2010

The Persistence of Poverty

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The Persistence of Poverty

John L. Saxon
Professor of Public Law & Government
919.966.4289
saxon@sog.unc.edu

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Questions

What does poverty look like today?

- How do we measure poverty?

To what extent has poverty persisted?

- Over time, within geographic regions, within demographic groups?

Why has poverty persisted?

- What causes poverty & what are the solutions?
- What difference have government anti-poverty programs made?

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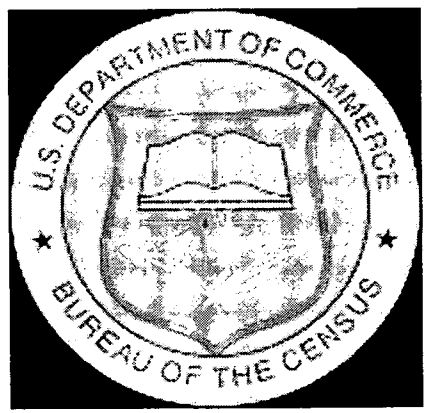
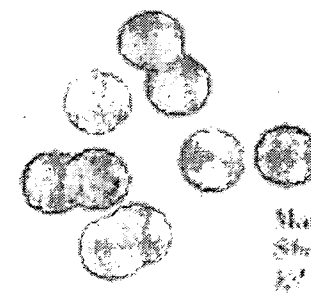
Sources & Resources



CHANGING POVERTY, CHANGING POLICIES



Maria Cancian and Sheldon Danziger, Editors

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How Do We Measure Poverty?

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Measuring Poverty

Two "official" measures of poverty

- US DHHS: Federal poverty guidelines (administrative)
- Census Bureau: Federal poverty thresholds (statistical)

Originally developed by Mollie Orshansky 1963-64

- Based on 1955 food consumption survey & cost of "emergency" diet
- Updated annually based on changes in CPI

Alternative poverty measures

- National Academy of Sciences (1995)

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US DHHS Poverty Guidelines (2009)

Household Size	Poverty Guideline
1 person	$10,830
2 people	$14,570
3 people	$18,310
4 people	$22,050
5 people	$25,790
6 people	$29,530
7 people	$33,270
8 people	$37,010
More than 8 people	Additional $3,740 per person

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US Census Poverty Thresholds (2008)

Family Size	Family Composition	Poverty Level
1	Unrelated individual	$10,991
1	Householder under age 65	$11,201
1	Householder aged 65 or older	$10,326
2	Two adults & householder aged 65 or older	$14,417
2	Grandmother (65+) & grandchild (<18)	$14,784
2	Mother (<65) & child (< 18)	$14,840
3	Adult & two related children (<18)	$17,346
4	Two adults & two related children	$21,834

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Measuring Poverty

Measures only economic well-being

- Overlooks other aspects of what it means to be poor

Focuses only on cash income

- Not financial assets
- Excludes in-kind assistance (Medicare, Medicaid, Food Stamps, public housing)

Measuring Poverty

Absolute, not relative, measure

- Approx. 30% to 36% of NC median family income (2 to 4 persons)

Measures income *inadequacy*

- *Not* income adequacy

Annual poverty rate

- Based on annual income in preceding year
- Doesn't measure temporary, episodic, persistent, or chronic poverty
- *Monthly* poverty rate approx. 3 pts. higher than annual poverty rate

Measuring Poverty

Individuals vs. families

- Number or percentage of all individuals or families

Age, race, ethnicity, household type, etc.

- Number or percentage of children, elderly, white, African American, Hispanic, female-headed, single-parent, etc.

Measuring Poverty

Decennial Census

- Census Bureau (actual count)

Current Population Survey (CPS)

- Census & BLS (estimates based on monthly national survey)

Survey of Income & Program Participation

- Census (estimates based on national longitudinal survey)

Poverty in North Carolina (2008)

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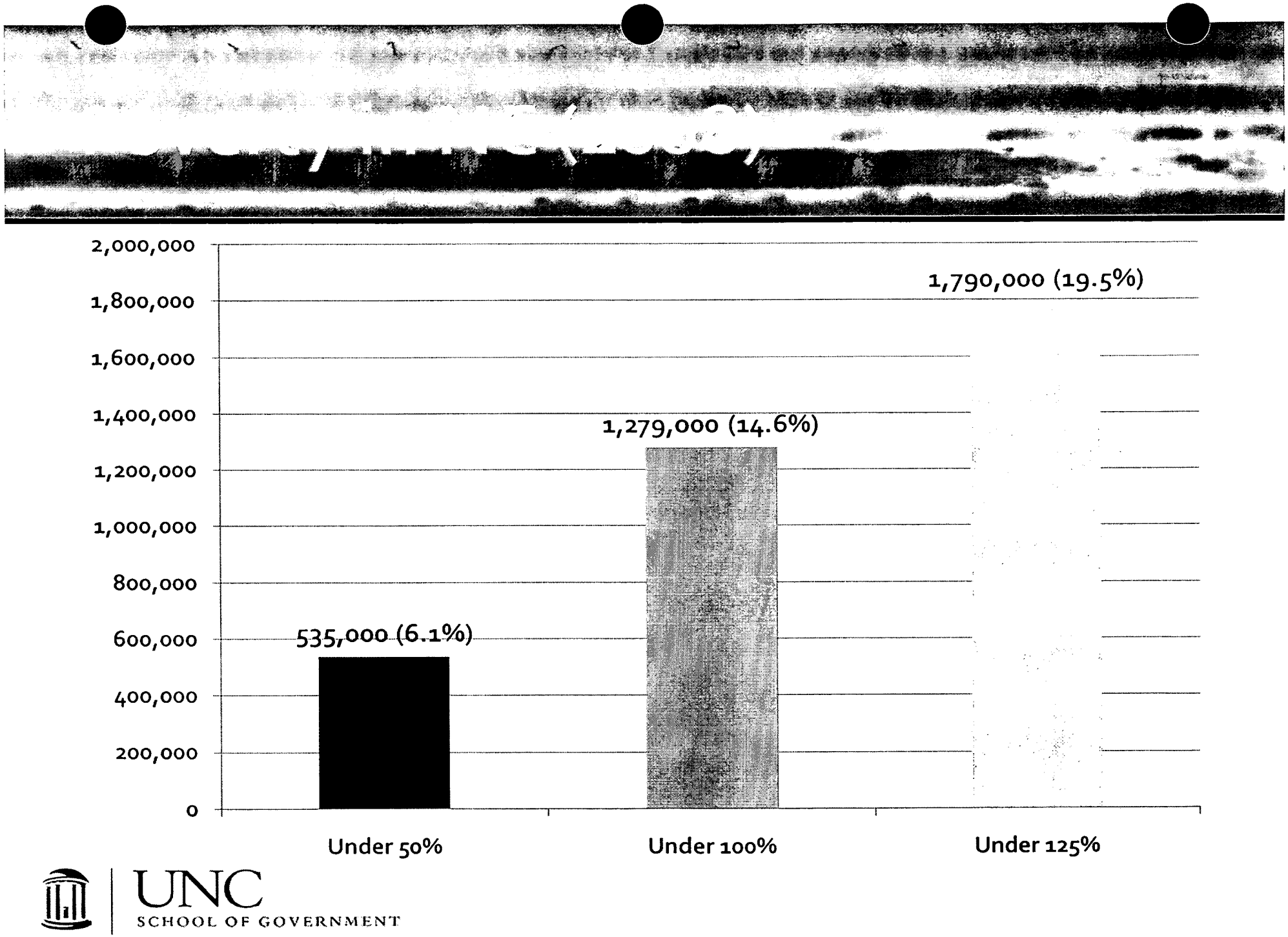

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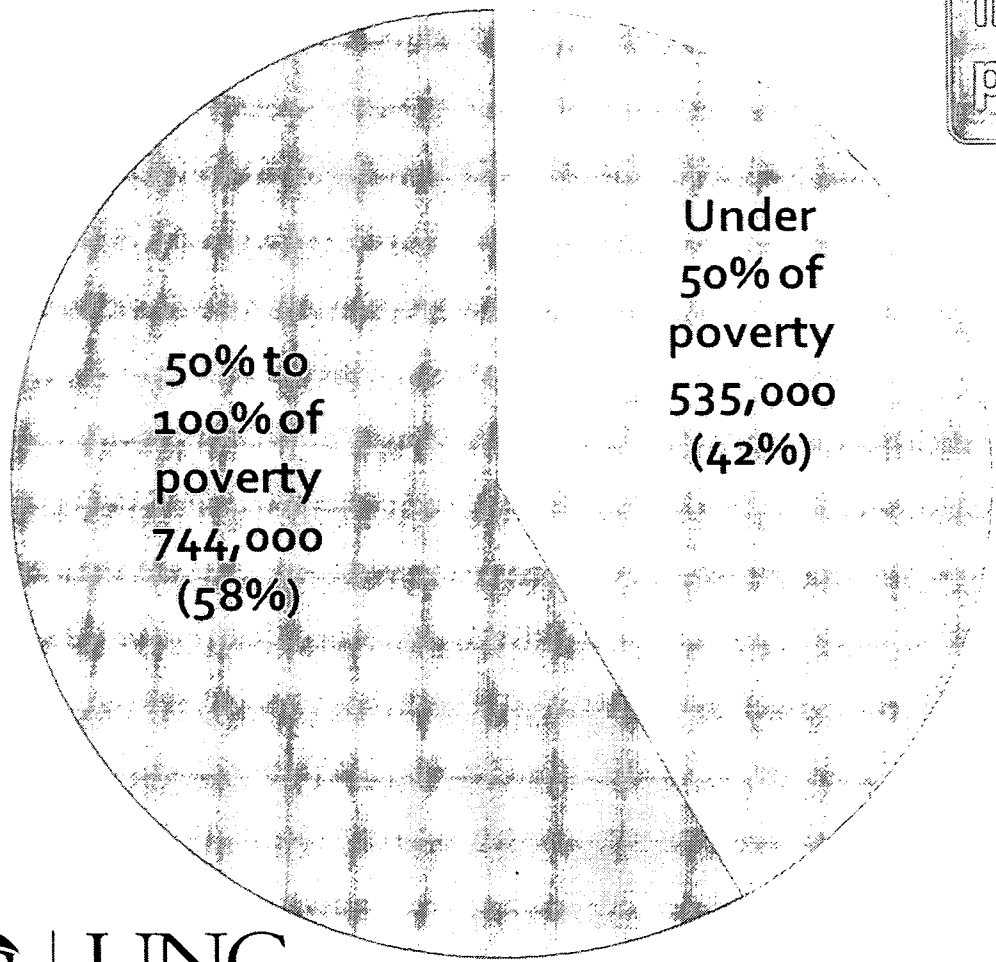
Depth of Poverty in NC (2008)



Income deficit of poor families

$9,102 avg. (US 2008)

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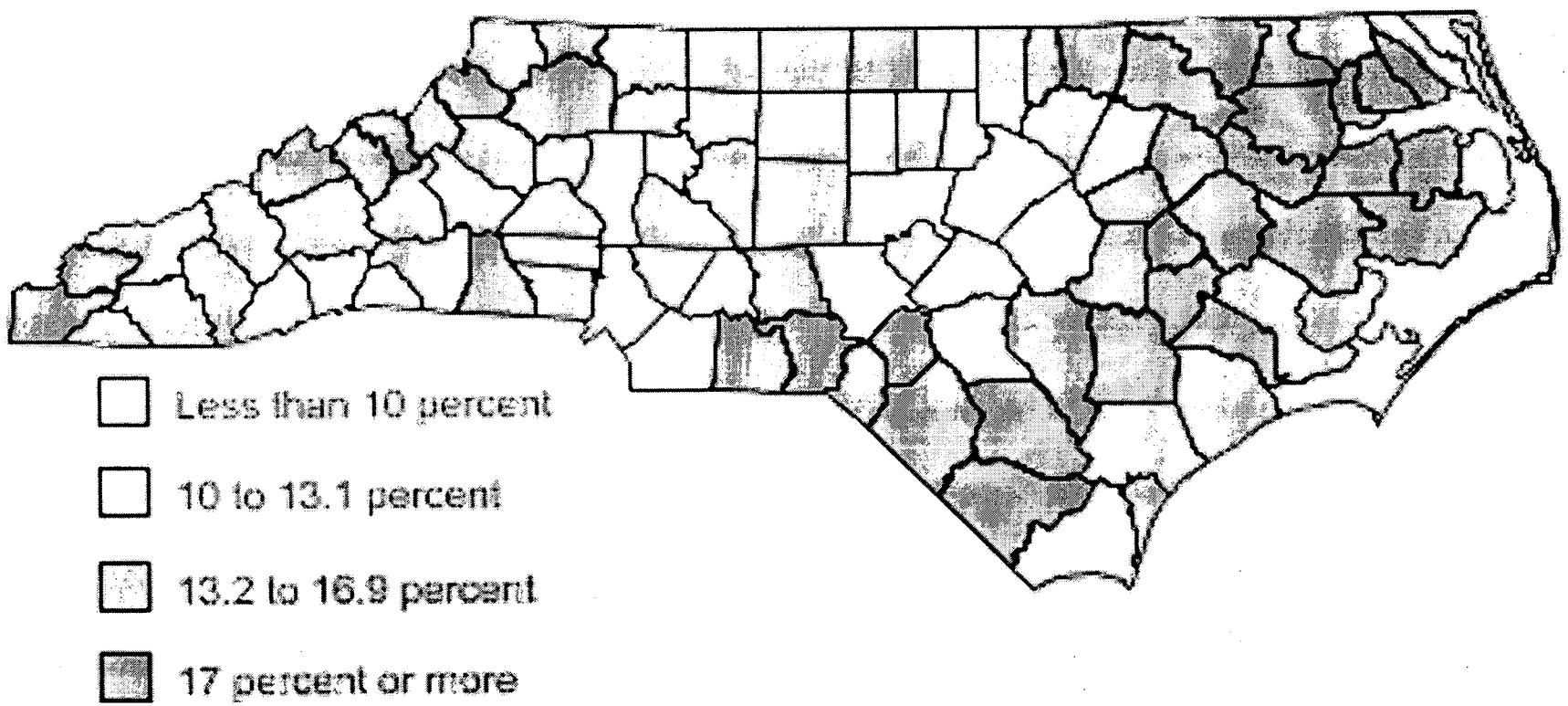
Poverty Rate in NC Counties (2008)



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Poverty Rates in NC Counties (2008)

Poverty rate exceeds 20% in 24 counties

- Poverty rate is higher in rural counties

Area	Poverty Rate
All NC counties	14.6%
Mecklenburg and Wake counties	10.1% (unweighted avg.)
Bladen, Columbus & Robeson counties	25.4% (unweighted avg.)
Anson, Hoke, Richmond & Scotland counties	23.6% (unweighted avg.)
Seventeen northeastern counties	21.5% (unweighted avg.)
Fourteen far western counties	16.9% (unweighted avg.)

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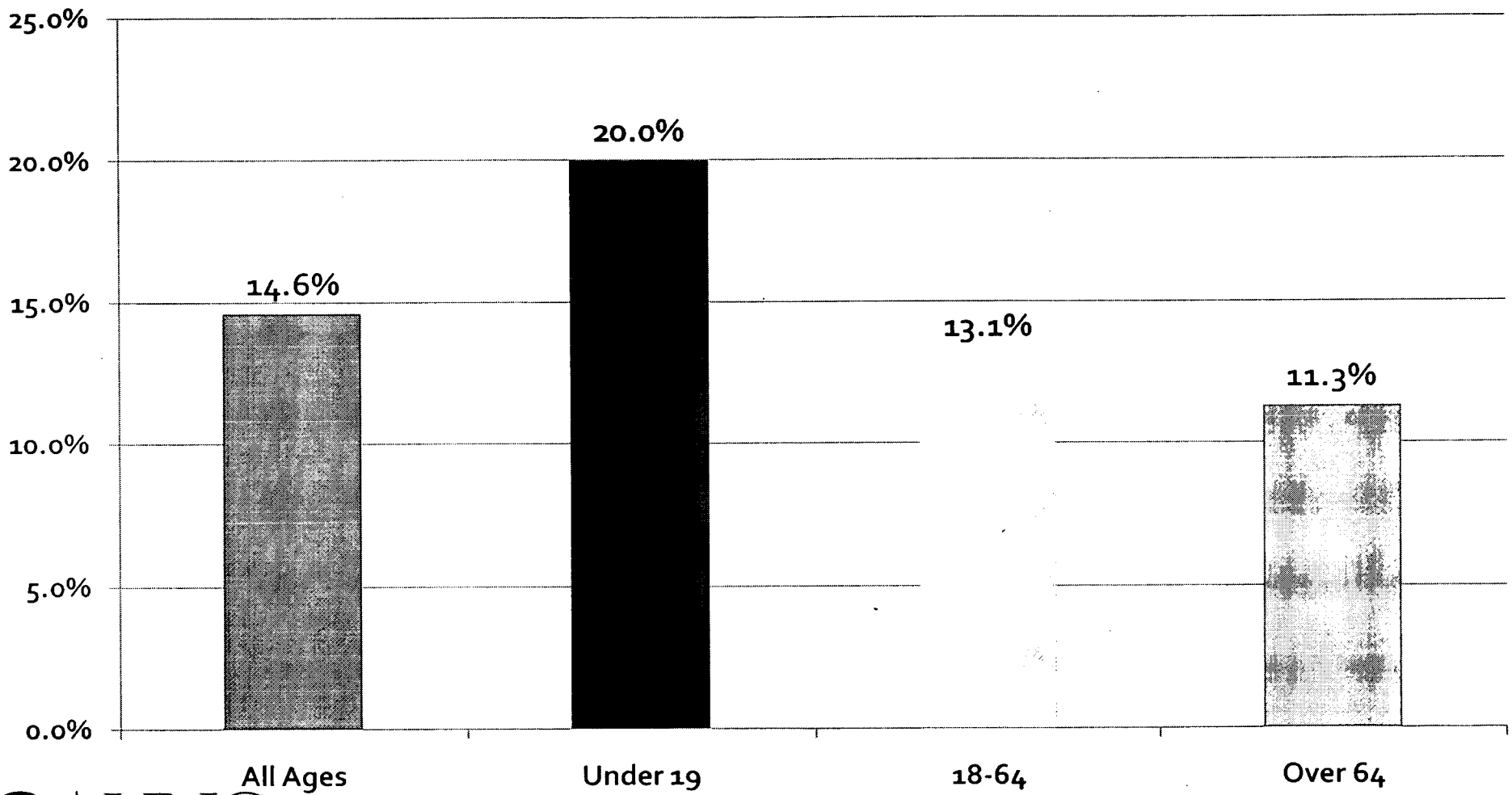
Poverty Rates of Children, Adults & the Elderly in NC (2008)



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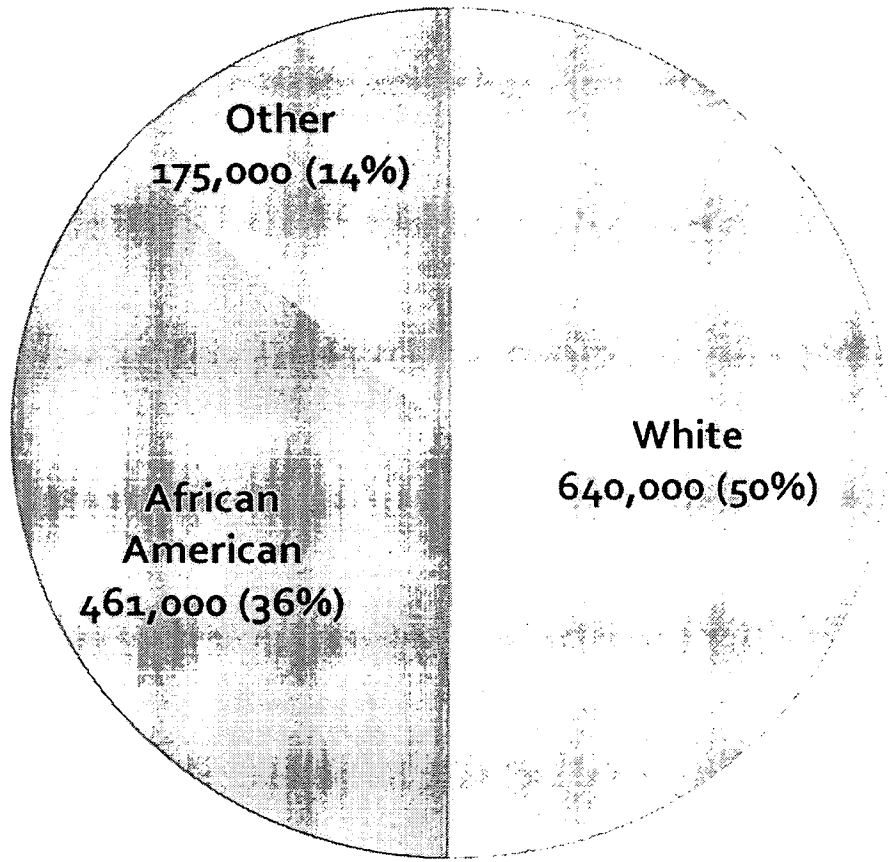
Racial Composition of NC's Poor (2008)



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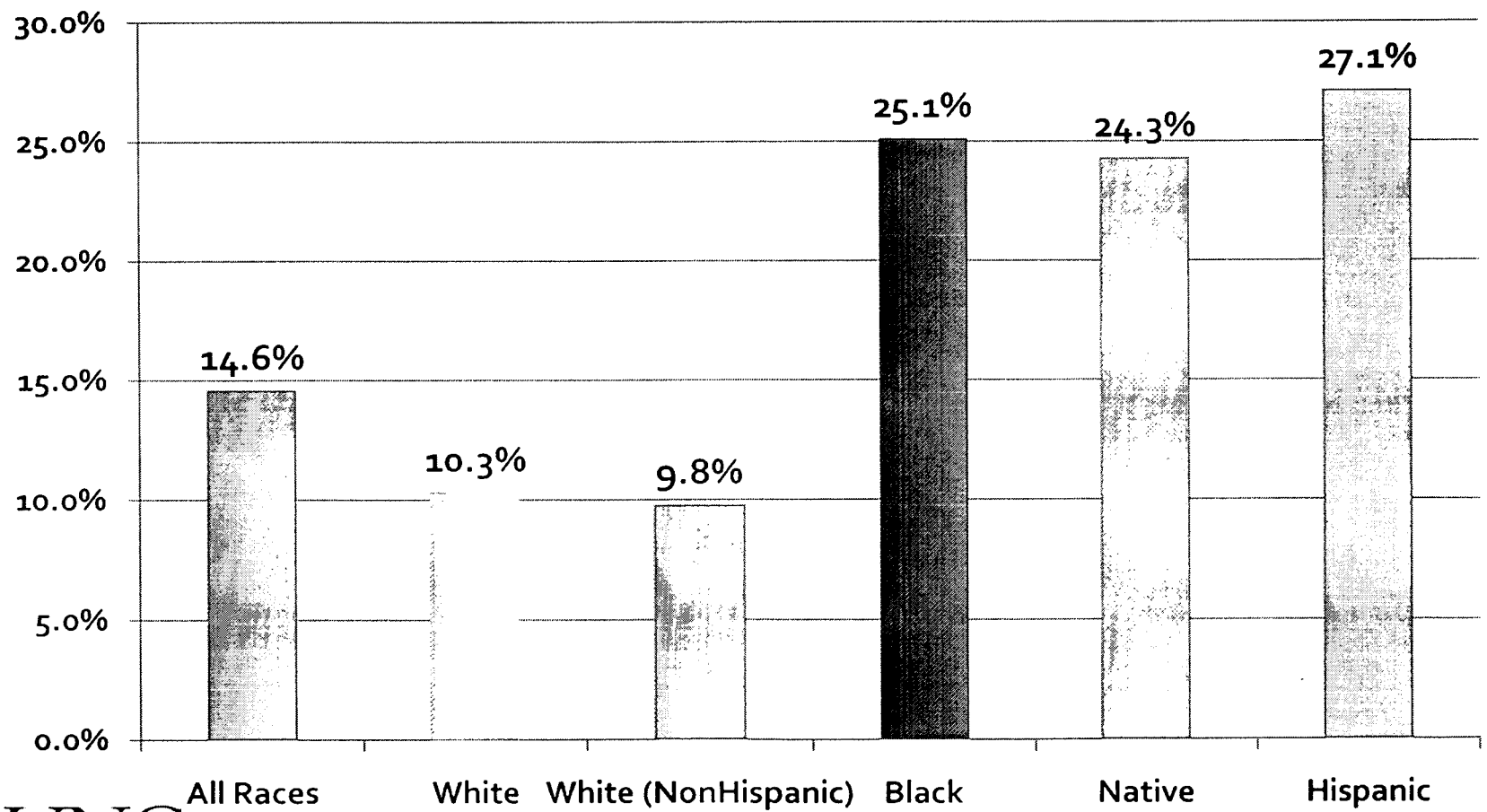
Racial & Ethnic Poverty Rates in NC (2008)



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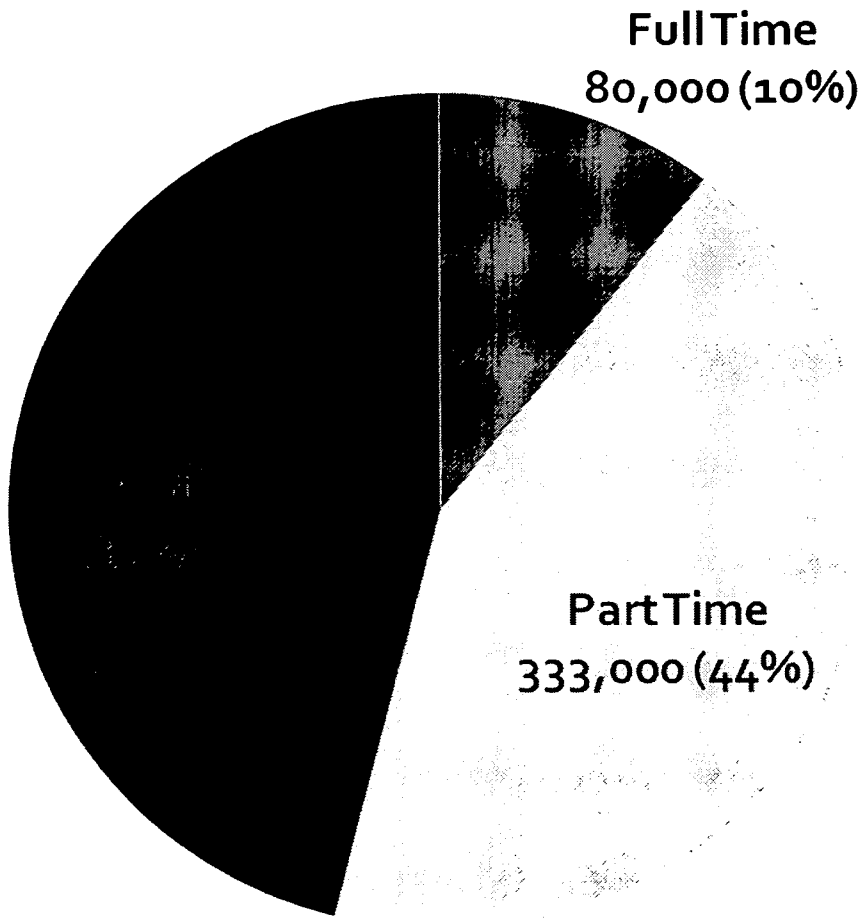
Work Status of NC's Poor (2008)



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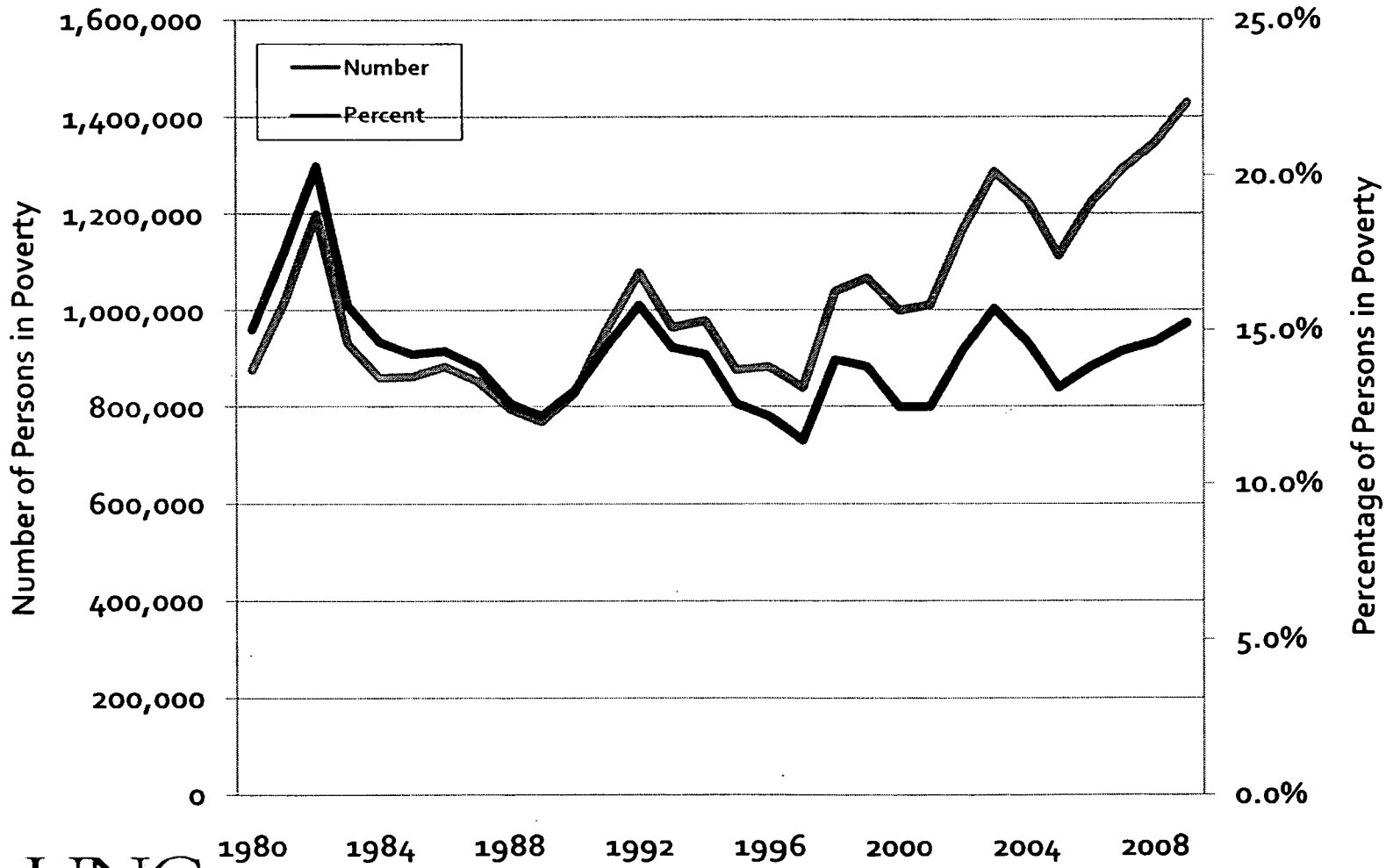
To What Extent Has Poverty Persisted?

Poverty & Poverty Rates in NC 1980-2009



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Persistence of Poverty in NC Counties

County	1970	1980	1990	2000	2008
Guilford	12.2%	11.1%	10.1%	10.6%	13.6%
Mecklenburg	12.5%	10.9%	9.6%	9.2%	10.9%
Wake	15.3%	10.0%	8.4%	7.8%	9.2%
Beaufort	30.3%	21.0%	19.5%	19.5%	19.1%
Bladen	36.5%	25.6%	21.9%	21.0%	24.0%
Northampton	46.0%	28.1%	23.6%	21.3%	22.6%
Pitt	35.2%	23.5%	22.1%	20.3%	22.0%
Robeson	38.2%	24.9%	24.1%	22.8%	30.4%
Scotland	29.9%	17.3%	18.6%	20.6%	27.6%
Swain	29.9%	25.9%	27.6%	18.3%	16.1%

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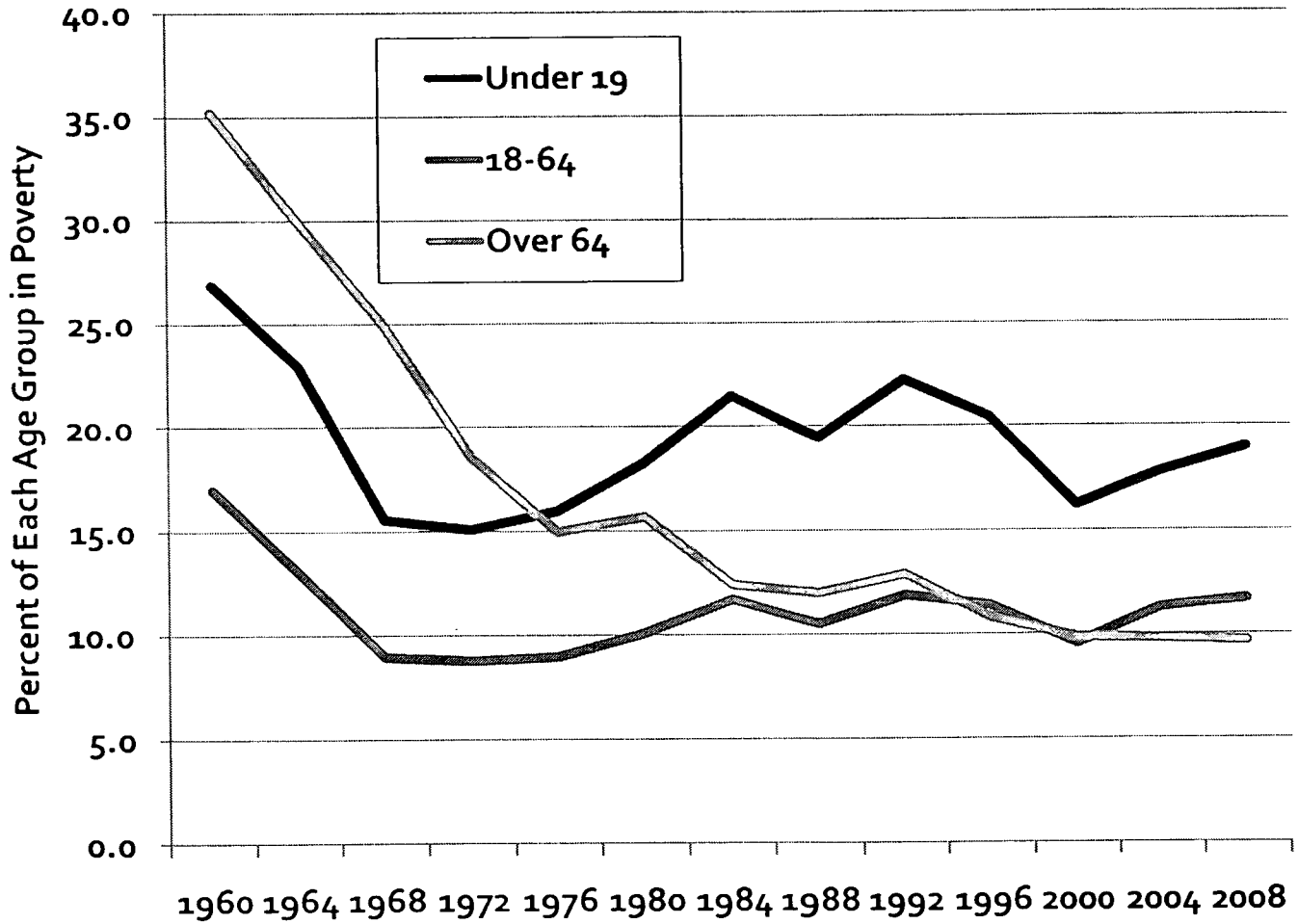
Poverty Rates of Children, Adults, and the Elderly in the US (1960 – 2008)



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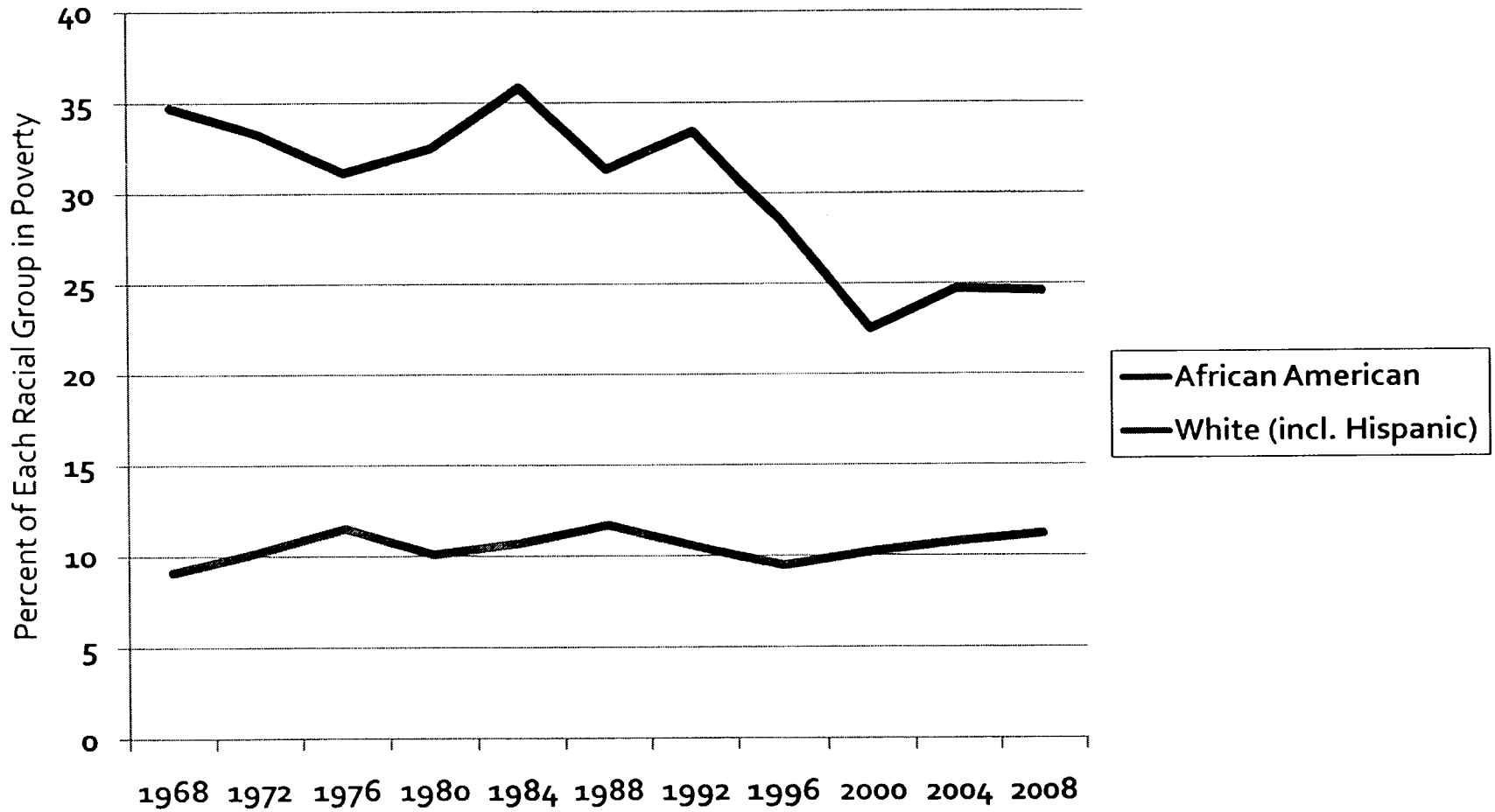
Poverty Rates by Race in the US (1968-2008)



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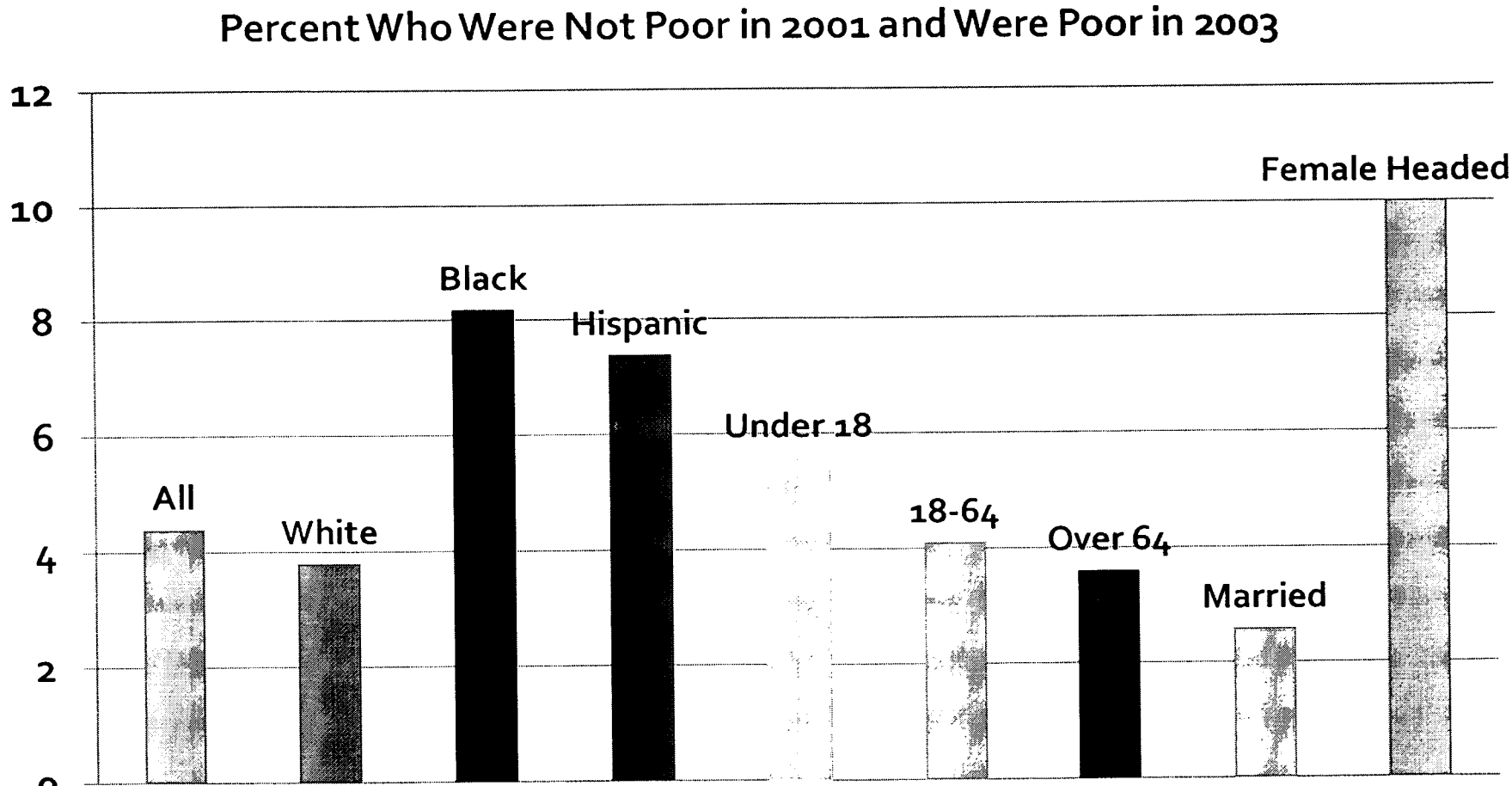
Entering Poverty (US 2001 vs. 2003)



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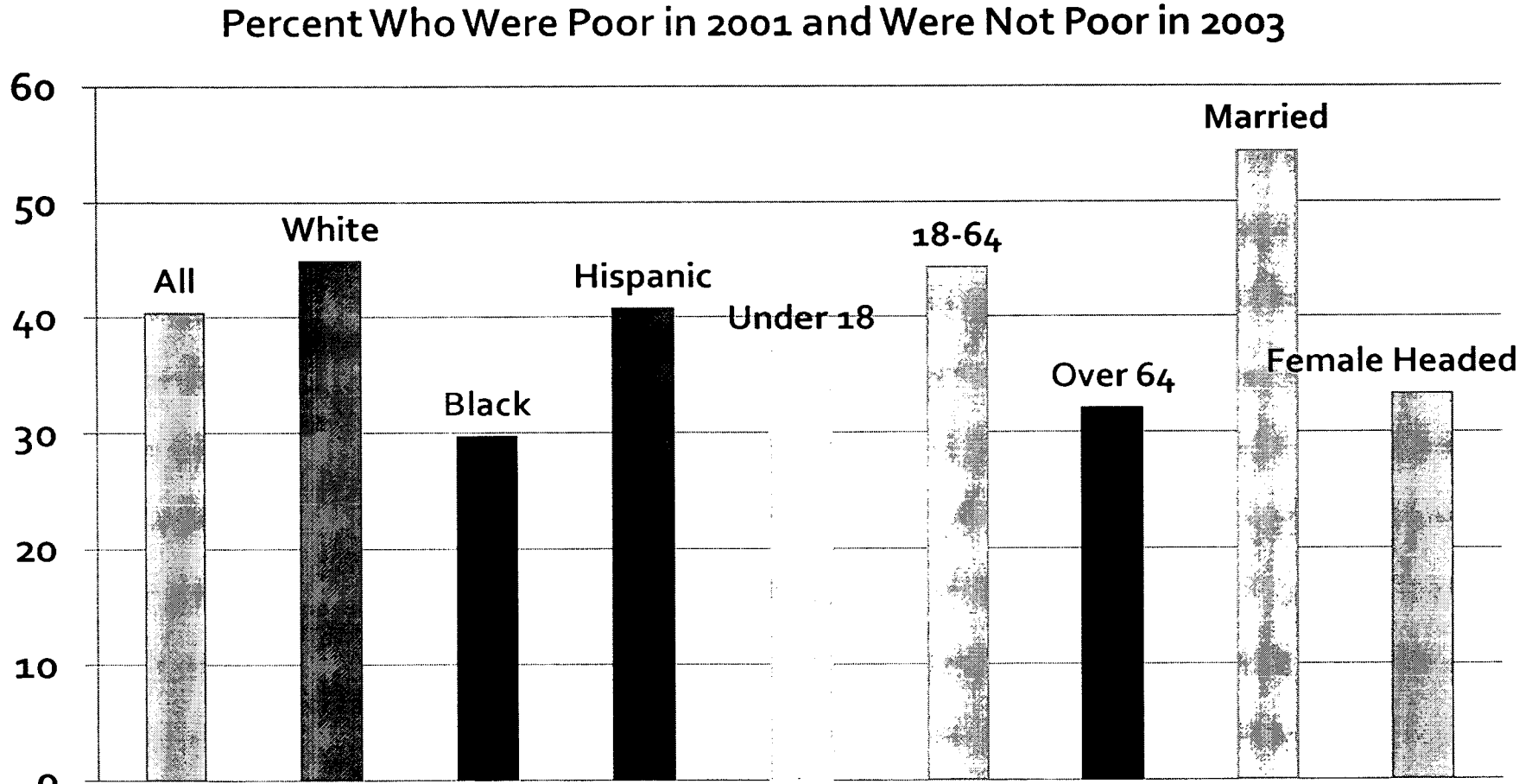
Exiting Poverty (US 2001 vs. 2003)



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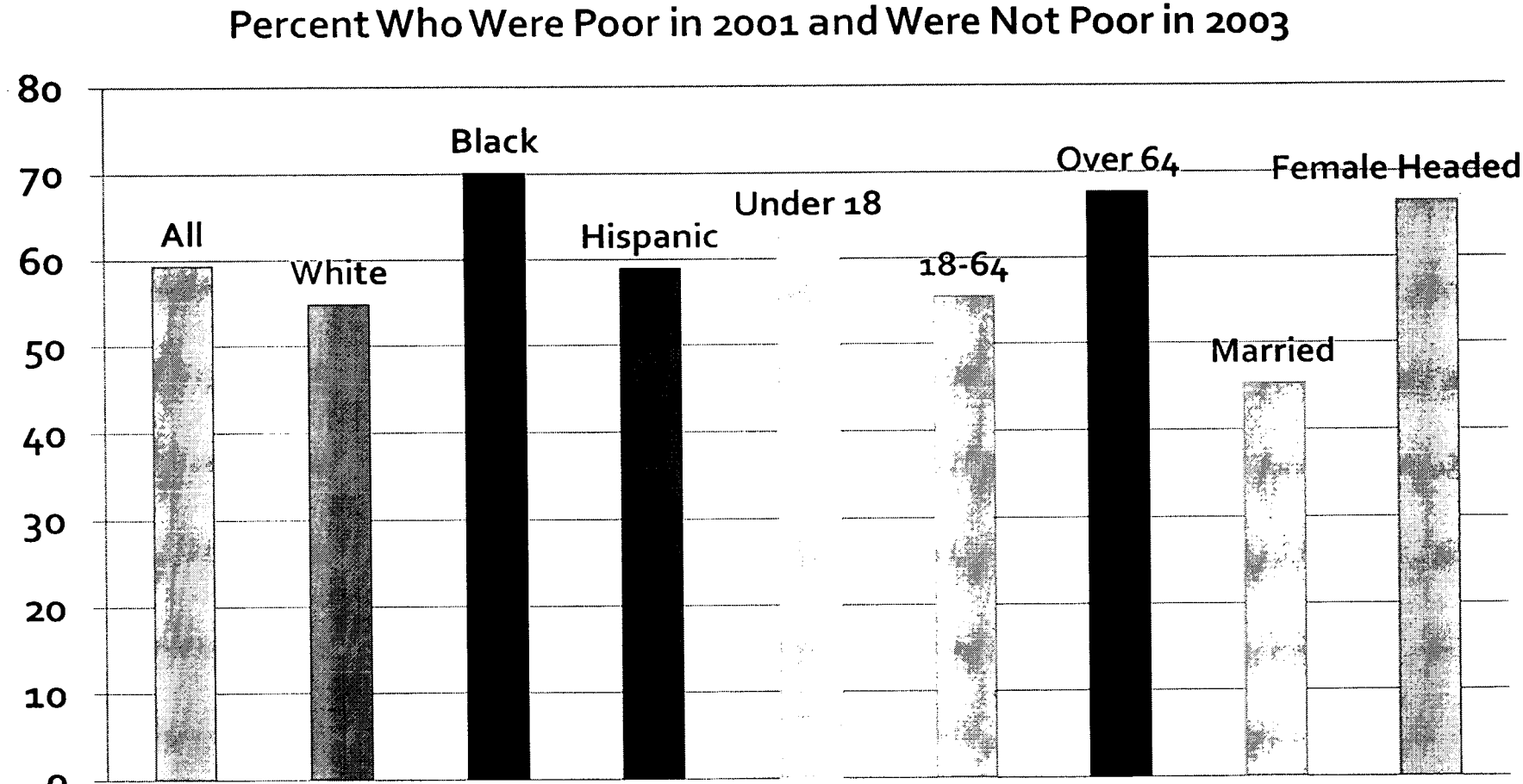
Persistent Poverty (US 2001 vs. 2003)



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Episodic & Chronic Poverty in the US (2004-2007)

Chronic poverty is rare

- About 2% continuously in poverty each month

Episodic poverty is common

- About 20% had two-month spell during year
- About 30% had two-month spell during three years
- About 9% had more than one spell during three years
- Median length of poverty spells about 4 months
- Approximately one-fourth of spells more than 12 months

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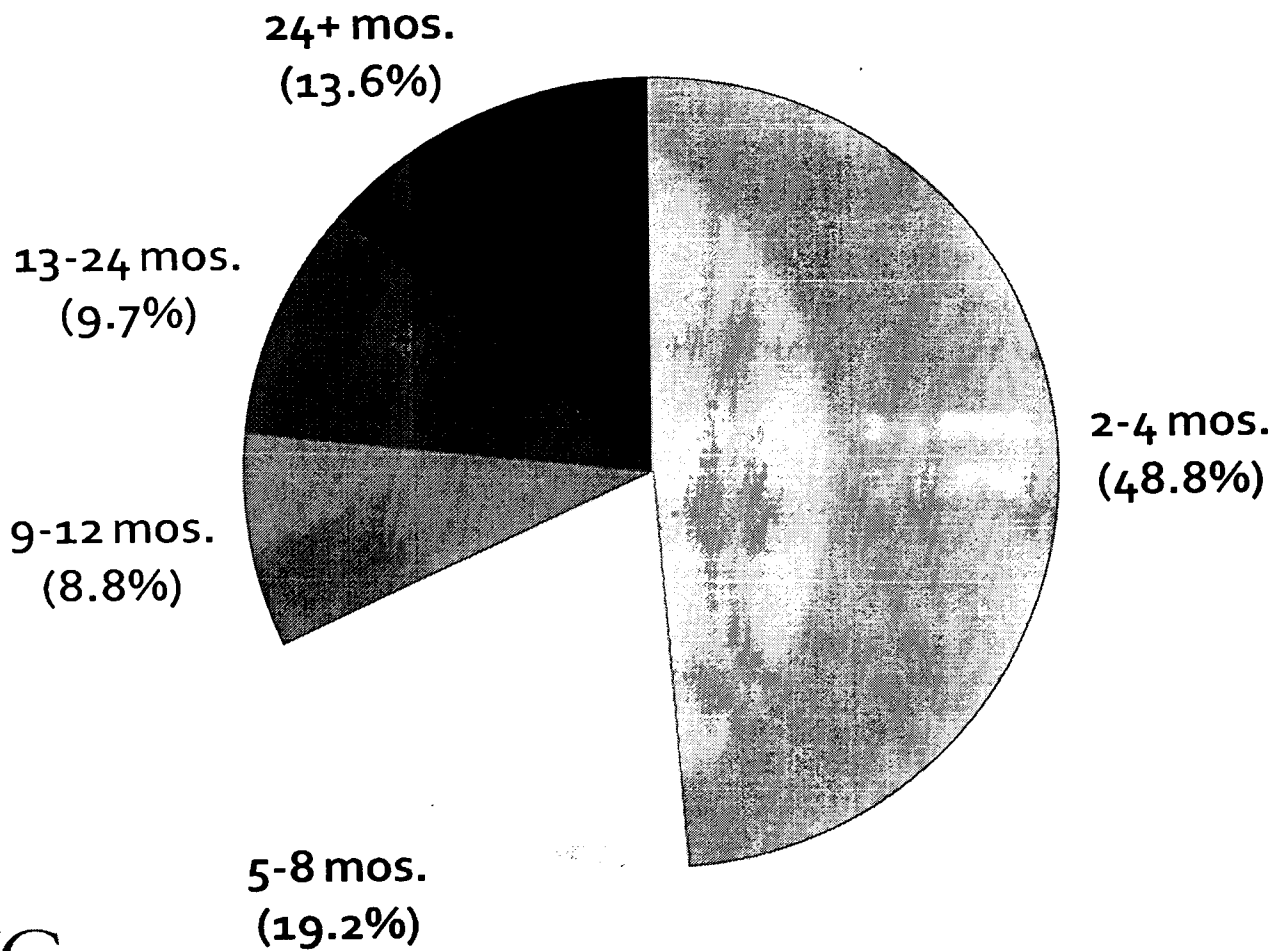
Duration of Poverty (US 2001-03)



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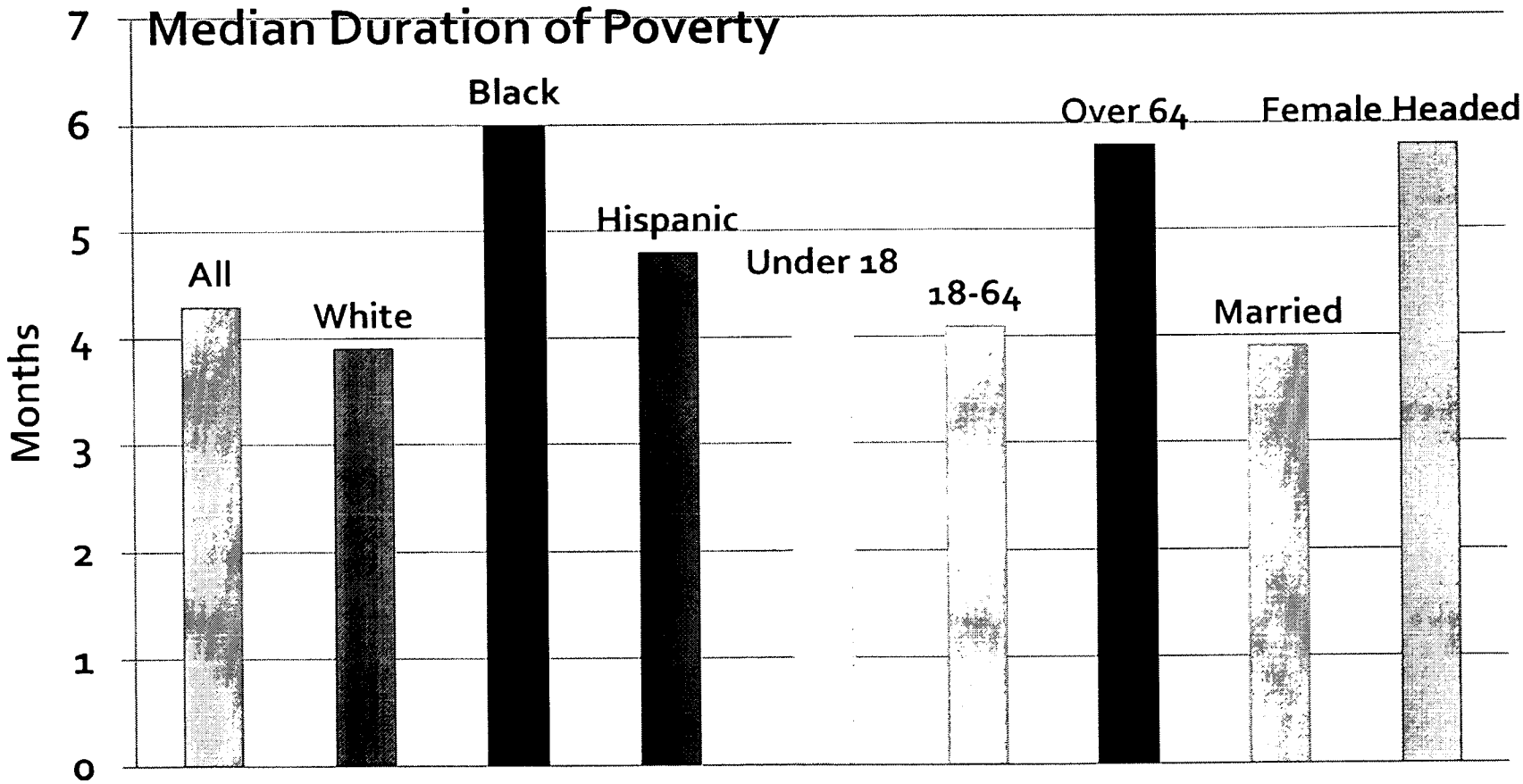
Duration of Poverty (US 2001-03)



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To What Extent Have Public Assistance Programs Reduced or Alleviated Poverty?

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Public Assistance & Poverty

Reduce poverty

Reduce depth of poverty

Partially fill poverty gap

Ameliorate impact of poverty

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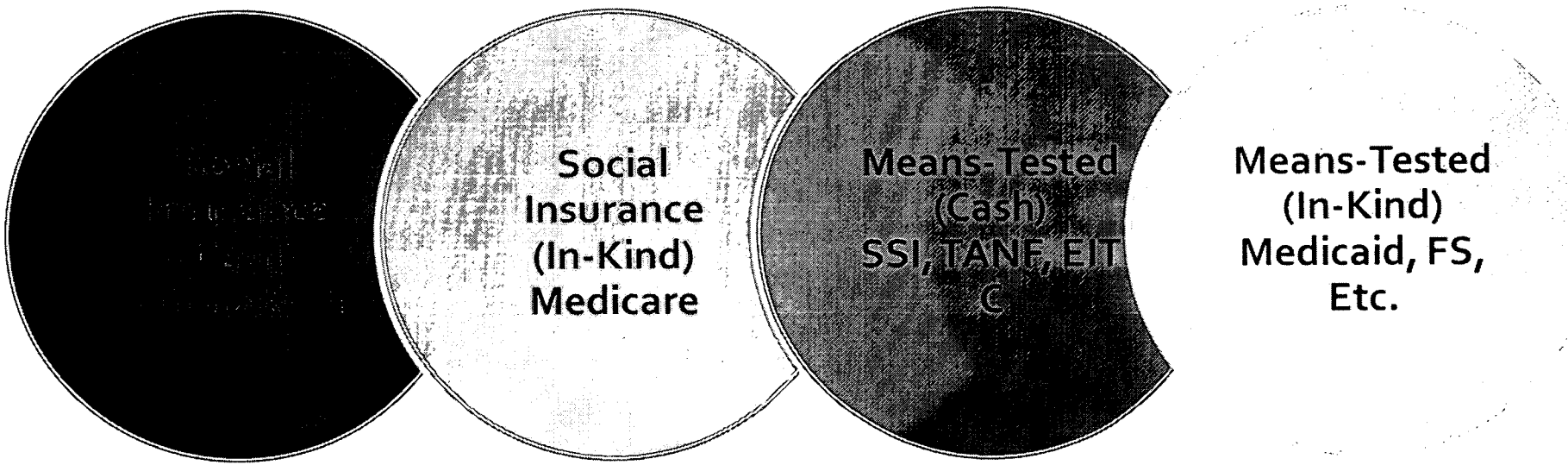
Public Assistance & Poverty



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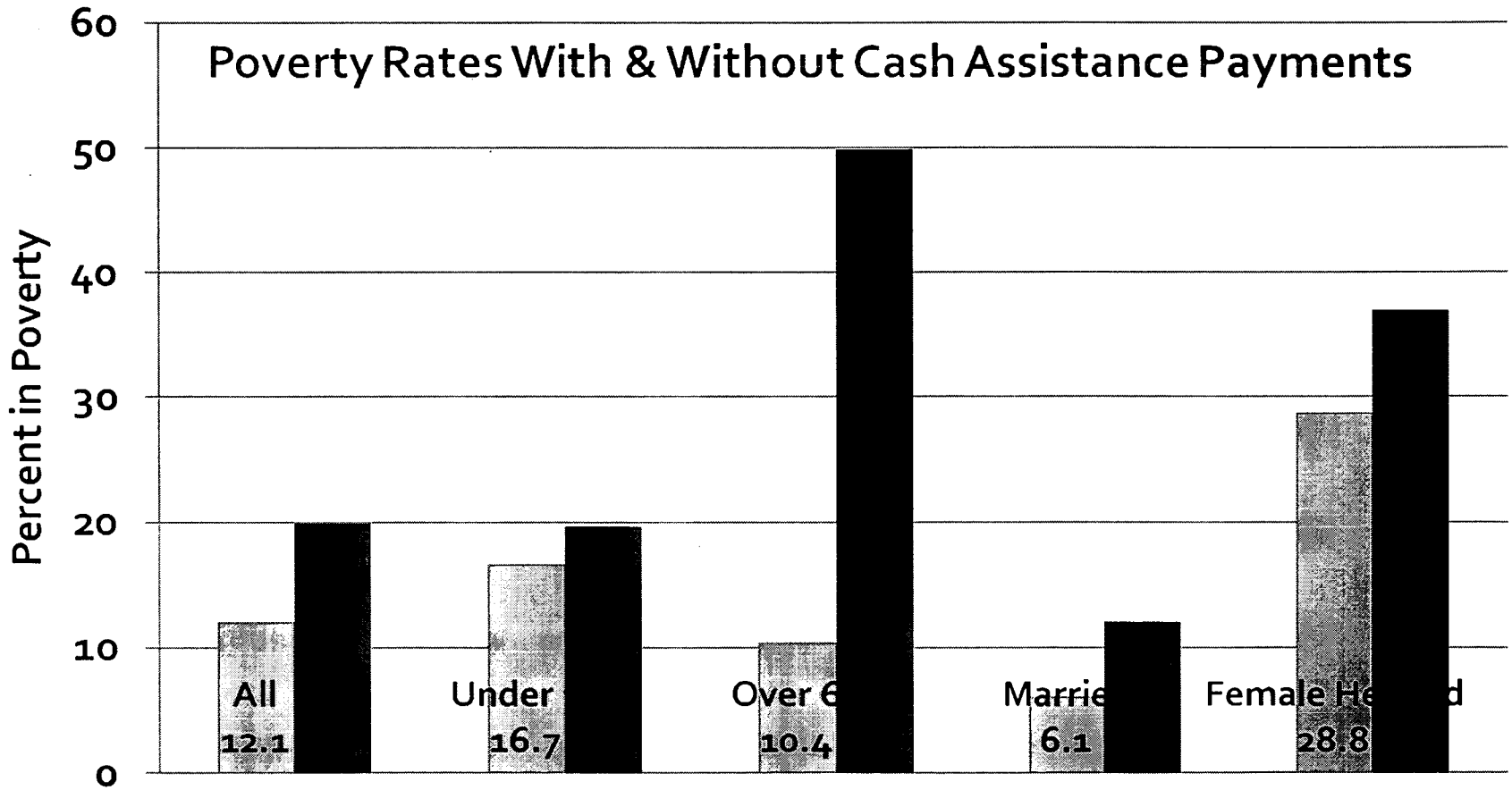
Impact of Cash Assistance on Poverty Rates in the US (2002)



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Public Assistance & Poverty

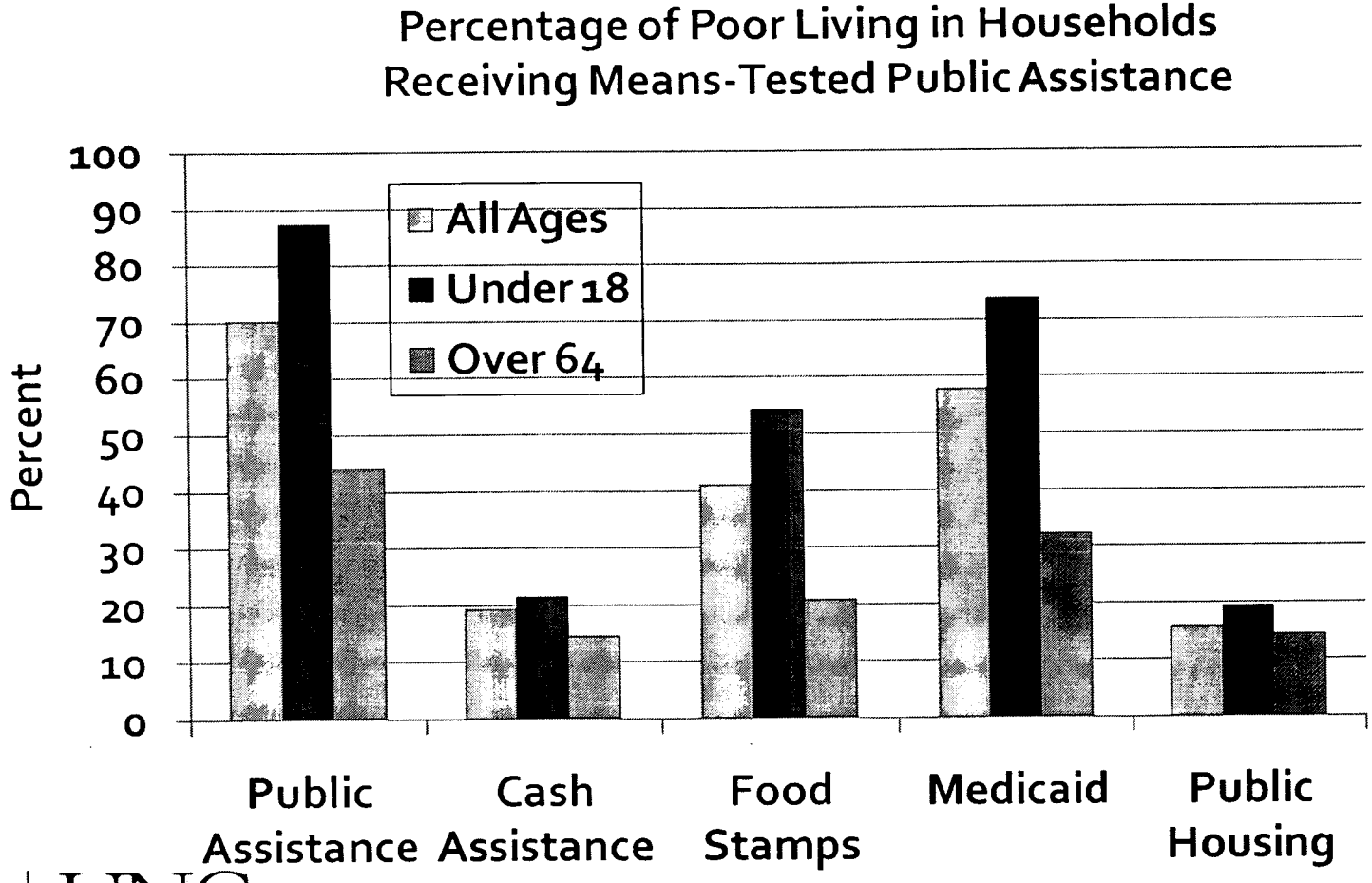
Who receives assistance?

- Some poor don't receive assistance
- Some who receive assistance aren't poor

How much assistance is provided?

- Public assistance reduces poverty by as much as 50%
- But fills only 66% of the total poverty gap
- Significant holes in the safety net for some groups

Public Assistance & Poverty in the US (2008)



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Public Assistance & Poverty (2004)

Program	Monthly Spending (All Families)	Monthly Spending (Poor Families)	Percent of Spending for Poor Families	Percent of Poverty Gap Filled	Reduction in Poverty
All (except Medicare & Medicaid)	$65,003 million	$35,102 million	54.0%	66.2%	53.5%
OASI	$33,115 million	$15,365 million	46.4%	27.6%	26.4%
DI	$7,153 million	$3,813 million	53.3%	12.7%	6.0%
SSI	$3,299 million	$2,652 million	80.4%	8.2%	1.7%
Housing	$2,825 million	$2,446 million	86.6%	7.5%	2.0%
Unemployment	$3,877 million	$2,357 million	60.8%	6.7%	2.6%
Food Stamps	$2,252 million	$1,959 million	87.0%	6.3%	1.3%
EITC	$2,326 million	$1,521 million	65.4%	4.5%	3.6%
TANF	$922 million	$803 million	87.1%	2.5%	0.3%
Veterans	$1,876 million	$878 million	46.8%	1.7%	1.3%

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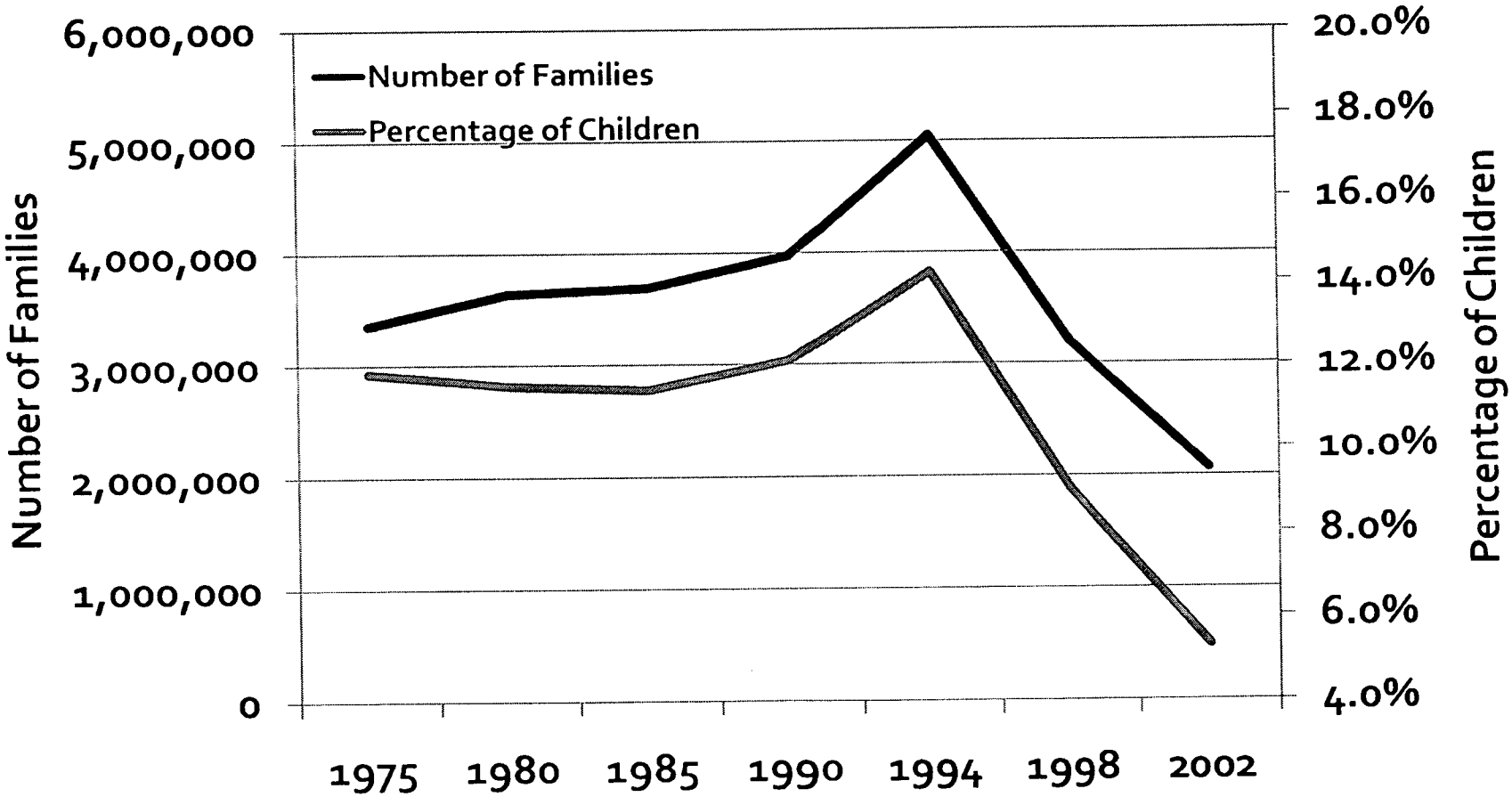
AFDC (TANF) & Poverty (US)



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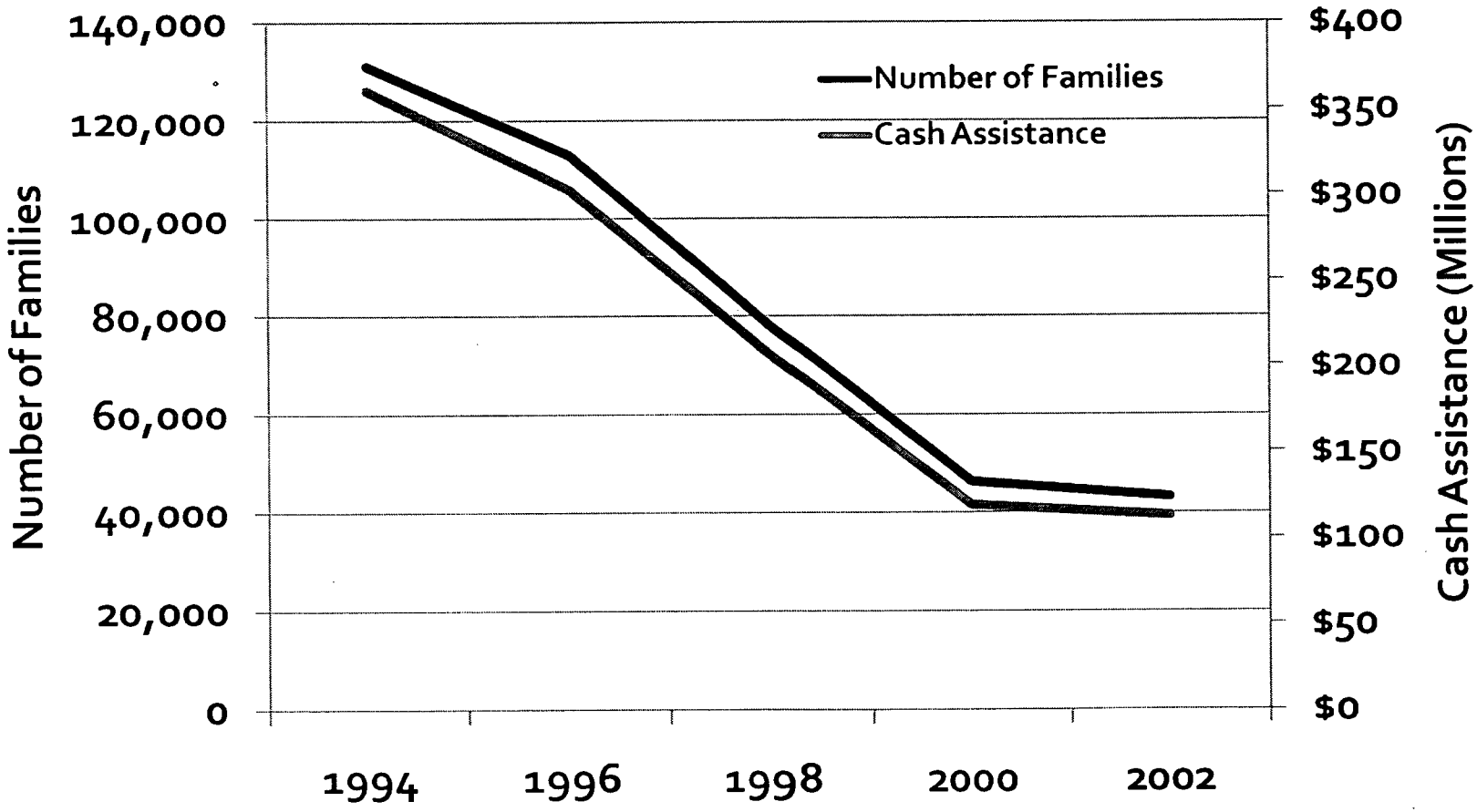
AFDC (TANF) & Poverty (NC)



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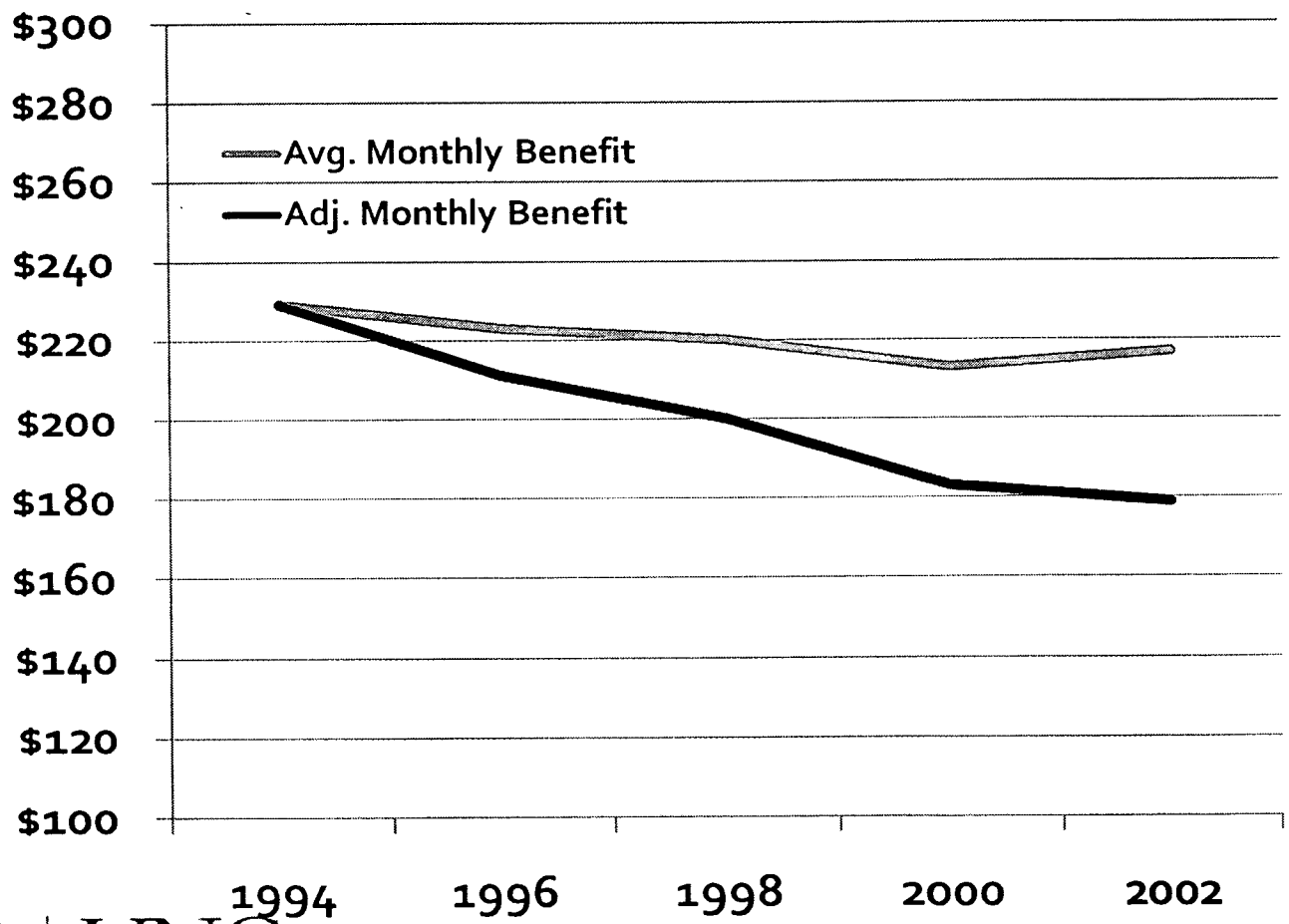
AFDC (TANF) & Poverty (NC)



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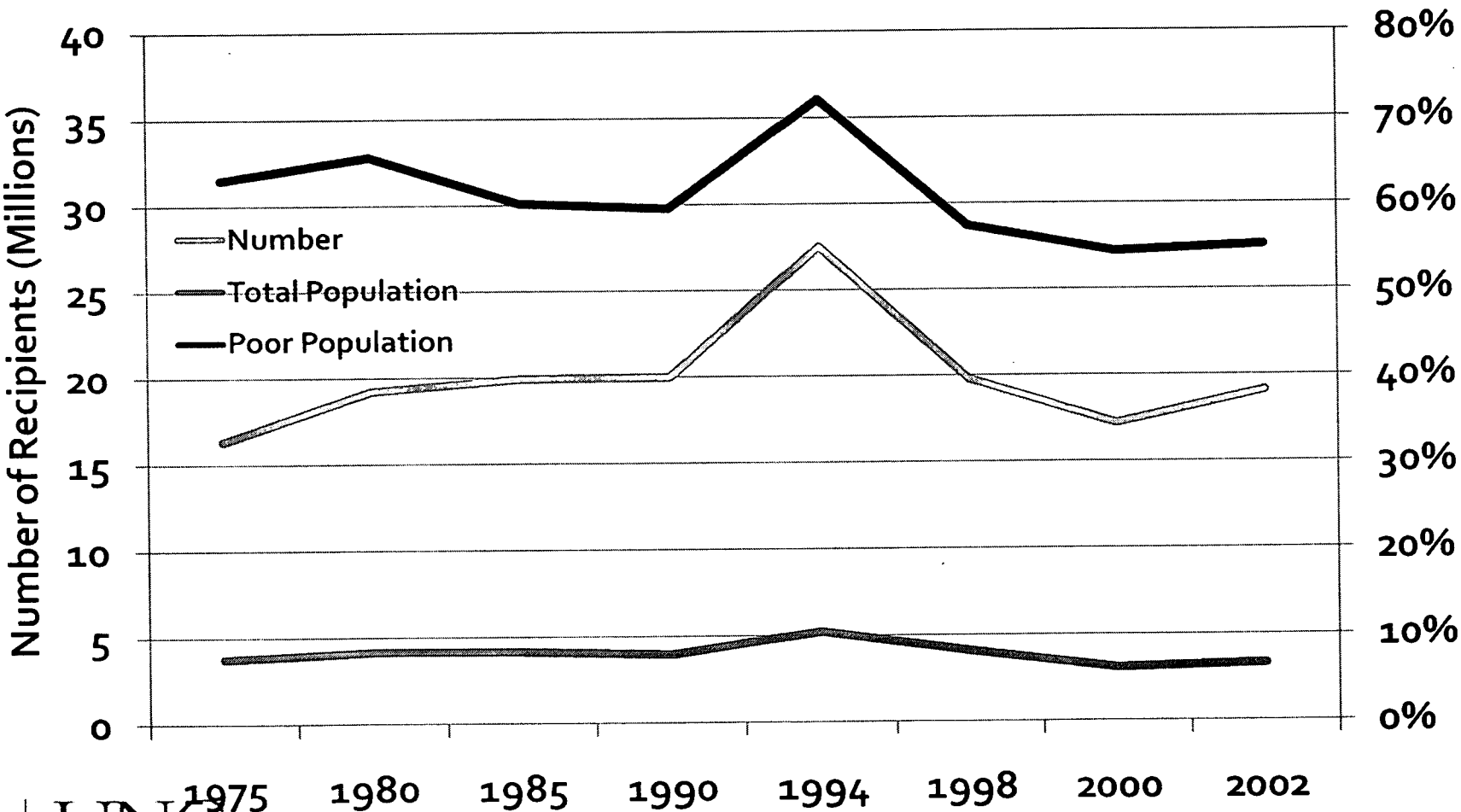
Food Stamps & Poverty (US)



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Public Assistance & Poverty

The net impact of public assistance is to reduce poverty but the magnitude of reduction is masked by other forces and varies over time and from state to state based on the initial "real" level of assistance, wages for unskilled work, and the extent to which assistance is provided through cash or in-kind assistance. Richard Fording & William Berry, "The Impact of Welfare Programs on Poverty Rates," Policy Studies Journal (2007)

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Why Has Poverty Persisted?

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What Causes Poverty & What's the Solution to the Problem of Poverty?

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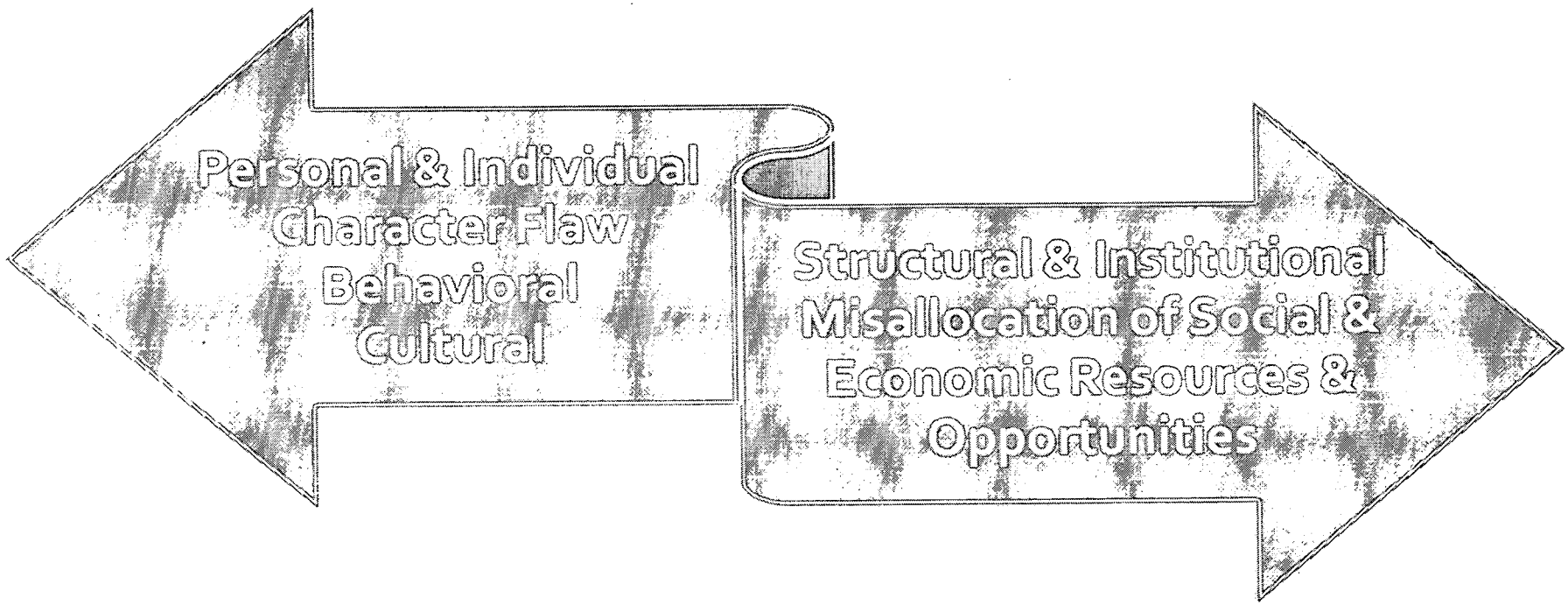
Causes of Poverty



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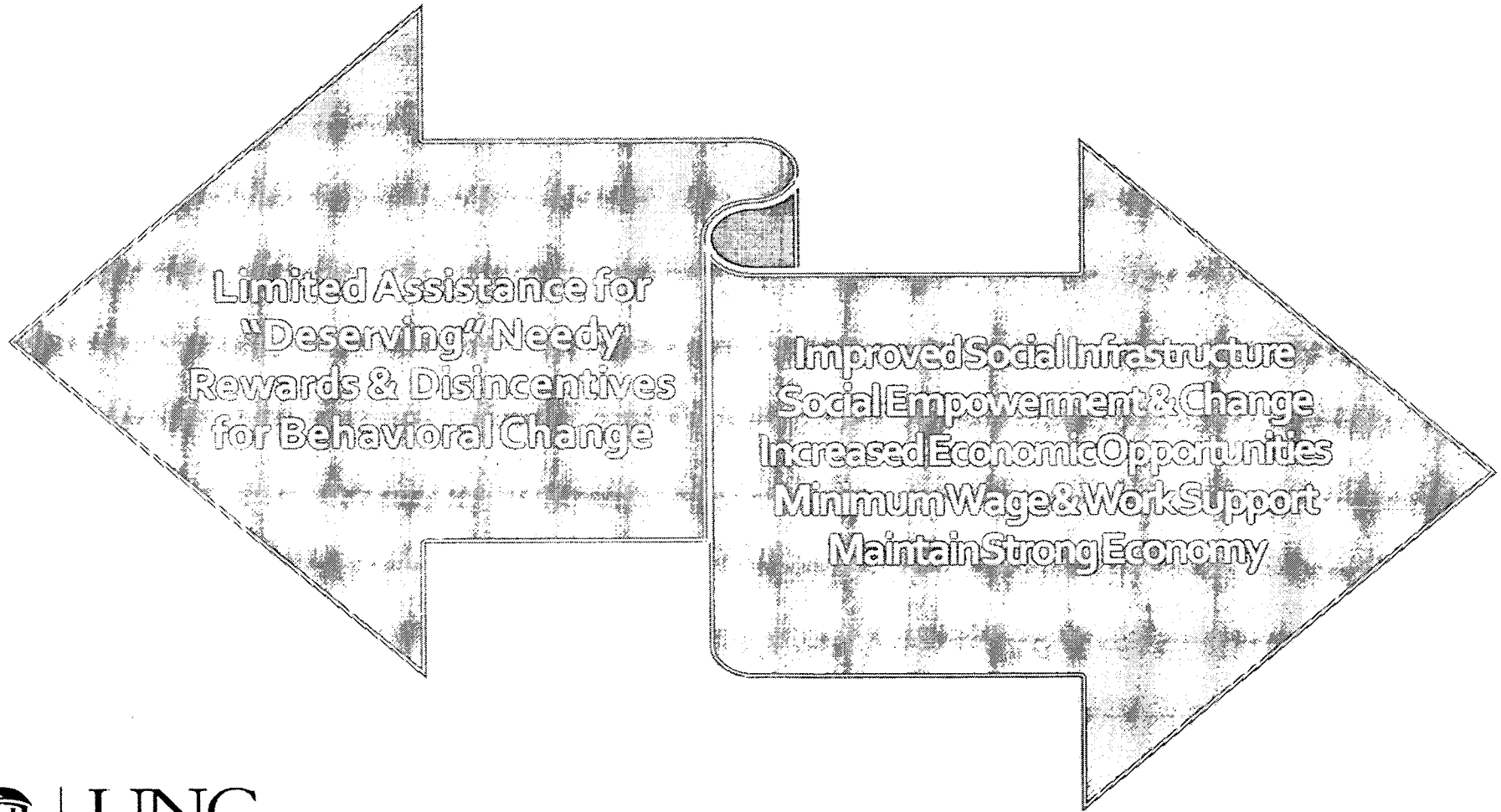
Solutions to Poverty



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The War on Poverty (1964)

"Very often a lack of jobs and money is not the cause of poverty, but the symptom. The cause may lie deeper in our failure to give our fellow citizens a fair chance to develop their own capacities, in a lack of education and training, in a lack of medical care and housing, in a lack of decent communities in which to live and bring up their children. Our aim is not only to relieve the symptom of poverty, but to cure it and, above all, to prevent it." President Lyndon B. Johnson (Jan. 8, 1964)

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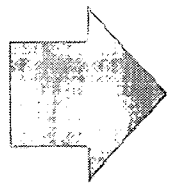
The War on Poverty (1964)

Better education
Better health
Better housing
Better job training
Better job opportunities

(Not direct cash assistance)



OEO
Community Action
VISTA
Job Corps
Head Start
Legal Services
Pell Grants, Stafford Loans & Work Study
Urban Redevelopment
Medicare
Medicaid
Food Stamps
Tax Cuts

Has the War on Poverty Failed?

1964-1973

- Poverty rate declined from 19% to 11%
- Growing economy, increased economic opportunity & more generous public benefits

1973-present

- Poverty rate has fluctuated between 11% & 15%
- Despite general economic health & government efforts

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Has the War on Poverty Failed?

Persistent Racial & Ethnic Disparity

- Poverty gap between whites & African Americans has narrowed but remains significant

Persistent Demographic Disparity

- Poverty rate of elderly has been significantly decreased
- Poverty rates of families with children, female-headed families, single-parent families, and families whose heads have limited education remain high

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Why Has the War on Poverty Failed?

"Poverty has not fallen below the 1973 level in large part because of economic changes that led the real annual earnings of working male high school graduates to fall in the three decades after 1973 [and, *to a much lesser extent*, because of declines in marriage rates and the withdrawal of low-skilled men from the labor market]." Maria Cancian & Sheldon Danziger, *Changing Poverty, Changing Policy* (2009)

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Why Has the War on Poverty Failed?

"Poverty persists, not because the ... War on Poverty ... [was] fundamentally mistaken, but because the changing economy increased economic hardships for many workers and existing antipoverty policies did not respond sufficiently to offset market-generated increases in poverty ... [and] failed to respond adequately to largely unanticipated changes in family organization." Maria Cancian & Sheldon Danziger, *Changing Poverty, Changing Policy* (2009)

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Why Has the War on Poverty Failed?

More modest economic growth since 1970

Stagnation in real wages of low-skilled workers

Increased income & earnings inequality

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Antipoverty Policy

"[The War on Poverty] will not be a short or easy struggle [and] no single weapon or strategy will suffice, but we [can] not rest until that war is won. The richest nation on earth can afford to win it. We cannot afford to lose it." President Lyndon B. Johnson, January 8, 1964

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Antipoverty Policy

Make Work Pay

- Minimum wage, ETIC & subsidized child care
- Provide work opportunities for those who can't find work due to poor economic conditions or substantial employment barriers

Support Balance Between Work & Family

- Single-parent & low-income families

Invest in Education & Training

- Early childhood & K-12
- Job training for youth & adults

The Persistence of Poverty

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UNC
SCHOOL OF GOVERNMENT

Legislative Study Commission on Poverty Reduction and Economic Recovery

AGENDA

11 am
February 2, 2010
Room 643
Legislative Office Building

Call to Order
Rep. Garland Pierce, presiding.

Remarks by Co-Chairs
Rep. Pierce and Sen. Edward Jones.

Approval of Minutes

Any Reports by Subcommittee Chairs

[Topic]
Dan Gerlach, President
Golden LEAF Foundation

Plan of Action for Commission

Adjournment

MINUTES

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTIOIN AND ECONOMIC RECOVERY

Tuesday, February 2, 2010
11:00 a.m.

The Legislative Study Commission on Poverty Reduction and Economic Recovery met in Room 643 of the Legislative Office Building on Tuesday, February 2, 2010. Chairman Garland E. Pierce presided and called the meeting to order at 11:02 a.m. Chairman Pierce welcomed the members, staff, sergeant-at-arms, and visitors.

Chairs present: Senator Edward Jones. Members: Senator Doug Berger, Senator Don W. East, Senator Floyd McKissick, Senator Joe Sam Queen, Representative Angela R. Bryant, Representative William A. Current, Sr., Representative Bryan R. Holloway, Representative Earl Jones, Representative James H. Langdon, Jr., Representative Nick Mackey, and Representative Randy Stewart. Public members: Reverend Mac Legerton, Mr. Norman Mebane, Ms. Jean Reaves, and Dr. Al Wentzy. Ex Officio members or designees: Ms. Phyllis West (Superintendent June Atkinson), Department of Public Instruction, Mrs. Tina Morris-Anderson (Commissioner Cherie Killian Berry), Department of Labor, Mr. Manfred Emmrich (Chairman Lynn Holmes), Department of Employment Security, Ms. Johanna Reeves (Secretary Eugene Conti), Department of Transportation, Mr. Ed Pope (Secretary Linda Hayes), Department of Juvenile Justice. A Visitor's Registration list and presentations are attached and filed as a record to the minutes.

Chairman Pierce welcomed and thanked the members, staff, sergeant-at-arms, and assistances for their work on the Commission. He also thanked the members for braving the weather from various locations to attend the meeting. He felt the subcommittees had some good policy issues for the members to deal with as they move forward with the Commission. Chairman Pierce recognized Co-Chair Senator Jones for comments. Senator Jones did not have any comments.

The first item on the agenda was the minutes from January 5. The minutes were second and approved. Chairman Pierce called for reports from the subcommittee chairs.

Senator McKissick was recognized by Chairman Pierce. Senator McKissick, chair of the Subcommittee on Tax Issues stated that the committee received a report from the North Carolina Justice Center dealing with tax incident analysis. This concept was adopted by the states of Maine, Minnesota and Texas. A report is completed every one or two years to look at the impact that legislation might have had on persons in different income levels from the lowest at 20% to the highest income population at 20%. Senator McKissick felt the committee was looking at the low wealth income individuals. They compared it to fiscal notes that are now prepared for bills that affect the state's financial picture. He felt they would probably recommend this analysis to the full committee at the proper time. The members also discussed federal tax issues to see what impact it would have on lower moderate income individuals. The committee may offer a resolution for the full Commission to consider.

Chairman Pierce called on Representative Bryant. Representative Bryant is the chair of the State Programs Subcommittee. This subcommittee focused on health insurance, Medicaid, children insurance, and housing. The Housing Trust Fund made a presentation to the committee. They discussed incoming assets by way of the Individual Development Accounts. They discussed how to move forward, where to focus to be most effective when advocating for poverty programs, and work support programs when short session begins. These programs will be discussed at their next meeting. They will also look at the inventory of agencies and ways to view assets for success as it relates to poverty reduction. They discussed nutritious foods, low income persons, and what can be done to assist them.

Chairman Pierce recognized Representative Jones. Representative Jones is the chair for the Subcommittee on Jobs. Representative Jones said they heard from Ms. Willa Dickens, associate vice president of the Workforce Development, Ms. Stephanie Deese, director of the Workforce Initiatives, and Ms. Barbara Boyce, director of the Continuing Education to speak about the Community College JobsNow Program. They also heard from Dr. Sandra Williams with the Central Office of Community College and Dr. Deborah Lamb, president of Edgecombe Community College. The members discussed the stimulus package, prioritized jobs that yield a good income, and in great demand. There was $79 million for North Carolina in the stimulus funds to assist with training, education and preparing for the workforce. Edgecombe Community College served 15,000 individuals in the entire system. They are now serving an estimate of 27,000 throughout the state. They discussed identifying persons who are displaced and assist with placing them in jobs in the Community College System. They also discussed manufacturing firms and businesses such as nursing and education. They do not want to exclude any areas, so they plan to identify specific targeted areas with the most chronic poverty situation.

Representative Jones said they plan to have the Department of Correction present at their next meeting. Chairman Pierce said Speaker Hackney approved the Ex-Offender Re-entry Committee, which will have some valuable information that can be shared with the committee. Senator Jones stated they discussed ex-offenders dealing with housing and jobs in their meeting. Senator Jones said the corrections information would be helpful and wanted to know how they could assist persons at the bottom level of poverty to get back into society. Representative Jones said some community action programs have ex-offender components dealing with temporary housing and counseling. He suggested looking at the federal government program, which were tax credits for businesses who hired ex-offenders. He also suggested considering a state tax credit similar to the federal program.

Chairman Pierce recognized Senator Queen. Senator Queen complimented Representative Jones on his report and the Community College program. He said this program was referred to as "12 and 6," the 12 career paths in 6 months. He said the number of career paths had expanded to match local employment needs. There are 45 career paths spread over 57 community colleges. Representative Jones responded to Chairman Pierce's question. Representative Jones said there is a link between students in the training and re-training programs and potential employers; sometimes with job openings before the student completes the training course.

Chairman Pierce recognized Representative Current. Representative Current is the chair of the Subcommittee on Persistent Poverty. He stated that his group would meet at 1 p.m. in room 415 of the Legislative Office Building. Representative Current stated that their meeting would focus on dropout issues and how it relates to the persistent poverty. They will have Dr. Jenny Owen from Duke University and Major Robert Carver from the Tarheel ChalleNGe to discuss the program. Dr. Owen is an expert on dropouts. Major Carver will focus on quasi-military approach on dropouts or would be dropouts. Participants in this program often serve as pages during Legislative sessions. Representative Current extended an invitation to the Commission members.

Chairman Pierce wanted to poll the Commission for the public hearing on March 9 and March 11. He stated that Senator Jones would hold his public hearing for Halifax County on March 9 and his would be in Robeson County on March 11, at Robeson Community College, located on Highway 95. Chairman Pierce counted 8 attending the Halifax County public hearing and 7 or 8 attending the Robeson County public hearing. The time will be forthcoming for staff and others attending. The full Commission meeting on March 2 was cancelled. The schedule will be as follows:

- The subcommittees will meet on March 2.
- The public hearing for Halifax County will be on March 9.
- The public hearing for Robeson County will be on March 11.
- The subcommittees should make their final recommendations on April 6.
- The final meeting will be April 22.
- Correction, the final meeting will be April 27.

Chairman Pierce called on Mr. Dan Gerlach, president of the Golden LEAF Foundation to present his overview of the North Carolina's Partner in Long-Term Economic Advancement. Mr. Gerlach stated that the purpose of the Foundation is to make grants and support organizations that promote the social welfare of North Carolina's citizens and to receive and distribute funds to lessen the economic impact of changes in the tobacco economy. The Foundation assists tobacco-dependent, economically distressed, and rural communities as they adapt to changing economic conditions and as they make a transition to more diversified economic bases. He also shared information regarding organizations eligibility to receive grants from the Foundation, government entities and 501(c)(3) tax-exempt organizations that serve the people of North Carolina. He commented on information regarding community assistance initiative, 61 grant awards, and special initiatives from the Foundation. **See Attachment 1** for additional information regarding Mr. Gerlach's presentation.

Chairman Pierce recognized Representative Jones for a question. Representative Jones questioned the Foundation's role in finding an alternative crop for tobacco and the money for bio-tech and genetic research. Mr. Gerlach stated that there was no real single crop alternative for tobacco. However, the Foundation has played a major role in development of the wine industry in the upper Yadkin Valley. The sweet potato production has increased in the state and there is a significant growth in the marketing of North Carolina products, such as strawberries and blueberries. He mentioned the new bio-tech programs at North Carolina Central University and North Carolina State University in terms of research.

Chairman Pierce called on Representative Bryant. Representative Bryant asked Mr. Gerlach if he had any recommendations or advice for short or long term poverty elimination and economic recovery. Mr. Gerlach said the Foundation was willing to listen and offer suggestions to those in poverty. He felt it was important to realize the work, build economic opportunities with a positive attitude for the people whether small or large, trust, and help reduce stress in their lives. Representative Bryant wanted to know the status of the Foundation's one-to-one initiative. Mr. Gerlach said the Foundation would recommend offering opportunities for local people to present their goals and ideas to the Commission.

Chairman Pierce recognized Senator Queen for a comment. Senator Queen was appreciative of the Community Initiative which had brought the Foundation staff to counties in his district. Those counties, he said, did not have the infrastructure to prepare grant applications and the move to bring the grant maker to the people of significant assistance. Senator Queen supports a partnership with the utility companies and smart meters as a way to bring broad band expansion at the time of meter installation. Mr. Gerlach said that all projects take time to get the entire process completed and the public's input cannot be hurried. The Foundation can help provide stimulus funds at the tune of 70 cents federal money for 30 cents local money.

Chairman Pierce recognized Dr. Wentzy. Dr. Wentzy asked if the Foundation considered supporting the North Carolina Housing Finance Agency. Mr. Gerlach said the Foundation has done some work with the Agency in the past and he felt there was some ways to partner with them in terms of housing. Some of the Foundation funding is used for training in green jobs leading to housing construction.

Chairman Pierce called on Ms. Reaves. Ms. Reaves asked about job development around the State's military base locations. Mr. Gerlach said there had been $4.5 million in grants for aerospace job training funds for the area from Wayne County through New Bern County. The Foundation has worked with projects in Guilford and Pasquotank counties. There is some possibility of working with military base procurement to purchase North Carolina agricultural products. The Foundation has created a single entity for small businesses to examine ways to seek and procure military contracts. The Foundation has worked with a project for the eastern part of the state to seek information about what the Navy wants for basing squadrons of the F-35 fighters. Mr. Gerlach said the location was either New Bern or Beaufort, SC.

Representative Current was recognized by Chairman Pierce for a question. Representative Current wanted to know if the half million dollars in Engelhard Clinic was a brick and mortar deal. Mr. Gerlach said the Engelhard Clinic plan was a little of both, it was brick, mortar, and equipment.

Chairman Pierce recognized Ms. Emila Sutton, Policy and Program Association for the IDA and Asset Building Collaborative of North Carolina to give her presenttion. Ms. Sutton was representing the North Carolina Alliance, along with Ms. Lucy Gorham from MDC, Inc. and North Carolina Assets Alliance for her presentation. Ms. Sutton said the North Carolina Assets Alliance educates the public and policymakers about asset-based strategies that promote economic security and prosperity for all North Carolinians. They have over 40 organizations

and agencies that are members of the Alliance working on economic security issues. The Assets work to develop a common framework that can tie diverse asset building policy pieces together. They provide efforts for visibility on a local, statewide, and national level. They strengthen their mutual efforts for new or expanded asset building policies and program initiatives they implement. Their research shows that Assets can make a difference between getting by and getting ahead. It also showed a need to address asset inequality, which is a greater need than income inequality, in order to address poverty long-term for children. Other parts of the report showed that household of color own 7 cents for every $1 owned by white households. There was also an increase in family assets that low income young people will graduate from high school. Ms. Sutton asked Ms. Gorham to come and present the remaining section of the presentation.

Chairman Pierce recognized Ms. Gorham. Ms. Gorham said they support the priorities that the Commission received from the Justice Center and the UNC Center on Poverty, Work and Opportunity. The Asset policy recommendations were to:

1. Remove enrollment cap for critical Health Choice Children's Health Insurance Program.
2. Establish Tax Incidence Analysis.
3. Increase funding for North Carolina Housing Trust Fund.
4. Raise North Carolina Earned Income Tax Credit (EITC) to 10% of federal credit.
5. Provide outreach fund on EITC and other Benefits.

Ms. Gorham said the work and income supports are underutilized. She noted that 7.2% of households eligible for EITC, SNAP, health insurance, and child care subsidies claim all four. There is $39 billion in work supports unclaimed by Americans annually and MDC/UNC study indicates over $1 billion unclaimed every year in North Carolina. She stated that the Benefit Bank is free-to-use, no fees or changes. It is confidential, internet-based, counselor-assisted program, simplifies and centralizes the process of applying for public benefits and tax credits, and connects communities to resources. She provided additional Asset policy recommendations:

6. Increased funding for state Individual Development Account (IDA).
7. Add split refund form to state tax return form for encourage savings.

Ms. Gorham said the Alliance is willing to work with the Commission and suggested they sign up for the Assets Newsletter, Action Alerts, their Report, Fact Sheets, and CFED Scorecard. Their website address is: www.ncassets.org. For additional information see **Attachment 2**, the North Carolina Assets Alliance and **Attachment 3**, A Prosperity Grid for North Carolina.

Chairman Pierce recognized Representative Bryant. Representative Bryant requested a list of the Alliance Membership. Ms. Gorhman referred Representative Bryant to the list in back of the handout, but indicated she would provide the requested information.

Senator Queen was recognized by Chairman Pierce. Senator Queen said the Alliance represents a good strategy because economic development does not mean building companies only, but building family assets. He suggested since 75% of Americans build most of their

wealth through home equity, examining the market for financing homes that build value for low income families would build assets, too.

Representative Stewart was recognized by Chairman Pierce. Representative Stewart wanted to know about the federal refund split and any feedback information on how effective this has been on the federal level. Ms. Gorham recommended #7 (Add a split refund form to the state tax return form to encourage savings during tax time). She said this was the first time the split had been made to allow savings bonds. This is fairly new and people were not using it, but as they become familiar with it, they will use it. A pilot program at some tax preparation sites did show increased interest. The Alliance proposal was that recipients could put their money into any type of account.

Chairman Pierce recognized Representative Stewart. Representative Stewart wanted to know how the savings would be designated instead of the federal level and primarily in savings bonds if this was done at the state level. Ms. Gorham's response was they can put it in any account. It does not have any particular dedicated uses.

Chairman Pierce noted that since the full Commission would not meet on March 2, the subcommittees would be able to have extended sessions.

There being no further business, the Chairman adjourned the meeting at 12:40 p.m.

Respectfully submitted,

Representative Garland E. Pierce
Presiding Co-Chair

Mildred Alston
Committee Assistant

ATTENDANCE

POVERTY REDUCTION AND ECONOMIC RECOVERY LEGISLATIVE STUDY COMMISSION

(Name of Committee)

DATES MEMBERS	2/2/1010														
Senator Edward Jones, Co-Chair	√														
Representative Garland E. Pierce Co-Chair	√														
Senator Doug Berger	√														
Senator Don W. East	√														
Senator Steve Goss	X														
Senator Floyd McKissick, Jr.	√														
Senator Joe Sam Queen	√														
Representative Angela R. Bryant	√														
Representative William A. Current, Sr.	√														
Representative Bryan R. Holloway	√														
Representative Earl Jones	√														
Representative James H. Langdon, Jr.	√														
Representative Nick Mackey	√														
Representative Randy Stewart	√														
Public Commission Members															
Mr. Joe Dickens, Edgecombe Co.	X														
Dr. Zeno L. Edwards, Jr. Beaufort Co.	X														
Reverend Mac Legerton, Robeson Co.	√														
Mr. Norman Mebane, Bertie Co.	X														
Ms. Patricia S. Peterson, Duplin Co.	X														
Ms. Jean Reaves, Halifax Co.	√														
Dr. Al Wentzy, Northampton Co.	√														

Ex Officio Members															
Superintendent June Atkinson Department of Public Instruction Designee: Phyllis West	√														
Secretary Lanier Cansler Dept. of Health and Human Services Designee: Maria Spaulding	X														
Commissioner Cherie Killian Berry Department of Labor Designee: Tina Morris-Anderson	√														
Secretary Keith Crisco Department of Commerce Designee: Joseph "Joe" Crocker	X														
Chairman Moses Carey, Jr. Department of Employment Security Designee: Manfred Emmrich	√														
Secretary Linda Hayes Department of Juvenile Justice Designee: Ed Pope	√														
Secretary Eugene Conti Department of Transportation Designee: Johanna Reese	√														
Commission Staff															
Bill Gilkeson, Research Division	√														
Melanie Bush, Fiscal Research	√														
Kristine Leggett, Fiscal Research	√														
Dan Ettefagh, Bill Drafting	√														
Irma Avent-Hurst Committee Assistant	√														
Mildred Alston Committee Assistant	√														

E = Excused Absence

DRAFT

MINUTES

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY

Tuesday, January 5, 2010
11:00 a.m.

The Legislative Study Commission on Poverty Reduction and Economic Recovery met in Room 643 of the Legislative Office Building on Tuesday, January 5, 2010. Chairman Edward Jones presided and called the meeting to order at 11:07 a.m. Chairman Jones welcomed the members, staff, sergeant-at-arms, and visitors.

Chairs present: Representative Garland E. Pierce. Members: Senator Doug Berger, Senator Don W. East, Senator Steve Goss, Senator Floyd McKissick, Jr., Representative Angela R. Bryant, Representative William A. Current, Sr., Representative Bryan R. Holloway, Representative Earl Jones, Representative James H. Langdon, Jr., and Representative Nick Mackey. Public members: Reverend Mac Legerton, Mr. Norman Mebane, Ms. Patricia S. Peterson, Ms. Jean Reaves, and Dr. Al Wentzy. Ex Officio members or designees: Chairman Moses Carey, Jr. (and designee Mr. Manfred Emmrich), Mr. Joe Crocker, Secretary Linda Hayes, Department of Juvenile Justice, Mrs. Tina Morris-Anderson, Ms. Johanna Reese, Ms. Maria Spaulding, and Ms. Phyllis West. A Visitor's Registration list and presentations are attached and filed as a record to the minutes.

Chairman Jones called on Co-Chair Pierce to give remarks. Co-Chair Pierce thanked the Commission and Subcommittees for their work and hoped they could come up with solutions to the problems they face. He said Robeson and Scotland Counties, House District 48 are still number one in poverty and his county (Scotland) is number one in unemployment and number two in poverty. His area is still going through some difficult times. He hopes the Commission will come up with solutions that will make a difference for the State of North Carolina.

Chairman Jones welcomed the newest member, Mr. Norman Mebane to the Commission. Mr. Mebane is from Bertie County, which is one of Chairman Jones' counties.

The next item on the agenda was the minutes from January 16, 2009, September 29, 2009, October 27, 2009, and December 1, 2009. Chairman Jones asked for a motion to accept the minutes as presented. Representative Jones made a motion, Ms. Reaves second, and the minutes were approved.

Chairman Jones asked for reports from the Subcommittees. He suggested that the subcommittees elect a co-chair at their next meeting so the meetings could continue during the absence of the chair. Four Subcommittees were established on December 7, 2009 on Tax Issues, Jobs, State Programs, and Persistent Poverty.

Chairman Jones called on Representative Holloway to share the discussion by the Subcommittee on Tax Issues. Representative Holloway said he was not an expert on the EITC and invited others on the committee to add their comments. There presentation was a program subscribed by staff. The

members discussed consideration of taxes on services, which Representative Holloway opposed to this idea. He said statements were placed on the subject because it is an aggressive tax. Again, he opposed since he does not support these types of taxes. Since this subcommittee had a short meeting Representative Holloway and Chairman Jones asked other members to share their comments too.

Chairman Jones called on Senator McKissick and apologized for overlooking him. Senator McKissick is the chair of the Subcommittee on Tax Credit. He was unable to attend the meeting. He shared views in reference to staff dealing with issues of restructuring the tax code and the Joint Finance Committee in the Senate and House deliberating on the potential implications of a reduced sales tax rate. He also stated there could be a presentation of the EITC to the full Commission. Chairman Jones asked that the subcommittees address most issues before coming to the full Commission, unless an issue needed consideration by the full Commission.

Chairman Jones called on Representative Jones. Representative Jones is the chair of the Subcommittee on Jobs. He praised Chairman Jones and Co-Chair Pierce for working together to establish the subcommittees. He felt it was a very effective and an innovative way of proceeding with their direct concentration in various areas. Representative Jones said the presentation for this subcommittee was given by Mr. Roger Shackleford, Executive Director of Workforce Development from the Department of Commerce. The members wanted to get an idea from Mr. Shackleford as to where North Carolina stands on jobs. The Department conducted a study projecting job loss and gain from 2007 through 2017. The study predicts continuing job losses through manufacturing in textiles and tobacco. The Department felt jobs would be gained over the next 10 years in the areas of professional, wholesale/retail, education and health care. Mr. Shackleford said due to the upper baby boom population, North Carolina will need to replace 60,795 jobs in the next 10 years. He also projected 69,825 jobs will come available. The challenge is that there is a 30% dropout rate which will have an impact on the economy and the ability to fill the jobs. Representative Jones said there are some innovative programs in place and the subcommittee plans to explore technical colleges, and local school systems that have shown results in reducing dropout rates. Chairman Jones invited other members to give their comments.

Chairman Jones welcomed Ex Officio Commission member Mr. Moses Carey to the meeting. Mr. Carey is Chairman of the Department of Employment Security.

Chairman Jones recognized Senator East for a comment. Senator East is a member of the Subcommittee on Jobs. Senator East was interested in the Commission considering a more uniformed incentive system that would include tax breaks, small businesses across the state, county property tax, and sales tax that would create jobs. He suggested the incentives would be in effect until the area poverty rate declined. Representative Jones said the committee discussed incentives and more concentration on poor counties and small businesses. He suggested doing an analysis to see what worked and bringing in major corporations verses tax credit for small businesses. Mr. Shackleford said he would consider the suggestion.

Chairman Jones said there was a wealth of knowledge among the Commission members with great ideas. The incentives can create jobs which meant one or two less people on the poverty line looking for a job.

Chairman Jones called on Representative Bryant. Representative Bryant is the chair of the Subcommittee on State Programs. Representative Bryant said her committee reviewed methods of

research that was available in other states to fight poverty. Twelve states had created permanent panels to address the issue. There were eight or nine states that set goals to eliminate poverty at a specific timeframe. There were various focuses on EITC, child poverty, and often housing and health. Representative Bryant referred to a report on the Minnesota experience which is available for the members. The subcommittee will send a survey to all North Carolina agencies to learn of programs and focus on poverty work that might relate to the scope of the Commission. The survey will also seek recommendations to the Commission from those agencies. They had a brief review of public health care issues, Medicaid, Health Choice, and where North Carolina is as a state. In future meetings, this subcommittee will examine the history of poverty efforts in the state.

Chairman Jones challenged each subcommittee to meet with people who are poor to obtain first hand knowledge of the effect of poverty on their lives and any ideas these people would have for the Commission.

Chairman Jones called on Representative Current. Representative Current is the chair of the Subcommittee on Persistent Poverty. Representative Current said the members wanted to hear from Mr. John Saxon of the School of Government with a historical overview since the early 1960s to present. They wanted to hear how it has been measured as an economic factor. In the early 60s, the poverty rate was 19%, it decreased to 11%, and from 1973 to present it was between 11% and 15%. The battle has not been won as to why poverty persists, but it was interesting to know that the income measurement is number one. The subcommittee will examine the impact of dropout rates, delinquency, homelessness, and fatherhood issues that can play a great part in the persistence of poverty.

Chairman Jones asked other subcommittee chairs to contact each other and make them aware of the issues their group was considering to reduce the possibility of overlapping efforts.

Chairman Jones recognized Representative Bryant. Representative Bryant supported the notion of going directly to people who live in poverty to obtain information. She said perhaps some people could share their feelings with the entire Commission.

Committee Discussion

Chairman Jones said the subcommittee meetings will be on February 9, from 9 a.m. until 10:30 a.m. and the full Commission will meet at 11 a.m. If this was a problem for any of the members, they should have their co-chair conduct the meeting until they arrive.

Chairman Jones called on Co-Chair Pierce for comments. Co-Chair Pierce said the Commission still plans to hold at least two meetings in areas with a high impact of poverty which is covered in the Commission's charge. He suggested looking at having people come here and travel in the spring to meet with local citizens and people feeling poverty. Co-Chair Pierce wanted additional information about the Minnesota report mentioned by Representative Bryant. Representative Bryant suggested contacting Ms. Melanie Bush. Ms. Bush said she will share a copy of the report with Co-Chair Pierce.

Representative Bryant was recognized for a comment by Co-Chair Pierce. Representative Bryant suggested providing additional dates for the Commission meetings through April since February 9th

was not a good date for her and maybe some of the other members. Co-Chair Pierce suggested moving the date back to February 2 for the next meeting.

Co-Chair Pierce recognized Senator McKissick. Senator McKissick asked about the possibility of telephone conference meetings as a substitute to formal meetings. Co-Chair Pierce said since Session will convene in May, and plans to hold two of the meetings out of town, the telephone conference idea might not be feasible. Representative Bryant asked if the March and April dates for the Commission could be circulated to members. Co-Chair Pierce said the dates would be considered at the next meeting. Chairman Jones said the dates would be provided by the committee assistance for planning purposes.

Chairman Jones recognized Ms. Reaves. Ms. Reaves recalled an earlier discussion that a permanent committee would be established in the House. She wanted to know the status of that discussion. Chairman Jones said we should have a Standing Committee because poverty will be here forever. He also said this has been discussed and would follow-up on the matter again.

Chairman Jones recognized Representative Jones. Representative Jones agreed that the issue of poverty warranted a permanent group. He noted that some previous efforts had been started, but not continued. He also said he would work to see if a permanent group would be feasible. Representative Pierce said a previous study group made a recommendation for a permanent body and he would like for the Commission to address that point. Chairman Jones asked for additional comments.

To be sure the money is in the budget; Chairman Jones asked the subcommittees to check with the chairs before getting a "high dollar speaker." He suggested sharing the speaker's information with the chairs if there was a cost. If there is no cost, the subcommittee can move forward and ask the person of their choice.

Chairman Jones asked the audience for comments. Representative Pierce invited Ms. Annette Newkirk from the Governor's office for remarks. Representative Pierce noted that Ms. Newkirk was in the audience and wanted to know if the Governor had any special interest in what the Commission was doing. Ms. Newkirk said that various members of the Governor's staff were attending different study groups to monitor and collect data for research and discussion at the Executive level.

The next meeting will be on February 2nd, at 9 a.m.

There being no further business, Chairman Jones adjourned the meeting at 11:45 a.m.

Respectfully submitted,

Senator Edward Jones	Mildred Alston
Presiding Chairman	Committee Assistant

NORTH CAROLINA GENERAL ASSEMBLY

STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

January 8, 2010

MEMORANDUM

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

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

There will be a meeting of the **Legislative Study Commission on Poverty Reduction and Economic Recovery** on:

DAY:	Tuesday
DATE:	February 2, 2010
TIME:	11:00 a.m.
LOCATION:	Room 643, Legislative Office Building

The Subcommittees will also meet on Tuesday, February 2, 2010, at 9 a.m. as follows:

Subcommittee on Tax Issues:	**Room 423, LOB**
Subcommittee on Jobs:	**Room 424, LOB**
Subcommittee on State Programs:	**Room 425, LOB**
Subcommittee on Persistent Poverty:	**Room 415, LOB**

If the Subcommittee chairs are interested in having a conference call, please contact Irma Avent-Hurst, phone (919-715-3032) or e-mail (Edward.Jones@ncleg.net).

Please advise Irma Avent-Hurst, Committee Assistant, phone (919-715-3032) or e-mail (Edward.Jones@ncleg.net) or Mildred Alston, Committee Assistant, phone (919-733-5803) or e-mail (Piercela@ncleg.net) if you will be unable to attend or have questions.

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — February 2, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Perry M Parks	NCCPN
EMILA SUTTON	IDA & Asset Building Collaborative of NC NC Assets Alliance
Carley Riffe	NCHC
Donna Gallagher	IDA & Asset Building Collaborative of NC NC Assets Alliance
JESSICA DORRANCE	UNC CENTER FOR COMMUNITY CAPITAL / NC Assets Alliance
Lucy Gorham	MDC, Inc. & NC Assets Alliance
Tom Bennett	NCVAN
Wick Party	NCHFA
Brian Bay Hour	Citizen
Annette Nuckols	Gov's office
Bob Hall	Democracy North Carolina

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — February 2, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mitch Kokai	John Locke Foundation
Fred Born	Born & Asso.
Bill Rowe	NC Justice Center
Margaret Mathone	NCHFA
ANITA ABRAMS	N.C. JOB LINK
Bob Thompson	Covenant w/ NC's Children
JAMES KIRBY	OFFICE OF SEN. QUEEN
Jennifer Wills	NCCCS

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — February 2, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tom Novine	N.C. ABC Com.
[illegible]	TSS
Rebecca Troutman	NCACC

GOLDENLEAF
North Carolina's
Partner in Long-Term
Economic Advancement

Golden LEAF Foundation

- Receives and distributes a portion of the funds from the settlement of litigation involving the manufacture of tobacco products.
- Created in 1999 as a non-profit corporation by Court Order in the consent decree resolving litigation initiated by the NC Department of Justice.
- Helps tobacco-dependent, economically distressed, and/or rural communities.

Golden LEAF Foundation

Purpose

- To make grants and support organizations that promote the social welfare of North Carolina's citizens and to receive and distribute funds to lessen the economic impact of changes in our tobacco economy.
- The Foundation assists tobacco-dependent, economically distressed, and rural communities as they adapt to changing economic conditions and as they make a transition to more diversified economic bases.

Eligibility

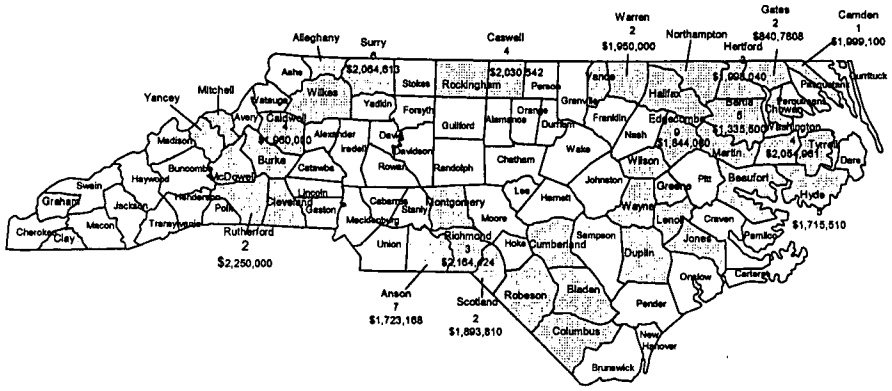
Organizations eligible to receive a grant from Golden LEAF are:

- Government entities and
- 501(c)(3) tax-exempt organizations that serve the people of North Carolina.

Community Assistance Initiative

- Special initiative targeting most economically challenged counties in NC – 40+ Tier I Counties
- Facilitated process led by GLF staff that is open to the public
- By invitation only with $2 MM available for each county
- Targets solutions to prominent issues that prevent the county from being economically competitive

Community Assistance Initiative Grant Awards
61 grants totaling $28,088,508



Community Assistance Initiative

- Infrastructure
  - Rutherford County $1.4 MM broadband
  - Richmond County $1.65 MM sewer & water
  - Caldwell County $1 MM raw water intake
- Healthcare
  - Caldwell County $500K surgical suite hospital
  - Hyde County $555K health clinic
  - Bertie County $507K expanded health access and prescription drug services

Community Assistance Initiative

- Education
  - Scotland, Edgecombe, Anson, Hertford Counties – instructional technology
  - Caldwell County – Project Lead the Way $410K
  - Edgecombe County – academic enrichment & mentoring $420K
- Workforce Training
  - Caswell County $530K vocational training facility – joint partnership (public schools and community college)
  - Hertford County $300K Nurse training initiative in partnership with the hospital
  - Rutherford County $600K vocational training improvements in welding
  - Scotland County $1.2MM satellite campus of RCC

Community Assistance Initiative

- Social Welfare
  - Anson County – poverty alleviation strategies $380K
  - Bertie County – countywide recreation $500K
  - Hertford County – Countywide recreation $250K
  - Gates County – Community Center $780K
- Business Development
  - Caswell County Extension – value-added meat processing $435K
  - Anson County – Community Kitchen Incubator $55K
  - Washington County – Commerce Center $1.2 MM

Special Initiatives

- NC 1:1 Learning Technology Initiative
  - Partners: SAS Institute, Joint Legislative Commission on Technology, Governor, New Schools Project, Friday Institute
  - Objective: Develop & test models for HS reform using technology as a instructional tool
  - Pilot demonstration project providing technology support for all teachers and students in 7 Early College HS & 5 school districts in traditional HS - $8 MM
  - Support program with 14 school districts

Golden LEAF Grants Awarded

Project Area		Number	Amount
Open Grants:	Agriculture	204	$29,365,251.00
	Community Asst & Education	86	$23,250,603.16
	Economic Development	80	$13,983,104.00
	Healthcare	42	$12,934,652.00
	Tourism	79	$10,179,097.00
	Workforce Preparedness	74	$15,008,180.56
Scholarships		25	$18,496,500.00
Economic Catalyst		82	$146,839,412.00
Economic Stimulus		27	$9,902,896.00
Site Certification		25	$765,446.25
Strategic Init.:	Aerospace Alliance	6	$11,063,336.00
	Biotechnology	9	$67,970,000.00
	Community Assistance Initiative	61	$28,088,508.00
	Financial Markets Access	1	$5,000,000.00
	GLOW	23	$3,500,000.00
	GLOW-AM (Aerospace)	7	$4,487,550.00
	Rural Health Care	8	$694,900.00
	UNC-CH Initiative	19	$2,650,362.41
	Total	**858**	**$404,179,798.38**

Questions???

Golden LEAF

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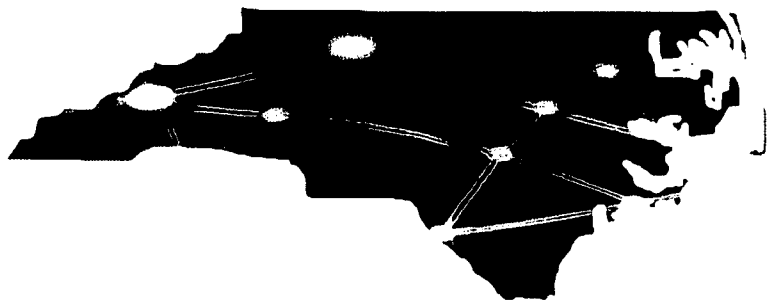
N.C. Assets Alliance

Connecting Households and Communities to Economic Opportunity



Presentation to the
Poverty Reduction and Economic Recovery Legislative Study Commission
Emila Sutton, IDA and Asset Building Collaborative of NC
February 4, 2010

Overview of Presentation

I. **Background**

II. **What are assets and why are they important?**

III. **State Asset Building Policies**

IV. **Asset Policy Recommendations**

Background

NORTH CAROLINA
ASSETS ALLIANCE

N.C. Assets Alliance Overview

The N.C. Assets Alliance educates the public and policymakers about asset-based strategies that promote economic security and prosperity for all North Carolinians.

NORTH CAROLINA
ASSETS ALLIANCE

Connecting Households and Communities to Economic Opportunity

Membership of Over 40 Organizations and Agencies Working on Economic Security Issues

- NC Housing Coalition
- Wilson County DSS
- NC Bankers Association
- NC Council on Developmental Disabilities
- NC Justice Center
- CFED
- NC Office of the Commissioner of Banks
- NC Rural Economic Development Center
- Self-Help
- UNC – School of Social Work
- United Way of North Carolina
- NC Division of Social Services

Select organizations; complete list available

NORTH CAROLINA ASSETS ALLIANCE

Connecting Households and Communities to Economic Opportunity

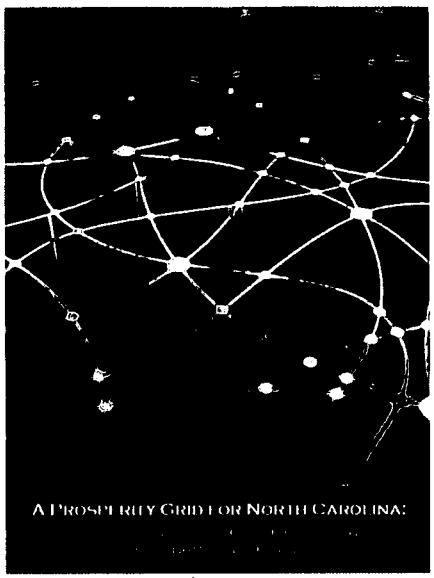
N.C. Assets Alliance Overview

The N.C. Assets Alliance works to:

- **Develop a common framework** that can tie diverse asset building policy pieces together;
- **Give these efforts greater visibility** on a local, statewide, and national level; and
- **Strengthen our mutual efforts** to see new or expanded asset building policies and program initiatives implemented.

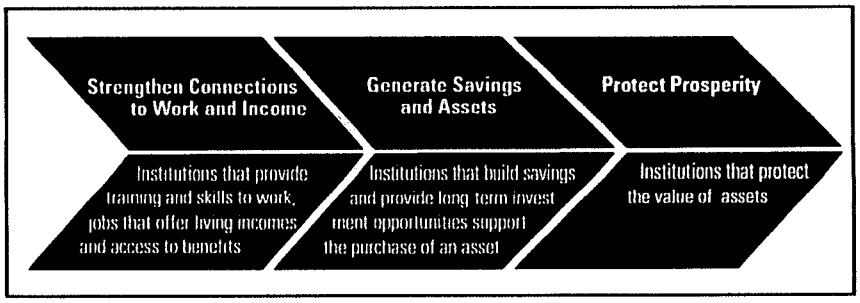
NORTH CAROLINA ASSETS ALLIANCE

Connecting Households and Communities to Economic Opportunity



North Carolina Assets Alliance

Prosperity Grid = Policies and Institutions that Deliver Economic Security



North Carolina Assets Alliance

Connecting Households and Communities to Economic Opportunity

Why Did We Feel that NC Needed an Assets Agenda?

- Allowing families to access asset building tools allows for economic growth, which **stimulates the local economy**.
- Assets are the **building blocks of long-term financial stability** and success for people at all income levels. Studies show that low to moderate income families can and do save.
- Having **a savings account, a college education, a home, work skills, or a small business** can help individuals and families:
  - live securely today;
  - weather difficult financial times;
  - plan for the future; and
  - pass assets on to the next generation.

Connecting Households and Communities to Economic Opportunity

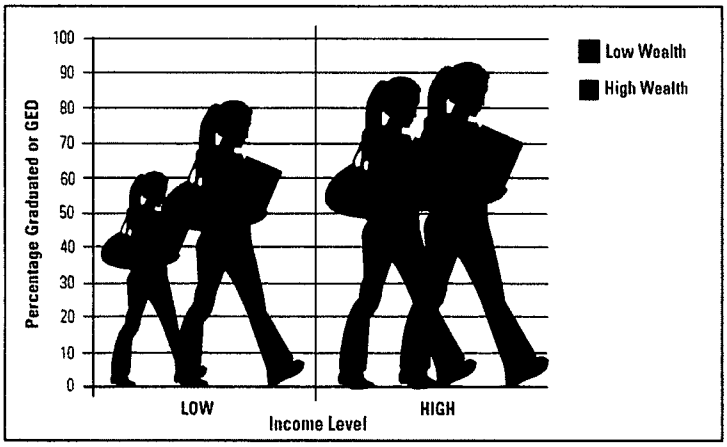
Research Shows

- Assets can make the difference between getting by and getting ahead...
- Increasingly, we are recognizing the need to address ***asset inequality***, which is much greater than income inequality, in order to address poverty long-term, especially for children.

Connecting Households and Communities to Economic Opportunity

Assets Matter for Household and Community Stability.

Family Assets increase the likelihood that low-income youth will complete high school.



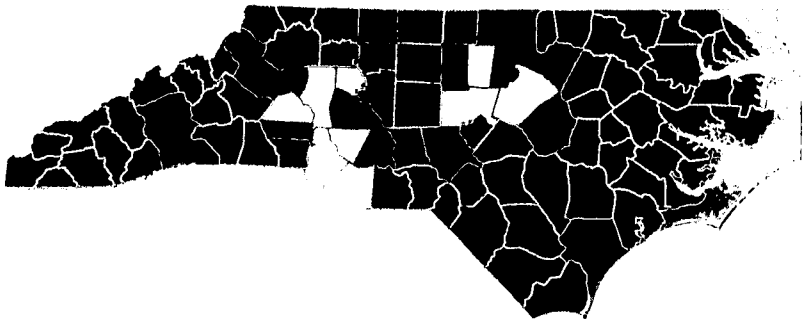
Source: Destin, 2009.

North Carolina Assets Alliance

Connecting Households and Communities to Economic Opportunity

North Carolina's Households and Communities Lack Assets.

Household Asset Poverty by Region

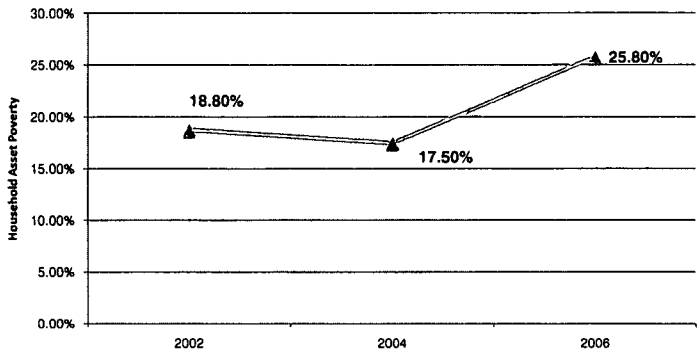


One in five households live in asset poverty with insufficient savings to remain about the federal poverty level for three months without earned income.

North Carolina Assets Alliance

Connecting Households and Communities to Economic Opportunity

Asset Inequality is Growing



Source: CFED, Asset & Opportunity Scorecards, 2005 to 2009.
The asset poverty rate is the proportion of households that could not subsist above the federal poverty line for three months in the absence of income. Asset poverty is a measure of the resources—savings, business value, home value—that a household has built over time. Both access to the opportunities to generate savings and assets as well as adequate protections of assets are necessary to ensure that households have assets to weather difficult economic times.

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Connecting Households and Communities to Economic Opportunity

The Racial Wealth Gap is Growing

Households of Color in North Carolina own 7¢ for every $1 owned by white households.

Household of Color:

White Households:

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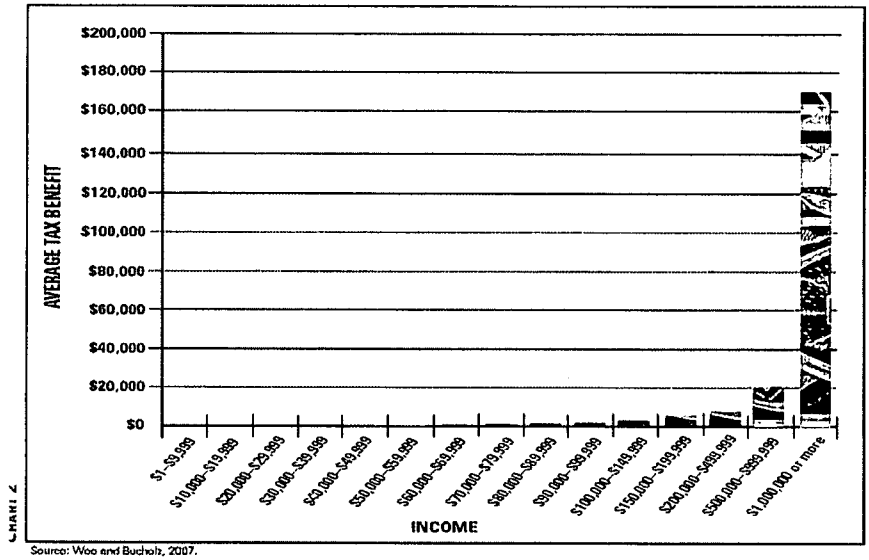
Federal Assets Policies Benefit Those with Higher Incomes Disproportionately

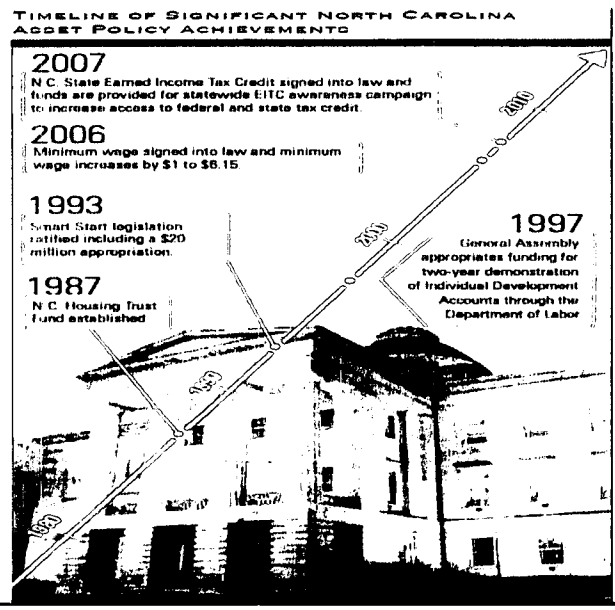


Source: Woo and Bucholz, 2007.

In short, we can't face a starkly competitive future if we have many people and communities failing to keep pace with rising standards and expectations.

Leaving people and communities behind is no longer a strategic option for a state that hopes to stay strong and competitive.

North Carolina Assets Alliance



NORTH CAROLINA ASSETS ALLIANCE

Connecting Households and Communities to Economic Opportunity

Building on Asset Policies: Recommendations

1. Remove the cap on enrollment for the critical Health Choice children's health insurance program. This recommendation is essential to address child poverty and the increasing rate of children in NC that are uninsured.
2. Establish a "Tax Incidence Analysis" for all tax bills introduced in General Assembly & the overall tax system.

NORTH CAROLINA ASSETS ALLIANCE

Connecting Households and Communities to Economic Opportunity

Building on Asset Policies: Recommendations

3. Increase funding for the North Carolina Housing Trust Fund.
   - Most flexible housing resource, administered by the NC Housing Finance Agency.
   - Finances needs from homeless shelters to homeownership, reaches extremely low incomes, and 80% of funds help families below 50% area median income (AMI), with nearly half for below 30% AMI.

Connecting Households and Communities to Economic Opportunity

Building on Asset Policies: Recommendations

4. Raise the North Carolina Earned Income Tax Credit (EITC) to 10% of the federal credit. Approximately 20% of working North Carolina households benefit from the EITC;
5. Provide funds for outreach on the EITC and other benefits as well as free tax preparation and application completion through the NC Benefit Bank;

Connecting Households and Communities to Economic Opportunity

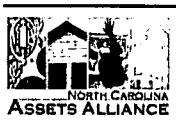
Work and income supports are underutilized

- Only 7.2% of households eligible for EITC, SNAP, health insurance, and child care subsidies claim all four
- $39 billion in work supports unclaimed by Americans annually
- MDC/UNC study: Over $1 billion unclaimed every year in North Carolina

Connecting Households and Communities to Economic Opportunity

What is the Benefit Bank?

- Free-to-use, No Fees or Charges
- Completely Confidential
- Internet-based, counselor-assisted program
- Simplifies and centralizes the process of applying for public benefits and tax credits
- Connects Communities to Resources



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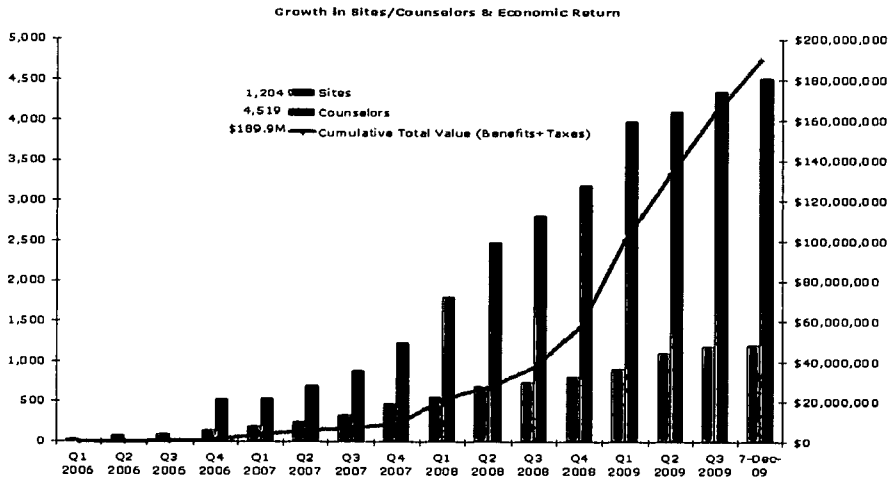
Benefit Bank Outreach Delivers Results



NC is Now Launching the Benefit Bank Network Where People Live, Work, Play & Pray

- Faith congregations
- Health & social service organizations
- Food and nutrition organizations
- Community-based organizations
- United Ways
- CDCs
- Job-training programs
- Homeless shelters
- Home ownership programs
- Asset building programs
- Prisoner reentry programs
- Education organizations
- Advocacy group offices
- Employers
- Public agencies
- Child and Family CBOs

NORTH CAROLINA ASSETS ALLIANCE

Connecting Households and Communities to Economic Opportunity

Building on Asset Policies: Recommendations

6. Increase funding for the state **Individual Development Account (IDA) Program**. The program shrinks every year since implementation and programs are shutting their doors due to lack of funding. The Dept of Commerce also has IDA funding that they use CDBG money to fund. There is about $700,000 a year that is federal funds allocated to IDAs. The state should match this amount.

Connecting Households and Communities to Economic Opportunity

Building on Asset Policies: Recommendations

7. Add a "split refund form" to the state tax return form to encourage savings during tax time.

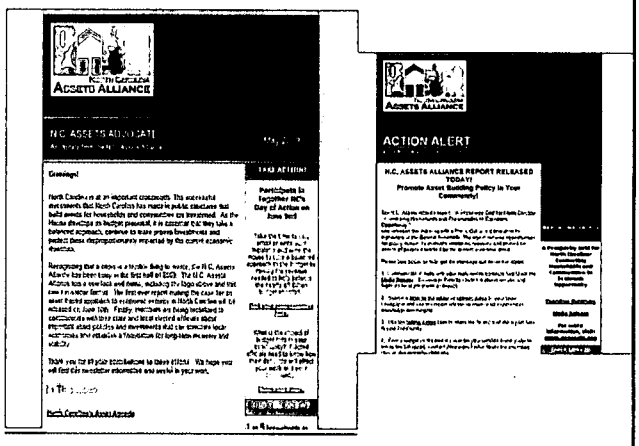
This form would allow taxpayers to split their refund and put part into a retirement account, or a savings account – whatever is chosen.

The form would be the state version of the IRS federal form 8888.

Connecting Households and Communities to Economic Opportunity

Sign up for Communications

- Monthly Updates
- Action Alerts
- www.ncassets.org

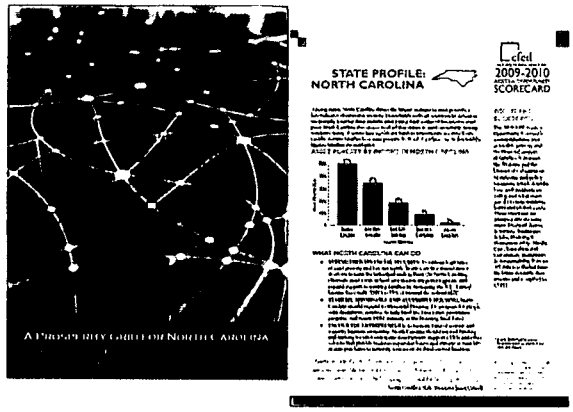


NORTH CAROLINA ASSETS ALLIANCE

Connecting Households and Communities to Economic Opportunity

Use our Research and Suggest New Research Topics

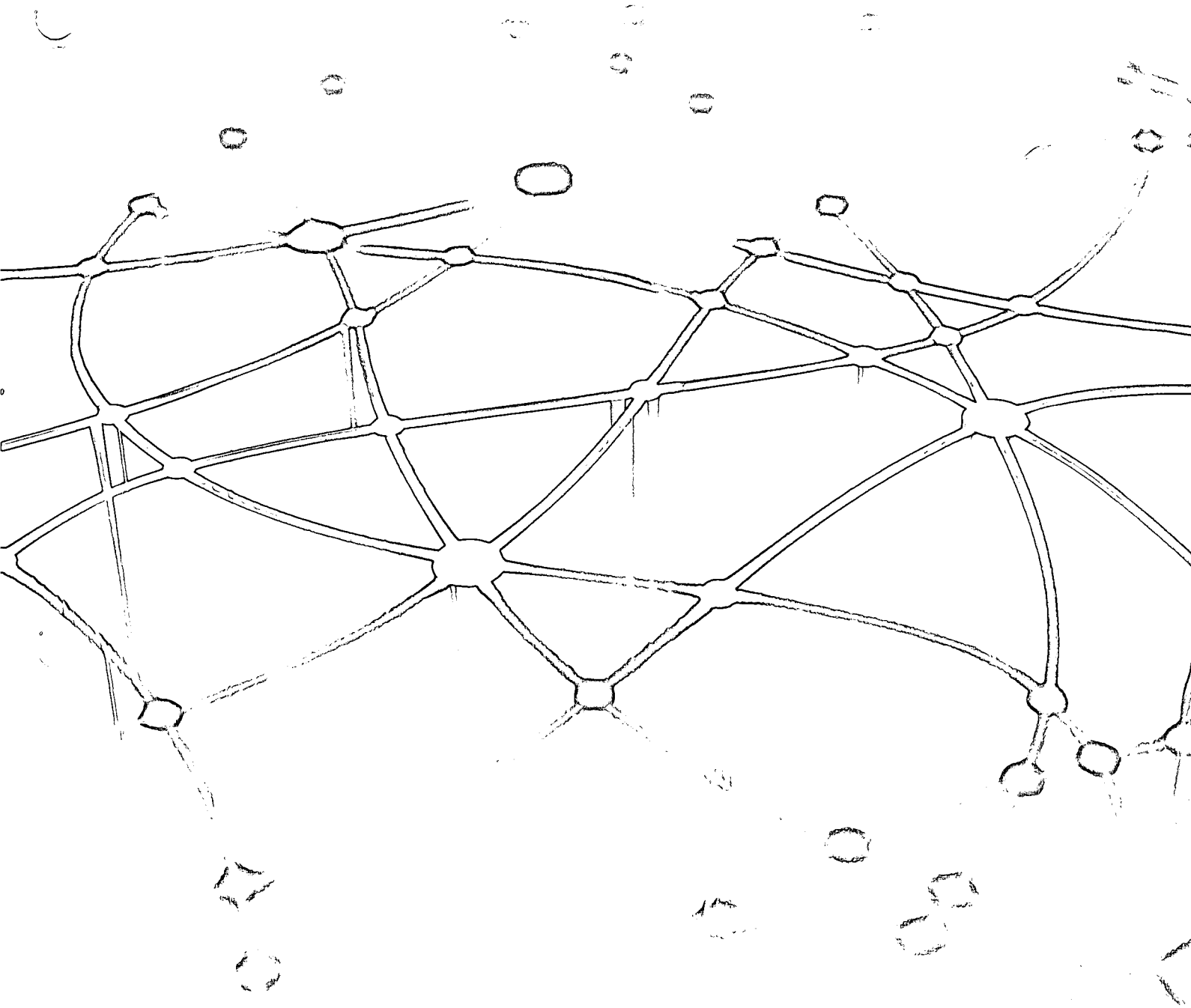
- Report
- Fact Sheets
- CFED Scorecard



Full Report Available Online: http://www.ncassets.org/report_full.pdf

NORTH CAROLINA ASSETS ALLIANCE

Connecting Households and Communities to Economic Opportunity



PROSPERITY GRID FOR NORTH CAROLINA:

This report represents the culmination of more than two years of work to build a coalition of organizations supporting expansion of economic opportunity in North Carolina. Special thanks go to those who led the building of this coalition, including Shayna Simpson-Hall, Monica Copeland, Lucy Gorham and Carl Rist. We would also like to thank Gena Gunn at the Center for Social Development at Washington University, Carl Rist at CFED, and Michael Morris at the National Disability Institute for their invaluable technical assistance in support of the group's development.

Additional thanks are due to the many authors of this report: Daniel Bowes, MDC Autry Fellow; Monica Copeland, formerly at the N.C. IDA and Asset Building Collaborative; Katy Dickinson, intern from UNC-Chapel Hill; Jessica Dorrance, Center for Community Capital at UNC-Chapel Hill; Lucy Gorham, MDC, Inc.; Alexandra Sirota, Action for Children North Carolina; and Emila Sutton, N.C. IDA and Asset Building Collaborative.

Finally, the expertise of numerous organizations and members informed the development of this report, including: Stephanie Bass at Blueprint N.C., Diane Benjamin at Frameworks Institute, Patrick Bresette at Demos, Jill Cox at United Way of North Carolina, Chris Estes at N.C. Housing Coalition, Meg Gray at the Budget and Tax Center at N.C. Justice Center, and Bill Rowe at N.C. Justice Center. Any omissions or conclusions are solely the responsibility of the authors.

The N.C. Assets Alliance gratefully acknowledges the financial support of the Mary Reynolds Babcock Foundation, the Annie E. Casey Foundation, the C.S. Mott Foundation, the N.C. Council on Developmental Disabilities, and CFED. We thank them for their support but acknowledge that the findings and conclusions presented in this report do not necessarily reflect the opinions of these funders.

FOR MORE INFORMATION AND TO DOWNLOAD ADDITIONAL COPIES OF THIS REPORT, PLEASE VISIT WWW.NCASSETS.ORG OR CONTACT:

N.C. Assets Alliance ▪ Attn: Emila Sutton ▪ IDA & Asset Building Collaborative of North Carolina
P. O. Box 27386 ▪ Raleigh, North Carolina 27611 ▪ emila.sutton@ncidacollaborative.org

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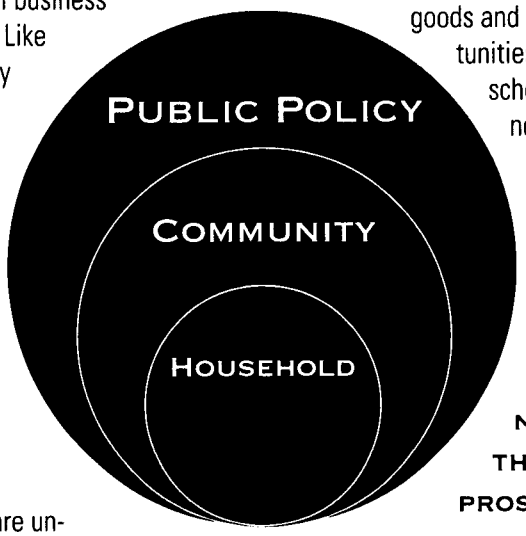
EXECUTIVE SUMMARY

The promise of America—that everyone has an equal opportunity to reach his/her potential and that each generation can achieve a better quality of life than the last—is also fundamental to economic growth. In North Carolina, the strength of our economy rests on the strong institutions and communities that we have built to realize this dream. Among other accomplishments, North Carolina has an early care system that prepares children for success in school, a public university system that educates our workforce, and a financial services sector that has led the country in developing innovative, safe and affordable products for working families. These public structures—established by government, supported by the private sector and engaged by households—have not only built the middle class, but fueled private-sector innovation, economic growth and stability.

The shifting nature of economic life in the United States and in North Carolina requires an investment in the network of institutions that make prosperity possible. This prosperity grid is made up of both personal and community assets, for example, sound financial services, affordable housing, small business ownership, and quality education. Like the power grid that delivers energy to every home in its network, this prosperity grid provides the connection to opportunity that can foster shared prosperity.



TODAY IN NORTH CAROLINA, NOT ALL HOUSEHOLDS AND COMMUNITIES ARE CONNECTED TO THIS PROSPERITY GRID.

- Nearly 3 million households are unbanked or underbanked in North Carolina.
- One-in-ten households have zero or negative net worth.
- One-in-five households live in asset poverty with insufficient savings to remain above the poverty level for three months without earned income.
- Only 26 percent of adults 25 years or older in North Carolina have completed college.
- More than 3.1 million households spend more than 30 percent of their monthly income on housing costs.
- Households of color in N.C. own just 7 cents for every $1 owned by white households.
- Rural communities and neighborhoods of concentrated poverty are less likely to have essential institutions close by.

ASSETS ARE ESSENTIAL TO HOUSEHOLD AND COMMUNITY ECONOMIC SUCCESS

- Households with assets are more likely to weather an economic downturn and are better positioned to provide future generations with a sound foundation and head start in life.[1]
- Studies demonstrate that children in households with assets are more likely to graduate from high school, attend college and have strong connections to the workforce and civic life.[2] During their childhood, recent research suggests that children with assets have better health outcomes, school achievement and higher aspirations for the future.[3]
- Communities with assets provide lower-cost goods and services to their residents, opportunities for young people to get ahead in school and the connection to social networks that can deliver jobs and provide safe neighborhoods free from violence and crime.[4]

THE ECONOMIC VIBRANCY OF NORTH CAROLINA'S COMMUNITIES REQUIRES INVESTMENT IN THE NETWORK OF INSTITUTIONS THAT CAN DELIVER PROSPERITY TO ALL.

- Evidence increasingly points to the stimulating effect of investments in these public structures. In North Carolina, affordable housing development through the N.C. Housing Trust Fund has created nearly 10,000 jobs and generated more than $66 million in local and state tax revenue. The early childhood development system provides more than 50,000 jobs statewide and generates nearly $2 billion in economic activity.

[1] Oliver, Melvin and Thomas Shapiro. 1995. "Black Wealth/White Wealth: A New Perspective on Racial Inequality." Routledge: New York, NY.

[2] Destin, Mesmin. March 2009. "Assets, Inequality and the Transition to Adulthood: An Analysis of the Panel Study of Income Dynamics." Aspen Institute, Initiative on Financial Security: Washington, DC.

[3] CFED. August 2008. "Why Children's Development Accounts? Arguments and Evidence to Support Long-Term Asset-Building Accounts for America's Youth." SEED Policy Project, CFED: Washington, DC; Page-Adams, Deborah and Michael Sherraden. 1996. "Asset Building as a Community Revitalization Strategy." Social Work, 42(5), 423-434.

MINUTES

LEGISLATIVE STUDY COMMISSION
ON POVERTY REDUCTION AND ECONOMIC RECOVERY
TAX SUBCOMMITTEE

Tuesday, February 2, 2010
9:30 am

The Legislative Study Commission on Poverty Reduction and Economic Recovery Tax Subcommittee met in Room 423 of the Legislative Office Building on Tuesday, February 2, 2010. Chairman Floyd B. McKissick, Jr. presided and called the meeting to order at 9:30 am. Chairman McKissick welcomed the Committee members, Counsel Staff, Sergeant-At-Arms, and Visitors.

ATTENDANCE: Members: Representative Garland Pierce, Representative Nick Mackey, Representative Randy Stewart, Representative Brian Holloway, Representative James Langdon. Staff: Dan Ettefagh. Public Members: Bill Rowe, NC Justice Center; Meg Gray, NC Budget and Tax Center; Michael Hiley, NC Department of Commerce; Tiesha Pope, NCGA; Bo Heath, McGuire Woods; Fred Bone, Bone & Associates.

Chairman McKissick recognized Meg Grey Weihe, NC Budget and Tax Center, to present her presentations on Tax Incidence Analysis and Federal Tax Policy Changes. Ms. Grey Weihe explained Maine, Minnesota and Texas currently use tax incidence analysis to measure the impact tax policy changes have on various income levels. Ms. Grey Weihe also shared information on federal tax policy changes. These changes included: American Opportunity Tax Credit, Child Tax Credit, Earned Income Tax Credit (EITC) Marriage Penalty Relief, EITC Third Tier, and EITC for Childless Workers. See Attachments for additional information for Tax Incidence Analysis and Federal Tax Policy Changes.

Chairman McKissick and Committee Members discussed the information presented. Members agreed with the tax incidence analysis and proposed Staff look into coming up with more concrete details of implementing tax incident analysis in NC.

Meeting adjourned.

Committee Assistant

Senator

VISITOR REGISTRATION SHEET

2-2-10

~~Senate Pensions & Retirement & Aging~~ Poverty Reduction
Name of Committee

~~May 27, 2009~~
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Bill Rowe	NC Justice Center
Meg Gray	NC Budget & Tax Center
Michael Hurley	Dept of Commerce
Tiestha Pope	GA
Boo Heath	McGuire Woods
Ted Bowe	Bowe Assoc.

Joint Legislative Study Commission on Poverty Reduction and Economic Recovery

Subcommittee on Jobs

Tuesday, February 2, 2010, 9:30 A.M.
Room 424, Legislative Office Building

Rep. Earl Jones, Presiding

Welcome

Rep. Jones

II. **Community College JobsNow Program**

Willa Dickens, Associate Vice President, Workforce Development, NCCCS

Stephanie Deese, Director, Workforce Initiatives, NCCCS

Barbara Boyce, Director, Continuing Education, NCCCS

III. **Edgecombe Community College**

Mr. George Anderson, JobsNOW, Sustainability Coordinator

Mr. J. Lynn Cale, Associate Vice President of Instruction

Dr. Kristi L. Snuggs, Vice President of Instruction

IV. **Vance Granville Community College**

Mr. Garland Elliott, Director of Economic and Workforce Development

Ms. Kyle Burwell, Coordinator of Human Resources Development (HRD)

Ms. Courtney Cooke, JobsNOW Coordinator

V. **Committee Discussion**

VI. **Adjourn**

Senate Members
Sen. Don East,
Sen. Steve Goss,
Sen. Joe Sam Queen

House Members
Rep. Earl Jones (Chair)
Rep. Randy Stewart

Public Members
Rev. Mac Legerton,
Ms. Patricia Peterson

Minutes

Joint Legislative Study Commission on
Poverty Reduction and Economic Recovery
Subcommittee on Jobs

Tuesday, February 2, 2010
9:00 A.M.
Room 424, Legislative Office Building

Rep. Earl Jones, Presiding Chair

The Joint Legislative Study Commission on Poverty Reduction and Economic Recovery Subcommittee on Jobs met on Tuesday, February 2, 2010, at 9:00 a.m. in Room 424 of the Legislative Office Building. Present were: Representative Earl Jones, Chair; Senator Joe Sam Queen, Reverend Mac Legerton. Staff included Sherrie Burnette Committee Assistant, Kristine Leggett Research Staff. Sergeant-at-Arms present: John Brandon and Charles Marsalis. The visitor roster is attached as *Attachment # 1.*

Representative Earl Jones, Chair, presided over the meeting. He welcomed the committee members and visitors and allowed each committee member to introduce themselves.

PRESENTATION

Representative Jones then welcomed guest speakers from Community College Jobs Now Program. Ms. Willa Dickens, Associate Vice President, Workforce Development, NCCCS did a brief summary of the program. Ms. Dickens stated the program started February 2009. Ms. Dickens stated Dr. Saundra Williams, Senior Vice President of Technology Workforce Development can to her with the 12 jobs now program and explained how the programs would shorten the traditional offering in these high demend job areas. Where people could go to school and study in one of the 12 Jobs Now Initiative Program areas and be back to work in 6 months or less. Ms. Dickens stated the program has been a success.

Ms. Stephanie Deese, Director, Workforce Initiatives, NCCCS. Ms. Deese made a presentation about the JobsNow American Recovery and Reivestment Act of 2009 and "12 in 6" Initiative. See *Attachment # 2.*

Ms. Deese stated that the JObsNow initative is a response to the need to quickly train workers to re-enter the job market in fields that are in-demand locally across the state. JobsNow initative is supported by America Recovery and Reinvestment Act (ARRA). Funds will be used to provide an infusion of instructional resources to support training activities in occupational areas that could be completed in less than 6 months.

The four key features for this program is 1. Develop and implement a range of short-term training opportunities that quickly train and match job seeker with local/regional employment vacancies; 2. Integrate employability skills training and career readiness certification into occupational skills training based on the JobsNow model; 3. Incorporate green technology education programs for career that support energy efficiency and sustainability; and 4. Coordinate and collaborate with local Workforce Development Board on the program design and implementation of the college's training plan. Ms.

Deese listed the "12 in 6" training pathways courses: 1. Nursing Assistant; 2. Phlebotomy; 3. Healthcare Billing/Coding; 4. Office/Clerical Support; 5. Masonry/Tile Cutting; 6. Plumbing; 7. Carpentry; 8. Welding; 9. Foodservice; 10. Autobody Repair; 11.Manufacturing/Materials; 12. HVAC/Industrial Maintenance.

Ms. Barbara Boyce was called upon to give a brief summary of the performance metrics of the program. Ms. Boyce stated the funding was released in July 2009 and the program started in August – December. Ms. Boyce stated the enrollment of the student in the programs will double this year due to people out of work and looking to learn a new trade. Ms. Boyce stated that from August – December the students enrolled in the JobsNow programs was 6,382 and 2,990 completers with 790 courses offered, 158 new courses/new curriculum developed, 529 staff maintained, 378 new positions filled (full/part time). The JobsNow program had 139 State-Regulated Credentials Earned, 144 Industry-Regulated Credentials Earned, 1,448 Career Readiness Certificated Issued and 2,304 students receiving Assistance (WIA,TAA,VR, etc.)

Mr. J. Lynn Cale, Associate Vice President of Instruction of Edgecombe Community College. Mr. Cale advisied the committee they have a "16 in 6 program for the college. Edgecombe Community College formed a 14 member committee for the JobsNow program. Edgecombe County is a tier 1 county and has many needs. Mr. Cale's stated the top 3 courses at Edgecombe Community College for the fall of 2009 are Nursing Assistant, Tire Manufacturing and Historic Preservation Trades. The top 2 courses for the spring of 2010 will be strong in Ambulatory Billing and Coding and Medical Office Administration.

Dr. Kristi L. Snuggs, Vice President of Instruction of Edgecombe Community College. Dr. Snuggs highlighted on benefits this program has for the Edgecombe community area in the following areas of building capacity, quality outcomes and success metrics.

Mr. George Anderson, JobsNOw, Sustainability Coordinator of Edgecombe Community College. Mr. Anderson highlighted on the success metrics of the students 319 students enrolled;110 completed a course/program; 118 credentials earned; 78 local certificates of completion; 40 career readiness certificates; 20 courses offered; 13 new courses developed or in process; 26 positions maintained; 19 positions created and 40 students receiving financial aid. Mr. Anderson then highlighted on the success story of Edgecombe Community College students.

Ms. Deese discussed the presentation for Vance Granville Community College. Vance Granville Community College was not able to make the meeting due to weather conditions. Ms. Deese went over the handout see *attachement 2 pages 6-7.*

Rep. Jones opened the floor to committee members for questions.

Rep. Jones: Do all 58 community colleges have this program.

Ms. Deese: Out of the 58 community college in North Carolina, 57 have the JobsNow Program.

Rep. Jones: In the JobsNow Program, how many are employed in their given areas.

Ms. Deese: In Forsyth County, 65% of the students were placed in employment after graduation.

Rep. Jones: How is the JobsNow Program Funded.

Ms. Deese: JobsNow is funded through ARRA funds through WIA. These are funds put aside for workforce investment programs.

There were no more questions. Representative Jones thanked Mr. Shackleford for his presentation, members and visitors for their participation.

The committee adjourned.

Earl Jones

Representative Earl Jones, Presiding Chairman

Sherrie Burnette

Sherrie Burnette, Committee Clerk

ATTENDANCE

Legislative Study Commission on Poverty Reduction and Economic Recovery Subcommittee on Jobs

(Name of Committee)

DATES	01-05-2010	02-02-2010													
Representative. Earl Jones – Chair	X	X													
Joe Dickens															
Senator Don W. East	X														
Senator Steve Goss															
Reverend Mac Legerton	X	X													
Norman Mebane															
Ms. Patricia Peterson	X														
Senator Joe Queen		X													
Representative Randy Stewart															
Legislative Staff:															
Sherrie Burnette – Committee Asst	X	X													
Kristine Leggett – Research Staff	X	X													

HOUSE PAGES

NAME OF COMMITTEE Poverty Reduction JOBS Economic Recovery - DATE Feb 2/2010

1. Name: _____

   County: _____

   Sponsor: _____

2. Name: _____

   County: _____

   Sponsor: _____

3. Name: _____

   County: _____

   Sponsor: _____

4. Name: _____

   County: _____

   Sponsor: _____

5. Name: _____

   County: _____

   Sponsor: _____

SGT-AT-ARM

1. Name: John Brandon
2. Name: Charlep Marfalis
3. Name: _____
4. Name: _____

Rm 424

VISITOR REGISTRATION SHEET

Poverty Reduction — 2-2-10

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Saundra Williams	NC Community Colleges
Deborah Lamm	Edgecombe Community College
J. Lynn Cale	Edgecombe Community College
Kristi Snuggs	Edgecombe Community College
GEORGE ANDERSON	EDGECOMBE COMMUNITY COLLEGE
Jennifer Willis	NCCCS
ANITA ABRAMS	NC. JOB LINK
Bill Rowe	NC Justice Center

JobsNOW

American Recovery and Reinvestment Act of 2009 and "12 in 6" Initiative

12 Jobs in 6 Months Employing American Recovery and Reinvestment Act (ARRA) Funds

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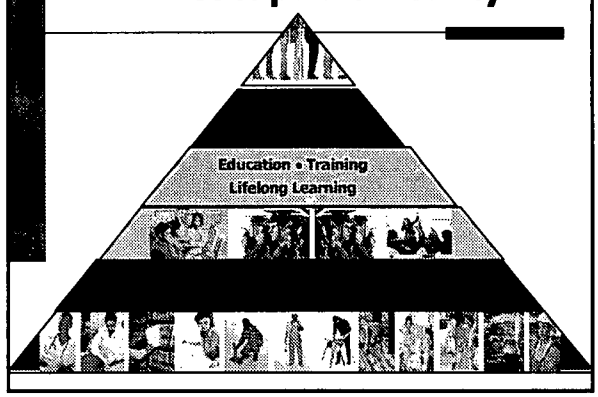
JobsNOW

An Inescapable Reality...



JobsNOW

North Carolina's Labor Force

- With rising unemployment rates, a greater number of North Carolina workers must be retrained or retooled to find new employment opportunities.

Unemployment Rate

Oct-08	Nov-08	Dec-08	Jan-09	Feb-09
7.0 %	7.5 %	8.2 %	9.7 %	10.7 %
Oct-09	Nov-09	Dec-09		
10.4 %	10.7%	10.9 %		

Anticipated Enrollment Increase 27,000 FTE Students

JobsNOW

American Recovery and Reinvestment Act

ARRA Funding Priorities

$ 789 Billion

- Clean, efficient, American energy
- Transforming our economy with science and technology
- Modernizing roads, bridges, transit and waterways
- Education for the 21st century
- Tax cuts to "make work pay" and "create jobs"
- Lowering healthcare costs
- Helping workers hurt by the economy
- Saving public sector jobs and protecting vital services

JobsNOW

American Recovery and Reinvestment Act

State of North Carolina	WIA Workforce Investment Act
$ 6.0 Billion	**$ 79.8 Million**

JobsNOW

ARRA – WIA Funding

$ 10,337,165	Adults
$ 25,070,698	Youth
$ 44,419,273	Dislocated Workers
$79,827,136	**Total in NC**
$ 56,748,247	Local Areas/WDBs
$ 23,078,889	**State Level Reserves**

ARRA – WIA Funding

Challenges and Opportunities for North Carolina

- Pressure to use this funding in ways that impact condition of workers
- Expectation that funds will be spent quickly and wisely
- Gear up and operate a large Summer Youth Employment program
- Real opportunity to implement program measures that have long-term benefits (JobsNow for example)
- Significant oversight—Federal, State (executive and legislative) Accountability and Transparency

ARRA – Points to Remember

Challenges and Opportunities for North Carolina

- Public needs to know what you do and who to credit
- Spend money in timely, but effective manner
- Be sure to serve hard-to-serve populations and provide needs-related payments as appropriate
- Emphasize training and improvements to workforce system and capacity-building

ARRA – Points to Remember

- Transparency and Accountability in use of funds from several levels
- Efficiency and Effectiveness
- Stringent Oversight....monthly reporting of expenditures and numbers served
- Infusion of resources for capacity- building for colleges

Increase Numbers of Adults & Dislocated Workers Served

Challenges and Opportunities for North Carolina

- Streamline core & intensive services to speed enrollment into training
- Ramp up outreach to self-employed & displaced homemakers
- Focus on short-term training options
- Provide needs-based payments and additional support services
- Contract with higher education

ARRA WIA Funding & Programs

Challenges and Opportunities for North Carolina

PERCEPTION IS VERY IMPORTANT

- High visibility program w/ high expectations
- Federal, state and local oversight
- Frequent reporting, separate tracking

ARRA WIA Challenges

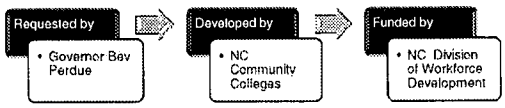
Challenges and Opportunities for North Carolina

- Ramping up service levels
- Staffing
- Outreach
- Support for students

Slide 13

JobsNOW Initiative

The **Jobs**NOW initiative is a response to the need to quickly train workers to re-enter the job market in fields that are in-demand locally across the state.



Slide 14

NC Department of Commerce

Workforce Development Division

- **JobsNow** initiative is supported by America Recovery and Reinvestment Act (ARRA).
- Funds will be used to provide an infusion of **instructional resources** to support training activities in occupational areas that could be completed in less than 6 months.

Slide 15

Creating Success

NC Community Colleges
Hope • Opportunity • Jobs

Just the Facts about NC Community Colleges...

- Fastest growing segment of higher education
- Facing accelerated growth due to the economic downturns
- Expected enrollment growth--- 27,000 full-time equivalent students
- Colleges are closely connected to local and regional labor markets
- Well positioned to identify and provide training options that are accessible, low-cost, high-quality educational opportunities that prepare workers for good jobs with good wages

Slide 16

Joint Letter from Commerce and NCCCS:

Four Key Features

1. Develop and implement a **range of short-term training** opportunities that quickly train and match job seekers with local/regional employment vacancies;
2. Integrate **employability skills training**, and **career readiness certification** into occupational skills training based on the JobsNOW model;

Slide 17

Joint Letter from Commerce and NCCCS:

Four Key Features

3. Incorporate **green technology** education programs for careers that support energy efficiency and sustainability; and
4. Coordinate and collaborate with the local **Workforce Development Board** on the program design and implementation of the college's training plan.

Slide 18

"12 in 6" Training Pathways

- Nursing Assistant
- Phlebotomy
- Healthcare Billing/Coding
- Office/Clerical Support
- Masonry/Tile Cutting
- Plumbing
- Carpentry
- Welding
- Foodservice
- Autobody Repair
- Manufacturing/Materials
- HVAC/Industrial Maintenance

To meet local/regional labor market demands, colleges will have the flexibility to identify additional short-term occupational training options.

"12 in 6" Training Model

- Training should be in occupational areas that could be completed in **less than 6 months**
- Training should be offered as an **integrated** course or a **bundled** series of courses that would lead to a recognized credential
- Training should be **affordable**, and have **flexible** scheduling (day, evening, weekends, online)

"12 in 6" Training Model

Training should also include ...

NORTH CAROLINA CAREER READINESS CERTIFICATE

"12 in 6" Training Model

Training should also include ...

For The Future You Never Thought Existed

Human Resources Development

HRD

JobSUPPORT Initiative

- Governor Perdue requested that a portion of the $35 million in ARRA funds allocated to the state's 24 local workforce boards be designated for assistance with tuition, transportation and child care for eligible students in the JobsNOW.
- Decisions on the exact amount available in each region were left to the discretion of the local workforce board.

JobsNOW Update

Performance Metrics (August –December)

- 6,382 Students Enrolled
- 2,990 Completers
- 790 Courses Offered
- 158 New Courses/New Curriculum Developed
- 529 Staff Maintained
- 378 New Positions Filled (full/part-time)

JobsNOW Update (cont.)

Performance Metrics (August –December)

- 139 State-Regulated Credentials Earned
- 144 Industry-Regulated Credentials Earned
- 1448 Career Readiness Certificates Issued
- 2304 Students Receiving Assistance (WIA, TAA, VR, etc.)

Web Sites of Interest

- www.recovery.gov
- www.ncrecovery.gov
- www.doleta.gov
- www.nccommunitycolleges.edu
- www.nccommerce.com
- www.crcnc.org

JobsNOW

"12 in 6" Initiative

Edgecombe Community College

12 Jobs in 6 Months Employing American Recovery and Reinvestment Act (ARRA) Funds

Building Capacity

- Green Collar Jobs
  - Building Operator Certification
  - Residential Weatherization
- Healthcare
  - Medical Office Administration
  - Ambulatory Billing and Coding
  - Phlebotomy
- Traditional Manufacturing
  - Tire Manufacturing
  - Warehousing and Logistics (2)

Quality Outcomes

- Bundled course work within a discipline
- Career Readiness Certification
  - Demonstrates mastery of fundamental workplace skills
- Human Resource Development
  - Addresses much needed communications and social skills

Success Metrics

- 319 (137) Students enrolled
- 110 Completed a course/program
- 118 Credentials earned
  - 78 Local Certificates of Completion
  - 40 Career Readiness Certificates
- 20 (36) Courses offered
- 13 New courses developed or in process
- 26 Positions maintained
- 19 Positions created
- 40 (28) Students receiving financial aid

Success Story

Mellonie Webb

- Works full time, but looking to make a change. . . "something stable that I could count on for the future."
- Found out about the JobsNOW program in ambulatory billing and coding through an online search.
- "I was excited to receive a phone call from an actual person."
- "I have already heard from someone who says to call when I complete my certificate, that they may have a job for me." (12/4/09)

Edgecombe Community College JobsNOW Program

QUESTIONS?

Vance-Granville Community College's JobsNOW Program

Garland Elliott, *Director of Economic & Workforce Development*

Kyle Burwell, *Coordinator of HRD*

Courtney Cooke, *Coordinator of JobsNOW*

Vance-Granville Community College's JobsNOW Program

- Initiative was developed by Continuing Education staff under the direction of the Director of Economic and Workforce Development based on guidelines from our State Office
- Our JobsNOW Program focuses on training in CNA, Phlebotomy, and Medical Billing & Coding
- Collaboration for planning of the Initiative was a joint effort
- Partners were the Kerr-Tar Workforce Development Board, local medical facilities, College Continuing Education staff, the Vice President of Continuing Education and the College President

Vance-Granville Community College's JobsNOW Program

- Our JobsNOW plan was approved in July 2009 but funds were not expended until October 2009
- During the months of August through October, planning for the program was continuing as instructors and staff were being interviewed for JobsNOW positions
- As of early October a new CNA Program Instructor as well as a JobsNOW Coordinator were hired.

Vance-Granville Community College's JobsNOW Program

- In late October 2009 the first JobsNOW courses began with the CNA program
- In following the suggested guidelines of the State Office, our JobsNOW CNA program consists of CNA I, Medication Aide, Geriatric Aide, Human Resources Development and CRC attainment
- This first set of students will complete the CNA program on February 8, 2010
- Currently, we plan to run 2 additional sections of the CNA program

Vance-Granville Community College's JobsNOW Program

- In January 2010 we were able to hire a Part-Time Medical Coding instructor for JobsNOW
- Also in January the first section of the Medical Billing & Coding program began with a projected end date of May 27th
- The Medical Billing & Coding program also follows the State Office suggested guidelines, consisting of: Medical Terminology, Billing & Coding, Anatomy & Physiology, Medical Front Office, Human Resources Development and CRC attainment
- Currently, we plan to run 1 additional section of the Medical Billing & Coding program

Vance-Granville Community College's JobsNOW Program

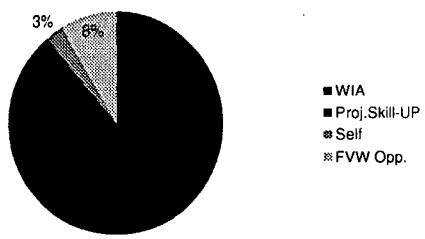
- At this time, we do not have a projected start date for the JobsNOW Phlebotomy classes
- The College is searching for potential instructors
- In following the suggested guidelines of the State Office, our JobsNOW Phlebotomy program consists of Phlebotomy, Phlebotomy Lab, Medical Terminology, Human Resources Development and CRC attainment
- Currently, we have a waiting list of approximately 100 potential students who are interested in JobsNOW Phlebotomy

Vance-Granville Community College's JobsNOW Program

- The JobsNOW Coordinator and Continuing Education staff are collaborating with staff from the Employment Security Commission/JobLink Offices in all four counties to recruit and secure sponsorships for JobsNOW students
- We also collaborate with Franklin, Vance, Warren Opportunities, Inc. and Project Skill-UP to secure sponsorships
- We have developed marketing materials that consist of a JobsNOW participant application, referral postcard and flier

Vance-Granville Community College's JobsNOW Program

Sponsorships



Currently we have 37 JobsNOW students enrolled in CNA or Medical Billing & Coding

Vance-Granville Community College's JobsNOW Program

- We have received approval of our application for funding through the Golden Leaf Foundation
- This GLOW (Golden Leaf Opportunities for Work) grant in the amount of $50,000 will allow us to provide financial assistance to future JobsNOW applicants (ie: students that do not qualify for WIA assistance or in cases when WIA funding is not available)
- This grant cycle will begin once the Golden Leaf Foundation approves our required revisions to the budget

Vance-Granville Community College JobsNOW Program

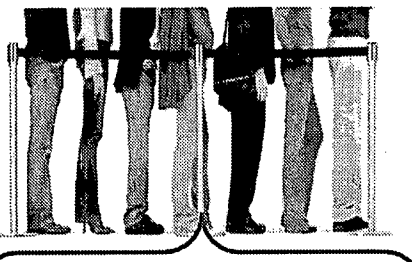
QUESTIONS?

CreatingSuccess

NC Community Colleges

Hope • Opportunity • Jobs

Need a Job?



An inescapable reality of today's economy is that education, occupational skills, and lifelong learning are essential to economic recovery and poverty reduction.

NC Community Colleges offer many pathways to quickly train and match job seekers with employment vacancies.

Local colleges have the flexibility to offer ing as a single course or they can e a series of courses and offer students a certificate of completion that leads to a recognized credential (licensure, certification, or registry listing). These training opportunities are short-term, affordable, and have flexible

Training Pathways

- Nursing Assistant
- Phlebotomy
- Medical Coding
- Office/Clerical Support
- Masonry/Tile Cutting
- Plumbing
- Carpentry
- Welding
- Food Service
- Autobody Repair
- Manufacturing/Materials
- HVAC/Industrial Maintenance

- Green technology will be incorporated in the course curriculum where applicable.
- NCCCS' Code Green Initiative will assist colleges with developing courses related to green technology/energy efficiency.

Partnerships

- WIA Programs
- JobLink Career Centers
- Employment Security Commission
- Workforce Development Boards

Planning & Assessment

- Career Readiness Certification (CRC)
- Human Resources Development (HRD) Skills
- ssessment (interest, aptitude, attitude)
- lege Placement Testing
- areer Exploration
- Financial Assistance

JobsNOW!

Program Integration

JobsNOW! is an integrated service delivery model that incorporates occupational-specific training with employability skills training (HRD), and Career Readiness Certification.

Continuing Education

Workforce Continuing Education course offerings are designed to provide training opportunities for individuals seeking to gain new and/or upgrade current job-related skills. These offerings are available through single courses or a series of courses specifically designed to meet requirements for initial certification, re-certification, continuing education or exam preparation. There are over **800 courses** on the Continuing Education Master Course List.

Human Resources Development (HRD)

Human Resources Development (HRD) focuses on the development of essential workplace skills required for success in the workplace. By providing skill assessment services, employability skills training, and career development counseling to individuals in transition, the HRD program assists in enhancing and developing the participants' employability skills; assisting participants in obtaining meaningful employment and/or training opportunities; and increasing participants' ability to work toward economic self-sufficiency. HRD courses are fee-waived for individuals who meet one of the four following criteria: 1)Are unemployed; 2) Have received notification of a pending lay off; 3) Are working and are eligible for Federal Earned Income Tax Credit; and 4) Are working and earn wages at or below 200% of the Federal Poverty guidelines.

Basic Skills Program

The mission of the Basic Skills program is to assist adults to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency; assist adults who are parents to obtain the educational skills necessary to become full partners in the educational development of their children; and assist adults in the completion of a secondary school education. The North Carolina Community College System provides educational opportunities for adults to improve their reading, writing, mathematics, and communication skills through five major program components (Adult Basic Education, General Educational Development, Adult High School, English as a Second Language, and Compensatory Education).

Career Readiness Certificate Initiative (CRC)

The Career Readiness Certificate (CRC) Initiative provides the opportunity for an individual to earn a portable credential that promotes career development and skill attainment, and confirms to employers that the individual possesses the basic workplace skills of reading for information, applied math, and locating information. This certificate is an especially useful economic development tool in cities and counties where the academic achievement levels of the incumbent, dislocated, or potential workforce are inhibitors to business development. As a result of the assessment, individuals earn a CRC or identify areas in which they need further training. Upon earning their CRC, they are entered into a database that showcases North Carolina's skilled Workforce. JobLink Career Centers partner with North Carolina's Community College system to make sure that training and education opportunities are available to meet targeted training needs. There are currently 55 CRC sites in North Carolina.

Small Business Center

The North Carolina Community College Small Business Center Network (SBCN) consists of a small business center at each of the state's 58 community colleges. These centers provide a wide variety of entrepreneurship training, seminars and workshops, one-on-one counseling, a library of resources, and referrals to other sources of help to owners and operators of small businesses. The mission of each SBC is to help the many small businesses within its service area survive, prosper, and contribute to the economic well-being of the community and the state. Small Business Centers provide free, confidential counseling for new and existing businesses. The counselor serves as a sounding board for ideas and concerns and will help find solutions to challenging business questions.

Creating Success

NC Community Colleges
Hope • Opportunity • Jobs

Need a Job?

Nursing Assistant

Nurse Aide
Nursing Assistant
Home Companion Aide
Patient Care Technician
Medication Aide
Geriatric Aide
Hospital Assistant

Nursing Assistant

Training Description

Instruction focuses on the basic nursing skills required to provide personal care for patients, residents, or clients in a health care setting. Upon successful completion of the course, the student is eligible to make application for the National Nurse Aide Assessment Program (NNAAP) Examination necessary for listing on the North Carolina Nurse Aide I Registry.

Training is also provided in employability skills (HRD) and students have the opportunity to earn a Career Readiness Certification (CRC) credential.

Course Offering		Hr	Cost*
NUR3240	Nurse Aide I	180	$80 - $100
PHM4100	Medication Aide	24	$65
NUR3252	Geriatric Aide	120	$80 -$100
HRD3001	HRD Employability Skills	24	$55**
----	CRC Assessment Fee	---	$30
State Exams for Registry Listing			$95 - $150

* Colleges may charge additional fees for supplies and materials
** Registration fee may be waived if individual meets criteria

Nurse Aide I Instructional Supplies & Materials
Book: $102.02
Equipment: $50.00
T.B. Test: $30.00
Uniform & Shoes: $100.00

Wage Information

Location	Pay Period	Median	75%	90%
North Carolina	Hourly	$10.86	$12.41	$14.28
	Yearly	$22,600	$25,800	$29,700

Employment Projections

North Carolina	Employment 2006	Employment 2016	Percent Change	Job Openings
ing aides	21,780	28,360	+ 30 %	850

JobsNOW!

CreatingSuccess

NC Community Colleges

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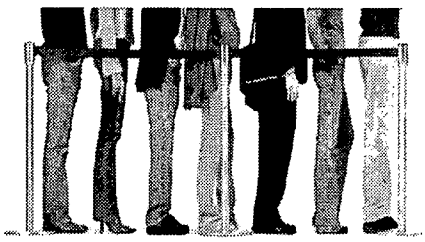
Need a Job?



Phlebotomist

Phlebotomist
Medical Lab Assistant

Phlebotomist

Phlebotomy training prepares the student to draw blood specimens from patients for the purpose of testing and analyzing blood. A phlebotomist's job includes maintenance of equipment used in obtaining blood specimen; the use of appropriate communication skills when working with patients; the selection of venipuncture sites; the care of blood specimen; and the entry of the testing process into the computer, as well as clerical duties associated with record keeping of the blood tests. Upon completions, students may be eligible for national certification as phlebotomy technicians.

Training is also provided in employability skills (HRD) and students have the opportunity to earn a Career Readiness Certification (CRC) credential.

Course Offering		Hr	Cost*
MLA3022	Phlebotomy Education	80	$80 -$100
MLA3022	Phlebotomy Clinical	120	$65.00
NUR3235	Medical Terminology	120	$80 -$100
HRD3001	HRD Employability Skills	24	$55**
----	CRC Assessment Fee	---	$30

* Colleges may charge additional fees for supplies and materials

** Registration fee may be waived if individual meets criteria

For an additional cost, students can make application for national certification. Below is a sample listing for certifying agencies:

- American Society of Phlebotomy Technicians
- American Medical Technologists
- National Healthcare Association

Wage Information

Location	Pay Period	Median	75%	90%
North Carolina	Hourly	$11.91	$14.48	$17.32
	Yearly	$24,800	$30,100	$36,000

Employment Projections

North Carolina	Employment		Percent Change	Job Openings
	2006	2016		
Healthcare workers	10,160	13,050	+ 29 %	420

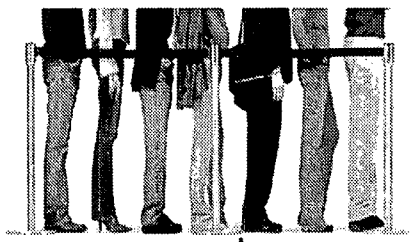
JobsNOW!

CreatingSuccess

NC Community Colleges

Hope • Opportunity • Jobs

Need a Job?



Medical Coder

Medical Coder
Medical Records Technician
Medical Billing Technician

Medical Coder

Training Description

This course prepares an individual for entry level healthcare billing and coding positions. Course topics can include but are not limited to the roles and responsibilities of this position, managed health care, life cycle of an insurance claim, legal and regulatory considerations, coding regulations, reimbursement issues, and claim instructions, medical terminology, filing commercial claims, insurance plans, Medicare, Medicaid, Tricare, and Workers ' Compensation.

Training is also provided in employability skills (HRD) and students have the opportunity to earn a Career Readiness Certification (CRC) credential.

Course Offering		Hr	Cost*
MED3006	Medical Office	60	$65.00
MED3030	Healthcare Billing and Coding	150	$80 -$100
NUR3235	Medical Terminology	120	$65.00
CAS3020	Computer Applications	24	$65
HRD3001	HRD Employability Skills	24	$55**
----	CRC Assessment Fee	---	$30

* Colleges may charge additional fees for supplies and materials

** Registration fee may be waived if individual meets criteria

For an additional cost, students can make application for national certification. Below is a sample listing for certifying agencies:

- American Academy of Professional Coders
- American Health Information Management Association

Wage Information

Location	Pay Period	Median	75%	90%
North Carolina	Hourly	$12.72	$15.76	$20.62
	Yearly	$26,500	$32,800	$42,900

Employment Projections

North Carolina	Employment		Percent Change	Job Openings
	2006	2016		
Medical Records	5,130	6,640	+ 30 %	290

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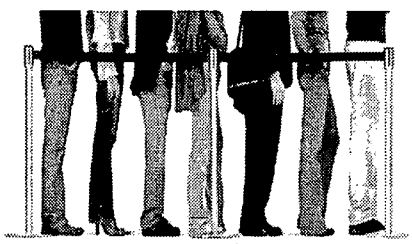

Office /Clerical Support

Office Assistant
Administration Assistant
Medical Office
Legal Assistant

Office/Clerical Support

Training Description

The training prepares individuals for positions in administrative support careers. Students will complete courses designed to develop proficiency in the use of integrated software, oral and written communication, analysis and coordination of office duties and systems, and other support topics. Emphasis is placed on non-technical as well as technical skills. Upon completion, students would qualify for employment in a variety of positions in business, government, and industry. Job classifications range from entry-level to supervisor to middle management.

Training is also provided in employability skills (HRD) and students have the opportunity to earn a Career Readiness

Course Offering		Hr	Cost*
OSC3601	General Office Practices	66	$ 60
OSC3641	Office Management	48	$ 55
CAS3120	Computer Applications	30	$ 55
COM3724	Grammar in the Workplace	33	$ 55
MLS3874	Notary Public	8	$ 50
HRD3001	HRD Employability Skills	24	$55**
----	CRC Assessment Fee	---	$30

Additional Course Offerings

MED3006	Medical Office	66	$ 60
LEX3010	Legal Assisting	90	$ 60

* Colleges may charge additional fees for supplies and materials

** Registration fee may be waived if individual meets criteria

For an additional cost, students can make application for national certification.

Wage Information

Location	Pay Period	Median	75%	90%
North Carolina	Hourly			
	Yearly			

Employment Projections

North Carolina	Employment		Percent Change	Job Openings
	2006	2016		
Clerical				

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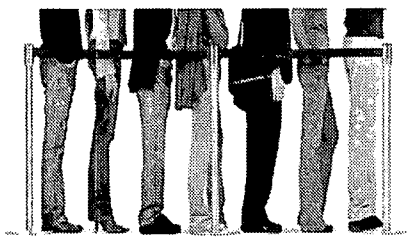


Masonry/Tile Cutting

Brick masons
Block masons
Stonemasons
Tile and Marble Setters

Masonry/Tile Cutting

Training Description

This training prepares individuals to work in the construction industry as masons. Course work includes basic mathematics, blueprint reading, and methods used in carrying out masonry jobs for residential, commercial, and industrial construction. Upon completion, students will be able to read blueprints, estimate structures, construct footings and walks, and lay masonry units.

Training is also provided in employability skills (HRD) and students have the opportunity to earn a Career Readiness Certification (CRC) credential.

Course Offering		Hr	Cost*
PLU3023	Masonry – Level 1	30	$ 55 - $90
PLU3023	Masonry – Foundations & Flooring	120	$ 65 - $120
BPR3011	Blueprint Reading	40	$ 55 - $90
HRD3001	HRD Employability Skills	24	$55**
----	CRC Assessment Fee	---	$30

* Colleges may charge additional fees for supplies and materials
** Registration fee may be waived if individual meets criteria

For an additional cost, students can make application for national certification at the journeyman level with the following agencies:

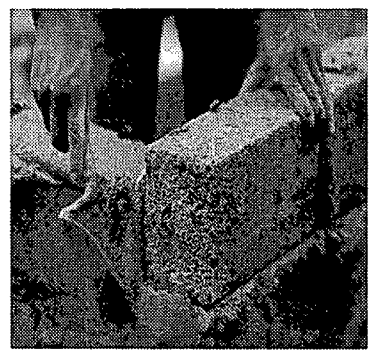
- NC Department of Labor – Apprenticeship Program
- National Center for Construction Education and Research

Wage Information

Location	Pay Period	Median	75%	90%
North Carolina	Hourly	$13.27	$15.28	$17.79
	Yearly	$27,600	$31,800	$37,000

Employment Projections

[illegible]na	Employment 2006	Employment 2016	Percent Change	Job Openings
Cement masons and concrete finishers	4,970	6,200	+ 25 %	270



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Need a Job?

Plumbing

Plumbers
Pipe fitters
Pipelayers
Patient Care Technician
Helpers
Steamfitters

Plumbing

Training Description

This course provides basic instruction in plumbing fundamentals and skills as applied to the home building trade. Course topics will include plumbing fundamentals, the proper use of tools and equipment, workplace safety, and related topics. Instruction focuses on the assemble, installation, alteration, and repair of pipelines or pipe systems that carry water, steam, air, or other liquids or gases. May also provide training on installing heating and cooling equipment and mechanical control systems.

Training is also provided in employability skills (HRD) and students have the opportunity to earn a Career Readiness Certification (CRC) credential.

Course Offering		Hr	Cost*
PLU3023	Plumber's Assistant	30	$ 50 - $80
PLU3024	Plumbing Fundamentals	130	$65 - $120
PLU3026	Pipefitting Fundamentals	42	$ 50 - $80
HRD3001	HRD Employability Skills	24	$55**
----	CRC Assessment Fee	---	$30

* Colleges may charge additional fees for supplies and materials

** Registration fee may be waived if individual meets criteria

For an additional cost, students can make application for national certification at the journeyman level with the following agencies:

- NC Department of Labor – Apprenticeship Program
- National Center for Construction Education and Research

Wage Information

Location	Pay Period	Median	75%	90%
North Carolina	Hourly	$16.75	$19.81	$23.57
	Yearly	$34,800	$41,200	$49,000

Employment Projections

North Carolina	Employment		Percent Change	Job Openings
	2006	2016		
Plumbers, pipefitters, etc.	13,060	16,840	+ 29 %	650

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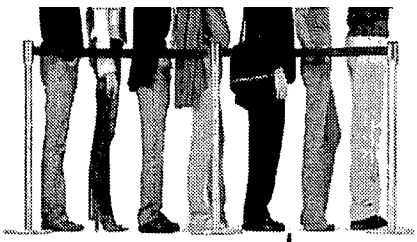


Carpentry

Job Opportunities

Construction
Carpenters
Rough Carpenters
Finisher

Carpentry

Training Description

This training prepares students to construct residential structures using standard building materials and hand and power tools. Course work includes footings and foundations, framing, interior and exterior trim, cabinetry, blueprint reading, residential planning and estimating, and other related topics. Students will develop skills through hands-on participation.

Training is also provided in employability skills (HRD) and students have the opportunity to earn a Career Readiness Certification (CRC) credential.

Course Offering		Hr	Cost*
CAR3108	Carpentry: Core Skills	120	$ 65 - $120
CAR3112	Light Construction Building Trades	96	$ 60 - $120
CAB3100	Cabinet Making	40	$ 60 - $120
BPR3011	Blueprint Reading	40	$ 60 - $120
EGY2002	Green Construction Building	96	$ 60 - $120
HRD3001	HRD Employability Skills	24	$55**
----	CRC Assessment Fee	---	$30

* Colleges may charge additional fees for supplies and materials

** Registration fee may be waived if individual meets criteria

For an additional cost, students can make application for national certification at the journeyman level with the following agencies:

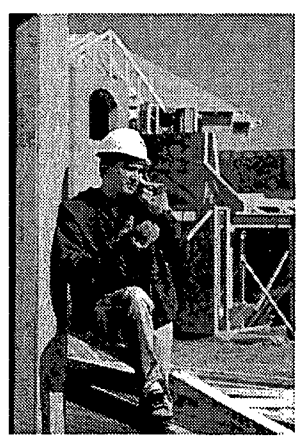
- NC Department of Labor – Apprenticeship Program
- National Center for Construction Education and Research

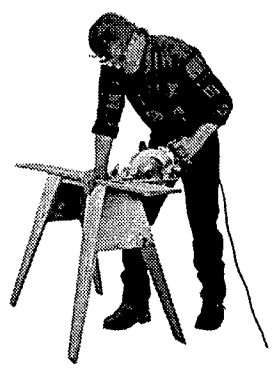
Wage Information

Location	Pay Period	Median	75%	90%
North Carolina	Hourly	$14.67	$17.41	$19.98
	Yearly	$30,500	$36,200	$41,600

Employment Projections

North Carolina	Employment		Percent Change	Job Openings
	2006	2016		
Carpenter	36,530	44,370	+ 21 %	1,280





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Need a Job?

Welding

Welders
Solderers
Cutters / Brazers
Machine Setters
Operators
Fabricators

Welding

Training Description

This training provides students with a sound understanding of the science, technology, and applications essential for successful employment in the welding and metal industry. Instruction includes consumable and non-consumable electrode welding and cutting processes. Courses in math, blueprint reading, metallurgy, welding inspection, and destructive and non-destructive testing provides the student with industry-standard skills developed through classroom training and practical application.

Training is also provided in employability skills (HRD) and students have the opportunity to earn a Career Readiness Certification (CRC) credential.

Course Offering		Hr	Cost*
WLD3103	Welding: ARC & GAS	88	$80 -$100
WLD3105	Welding: SMAW	88	$65.00
WLD3106	Welding: MIG & TIG	88	$80 -$100
HRD3001	HRD Employability Skills	24	$55**
----	CRC Assessment Fee	---	$30

* Colleges may charge additional fees for supplies and materials

** Registration fee may be waived if individual meets criteria

For an additional cost, students can make application for national certification at the journeyman level with the following agencies:

- American Welders Society (AWS)
- NC Department of Labor – Apprenticeship Program
- National Center for Construction Education and Research

Wage Information

Location	Pay Period	Median	75%	90%
North Carolina	Hourly	$14.74	$17.05	$19.14
	Yearly	$30,700	$35,500	$39,800

Employment Projections

North Carolina	Employment		Percent Change	Job Openings
	2006	2016		
Welders	1,400	1,610	+ 15 %	50

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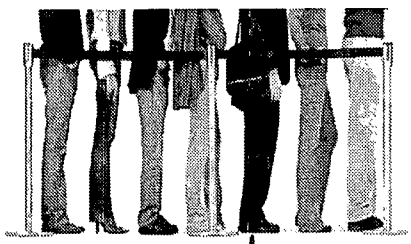

Food Service

Food Service Management
Catering
Retail – Deli Market
Wait Staff
Hostess

Food Service

Training Description

Instruction includes training on duties which combine both food preparation and food service. This course is designed for students who desire an occupation in the food service industry and for those who are presently employed within the food service industry. Emphasis will be placed on the following areas in the food service industry: attitude development; sanitation and safety; food service terminology and procedure; tools and equipment; and basic food preparation

Training is also provided in employability skills (HRD) and students have the opportunity to earn a Career Readiness Certification (CRC) credential.

Course Offering		Hr	Cost*
HOS3036	Catering	33	$50 - 65
HOS3051	Hospitality & Human Relations	40	$50 - 65
HOS3072	Food Service Sanitation	33	$50 - 65
HOS4010	Food and Beverage Operations	75	$80 -$100
HOS4020	Wine Sensory and Evaluation	24	$50 - 65
HRD3001	HRD Employability Skills	24	$55**
----	CRC Assessment Fee	---	$30

* Colleges may charge additional fees for supplies and materials

** Registration fee may be waived if individual meets criteria

For an additional cost, students can make application for national certification. Below is a sample listing for certifying agencies:

- National Restaurant Association Educational Foundation
- American Hotel & Lodging Educational Institute (EI)

Wage Information

Location	Pay Period	Median	75%	90%
North Carolina	Hourly	$7.16	$8.08	$9.48
	Yearly	$14,900	$16,800	$19,700

Employment Projections

North Carolina	Employment 2006	Employment 2016	Percent Change	Job Openings
Combined food preparation and serving	98,620	124,590	+ 26 %	4,470

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Need a Job?

Autobody Repair

Autobody Technician
Repairers
Auto Helpers

Autobody Repair

Training Description

This training is prepares students for entry level positions in the Auto Body Repair Field. Course topics will include a study of automobile construction and design, removing, installing, and cutting glass, metal working, painting, use of tools, safety procedures and other related topics. Instruction is provided in Repairing and refinishing automotive vehicle bodies and in straightening vehicle frames.

Training is also provided in employability skills (HRD) and students have the opportunity to earn a Career Readiness Certification (CRC) credential.

Course Offering		Hr	Cost*
AUT3109 Auto Body Repair		330	$100 -$250
HRD3001	HRD Employability Skills	24	$55**
----	CRC Assessment Fee	---	$30

* Colleges may charge additional fees for supplies and materials

** Registration fee may be waived if individual meets criteria

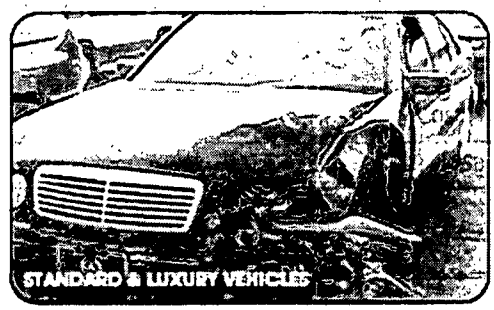
Additional costs may be incurred for industry recognized certifications.

Wage Information

Location	Pay Period	Median	75%	90%
North Carolina	Hourly	$18.12	$24.55	$29.92
	Yearly	$37,700	$51,100	$62,200

Employment Projections

North Carolina	Employment		Percent Change	Job Openings
	2006	2016		
Auto body Repair	4,720	5,350	+ 13 %	180



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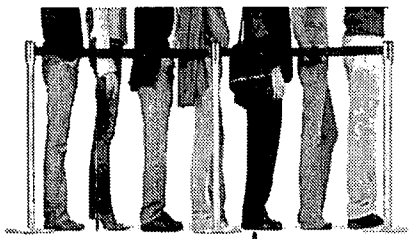


Manufacturing/Materials

Production Worker
Assembler
Fabrication Worker
Composites Handler

Manufacturing

Training Description

This course is a competency-based training program designed to provide students with enhanced career opportunities in manufacturing. Students are introduced to the basic concepts of manufacturing by emphasizing the importance of quality and its role in company profitability and job sustainability. The Fundamentals course includes training in core concepts such as manufacturing concepts, measurements and math, teamwork and communications, and problem solving.

Training is also provided in employability skills (HRD) and students have the opportunity to earn a Career Readiness Certification (CRC) credential.

Course Offering		Hr	Cost*
ISC3000	NC Manufacturing Certification Program	96	$80 -$100
ISC3400	Composite Manufacturing	96	$80 -$100
HRD3001	HRD Employability Skills	24	$55**
----	CRC Assessment Fee	---	$30

* Colleges may charge additional fees for supplies and materials

** Registration fee may be waived if individual meets criteria

For an additional cost, students can make application for national certification. Below is a sample listing for certifying agencies:

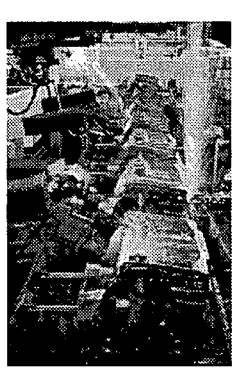
- National Association of Manufacturing
- American Composites Manufacturing Association
- NCCCS – NC Manufacturing Certification Program

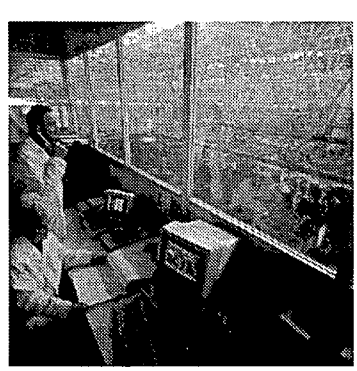
Wage Information

Location	Pay Period	Median	75%	90%
North Carolina	Hourly	$10.84	$17.18	$30.41
	Yearly	$22,500	$35,700	$63,300

Employment Projections

North Carolina	Employment 2006	Employment 2016	Percent Change	Job Openings
Assemblers and fabricators	5,020	5,570	+ 11 %	160





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Need a Job?

HVAC/Industrial Maintenance

Industrial Maintenance

Training Description

Training involves the skills of two or more maintenance or craft occupations to keep machines, mechanical equipment, or the structure of an establishment in repair. Duties may involve pipe fitting; boiler making; insulating; welding; machining; carpentry; repairing electrical or mechanical equipment; installing, aligning, and balancing new equipment; and repairing buildings, floors, or stairs.

Training is also provided in employability skills (HRD) and students have the opportunity to earn a Career Readiness Certification (CRC) credential.

HVAC
Maintenance Workers
Repair Workers

Course Offering		Hr	Cost*
AHR3130	HVAC - Introduction	96	$ 65 - $120
ELC3014	Electricity - Introduction	96	$ 65 - $120
ELC3033	Industrial Controls	40	$55 - $65
MEC3010	Machine Shop Practices	88	$ 65 - $120
HYD3607	Pneumatics/Hydraulics	80	$ 65 - $120
WLD3106	Welding	40	$55 - $65
HRD3001	HRD Employability Skills	24	$55**
----	CRC Assessment Fee	---	$30

* Colleges may charge additional fees for supplies and materials

** Registration fee may be waived if individual meets criteria

For an additional cost, students can make application for national certification. Below is a sample listing for certifying agencies:

- NC Department of Labor – Apprenticeship Program
- NC Department of Labor – OSHA
- American Welders Society

Wage Information

Location	Pay Period	Median	75%	90%
North Carolina	Hourly	$15.77	$19.28	$23.56
	Yearly	$32,800	$40,100	$49,000

Employment Projections

North Carolina	Employment 2006	Employment 2016	Percent Change	Job Openings
Maintenance and repair workers, general	45,180	49,500	+ 10 %	540

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12 in 6 Training Pathways

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North Carolina Community College System

Colleges	Nursing Assistant	Phlebotomy	Healthcare Billing/ Coding	Office/ Clerical Support	Masonry/ Tile Cutting	Plumbing	Carpentry	Welding	Food Service	Autobody Repair	Manufact'g/ Materials	HVAC/ Industrial Maint.	Local Demands (next page)
Asheville-Buncombe TCC									X				X
Beaufort County CC					X	X	X	X				X	X
Bladen CC	X	X	X	X		X		X			X	X	X
Blue Ridge CC	X		X									X	X
Brunswick CC	X		X	X	X	X	X	X				X	X
Caldwell CC and TI	X					X	X					X	X
Cape Fear CC	X								X				X
Carteret CC	X			X					X			X	X
Catawba Valley CC											X	X	
Central Carolina CC	X	X	X					X	X				X
Central Piedmont CC	X	X				X	X			X		X	X
Cleveland CC	CU					CU	CU						
Coastal Carolina CC	X	X	X	X									X
College of the Albemarle			X										X
Craven CC	X												X
Davidson County CC	X		X	X				X				X	X
Durham TCC	X	X	CU									CU	X
Edgecombe CC	X	X	CU	X	X		X			X	X	X	X
Fayetteville TCC	X	X	X										X
Forsyth TCC	X		X	X	X	X	X	X	X	X	X	X	X
Gaston College	X		X	X				X					
Guilford TCC	X		X					X				X	X
Halifax CC	X		X	CU		X						CU	X
Haywood CC	X	X		X			X						X
[illegible]hermal CC	X												X
[illegible]s Sprunt CC	X	X	X	X									
Johnston CC	X	X											X
Lenoir CC	X	X	X	X	X	X	X	X		X	X	X	X
Martin CC	X	X											
Mayland CC	X	X	X			X	X	X				X	X
McDowell TCC	X		CU				CU						X
Mitchell CC	X		X	X				X			X	X	X
Montgomery CC	X	X		X	X			X		X			X
Nash CC	X		X	X					X			X	X
Pamlico CC	X	X	X	X				X	X				X
Piedmont CC	CU	CU						X					X
Pitt CC									X				
Randolph CC	X			X					X			X	
Richmond CC	X	X	X		X	X	X	X	X			CU	X
Roanoke Chowan CC	X	X	X										X
Robeson CC			X			X		X					X
Rockingham CC	X	X											X
Rowan-Cabarrus CC	X			X	X		X	CU				CU	X
Sampson CC	X		X		X		CU					CU	X
Sandhills CC	X							X	X		X		X
South Piedmont CC	X		X									X	X
Southeastern CC	X				X		X					X	X
Southwestern CC	X			X				X			X		X
Stanly CC			X		X			X				X	X
Surry CC				X		X			X			X	X
Tri-County CC	X	X	X	CU	X	X	X	CU	X			X	
Vance-Granville CC	X	X	X										
Wake TCC	X		X	X		X						X	
Wayne CC	X							X				X	
[illegible]estern Piedmont CC				X					X				
[illegible]es CC	X		X				x	X				X	X
[illegible]son CC	X		X	X				X					X
College Totals:	48	21	32	24	12	15	17	24	14	5	8	30	45

"X" indicates training offered through Continuing Education
"CU" indicates training offered through Curriculum
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Local Occupational Demands	Colleges	Total Colleges
Automotive System/Mechanic	Haywood (CU), Durham (CU), Surry, Western Piedmont	4
Biotechnology	Beaufort, Durham, Johnston, Piedmont, Rowan-Cabarrus, Wake	6
Basic Law Enforcement Training (BLET)	Craven, Robeson, Rockingham, Southwestern, Tri-County	5
Computer Repair/Desktop Support Tech	Brunswick, Coastal Carolina, Robeson	3
Custodial/Environmental Services	Western Piedmont	1
Customer Service	Asheville-Buncombe, Blue Ridge, Cape Fear, Rowan-Cabarrus, Rockingham, Sandhills, Surry	7
Detention Officer & Telecommunicator	College of the Albemarle, Craven	2
Dialysis Technology	Martin	1
Distribution/Logistic/Supply Chain Management	Brunswick, Davidson, Rockingham, Western Piedmont	4
Direct Support Professional (Mental Health, Developmental Disabilities, Home Companion, Activity Director)	Craven, Cape Fear, Sandhills, Surry, Western Piedmont	5
Early Childhood Education	Haywood, Richmond, Western Piedmont	3
Electrical/Electronic Technology	Forsyth, Davidson, Haywood, Mayland, Wilson	5
Electrical Wiring/National Electric Code	Rowan-Cabarrus (CU), Richmond, Tri-County	3
Electrical Lineman	Forsyth	1
Electronic Engineering Technology (CU)	Central Piedmont, Rowan-Cabarrus	2
Emergency Medical Services (EMT)	College of the Albemarle, Davidson, Roanoke-Chowan, Southwestern, Wayne	5
Environmental Safety	Coastal Carolina	1
Geriatric Aide	Carteret, Central Carolina, Fayetteville, Guilford, Martin, Montgomery, Wilkes	7
Green – Building Construction	Brunswick, Caldwell, Coastal Carolina, Haywood (CU), Rowan-Cabarrus, Roanoke-Chowan, Stanly, Western Piedmont	8
Green - Energy Audits	Central Piedmont, College of the Albemarle, Edgecombe, Martin, Mitchell, Wilson	6
Green - Sustainable Agriculture	Isothermal	1
Green - Weatherization	Caldwell, College of the Albemarle, Edgecombe, Guilford, Martin, Mitchell, Robeson, Stanly, Southeastern, Wayne, Wilson, Wilkes	12
Green – Solar Panel Installation	Blue Ridge, Central Carolina, College of the Albemarle, Durham, Wilkes	5
Heavy Equipment Operator	Stanly	1
Horticulture/Landscaping	College of the Albemarle, Durham, Haywood (CU), Surry	4
Marine Trades	Carteret	1
Machining	Asheville-Buncombe, Blue Ridge, Haywood, McDowell, South Piedmont	5
Medical Office/ Hospital Unit Coordinator	Bladen, Durham, Edgecombe (CU), Haywood (CU), Pamlico, Stanly, Surry, Wilson	8
Medical Assisting	Richmond	1
Optometric Technician	Central Carolina	1
Pharmacy Technician	Brunswick, Central Carolina, Coastal Carolina, Forsyth, Rowan-Cabarrus, Stanly	6
Pipefitting/Millwright	Isothermal	1
Sheet Metal Technician	College of the Albemarle	1
Small Business Management	Asheville-Buncombe, Rowan-Cabarrus, Surry	3
Truck Driving	Beaufort, Cape Fear, Davidson, Piedmont, Sampson, Wilkes	6
Veterinary Assistant	Isothermal, Surry	2
Viticulture	Isothermal, Surry	2
Wildland Fire Protection	Southwestern	1

North Carolina Community College

12 Jobs in 6 Months Employing American Recovery and Reinvestment Act (ARRA) Funds

NOW

"12 in 6" Update

"12 in 6" Training Pathways

- Nursing Assistant
- Phlebotomy
- Healthcare Billing/Coding
- Office/Clerical Support
- Masonry/Tile Cutting
- Plumbing
- Carpentry
- Welding
- Food Service
- Autobody Repair
- Manufacturing/Materials
- HVAC/Industrial Maintenance

Local Occupational Demands

- Auto Mechanic
- Biotechnology
- Computer Repair/Help Desk Support
- Customer Service
- Dialysis Technology
- Direct Support Professional (MH/DD)
- Distribution/Logistics/Warehousing
- Early Childhood Education
- Electrical/Electronic Technician
- Environmental Safety
- Environmental Services/Custodial
- Geriatric Aide
- Green – Weatherization
- Heavy Equipment Operator
- Horticulture/Landscaping
- Machining Technician
- Marine Trades
- Pharmacy Technology
- Public Safety (Law, EMS, Fire)
- Small Business Management
- Truck Driving
- Veterinary Assisting

(Updated: January 8, 2010)

Training Plan Submission

- NCCCS has received training plans from 57 of the 58 colleges.
- Most colleges have chosen 3-8 training pathways from the 12 in 6 list.
- Based on local labor market demand, colleges added 45 occupational training pathways to the list.
- All colleges have integrated "green" technology into their plans.

Capacity Building

- Funding is used for the following purposes: expanding course offerings, hiring additional instructors, developing short-term curricula, providing additional student support services, and promoting the JobsNOW program.

Workforce Development Boards/JobLink

- Workforce Boards have committed resources to the JobsNOW to pay tuition, fees, books, transportation, and related instructional materials. The colleges have a great relationship with local boards and appreciate their support and participation in this initiative.

Performance Metrics (August –December)

Expenditures thru December: $ 2,329,885

6,382	Students Enrolled
2,990	Completers
790	Courses Offered
158	New Courses or New Curriculum Developed
529	Staff Maintained
378	New Positions Filled (full and part-time)
139	State-Regulated Credentials Earned
144	Industry-Regulated Credentials Earned
1448	Career Readiness Certificates Issued
2304	Students Receiving Assistance (WIA, TAA, VR, etc.)

Funding for JobsNOW "12 in 6" initiative is supported by the Department of Commerce, Division of Workforce Development and local Workforce Development Boards.

Overview of Recommended Federal Tax Policy Changes

	Proposal	Where we are	10-year revenue impact (billions)*
Tax Credit Provisions			
American Opportunity Tax Credit	Expanded/Renamed Hope Credit for higher education expenses and made partially refundable	Enacted in ARRA*, trying to make permanent	-$55
Child Tax Credit	Expanded CTC by lowering the refundability threshold to $3,000	Enacted in ARRA, trying to make permanent	-$71
Earned Income Tax Credit Marriage Penalty Relief	Expanded EITC marriage penalty relief from $3,000 to $5,000	Enacted in ARRA, trying to make permanent	-$12
EITC Third Tier	Added a larger credit for families with 3 or more children	Enacted in ARRA, trying to make permanent	-$12
EITC for Childless Workers	Expand the EITC for childless workers by increasing the maximum credit and qualifying income range	Obama campaign proposal	-$13‡

* Unless otherwise noted, all estimates come from the Office of Management and Budget
Revenue impacts are measured over 2010-2019, relative to a current policy baseline.

ARRA= American Reinvestment and Recovery Act

Prepared by the Center on Budget and Policy Priorities and NC Budget and Tax Center

Justice Center
Opportunity and Prosperity for All

BTC Working Concepts

INNOVATIVE IDEAS FOR A CHANGING NORTH CAROLINA

October 2008

Equip North Carolina Lawmakers to Make Better Informed Tax Policy Decisions

In North Carolina, low- and middle-income families pay a greater share of their incomes in state and local taxes than the wealthy individuals. Part of the reason North Carolina has this unfair tax system is that legislators have no way of knowing how a proposed piece of tax legislation will impact taxpayers at different income levels. By making tax incidence reporting part of the legislative process, lawmakers can ensure they create tax policies that fairly distribute tax responsibility.

☐ THE CHALLENGE: Uninformed tax policy debates jeopardize tax fairness

North Carolina's state and local revenue system is unfair in that those who have the least pay the largest share of their incomes in taxes. In 2007, the bottom 20% of North Carolina households, with an average income of $10,000, paid 10.7% of their incomes in state and local taxes. In the same year, the top 1%, with an average income of $970,000, paid only 7.1%. This means the responsibility of paying local and state taxes falls hardest on those with the least ability to pay.

The lack of fairness in the current revenue system could have a serious impact on the state's ability to collect adequate revenues now and in the future. The wealthiest households are home to the majority of state income, and they also have the fastest growing incomes. But North Carolina's state and local tax system relies too heavily on low- and moderate-income working families who have seen their wages stagnate in recent years . As the gap between the rich and poor continues to widen, North Carolina will face serious budget problems unless lawmakers make some key tax policy changes.

Currently, North Carolina's lawmakers do not have the tools nor are they required to properly evaluate the impact of tax policy proposals that come across their desks. The result is ill-informed tax policy debates that do not take into consideration the effect proposed changes would have on their constituents. For example, a proposal to increase the state sales tax by one percent would most heavily impact low-income households who spend more of their incomes on taxable goods than higher-income households do. But, because on the surface it appears everyone would pay the same rate, lawmakers focus almost exclusively on the amount of revenue such a proposal would raise and not on who will ultimately pay for the change.

If fairness is not at the center of every tax policy debate, lawmakers will fall short on achieving long-term revenue adequacy. Focusing on fairness will help North Carolina meet its essential needs without relying on those with the least to give.

☐ THE INNOVATION: Tax Incidence Analysis

Requiring the analysis of how proposed tax or fee changes impact residents at all income levels is a simple and low-cost solution to improve tax fairness. Tax incidence analysis serves to

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better inform lawmakers and their constituents about proposed changes. Currently, each tax policy proposal presented in the legislature is accompanied with a fiscal note describing the estimated revenue impact (positive or negative) of the proposed change. North Carolina should conduct a tax incidence analysis alongside each fiscal note so fairness is equally considered in tax policy decisions. There are nine states that currently use tax incidence analysis in some form as part of their decision-making process. In addition to conducting the analysis for revenue proposals some states conduct an annual study that determines the incidence of the overall state and local tax system.

In order to do this, North Carolina will need to develop a tax incidence model that can evaluate the impact of all the state and local major taxes collected. The model will divide the population into income groups. (This is most commonly done by dividing the population into fifths, ranging from the bottom 20 percent to the top 20 percent, with the top 20 percent broken down even further.) It is important to start with a baseline that shows the total each income group currently contributes as a percentage of that groups' income for each tax. Then the model can be used to estimate the total tax change each income group would experience as the result of a proposed tax policy change.

For example, a bill introduced to increase North Carolina's sales tax by one cent would be accompanied by a chart detailing the impact of the tax change by income group:

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than $15,000	$15,000 – $27,000	$27,000 – $44,000	$44,000 – $73,000	$73,000 – $144,000	$144,000 – $370,000	$370,000 – or more
Average Income in Group	$10,000	$21,000	$35,000	$56,000	$97,000	$207,000	$970,000
Current Share of Income in Sales Taxes Paid	6.0%	5.5%	4.5%	3.7%	2.7%	1.7%	1.0%
Proposed Tax Change's Share of Income	0.8%	0.7%	0.6%	0.4%	0.2%	0.15%	0.1%
New Total % of Income in Sales Taxes Paid	6.8%	6.2%	5.1%	4.1%	2.9%	1.9%	1.1%
$ Average Tax Change	$ + 80	$ +147	$ +210	$ +224	$+ 194	$ + 310	$ + 970
Current Share of Income in TOTAL state and local taxes paid	10.70%	9.70%	9.60%	9%	8.20%	7.60%	7.10%
New Total Share of Income in TOTAL state and local taxes paid after proposed change	11.5%	10.4%	10.2%	9.4%	8.4%	7.8%	7.2%

* Sample analysis based on tax incidence analysis conducted by the Institute on Taxation and Economic Policy (ITEP), October 2007. ITEP data reflects 2007 North Carolina tax policy changes, 2006 income levels and offsets federal deductibility. Sales tax changes are for example purposes only.

As the chart shows, a sales tax increase would disproportionately impact the lowest-income households. Lawmakers should know the tax incidence of a proposal before they vote, and their constituents should have this information when they head to the polls.

North Carolina should strive to develop a fair tax system, and tax incidence reporting is central to that goal. A fairer system would benefit the entire state by creating a more stable and adequate revenue stream and by ensuring that the responsibility for paying for public services is fairly distributed.

Contact Meg Gray, Policy Analyst: (919) 856-3192 or meg@ncjustice.org

Appendix 2

State Statutes Mandating Tax Incidence Analyses

Three states — Maine, Minnesota, and Texas — have enacted laws mandating the conduct of both periodic studies of the incidence of the overall state tax system and analyses of the distributional impact of proposed tax legislation. The text of these statutes is reproduced below.

Maine

Title 36. Taxation
Part 1. General Provisions
Chapter 9. Justification of Tax Expenditures

200. Bureau of revenue services report on revenue incidence

1. Impact of taxes on individuals. The bureau shall submit a report containing the information required by this subsection to the legislature by July 1, 1999 and by October 1st of each even-numbered year thereafter.

a. Part 1 of the report must describe the overall incidence of all state, local and county taxes. The report must present information on the distribution of the tax burden:

(1) for the overall income distribution, using a measure of system-wide incidence that appropriately measures equality and inequality;

(2) by income classes, including, at a minimum, deciles of the income distribution; and

(3) by other appropriate taxpayer characteristics.

b. Part 2 of the report must describe the impact of the tax system on business and industrial sectors. The report must:

(1) describe the impact of taxes on major sectors of the business and industrial economy relative to other sectors; and

(2) describe the relative impact of each tax on business and industrial sectors.

c. When determining the overall incidence of taxes under this subsection, the bureau shall reduce the amount of taxes collected by the amount of taxes that are returned directly to taxpayers through tax relief programs.

2. Legislation analysis. At the request of the joint standing committee of the legislature having jurisdiction over taxation matters, the bureau shall prepare an incidence impact analysis of any legislation or proposal to change the tax laws that increases, decreases or redistributes taxes by more than $20,000,000. To the extent data is available on the changes in the distribution of the tax burden that are effected by that legislation or proposal, the analysis must report on the incidence effects that would result if the legislation were enacted. The report may present information, using system-wide measures, by income classes, taxpayer characteristics or other relevant categories. The report may include analyses of the effect of the legislation proposal on representative taxpayers. The analysis must include a statement of the incidence assumptions that were used in computing the tax burdens.

Added by Chapter 744, 4/14/98.

Minnesota

270.0682 Tax incidence reports.

Subdivision 1. Biennial report. The commissioner of revenue shall report to the legislature by March 1 of each odd-numbered year on the overall incidence of the income tax, sales and excise taxes, and property tax. The report shall present information on the distribution of the tax burden

(1) for the overall income distribution, using a systemwide incidence measure such as the Suits index or other appropriate measures of equality and inequality,

(2) by income classes, including at a minimum deciles of the income distribution, and

(3) by other appropriate taxpayer characteristics.

Subd. 2. Bill analyses. At the request of the chair of the house tax committee or the senate committee on taxes and tax laws, the commissioner of revenue shall prepare an incidence impact analysis of a bill or a proposal to change the tax system which increases, decreases, or redistributes taxes by more than $20,000,000. To the extent data is available on the changes in the distribution of the tax burden that are affected by the bill or proposal, the analysis shall report on the incidence effects that would result if the bill were enacted. The report may present information using systemwide measures, such as Suits or other similar indexes, by income classes, taxpayer characteristics, or other relevant categories. The report may include analyses of the effect of the bill or proposal on representative taxpayers. The analysis must include a statement of the incidence assumptions that were used in computing the burdens.

Subd. 3. Income measure. The incidence analyses shall use the broadest measure of economic income for which reliable data is available.

Texas

§ 403.0141. Report on Incidence of Tax

(a) Before each regular session of the legislature, the comptroller shall report to the legislature and the governor on the overall incidence of the school district property tax and any state tax generating more than 2.5 percent of state tax revenue in the prior fiscal year. The analysis shall report on the distribution of the tax burden for the taxes included in the report.

(b) At the request of the chair of a committee of the senate or house of representatives to which has been referred a bill or resolution to change the tax system that would increase, decrease, or redistribute tax by more than $20 million, the Legislative Budget Board with the assistance, as requested, of the comptroller shall prepare an incidence impact analysis of the bill or resolution. The analysis shall report on the incidence effects that would result if the bill or resolution were enacted.

(c) To the extent data is available, the incidence impact analysis under Subsections (a) and (b):

(1) shall evaluate the tax burden:

> (A) on the overall income distribution, using a systemwide incidence measure or other appropriate measures of equality and inequality; and
>
> (B) on income classes, including, at a minimum, quintiles of the income distribution, on renters and homeowners, on industry or business classes, as appropriate, and on various types of business organizations;

(2) may evaluate the tax burden:

(A) by other appropriate taxpayer characteristics, such as whether the taxpayer is a farmer, rancher, retired elderly, or resident or nonresident of the state; and

(B) by distribution of impact on consumers, labor, capital, and out-of-state persons and entities;

(3) shall evaluate the effect of each tax on total income by income group; and

(4) shall:

(A) use the broadest measure of economic income for which reliable data is available; and

(B) include a statement of the incidence assumptions that were used in making the analysis.

Added by Acts 1997, 75th Leg., ch. 1035, § 48, eff. Sept. 1, 1997.

Amended by Acts 1999, 76th Leg., ch. 1467, § 2.03, eff. Oct. 1, 1999.

Appendix 3

Summary of Data Items for Each Sample Household in the Minnesota Tax Incidence Model

ATTENDANCE

SUBCOMMITTEE ON STATE PROGRAMS

(Name of Committee)

DATES MEMBERS	1/5/10	2/2/10	3/2/10	3/31/10											
Representative Angela R. Bryant -Chair	X	X	X	X											
Senator Edward Jones	X	X	X	X											
Mr. Joe Crocker	X	X	X	X											
Mr. Manfred Emmrich	X	X	X	X											
Mrs. Tina Morris-Anderson	X	X	X	X											
Ms. Johanna Reese	X	X	X	X											
FISCAL RESEARCH STAFF															
Melanie Bush	X	X	X	X											
COMMITTEE ASSISTANT															
Karon Hardy	X	X	X	X											

MINUTES

SUBCOMMITTEE ON POVERTY REDUCTION AND ECONOMIC RECOVERY ON STATE PROGRAMS

Tuesday, February 2, 2010
9:00 A. M.
Room 425, Legislative Office Building

The Legislative Subcommittee on State Programs met on Tuesday, February 2, 2010 at 9:05 A.M. in Room 425, at the Legislative Office Building. The following members were present: Sub-committee Chair Representative Angela Bryant, Subcommittee member and Committee Chair, Senator Edward Jones, and Public members Joe Crocker, Manfred Emmrich, Tina Morris-Anderson and Johanna Reese. Committee staff Melanie Bush and Committee Assistant Karon Hardy were in attendance. The Agenda and the Action Plan ***(Attachment 1)*** and the Visitor Registration ***(Attachment 2)*** are attached hereto and incorporated into the minutes.

Representative Angela Bryant, presiding chair, opened the meeting with introductions and welcomed everyone. The Committee members and research staff introduced themselves. Representative Bryant recognized the Sergeant-at-Arms and her Legislative Assistant, Karon Hardy and all guests present. She informed the Committee that today she would go over a tentative action plan that she and the staff put together for review. She explained that this is the map and not the territory, therefore things could change. The following will be covered today: housing, healthcare and income and assets with presentations regarding the Division of Medical Assistance, the Housing Trust Fund and Individual Development Accounts (IDAs). In March, we will discuss poverty reduction targets, work supports, child education and childcare, food access and sub-committee recommendations.

First on the agenda was Dr. Craigan Gray, MD, Director of the Division of Medical Assistance. Representative Bryant introduced him and welcomed him to the podium. Dr. Gray gave a presentation on North Carolina Medicaid and North Carolina Health Choice, which are health safety networks for particular low income populations in the United States. Medicaid is a health insurance program for needy people that meet certain income criteria andis governed by Title 19 of the Social Security Act. Services provided under Medicaid are paid for with federal and state funds. North Carolina Health Choice is not a Medicaid program but it is administered by the Division of Medical Assistance for uninsured children ages 6 – 19, who do not qualify for Medicaid and whose families are under 200% of the federal poverty limit.

The two major eligibility areas for Medicaid are: 1. Aged, blind, and disabled. 2. Families and children. The eligibility for Health Choice is: 1. The income limit is 200% federal poverty level. 2. Families with income above 150% of the federal poverty level

must pay an enrollment fee of $50/child up to $100 and other cost-sharing. He also shared information on "pregnancy homes" (i.e. a medical provider assignment for a cohort of Medicaid pregnant women to efficiently achieve cost savings and healthful outcome goals). ***(Attachment 3).***

Representative Bryant asked the Committee if they had any questions at this time for Dr. Gray.

Senator Jones asked, "How many "pregnancy homes" are there in North Carolina?"

Dr. Gray replied, "This process is in the early stages of development, it is a brand new idea that we are introducing into Medicaid."

Representative Bryant asked, "What is a "pregnancy home" and how does it work".

Dr. Gray responded, "A women is established in the pregnancy at a particular medical office for a flat rate from pregnancy to delivery in an effort to raise fees and control costs at the same time.... In this program, the Division asks the physicians to focus on four clinical parameters:

1. Pregnancy risk management
2. No elective inductions before 39 weeks
3. Reducing the c-section rate by at least 3% or at 24% holding it
4. Introduction of the 17 pea project to reduce premature labor

The Obstetrician would join the Community Care Network and the Community Care Network evaluator/monitor would come into that office once or twice a year through the Area Health Education Consortium (AHEC) relationship that they have and do an on-site chart review to see that they are following those 4 clinical parameters that we've set up to measure the outcomes. Since we will be able to review their charts, it will also reduce the hassle factor in our preauthorization for ultrasound for obstetrical patients. Those are the main problems that Medicaid has seen in the obstetrical practices across the state so we are addressing those directly to reengage those doctors into care for Medicaid women".

Representative Bryant asked, "Have you gotten feedback as to whether the doctors are interested in this approach?"

"Yes." Dr. Gray said. "That process takes a while. I am meeting with the North Carolina Obstetrical and Gynecological Society and have already had meetings with the North Carolina Medical Society. So that process is beginning."

Mr. Crocker asked Dr. Gray if his division has a way of assisting doctors or clinics in rural Tier 1 or poor areas who may want to expand their practice and they see everybody regardless of their ability to pay?

Dr. Gray replied, "No, Rural Health would be the folks that could potentially do that. Medicaid is limited by our Federal Partnership to taking care of those patients that are Medicaid eligible only through a fee-for-service or capitated arrangement."

Representative Bryant asked about how they work in coordination with these other entities in Department of Health and Human Services, (DHHS), that address Rural Health and community health centers that are related to your ultimate outcome-based goals?

Dr. Gray stated that his Division has a very strong relationship with rural health in managing that process. Rural Health is the group that has the direct relationship with the local community care partners and they also have contracts with us. The Division is coordinating the efforts between federally qualified rural health clinics which are basically free entity clinics and the Medicaid reimbursement project for those Medicaid recipients for whom the providers will be reimbursed through that process.

Rep. Bryant asked the Committee if they had any further questions for Dr. Gray.

Mr. Emmrich asked for clarification on Community Care partners?

Dr. Gray said, "Community Care partners started in the '90s as so-called Project Access, Community Access, they have varying names, as grass roots physician-driven organizations,501(c)(3) s, to begin management of healthcare at the primary level locally. There are 14 networks across the state of primary care physicians, family doctors, some internists and pediatricians, that make and introduce standards of care across the state at the local level through case management and internal reviews to actually improve the level of quality of care at the bedside. It is a national model and has received recognition across this country as being extraordinarily innovative mainly because its from the local community up rather than being imposed from the central facility down, as an HMO. It is a managed care company.

Representative Bryant asked what is the downside of the "community care system?" Are you aware of any?

"I don't think they are moving fast enough. But they are working vigorously to come up to speed in several other very important areas. One thing is the 646 waiver at cost. Where they look at a coordinated effort in managing the aged, blind and disabled population," Dr. Gray explained.

Representative Bryant said that one concern she had was the 14 networks. They are huge but not like each county. I had a scare about this group taking over case management and then somehow moving out the health department, the community- based agencies that have provided for example: the care for pregnant women that had at least brought us the improvement, that albeit may not be good enough that we were beginning to experience. So what is the status of case management and what are we losing when these partners move in and take over the roles particularly in small counties and rural areas that community-based agencies were successfully engaged in?

Dr. Gray says that the news of the case management's death has been highly exaggerated. CCNC (Community Care of NC) is not taking over the case management function in totality. It is acting, however, as a coordinating body between the Local Mental Health entity, (LME) and the Public Health Maternal child coordination. They are pulling those two groups closer in and setting up a coordination process within CCNC which will coordinate the information from the mental health provider with the maternal health provider. Here to for, there has been no communication between them. So we have a pregnant woman who is schizophrenic but managed and the maternal child coordinator doesn't know that and there are medication problems that need to be considered. We

have all of these chopped up case management process and what CCNC is doing for us is taking down all the walls between those so that there will be free coordination.

Representative Bryant asked Dr. Gray what his recommendation would be for the committee to focus on to eliminate and reduce poverty and not have it worsen in the short fall that they are facing with Medicaid. What should be focused on in the short session?

Dr. Gray encouraged the Legislators to examine the system of health care delivery within the state. Also, engage the department and the division in designing what it will look like in the future. He said to make sure that whatever cuts have to be put in for this coming year continue to serve the greatest number of people with the greatest number of problems. To make this budget balance, another billion dollars needs to be taken out of Medicaid. He said it has to be done in such a way that it doesn't destroy the health care delivery system that we have.... We need to be very careful as those cuts are implemented that we don't do what we're at risk of doing which is destroying a system that has been very functional across the state for 40 years.

Representative Bryant opened the floor for questions from the audience regarding what would be helpful for the Committee to focus on?

Dr. Al Wentz, Director Northampton County Department Social Service, asked two questions, the first regarding underserved Medicaid recipients and the second regarding the increase for eligibility for S-CHIP and left it up to the state?

Dr. Gray explained that the S-CHIP program is different from Medicaid in that it is not an entitlement process and there are budget limits on that. He further explained that Medicaid is made up of certain core mandatory requirements and then there are optional services that sit to the side. Those optional services encompass more of the spending than do the mandatory pieces. We are looking at the optional pieces to see where we can reduce or eliminate and not damage the basic fundamental care that is provided across the state. Medicaid looks differently than does the standard that you and I might hold. We are trying to keep the central core solid and fixed as we are required to move these services down to meet the budget requirements.

Dr. Wentz had a follow-up question regarding preventive care for overweight children?

Dr. Gray said, "Yes, that comes from our pediatricians within the state. I will be addressing the Pediatricians at their meeting in Greensboro on the 12th and the 13th ....

He said they set health policy and they do health practice. They see the patients face to face on a daily basis. They would have to do drive this process through our encouragement in providing preventative services.

Dr. Wentz asked Dr. Gray in regards to recommendations to inquire with his own folks as to any possible recommendations that the overall commission could make to the General Assembly to support the cause of what he's seeking.

Dr. Gray said that the Department of Public Health and local Health Departments are the strongest partners. They have contractual arrangements with each of those local health departments to accomplish the preventative care that is needed.

Representative Bryant recognized Rob Thompson, Director of the Covenant for North Carolina for Children.

Rob Thompson, gave brief remarks regarding the enrollment in Health Choice.

The next item on the agenda included a presentation by Bob Kucab, Director of State Housing Finance Agency. He gave a presentation on the North Carolina Trust Fund. ***(Attachment 4).*** He provided information on housing issues and lifting people out of poverty. The Housing Finance's work extends to all 100 counties. They partner with a number or organizations to provide housing. He covered 3 points about the trust fund:

1. It lifts people out of poverty
2. Creates jobs
3. Leverages and builds wealth

Representative Bryant asked Mr. Kucab how would an increase in the budget would help the committee to reach their goal in poverty reduction and elimination?

He replied, "It is a very strong way to lift people out of poverty and it is a great investment. If a dollar is invested it produces $4.00 of results."

Representative Bryant recognized the Committee for questions.

Senator Jones asked Mr Kucab, "If there were rewards in place to encourage low income people to in affordable housing to engage in positive behaviors, e.g. keeping the property up and avoiding police calls, etc.?"

Mr. Kucab stated that approximately $6 million has been brought in for housing counseling through federal grants that has helped organizations with landlord/tenant issues and helping tenants become better tenants. Also many housing credit properties (the apartment communities) and management companies run programs for youth and incentive programs for adults so that rents are paid on time and children are recognized and rewarded for doing well. He offered to provide the Committee with more information on these programs.

Mr. Crocker gave accolades to Mr. Kucab and his agency for doing a great job.

Representative Bryant asked how the state appropriations play a part in it.

Mr. Kucab, said that the Trust Fund is involved in about $4 - 5 million of real estate development each year. They operate a range of programs using bonds, credits and appropriations. The trust fund is a very important piece of leverage that allows us to use the capital to reach lower wealth citizens. Those housing funds would be invested anyhow but it would go to a higher income category without the trust fund. The trust fund is the link to help us reach low income housing, the elderly and people struggling to maintain their homes.

Representative Bryant requested a follow-up that shows the overall investment and how the trust fund makes the leverage happen in an outline form, as well as map showing the impact of investments in the targeted counties.

Mr. Crocker was recognized for a question: Does the Housing Trust Fund do anything for inmates who may have a job but are having trouble finding a place to stay?

Mr. Kucab responded that they are developing in partnership with a local organization in New Hanover County on prisoner transitional housing. It will help prisoners to transition to permanent housing by having an area where they can establish their tenancy and stability and have the ability to move on.

Representative Bryant recognized the audience for comments and questions.

Mr. Bill Rowe, with the North Carolina Justice Center, commented on his support of the Housing Trust Fund and its importance as an investment because of the comprehensive way that housing helps people into economic recovery. Senator Jones thanked Bob Kucab for what his organization is doing to help his district.

Dr. Al Wentz asked if there were any stimulus funds available to the Trust Fund.

Mr. Kucab replied that the stimulus funds are really available to help move housing forward that has been stalled because there are not any investors in housing credits or housing bonds. There is some money for work with the Division of Community Assistance on the resale of foreclosed vacant single family homes

Dr. Wentz also asked if there were any programs that target impoverished counties.

Mr. Kucab said, "We do an assessment of where our investments are made state-wide and we ensure that we are addressing pockets of poverty". He went on to say that the East receives a proportionate share of any program that is operated.

Representative Bryant asked if there was any connection between housing expenditures and development, and the Medicaid budget of expenditures and what the impact is on healthcare either by elderly and disabled housing?

"No, that has not been done yet, but it will be looked at," replied Mr. Kucab.

Representative Bryant introduced Mrs. Tina Morris-Anderson, Director of Research and Policy.

Mrs. Tina Morris-Anderson presented on the Individual Development Accounts (IDAs) program. She gave the history of the IDA program, defined what an IDA is, the qualifications, how it is funded and the benefits of participating in the IDA program. ***(Attachment 5).*** They promote the following:

1. Economic self-sufficiency
2. Stability in work life
3. Stability of family life
4. Create family futures

Representative Bryant asked about the amount of money involved.

The IDA program has received several million dollars when federal and state dollars are added together. She stated that there are 23 agencies across the state that are receiving funding and serving 43 counties across the state. The funding sources include Federal (Assets for Independence), state appropriations, Grants, TANF, CDBG, NCDOL, and the NC Housing Finance Agency? There are 400 persons enrolled in the program and approximately 325 persons can be served with the 2 grants that are in process. She showed a map that indicates the counties that are being served by an IDA program.

Representative Bryant asked Mrs. Morris-Anderson to provide the following:

1. A map that can show which counties the 400 account holders are actually in.
2. Information on how do they determine how they are working or not, or if they are accomplishing the task.
3. Information on request that account holders have been making for money.
4. An update on CDBG investments and prior legislative requests for funding of this program and the results. (double check the tape to make sure these are the requests – thanks)

Representative Bryant recognized the Committee for final questions and comments.

Mr. Crocker asked if a representative from Action for Children could be at the next meeting. Representative Bryant asked staff to see if that will fit in at the next meeting.

Representative Bryant asked the committee to review the Minutes for January and February and to be prepared to adopt both at the next meeting.

Representative Bryant would like one of the interest areas to be discussed at the next meeting about food access for low income communities.

There being no further business, the meeting was adjourned at 11:00am.

Respectfully submitted by:

Rep. Angela Bryant

Representative Angela Bryant
Chair

Karon Hardy

Karon Hardy
Committee Assistant

Attachments:

Agenda *(Exhibit 1)*
Visitor Registration (*Exhibit 2)*
Medicaid and North Carolina Health Choice *(Exhibit 3*)
Housing Trust Fund *(Exhibit 4)*
Individual Development Account *(Exhibit 5)*

POVERTY REDUCTION AND ECONOMIC RECOVERY
SUBCOMMITTEE ON STATE PROGRAMS

AGENDA
Room 425, Legislative Office Building

February 2, 2010

I. WELCOME AND INTRODUCTIONS

II. REVIEW OF ACTION PLAN

III. HEALTH CARE
Dr. Craigan Gray, MD, Director
Division of Medical Assistance

IV. HOUSING
Bob Kucab, Executive Director
NC Housing Finance Agency

V. INCOME AND ASSET DEVELOPMENT
Tina Morris-Anderson, Director of Research and Policy
NC Department of Labor

VI. DISCUSSION OF ISSUES AND RECOMMENDATIONS

VII. NEXT STEPS

POVERTY REDUCTION AND ECONOMIC RECOVERY
SUBCOMMITTEE ON STATE PROGRAMS

ACTION PLAN

February 2, 2010: Housing and Health Care / Income and Assets

- Division of Medical Assistance overview of Medicaid and Health Choice, recommendations
- NCHFA overview of Housing Trust Fund, housing issues, recommendations
- Division of Labor overview of Individual Development Accounts (IDAs), recommendations
- Discussion of Food Security/Availability

March 2, 2010: Child Education and Child Care / Work Supports and the Safety Net

- Division of Child Development overview of child care subsidies, recommendations
- NC Partnership for Children overview of Smart Start, recommendations
- Division of Social Services overview of TANF and other work supports, recommendations
- Discussion of statewide program inventory and poverty elimination target, permanent committee

April 2010: Finalization of recommendations

Attachment 2

HOUSE PAGES

NAME OF COMMITTEE State Programs DATE 2/12/00

1. Name: _____

County: _____

Sponsor: _____

2. Name: _____

County: _____

Sponsor: _____

3. Name: _____

County: _____

Sponsor: _____

4. Name: _____

County: _____

Sponsor: _____

5. Name: _____

County: _____

Sponsor: _____

SGT-AT-ARM

1. Name: Toussaint L. Avent
2. Name: Ernie Sherrell
3. Name: _____
4. Name: _____

PLEASE COMPLETE FORM IN ITS ENTIRETY

SUBCOMMITTEE ON STATE PROGRAMS SIGN-IN SHEET - FEB. 2, 2010

NAME	FIRM/ORG. ADDRESS	CITY/STATE	ZIP	PHONE	EMAIL
Margaret Malone	NCHFA				
BOB KULAB	NCHFA				
Don Simpson	DHHS				
Dr. Al Wentzy	Public Member Study Comm.				
Bill Rowe	NC Justice Center				

PLEASE COMPLETE FORM IN ITS ENTIRETY

SUBCOMMITTEE ON STATE PROGRAMS SIGN-IN SHEET - FEB. 2, 2010

NAME	FIRM/ORG. ADDRESS	CITY/STATE	ZIP	PHONE	EMAIL
TARA LARSON	DMA/DHHS				
CraiganGray	DMA/DHHS				
JOE LINCOLN	DMA/DHHS				
Shane	DHHS				
R/T Thompson	Lawmaker / NC's Own				

Medicaid and NCHC

February 2010

1

What is Medicaid?

- Medicaid is a health insurance program for people who meet certain income and needy criteria
- It is governed by federal and state laws and regulations – Title XIX of SSA Act
- Services covered by Medicaid are paid with federal and state funds.
- Examples of covered services include hospital care, doctor's visits, dental care, prescriptions, eyeglasses, etc.

2

North Carolina Health Choice

- North Carolina Health Choice for Children is not a Medicaid program but is administered by the Division of Medical Assistance for uninsured children between the ages of 6 and 19 who do not qualify for Medicaid and whose family income is under 200% of the Federal Poverty Limit. Funding for the program is capped.
- Federally, this program is referred to as SCHIP

3

Major Eligibility Areas in Medicaid:

- Two major areas of eligibility
  - Aged, Blind, and Disabled
  - Families and Children
- Within each of these categories, are subcategories that have specific requirements such as income level, disability characteristics and age
- Eligibility determination can be complicated
- The local county Department of Social Services (DSS) is responsible for processing all eligibility applications for Medicaid and Health Choice.

4

NCHC Eligibility Requirements

- Income Limit is 200% federal poverty level
- Families with income above 150% must pay enrollment fee of $50/child up to $100 and other cost-sharing
- Health Choice is not an open ended entitlement like Medicaid. This means when the legislative approved budget for the program is reached, then the state may stop enrollment or take other actions to stay within budget

5

How To Apply for Medicaid/NCHC

- Applications are made at the local Department of Social Services in the county where you live.
- An appointment is not necessary, although one may be requested.
- Representatives may apply on behalf of individuals unable to apply for themselves.
- Staff at some hospitals may assist in completing an application.
- Mail-in applications are also available at www.dhhs.state.nc.us/dma/forms/

6

General Eligibility Requirements

- Be a resident of North Carolina
- Be a US citizen or qualified alien
- Not be incarcerated or a resident of a public institution
- Have income below the standard for the applicable program category
- Have assets below the allowable limits
- Provide verification of all health insurance
- Provide a SSN or apply for one
- Cooperate in establishing child support (applies to the adult caretaker applicant of minor child when assistance is requested for the child)

7

What Medicaid Was...What Medicaid Will Be:

- $1.5 Billion dollars less to spend in FY 2010
- With a growth in new members - 10% greater than anticipated
- With the current expenditures exploding by more than $250 million in state dollars
- With everyone saying...cut someone else not me

8

How Do You Reduce This Much Spending and Preserve the System

- When providers of all types
  - Resist change
  - Predict "dire" consequences
  - Complain around you
  - Fight for delays
  - Sue to prevent change

9

This Is An Important Time In The History of Medicaid

- Severe economic downturn
- More people eligible for coverage
- State revenue's are falling
- Everyone is suffering
  - Especially our working poor that are no longer working
- It is not over yet with next year's financial cuts potentially being larger than those in 2010

10

There Is No Rumplestilskin Working In Medicaid...No Straw into Gold!

- Value Driven – outcome based is where the gold is
  - Targeted outcome based metrics to measure the value of the care
  - Using quality to pull the financial demands
  - Setting priorities that deliver the best price

11

Deliver Clinical Excellence

- Reducing readmissions for same diagnosis within 30 days
  - Helps people
  - Saves scarce resources
  - 18% to 5% - a real value
- Pregnancy Home
  - Prevents private network from disappearing
  - Ties quality to measurements
  - Reduces c-section rate
  - Engages private OB physician in to caring for our Medicaid pregnant women

12

Liberate the Potential of People

- Change Medicaid from reaction mode to Quality Leadership in the North Carolina community
- Reduce turnover – Setting Government Straight and Project Excel
- Capture the ideas of creative thinking from all sources
  - DHHS
  - DMA
  - Providers
  - Community
- Engage new ideas in reducing and preventing excess utilization or fraud and abuse of our community's safety net health system

13

Build Healthier Communities

- Partnering with local doctors in their towns – CCNC (Community Care of NC)
  - Chronic disease Management – 646 Waiver
  - Integration of mental health disorders with primary care
  - Better access
    - Pregnancy home is one example
  - Delivering value driven, patient centered outcome base care **NOT** provider centric care
  - Finding the balance where the right care is delivered to the right person at the right price. That is the stewardship that we all must own.

14

Housing Trust Fund

Helping People, Creating Jobs

NORTH CAROLINA

HOUSING FINANCE AGENCY

Poverty Reduction & Economic Recovery Legislative Study Commission
Bob Kucab, February 2, 2010

The North Carolina Housing Finance Agency

- Self-supporting
- 13-member Board of Directors
- 115 staff

The N.C. Housing Finance Agency has financed

196,000 homes and apartments

in 100 counties

The Home Protection Program

helps workers who lose their jobs save their homes

- 500 loans
- Foreclosure mitigation counseling for 5,000

The Housing Trust Fund

- Created by General Assembly in 1987
- Guided by the 13-member Housing Partnership
- Administered by N.C. Housing Finance Agency

The Housing Trust Fund

- Lifts people out of poverty
- Creates jobs
- Leverages and builds

Housing influences everything from children's health to their success in school

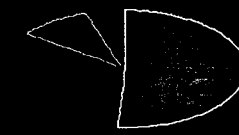
Children in stable housing are more likely to do better on reading and math tests and less likely to drop out of school.

The cost of childhood diseases, injuries, and disabilities from living in substandard housing is estimated at $95 million a year.

[illegible] Greenwath, PhD.
[illegible]

The Housing Trust Fund Helps People With Extremely Low Incomes

[illegible]% Have Incomes Below 30% of Median;
85% Are Below 50% of Median



[illegible] of median
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From homelessness to home buyers
The Housing Trust Fund has created better homes for 22,000

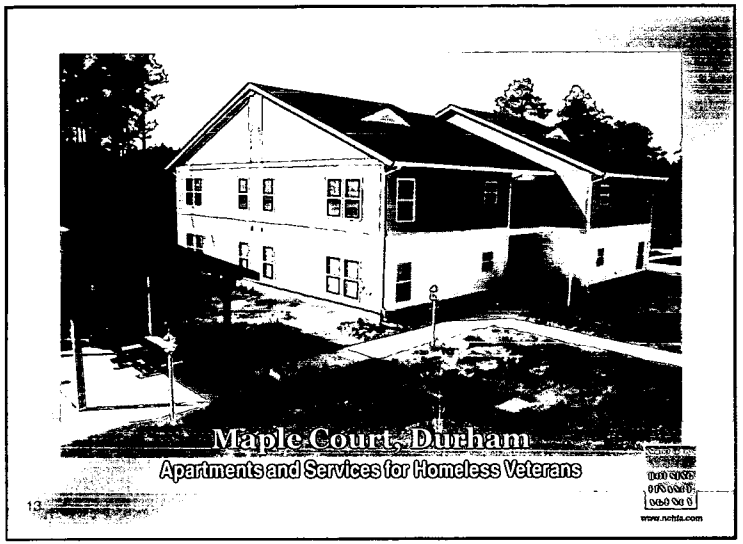
The Housing Trust Fund is state's best financing for supportive housing

2,200 units

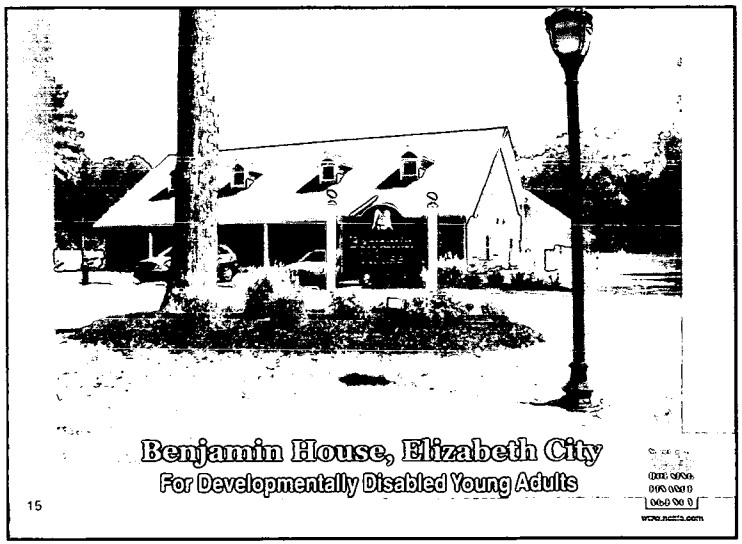
Mental illness & developmental disabilities

Survivors of domestic violence

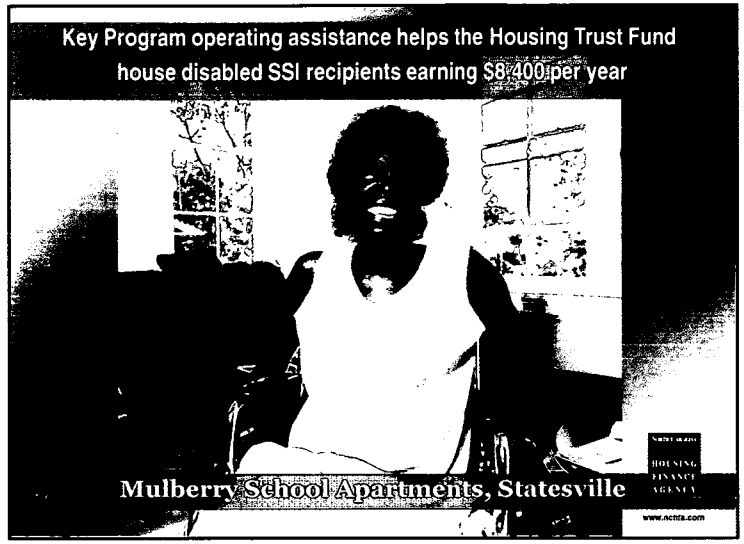
Homeless


Maple Court, Durham
Apartments and Services for Homeless Veterans
13

Mainstay Manor, Hendersonville
Supportive Housing for Survivors of Domestic Violence
14

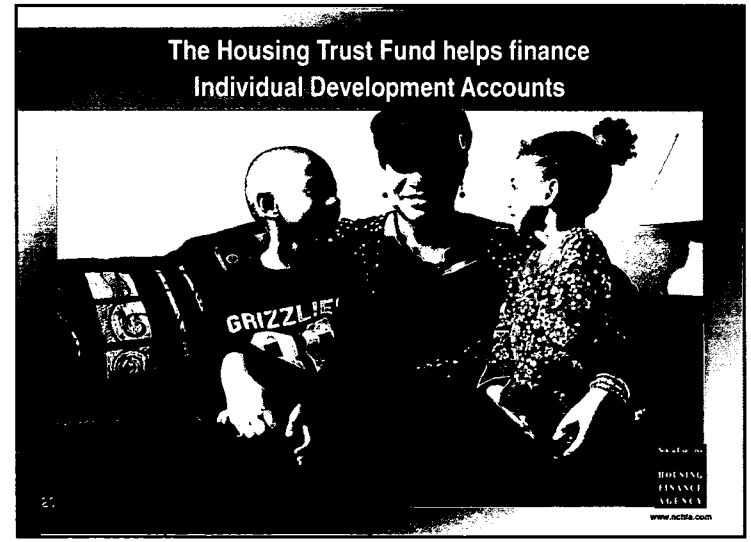

Benjamin House, Elizabeth City
For Developmentally Disabled Young Adults
15

The Housing Trust Fund's emergency repairs average $3,000 per home compared to $15,000 for one year in a rest home
Urgent Repair, Rocky Mount
16


Key Program operating assistance helps the Housing Trust Fund house disabled SSI recipients earning $8,400 per year
Mulberry School Apartments, Statesville

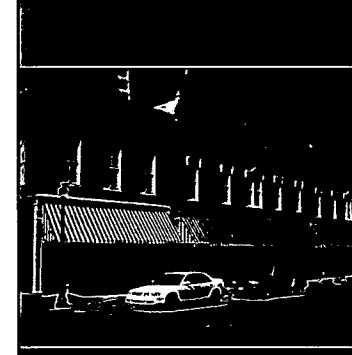
The Housing Trust Fund opens homeownership to low-income families
518

The Housing Trust Fund has helped finance more than 1,500 Habitat homes statewide


The Housing Trust Fund helps finance Individual Development Accounts

The Housing Trust Fund has helped finance 1,550 SystemVision units

The Housing Trust Fund helps communities build assets



Downtown Weldon Apartments, Weldon

Ahoskie School Apartments, Ahoskie

The Housing Trust Fund has created

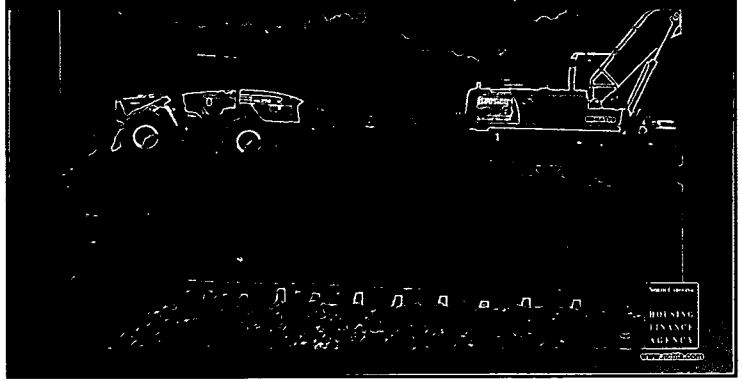
- 11,000 jobs
- $100 million in tax revenue

Affordable housing creates jobs in tough times

- North Carolina lost 65,100 construction jobs between December 2007 and October 2009
- The Housing Trust Fund dollars and other affordable housing investments have kept hundreds working

Nov. 17: Springbrook Apartments, Wilson

"In this economic climate, Housing Trust Fund projects have not only kept the doors of my business open, but have enabled me to hire two new designers."
Jill Smith, Architect



Nov. 24: Eno Haven Groundbreaking, Hillsborough

"NCHFA-funded developments have been critical to our business."
John Kavanaugh, President, KMW Builders

Affordable Housing Under Construction
in North Carolina, February 2010

- 28 rental apartments developments
- 25 supportive housing developments
- 100 single-family homes

The Housing Trust Fund leverages

- $4 of housing for every $1 of state funds
- $723 million in affordable homes, apartments and housing rehab so far
- All state dollars go to bricks and mortar

A Coalition of 109 Business and Advocacy Groups Supports a $50 Million Housing Trust Fund Appropriation

N.C. Home Builders Association

N.C. Association of Realtors

United Way of North Carolina

N.C. Justice Center

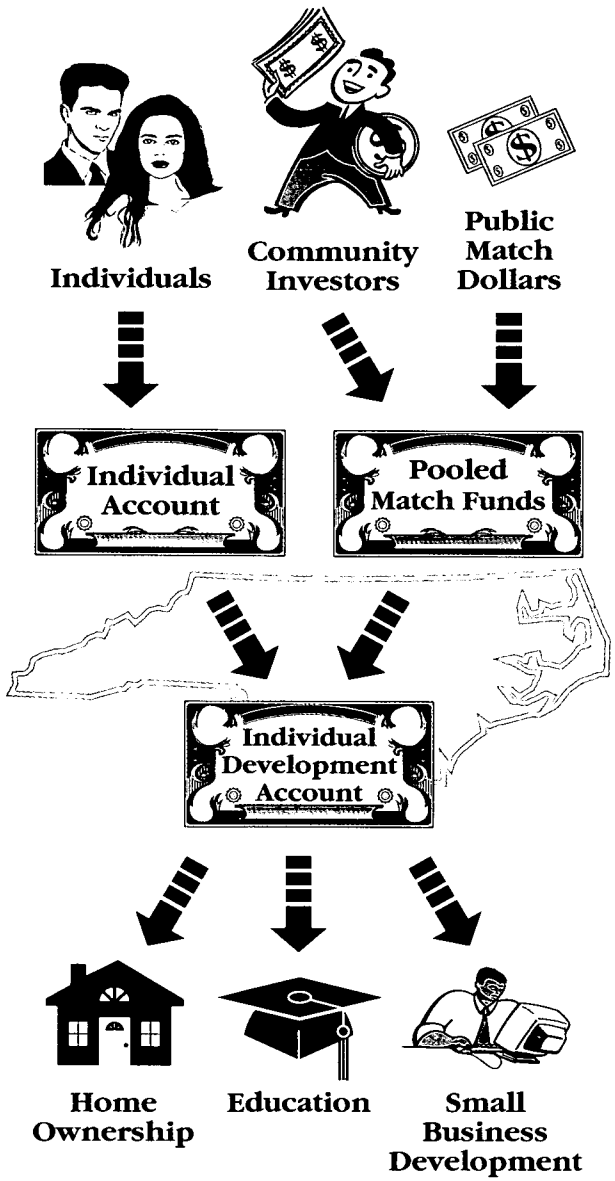
N.C. Housing Coalition

www.nchfa.com

A $50 million Trust Fund appropriation will house 6,000 families and create 3,000 jobs a year

www.nchfa.com

Contributions



Uses

IDA COLLABORATIVE OF N.C.

The N.C. Department of Labor is a supporter of the IDA and Asset-Building Collaborative of North Carolina. The collaborative created the nation's first comprehensive, statewide system that supports, encourages and invests in asset-building among low-wealth individuals. Since 1996, the collaborative has been fostering public awareness, mobilizing public and private resources, and creating a linked network of diverse community-based IDA demonstrations across the state.

Cherie Berry
Commissioner of Labor

NCDOL
N.C. Department of Labor

For more information, contact Evelyn Zoldak at (919) 733-1387 or **evelyn.zoldak@nclabor.com**.

Printed 12/05
2,000 copies of this public document were printed at a cost of $53.97 or $.03 per copy.

Helping Families Build Assets

"I have always dreamed of owning my own home. I would love to teach my children how to garden and plant flowers. My son needs his own bedroom."

—An Asheville Account Holder

N.C. Department of Labor
1101 Mail Service Center
Raleigh, NC 27699-1101

BUILDING ASSETS, BUILDING FUTURES

Owning a home, receiving a quality education and owning one's own business have become the keys to a better way of life. For most Americans, they are the cornerstones of financial security and stability. But for too many working families, acquiring even these basic assets remains little more than an unreachable dream.

Now, Individual Development Accounts (IDAs) are making the American dream a reality for hundreds of low-income North Carolina families. IDAs combine budget and credit counseling with a program of matched savings. These matched savings for IDA participants can come from federal, state or private sources. The account holder participates in financial management workshops and saves a small portion of earnings on a regular basis. With an IDA, working individuals earning minimum wage salaries can successfully save to become homeowners, small business owners or college graduates. They can create a better future for themselves and their children.

HELPING FAMILIES HELP THEMSELVES

IDAs are the centerpiece of a new asset-based strategy designed to build an enduring escape from poverty. Traditionally, social support services have focused on raising people just to the poverty line but not above. This approach leaves families only one sickness, one accident or one divorce away from crisis. While providing food, shelter and clothes to low-income families is imperative, this aid alone will not produce viable escapes from poverty.

Accumulating even a small savings offers a family a financial buffer and introduces a new way of life. Helping the working poor to invest in land or education restores dignity and reinforces self-reliance; it enables people to think and plan for the future. As Dr. Michael Sherraden notes in *Assets and the Poor*, "Income may feed people's stomachs, but assets change their heads."

INVESTING IN STRONG COMMUNITIES

Participating in an IDA program provides low-income families in North Carolina with the means to make homeownership a reality. By helping account holders to accumulate savings, IDAs eliminate the primary barrier to homeownership—lack of money for a down payment. Likewise, IDA programs provide participants with the skills and knowledge necessary to make wise housing investment choices and keep up with a mortgage. In the long run, homeownership made possible through IDA programs provides a number of benefits to North Carolina communities, including:

- Increased home values and better maintained houses in low-wealth communities
- Decreased rates of school dropouts, teen pregnancy and juvenile delinquency
- An end to the cycle of poverty by providing the basis for intergenerational wealth transfer

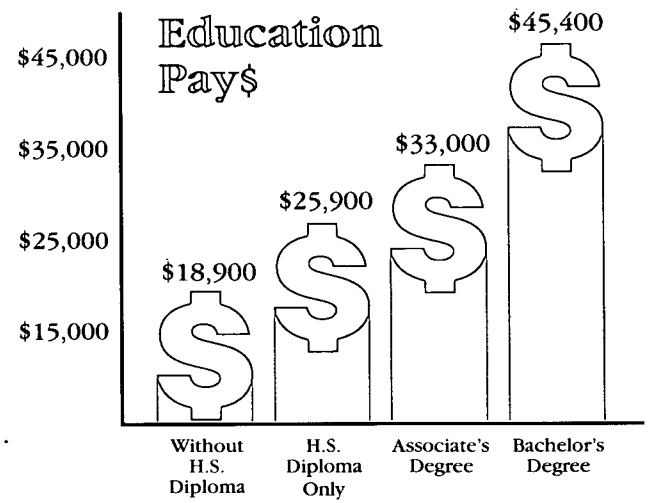
While using an IDA to capitalize a small self-employment venture may not be the right choice for every IDA account holder, it has proven to be a viable choice for a small but significant percentage of welfare recipients. Self-employment can be an important income supplementation strategy where jobs are scarce. IDA programs allow low-wealth entrepreneurs to save the necessary start-up capital.

According to the U.S. Small Business Administration, half of all businesses started in the country each year are capitalized with less than $5,000. Moreover, IDA account holders raise this capital while receiving extensive training in running their businesses.

THE VALUE OF A GOOD EDUCATION

The connection between a good education and earning a good wage is clear and growing stronger. The average annual earnings of a person without a high school diploma is $18,900. The average earnings of a person with a bachelor's degree is a sustaining $45,400. In almost 80 percent of North Carolina's working poor families with children, the highest educated member has only a high school degree or less.

An IDA account holder whose dream is higher education will be able to plan for that education with the assistance of a qualified career counselor and pay for it without accruing crippling debt.



Source: U.S. Bureau of the Census, March 19[illegible]99 and 2000

IDAs and Asset Building as an Anti-Poverty Strategy

Tina Morris-Anderson
North Carolina Department of Labor
February 2, 2010

"Income may feed people's stomachs, but assets change their heads."

Dr. Michael Sherraden
Assets and the Poor

What is an IDA?

IDAs are matched savings accounts designed to help low-income and low-wealth families accumulate savings for investments in assets such as a house, higher education or a small business.

IDAs are TOOLS that are used in COMBINATION with other supportive services in order to assist families in achieving SELF-SUFFICIENCY and reaping the many benefits of ASSET OWNERSHIP!

IDA Purposes

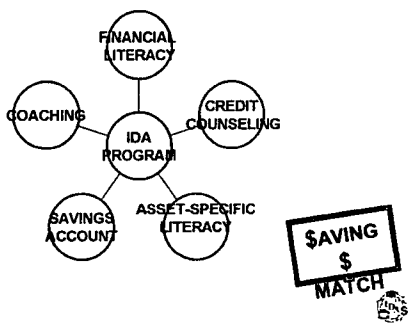
IDA Target Population

- Employment required
- Household income eligibility
  - TANF-eligible
  - Within EITC income guidelines
  - Below 200% Federal Poverty Level
  - 80% Area Median Income

The Benefits of IDAs

- Economic self-sufficiency
- Stability in work life
- Stability of family life
  - less divorce and family dissolution
  - lesser incidence of family violence
- Create family futures
  - Children become more like their parents

IDA Program Components



IDA Program Design

It is rare that IDAs are apart from other "services" –

They enhance the value of existing services and often create new "substance" to an existing service.

IDA Program Support

- Housing Programs
  - First-Time Homebuyer Assistance
  - Lease/Purchase
  - Construction / Rehab of Properties
- Microenterprise / Small Business Programs
  - Training
  - Loan Fund
- Educational / Career counseling services
- EITC Campaign / Free Tax Prep Service
- Credit Counseling Programs
- Welfare-to-Work Programs

NC IDA Program Community Partners

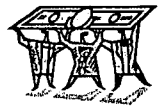
- Community Development Corps.
- Community Action Agencies
- Depts. of Social Services
- Public Housing Authorities
- Community Colleges
- Financial Institutions
- Cooperative Extension
- Consumer Credit Counseling
- Community Colleges
- Municipal Government
- Joblink Centers

IDAs in North Carolina

- **1996: NC Working Group on IDAs and Asset Building**
- **1997 - S.B. 1031**: NC General Assembly appropriation of $600,000 to NCDOL and NCDHHS for IDA pilot project (80% Area Median Income; all three IDA purposes)
- **1997 - Administrative Rule**: Commitment of $250,000 in Small Cities CDBG Program
- **1999 – Assets for Independence Act**
- **2001 - H.B. 1401**: Bill to provide $2.4 million (2 years) for the expansion of IDAs ***BILL FAILED***
- **2003 - Administrative Rule**: $360,000 in TANF funds allocated for IDAs

NC Funding Sources for IDAs and Asset Building

- AFI (Assets for Independence Act/US DHHS) (5 Grants)
- TANF (Temporary Assistance for Needy Families)
- CDBG (Community Development Block Grant)
- CSBG (Community Services Block Grant)
- EITC (Earned Income Tax Credit) Carolinas
- NC Housing Finance Agency
- North Carolina Saves
- Other Funding
  - Foundations
  - Municipal Governments
  - Financial Institutions

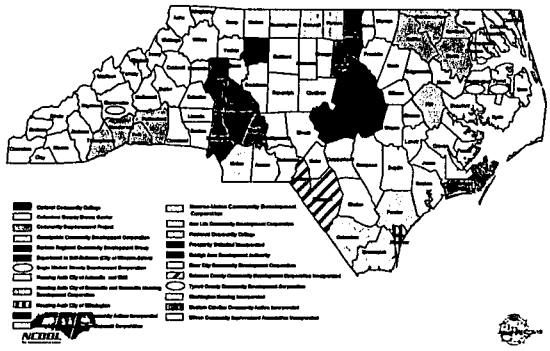


North Carolina State Government IDA Conversation

North Carolina IDAs

- Currently 23 NCDOL program partners; additional programs in the state using other funding
- 43 out of 100 counties served by NCDOL partners
- Funding sources: Federal grants (Assets for Independence), state appropriation, TANF, CDBG, NCDOL funds and NC Housing Finance Agency

NCDOL IDA Program Sites



IDA Program Results

Between 1999 and 2009,
graduates from the
NCDOL IDA Program
made an estimated
$45,008,279 investment in
491 homes, 35 businesses and
31 educational pursuits.

Recommendations

- Additional State funding for IDAs
- Continued use of CDBG and TANF funds for IDAs
- Increased affordable housing incentives
- Increased funding for the Housing Trust Fund
- Continued support for small business capitalization programs
- Continued support for EITC

For More Information

- www.nclabor.com/ida/ida.htm
- http://gwbweb.wustl.edu/csd
- www.idanetwork.org
- www.cfed.org
- www.acf.hhs.gov/assetbuilding
  - "AFI Project Builder" handbook
- www.ncidacollaborative.org

Contact Information

NCDOL IDA Program
Tina Morris-Anderson
(919) 715-7415
Tina.Morris-Anderson@labor.nc.gov
www.nclabor.com

"Once you get into a house, your dreams never stop."

IDA Program Homeowner
Beaufort County

PUBLIC HEALTH INSURANCE IN NORTH CAROLINA

	MEDICAID	NC HEALTH CHOICE (SCHIP)	KIDS' CARE
Income Eligibility	Varies, and includes asset tests Seniors 65+ 100% FPL Blind/Disabled 100% FPL Low-income Parents 45% FPL Children < 6 200% FPL Children 6-18 100% FPL Pregnant Women 185% FPL	Children 6-18 100-200% FPL	Children 6-18 200-250% FPL
Enrollment (as of Jan 2010)	1,405,278	131,499	0
Enrollment Fee/Premiums	$25 enrollment/six months for Medicaid buy-in for disabled workers w/incomes >150% FPL	An enrollment fee of $50/child, up to $100 for two or more children is charged to families with incomes between 151% and 200% FPL	Monthly Premium $30/PM/PM 201% to 225% FPL $60/PM/PM 226% to 250%
Deductible	Medically Needy: deductible requirement every 6 months dependent on income	-	$250
Coinsurance	-	Annual Out of Pocket Expense Maximum of 5% Annual Income	Annual Out of Pocket Expense Maximum of 5% Annual Income
Coverage	Federally mandatory and optional services, in addition to federally-approved waiver services for specific populations	Benchmark coverage based on State Health Plan	TBD

January 5, 2010

Subcommittee on Persistent Poverty

Legislative Study Commission on Poverty Reduction and Economic Recovery

AGENDA

9 am
February 2, 2010
Room 415
Legislative Office Building

Call to Order
Rep. William Current, presiding.

Remarks by Chair

Approval of Minutes

Dropouts and Delinquency
Dr. Jenni Owen,
Director of Policy Initiatives,
Center for Child and Family Policy
Duke University

N.C. Tarheel ChalleNGe Academy
Major Robert Carver
North Carolina National Guard

Discussion by Subcommittee Members

Adjournment

MINUTES

PERSISTENT POVERTY SUBCOMMITTEE
FOR
LEGISLATIVE STUDY COMMISSION ON
POVERTY REDUCTION AND ECONOMIC RECOVERY

Tuesday, February 2, 2010
1:00 p.m.

The Persistent Poverty Subcommittee met in Room 415 of the Legislative Office Building on Tuesday, February 2, 2010. Chairman William A. Current, Sr. presided and called the meeting to order at 1:07 p.m. Chairman Current thanked the members, staff and sergeant-at-arms for being present; especially with the bad weather. Minutes from the January 5, 2010, meeting were approved.

Members present: Representative William A. Current, Sr., Chair; Ms. Jean Reaves; Dr. Al Wentzy; Ms. Phyllis West, Department of Public Instruction. Staff present: Bill Gilkeson, Research Attorney, and Wendy Miller, Committee Clerk.

The Agenda (Exhibit 1) and the Visitor's Registration (Exhibit 2) are attached hereto and incorporated into the minutes.

Chairman Current introduced Dr. Jenni Owen, Director of Policy Initiatives at the Center for Child and Family Policy at Duke University, to present a PowerPoint Presentation on "Poverty and School Dropout: Related challenges and strategies for addressing them", (Exhibit 3). Dr. Owen also provided a two page report, "The State of North Carolina: Disaggregated Comparisons of the 2008-09 Four-Year Cohort Graduation Rate", (Exhibit 4). Dr. Owen's focus is on the intersection between research and policy. She works with government, university and non-profit stakeholders to enhance the use of research to inform and impact policy for positive impact on disadvantaged and vulnerable children and families. She directs the North Carolina Family Impact Seminar, a legislative education initiative; serves as the schools liaison for the Duke Schools Research Partnership Office; and in conjunction with her work at the Center is the director of the University-Based Child and Family Policy Consortium. From 2003-2008, Dr. Owen was the principal investigator for the Z. Smith Reynolds Foundation's Professional Development Initiative. She has served as a consultant to the UNC system, the ZSR Foundation, and the North Carolina Network of Grantmakers. Before joining the Center, Dr. Owen was a senior policy advisor to Governor James B. Hunt Jr. and the planning director for the Hunt Institute for Educational Leadership and Policy. She holds B.A. and Master's of Public Administration degrees from Harvard. In 2007, she was named an Eisenhower Fellow and traveled to South Africa to study poverty alleviation strategies.

Dr. Owen began her presentation by highlighting discussion goals. She also listed some key questions that she felt needed to be considered:

1. Why does poverty put students at greater risk of dropping out?
2. What is it about being in a high poverty school that reduces a student's chances of success?
3. Not only important to identify and address specific problems but also the ways in which the problems associated with poverty in education are highly interrelated.
4. No one disputes that poor kids are more likely to drop out – that is your focus here. But also remember that dropouts are more likely to become or stay poor as a result of not completing school. This connection goes both ways.

Based on what research shows, Dr. Owen listed possibilities for targeted action:

1. Transition points (elementary to middle, middle to high, etc.)
2. "Early warning" systems – find these students before crisis stage hits.
3. Parental and family involvement – many forms – can schools become community centers?
4. Teacher quality (who gets the best teachers?).
5. Mentoring (is it based on evidence of best practice?)

Dr. Owen suggested that tight budgets at all levels of government provide a perfect opportunity to set evidence-based standards for recipients of public funds. She stated that we need to ask every grantee the following questions:

1. Why do you do what you do the way you do?
2. Do you know if it is working?

Dr. Owen recommended that we make sure all grantees can point to sources for their decision making beyond, "It's what we've always done" or "We've been doing this for 20 years and everyone loves our program".

Chairman Current thanked Dr. Owen for sharing her presentation with the subcommittee and asked that questions for Dr. Owen be held until after the next presentation.

Chairman Current introduced Major Robert N. Carver with the North Carolina National Guard. Major Carver is the Commander of Headquarters and Headquarters Detachment for Joint Force Headquarters – North Carolina. He is responsible for the training and overall combat readiness of the Joint Force Headquarters staff. He is a principle advisor to the Adjutant General and the Chief of Joint Staff on issues pertaining to the management, administration, and training of more than 350 service members serving in select assignments around the nation and overseas and is directly responsible for the administrative control of the headquarters cadre of the North Carolina National Guard. Major Carver is also Director of Civil-Military Affairs handling international and youth programs, protocol, and community events.

Major Carver thanked everyone for the invitation to speak at the Persistent Poverty Subcommittee meeting and introduced Retired Colonel Edward Toler, Director of the Tarheel ChalleNGe Academy, and Major Chris Marchese, Manager of Youth Programs in Major Carver's office. Major Carver's presentation was entitled: "Tarheel ChalleNGe

Academy: A Way to Success For High School Dropouts", (Exhibit 5). He began his presentation by stating that the primary aim of the Tarheel ChalleNGe Academy is to help those teenagers who have dropped out or have been expelled from school to get a second chance to improve their educations and, hopefully as an extension, their lives. Major Carver added that the academy's goal is to help those teenagers get their high school equivalency, help them enter the work force or the military, or help them enter into some form of higher education. He added that in its most basic terms the aim of the Tarheel ChalleNGe Academy is to give the cadets the tools they need to become productive citizens.

Chairman Current thanked Major Carver for his presentation and opened the meeting for questions and discussion for Major Carver and/or Dr. Owen.

After much discussion regarding the academy, Major Carver opened the floor to Colonel Toler who stated that they would like to have a second academy in North Carolina as they have grown as much as they can at the Salemburg location. Major Carver stated that they are going forward in the application process for funds for a new site in Stanly County with a goal of 500 graduates per year.

Members also discussed how you could motivate people to be successful or help them get out of the poverty cycle. Dr. Owen stated that it is a combination of the fault of the families and the system. She further stated that there is no across the board answer and that you have to look at each individual.

Chairman Current thanked everyone for their comments and stated that the next meeting is scheduled for March 2, 2010.. He informed members that the March 2nd meeting will be the last subcommittee meeting before their final report is due to the full committee. Chairman Current asked that since the full committee will not be meeting on March 2nd the subcommittee meet at 10:30 a.m. instead of 9:00 a.m. Members agree.

Chairman Current stated that there is only one item left that the subcommittee needs to discuss; fatherhood and how it plays a role in the persistence of poverty. He asked that Bill Gilkeson, with recommendations from subcommittee members, secure a speaker on this issue for the next meeting. Chairman Current suggested that after the presentation on fatherhood the subcommittee revisit the issues covered in the previous meetings and try to develop some recommendations. Chairman Current also stated that he would have Wendy Miller, his Legislative Assistant, send members a reminder to submit their best recommendations by email as to why they think poverty continues to persist in North Carolina. These suggestions would then be compiled and sent to members for their perusal to decide which items are to be included in the final report to the full committee.

Dr. Wentzy asked if there were any programs that the subcommittee should look at in regard to persistent poverty that other states are doing. Bill Gilkeson stated that he thought the State Programs Subcommittee was looking into this. He said he would look into Dr. Wentzy's question and follow up.

Members discussed possible causes of persistent poverty with one issue being the lack of different state departments sharing information. Dr. Wentzy mentioned that there is not

any one source that people can go to for help. Jean Reaves commented that she felt Dr. Owen somewhat addressed this situation in her presentation when she talked about being able to share information. Ms. Reaves stated that she feels part of the problem is that, in simplistic terms, oftentimes the right hand doesn't know what the left hand is doing. She further stated that cuts in certain jobs can cause redirection of duties and inadvertently cause a lack of communication that could hinder aid for victims of persistent poverty.

Chairman Current recognized Mr. Bill Rowe with the NC Justice Center. Mr. Rowe stated that there is an issue that affects persistent poverty and that is low-income communities, mostly rural, who can't get access to resources. He stated this has something to do with our voluntary annexation laws. Mr. Rowe said that there are some people who want to be annexed to get water, sewer and trash pick up, etc., but haven't been able to because the standards are too high. Mr. Rowe further stated that he would like to give a presentation to the subcommittee on this issue. Chairman Current agreed to add Mr. Rowe to the agenda for the March 2nd meeting.

Chairman Current thanked everyone for attending and reiterated that members need to send in their ideas of what their beliefs are as to the causation of persistent poverty and what might be done to ameliorate it. He adjourned the meeting at 2:35 p.m.

Respectfully submitted,

Representative William A. Current, Sr.
Presiding Chair

Wendy Miller
Committee Assistant

Attachments:

Agenda (Exhibit 1)
Visitor's Registration (Exhibit 2)
"Poverty and School Dropout: Related challenges and strategies for addressing them", Dr. Jenni Owen (Exhibit 3)
"The State of North Carolina: Disaggregated Comparisons of the 2008-09 Four-Year Cohort Graduation Rate", Dr. Jenni Owen (Exhibit 4)
"Tarheel ChalleNGe Academy: A Way to Success For High School Dropouts", Major Robert Carver (Exhibit 5)

HOUSE PAGES

NAME OF COMMITTEE Comm Poverty R&A. & Econ. DATE 2/2/10

1. Name: _____

   County: _____

   Sponsor: _____

2. Name: _____

   County: _____

   Sponsor: _____

3. Name: _____

   County: _____

   Sponsor: _____

4. Name: _____

   County: _____

   Sponsor: _____

5. Name: _____

   County: _____

   Sponsor: _____

SGT-AT-ARM

1. Name: Reggie Sills CHARLES MARSALIS
2. Name: Judy Turner CHARLES HARPER
3. Name: John Brandon ERNIE SHERRELL
4. Name: Toussaint Avent RONALD SPANN

Subcommittee on Persistent Poverty

Legislative Study Commission on Poverty Reduction and Economic Recovery

AGENDA

1 pm
February 2, 2010
Room 415
Legislative Office Building

Call to Order
Rep. William Current, presiding.

Remarks by Chair

Approval of Minutes

Dropouts and Delinquency
Dr. Jenni Owen,
Director of Policy Initiatives,
Center for Child and Family Policy
Duke University

N.C. Tarheel ChalleNGe Academy
Major Robert Carver
North Carolina National Guard

Discussion by Subcommittee Members

Adjournment

Exhibit 1

ATTENDANCE

Subcommittee on Persistent Poverty

(Name of Committee)

DATES	01-05-2010	2-2-2010	3-2-2010
Rep. William A. Current, Sr., Chair	✓	✓	✓
Sen. Doug Berger	✓	X	✓
Dr. Zeno Edwards	X	X	X
Secretary Linda Hayes, DJJDP	✓	X	X
Ms. Jean Reaves	✓	✓	X
Ms. Maria Spaulding, DHHS	✓	X	✓
Dr. Al Wentzy	✓	✓	✓
Ms. Phyllis West, DPI	✓	✓	✓
Staff			
Bill Gilkerson	✓	✓	✓
Committee Assistant			
Wendy Miller	✓	✓	✓

VISITOR REGISTRATION SHEET

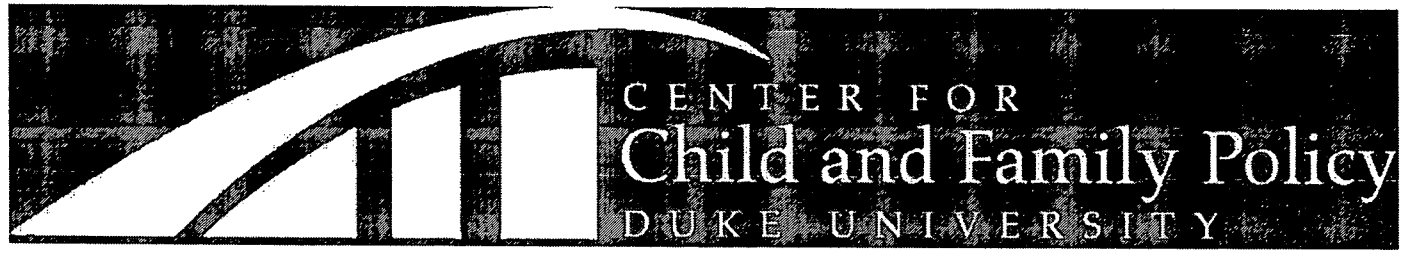
Persistent Poverty Subcommittee — **Name of Committee**

February 2, 2010 — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Emila Sutton	IDA and Asset Building Collaborative of NC NC Assets Alliance
Bill Rowe	NC Justice Center
Edward M Toler	Tarheel Challenge Academy
Chris Marchese	MAJ, NC. National Guard
Robert Carver	Major, NC National Guard
Tom Young	N.C. ABC Comm.
Joe Crocker	Commerce

Exhibit 2



Poverty and School Dropout: Related challenges and strategies for addressing them

Presentation to the Legislative Study Commission on Poverty Reduction and Economic Recovery Subcommittee on Persistent Poverty

February 2, 2010

Jenni Weinreb Owen

Bridging the gap between research and public policy to improve the lives of children and families

Exhibit 3

Discussion goals

- Highlight school dropout↔ poverty connections.
- Establish a common framework for discussing the challenges related to those connections.
- Look at what the data tells us.
- Identify possible policy solutions for addressing these challenges.

Start by clarifying the context

- Important to agree on where we are.
- Sophisticated analyses of risk and protective factors.
- We could probably come up with many of them intuitively -- socioeconomic status, access to quality and timely health care.
- Perhaps as important as any of the others, a strong support system.

Key questions

- Why does poverty put students at greater risk of dropping out?
- What is it about being in a high poverty school that reduces a student's chances of success?
- Not only important to identify and address specific problems but also the ways in which the problems associated with poverty in education are highly interrelated.
- No one disputes that poor kids are more likely to drop out – that is your focus here. But also remember that dropouts are more likely to become or stay poor as a result of not completing school. This connection goes both ways.

What does the data say?

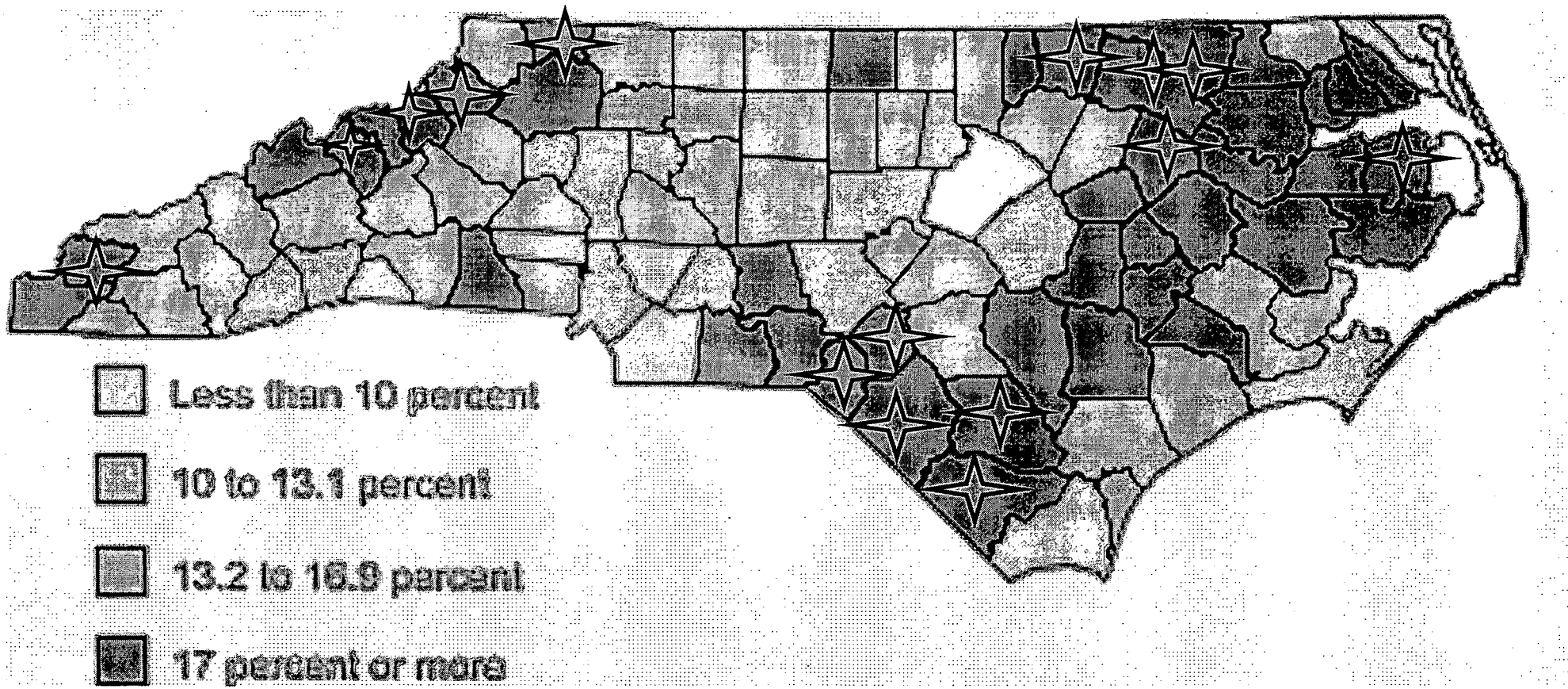
- As you heard in a full committee presentation, our current method for measuring poverty takes little into account in terms of context, conditions, circumstances, etc.
- To recap, in 2008 in NC, nearly 15% (one in every 6-7 people) were below 100% of the federal poverty line.
- Almost 1.3 million people.

- Your committee is interested in NC's dropout statistics, why this matters, and what we're doing about it.

- You are focusing on 15 counties.

- Consider some of those counties and LEAs in terms of poverty rate and dropout and how they compare with higher resource areas.

Poverty Rate in NC Counties (2008)



Committee's focus counties highlighted. (Map adapted from NC School of Government presentation)

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Child and Family Policy
DUKE UNIVERSITY

Poverty and graduation rates

County (* = focus county for committee)	County poverty rate (2000 census) %	Total grad rate %	Economically disadvantaged grad rate %	Not economically disadvantaged grad rate %
*Avery	15.3	81	73	87
Chapel Hill-Carrboro	(Orange) 14.1	88.3	64	91
Dare	8.0	90.2	82.5	91.7
*Halifax	23.9	59.2	52.8	66.3
*Northampton	21.3	71.6	67.2	78.4
Wake	7.8	78.4	54.2	84.4
State	14.4 (2005)	71.7	61.8	76.9

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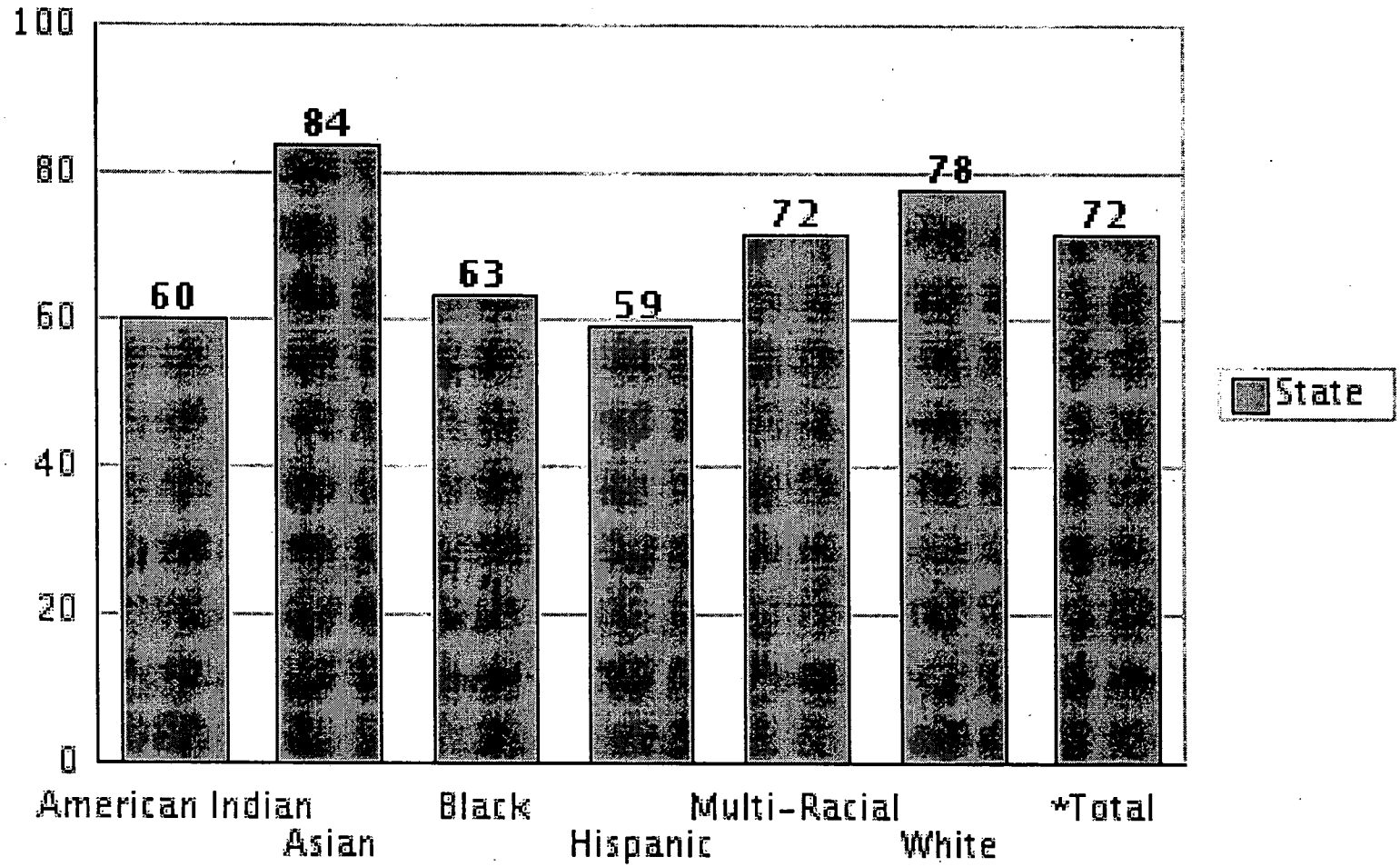
Source: DPI; 2008-09 Four-Year LEA Cohort Graduation Rates

Key takeaways from previous slide

- Enormous differences between graduation rates of economically disadvantaged and not economically disadvantaged.

- In some cases, economically disadvantaged in one county/LEA might have a higher graduation rate than not economically disadvantaged in another.

Disaggregated Comparisons of the 2008-09 Four-Year Cohort Graduation Rate



Source: NC Department of Public Instruction

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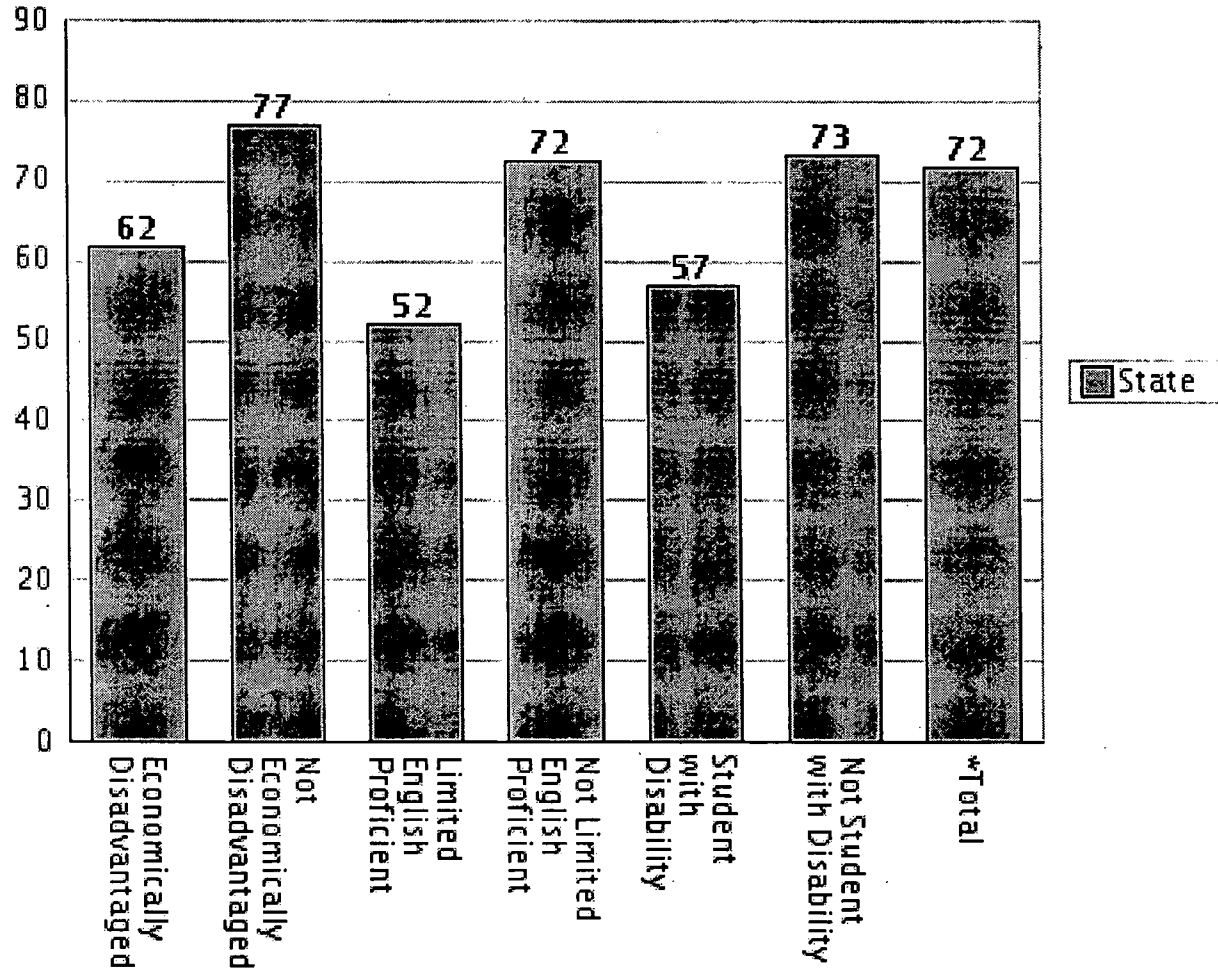
Four-Year Cohort Graduation Rate by Special Groups



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Source: NC Department of Public Instruction

Key takeaway from previous 2 slides

Why this matters is clear:

- Look at the differences among school districts in terms of poverty, dropout and dropout among poor students.

- Consider that "…low income children are one and half times as likely to have a learning disability, twice as likely to repeat a grade, three times as likely to be expelled, and twice as likely to drop out of high school." (Krishna, 2006)

Being poor

- Consider potential connections between minor traffic violations, poverty and dropping out of school. Failing to pay a fine for a speeding ticket → a revoked license → misdemeanor charge and possible further revocation and costs. A parent with a revoked license may mean children don't get to school, they become truant, they drop out.

- Consider my son's friend who doesn't get enough sleep and has no adult support for completing his school work – both contributing to his being behind in school. His mom works two jobs, taking Jerome and his younger brother to a neighbor's apartment until she gets off work at 10:30 p.m. most weekday evenings.

- Consider the low-income student who has trouble reading and gets intensive tutoring, no one ever figuring out, for a host of reasons, that her real problem is poor vision.

For most families/students, no single scenario is the cause either of poverty or of dropping out. But by combining all of the seemingly unique scenarios we would identify a large proportion of the families whose children are poor and dropping out or at risk of dropping out.

How much does this cost?

- Dropouts cost North Carolina and the nation more than we can afford – there are tools for determining cost to NC.
- According to the Grad Nation Guidebook:

  "If our dropout rate remains the same for the next 10 years, the result will be a loss to the nation of $3 trillion.
- Analysis of recent census data shows that close to one-third of 18- to 24-year olds who have dropped out of school are simply idle, neither in the labor force nor participating in educational programs.
- The idleness rate climbs to more than 40 percent for high school dropouts from families with incomes below poverty" level.

What can we do?

- What do we do with all of this information?
- Where can policymakers intervene to mitigate this poverty ↔ dropout connection?
- Key consideration: almost always the case that whether we are coming at this from a juvenile justice, academic achievement, or health and human services perspective – and we have all 3 represented on this committee – we are talking about the same kids and families.

What is currently being done?

- Focus on innovative ways to tackle the problem.
- We know a lot about the needs and strategies for addressing them…
- For example: Look at the list of programs whose work was highlighted at North Carolina's dropout prevention summit in October. These were programs, initiatives and organizations currently underway in NC that use research-based strategies and solutions.

When considering what to do…

- Again, the importance of context – this time, your context.
- Key factors include politically charged environment, an extremely tight budget and the strength and importance of local control in NC.
- Not looking for a panacea – too often the goal – every situation is unique and we need to address them as such.

Isolating the different reasons for movement into and out of poverty is a crucial step in formulating locally-appropriate responses to poverty.
(Krishna, 2006)

Questions to ask going forward

- Are you trying to fix the kid/family or fix the system?
- What if all of the key supports are in place at school but not at home?
- What if the home front is stable but the student has a weak teacher?
- What and whom do we want to target? It depends on makeup and sources of dropout in each district and for each kid – look at the subgroups.
- What can we all agree on? What can we do from a legislative, policymaking standpoint?

Possible approaches and strategies

Based on what research shows, consider the following possibilities for targeted action:

- Transition points (elementary to middle, middle to high, etc.)
- "Early warning" systems – find these students before crisis stage hits
- Parental and family involvement – many forms – can schools become community centers?
- Teacher quality (who gets the best teachers?)
- Mentoring (is it based on evidence of best practice?)

Based on what research shows…

…consider the following possibilities for targeted action:

- Consider piloting longer school days and other "more school" strategies that have been shown to work and are about much more than just school (safety, networks of support).
- Can we implement a "system of care" model for poverty reduction as we do for mental health challenges?

For example…

Diplomas Now

- A combination early warning system and social supports program that started in Philadelphia and is now being replicated in multiple other sites.
- Showed huge improvements in attendance, behavior, and course-passing rates.

What to fund?

In determining what to fund:

- To achieve evidence-based programming, strive to incorporate evidence-based policy no matter who's receiving the funds.

Your study commission charter states that you will "Examine other states' evidenced-based intervention methods and best practices." Now is the perfect time to do so for several reasons, including:

  - The call for evidence-based policies and programs is louder than it has ever been,
  - Tight budgets at all levels of government, while stressful, provide a perfect opportunity to set evidence-based standards for recipients of public funds.

Evidence-based policy and programs

How?

- Make sure the grantee has thought through the steps likely to lead to positive outcomes. One of multiple tools for doing this is the logic model.

SAMPLE LOGIC MODEL FRAMEWORK

Logic model for _____(program, initiative, etc. name here)_____

Key goals:

Key assumptions:

Key aspects of context and conditions:

Inputs	Outputs		Outcomes – Impact		
Resources, etc.	*Actions steps and deliverables*	*Responsible party(s)*	*Short*	*Medium*	*Long*

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Adapted from multiple sources.

Evidence-based policy and programs (cont'd)

The Dropout Prevention Committee recently awarded $13 million to 83 organizations in 63 counties for dropout prevention work. In light of the evidence-based movement, consider the potential positive impacts of making it a standard practice to ask every grantee the following questions:

- Why do you do what you do the way you do?
- Do you know if it's working?

Related questions:

- What logic model are you using to drive your decision making in terms of action, deliverables, and outcomes?
- What data do you collect to help determine if you are making a difference?
- What promising practices or best practice models drive what you do?
- How do you pursue continuous improvement?

Overarching recommendation:

Make sure all grantees can point to sources for their decision making beyond "it's what we've always done" or "we've been doing this for 20 years and everyone loves our program."

Going forward – specific resources

- Promising programs and strategies in NC highlighted at the NC Graduation Summit in October 2009.
- Grad Nation: A Guidebook to Help Communities Tackle the Dropout Crisis. (2009)
  - Links research to interventions, policies and programs. Takes a community through the process of identifying the "root causes" of school dropouts and recommends specific strategies for addressing those causes.
- http://www.americaspromise.org/Our-Work/Dropout-Prevention/~/media/Files/Our%20Work/Dropout%20Prevention/Grad%20Nation%20Guidebook%20052809.ashx

- Duke Center for Child and Family Policy Family Impact Seminar Briefing Reports

  - Evidence-Based Policy: Strategies for Improving Outcomes and Accountability (2009)

    http://www.childandfamilypolicy.duke.edu/pdfs/familyimpact/2009/BriefingReport_09.pdf

  - Dropout Prevention: Strategies for Improving High School graduation Rates (2008)

    http://www.childandfamilypolicy.duke.edu/pdfs/familyimpact/2008/BriefingReport_08_v2.pdf

Jenni Weinreb Owen
Director of Policy Initiatives
jwowen@duke.edu
919-613-9271

Wendy Miller (Rep. Current)

From: Jenni Owen [jwowen@duke.edu]
Sent: Friday, February 05, 2010 12:57 PM
To: Bill Gilkeson (Research); Wendy Miller (Rep. Current)
Cc: Debora Williams; Phyllis West
Subject: correction to dropout/poverty presentation
Attachments: poverty and dropout 2-2-10 final version.ppt

Hello, all. Please make the following correction to the presentation I shared with the subcommittee on Tuesday:

On slide 8, it should say Bladen, NOT Halifax. Attached is the full presentation with the correction. In any hard and soft copies you have, please replace the incorrect slide with the correct one. Could I also ask that you send the entire corrected presentation or the replacement slide, whichever is easier, to the subcommittee members?

Thanks and my apologies,
Jenni

Jenni Owen
Director of Policy Initiatives
Associate Director for Policy and Translation
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www.childandfamilypolicy.duke.edu
www.childpolicyuniversityconsortium.com

Poverty and graduation rates

County (* = focus county for committee)	County poverty rate (2000 census) %	Total grad rate %	Economically disadvantaged grad rate %	Not economically disadvantaged grad rate %
*Avery	15.3	81	73	87
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State	14.4 (2005)	71.7	61.8	76.9

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Source: DPI; 2008-09 Four-Year LEA Cohort Graduation Rates

North Carolina National Guard

Tarheel ChalleNGe Academy
A Way to Success
For High School Dropouts

Major Robert Carver
Director of Civil-Military Affairs
North Carolina National Guard
January 2010

JFHQ-NC-J5

North Carolina National Guard

Dropout Statistics

- NC DPI reports an average of 23K students drop out of high school each year (2008 data)

- From the Friedman Foundation Report:
  - Lists a higher average of 31K dropouts
  - Dropouts are twice as likely to be unemployed
  - Dropouts are more likely to rely on Medicaid and other public services
  - Dropouts are almost twice as likely to be incarcerated

North Carolina National Guard

Tarheel ChalleNGe Academy:

- Joint Federal/State program that began in 1993; NC began in September 1994
- Focuses on High School dropouts 16-19 years old
- Located in Salemburg
- Graduation goal is 250 students per year
- 22-week in residence program followed by one year mentorship; two terms per year

North Carolina National Guard

Tarheel ChalleNGe Academy:

- Annual budget: $14,000 per graduate = $3.5 million
  - 60% federal = $2.1 million
  - 40% state = $1.4 million funded through DCCPS

Cost to North Carolina
$5,600 per graduate
or
$36.36 per day in residence

North Carolina National Guard

Dropout Cost to NC (Friedman Foundation report)

- NC spends $4,877 annually for each active student

- NC spends nearly as much each year on each dropout ($4,437)
  - Lost tax/fees revenue ($995/dropout/year)
  - Increased Medicaid costs ($1,496/dropout/year)
  - Increased incarceration costs ($1,946/dropout/year)

- High school dropouts decrease state income-tax revenues by about $713 million annually
  - $465 million less compared to potential revenues if all residents had a high school diploma
  - Additional $248 million loss in state and local revenues, such as sales-tax, when compared to higher spending of graduates
  - $995 per dropout per year

North Carolina National Guard

Benefits of Tarheel ChalleNGe

- 7 of every 10 that attend graduate with GED
- Increase in TABE results:
  - Math proficiency grew 1.7 grade levels
  - English proficiency improved 1.1 grade levels
- Community service - Over 24,000 hours In 2009
- Serve as Governor, Senate and House pages
- Conduct charity fund-raisers - Raised $4,000 for American Red Cross in 2009
- Cost: $36.36 per day per student in residence (state cost)

Subcommittee on Persistent Poverty

Legislative Study Commission on Poverty Reduction and Economic Recovery

AGENDA

10:30 am
March 2, 2010
Room 415
Legislative Office Building

Call to Order
Rep. William Current, presiding.

Remarks by Chair

Approval of Minutes

Couples and Poverty
Dr. Dennis Orthner,
Associate Director
Jordan Institute for Families,
University of North Carolina at Chapel Hill

Annexation and Poverty
Sarah Krishnaraj
Research Fellow
University of North Carolina Center for Civil Rights

Discussion of Potential Recommendation by the Subcommittee

Adjournment

Exhibit 1

NORTH CAROLINA GENERAL ASSEMBLY

STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

February 16, 2010

MEMORANDUM

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

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

There will **NOT** be a Full Legislative Study Commission on Poverty Reduction and Economic Recovery meeting on:

DAY:	Tuesday
DATE:	March 2, 2010
TIME:	11:00 a.m.
LOCATION:	Room 643, Legislative Office Building

The **Subcommittees** WILL meet on Tuesday, March 2 as follows:

Subcommittee on Tax Issues:	**Room 423, LOB - 9:30 to 12:30**
Subcommittee on Jobs:	**Room 424, LOB - 10 to 12:30**
Subcommittee on State Programs:	**Room 425, LOB - 9:30 to 12:30**
Subcommittee on Persistent Poverty:	**Room 415, LOB - 10:30 to 12:30**

If the Subcommittee chairs are interested in having a conference call the week BEFORE the meeting, please contact Irma Avent-Hurst, by phone (919-715-3032) or e-mail (Edward.Jones@ncleg.net).

Please advise Irma Avent-Hurst, Committee Assistant, by phone (919-715-3032) or e-mail (Edward.Jones@ncleg.net) or Mildred Alston, Committee Assistant, phone (919-733-5803) or e-mail (Piercela@ncleg.net) if you will be unable to attend or have questions.

MINUTES

Joint Legislative Study Commission on Poverty Reduction and Economic Recovery
Sub-Committee on Tax

Tuesday, March 2, 2010
9:30 a.m.
Room 423, Legislative Office Bldg

Sub-Committee on Tax met on Tuesday, March 2, 2010 at 9:30am in Room 423. The following members were in attendance Senator Floyd McKissick Jr., Representatives Garland Pierce, James Langdon, Randy Steward, Brian Holloway, and Nick Mackey.

Senator McKissick presided. He welcomed the Sub-Committee members and recognized the Sergeant at Arms, for the Senate, Ron Spann and for the House, Carlton Adams and Reggie Sills.

Senator McKissick called to order and stated that at the conclusion of last meeting a consensus on several actions were taken. The actions were, a resolution dealing with state income tax credit, a resolution dealing with continuation of certain federal tax credits due to expire soon and a bill they were going to move to the full committee dealing with tax incident reporting.

Senator McKissick presented the documents that carried forth the decision reached from February 2, 2010 meeting. The first document McKissick presented was the Resolution Encouraging the Legislature to Increase the State Income Tax Credit (Bill draft 2009-MC-235 [v.2]). A copy of which is attached as Attachment 1. Some key points in this resolution which McKissick stated were;

·Whereas the federal earned income tax credit now benefits more than twenty-four million people with almost fifty billion dollars ($50,000,000,000) in credits nationwide and more than 825,000 households in this State, and

·Whereas the federal earned income tax credit annually lifts over five million Americans above the poverty line each year; and

·Whereas, most earned income tax credit recipients have one or more children under 18 living at home and earn under thirty-five thousand dollars ($35,000) annually

·Therefore, be it resolved by the Tax Subcommittee of the Legislature Study Commission on Poverty Reduction and Economic Recovery.

Senator McKissick recognized Dan Ettefagh (staff) to add any pertinent information to the resolution which was presented. Senator McKissick thanked Dan Ettefagh (staff) for his assistance in drafting the resolution and for a job well done.

Senator McKissick opened the floor for comments or discussion from the members. It was unanimously agreed upon that this resolution is something they can move on.

Senator McKissick presented next item on the agenda which was the Resolution Urging the Congress of the United States to Make Certain Temporary Federal Tax Credit Changes Permanent (Bill Draft 2009-MCz-236 [v.1]). A copy of which is attached as Attachment 2. Some key points in this resolution which McKissick stated were;

· whereas current economic recession disproportionately affects low and moderate-income working families and low-wage workers,

·whereas, the expanded tax benefits included enhancements to the earned income tax credit, and the American opportunity tax credit,

·whereas more than 825,000 North Carolina families benefit from the federal earned income tax credit.

Therefore, recommending to the committee members to continue the provisions which are scheduled to expire.

Senator McKissick asked if there was anything further to add. McKissick recognized Representative Holloway who expressed some concerns in regards to the earned income tax credit.

Senator McKissick presented next item on the agenda which was the bill to be entitled An Act to Require Certain Tax Incidence Reports by the Department of Revenue (bill Draft 2009-MCz-231 [v.1]). A copy of which is attached as Attachment 3.

Senator McKissick presented the Poverty Tax Incident Reports. Senator McKissick advised that three other states require tax incidence reporting with a $20 million threshold for triggering an impact analysis report. These states are Maine, Minnesota and Texas. A copy of which is attached as Attachment 4. Senator McKissick asked if Dan would give a brief overview of what was presented last meeting.

Senator McKissick then open the floor for any new issues the members would like to explore or examine. No issues were added. Senator McKissick then asked the public if they had anything to add or if the committee failed to cover what needed to be covered. Silence.

Dan Ettefagh with Staff then presented the report on Joint Finance Committee Review. A copy of the document is attached as Attachment 5. Dan gave the historical context on broadening the sales tax base. He stated that in the depression, 24 of 45 states enacted sales taxes to offset property tax declinations. Most states did not include services because they were a smaller share of the economy, were more difficult to trace, and were seen as a tax on labor/jobs. Dan also presented the pros and cons related to sales tax including services as part of the taxable base. Some of the key points that Dan stated were;

<u>Pros</u>

- Raising additional revenue
- To eliminate administrative problems and reduce compliance/enforcement costs

<u>Cons</u>

- Increased noncompliance with individual sellers of some services(off books)
- Increased taxes

Dan presented other factors, regressivity factor, Business to Business (B2B) taxation and Current Law.

Senator McKissick then asked after Dan's presentation on broadening the sales tax base, if the subcommittee would like to make a formal position on this issue or take it under advisement for now. Representative, Holloway, Langdon and Mackey had reservations regarding the tax modernization. The subcommittee as a whole is not ready to take action at this time in regards to tax modernization.

Senator McKissick made a recommendation to provide the full commission with the documents to move on which were presented in the meeting.

Meeting Adjourned.

Senator Floyd B. McKissick Jr., Chair

Rosita Littlejohn, Clerk

VISITOR REGISTRATION SHEET

SUBCOMMITTEE ON TAX ISSUES — MARCH 2, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dr. Al Wentzy	Study Com. on Rev & Econ. Rec.
Fred Bone	Bone & Assoc.
Michael Heley	Commerce
Meg Gray	NC Budget & Tax Center
Bill Rowe	NC Justice Center
Elaine Mejia	NC Budget & Tax Center
James Underwood	Intern Rep. Pierce

ATTENDANCE

SUBCOMMITTEE ON TAX ISSUES

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION

Committee: Poverty Reduction / Sub Committee TAX ISSUES

NAMES \ DATES	3/2/10														
Sen. Floyd McKissick	✓														
Rep. Garland Pierce	✓														
Rep. James Langdon	✓														
Rep. Randy Stewart															
Rep. Brian Holloway	✓														
Rep Nick Mackey	✓														

ATTACHMENT 1

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

U D

BILL DRAFT 2009-MCz-235 [v.4] (02/19)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
3/1/2010 3:49:43 PM

Sponsors:

Referred to:

A LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY RESOLUTION ENCOURAGING THE LEGISLATURE TO INCREASE THE STATE EARNED INCOME TAX CREDIT AS FISCAL AVAILABILITY ALLOWS.

Whereas, the federal earned income tax credit was created in 1975 to lessen the impact of federal payroll taxes that fall disproportionately on low-income workers, to supplement low- and moderate-income families' incomes, and to lift working families above the poverty level; and

Whereas, the federal earned income tax credit, being available only to those families with earnings from work, has helped to raise labor force participation levels; and

Whereas, the federal earned income tax credit now benefits more than twenty-four million people with almost fifty billion dollars ($50,000,000,000) in credits nationwide and more than 825,000 households in this State; and

Whereas, the federal earned income tax credit annually lifts over five million Americans above the poverty line each year; and

Whereas, most earned income tax credit recipients have one or more children under 18 living at home and earn under thirty-five thousand dollars ($35,000) annually; and

Whereas, this State acknowledged the important economic benefits and incentives for low- and moderate-income families by enacting in 2007 a State earned income tax credit; and

Whereas, this State expanded the State earned income tax credit in 2008 by increasing the calculation for the maximum credit amount; and

Whereas, the current economic downturn has increasingly made it difficult for low- and moderate- income families to continue to meet the expenses for basic needs for survival; and

Whereas, this increased difficulty makes both the federal and State earned income tax credits more necessary and of greater assistance; Now, therefore,

Be it resolved by the Tax Subcommittee of the Legislative Study Commission on Poverty Reduction and Economic Recovery:

SECTION 1. The Tax Subcommittee of the Legislative Study Commission on Poverty Reduction and Economic Recovery encourages the members of the full Commission to express its support of the State earned income tax credit.

SECTION 2. The Tax Subcommittee of the Legislative Study Commission on Poverty Reduction and Economic Recovery urges the members of the General Assembly to

continue to study the goals and benefits of the State earned income tax credit and to expand the credit as fiscal availability allows to insure that the credit meaningfully continues to assist low- and moderate-income workers economically.

ATTACHMENT 2

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

U D

BILL DRAFT 2009-MCz-236 [v.1] (02/19)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
2/19/2010 2:14:19 PM

Sponsors:

Referred to:

A LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY RESOLUTION URGING THE CONGRESS OF THE UNITED STATES TO MAKE CERTAIN TEMPORARY FEDERAL TAX CREDIT CHANGES PERMANENT.

Whereas, the current economic recession disproportionately affects low- and moderate-income working families and low-wage workers; and

Whereas, the American Recovery and Reinvestment Act expanded certain tax credits in 2009, thereby benefitting hundreds of thousands of North Carolina's low- and moderate-income families; and

Whereas, the expanded tax benefits included enhancements to the earned income tax credit, the child tax credit, and the American opportunity tax credit; and

Whereas, Congress enacted the earned income tax credit in 1975 and, through various expansions, lifted approximately 6.6 million Americans, including 3.3 million children, out of poverty in 2009; and

Whereas, more than 825,000 North Carolina families benefit from the federal earned income tax credit; and

Whereas, Congress created the child tax credit in 1997 to help families meet the costs of raising children and expanded the credit in 2009 to reach many low-income working families; and

Whereas, the earned income tax credit and the child tax credit offer low- and moderate-wealth individuals and parents an incentive to seek work and higher wages and are the largest and most effective federal anti-poverty programs, collectively reducing the overall poverty rate by twenty percent (20%) and the child poverty rate by thirty-three percent (33%) in 2009; and

Whereas, the American opportunity tax credit was expanded by Congress to provide education benefits for the first time to 3.8 million low- and moderate-income college students and is one of the best long-term investments to expand the skills of unemployed workers and to enable low- and moderate-income prospective students to enroll in college; and

Whereas, these enhanced tax credits are scheduled to expire in 2011 without Congressional action, thereby reducing or eliminating the credit for millions of low- or moderate-wealth children, individuals, and families at a time of increased financial hardship; Now, therefore,

Be it resolved by the Legislative Study Commission on Poverty Reduction and Economic Recovery:

SECTION 1. The Legislative Study Commission on Poverty Reduction and Economic Recovery urges the members of the Congress of the United States from North Carolina to support the introduction and passage of legislation making the enhancements to the earned income tax credit, the child tax credit, and the American opportunity tax credit permanent.

SECTION 2. The Legislative Study Commission on Poverty Reduction and Economic Recovery urges Congress to pass the legislation making the enhancement of the tax credits permanent.

ATTACHMENT 3

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

U D

BILL DRAFT 2009-MCz-231 [v.1] (02/12)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
2/12/2010 12:57:02 PM

Short Title:	Poverty Reduction: Tax Incidence Reports.	(Public)
Sponsors:	.	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO REQUIRE CERTAIN TAX INCIDENCE REPORTS BY THE DEPARTMENT OF REVENUE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-256(a) is amended by adding the following subdivision to read:

"(a) Publications. – The Secretary shall prepare and publish the following:

...

(2a) By March 1 of each odd-numbered year, a report on the overall incidence of the income tax, sales and excise taxes, and property tax. In addition, the Secretary shall prepare for a finance committee, within 15 days of a request of a chair of the committee, an impact analysis report of a bill to change the tax system that would increase, decrease, or redistribute tax by more than twenty million dollars ($20,000,000). In a report required by this subdivision, the report shall present information on the distribution of the tax burden for the overall income distribution, using a systemwide incidence measure that appropriately measures equality and inequality, and by income classes broken down by quintiles. A report required by this subdivision shall use the broadest measure of economic income for which reliable data is available.

..."

SECTION 2. This act becomes effective January 1, 2011.

ATTACHMENT 4

DRAFT:
Poverty Reduction: Tax Incidence Reports

BILL ANALYSIS

Committee:	Poverty Reduction and Economic Recovery - Subcommittee on Tax Issues	**Date:**	March 1, 2010
Introduced by:		**Summary by:**	Dan Ettefagh Committee Counsel
Version:	2009-MCz-231		

SUMMARY: This bill would require two additional reporting requirements by the Department of Revenue: a tax incidence report and impact analysis reports.

CURRENT LAW: Under current law, the Department of Revenue is required to prepare and publish certain reports as required under G.S. 105-256.

BILL ANALYSIS: This bill would add two additional reports to those the Department must prepare and publish. The first of these reports is an incidence report, which would be due March 1 of each odd-numbered year. The incidence report would cover income tax, sales tax, excise taxes, and property tax.

The second report would be an impact analysis report for certain bills proposing changes to the State taxes if (1) requested by a chair of a finance committee and (2) the fiscal impact of the proposed change would be greater than $20 million. The report would be due within 15 days of a request from a finance committee chair.

Both of the reports required by this bill would have the following requirements:

- The report must present information on the distribution of the tax burden for the overall income distribution, using a system measure appropriate for determining equality.
- The report must be broken down by quintiles.
- The report must use the broadest measure of economic income for which reliable data is available.

EFFECTIVE DATE: This bill would become effective January 1, 2011.

BACKGROUND: Three other states, Maine, Minnesota, and Texas, require tax incidence reporting with a $20 million threshold for triggering an impact analysis report. Two of the three states have the state revenue department make both reports, while Texas has a Legislative Budget Board prepare the impact analysis report.

2009-MCz-231-SMMC

ATTACHMENT 5

Report on the Joint Finance Committee's review re: broadening the sales tax base:

Historical context: During the depression, 24 of 45 states enacted sales taxes to offset property tax declinations. Most states did not include services because they were a smaller share of the economy, were more difficult to trace, and were seen as a tax on labor/jobs.

Pros/Cons related to sales tax including services as part of the taxable base:
Pros:

1. Improving horizontal equity (equal tax treatment of similarly-situated people and goods and services are often substitutes (HBO v. renting DVD's, e.g.))
2. Raising additional revenue
3. Mitigate long-term erosion of sales tax caused by economy shifting from consumption of goods to consumption of services (which has raised from 30% in 1970 to approximately 44% in 2007
4. To reduce sales tax revenue volatility, as greater taxation of services appears to mitigate fall-off in sales tax revenue during recessions (big-ticket item purchases are postponed during stressed economic times but cars must still be repaired, hair cut, etc.).
5. To eliminate administrative problems and reduce compliance/enforcement costs
6. To improve economic efficiency (high sales tax rates from narrow bases can create adverse economic incentives (artificially stimulate internet and cross-boarder shopping))

Cons:

1. Brings many new retailers into the system (administrative and educational burdens v. merely rate increases).
2. Increased noncompliance with individual sellers of some services (off the books).
3. Increased taxes

Other factors:

1. The regressivity factor.
   - Conventional wisdom indicates broad taxation of services reduces regressivity of sales tax; however, very little research has been done in this area.
   - The limited available research indicates conventional wisdom is wrong: low-income people must consume many services just like the affluent (hair cuts, car repair, etc.)
   - Limitations of sales tax expansion to services purchased mostly by affluent can reduce sales tax regressivity but indications are that it produces little revenue.
   - Generating net additional revenue from sales tax will increase regressivity of overall tax system because of the greater reliance on an inherently regressive tax. To reduce regressivity, any net increase in sales tax revenue from expansion to services should be offset with some low-income relief.
2. B2B taxation

- States are generally advised to avoid taxing business to business sales of services. This is because the sales tax is a consumption tax, and businesses do not consume services so much as they use services to produce end products that are taxable.
- Cons of B2B taxation:
  - It also creates a lack of transparency as part of sales tax is buried in the price of what they buy.
  - In addition, states without B2B sales have an economic advantage for items with substantial inputs.
  - Finally, it has adverse effectives on economic efficiency by encouraging the bringing of services in-house rather than out-sourcing the needs, which results in a competitive disadvantage to small businesses that cannot afford to in-source.
- Pros of B2B taxation:
  - May be less economically distorting than higher sales tax rate.
  - Some business purchases of services are really disguised form of providing compensation to employee's customers in form of consumption (company cars and skybox rentals, e.g.)
  - Reducing sales tax evasion (reduces strain to police eligibility for B2B exemption, encourage claiming of business-related consumption as tax deduction)

3. Current law:
   - North Carolina currently taxes custom fabrication/printing, dry cleaning and laundry service, electricity (reduced rate), landline and cell phone service, cable and satellite TV and radio service, commercial art/graphic design, photocopying, photo finishing, some entertainment admissions, and diaper service.
   - North Carolina, on average, taxes fewer services than average (27 of 46 states tax more services). Looking at regional competition, GA/SC are comparable; VA taxes fewer services, and TN taxes twice as many services.
   - Expansion of NC's sales tax base, as recommended by Mazerov, include the following: lawn and garden, personal transportation, residential utility, financial and insurance, miscellaneous personal (childcare), clothing-related, other professional (legal), personal property rentals, vehicle repair/maintenance, housing and real-estate, pet-related, storage and moving, personal care, home cleaning/maintenance, education-related, admissions/recreation/travel, medical, residence construction/repair, miscellaneous repair/installation.

Joint Legislative Study Commission on Poverty Reduction and Economic Recovery

Subcommittee on Jobs

Tuesday, March 2, 2010, 10:00 A.M.
Room 424, Legislative Office Building

Rep. Earl Jones, Presiding

I. Welcome

Rep. Jones

II. Work Opportunity Tax Credits

Virginia Terrell, WOTC Coordinator, Employment Security Commission

James Korth, Special Programs Coordinator, Employment Security Commission

III. Hiring Ex-Offenders

Allison Jourdan, Chief of Program Services, Division of Community Correction

Carlton Joyner, Program Director III, Division of Prisons

IV. Other Hard-to-Employ Populations

Anita Abrams, Wake County JobLink

V. Committee Discussion

VI. Adjourn

Senate Members
Sen. Don East,
Sen. Steve Goss,
Sen. Joe Sam Queen

House Members
Rep. Earl Jones (Chair)
Rep. Randy Stewart

Public Members
Rev. Mac Legerton,
Ms. Patricia Peterson

Minutes

Joint Legislative Study Commission on
Poverty Reduction and Economic Recovery
Subcommittee on Jobs

Tuesday, March 2, 2010
10:00 A.M.
Room 424, Legislative Office Building

Rep. Earl Jones, Presiding Chair

The Joint Legislative Study Commission on Poverty Reduction and Economic Recovery Subcommittee on Jobs met on Tuesday, March 2, 2010 at 10:00 a.m. in Room 424 of the Legislative Office Building. Present were: Representative Earl Jones, Chair ; Joe Dickens; Senator Don East; Reverend Mac Legerton; Patricia Peterson; Senator Joe Sam Queen; Staff included Sherrie Burnette Committee Assistant, Kristine Leggett Research Staff.

Representative Earl Jones, Chair, presided over the meeting. He welcomed the committee members and visitors and allowed each committee member to introduce themselves.

Presentation

Representative Jones then welcomed guest speaker Virginia Terrell, WOTC Coordinator, Employment Security Commission. Ms. Virginia Terrell, did a brief summary of the program of the handout. Ms. Terrell explained the WOTC is a Federal Tax Credit program available to employers who hire new employees from eleven "target groups" which have historically had difficulty in obtaining and retaining employment. (Two of the target groups are expired in North Carolina). Ms. Terrell explained why more employers are not using WOTC and she listed the reasons 1. Lack of knowledge, 2. Fear of Government 3. Fear excessive paperwork 4. Myth; too time consuming.
Mr. James Korth, Special Programs Coordinator, Employment Security Commission. Mr. Korth made a presentation about the former offenders program. Mr. Korth explained the role of the ESC which he states was to establish the Former Offender Initiative, Designated Staff, Collaboration with the Department of Corrections, Community Based Organizations, and Forums to inform/work with

employers. Provide direct services to former offenders (job seeking skills, job referrals, referrals to other services) Provide guidance and support to other local staff concerning former offenders. He shared the employment barriers 1. Company policies 2. Legal limitations 3. Lack of education/training 4. Lack of experience ,5. Poor soft skills, 6. Poor work ethic, 7. Lack of tools/equipment, 8. Probation requirements, 9. Pride, 10. Transportation. He shared what the Federal Bonding Program was and explained that it is another incentive, provides insurance for employers when hiring "at risk" individuals. Protects employers against any type of theft, forgery, larceny or embezzlement. There is no fee, no deductible, and no paperwork. Bonds are issued for 6 months in $5,000.00 increments.

Mr. Carton Joyner, Program Director III, Division of Prisons. Mr. Joyner went over the handout titled N.C. Department of Correction. He discussed briefly what is done in the division or prisons to prepare offenders for employment. They put together a profile of what the offender can do based on certain factors; employment history, educational test, IQ test, medical and mental problems, Certain jobs are offered in prison, which can give offenders beneficial skills.

Ms. Allison Jourdan, Chief of Program Services, Division of Community Correction. Ms Jourdan discussed the Criminal Justice Partnership Program. She stated there was 19 Day Reporting Centers, 24 Resource Centers, 41 Satellite Substance Abuse Treatment Programs. Day Reporting Centers function as a restrictive intermediate punishment sanction within structured sentencing. The centers provide increased structure to the offender's daily activities by requiring attendance in combination with restrictive supervision from Division of Community Corrections (DCC). Resource Center function as a one-stop location for variety of services, similar to day reporting centers. Services may be delivered off-site through a referral process. Services include (Substance Abuse, Employment, Cognitive Behavioral Interventions, Education, Life Skills). Satellite Substance Abuse Programs function as a one-stop location for substance abuse treatment services. Service include (assessments, individual treatment plans, treatment program of intensive outpatient or regular outpatient depending on the assessed need, aftercare services. Ms. Jourdan discussed the PRI (Prisoner Reentry Initiative) which is a grant from U.S. Department of Juice and the U.S. Department of Labor. The types of jobs for this program is (food service, car cleaning, hotel service, manufacturing, landscaping, dry cleaning, telemarketing, moving).

Anita Abrams, Wake County Joblink. Ms. Abrams discussed the Capital Area Workforce Development Board, which is partnership with national, state, and local government, is the local policy board responsible for planning, oversight and

coordination of workforce initiatives in Wake and Johnston Counties. Twenty-four Boards serve North Carolina's 100 counties. She discussed the Joblink which helps individuals seeking employment opportunities or training resources and businesses needing to maintain or increase their workforce.

Rep. Jones opened the floor to committee members for questions.

Senator Queen: If a person is unemployed and receiving unemployment from the unemployment social security commission, are they eligible?

Virginia Terrell: There is a new target group that just came out. It's called "Unemployed Veteran" and if that individual is discharged from the military and received unemployment benefits, then they are eligible.

Rep. Jones: What are your ways of advertising, because I wasn't particularly familiar with this program?

Virginia Terrell: We go out and make presentations to large groups of employers.

Senator Queen: It the reason for that drop in capacity because you don't have job placements or no inmates signed up for them?

Carlton Joyner: Inmates are signed up, but we just don't have the opportunities.

Recommendations:

Senator Queen:
1. Health Care Jobs
2. Construction Jobs
3. Broadband
4. Child Care Jobs
5. Restore Funding for NCCCS Prison Education Programs
6. Work Opportunity Tax Credit
7. Pilot Programs in the State's Poorest Counties.

Mrs. Peterson:
Recommended childcare accommodations for women who can not afford it, so they can be able to find employment.

There were no more questions. Representative Jones thanked the guest for there presentation, members and visitors for their participation.

The committee adjourned.

Earl Jones

Representative Earl Jones, Presiding Chairman

Sherrie Burnette

Sherrie Burnette, Committee Clerk

ATTENDANCE

Legislative Study Commission on Poverty Reduction and Economic Recovery Subcommittee on Jobs

(Name of Committee)

DATES	01-05-2010	02-02-2010	03-02-2010												
Representative. Earl Jones – Chair	X	X	X												
Joe Dickens			X												
Senator Don W. East	X		X												
Senator Steve Goss															
Reverend Mac Legerton	X	X	X												
Norman Mebane															
Ms. Patricia Peterson	X		X												
Senator Joe Sam Queen		X	X												
Representative Randy Stewart															
Legislative Staff:															
Sherrie Burnette – Committee Asst	X	X	X												
Kristine Leggett – Research Staff	X	X	X												

The Work Opportunity Tax Credit (WOTC) and Hiring the Former Offender

Employment Security Commission of North Carolina

ESC

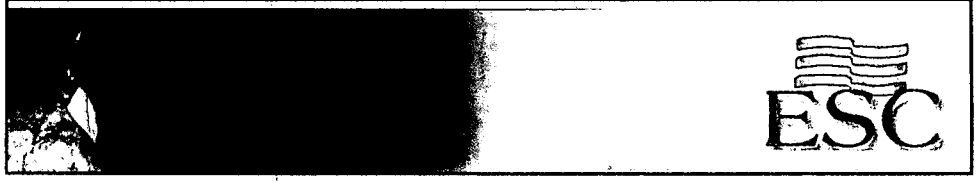
What is WOTC?

A Federal Tax Credit program available to employers who hire new employees from **eleven** "target groups" which have historically had difficulty in obtaining and retaining employment. *(Two of the target groups are expired in North Carolina).*

ESC

Target Groups

- IV-A Recipients
- Vet including Vet w/service connected disability
- Ex-Felons
- Designated Community Residents
- Vocational Rehabilitation Recipients
- Summer Youths
- Food Stamp Recipients
- SSI Recipients
- Disconnected Youths
- Unemployed Veterans
- Long-Term Welfare Recipients



$76+ Million

PY 2009, October 1, 2008 –September 30, 2009

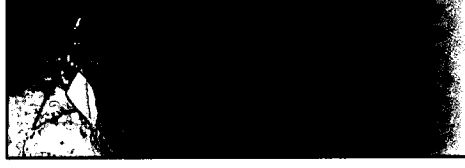
What are the Benefits?

- **If the employee is retained 400 hours**
  - A maximum of $2,400 (40% of the first $6,000 in qualified wages)
- **If the employee is retained from 120 hours to 399 hours**
  - A maximum of $1,500 (25% of the first 6,000 in qualified wages)
- **Veterans w/Service Connected Disability**
  - A maximum of $4,800 (40% of the first $12,000 in qualified wages)
- **Long-Term Welfare Recipients**
  - Maximum first-year credit $4,000
  - Maximum second-year credit $5,000 ($9,000 total)

ESC

Why aren't more Employers using WOTC?

- Lack of knowledge
- Fear of Government
- Fear excessive paperwork
- Myth; too time consuming



ESC

Ex-Felons

- any person who has been convicted of a felony; **and**,
- who has a hiring date which is not more than one year after the date of the conviction **or** the date released from prison (including work release)

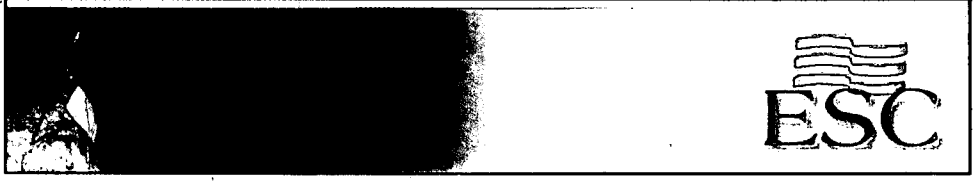
http://webapps6.doc.state.nc.us/apps/offender/search1

Ex-Felon Certifications

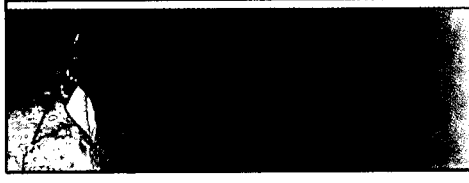
Calendar Year 2009 (January 1 – December 31)

- Certified 25,160 persons for the WOTC program
- **799** were for the ex-felon target group
- Potential savings to NC employers **$1,917,600.**

  Further savings will result from:
  - No longer incarcerated
  - Working and paying taxes
  - Reduction in crimes



Questions?



ESC

Offender Data

- 7.3 million under correctional supervision in the US
- 2.2 million in prison
- 5.1 million on probation or parole
- 1 in 31 adults today
- 650,000 released each year (95% will be released at some point)
- Estimated 47 million with some criminal record

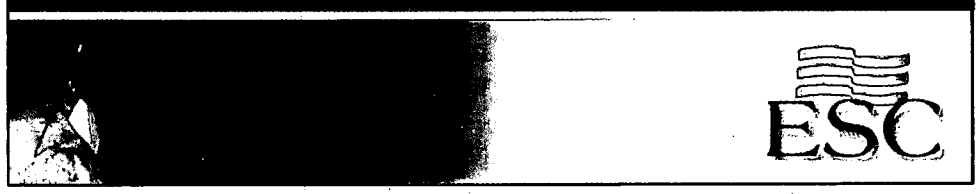
ESC

Offender Data continued

- 154,000 under correctional supervision in NC
  - 40,000 in prison
  - 114,000 on probation or parole
- 29,268 released in past year
- More than 560 released each week

Difference makers

- 2/3rds of those released from prison are re-arrested within 3 years
- 1/3rd will commit new crimes
- A former offender who finds employment is 3 times less likely to recidivate than those who do not



Employment Barriers

- Company policies
- Legal limitations
- Lack of education/training
- Lack of experience
- Poor soft skills
- Poor work ethic
- Lack of tools/equipment
- Probation requirements
- Pride
- Transportation

ESC

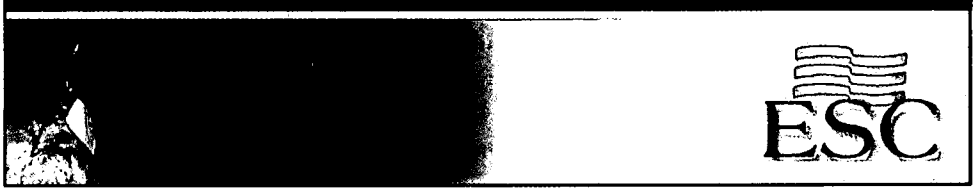
Our Role

- Establish the Former Offender Initiative
- Designated staff
- Collaboration with the Department of Corrections
- Community Based Organizations
- Forums to inform/work with Employers

ESC

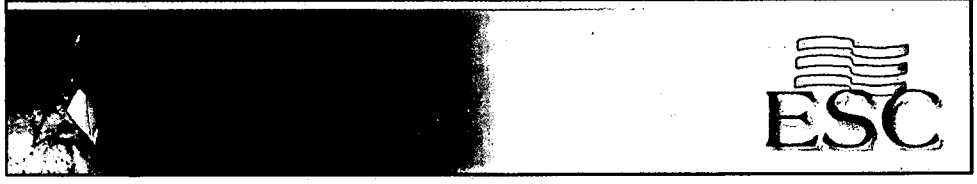
Our Role continued

- Provide direct services to former offenders
  - Job Seeking Skills
  - Job referrals
  - Referrals to other services
- Provide guidance and support to other local staff concerning former offenders
  - Workforce Investment Act, Reemployment Services, Food and Nutrition Services Employment & Training (formerly Food Stamp)



Federal Bonding Program

- Another Incentive
- Provides insurance for employers when hiring "at risk" individuals
- Protects employer against any type of theft, forgery, larceny or embezzlement
- There is no fee, no deductible, and no paperwork
- Bonds are issued for 6 months in $5,000.00 increments



Hiring Former Offenders leads to:

- Safer Communities
- Reduced Public Cost
- A Motivated Workforce
- A Trained Workforce
- Incentives

ESC

Hiring a Former Offender; Good for Employers, Good for Employees, Good for NC

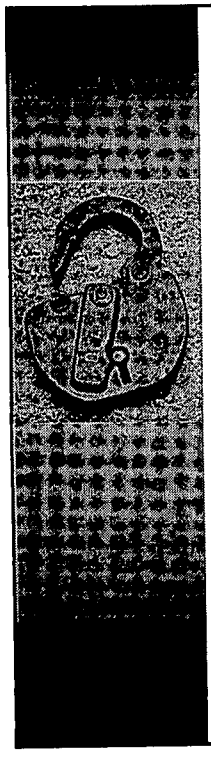
If you have questions give us a call.

Virginia Terrell or **Jim Korth**

(919) 733-4896

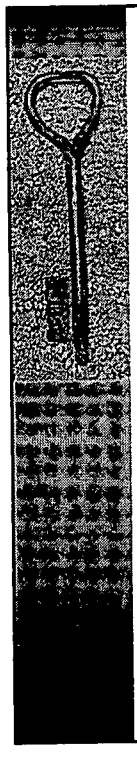
Employment Security Commission *of* North Carolina
ATTN: Applicant Services Unit
P. O. Box 27625 Raleigh, NC 27611

ESC



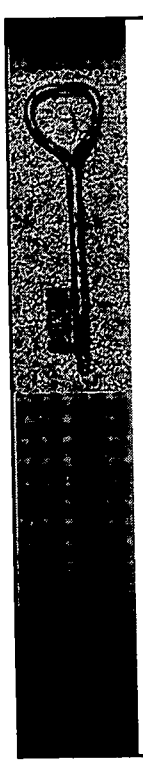
NC Department of Correction

Joint Legislative Commission
On Poverty Reduction and Economic Recovery
March 2, 2010
Raleigh, NC



Division of Prisons

Carlton Joyner



Diagnostic Process

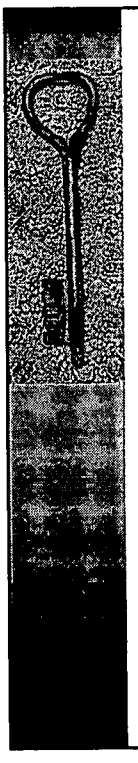
- Document Offenders Employment History
  - Inmate Construction Program Questionnaire
- Document Educational Achievement
  - Wide Range Achievement Test (WRAT)
  - BETA IQ Test
- Medical and Mental Health Needs
  - Medical and mental health screening

Prisoner Education

- The N.C. Community College System offers basic education ABE/ GED.
- Vocational Training Classes.

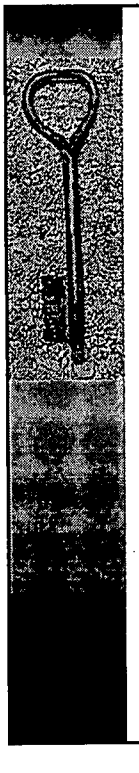
Some of the fields have also been deemed as "offender friendly".

- Carpentry
- Heating, A/C and Refrigeration
- Horticulture
- Industrial Maintenance



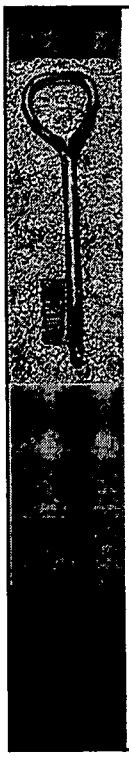
Prisoner Education contd.

- Vocational training prepares inmates for jobs in prison operations.
  - Food Service
  - Maintenance
  - Commercial Cleaning
  - Horticulture
- Inmates are assigned to incentive wage jobs which aid in:
  - Enhancing employment skills
  - Developing good work habits
  - Developing and enhancing soft skills



Corrections Enterprises

- Uses inmate labor to produce a wide range of products and services for government agencies and nonprofit entities that receive public funding.
  - State employees also can purchase from CE
- Provides meaningful work experiences, employment skills and rehabilitative opportunities for inmates.
- Inmates obtain job skills that are easily transferable to the community upon release.

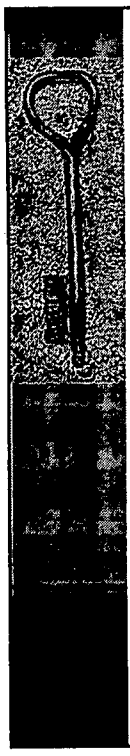


Corrections Enterprises contd.

- Corrections Enterprises has 30 operations throughout the state.

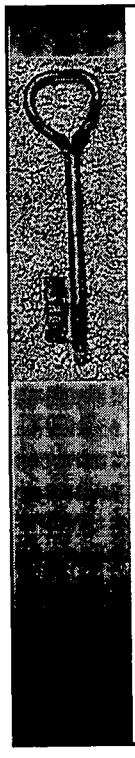
Enterprise Plants

License Tag Plant
Woodworking Plant
Sewing Plants
Optical Plant
Upholstery Plant



Incentive Wage Job Assignments

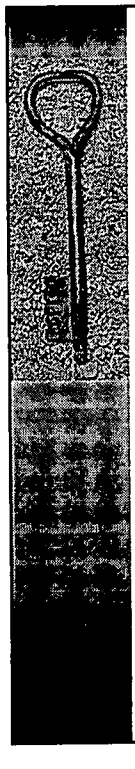
- Inmates are assigned to various incentive wage jobs within the prison facility.
  - Food Service
  - Janitorial
  - Grounds Keeper
  - Barbers
  - Maintenance
  - Canteen
  - Clothes House
- These assignments aide in developing and enhancing skills.
  - Work Ethics
  - Good Work Habits
  - Punctuality
  - Interpersonal Communication Skills



Inmate Construction Program

- The Inmate Construction Program employs inmates in construction trades to help build capital projects for the Department of Correction.

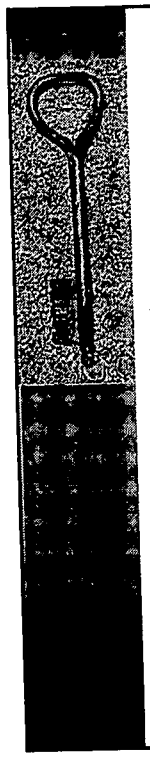
- The program is comprised of 10 construction trades:
  - Masonry
  - Finish Carpenter
  - Welder
  - Plumber
  - General Laborer
  - Dry Wall
  - General Carpentry
  - Concrete Finisher
  - Electrician
  - Painter
  - Heating, Ventilation & AC
  - Pipefitting



NCDOL Apprenticeship Programs

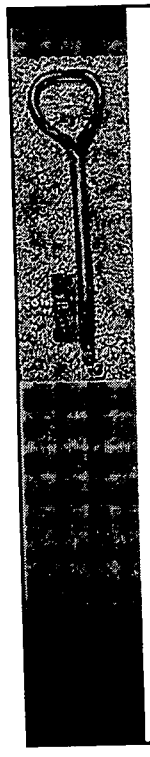
- Apprenticeships through the department of labor develop apprenticeships in various fields.

- Examples of apprenticeships:
  - Food Service Technology
  - Masonry
  - HVAC Technician
  - Pipefitting
  - Dry Wall Mechanic
  - Digital Design
  - Upholstery
  - Animal Trainer
  - Carpentry
  - Electrician
  - Plumbing
  - Concrete Finishing
  - Painting
  - Printing
  - Re- Upholstery
  - Sewing Machine Repair



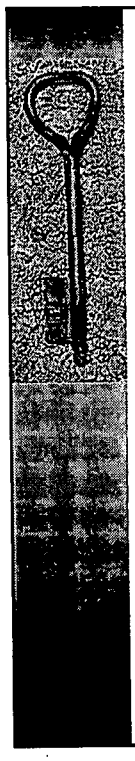
Work Release Program

- Limited opportunity for inmates to work outside the facility.
  - Inmate must be in minimum custody level 3
  - It provides inmates the opportunity to practice skills learned on a job in the community.
  - Inmates are approved for jobs prior to release and in most cases are able to maintain the job upon being released.
- Assignment Totals
  - Capacity 1318
  - Assigned 648



Division of Community Correction

Allison Jourdan

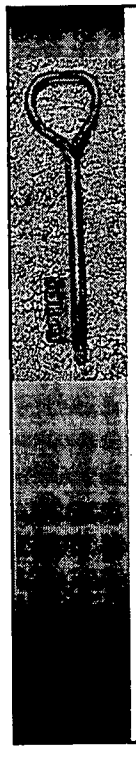


Criminal Justice Partnership Program

Day Reporting Centers (19)

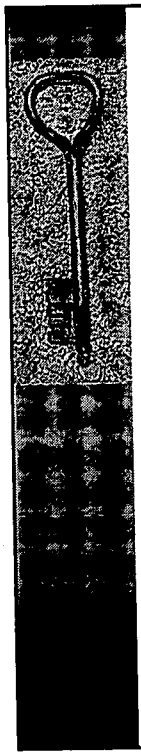
Resource Centers (24)

Satellite Substance Abuse Treatment Programs (41)



Day Reporting Centers

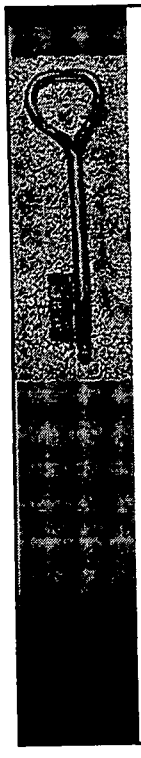
Day Reporting Centers function as a restrictive intermediate punishment sanction within structured sentencing. The centers provide increased structure to the offender's daily activities by requiring attendance in combination with restrictive supervision from Division of Community Corrections (DCC).



Probation officers also assist with case management and planning, and deliver some direct services such as:

- Substance Abuse Treatment
- Employment Assistance
- Drug Screening
- Basic Education Assistance
- Cognitive Behavioral Intervention and counseling
- Life Skills

Services are offered during both day and evening hours.



Mecklenburg DRC

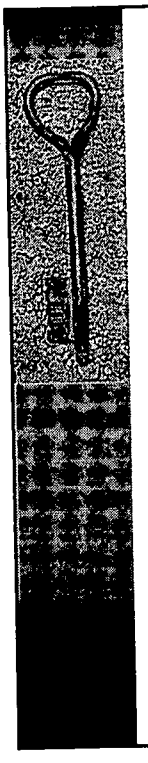
- Meineke University – The Transformation Center of the Carolinas, Inc. is offering this class in Albermarle; Greensboro; Charlotte; and Concord
- Employment Specialist

Wake DRC

- Wake County Community College – Electrical Wiring
- Carolina Trucking School

Durham DRC

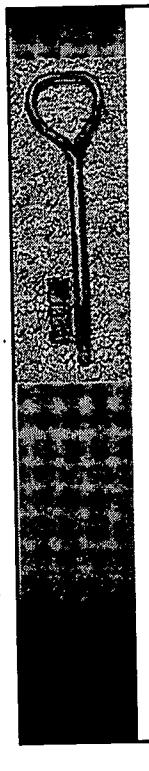
- Employment Specialist – clothes closet
- Preparing offenders for the job
- Transitional Housing



Resource Centers

Resource Centers function as a one-stop location for a variety of services, similar to day reporting centers. Services may be delivered off-site through a referral process. DCC probation officers provide assistance as well. Services include:

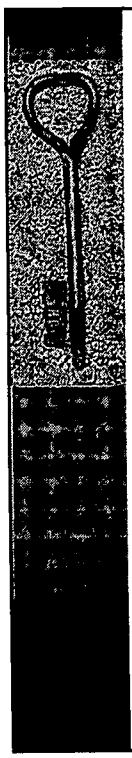
- Substance Abuse Services
- Employment Services
- Cognitive Behavioral Interventions
- Education
- Life Skills



Satellite Substance Abuse Programs

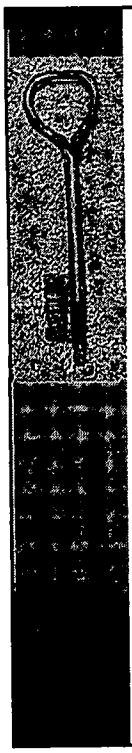
Satellite Substance Abuse Programs function as a one-stop location for substance abuse treatment services. Treatment services are provided through a contractual agreement with a licensed provider. Services include:

- Assessments
- Individual Treatment Plans
- Treatment Programs of Intensive Outpatient or Regular Outpatient depending on the assessed need.
- Aftercare Services



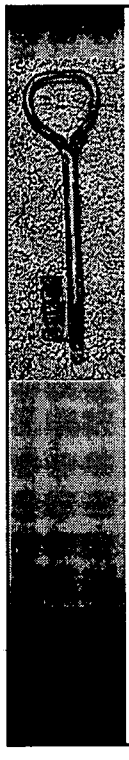
Prisoner Reentry initiative (PRI)

- Grant from U.S. Department of Justice and the U.S. Department of Labor
- Job Developers –
  - Mecklenburg County
  - New Hanover County
  - Edgecombe/Nash Counties
- Types of jobs:
  - Food Service
  - Car Cleaning
  - Hotel Service
  - Manufacturing
  - Landscaping
  - Dry Cleaning
  - Telemarketing
  - Moving



Employment Resources

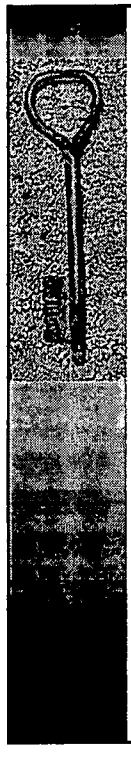
- The Division of Prisons has developed agreements with other agencies to assist inmates in their preparation.
- MOU with Social Security Administration that allows inmates to obtain a duplicate Social Security card prior to their release from prison.
- Process with the Division of Vocational Rehabilitation that allows inmates with impediments to employment to be referred to VR prior to release.



Resources contd.

- There are a number of non profits and community based organizations that provide assistance with reentry issues to include employment.

The Prisoner Reentry Initiative
Project Reentry
Transformation Center of the Carolinas
Tri County Industries
Pitt County Reentry Program
City of Wilmington
LINC Leading Into New Communities

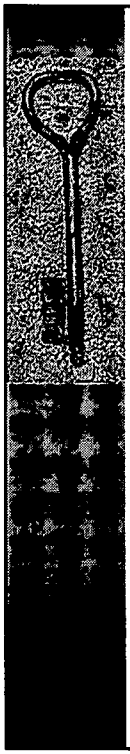


Ways to Assist

Easier access to obtain identification materials

- Birth Certificates
- NC Identification Cards

Elimination of institutional barriers.



Contact Information

Carlton Joyner
Program Director III
Division of Prisons
840 W. Morgan Street
Raleigh, NC
(919) 838-3608
cjoyner@doc.state.nc.us

Allison Jourdan
Chief of Program Services
Division of Community Corrections
2020 Yonkers Road
Raleigh, NC
(919) 716-3163
jam03@doc.state.nc.us

CAPITAL AREA
WORKFORCE DEVELOPMENT BOARD
...serving Wake and Johnston Counties

Fast Facts

⇒ Capital Area Workforce Development Board, in partnership with national, state and local government, is the local policy board responsible for planning, oversight and coordination of workforce initiatives in Wake and Johnston Counties. Twenty-four Boards serve North Carolina's 100 counties. Capital Area has the largest population of N.C.'s local areas with over 974,696 citizens. From 1990 to 2007, Wake and Johnston Counties have consistently been two of the state's fastest growing counties.

⇒ The Board has been in place since 1982 under federal law. A 1995 Governor's Executive Order expanded boards' responsibilities and in 1999 the N. C. General Assembly authorized duties of the Workforce Development Boards.

⇒ The Board is comprised of volunteers from the private and public sector; a majority of members must be from the private sector. Susan Jackson of Raleigh serves as Chair and Bob Barham of Raleigh is Immediate Past Chair. Pat Sturdivant is the Capital Area Executive Director.

⇒ CURRENT INITIATIVES:

JobLink Career Centers - Charter and re-charter one-stop career centers offering universal and convenient access to an array of services for businesses as well as job and training seekers.
Web Address - http://www.joblinkcc.com

Federal Workforce Investment Act - Conduct broad responsibilities as Capital Area's Workforce Investment Board including: development of a local workforce investment plan; oversight of the one-stop (JobLink) system; coordination of youth and adult employment and training activities funded by the U.S. Dept. of Labor; development of employer linkages; and, coordination of workforce investment activities with economic development strategies.

Rapid Response Assistance for Closings/Reductions In Force - Respond to dislocations resulting from closings or reductions in force at local businesses/plants. As part of a state and local team, advise employers and assist in the transition of individual employees affected.

Youth Development - Support comprehensive year round youth activities that promote improved educational achievement, development of youth leadership, and preparation for success in employment. Appoint Youth Council to plan youth activities, recommend youth service providers to the Board, and maintain linkages with other youth organizations.

Project Management – Work with local partners to research workforce issues and secure appropriate resources. Current special grant administration: American Recovery and Reinvestment Act, NC Department of Commerce's Incumbent Workforce Development Training Program, NC Department of Commerce's Disability Program Navigator Initiative, US Department of Labor's YouthBuild Initiative, and the AmeriCorps Grant. Serve as a grantee of the Regional Allied Healthcare Initiative and on-going founding member of the local coalition of employers and trainers focusing on healthcare professions.

11/09

"PARTNERSHIPS FOR WORKFORCE EXCELLENCE"

Post Office Box 550 • Raleigh, North Carolina 27602-0550
Office: (919) 856-6040 • Fax: (919) 856-6038 • capitalareawdb@co.wake.nc.us
Equal Opportunity Employer/Program. Auxiliary aids and services are available upon request to individuals with disabilities.

JobLink Career Center

Where People, Jobs and Training Connect

SERVING BUSINESSES WITH:

RECRUITING ASSISTANCE

Place job orders that will be distributed to our partner agencies. Use our convenient and well-equipped facilities for recruiting and interviewing applicants.

LABOR MARKET INFORMATION

Find out about workforce data, employment trends, wage rates, industry projections, occupational growth projections, and much more!

OUTPLACEMENT ASSISTANCE

Access resources to help with workplace transitions, including reorganizations and downsizing. Receive information on programs and services available for businesses and affected workers regardless of the reason for the dislocation.

EDUCATION & TRAINING

Discover programs designed to help your new or current employees meet the needs of your business. Address skill gaps, or design and implement customized training specific to your industry.

Core Services

labor market information,
initial assessment of skill levels
job search
placement assistance

Intensive Services

For eligible unemployed individuals unable to obtain employment

For employed individuals needing additional services to obtain or keep employment for self sufficiency.

Training Services

For eligible individuals who have had intensive services

Unable to obtain or keep employment

Paid training opportunities

SERVING JOB SEEKERS WITH:

ELECTRONIC SERVICES

Review job listings, create an effective resume, upgrade computer skills. Use fax, phone, e-mail, and printers to assist with your job search.

CAREER GUIDANCE

Find careers that match your skills and interests. Take part in workshops and seminars on topics critical to career success. Organize your job search.

TRAINING & EDUCATION

Research training options to increase your skills to get the job you want. Learn about educational programs that match your career interests.

PARTNER PROGRAM SERVICES

Access programs and services tailored to meet the needs of persons with disabilities, dislocated workers, veterans, older workers, youth, and economically disadvantaged persons.

Job/Training Seeker Services

- Electronic Services
- Fax, Copy & Phone Services
- Job Listings
- Job Search Assistance
- Resume Preparation Assistance
- Career Information and Guidance
- Classes & Workshops
- Labor Market Information
- Unemployment Insurance Info

www.joblinkcc.com

Chartered by Capital Area Workforce Development Board

Where People, Jobs and Training Connect

What is the JobLink Career Center?

Capital Area's JobLink Career Center System brings together an array of services geared to help job seekers find employment and to assist businesses in filling their job openings.

Offering high quality, customized services, the JobLink Career Center is a valuable resource for both individual job/training seekers and businesses.

The JobLink Career Center helps individuals seeking employment opportunities or training resources and businesses needing to maintain or increase their workforce. Here's how...

Looking for a job? Need additional skills?

Whether it's a new job, a different job, or training needed to land a job, the JobLink Career Center is for you.
The following services are available to customers:

- ***JobLink Resources and On-Line Electronic Services*** - Make your job search easier by utilizing computers with Internet access to retrieve job listings from across the state and nation; learn about services provided throughout the community; find out about training opportunities and financial support to enhance your education; create an effective resume; access current labor market information; and utilize fax and copy equipment to assist with your job search.
- ***Job Search Assistance*** - Take part in job seeking workshops and seminars; organize your job search; receive assistance completing job applications; and basic job search assistance from Employment Counselors staffing the Center.
- ***Career Information and Guidance Services*** - Find out what careers best match your interests and abilities; take advantage of career information and guidance; and learn more about education and training options that lead to employment.
- ***Training/Educational Information Assistance*** - Learn about educational programs and training opportunities; find out who's eligible for financial assistance through partner programs and how to apply. Attend classes to learn successful interviewing techniques; how to dress for success; and more about what employers expect from their employees.
- ***Information & Referral Services*** - Gain the latest information on resources available in the community for a variety of needs such as: child care, housing, and transportation.
- ***Specialized Services*** - Participate in programs and services tailored to meet the special needs of individuals, including disabled and dislocated workers, veterans, older workers, youth, and economically disadvantaged persons.
- ***On-Site Recruitment/Career Fairs*** - Use this opportunity to network with local employers who are hiring qualified workers.

Our job is to help solve your employment needs!

A variety of services are available through the Capital Area JobLink Career Center System. Not all services are available at each Center. Some of the services listed are offered on a limited basis. Please call in advance for the times these services are available. Services offered and directions are available online at www.joblinkcc.com.

Wake County Locations

JobLink CC at Swinburne
Human Services Center
220 Swinburne Street
Raleigh, NC 27610
Hours: M-F: 9 - 4:15, Tues: 9 - 8
Phone: (919) 250-3770
Fax: (919) 212-9491
TTY: (919) 212-7590

JobLink CC at Raleigh ESC
Employment Security Commission
3351 Carl Sandburg Court
Raleigh, NC 27610
Hours: 8:30 - 5:00
Phone: (919) 212-3849
Fax: (919) 250-4007

JobLink Career Center at SRC
WC Southern Regional Center
130 N. Judd Drive
Fuquay-Varina, NC 27526
Hours: 8:30 - 5:30
Phone: (919) 557-1121
Fax: (919) 557-1070

JobLink Information Site at Millbrook Human Services Center
2809 Millbrook Road
Raleigh, NC 27604
Hours: 9:00 - 5:00
Phone: (919) 431-4000
Fax: (919) TBA

JobLink Access Point at Celebration Community Church
314 Bashford Road
Raleigh, NC 27606
Hours: W: 5 - 8 & F: 9 - 4

JobLink Access Point at The Hope Center at Pullen, Inc.
1801 Hillsborough Street
Raleigh, NC 27605
Hours: T & Th: 1:30 - 5
W: 10 - 12 noon

JobLink Access Point at Restoration CDC, Inc./ New Bethel Baptist Church
605 East Young Street
Rolesville, NC 27571
Hours: M-F: 9 - 4

JobLink Access Point at Urban Ministries of Wake County
1390 Capital Boulevard
Raleigh, NC 27603
Hours: M-F: 10 - 1

JobLink CC at Cary ESC
Employment Security Commission
742-F East Chatham Street
Cary, NC 27511
Hours: 8:30 - 5:00
Phone: (919) 469-1406
Fax: (919) 469-2472

JobLink Career Center at ERC
WC Eastern Regional Center
1002 Dogwood Drive
Zebulon, NC 27597
Hours: 8:30 - 5:00
Phone: (919) 404-4003
Fax: (919) 404-3957

JobLink Information Site at NRC
WC Northern Regional Center
350 E. Holding Avenue
Wake Forest, NC 27587
Hours: 8:30 - 5:30
Phone: (919) 562-6300
Fax: (919) 562-6315

JobLink Youth Information Site at Garner Road YMCA
2235 Garner Road
Raleigh, NC 27610
Hours: M-F: 9 - 9, Sat: 9:30 - 4:30
Phone: (919) 833-1256
Fax: (919) 834-7704

JobLink Access Point at Dorcas Ministries
1231 NE Maynard Road
Cary, NC 27513
Hours: M-F: 10 - 12, T&Th: 1 - 3

JobLink Access Point at Pleasant Grove Missionary Baptist Church
952 Morphus Bridge Road
Wendell, NC 27591
Hours: T & Th: 10 - 2:30

JobLink Access Point at Saint Matthew A.M.E. Church
1629 Bennett Street
Raleigh, NC 27604
Hours: M & T: 8:30 - 1:30

JobLink Access Point at Workforce Empowerment Alliance Community Team (W.E.A.C.T)
513 Branch Street
Raleigh, NC 27601
Hours: M-Th: 10 - 4
(Summer Hours: T-Th: 10 - 2)

Johnston County Locations

JobLink Career Center at JCC
Johnston Community College
245 College Road
Smithfield, NC 27577
Hours: 8:00 - 5:00
Phone: (919) 209-2094
Fax: (919) 209-2155
TTY: (919) 209-2094

JobLink CC at Smithfield ESC
Employment Security Commission
224 Peedin Road
Smithfield, NC 27577
Hours: 8:30 - 5:00
Phone: (919) 934-0536
Fax: (919) 934-1369

JobLink CC at Clayton Corners
Telamon Corporation
11671 US Highway 70
Clayton, NC 27520
Hours: 8:30 - 5:00
Phone: (919) 585-4805
Fax: (919) 553-7437

JobLink Youth Information Site at Princeton HS/Public Library
101 Dr. Donnie Jones Jr. Blvd.
Princeton, NC 27569
Hours: vary, call first
Phone: (919) 936-5011
Fax: (919) 936-2962

JobLink Youth Information Site at Not Just Another Community Center
304 S. Lee Street
Benson, NC 27504
Hours: vary, call first
Phone: (919) 894-2756
Fax: (919) 894-2756

JobLink Access Point at Johnston County Industries
1100 E. Preston Street
Selma, NC 27576
Hours: W-F: 1 - 4

JobLink Access Point at Kenly Church of God Worship Center
9073 St. Mary's Church Road
Kenly, NC 27542
Hours: T, Th & F: 9 - 12

JobLink Access Point at Mitchener Memorial Baptist Chur
911 Blount Street
Smithfield, NC 27577
Hours: M & W: 9 - 1:30

Equal Opportunity Employer/Program
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Revised: 11/2/09

What W.E.A.C.T. Does

WEACT is a grass-roots community program developed to support job-seekers in the process of career building and obtaining gainful employment. WEACT is proud to be an NC JobLink Access Point.

This program is designed to benefit adults 18 and older who are unemployed or underemployed.

The curriculum is designed to prepare candidates for interviewing and entering the workforce.

WEACT arms participants in confidence and competence with skills and experience in personal presentation and understanding employer expectations.

WEACT guides participants to develop and enhance career portfolios with the help of NC JobLink.

We look forward to serving you

Raleigh Community & Safety Club
ATTN: Anita Abrams
513 Branch St
Raleigh NC 27601

W.E.A.C.T.

Workforce Empowerment
Alliance Community Team

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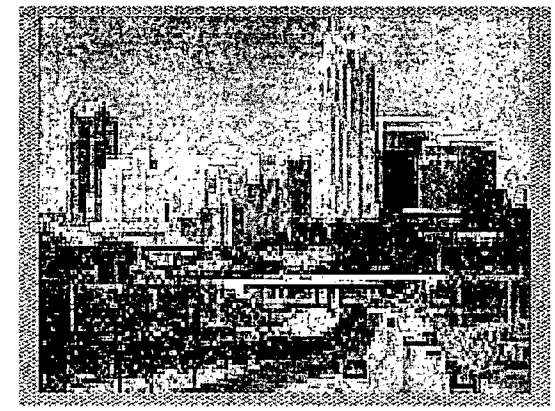

. . . "for the people had a mind to work."

Nehemiah 4:6
NKJV

A collaborative project of
Passage Home
&
Wesleyan First
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Raleigh, NC 27601
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weact46@gmail.com

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513 Branch Street
Raleigh NC 27601

For more information, contact
Anita Abrams, 919-256-4260
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Raleigh Community & Safety Club
ATTN: Anita Abrams
513 Branch Street
Raleigh NC 27601

WEACT Mission

Fostering empowerment through training and community support resulting in workforce ready individuals.

Core Values

Relationships – Through relationships, we experience community, an essential ingredient to building healthy lives.

Dignity and Respect – All people are valuable, created with a unique purpose and should be treated with the utmost dignity and respect.

Excellence – Excellence is not our goal, it is our standard.

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ATTENDANCE

SUBCOMMITTEE ON STATE PROGRAMS

(Name of Committee)

DATES MEMBERS	1/5/10	2/2/10	3/2/10	3/31/10											
Representative Angela R. Bryant -Chair	X	X	X	X											
Senator Edward Jones	X	X	X	X											
Mr. Joe Crocker	X	X	X	X											
Mr. Manfred Emmrich	X	X	X	X											
Mrs. Tina Morris-Anderson	X	X	X	X											
Ms. Johanna Reese	X	X	X	X											
FISCAL RESEARCH STAFF															
Melanie Bush	X	X	X	X											
COMMITTEE ASSISTANT															
Karon Hardy	X	X	X	X											

MINUTES

SUBCOMMITTEE ON POVERTY REDUCTION AND ECONOMIC RECOVERY ON STATE PROGRAMS

Tuesday, March 2, 2010
9:30 A. M.
Room 425, Legislative Office Building

The Legislative Subcommittee on State Programs met on Tuesday, March 2, 2010 at 9:37a.m. in Room 425, at the Legislative Office Building. The following members were present: Sub-committee Chair, Representative Angela Bryant, Subcommittee member and Committee Chair, Senator Edward Jones, and Public members Joe Crocker, Manfred Emmrich, Tina Morris-Anderson and Johanna Reese. Committee staff, Melanie Bush and Committee Assistant Karon Hardy were also in attendance. The Agenda and the Proposed Recommendations ***(Attachment 1)*** and the Visitor Registration ***(Attachment 2)*** are attached hereto and incorporated into the minutes.

Representative Angela Bryant, presiding chair, opened the meeting with introductions and welcomed everyone. The Committee members introduced themselves. Representative Bryant recognized the Sergeant-at-Arms and her Legislative Assistant, Karon Hardy, Staff member, Melanie Bush and Public member, Mac Legerton from Lumberton.

Representative Angela Bryant, asked for a motion to adopt the January and February minutes. ***(Attachment 3 & 4).*** Senator Jones made a motion to approve the minutes. Mr. Emmrich second. The motion carried.

Representative Bryant recognized Sherry Bradsher, Director for the Division of Social Services, in Health and Human Services. Ms. Bradsher gave a presentation on the Work First program. This program supports individuals who need work or training opportunities available to them so that they will no longer be reliant or dependent on the "old" Aid to Families with Dependent Children (AFDC) program. ***(Attachment 5).***

Senator Jones wanted to know what was the old AFDC program?

The old AFDC program is the "Aid To Families with Dependent Children." It was an entitlement program funded with federal funds. From the federal perspective they provided cash assistance to families but not any employment support to families. When the AFDC programs went away at the federal level and the block grants were awarded to the state, states had the opportunity to design their own program. It had to include certain aspects of what the federal government required but there was a lot of flexibility to design programs the way they wanted it in order to meet the needs of their constituency. In North Carolina we used a good portion of our funding to continue to provide checks to those who had no resources available to them to support their families. We built an

employment services program so that we could offer job skills, training, and family support such as childcare and transportation to enable them to move from welfare to work.

Senator Jones asked how much would a mother with 1 or 2 children receive, per month?

Ms. Bradsher deferred the question to Ms. Dean Simpson, Chief Director, Economic Family Services Division of Social Services. "The actual cash payment for a mother with two children, would be $272.00 per month. With that they would receive Medicaid for all three. They may also qualify for food and nutrition services."

Senator Jones asked how much would that total for a month?

Ms. Simpson said, "Medicaid would depend on what they used it for, so that amount would cover any medical, doctor visits and hospital. With the food and nutrition and looking at the income of course, and depending on what the rent and utilities would be, probably around $400.00 for a family of three."

Senator Jones asked if the rent and utilities would come from the $272.00?

Ms. Simpson replied, "That is correct. A lot of the subsidized housing is based on zero down where they don't have to pay any rent. We found a lot of families also live with other family members."

Senator Jones wanted to know what would be the amount for each additional child?

Ms. Simpson said, "It is based on a percentage that would add on $297.00 - $298.00. It would go up to $18.00 or less, about $20.00 per additional child.

Senator Jones said, "We think these people are getting a lot of money and that is not the case, sometimes standing on the street corner doing drugs is a little more profitable than money that is coming in."

Ms. Simpson interjected, "But you receive a host of services that go along with that. It could be childcare, employment services, etc. If there are mental health or substance abuse issues, there would possibly be services for that."

Ms. Bradsher added, "The Work First payment is the only payment in the area of Social Services programs where there is any flexibility as to what those dollars go for or provide your family with. Other than that the services or support you receive are restrictive to certain services or certain programs. For example, you cannot use your food and nutrition services benefit for anything other than to buy food. You can't use your childcare for anything other than to pay for or reimburse your childcare provider. You can't use any of your low income energy crisis money for anything other than your heating and cooling bill. So the Work First check is the only resource that gives you any flexibility or latitude as an individual person trying to support their family - to buy diapers, put gas in your car to look for work, for utilities, or pay rent."

She expounded on the success of Work First. "Our caseload has gone down significantly. Most households only have one or two children. The myth that a female, head of

household, has more children to receive benefits is totally untrue. Work First has not moved families out of poverty because people can't leave Work First without needing some continued support from social services programs. ***(Attachment 5).***

Mr. Joe Crocker asked, "Do we have what definition of poverty that we're using for the sake of this Committee and its work?"

Representative Bryant replied, "No, other than using what people present. They have each indicated what definition of poverty applies to their program, so we can find out which definition applies for Work First, in terms of qualifications."

Ms. Bradsher said, "If one has any resources, or a part-time 20 hour a week job at minimum wage you are likely to not qualify for Work First because the income criteria for the qualifications are so low. One of the reasons you have not seen sharp increases in the Work First case load, due to the economic downturn, is that you can lose a minimum wage job, you can seek unemployment insurance and that insurance if granted to you is enough to keep you from Work First.

Representative Bryant asked, "Is there an income criteria that you could give us for income and assets?"

Ms. Dean responded, "For assets its $3,000 and for income using the example that Senator Jones gave us with a mother and two children. Her income cannot be over $544.00 per month, in order to qualify for Work First. With food and nutrition that has to be 130% of the poverty level. That is based on household size."

Senator Jones said, "A person who is in prison, that has been taking care of by the state they have medical, food and everything else. Would that be a person in poverty. What is the difference?"

Representative Bryant said question would be taken up later.

Ms. Bradsher continued with her presentation: "The real benefit of being a participant in Work First is not the cash assistance that we provide but the Medicaid benefit that the children receive, the eligibility for the childcare and the employment supports that leads to work. A large part of the block grant is used to support employment in Work First. We have been successful in working with the family and helping them achieve work."

Representative Bryant asked what does "68% of the total caseload is child only cases mean?"

The child only cases are cases where we have a grandparent, aunt or mothers or fathers who may be disabled and unable to work, carrying for a dependent and need some assistance. They are not required to participant in the work activity as the Work First activity participants are," said Ms. Bradsher.

Representative Bryant follows up with: "How do they leave the program then, do they stay on for a set amount of time, how do you determine when they end."

Ms. Bradsher said, "There are no time limits for the child only cases. These are grandparents or aunts who were not responsible for kids but for whatever reason have found themselves in a caregiver role and need ongoing support to be able to provide care. There are definitions on who constitutes a relative. Many of the grandparents who are carrying for children are living on very restrictive incomes sometimes just their social security benefits or other small retirement pensions and in order for those children to be cared for by those relatives they need some kind of ongoing support.

Mr. Emmrich asked, "Do you give the money only for the children or do the adults also get some."

Ms. Bradsher said, "It is only for the children, for one child it is $181.00." Individuals being served through Work First have more barriers to employment today. They have barriers around mental health issues and substance abuse. This has affected being able to move individuals from Work First to work. ***(Attachment 5 pg. 4).*** Many individuals were ready to go to work and employers were anxious to have them. Employers are not so anxious today because of the past histories and experiences that the individual had that they could bring into the workforce. We try to combat that by asking employers to take a chance on the person because they have been through classes and training, and we subsidize the employment with the employer. There are currently 5 counties (Burke, Cumberland, Orange, Robeson Sampson) providing subsidies for Work First. When the recovery dollars became available to expand the initiatives around subsidized employment, 22 counties have signed up, by the end of March there may be 24.

Representative Bryant asked if individuals have to specifically apply for the recovery dollars or would the recovery dollars automatically be made available to the counties through a block grant?"

Ms. Bradsher said, "North Carolina automatically qualifies for a certain amount of funding from the federal government but you have to spend money to draw down this money. We approached all 100 counties to see if they were interested in developing a program in their community. We submitted those plans to the federal government. Twenty two counties submitted their plans to us, we submitted those to the federal government and all 22 were approved. Out of the 22 counties it is projected that about 900 people will find employment through this program."

Representative Bryant requested a list of those counties.

Ms. Bradsher continued, "We can give you a list. We think that number may go down a little because the approval process at the federal level took a little longer than expected. We missed some golden opportunities during the November - December holiday sale. They were banking on being that temporary help and our approval process didn't align with that. So meeting the 900 goal may be difficult."

Mr. Crocker asked how long is the period of time that the employees need assistance?

"It is defined by the counties and their plans and what they thought was appropriate based on conversations they had with who was employing. But we know that the subsidize employment should not be less than six months but not exceed beyond 12 -18 months

either. You subsidize at a higher rate initially and then transition that over a period of time. The employer begins to own its responsibility to pay the wages for the individual. But if we can help that person maintain employment for 6 months then the likelihood of them losing that job diminishes greatly. It takes about 6 months for the individual to work out their issues – returning to the Work First, Transportation, etc," Ms. Bradsher said.

Mr. Crocker asked, "What rates do these employees get and what is the allocation for each employee?"

"It is based on the wage that they will earn in that particular job and what the county wrote in their plan in terms of how much subsidy. What the federal government allows is 80% subsidized employment and 20% match. For these counties that is what was approved in the plan. For the 5 counties there may be some differences. Most of these counties are doing 50/50. This is separate project from the recovery project.

Our people need reliable transportation which is a huge barrier in rural areas.

Representative Bryant asked what was MOE?"

"Maintenance of Efforts. The state is required to put a certain amount of state dollars into its program to draw down federal funds. It shows your commitment to the programs and services that you're offering," Ms. Bradsher.

Representative asked what is 12 and 6?

"Twelve and six is the Governor's initiative that is being run out of the community colleges where she has identified 12 careers where there are jobs readily available and she is supporting individuals in getting those certifications or credentials in 6 months so that hopefully enter the workforce."

Mr. Crocker added it is a program that has worked through our Work Force development efforts at Commerce – JOBS NOW.

Mr. Rob Thompson, Covenant with North Carolina's Children asked, "Under Work First for child only how does that interact with fostering and adoption assistance?"

Ms. Bradsher replied, "If you're a child being cared for by a grandparent, aunt or uncle that payment is less than what one would receive in foster care or as adoption assistance. The children that are being served in the child only case are not necessarily child welfare cases."

Representative asked Mr. Thompson for clarification of his question – are you asking can you receive both?"

"Yes," he said.

Ms. Bradsher said, "If you were a foster care child you would be receiving the foster care payment if your caregiver is licensed to provide foster care. We offer that opportunity to all of our relatives. If you choose not to be licensed then they are eligible for the child only payment. You would not receive both at the same time."

Mr. Glen Osborne, North Carolina Association of County Directors of Social Services, recommended that the Committee strongly look at the payment rate under the Work First program. We would recommend you increase the payment rates that would be tied to meeting the requirements for at least the first three to six months, as well as, an increase in the childcare only payment, in regards to kinship. Lastly, in the childcare subsidy, the County Directors of Social Services Association has some recommendations that we would like to put forth to the Committee, just look at consolidation at More At Four and Smart Start efforts. We would like to request a lot more emphasis be placed on helping our families who are on the childcare waiting list to receive the quality childcare that they need to make work pay. Childcare subsidy is a key ingredient in order for public assistance to work. It is one of the best poverty reduction programs that we have in the state."

Representative Bryant asked Mr. Osborne to provide that information to the staff.

Mr. Emmrich was recognized for a comment. "Those ARA dollars will run out, but we have 22 counties that won't have any resources unless Congress acts. Please keep this in mind."

Ms. Bradsher responded, "There is federal legislation that would allow for an increase for the subsidized employment component, which is one of the reasons why we are trying to invest in that and to possibly do away with the match requirement, 80/20, and fund subsidized employment 100%.

Mr. Crocker was recognized: "Do y'all ever talk about the goals of what each one of those programs are?

Ms. Bradsher said, "We absolutely do, we're coordinating with regards to how we utilize our TANF dollars and how community service's block grant dollars get allocated. We are also working on a plan that would support and allow us to expand subsidized employment by looking at a relationship between Commerce and Employment Security Commission and our agency because we know who the individuals are and you all know where the jobs and employers are.

Ms. Roz Savitt, North Carolina Child Care Coalition, was recognized to give comments: "We have developed a system that has provided childcare at a higher quality that you would not find anywhere and especially for low-income children. The Child Care Coaliton has seen the recommendations of the DSS Director's Association, we have major, major concerns with many aspects of their proposal, and I would be happy to provide our response to their proposal to the Committee."

Next on the agenda, Representative Bryant welcomed Mr. Ron Byrd, Director of the Subsidy Program, and Division of Child Development to the podium. Mr. Byrd explained that they put in place some expanded eligibility policies as a result of the current economic crisis. ***(Attachment 6).***

> **Child Care Subsidy Expanded Eligibility Policy** If the caregiver lost their job, they would be provided childcare for six months of job search. They would also provide applicants with upfront job search for up to 6 months if they lost

employment on or after October 1, 2008. Students who have completed school would be provided job search and the 24 month post-secondary education time limit is increased to 36 months for recipients who lost employment since October 1, 2008, or otherwise need additional training to enhance marketable skills for job placement and who have depleted the 24-month allowable time for education. There has been 1251 children served through the extended benefits to support those seeking employment and 50 children served through extended benefits to support education and training needs.

2. **Subsidized Child Care Policy to Support TANF Self Sufficiency Goals** - the current policy encourages the county departments of Social Services' child care staff to prioritize Work First recipients that receive child care assistance to either support education or employment or employment activity. North Carolina has received $157.8 million from the Temporary Assistance for Needy Families (TANF) Block Grant.

Market Rates Impact Quality Child Care Services – The Division of Child Development in collaboration and partnership with many stakeholders such as More at Four, Resource and Referral agencies, North Carolina Partnership for Children and the local partnerships work together to build a stable, professional childcare workforce to provide high quality services statewide. Staff turn over in the child care field occurs as staff increases their education levels and seek compensation that reflects their commitment to career development and the ability to provide higher quality care. The last time a Market Rate increase was implemented in North Carolina was October 1, 2007. He stated, "The childcare waiting list continues to be a concern. When funding become available and the waiting list starts to decline because new funds have come in and families are starting to be served off of the waiting list, the waiting list comes back up because the word is out that the local Department of Social Services (DSS) has funds to provide additional childcare services. So the waiting list only reflects those families that come into the local DSS to present themselves with a need. Families are being served off the front of the list and the number is still growing on the back end. The waiting list is a reflection of a need. The charts show the poverty reduction and economic recovery process in motion. The largest population is serving the low-income work families which are 81.3%. This increases the tax basis. The second largest people served are those being educated."

Representative Bryant asked if it was documented why people come and apply?

Mr. Byrd said, "Yes." The waiting list is a statewide number but each county has their own separate waiting list. Every county screens the families, determines the need and the level."

Representative Bryant wanted to know if it was possible to get information on the reason these particular 35,000 people have signed up.

Mr. Byrd stated, "It is not captured at the state level but all of the county local DSSs' do capture that. It would take a survey of all the county partners."

Representative Bryant wanted to know if the market rate was built in to the reimbursement amount per child?

"Childcare providers are a private entity. It is a free market system that we have. The childcare provider will set their rates based on their area, locale, what the market will sustain them to be able to receive and able to pay their staff and for the buildings. So they set their private pay rates and the market rates study is done every two years. We go out and find out what those private rates are and then we do a 75th percentile of the private paying rates in all the counties. So that's the market rate. What that does is if a child is served by a particular provider, this provider may charge more than the market rate, and we in the division through subsidy, pay the lowest of the two - the private pay rate or the market rate. If they charge above the market rate we still only pay the market," said Mr. Byrd.

Representative Bryant asked, "So where does the 75th percentile come in, is that the market rate?"

Mr. Byrd replied, "Of all the private pay rates collected then the market rate is set at the 75th percentile."

"Is that by Federal Regulations?" asked Representative Bryant.

"Yes, it is," replied Mr. Byrd. "Also the providers that are charging less than the market rate that is the private pay rate – we pay that. The provider has the option to accept that or to accept that charge and the parent pat the deficit, which becomes a struggle for the parent in that early stage and while they are trying to pay that deficit."

Mr. Crocker asked, "If the payment goes directly to the provider or does it go through the reimbursement for the child if they are on this program?"

Mr. Byrd replied, "It is paid directly to the provider. The child has to go into the local DSS and become eligible and go through the process. They are given a voucher to attend whatever childcare services they choose and once they chose, the provider turns in the attendance for that child based on the fact they have a voucher and an attendance report. That provider will be paid at the end of the month for that service."

Senator Jones asked how one becomes eligible.

Mr. Byrd said, "In North Carolina the conduit to allow the children to connect to childcare services is through the local DSS. They have a need, they are working and can't afford childcare. The eligibility process includes looking at the income and need, and if they are under the level then they will receive the services if funds are available. Otherwise, they would go on the waiting list.

Representative Bryant asked if the range for eligibility was the same regardless of what program the applicant comes from and if Work First Development does their own childcare assistance?

Mr. Byrd said, "Yes, there is a different range for different entities based on whatever the conditions are in that county and the Smart Start funds that are running through us or through their own subsidy system. They can expand those eligibility criteria to serve additional families with Smart Start because that is state funds.

Representative Bryant wanted to know if there was any kind of minimum eligibility at the state level?

Mr. Bryd said, "No families are served based on the 75 percent of the state median income. A chart is created that shows what families will be eligible, i.e. a family of one would be a mom and one.

Representative Bryant recognized Roz Savitt for a comment. Ms. Savitt stated a number of years ago the number was at 75 percent of all families receiving childcare subsidy had a gross family income of $25,000 or less.

Next on the agenda was Sue Totty, Director of State and National Support, NC Partnership for Children. Ms. Totty presented on the work that Smart Start is doing and how it is impacting poverty reduction and economic development and stimulus. ***(Attachment 7).*** Ms. Totty begin with an introduction of her new Senior Director of Policy and Programs, Susan Perry-Manning.

She explained that Smart Start is the "hub" of services for families of young children-ensuring every child has all they need for healthy growth and development. Seventy-seven partnerships use public and private funds to serve all 100 counties. In 2001, thirty percent of the children that were low-income received subsidies in 4 and 5 star day care centers. Five-star is the highest quality of childcare in the state. In 2009, seventy-three percent of children are in 4 and 5 star centers. Studies show that high-quality early care and education reduces poverty. Smart Start looks at making sure that children who receive subsidy are in high quality care that supports children's development and brain development. She further stated that Smart Start since FY 2000-2001 has put an average of 46% - almost $750 million – of its funding into the subsidy system. Smart Start subsidy does the following:

- Ensures children are in higher-quality care
- Extends child care to more families for longer periods of time
- Pays for parents in school to receive subsidy for longer periods of time
- Provides care for children whose parents are seeking employment
- …reduces the stress on families by:

Enhancing the long term employment of parents and improving the financial well-being of parents.

She explained how early childhood is an economic stimulus:

- In North Carolina, the child care industry generates $1.77 billion annually and provides more than 47,000 jobs.
- It benefits all industries in the state by enabling parents to work productively outside of the home.
- For every new dollar invested in early childhood education, the average economic benefit is almost $2.00.

- For every new job created in early childhood education, the average economic impact is 1.5 jobs.

Their recommendation is to increase the investment to maintain and grow high quality childcare especially for children who come from low-income families. The subsidy funds should be used in a manner consistent with the federal Childcare Bureau's goals: child-focused, family and fair to providers. You have to have the rates to support the childcare centers to not only maintain, but increase the quality. Many childcare providers are living in poverty themselves, the average pay rate across the state is less than $10.00 an hour. If you look at the difference in what teachers in the school system are paid, I think you would note there is a large differential. The last would be that we expand the State Children's Health Insurance Program, because health care is a vital component for young children.

Representative Bryant opened the floor for questions and comments.

Representative Garland Pierce asked about a conflict between Smart Start and private partners in Roberson County.

Ms. Totty responded, "I believe some of the conflict occurred with reductions in smart start funding. The local partnership in your county has had to reduce some of the programs and services that they provide for the childcare providers, . so childcare providers, that in some cases, may have had enhanced payments have had their funding reduced. Local partnerships and their boards of directors have had to make real tough decisions as the money has been reduced, the money to the programming, I think."

Representative Bryant asked, "Did we not in the budget provide some flexibility for the Partnerships to decide on certain areas for reductions... it seems like the issue was how to get it done and where to make the cuts?"

Ms. Totty said, "There is flexibility within what the legislative guidelines are. Every partnership has to put in at least 30% in the subsidy. In particular this year to meet some of our goals for the ARRA Funding the partnership had to put in more. They got 70% that includes the subsidy that they got to put in as childcare- related."
Senator Jones was recognized for a question. He asked if there was anything out there now that would supplant Smart Start if Smart Start was cut?

Ms. Totty replied, "Smart Start is about early childcare... I think what I would look at as a citizen in this state is where are our investments for early childhood and I don't care if you put it under the Smart Start line or if you put it under whatever line. But if we don't make the investment in young children, we're going see the next cycle of poverty being even far greater, because we got the economic impacts. We are about convening and collaboration in looking at creative solutions for issues regarding young children."

Ms. Barbara Bradley, President and CEO for Action for Children, was next on the agenda. Ms. Bradley presented on poverty reduction over the long term. ***(Attachment 8).*** She stated that her recommendations do not reflect the economic crisis that we're in in terms of state budget but she felt that it was important to look at poverty reduction over the long term. "Public policy is really a good solution for poverty reduction. Some of the

greatest reduction for the elderly's poverty rate in our country has happened when we made enhancement to both Social Security and Medicare. Poverty creates toxic stress. The buildup of toxic stress actually influences the architecture of a young child's brain. The toxic stress reduces the positive outcome for that child over time. She referred to maps on child poverty that can be viewed on their website www.nchild.org. This will show what child poverty looks like by county.

She advised the committee to think about some of the public policy remedies to reduce poverty, and think about it in broad terms:

1. Income support:
    a. Which includes the living wage, the minimum wage which to be a living wage in the County of Wake which would be $19.00 per hour. We need to index our minimum and do more with the minimum wage.
    b. Taxes – a state income tax credit has been implemented at the National level to lift children out of poverty.
    c. Benefits – Health Insurance, an Urban Institute study of insurance in North Carolina has stated that within the next 10 years premiums will increase from 54% to 77%. Childcare subsidies fall under this category of income support.

2. Assets: Action for children is looking at Asset creation and Wealth creation.
    a. Savings - At birth children are given a small amount of money (small savings account), which grows over a period of 18 years. It can be used to purchase a first home, higher education, or to start up a small business. The UK is doing this. Durham Partnership for Children is putting this in place. The Lenoir county public schools is looking at 3rd graders to put something like this in place. Taking a look at how to familiarize people with banking is key for the Legislature and get the unbank banked and also to provide financial literacy and knowledge to the children of this state. Last session the Legislators approved formation of a financial literacy council to look at best practices to educate kids in k-12 about financial literacy. Some of the data showed that high schoolers are failing financial literacy and the mandate right now is for 5 hours only at the high school level.
    b. Community In some of our communities, there is no familiarity with banking, checking, and investments. This includes job training, food deserts and making our communities livable so that businesses will want to relocate there, stay there and employ those individuals in small communities.

Another recommendation that they would make is an increase in the EITC to at least 15%, also an expansion of North Carolina Health Choice. If they had a choice and we didn't have the state budget crisis, they would allow everyone up to 300% of the federal poverty line to enroll in Health Choice and those over 300% to buy into Heath Choice at the full premium cost. They would like to fully fund the child care subsidy and fully fund the Housing Trust Fund. They want to build assets for the future –which means looking at communities long term. Ms. Bradley also recommended to the Committee to

take a look at the child and dependent tax credit to make it refundable and establishing a refundable state – child and dependent care tax credit in the state of North Carolina and refundable child tax credit in the state of North Carolina.

Representative Bryant opened the floor for comments. There were none. She then introduced Lee Dixon, to review the issue of "Fresh Food Retail In Underserved Communities", Principal Fiscal Analyst, Fiscal Research Division.

Mr. Dixon presented on grocery stores and supermarket development and access. He shared information on the impacts of the lack of supermarkets in low-income areas, Pennsylvania and other states' situations as it relates to Fresh Food markets, and the President's 2011 Proposed budget plans. ***(Attachment 9).*** He stated that low income world and urban areas are less likely to have convenient supermarkets. An analysis of 21 major metropolitan areas found that there were 30% fewer supermarkets than in higher income areas. A lack of neighborhood supermarkets means that residents must shop at local convenience and corner stores. He stated that the 11 recommendations that are outlined in **Attachment 9** were common to the Recommendations that the Food Trust worked out with Colorado, Illinois, New York, and New Jersey.

Representative Bryant asked if there were any entities in North Carolina that have taken a lead in this food justice arena as it relates to supermarkets and the access to fresh foods?"

Mr. Dixon stated, "That he is not aware of any lead entities at this point. He offered to ask some sources at UNC in the Health and Behavior Health program."

Representative Bryant suggested that if this is the case during the interim then the goal should be in the short run to get this listed on the agenda, and to later dedicate a couple of meetings to this to bring in some key possible players to help generate some energy and leadership around this initiative.

Louisa Warren, North Carolina Justice Center was recognized for a suggestion. "There is an innovative program in Goldsboro that is working to build access to healthy and affordable foods and that might be a model. It is called the Wayne Food Initiative. Also, a sustainable local food advisory council, was appointed by the General Assembly, and made up of Legislators and agricultural experts, who already knows a lot about those components. They might be a better allied to start conversations about this issue," she said.

Mr. Dixon stated that one of the recommendations would be to provide investment money to a supermarket to locate in a low-income area in return for providing them the investment dollars. One of the states got a commitment that they would stock it with food grown within 300 miles of that store. So that would certainly work in with the local food council.

Ms. Warren stated that there was research founded on this issue in Goldsboro. There is a local agricultural research station that realized that there isn't a lot of access to grocery stores so they allowed local farms and farmer's market to provide access to fresh foods from the farms in that community. They would be real examples to bring in for future conversation.

Representative Bryant gave an example of how food is displayed in stores in her community in comparison with stores in other areas. She asked Mr. Dixon if he was aware of any efforts or initiatives or policy framework that would prevent "food discrimination."

Mr. Dixon stated that he did not know of any. But suggested that leadership from the state level would be needed to find out why a particular store is not providing the fruit. Would it be because they did not have money for refrigeration to keep the fresh fruits in stock as opposed to a store or chain that has more money?

Mr. Emmrich was recognized for a question. "Where there is a community and no supermarket and you want one there to be stable, what do you do? Do you buy the land, build a building, what do you do to make that an ongoing profitable enterprise."

"I think through various tax incentives. There may be vacant property that has been sitting for a long time. Tax incentives might get companies to move there, with tax incentives you have to come up with money. At the same time, if you could locate a retail store you are providing a service for the citizens and at the same time that might draw other retailers to cluster around it. Then you have economic development," said Mr. Dixon.

Ms. Roz Savitt was recognized by Representative Bryant for a comment regarding the childcare subsidy program. "Families that receive childcare subsidy and don't get a total free subsidy have to take 8, 9, or 10% of their gross family income that is part of being eligible to get that subsidy and it is based on family size which means families themselves pay into the system as well."

Representative Bryant asked the Committee for proposed recommendations to carry to the full Committee. She reviewed the charge for the Committee, the proposed recommendations and solicited for short and long term goals? ***(Attachment 1).***

Senator Jones wanted to know where the Committee was going to start first?

Representative Bryant asked Melanie Bush about the possibility of becoming a permanent committee?

Ms. Bush explained that the Committee would recommend during short session to become a permanent committee.

Representative Bryant asked the committee if they wanted to set a poverty target themselves or recommend that the permanent committee take the lead in setting a target for reducing poverty.

Ms. Bush shared with the Committee that Representative Bryant and Bill Rowe, NC Justice Center, had been having regarding poverty targets. It could be something that the permanent Committee considers. A lot of people argue that the federal poverty limit is not necessarily what we want to be shooting for alleviating. Whether you want to set a target or not, some states have, I think you mentioned Minnesota, is going to eliminate 100% of poverty in 12 years. Given our current economic reality, what is a realistic look?

Representative Bryant wanted to know how would that criteria be set, would it be one number that we're looking at or some set of numbers. She asked the Committee to think about it. She asked the experts to think about it and make recommendations to the Committee. She also wanted to know if they have seen good rubrics in other states and programs.

Representative Bryant told the Committee that at the next meeting they would need to make final decisions on recommendations, so that the staff can pull it together to take it to the first full Committee meeting on April 6th.

Ms. Morris-Anderson asked, "If the Committee is able to produce a type of inventory of what's going on in North Carolina in terms of state programs?"

Representative Bryant responded that we started out with that plan as a focus and then when we looked at what people were wanting to tell us and we made a list. We were clear that we couldn't get that done between now and May. So the inventory needs to be done and needs to be a longer term goal. Maybe it can be done in late summer and the fall before wrapping up in January before we sunset. The other thing is how to get that done and who can do that for us. We think it is beyond what our Legislative staff can do in any kind of thorough way.

Mr. Emmrich said, "Everyone who made a presentation said that 'we are great but we need more money to be better'. We are talking about a state budget deficit. Maybe as we look at these we should look at recommendations that don't cost money."

Representative Bryant agreed and stated that maybe we can look at where we need to hold the line, maybe just to fight just to hold the line on some of the funding this year.

Ms. Johanna Reese commented on increasing enrollment in the health programs for children and that the Earned Income Tax Credit keeps coming up.
Representative Bryant said, "It is important to have the EITC on the list, so that if someone gets to battling over that it is important to have it on the list."

The floor was opened up for comments from the audience. Ms. Bradsher suggested that the committee inventory the federal programs that support the citizens because there are a number of outreach opportunities, i.e. the community nutrition services program, that have been working very hard on outreach effort for several years to increase the number of eligible participants in that particular program. For every dollar of food and nutrition services made to come into our state it rolls over nine times economically in our local community, and when we increase the number of people receiving food nutrition services, we automatically increase the number of children who are eligible for free and reduced lunch and we automatically increase our Title 1 opportunity to draw down federal dollars for our education assistance. This is all inter-related and inter-connected in a way that it makes sense to look at not just what we're doing at the state but what opportunities are we missing at the federal level. There are projections out that North Carolina could be missing out on as much as $9 billion in federal dollars for which our citizens are entitled but we are not yet drawing them down because they have not established eligibility for SSI and SSD or they are not receiving their food nutrition

services benefits yet. So I believe there are opportunities there that would allow us some flexibility to look at not cutting some state programs if we were drawing down federal dollars where we could. I talked with someone on the phone in January and it was the first opportunity he had to send someone in his family to college and he made sure he paid that tuition for his daughter. I wish he hadn't because he was three months behind on his mortgage and I probably could have helped him with a pell grant and some other opportunities but it was too late. The crisis that he had right then was something that we couldn't help with.

Representative Bryant asked Ms. Bradsher to send her comment and website address to Staff.

She also asked the Committee what they would like to see happen at the next meeting to help them with the discussion and decision-making that has to take place.

Ms. Reese stated that she would like to see which one of the recommendations can be done at the least cost.

Ms. Morris-Anderson would like to hear from the Legislators what is realistic and what is not because they know what their challenges are.

Representative Bryant said that this is a good time to push policy issues when you don't have a lot of new money, where change in a requirement will not cost a lot of money. It is always important to be ready on what programs to hold the line on. Lastly, look at which expansion items would be a priority.

Representative Bryant asked Senator Jones to share what would help him to be prepared to fight for programs in the Senate. Senator Jones said, "To make sure people who are administering these services on a local level, make sure that people are aware of all the programs that are out there now. There were a lot of things that I did not know until we had these meetings. Everyone has their own expertise and they should have classes on what everyone has. So when these people come in they will know there is something else there for them that they can possibly seek out. This doesn't cost a lot of money to educate the individuals that are seeking these services. If someone needs heating why not tell them while they are there. Some people in poverty can't read and write. When they come in all they ask for is the basics but maybe you can help them with something a little more complex if that's what your job title is."

Representative Bryant asked Ms. Bradsher if there was a provision passed where you had to inform people of every federal service they were eligible for?

Ms. Bradsher said, "It is not that broad. Our programs are so complex and administratively driven in terms of who is eligible and what all the criteria are that it makes it difficult at the local level. Even if a person wants to make those referrals and engage beyond just a program they are responsible for it makes it difficult to do that because of the administrative responsibilities that goes along with that --let alone the fact that there are 10-15 other people waiting to see you in the lobby."

Representative Bryant asked Ms. Bradsher if the requirements exist and what they were?

Ms. Bradsher replied, "There are some requirements that are specific in some program areas but they are few and far between. We have done a little bit of work in our state to deem people eligible or create some automatic eligibility tied to certain programs, i.e. being eligible for food and nutrition services you're automatically eligible for free and reduced lunch. To be eligible for food and nutrition services will automatically make you eligible for the low-energy assistance checks in January. Just a lot more work can be done in areas like that where I think you can reduce your administrative cost and have opportunities to reinvest dollars."

Representative Bryant asked Ms. Bradsher if she knew of any areas where there were cross-eligibilities that could help expedite and eliminate any administrative work that would help us?

Ms. Emila Sutton with IDA and Asset Building Collaborative of North Carolina was recognized for a comment. "We recommended support for the Benefit Bank which is now being implemented in certain parts of the state. It is a benefit screening tool where you would put in some of the tax information and when you do their tax return alert them to EITC eligibility, Work First, Food stamps, energy assistance and things like that," she said.

Representative Bryant asked Ms. Sutton if there were any existing proposals on the benefit bank with cost attached and what could be done that you could get to our Staff member and at least have that for us next time.

Ms. Sutton, explained that there would be no cost to the organization. It can be implemented in the community through institutions all over the state: churches, community centers, and childcare centers. There would be associated startup cost requested from the state. The amount as yet to be determined.

There being no further business, the meeting was adjourned at 12:34pm.

Respectfully submitted by:

Rep. Angela Bryant

Representative Angela Bryant
Chair

Karon Hardy

Karon Hardy
Committee Assistant

Attachments:

Agenda *(Exhibit 1)*
Visitor Registration (*Exhibit 2)*
January Minutes *(Exhibit 3*)
February Minutes *(Exhibit 4)*
Division of Social Services *(Exhibit 5)*
Division of Subsidy Program *(Exhibit 6)*
NC Partnership for Children *(Exhibit 7)*
Action for Children *(Exhibit 8)*
Fiscal Research Division *(Exhibit 9)*

POVERTY REDUCTION AND ECONOMIC RECOVERY
SUBCOMMITTEE ON STATE PROGRAMS

AGENDA
Room 425, Legislative Office Building

MARCH 2, 2010

I. WELCOME AND INTRODUCTIONS

II. WORK SUPPORTS

Sherry Bradsher, Director
Division of Social Services

III. CHILD EDUCATION AND CHILD CARE

Ron Byrd, Director of Subsidy Program
Division of Child Development

Sue Totty, Director of State and National Support
NC Partnership for Children

Barbara Bradley, President and CEO
Action for Children

IV. FRESH FOOD RETAIL IN UNDERSERVED COMMUNITIES
Lee Dixon, Principal Fiscal Analyst
Fiscal Research Division

V. DISCUSSION OF ISSUES AND RECOMMENDATIONS

VI. APPROVAL OF MINUTES

VII. NEXT STEPS

POVERTY REDUCTION AND ECONOMIC RECOVERY
SUBCOMMITTEE ON STATE PROGRAMS

PROPOSED RECOMMENDATIONS

I. HEALTH CARE

Presentations from Bill Rowe, NC Justice Center; Dr. Craigan Gray, Division of Medical Assistance; Emila Sutton, NC Assets Alliance

- Raise the enrollment cap for Health Choice
- Explore federal incentives through CHIPRA to expand eligibility and ease administrative burdens for Health Choice
- Ensure full funding of Medicaid so that federal matching dollars are not left on the table
- Explore the extent of medical debt in NC and consider policies to address the situation.
- Examine existing healthcare system in North Carolina and continue to provide the greatest number of people with the greatest amount of services

II. HOUSING

Presentations from Bob Kucab, NC Housing Finance Agency; Bill Rowe, NC Justice Center; Emila Sutton, NC Assets Alliance

- Increase funding for the NC Housing Trust Fund to $50 million/year
- Examine feasibility of new policies to aid low-income utility consumers and promote access to services (e.g. expanded shut-off protections, rate discounts for low-income customers, and annexation reform)
- Explore possibility of extending new private home mortgage foreclosure protections to public (tax) foreclosures

III. INCOME AND ASSETS

Presentations from Tina Morris-Anderson, NC Department of Labor; Bill Rowe, NC Justice Center; Emila Sutton, NC Assets Alliance

- Additional State funding for IDAs
- Continued use of CDBG and TANF funds for IDAs
- Raise the NC EITC to 10% of the federal credit

IV. WORK SUPPORTS

V. CHILD EDUCATION AND CHILD CARE

VI. FRESH FOOD RETAIL IN UNDERSERVED COMMUNITIES

VII. TARGET FOR POVERTY REDUCTION

VIII. PERMANENT POVERTY REDUCTION AN D ECONOMIC RECOVERY COMMITTEE

IX. EXISTING STATE PROGRAM INVENTORY AND HISTORY OF POVERTY REDUCTION EFFORTS

Attachment 2

LTO 2
Rm. 425

HOUSE PAGES

NAME OF COMMITTEE Poverty Reduction & Economic Recovery Sub on State Programs DATE 3-2-10

1. Name: _____

   County: _____

   Sponsor: _____

2. Name: _____

   County: _____

   Sponsor: _____

3. Name: _____

   County: _____

   Sponsor: _____

4. Name: _____

   County: _____

   Sponsor: _____

5. Name: _____

   County: _____

   Sponsor: _____

SGT-AT-ARM

1. Name: EARL COKER
2. Name: FRANK PREVO
3. Name: ERNIE SHERRELL
4. Name: _____

VISITOR REGISTRATION SHEET

SUBCOMMITTEE ON STATE PROGRAMS — March 2, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Barb Bradley	Action for Children N.C. 1300 St Mary's Ste 500, Raleigh 27605
Sue Totty	NC Partnership for Children – 1100 Wake Forest Rd. Raleigh
Susan Perry-Manning	" "
Roz Savitt	NC Child Care Coalition
Bob Thompson	Covenant w/ NC's Children
Ron Byrd	Child Development
Glenn Osborne	NC Assoc. of County Directors of Social Services
Thomas C. Cavey, J.	NC Dept. of Crime Control & Public Safety
Leo Rubset	Carolina Justice Policy Center
Carley Ruff	NC Housing Coalition
Carol Coyne	NC

VISITOR REGISTRATION SHEET

SUBCOMMITTEE ON STATE PROGRAMS — March 2, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Emila Sutton	IDA and Asset Building Collaborative of NC
S Wilson	DHHS
Louisa Warner	NC Justice Center
Bo Hatch	McGuire Woods
Jamie Underwood	Intern Rep. Pierce

DRAFT MINUTES

SUBCOMMITTEE ON POVERTY REDUCTION AND ECONOMIC RECOVERY ON STATE PROGRAMS

Tuesday, January 5, 2010
10:00 A. M.
Room 425, Legislative Office Building

The Legislative Subcommittee on State Programs met on Tuesday, January 5, 2010 at 10:00 A.M. in Room 425, at the Legislative Office Building. The following members were present: Chair, Representative Angela Bryant and Senator Ed Jones. The following public members were present: Joe Crocker, Manfred Emmrich, Tina Morris-Anderson and Johanna Reese. Committee staff Melanie Bush and Committee Assistant Karon Hardy were in attendance. The Agenda (*Attachment 1*) and the Visitor Registration *(Attachment 2)* are attached hereto and incorporated into the minutes.

Representative Angela Bryant, presiding Chair, opened the meeting with introductions of all members, staff and sergeant at arms. She informed the Committee that she and the Fiscal Staff, Melanie Bush, had met, with feed back from Senator Jones, and decided to cover four major areas: 1. Review existing information from other state anti-poverty programs, measures and commissions. 2. Discuss proposed survey questions to share with all the state agencies. 3. Discuss concerns, issues, suggestions and ideas about how to move forward. 4. Review information on Health Care programs.

The first agenda item taken up was a discussion of other state programs. Ms. Bush reviewed "**State Initiative Charts**". This was from a report produced from a joint effort between the Center for Law and Social Policy and *Spotlight on Poverty and Opportunity*, "Seizing the Moment: State Governments and the New Commitment to Reduce Poverty in America." (http://www.spotlightonpoverty.org/statewide.aspx) that details what other states have done across the country in their anti-poverty commissions and their reports, and it also lists their recommendations. She pointed out key things that would help the committee frame the issue *(Attachment 3)*.

Questions and comments followed Ms. Bush's presentation.

Ms. Morris-Anderson was recognized with a question relative to income and assets. "...are you also looking at the issues of income and assets as well?" she asked.
Ms. Bush responded, "Yes I am sorry that was just an oversight on my part", and said actually I had thought about income and assets certainly are state programs. It was one of those areas that overlap with the tax area. I would have to talk with the staff; this is our initial meeting so we don't really know what we're covering or if that is going to fall under their realm or not. Obviously, development accounts aren't necessarily tax

accounts. But you think of taxes and income in a group, which is why I skipped over that".

Ms. Morris-Anderson followed-up with a request; she would still like to see IDA (Individual Development Accounts) covered?

Representative Bryant added that we would need to look at under which area there would be state program issues that we would need to pull out?

"Is this the first poverty task force or commission that North Carolina is in? Have we looked at any of this before," said Joe Crocker.

Ms. Bush responded, "To my knowledge it is, I am not aware of others I believe so, yes" she said.

Representative Bryant concurred. She suggested that it would be good to have some of the community action agency people to come in and give some history as the committee moves forward.

Ms. Bush offered to research that.

Moses Cary, Jr. responded to Joe Crocker's question: "I believe there was at least one; it has to have been at least 20 years ago that I served on with President Friday, when he was president of the University system. I am not sure what the outcome was or what happened to the report but I know that there were the community action agencies and others in the state and the nonprofit sector who were involved, as well as some government agencies that had gotten involved. I was County Commissioner at the time."

Mr. Crocker said, "The reason I asked, is because the effort that took place with Terry Sanford, One North Carolina. I thought that dealt with poverty, but I can't put all the facts around that.

Representative Bryant reiterated that those reports need to be gathered for reference and to have as a recommendations as a reference point and a stepping off point.

The next item taken up by Ms. Bush was a presentation on **Summary Notes and Additional Research (in red)**. Ms. Bush explained that these are her summary notes of a longer report that goes through what each state has done. *(Attachment 4).*

Representative Bryant added that, "In each of these states there was some sort of permanent council/commission – some ongoing process that was setup and eight of them had a target for poverty reduction. It would be good to look at whether it would be appropriate to set a target for poverty reduction or not." She continued to say, "I think that should be an issue on the table. Melanie will circulate the Minnesota report because sometimes it is good to start with the end in mind to know where we want to end up to help us think about where we want to go.

Representative Bryant recognized the members and the audience for questions or comments based on the information presented.

Margaret Matrone, Director of Government Relations for the NC Housing Trust fund requested an opportunity to make a brief presentation on the Trust Fund as well as IDAs and the role of homeownership savings. "It is a state investment managed by us which has been effective in creating housing for extremely low-income households including in rural areas and economically distressed areas of the state, including improving the lives of children and elders and the disabled in supporting the housing from homelessness to ownership and at the same time creating".

Representative Bryant solicited other comments from the audience regarding good things that are happening in other states from their agency and professional connections.

Representative Bryant recognized Louisa Warren, NC Justice Center. They are a statewide nonprofit organization. Ms. Warren offered her agency as a resource and offered to get information about possible next steps that do not require a lot of money but can make a difference. She also suggested that the Minnesota report be used as a model.

Mr. Crocker posed a question to the Staff. "I noticed a number of the states have child poverty separated from the general poverty discussion, so is that at the expense of not looking at the adult side of poverty at all. I guess there were some efforts to target resources directly to early life instances as opposed to working on current adult programs".

Ms. Bush replied, "Yes, there seems to be a moral obligation to alleviate child poverty. That no child is responsible for being in that circumstance whereas with adults it is sometimes felt they are responsible".

Representative Bryant expounded on Ms. Bush's comments, "If you focus on child poverty you can be more successful politically because you don't bring in those complications of the debate about why this adult is in their situation. Basically it is the issue of classism and the fact that it is unresolved."

Representative Bryant asked Senator Jones if he wanted to share his information about South Carolina at this time.

Senator Jones said that, "When I visited Charleston, South Carolina, the housing area there where people reside. When you start off in a housing area you start off at the oldest structure and you're graded by how well you keep your poverty and the number of calls that are placed to the police and police visits to your residence. When something comes available in a newer development you have the choice to go there. You continue to progress through that system. I believe in my heart that if we don't do something with the family that it starts there. No one wants to live in an old structure, everyone wants

something new. All you have to do is maintain your property, keep order and discipline in your home. If we could get something on that status in our cities where we would reward people for doing great in our neighborhood that would be great.

Representative Bryant asked are there some programs where incentives are used that will help people in poverty engage in the behaviors that would help eliminate poverty?"

Senator Jones further stated, "Because in doing that at least the police are not coming to your house everyday. I am quite sure that the child would be looking at behavior where the child would want to go to school and maybe some of these areas are better for your child to attend a better school system than what they are in right then. I am looking at this as something that would not cost the state a great deal of money.'

Representative Bryant asked the audience, "In North Carolina, are there ways we are currently using incentives in any of our programs – that incentive idea to help improve the empowerment behavior of the actual persons in poverty"?

Senator Jones said, "I think if we can change behavior -- this is something that we have control over because it is something that is funded. That way we change those areas of our cities where crime is high".

Representative Bryant, interjected, "I could even see if we there is a way that if people reduce their crime rate could they get a first chance at a CDBG. Could it increase their points? If The community worked together to reduce some findings, eg. crime calls, etc., could they be rewarded for that – individually or as a community".

Representative Bryant recognized Sharnese Ransome, NC Department of Health and Human Services, for a comment.

Ms. Ransome suggested that the committee may want to double check in terms of the authority. She stated that, "Traditionally, public housing authority does not lie under the jurisdiction of the General Assembly. There are public housing authorities and then there is public housing authority under the local government. ...the legislative body may not have that kind of authority to legislate that kind of a right, it might be one of the local partners or federal partners".

Senator Jones responded to Ms. Ransome that he was looking at the General Assembly went to our federal cohorts and ask that North Carolina be a site for these incentive programs."

Representative Bryant added, "My idea was to look at the whole idea of incentives, what are the pros and cons; are they considered a best practice; have they been found to work; and is there a way to appropriately take that idea and weave it in somewhere and to get results. I do think it is important to look at two sides. One is the systemic side that sets up and perpetuates poverty and then on the other side we have people who have been the targets of that for generations and what will help the people who are the targets of

poverty to do as much as they can to alleviate it. It can't all be done from one side without at some point becoming oppressive and ineffective, so we have to have a two-handed approach. I like Senator Jones' wisdom in that, that he often thinks from this side of what can we do in our communities to get what we need happening.'

Senator Jones' asked, "Have we asked anybody who sleeps in a box to come by and ask why do they do what they do or do we just take for granted? I always like to ask a person, why you do what you do".

Mr. Crocker added, "That is a good question, I can tell you, that I don't know if this is happened on the state level, but I can tell you locally Winston Salem, on their effort to prevent homelessness, if you will, there are direct interactions with those that are sleeping under bridges sleeping in boxes that talk about why they are on the bridges. So that work has been done but on a local basis, whether that has been elevated to inform anybody on the state level, I don't know".

Representative Bryant said, "I think that is a good point, we can make that recommendation when we go back at 11:00 am that the Commission look at hearing from people who are poor instead of us sitting around talking about people who are poor."

Representative Bryant says, "I know Co-Chairperson Pierce would like to do some regional public hearings and that would also be a time to hear from people regionally but it doesn't mean at our state-wide meeting we could not bring people we know from our own communities in to do that".

Mr. Morris shared, "There are across the state and there are many communities that have formed committees to eliminate homelessness in "x" number of years. In the Orange county area it was in 10 years and they have done a lot of work. They got input and they have plenty of people who are homeless who are serving on those committees. There are men, women and children in that group".

Ms. Ransome said, "We have an office within our department that coordinates housing and homelessness that work with partners in an effort to bring in the federal dollars."

Rep. Bryant said that, "More importantly if those programs could get us the actual recipients and have them come in and talk with us that is where Senator Jones is going. Eventhough, we surely want the program information too".

The next item on the agenda was presented by Representative Bryant, **Survey Questions For State Agencies**. *(Attachment 5).* "These are questions that we would like to send out to each of our state agencies. We have five questions we wanted to ask," she said.

1. Please provide a program inventory for each program within your department designed to reduce or alleviate poverty' She added the following statements "Or that has a signficant impact of reducing or alleviating poverty".

2. Program List: under "income level" she wanted to add "income level requirements", "other eligibility requirements" and "poverty reduction and alleviation strategy employed:" and maybe list some categories.
3. Please list any specific programs within your department that would be priority programs for reducing or alleviating poverty?
4. This one was picked up from a question that Rep. Pierce usually asks, " do you have programs focused in the high poverty counties covered by the poverty reduction committee?" even if they aren't thinking of them as designed to "alleviate poverty."
5. What would you recommend to the Study Committee short-term? Long-term?

This is what we were thinking about sending out to some appropriate list, using our Liaisons as a way to get these questions out and get a response.

Ms. Ransome shared the DHHS process from the point that when a client comes in, they are already in poverty status. DHHS is not reducing poverty but addressing poverty that exists. We won't be able to give you a lot when you talk about reducing or eliminating poverty."

Representative Bryant suggested another verb is needed, such as "addressing the need."

Ms. Ransome suggested it should state "alleviating that condition" because they are already in poverty.

Representative Bryant agreed and suggested that "reduce, alleviate or address the needs of poverty be added".

Representative Bryant stated, "...basically right now you are maintaining people in poverty ...and our goal would be to get to the day when we raise this question your answers are 'alleviate' and 'eliminate' and not 'maintain'. But right now we have all of the above, but I think you make a very good point".

Mr. Thomas Caves, Crime Control and Public Safety, asked Representative Bryant, "Of these counties that have been identified here are these targeted counties that this work is designed for".

Representative Bryant replied, "Yes, the work is for the whole state but under the commission for the Poverty Reduction Economic Recovery committee it targets these identified counties of persistent poverty".

Representative Bryant solicited the Committee for their thoughts about these questions, support, and feedback about this strategy.

Ms. Morris-Anderson said, "It is intended that all state partners would receive this survey, so there would not be an issue unmet?"

Representative Bryant responded, "Correct, we will send it to all state departments. They may send it back saying that is not what we do. Because one of the commissions in Melanie's summary looked at the various outcomes of these various plans and made periodic reports on what's working and what's not working on the programs that reduce and eliminate poverty".

Mr. Caves supports the suggestion to send the survey to all support agencies. He said, "I think every state agency has programs that maybe don't deal directly with preventing poverty but deal with the by-products of poverty – low performance in school that may be affected. He said his agency is concerned with fighting crime in the economy".

Senator Jones asked Mr. Caves, "With the weather we're having right now is the state doing anything to help people in the cities and counties." He said, "I would think this is an emergency to have people out in the cold weather".

Mr. Caves responded by saying, "We tend to rely on the county to relay the request to us if they need resources from the state and we handle those requests on a case by case basis. He offered to pull more detailed information together regarding what the state is doing to combat the cold weather emergencies particularly in the low-income and rural areas in the state".

Senator Jones was recognized for another comment. "I don't know of anything we do to help someone in a tornado or hurricane other than opening shelters. Anything else the state has done to assist these folks"?

Mr. Caves said, "That he is not aware of any specific instances where they have done that yet but he would be happy to follow-up on that."

Representative Bryant stated, "That often in her community sometimes because of cold weather shelters do open up".

Mr. Cave added, "As with any disaster, if the local governments and the local government offices don't have the resources they need to deal with whatever is going on in their county they can pick up the phone and call the State and try to get their resources."

Mr. Cave indicated that there are a variety of emergency management programs that funnel through the State Division of Emergency Management that promote emergency preparedness. He will be happy to provide any information needed.

Ms. Ransome indicated that DHHS does receive emergency monies for heating assistance annually and often additional monies for extremely cold conditions. The check goes to the vendor and not the family. In limited situations it will go to a family for i.e. people who burn wood and because they are buying it from an individual who sells wood. But normally if its gas or electricity or any of those two, it goes to the vendor.

Representative Bryant asked Ms. Bush to present the update on **Public Health Insurance in North Carolina**. This is a quick summary of recommendations around healthcare. *(Attachment 6).*

Representative Bryant asked, "We see how many people are enrolled, are there waiting lists, how many more thousands of people do we know are eligible if they could get in or is this everybody who needs it?"

Ms. Bush responded, "Certainly it is not everyone who needs it... The NC Institute of Medicine projects the number of people that are uninsured that could qualify for Medicaid or CHIP. It just means that they have to enroll. If they choose not to enroll or they don't know about, then, it is undersubscribed. The projected number of eligible uninsured is increasing. The NC Health Choice program is different from Medicaid. Medicaid if you're eligible for Medicaid and you sign up for Medicaid you will get Medicaid and North Carolina pays for it, regardless. North Carolina Health Choice is a different program where North Carolina sets up the money to funnel down from the Feds, but it is limited based on that amount of money."

Representative Bryant asked, "Have we spentout"?

Ms. Bush said, "We are spending the amount of money that we have allocated. So, North Carolina has put up "x" amount of money for Health Choice, we serve 132,000 children. There is available federal money being left on the table but North Carolina would have to put up additional state dollars, I think it is 1.68 million dollars, to draw down the additional federal dollars."

"When you say it is left on the table, we didn't budget that money, or we budgeted and we're holding it", Representative Bryant further asked.

Ms. Bush said, "We didn't budget."

Representative Bryant asked, "But we could get this federal money we're leaving on the table get if we were willing to make that expenditure."

Ms. Bush said, "That's correct". "According to the email I just received 5 minutes ago, 1.68 million dollars to draw down 7 million dollars and that would serve about four thousand more children".

"And we know that we have live breathing bodies of children that would sign up if we spent that money," Representative Bryant asked.

Ms. Bush replied, "I believe so."

Mr. Crocker asked Ms. Bush if this was a new program?

Ms. Bush said, "It was a new program, it was passed in 2007. I want to say. But unfortunately it's placed on hold because it would require a federal waiver for that program, and it would also require a significant amount of money that has been re-budgeted."

Representative Bryant said, "Given the situation, we're facing a Medicaid crisis, correct"?

Representative Bryant thanked the committee and asked for comments. "Melanie gave us a way we could go, housing, health, work support and child poverty. We can look at going forward with one of the four areas in our next meeting or I am open to other suggestions.

Representative Bryant recognized Mr. Emmrich for a comment.

Mr. Emmrich stated that, "This may or may not be part of this committee's charge but Joe Crocker made a good point. There are different efforts going on for many, many years as Ed pointed out and we might want to take a look at that. For example, there is an organization in Chapel Hill right now MDC as a direct result of these efforts and they may very well have some of that history. I would encourage as we go forward to take a look at that."

Representative Bryant said, "Good point. We will start with that at the top of our list next time to look at who we may reach out to give us some of that history piece and maybe move into one of these other substantive areas a little bit."

Mr. Morris was recognized for a comment. He said, "This focuses more on what the recommendations for this task force and the full committee might be. It is important to set targets because you have to have a vision or incentive of where you want to go even if you don't get there. When you're dealing with poverty, it is a complicated setup of factors that influence and affect people in poverty. ...In an environment like this where there is so much competition for scarce resources and there will be even more scarce resources in the fruit that don't require much money. There could be policy changes that could be written. Because when you have a little bit of success that provides incentives for people to get the message and get more engaged. So we might think about that when we start making our recommendations about what we want to pursue. I can assure you in this environment when unemployment is as high as it is, in the next year or two there are more people eligible for Medicaid. There is no doubt about it. There is a recommendation, healthcare is important, that won't be implemented until 2014. That might be the place to start.

Representative Bryant said, "We definitely will be looking at health. It is about how we sequence it, so that is how we will look at it."

Mr. Crocker said, "On child poverty, I would recommend that we ask Bob Bradley from Action from Children to come. He would be a great resource for any information on child poverty for the children of North Carolina".

Representative Bryant asked Ms. Matrone to find information on incentives within her network. She also asked Ms. Ransome to look in the social service arena too for any use of incentives. She wanted information specifically on how they are used, pros and cons, etc.

Ms. Matrone stated that she would be glad to do that.

There being no further business, the meeting was adjourned at 11:00am.

Respectfully submitted by:

Representative Angela Bryant	**Karon Hardy**
Chair	**Committee Assistant**

Attachments:

Agenda *(Exhibit 1)*
Visitor Registration (*Exhibit 2)*
State Initiative Charts *(Exhibit 3*)
Summary Notes and Additional Research *(Exhibit 4)*
Survey Questions For State Agencies *(Exhibit 5)*
Public Health Insurance in North Carolina (*Exhibit 6)*

DRAFT MINUTES

SUBCOMMITTEE ON POVERTY REDUCTION AND ECONOMIC RECOVERY ON STATE PROGRAMS

Tuesday, February 2, 2010
9:00 A. M.
Room 425, Legislative Office Building

The Legislative Subcommittee on State Programs met on Tuesday, February 2, 2010 at 9:05 A.M. in Room 425, at the Legislative Office Building. The following members were present: Sub-committee Chair Representative Angela Bryant, Subcommittee member and Committee Chair, Senator Edward Jones, and Public members Joe Crocker, Manfred Emmrich, Tina Morris-Anderson and Johanna Reese. Committee staff Melanie Bush and Committee Assistant Karon Hardy were in attendance. The Agenda and the Action Plan ***(Attachment 1)*** and the Visitor Registration ***(Attachment 2)*** are attached hereto and incorporated into the minutes.

Representative Angela Bryant, presiding chair, opened the meeting with introductions and welcomed everyone. The Committee members and research staff introduced themselves. Representative Bryant recognized the Sergeant-at-Arms and her Legislative Assistant, Karon Hardy and all guests present. She informed the Committee that today she would go over a tentative action plan that she and the staff put together for review. She explained that this is the map and not the territory, therefore things could change. The following will be covered today: housing, healthcare and income and assets with presentations regarding the Division of Medical Assistance, the Housing Trust Fund and Individual Development Accounts (IDAs). In March, we will discuss poverty reduction targets, work supports, child education and childcare, food access and sub-committee recommendations.

First on the agenda was Dr. Craigan Gray, MD, Director of the Division of Medical Assistance. Representative Bryant introduced him and welcomed him to the podium. Dr. Gray gave a presentation on North Carolina Medicaid and North Carolina Health Choice, which are health safety networks for particular low income populations in the United States. Medicaid is a health insurance program for needy people that meet certain income criteria andis governed by Title 19 of the Social Security Act. Services provided under Medicaid are paid for with federal and state funds. North Carolina Health Choice is not a Medicaid program but it is administered by the Division of Medical Assistance for uninsured children ages 6 – 19, who do not qualify for Medicaid and whose families are under 200% of the federal poverty limit.

The two major eligibility areas for Medicaid are: 1. Aged, blind, and disabled. 2. Families and children. The eligibility for Health Choice is: 1. The income limit is 200% federal poverty level. 2. Families with income above 150% of the federal poverty level

must pay an enrollment fee of $50/child up to $100 and other cost-sharing. He also shared information on "pregnancy homes" (i.e. a medical provider assignment for a cohort of Medicaid pregnant women to efficiently achieve cost savings and healthful outcome goals). ***(Attachment 3).***

Representative Bryant asked the Committee if they had any questions at this time for Dr. Gray.

Senator Jones asked, "How many "pregnancy homes" are there in North Carolina?"

Dr. Gray replied, "This process is in the early stages of development, it is a brand new idea that we are introducing into Medicaid".

Representative Bryant asked, "What is a "pregnancy home" and how does it work".

Dr. Gray responded, "A women is established in the pregnancy at a particular medical office for a flat rate from pregnancy to delivery in an effort to raise fees and control costs at the same time.... In this program, the Division asks the physicians to focus on four clinical parameters:

1. Pregnancy risk management
2. No elective inductions before 39 weeks
3. Reducing the c-section rate by at least 3% or at 24% holding it
4. Introduction of the 17 pea project to reduce premature labor

The Obstetrician would join the Community Care Network and the Community Care Network evaluator/monitor would come into that office once or twice a year through the Area Health Education Consortium (AHEC) relationship that they have and do an on-site chart review to see that they are following those 4 clinical parameters that we've set up to measure the outcomes. Since we will be able to review their charts, it will also reduce the hassle factor in our preauthorization for ultrasound for obstetrical patients. Those are the main problems that Medicaid has seen in the obstetrical practices across the state so we are addressing those directly to reengage those doctors into care for Medicaid women".

Representative Bryant asked, "Have you gotten feedback as to whether the doctors are interested in this approach?"

"Yes." Dr. Gray said. "That process takes a while. I am meeting with the North Carolina Obstetrical and Gynecological Society and have already had meetings with the North Carolina Medical Society. So that process is beginning."

Mr. Crocker asked Dr. Gray if his division has a way of assisting doctors or clinics in rural Tier 1 or poor areas who may want to expand their practice and they see everybody regardless of their ability to pay?

Dr. Gray replied, "No, Rural Health would be the folks that could potentially do that. Medicaid is limited by our Federal Partnership to taking care of those patients that are Medicaid eligible only through a fee-for-service or capitated arrangement."

Representative Bryant asked about how they work in coordination with these other entities in Department of Health and Human Services, (DHHS), that address Rural Health and community health centers that are related to your ultimate outcome-based goals?

Dr. Gray stated that his Division has a very strong relationship with rural health in managing that process. Rural Health is the group that has the direct relationship with the local community care partners and they also have contracts with us. The Division is coordinating the efforts between federally qualified rural health clinics which are basically free entity clinics and the Medicaid reimbursement project for those Medicaid recipients for whom the providers will be reimbursed through that process.

Rep. Bryant asked the Committee if they had any further questions for Dr. Gray.

Mr. Emmrich asked for clarification on Community Care partners?

Dr. Gray said, "Community Care partners started in the '90s as so-called Project Access, Community Access, they have varying names, as grass roots physician-driven organizations,501(c)(3) s, to begin management of healthcare at the primary level locally. There are 14 networks across the state of primary care physicians, family doctors, some internists and pediatricians, that make and introduce standards of care across the state at the local level through case management and internal reviews to actually improve the level of quality of care at the bedside. It is a national model and has received recognition across this country as being extraordinarily innovative mainly because its from the local community up rather than being imposed from the central facility down, as an HMO. It is a managed care company.

Representative Bryant asked what is the downside of the "community care system"? Are you aware of any?

"I don't think they are moving fast enough. But they are working vigorously to come up to speed in several other very important areas. One thing is the 646 waiver at cost. Where they look at a coordinated effort in managing the aged, blind and disabled population," Dr. Gray explained.

Representative Bryant said that one concern she had was the 14 networks. They are huge but not like each county. I had a scare about this group taking over case management and then somehow moving out the health department, the community- based agencies that have provided for example: the care for pregnant women that had at least brought us the improvement, that albeit may not be good enough that we were beginning to experience. So what is the status of case management and what are we losing when these partners move in and take over the roles particularly in small counties and rural areas that community-based agencies were successfully engaged in?

Dr. Gray says that the news of the case management's death has been highly exaggerated. CCNC (Community Care of NC) is not taking over the case management function in totality. It is acting, however, as a coordinating body between the Local MentalHealth entity, (LME) and the Public Health Maternal child coordination. They are pulling those two groups closer in and setting up a coordination process within CCNC which will coordinate the information from the mental health provider with the maternal health provider. Here to for, there has been no communication between them. So we have a pregnant woman who is schizophrenic but managed and the maternal child coordinator doesn't know that and there are medication problems that need to be considered. We

have all of these chopped up case management process and what CCNC is doing for us is taking down all the walls between those so that there will be free coordination.

Representative Bryant asked Dr. Gray what his recommendation would be for the committee to focus on to eliminate and reduce poverty and not have it worsen in the short fall that they are facing with Medicaid. What should be focused on in the short session?

Dr. Gray encouraged the Legislators to examine the system of health care delivery within the state. Also, engage the department and the division in designing what it will look like in the future. He said to make sure that whatever cuts have to be put in for this coming year continue to serve the greatest number of people with the greatest number of problems. To make this budget balance, another billion dollars needs to be taken out of Medicaid. He said it has to be done in such a way that it doesn't destroy the health care delivery system that we have.... We need to be very careful as those cuts are implemented that we don't do what we're at risk of doing which is destroying a system that has been very functional across the state for 40 years.

Representative Bryant opened the floor for questions from the audience regarding what would be helpful for the Committee to focus on?

Dr. Al Wentz, Director Northampton County Department Social Service, asked two questions, the first regarding underserved Medicaid recipients and the second regarding the increase for eligibility for S-CHIP and left it up to the state?

Dr. Gray explained that the S-CHIP program is different from Medicaid in that it is not an entitlement process and there are budget limits on that. He further explained that Medicaid is made up of certain core mandatory requirements and then there are optional services that sit to the side. Those optional services encompass more of the spending than do the mandatory pieces. We are looking at the optional pieces to see where we can reduce or eliminate and not damage the basic fundamental care that is provided across the state. Medicaid looks differently than does the standard that you and I might hold. We are trying to keep the central core solid and fixed as we are required to move these services down to meet the budget requirements.

Dr. Wentz had a follow-up question regarding preventive care for overweight children?

Dr. Gray said, "Yes, that comes from our pediatricians within the state. I will be addressing the Pediatricians at their meeting in Greensboro on the 12th and the 13th ....

He said they set health policy and they do health practice. They see the patients face to face on a daily basis. They would have to do drive this process through our encouragement in providing preventative services.

Dr. Wentz asked Dr. Gray in regards to recommendations to inquire with his own folks as to any possible recommendations that the overall commission could make to the General Assembly to support the cause of what he's seeking .

Dr. Gray said that the Department of Public Health and local Health Departments are the strongest partners. They have contractual arrangements with each of those local health departments to accomplish the preventative care that is needed.

Representative Bryant recognized Rob Thompson, Director of the Covenant for North Carolina for Children.

Rob Thompson, gave brief remarks regarding the enrollment in Health Choice.

The next item on the agenda included a presentation by Bob Kucab, Director of State Housing Finance Agency. He gave a presentation on the North Carolina Trust Fund. ***(Attachment 4).*** He provided information on housing issues and lifting people out of poverty. The Housing Finance's work extends to all 100 counties. They partner with a number or organizations to provide housing. He covered 3 points about the trust fund:

1. It lifts people out of poverty
2. Creates jobs
3. Leverages and builds wealth

Representative Bryant asked Mr. Kucab how would an increase in the budget would help the committee to reach their goal in poverty reduction and elimination?

He replied, "It is a very strong way to lift people out of poverty and it is a great investment. If a dollar is invested it produces $4.00 of results."

Representative Bryant recognized the Committee for questions.

Senator Jones asked Mr Kucab, "If there were rewards in place to encourage low income people to in affordable housing to engage in positive behaviors, e.g. keeping the property up and avoiding police calls, etc.?"

Mr. Kucab stated that approximately $6 million has been brought in for housing counseling through federal grants that has helped organizations with landlord/tenant issues and helping tenants become better tenants. Also many housing credit properties (the apartment communities) and management companies run programs for youth and incentive programs for adults so that rents are paid on time and children are recognized and rewarded for doing well. He offered to provide the Committee with more information on these programs.

Mr. Crocker gave accolades to Mr. Kucab and his agency for doing a great job.

Representative Bryant asked how the state appropriations play a part in it.

Mr. Kucab, said that the Trust Fund is involved in about $4 - 5 million of real estate development each year. They operate a range of programs using bonds, credits and appropriations. The trust fund is a very important piece of leverage that allows us to use the capital to reach lower wealth citizens. Those housing funds would be invested anyhow but it would go to a higher income category without the trust fund. The trust fund is the link to help us reach low income housing, the elderly and people struggling to maintain their homes.

Representative Bryant requested a follow-up that shows the overall investment and how the trust fund makes the leverage happen in an outline form, as well as map showing the impact of investments in the targeted counties.

Mr. Crocker was recognized for a question: Does the Housing Trust Fund do anything for inmates who may have a job but are having trouble finding a place to stay?

Mr. Kucab responded that they are developing in partnership with a local organization in New Hanover County on prisoner transitional housing. It will help prisoners to transition to permanent housing by having an area where they can establish their tenancy and stability and have the ability to move on.

Representative Bryant recognized the audience for comments and questions.

Mr. Bill Rowe, with the North Carolina Justice Center, commented on his support of the Housing Trust Fund and its importance as an investment because of the comprehensive way that housing helps people into economic recovery. Senator Jones thanked Bob Kucab for what his organization is doing to help his district.

Dr. Al Wentz asked if there were any stimulus funds available to the Trust Fund.

Mr. Kucab replied that the stimulus funds are really available to help move housing forward that has been stalled because there are not any investors in housing credits or housing bonds. There is some money for work with the Division of Community Assistance on the resale of foreclosed vacant single family homes

Dr. Wentz also asked if there were any programs that target impoverished counties.

Mr. Kucab said, "We do an assessment of where our investments are made state-wide and we ensure that we are addressing pockets of poverty". He went on to say that the East receives a proportionate share of any program that is operated.

Representative Bryant asked if there was any connection between housing expenditures and development, and the Medicaid budget of expenditures and what the impact is on healthcare either by elderly and disabled housing?

"No, that has not been done yet, but it will be looked at," replied Mr. Kucab.

Representative Bryant introduced Mrs. Tina Morris-Anderson, Director of Research and Policy.

Mrs. Tina Morris-Anderson presented on the Individual Development Accounts (IDAs) program. She gave the history of the IDA program, defined what an IDA is, the qualifications, how it is funded and the benefits of participating in the IDA program. ***(Attachment 5).*** They promote the following:

1. Economic self-sufficiency
2. Stability in work life
3. Stability of family life
4. Create family futures

Representative Bryant asked about the amount of money involved.

The IDA program has received several million dollars when federal and state dollars are added together. She stated that there are 23 agencies across the state that are receiving funding and serving 43 counties across the state. The funding sources include Federal (Assets for Independence), state appropriations, Grants, TANF, CDBG, NCDOL, and the NC Housing Finance Agency? There are 400 persons enrolled in the program and approximately 325 persons can be served with the 2 grants that are in process. She showed a map that indicates the counties that are being served by an IDA program.

Representative Bryant asked Mrs. Morris-Anderson to provide the following:

1. A map that can show which counties the 400 account holders are actually in.
2. Information on how do they determine how they are working or not, or if they are accomplishing the task.
3. Information on request that account holders have been making for money.
4. An update on CDBG investments and prior legislative requests for funding of this program and the results. (double check the tape to make sure these are the requests – thanks)

Representative Bryant recognized the Committee for final questions and comments.

Mr. Crocker asked if a representative from Action for Children could be at the next meeting. Representative Bryant asked staff to see if that will fit in at the next meeting.

Representative Bryant asked the committee to review the Minutes for January and February and to be prepared to adopt both at the next meeting.

Representative Bryant would like one of the interest areas to be discussed at the next meeting about food access for low income communities.

There being no further business, the meeting was adjourned at 11:00am.

Respectfully submitted by:

Representative Angela Bryant	**Karon Hardy**
Chair	**Committee Assistant**

Attachments:

Agenda *(Exhibit 1)*
Visitor Registration (*Exhibit 2)*
Medicaid and North Carolina Health Choice *(Exhibit 3*)
Housing Trust Fund *(Exhibit 4)*
Individual Development Account *(Exhibit 5)*

North Carolina Work First Program

March 2010

Work First Caseload

- As of March 1, 2010 the Work First caseload is 25,824 with 52,066 individuals
- Over the past year the Work First caseload statewide has decreased by 334
- 68% of the total caseload is child only cases
- Average Work First payment is $215

Subsidized Employment

- **Subsidized employment** means employment for which the employer receives a subsidy from TANF, MOE, or other public funds to offset some or all of the wages and costs of employing a recipient.
- Currently there are 5 counties providing work subsidies for Work First families. (Burke, Cumberland, Orange, Robeson, and Sampson)

Barriers to Employment

- Transportation
- Child Care
- Little work experience
- Less marketable skills
- Criminal, mental health and substance abuse issues

Recommendations

- Enhancing transportation services in rural areas
- Having child care readily available
- Creating opportunities for work experience thru subsidized employment using ARRA funds
- Enhancing work skills thru training opportunities such as the 12 and 6 program thru the Community College
- Ensure communities have appropriate services available

Legislative Committee
Poverty Reduction and Economic Recovery
Division of Child Development Considerations
March 2, 2010

North Carolina is a strong advocate of subsidized child care to support working families through the investment of over $400 million annually in child care services through state and federal dollars combined. Listed in this report are items to be considered by the Poverty Reduction and Economic Recovery Legislative Committee members.

Child Care Subsidy Expanded Eligibility Policies

Temporary Subsidized Child Care Policies were created effective SFY 09-10 to expand eligibility criteria to serve additional target populations to address the current economic crisis. These temporary expanded eligibility policies include the following.

- Extend the current 30 to 60 day job search policy up to 6 months when recipients experience a loss of employment;
- Provide applicants upfront job search up to 6 months that lost employment on or after October 1, 2008;
- Provide job search for recipients who completed school and are entering the job market;
- Extend the 24-month post-secondary education time limit to 36 months for recipients who lost employment since October 1, 2008, or otherwise need additional training to enhance marketable skills for job placement and who have depleted the 24-month allowable time for education.

There have been 1251 children served this SFY 09-10 to date through extended benefits to support seeking employment and 50 children served through extended benefits to support education and training needs. The total cost to serve these 1301 children is $1.1 million.

Subsidized Child Care Policy to Support TANF Self Sufficiency Goals

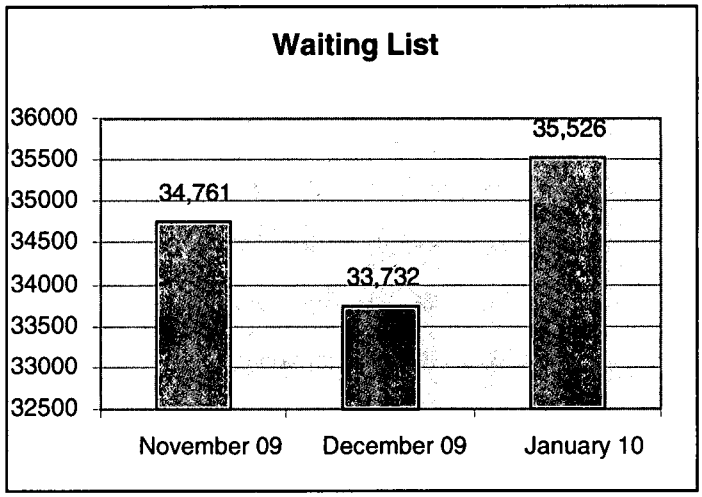
Current policy encourages the county departments of social services child care staff to prioritize Work First recipients to receive child care assistance to support education, employment and employment activities. This was designed to provide ongoing support of the goals of the Work First Program. North Carolina is fortunate to receive $157.8 from the Temporary Assistance for Needy Families (TANF) Block Grant for this SFY 09-10. These funds along with other state and federal funds are blended at the state level to provide seamless services to the low income working families of our state. See chart in attachment 1.

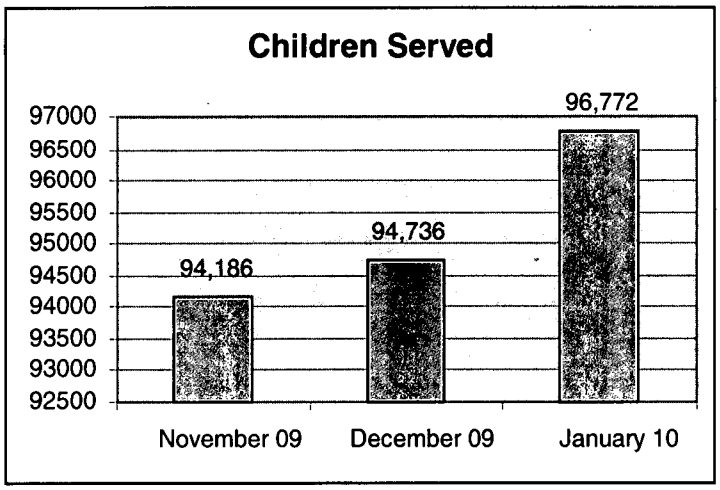
Market Rates Impact Quality Child Care Services

Market Rates build a financial basis for child care providers to offer higher quality services through competitive salaries to maintain a more stable work force. Staff turn over in the child care field occurs as staff increase education levels and seek compensation that reflects their commitment to career development and the ability to provide higher quality care. The last time a Market Rate increase was implemented occurred October 1, 2007.

Waiting List Numbers

The child care waiting list continues to be a concern even as additional children have been served. The chart below reflects recent waiting list numbers and service level numbers.



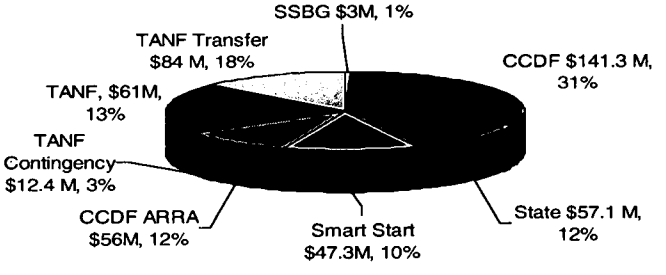


As the economy rebounds the need for services continues to rise. With the $56 M in ARRA funds slated to be discontinued at the end of the FFY 09-10 effective September 30, 2010 this creates a concern of sustainability for providing the current level of child care services.

Attachment 1

SFY 09-10 Initial Subsidized Child Care Budget – Direct Svcs.

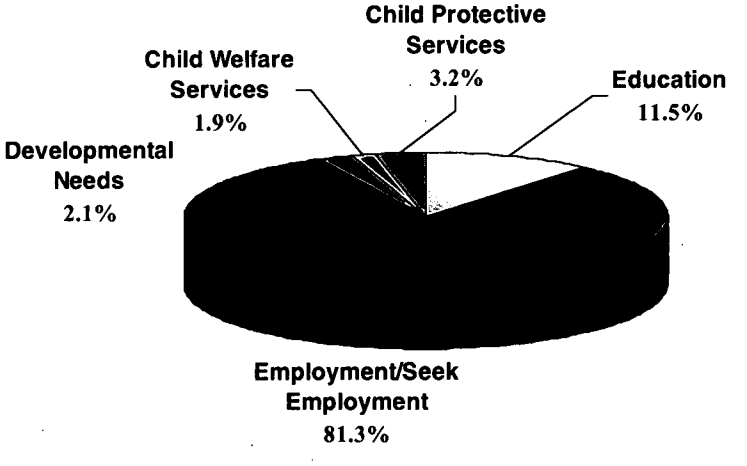
Total State	$ 104.5 M
Total Federal	$ 358.3 M
Grand Total	$ 462.8 M



(Some budgeted amounts changed throughout the year)

Division of Child Development

Reasons Families Receive Subsidized Child Care (SFY 09-10 YTD Expenditures)



Division of Child Development

Attachment 7

The North Carolina Partnership for Children, Inc.

Smart Start : Helping Families Work & Children Thrive

Legislative Study Commission on Poverty Reduction and Economic Recovery: State Programs Subcommittee

March 2, 2010

Susan V. Totty, State & National Support Director

Need to Start Early

The earliest years of childhood are critical. Experiences during this time literally shape the structure of the brain.

"All aspects of adult human capital, from work force skills to cooperative and lawful behavior, build on capacities that are developed during childhood, beginning at birth."

—Center on the Developing Child at Harvard University and the National Scientific Council on the Developing Child (2007)

What is Smart Start?

Smart Start is the "hub" of services for families of young children — ensuring every child has all they need for healthy growth and development.

Working Together to Serve All of North Carolina

In 1993, The North Carolina Partnership for Children, Inc. was created to lead Smart Start. Today, 77 partnerships use public and private funds to serve all 100 counties.

Smart Start Works

- Child care quality has increased since Smart Start began.
- Smart Start-funded activities were positively related to classroom quality.
- Quality was positively related to children's outcomes.

Source: FPG Child Development Institute (2003)

Children from Low-Income Families Receive Better Care

The number of children receiving child care subsidies enrolled in high-quality care increased from:

30% in 4 and 5 star centers in **2001**

to

73% in 4 and 5 star centers in **2009**

Studies show that high-quality early care and education reduces poverty.

High Quality Care Supports Childrens' Development

- Research tells us that children from low-income families often experience long-term stress that impacts the physical development of the brain.
- The work of neuroscientists like Dr. Jack Shonkoff shows that high-quality care with nurturing and responsive caregivers can lessen this impact!

Smart Start Supports Low Income Children in Care

Since FY 2000-2001, Smart Start has put an average of 46%— almost $750 million— of its funding into the subsidy system.

Smart Start Subsidy

- Ensures children are in higher-quality care
- Extends child care to more families for longer periods of time
- Pays for parents in school to receive subsidy for longer periods of time
- Provides care for children whose parents are seeking employment
- ...reducing the stress on families by:
  - Enhancing the long term employment of parents
  - Improving the financial well-being of parents

Early Childhood Education is Economic Stimulus

- In North Carolina, the child care industry generates $1.77 billion annually and provides more than 47,000 jobs.
- It benefits all industries in the state by enabling parents to work productively outside the home.
- For every new dollar invested in early childhood education, the average economic benefit is almost $2.
- For every new job created in early childhood education, the average economic impact is 1.5 jobs.

Smart Start Recommendations

- Support investments to increase and maintain high-quality, early-learning programs
- Expend subsidy funds in a manner consistent with the federal Child Care Bureau's goals: child-focused, family-friendly and fair to providers.
- Expand the State Children's' Health Insurance Program (SCHIP)

Investing in the Future

"When we fail to provide children with what they need to build a strong foundation for healthy and productive lives, we put our future prosperity and security at risk."

Dr. Jack Shonkoff, a pediatrician and founding director of Harvard University's Center on the Developing Child

In their own words

STORIES FROM ACROSS NORTH CAROLINA

START

2009 SMART START ANNUAL REPORT

Smart START®

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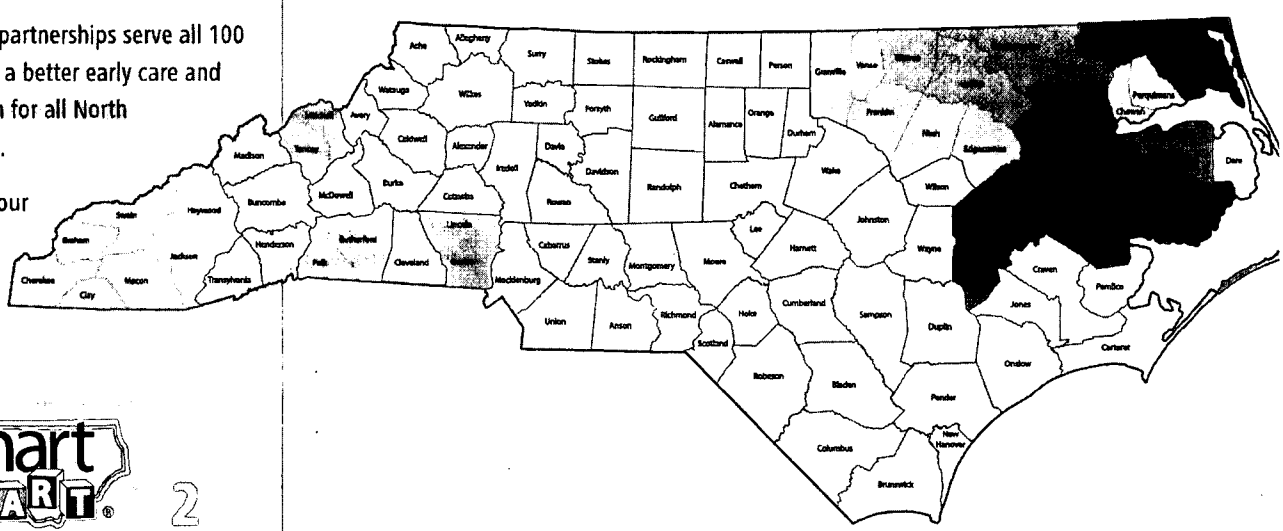
The earliest years of childhood are critical. Experiences during this time literally shape the structure of the brain. Because today's children are tomorrow's leaders, parents and workers, everyone has a stake in making sure all children have the experiences they need to thrive. Smart Start is the system that brings together all the people involved in a young child's life—families, teachers, doctors, caregivers, social workers, and many others—to ensure every child has all they need for healthy growth and development.

Smart Start's 77 partnerships serve all 100 counties to build a better early care and education system for all North Carolina children.

This map shows our multi-county partnerships



A MESSAGE FROM THE BOARD CHAIR AND PRESIDENT

The North Carolina Partnership for Children, Inc.

"I'm working hard to support my family and am pursuing a career in the military. Thank you for every bit of time and money that has been given."

"Without this program, we would still be lost and our child would not be doing as well as he is."

"We pray that every county can have the same opportunities for their small children."

These are just some of the thoughts shared throughout this report about the value of Smart Start. They get to the heart of our work, making sure all children have the experiences they need to thrive. And because today's children are tomorrow's leaders, parents and workers, every North Carolinian has a stake in making sure Smart Start succeeds.

The earliest years of childhood are critical. Experiences during this time literally shape the structure of the brain. Smart Start was created to make sure all children— including those from low-income families, those with working parents, and those who stay at home with a parent— have what they need for healthy growth and development. We are the system that brings together all the people involved in a young child's life—families, teachers, doctors, caregivers, social workers, and many others—in every county in the state.

Smart Start's role as convener and collaborator is evident throughout this report. The programs highlighted in the pages that follow are the result of communities coming together to best meet the needs of young children and their families. You will hear firsthand from parents about our family support work; from early childhood providers about partnering to improve the quality of child care; and from health care consultants and parents about our efforts to keep children healthy.

For every story you read, there are hundreds of others just like them. Of course, there also are hundreds of others that are in need. Unfortunately, ongoing cuts in Smart Start's funding mean that local partnerships are forced to make hard decisions about which programs they will be able to continue to fund.

Moving forward, let us remember the words of North Carolina's Secretary of Commerce Keith Crisco, "Early education is economic development. It is the best kind."

Ashley O. Thrift

Ashley O. Thrift, Board Chair
The North Carolina Partnership for Children, Inc.

Stephanie Fanjul

Stephanie Fanjul, President
The North Carolina Partnership for Children, Inc.

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FAMILY SUPPORT

Teens N Tots

A positive parent-child relationship builds a child's cognitive and social skills, making him or her better prepared to succeed in school. Smart Start partnerships provide a variety of family support programs that help build these positive parent-child relationships and improve children's overall development.

Teens N Tots is a Smart Start program that helps teenage moms and dads build effective parenting skills so their children can benefit from experiences critical to their development.

"I came to Teens N Tots through a referral from a social worker at the hospital. Anyone can be a father, but it takes a real man to be a dad. Along with learning to be a better father, I also needed a good social support system and found exactly that with this program. I could only imagine the difficulties I would face alone without their support. I am working hard to support my family and am pursuing a career in the military. Thank you for every bit of time and money that has been given. It goes to someone who needs it to help make my family whole. My child and I have benefited greatly from this program and it would greatly affect me and others like myself if it ended."

-Ishmael Quick, Cumberland County

Ishmael Quick is one of 100 parents in Teens N Tots.

PARENTING PROGRAMS

Parents as Teachers

Parents as Teachers is a national, family education program that offers information, support, and encouragement to parents with young children to make sure children develop optimally in the crucial first years of life. Programs may offer in-home visits, support groups, developmental and health screenings, and referrals to community resources.

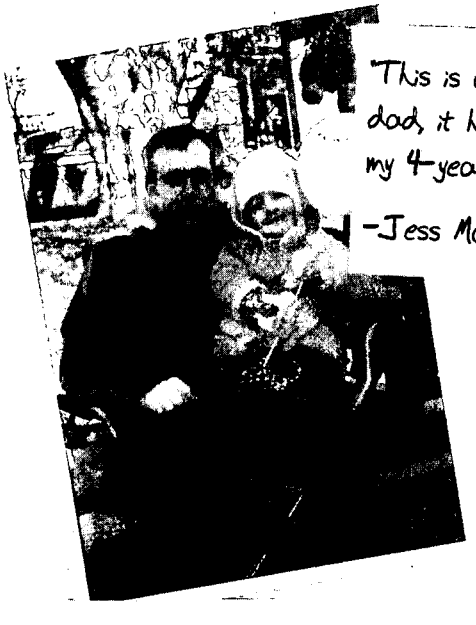
"I have three boys ages 2 to 8. We started the program when my oldest was a couple of years old. I was so grateful to have Melony Mills (a parent educator) come into our home and give us such valuable ideas and lessons on their development. I didn't realize simple learning tasks such as sorting, color recognition, and developing fine and large motor skills could help them in learning to read, write and in preparation for school. I feel so fortunate that a friend told me about the program and I was able to enter (my children) into it well before kindergarten."

-Sharon & Eric Wheelis, Craven County

Sharon Wheelis received home visits from an education professional to make sure her sons were developmentally and socially ready for kindergarten.

Play and Learn

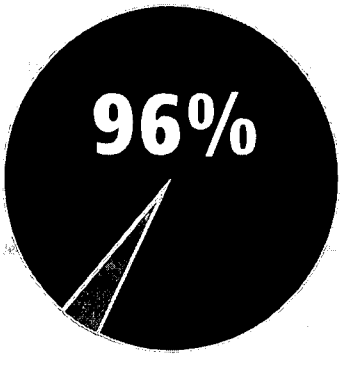
The Play and Learn Group is a Smart Start-funded program for children ages 3 to 5 (who are not in child care) and their parents. Groups meet once a week for six-week sessions to learn pre-literacy and socialization skills.



"This is a fantastic program. As a stay-at-home dad, it has really helped me develop new ideas for my 4-year-old's education."

-Jess McMullen, Buncombe County

Jess and Cora McMullen and **18,269** other families participate in Smart Start-funded family support programs.



Percent of adults in Smart Start parenting skills programs who improved their competence and confidence in their parenting abilities.

SPECIAL NEEDS

Circle of Parents

"As the great-grandmother to a child with special needs, I found that I needed support and information on how to get him services that not only would help him, but would also help me as his caretaker. Isaiah is my 5-year old great-grandson who has a diagnosis of Cerebral Palsy. He cannot talk or walk, but he does have a beautiful smile! Isaiah and I came to the Circle of Parents playgroups when he was 2 years old. He loved coming to the playgroups! Even though he could not run and play like the other children, he enjoyed watching them. The playgroup leaders always had activities that could be adapted for him."

- Helena Clark, Edgecombe County

Inclusion Specialist

"We have had custody of Tyrell since he was 13 months old. When we began having problems with his behavior at about 3 years old, we went to his doctor and were informed that he had ADHD (Attention Deficit Hyperactivity Disorder) and ODD (Oppositional Defiance Disorder).

Keri Gilchrist (a Smart Start inclusion specialist) helped us get the assistance that we needed. Tyrell looks forward to seeing Keri and she has helped the teachers and us with knowledge on his condition and things that we could do to help him at school and home to be able to adjust and develop his skills. Keri also set up an evaluation at the school to establish a plan to help our son when he goes into kindergarten.

Without this program we would still be lost and our child would not be doing as well as he is."

-Tamra Smith, John Laviolette & Tyrell Carter, Johnston County

CHALLENGING BEHAVIORS

Incredible Years

Ten to 30% of young children exhibit challenging behaviors such as having tantrums, not following instructions, and showing aggression. Social and behavioral skills in young children predict their academic performance in the first grade over and above their cognitive skills and family background.[1]

"I really dreaded going to public places with my 2-year-old son. When the slightest thing didn't go his way he'd spin out in temper tantrums and I didn't know how to handle it. With the help of The Incredible Years Program I learned useful tools that have helped to decrease his tantrums.

I make sure to spend quality time playing with my son, teaching him to use words when he is feeling frustrated, and helping him to stay calm. I've been taught to look for the good things my son is doing and praise him for that behavior instead of focusing on the negative.

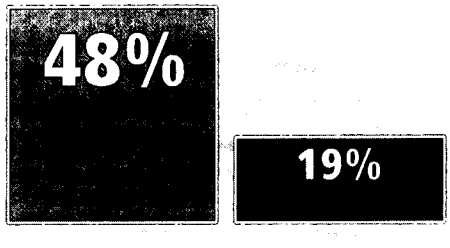
Things are much easier for me now and more enjoyable for my son! I strongly recommend the Incredible Years program to any parent or caregiver who is looking for practical and long-term solutions to challenging behavior of young children. The strategies taught really work!"

-Dianne Lee, Buncombe County

Dianne Lee and son RoKem participated in the Incredible Years BASIC Early childhood program, a 14-week program that emphasizes positive parenting strategies.

Smart Start leveraged state and private funding to receive a significant investment from The Duke Energy Foundation to support the Incredible Years Program. The program helped **145 parents and guardians in eight counties** learn positive parenting strategies to promote children's social skills.

Smart Start leads Incredible Years implementation across the state through other community-based agencies and groups as well. In collaboration with North Carolina's Alliance for Evidence-Based Family Strengthening Programs, Smart Start offers program assistance and evaluation so more families can benefit from this proven program.



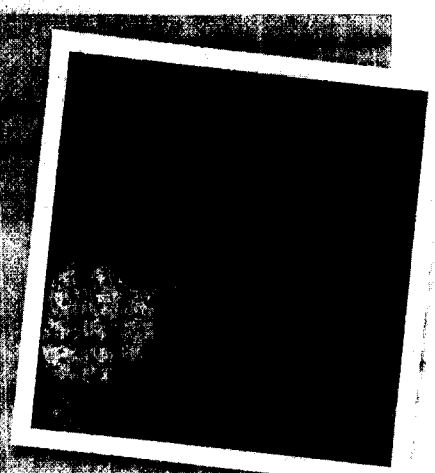
Percent of parents reporting above normal challenging behaviors for their child decreased from 48% before the program to 19% after the program.

[1] *Promoting Social, Emotional, and Behavioral Outcomes of Young Children Served Under IDEA.* Lisa Fox and Barbara J. Smith, 2007.

SCHOOL READINESS

Early Childhood Resource Center

School Readiness Advisor



At least half of the educational achievement gaps between poor and non-poor children already exist at kindergarten entry. The larger the gap at school entry, the harder it is to close.[2]

Smart Start programs work to improve early learning for all children, including children from low-income families and children who do and do not attend child care.

"The Early Childhood Resource Center has been a great source of fun and learning for our children and a huge help to me as a parent. To be able to get toys and books has given them the opportunity to enjoy, learn, and have opportunities that they otherwise would not have had. With my husband being laid off and me not working, buying them toys all the time is not an option. Spending $10 a year on the resource center is so affordable and worth it. We have greatly appreciated the resource center staff for their hard work and kindness to my family. We pray that every county can have the same opportunities for their small children."

-Jennie Morris, Stanly County

"Cindy Rothrock has been our School Readiness Advisor for many years now. Cindy made a board with a dry erase for Joseph to practice his name. He took to writing in no time. She showed him how to tie his shoes and he picked it up quickly. Socially, he has learned a lot and Cindy has been a great help. She has helped me to understand Joseph and that the things he is doing are normal for a child his age."

-Angela Cranfill, Davidson County

[2] Rhode Island KIDS COUNT (2005). Getting ready: national school readiness indicators initiative, a 17 state partnership. Providence, Rhode Island: Rhode Island KIDS COUNT.

PRE-LITERACY SKILLS

Research shows that children whose parents have less than a high school education have lower reading skills.

Raising A Reader is a program that encourages parents with children birth to 5 to read together and take advantage of resources at the public library.

Last year, Raising A Reader helped **831 parents** learn strategies to enhance their children's literacy skills. **Forty-one percent of the children** in the program have parents with high school education or less.

"As Alayna and I read the books that were brought home, we had a lot of time to share our thoughts on what would happen next in the story. The best part of Raising A Reader was that I watched my daughter finger point to the words as we read. As a future teacher, I have been formally trained on how to teach children to read. However, I feel there are a lot of parents that may not have the training to teach their child and this program teaches that important skill. The children are our future and this allowed me time to get my daughter started in the right direction."

- Christie Beach, Caldwell County

With state and private funding, Smart Start secured additional dollars from The Duke Energy Foundation to support Raising A Reader. The **families of children in 63 classrooms across 9 counties received books** and learned how to read effectively with their children to promote literacy skills.

Studies show that in North Carolina, 4th graders from low-income or minority families are less proficient in reading than Caucasian, Asian, and children from high-income families. Raising A Reader served these at-risk children as 33% were minorities and 46% came from low-income families.

Raising A Reader maximizes existing state resources by collaborating with public libraries across the state and encouraging children to check out books on a regular basis.

Raising A Reader

Results show that 82% of parents in Smart Start literacy programs increased the time they spent on literacy activities with their child.

Alayna Beach, shown with her mom Christie, and the other children in Raising A Reader rotated bookbags filled with different books every week.

HIGH QUALITY

Investing in early care and education strengthens families, communities, and the economy. In 2007, North Carolina's child care industry created 47,000 jobs and generated $1.77 billion in revenue—more than the Panthers, Hurricanes, Bobcats, and all spectator sports combined. In addition to employing tens of thousands of North Carolinians, high-quality early care and education programs allow parents to keep working and contributing to our state's economy, knowing that their children are learning the skills they need to succeed in school and in life.

Forty years of early education research show that programs which positively impact children are those with highly skilled teachers, age-appropriate activities, stimulating materials, and a safe environment. Smart Start helps child care providers create these effective, early learning programs by offering professional development, technical assistance, and funding. In doing so, Smart Start has helped elevate the quality of child care in North Carolina, giving children a strong start to their education.

Quality Improvement Grants

Annette Hooten and **3,879 other** child care providers received support to improve the quality of care for approximately **116,040 children. 6,790 teachers** received assistance so they could attend early childhood college courses impacting approximately **86,149 children.**

"I have been working with children in the community for about twenty years. In 2005, I was blessed to be an in-home childcare provider. It has been rewarding. Since opening in 2005, I have received my Associates Degree in Early Education from Lenoir Community College. Also, I'm a 5-star daycare. All of this happened with the assistance of the different grants given to me.

Rewarding me with different grants, you have lightened my financial burden, which has allowed me to purchase more learning materials and playground equipment. Also, the grants assisted me to expand my daycare room. This has helped me to help other daycare providers and students to achieve their goals. Thank you again for your generosity and support."

-Annette Hooten, owner of Destiny's Childcare, Craven County

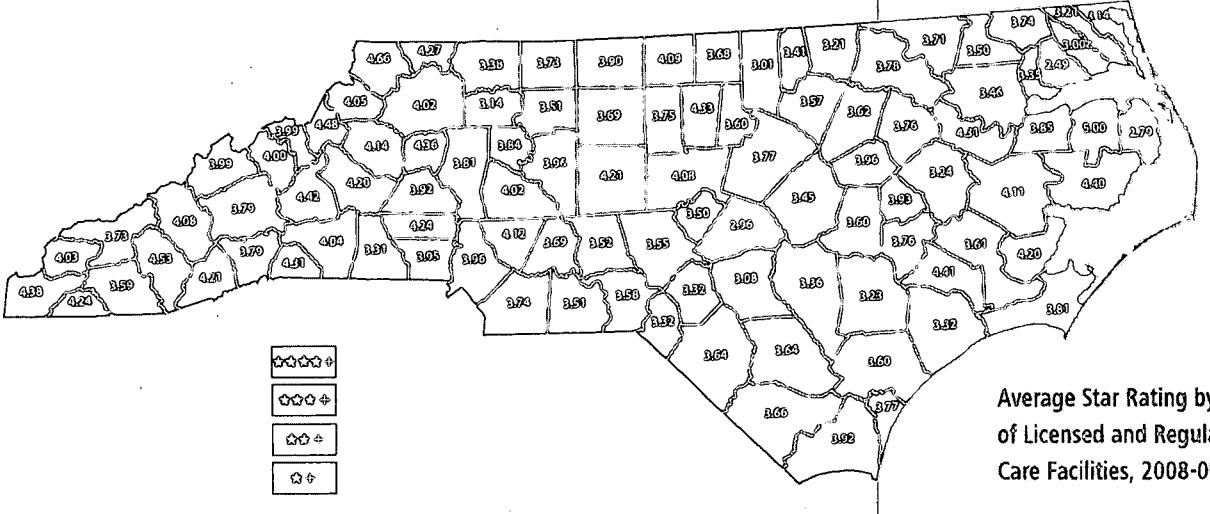
CHILD CARE

Technical Assistance

Smart Start partnerships offer one-on-one technical assistance to improve licensed child care centers and homes. The resulting improvements to lesson plans and class settings improve the quality of care for thousands of children.

"Child Care Services Technical Assistants have assisted us with lesson planning and a curriculum to help us create a better classroom. Advice and assistance with the Early Childhood Environmental Rating Scales is giving us knowledge and confidence so that our assessment will be successful and less stressful. Teachers taking classes online have more time to give to their studies and are successful in classes because of access to a computer and technical assistance with the computer. We appreciate ideas, assistance, knowledge, materials of all kinds that will help us create a safe, fun and educational center for our children."

- Carleen Clark, Director Oakboro Kids Club, Stanly County



Average Star Rating by County of Licensed and Regulated Child Care Facilities, 2008-09

HEALTH

Child Care Health Consultants

Child Care Health Consultant Deanna Matthews (left) taught child care provider Robin Harris (right) strategies to keep children in her care safe and healthy.

Child Care Health Consultants help keep children safe and healthy in child care settings. They work closely with child care providers to establish or improve health policies and procedures designed to prevent injuries and protect children from infectious diseases. They are a resource to staff members as well as families and children.

"My business salutes Gaston County's Child Care Health Consultant, Deanna Matthews. She has truly been helpful to me as a provider and as a business person. Through Ms. Matthews I've learned a great deal about communicable diseases, emergency preparedness and response for child care and other helpful tips. With this information, I was able to properly secure my facility in case of an emergency or evacuation. Ms. Matthews has supplied childcare providers with proper materials/handouts for our parents to help aid in the children's health and well-being."

-Robin Harris, Director at Robin's Nest Child Care, Gaston County

Nurse Family Partnership

Smart Start is part of a public-private partnership to expand the Nurse Family Partnership (NFP) across North Carolina. NFP, a rigorously researched home-visiting program with a successful track record, helps transform the lives of first-time, low-income parents and their children through home visits that seek to improve children's health and development.

Healthy Smiles

The Healthy Smiles project helps children birth to five with dental decay receive dental care and education promoting dental health.

"I have been practicing dental hygiene for over 40 years. I have never personally been involved with a better program that does more for a severely underserved population. The children served receive a prohylaxis cleaning and fluoride treatment and instruction on the correct way to brush and floss their teeth. Most of these folks never get to see a dentist unless it is on an emergency visit to have a tooth extracted. Healthy Smiles has the potential to break the cycle of expensive emergency intervention and replace it with excellent low-cost, preventative dental care. In my eyes, prevention is always less expensive than emergency intervention. We all benefit from preventative care."

-Muriel Carle, RDH, Transylvania County

PREVENTIVE CARE AND EARLY DIAGNOSIS

Approximately 70% of children with developmental delays are not diagnosed until they enter school. Research shows that healthy development is essential to success in school and overall well-being.

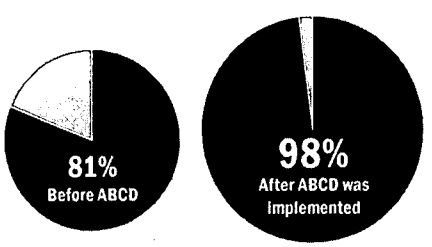
The Assuring Better Child Health and Development (ABCD) program trains primary healthcare professionals to use a standardized tool to identify if children are at-risk for developmental delays. The program helps practices to refer families for more in-depth testing and services, including state-funded therapies, that can help.

In the last fiscal year, ABCD was implemented across **8 counties in 24 primary health care practices that serve more than 9,000 Medicaid-enrolled children under age 6.**

"Our daughter, Addison Elkins, was born February 16, 2007. She was a healthy 9 lbs 6 oz! Around the time Addison turned 1, we began to notice she may be behind in several areas of her development. After speaking with our pediatrician we were referred for further testing. It was determined that Addison needed speech therapy to develop her language and communication skills and occupational therapy to address her sensory integration.

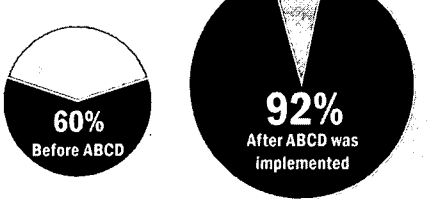
The services my daughter has received have been excellent. There is no red tape. Our coordinator does all the work for us and the therapy provided has been excellent. Most importantly, we have seen huge progress with Addison with her communication, sensory integration, and cognitive development. We are thankful these services are available to children at such a young age because early intervention is critical for children that face these challenges and adversity."

-Amy Elkins, Lee County



(Left) Percent of children who received recommended developmental screening at their most recent well-child visit increased from 81% before ABCD was implemented to **98%** after.

(Right) Percent of children who received a recommended developmental screening at all of their well-child visits increased from 60% before ABCD was implemented to **92% after.**



ABCD

7,270

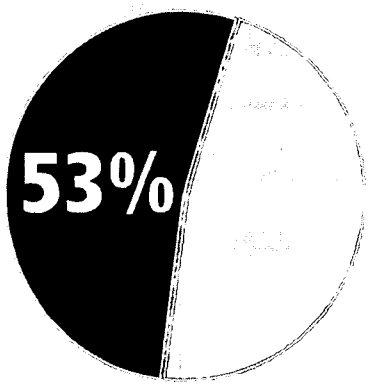
Last fiscal year, 7,270 children with special needs or at-risk for developmental delay received Smart Start health-related enhanced services.

Smart Start leveraged its state and private funding to receive an investment from the Kate B. Reynolds Charitable Trust to expand the ABCD program into Eastern North Carolina counties.

CHILDHOOD OBESITY

NAP SACC

Traci Martin and **child care providers at 89 centers** across the state learned how to incorporate healthy eating and exercise into their programs to prevent childhood obesity.



Percent of the child care centers that significantly increased physical activity, giving children more active play time and better equipment.

The percentage of North Carolina children ages 2 to 4 who are overweight or obese has increased from 22% in 1995 to 32% in 2008 (28,556 children). Children in child care may consume 50% to 100% of their Recommended Daily Allowances while at a child care facility.

The Nutrition and Physical Activity Self-Assessment for Child Care (NAP SACC) program brings state-trained child care health consultants into child care centers to teach directors and staff how to improve nutritional and physical activity practices and policies to benefit the children in their care.

"We at COGIC have completed the NAP SACC Program and now have a deeper understanding about health and nutrition. Children are making their parents take notice of changes we have made at our center and this has impacted their eating habits at home. Little changes like putting water pitchers in the classroom during the day and replacing juice with water at snack time help to slowly change habits. The playground equipment that was purchased from the NAP SACC funding has made a big improvement to our outdoor playtime."

-Traci Martin, COGIC Daycare, Guilford County

Smart Start leveraged state and private funds to receive investments in the NAP SACC program from Blue Cross and Blue Shield of North Carolina Foundation and The Apple Gold Group. Thanks to the program, **4,112 children in 10 counties now receive healthier food options and more active play time in child care.**

- **53% of the child care centers significantly increased physical activity,** giving children more active play time and better equipment.
- **More than half of the centers significantly improved nutrition** practices, giving children healthy foods more often, including water, lean proteins, and healthy grains.
- **Smart Start collaborated with the NC Department of Public Health's Physical Activity and Nutrition Branch** to provide financial support and technical assistance for additional NAP SACC programs. These programs were an important part of the **state's $2 million "Childhood Obesity Prevention Demonstration Project,"** which served **2,400 children** enrolled in **42 centers.**

HELPING NORTH CAROLINA CHILDREN TRANSITION INTO SCHOOL

Collaboration with NC Elementary Schools

Each year, tens of thousands of North Carolina's children from kindergarten to third grade are "held back" and do not advance to the next grade. Worse yet, they will fall far short of what the job market will demand at a time when the new economy places a premium on high skills and the ability to adapt to new technologies.

North Carolina Ready Schools

The North Carolina Ready Schools Initiative, a Smart Start program in collaboration with the North Carolina Department of Public Instruction, helps school systems prepare children for success in many ways, including easing their transition into kindergarten and elementary school. Ready Schools brings communities together by engaging parents, schools, and child care centers in the transition process.

18,235 K-3rd graders held back in FY '07

X

$8,017 Statewide average cost per child

$146,189,995

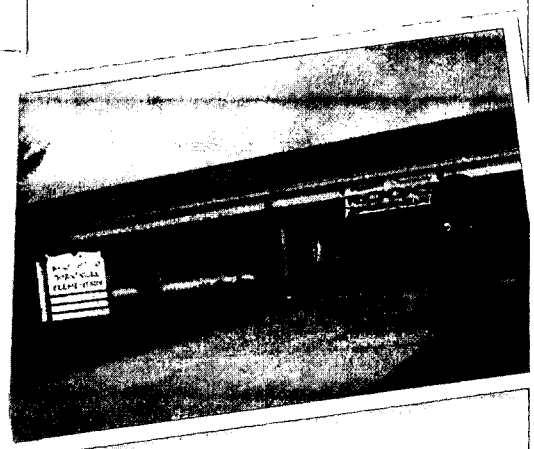
Total cost of an extra year of school

"We feel that the Ready Schools process has benefited us by opening up communication more. Parents feel they have more of a voice in our school. Teachers have been more comfortable talking across the grades to help make the transition smoother for our students.

The biggest impact is the way the preschools in our community feel more open about communicating with our kindergarten teachers. As a result of this, we have been able to introduce some of the preschools to a phonics program that we use called Letterland. Because of this, some of the preschools are actually looking into grant opportunities to be able to use this program as well to help their students have a more successful transition. We have been able to come together as a community to help all of our students enter a school that is ready for them."

-Burnsville Elementary Ready Schools Committee, Yancey County

Diana Robinson *(left)*, a Ready Schools Coordinator and teacher at Bee Log Elementary School in Yancey County **made home visits in the months before school started.** She wanted to ease her incoming students' anxiety and meet their parents. She even raised private money to give each child a kit that included crayons, books, and other materials to get them excited and ready for school.



Over the past year, **27 school systems** and **62 elementary schools** participated in Ready Schools activities, thanks in part to investments from the Z. Smith Reynolds and W.K. Kellogg Foundations totaling $570,000.

Smart Start partners with programs and agencies across the state to implement Ready Schools activities. Partners include More At Four, PreK-5 Council at the NC Department of Public Instruction, the NC Office of School Readiness, the B-K Consortium (representatives of community colleges and universities) and the FPG Child Development Institute.

BUILDING LEADERSHIP AT THE LOCAL LEVEL

Funded by the W.K. Kellogg Foundation, the Organizational Development Department advances a culture of continuous learning and leadership that builds capacity across the Smart Start system. The program helps local partnership leaders by focusing on governance, diversity and inclusion, community engagement, and diversified funding. As part of this work, the department offered partnerships intensive trainings with BoardSource, a consulting service devoted to improving nonprofit governance.

"Historically, the Wake County Smart Start Board has done an excellent job focusing on issues affecting our county's young children and overseeing the organization from month to month. Our interaction with BoardSource allowed our board to assess its performance, pinpoint areas for improvement and implement solutions for continued successful growth. Through BoardSource's encouragement we learned to pay greater attention to long-term issues to ensure the organization's continued smooth operation well into the future."

- David Zonderman, PhD, Wake County Smart Start Board Chair

Zonderman, Board Chair for Wake County Smart Start, participated in trainings designed to strengthen partnership governance to better serve the community.

- The North Carolina Partnership for Children, Inc.'s Board (NCPC) and 22 local partnership boards, participated in an intensive technical assistance process to strengthen their governance, effectively achieve their mission, and become more sustainable.
- The organization as a whole strengthened its capacity to compete for private, federal, and other funding sources.
- NCPC helped Smart Start partnerships expand connections with organizations, agencies, and constituents in local communities that historically may not have been meaningfully engaged with Smart Start.

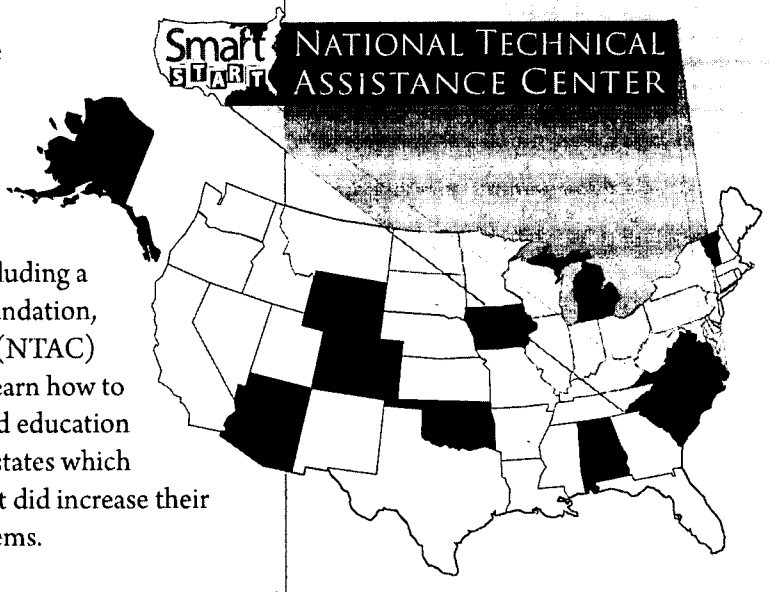
"It is difficult to be successful without a plan for success. The Anson County Partnership for Children Board of Directors fully understands the necessity of such a plan. Our partnering with BoardSource was a wise investment in making our community a better place to live."

- Dana A. Maness, Vice President, Anson Bank & Trust, Anson County Partnership for Children Board Chair

HELPING OTHER STATES BUILD A QUALITY EARLY EDUCATION SYSTEM

Every state in the nation has requested assistance and resources from Smart Start. The federal government has even designed new legislation and grant programs using North Carolina as a model of a high-quality early care and education system.

Thanks to funding solely from private resources, including a considerable investment from the W.K. Kellogg Foundation, Smart Start's National Technical Assistance Center (NTAC) provides technical assistance to states that want to learn how to develop a high-quality, comprehensive early care and education system. Evaluation research shows that the first six states which received technical assistance grants from Smart Start did increase their financial resources for early care and education systems.



Eleven states have received intensive technical assistance from NTAC over the years, increasing resources for early care and education systems.

"As the nation's leader of public-private partnerships to strengthen early learning outcomes for children, Smart Start has been a primary source of policy, infrastructure and professional development support for early childhood practitioners for over fifteen years. The peer learning forums created by Smart Start's National Technical Assistance Center have yielded advances in early childhood policy and program development across the states."

- Susan DeVenny, Executive Director, South Carolina First Steps to School Readiness

"The assistance that Colorado has received from Smart Start's National Technical Assistance Center over the last several years has been instrumental in supporting and growing our systems-building work".

- Scott Raun, Colorado Early Childhood Systems Supervisor.

More than 3,000 people from across the country attended The National Smart Start Conference last May in Greensboro, NC. Presentations addressed emerging issues in early care and education systems.

SUPPORT

For fiscal year 2008-2009, Smart Start was required to raise $21 million to fulfill the 10 percent match mandated by legislation. Smart Start surpassed this goal with cash and in-kind contributions totaling $32 million. Since 1994, Smart Start has brought more than $382 million into North Carolina's early childhood system in cash and in-kind contributions.

The stories included throughout this report would not have been possible without the help of generous donors, corporate funders, local foundations, and along with contributions from the NCPC Board, concerned friends, and staff members who continue to place a high value on early childhood care and education.

Although 2008 brought great economic challenges to nonprofits, Smart Start has been very fortunate that its supporters continue to value the vision that guides its work.

Thank you to our generous donors who have continued to champion the needs of our children. Our corporate stewards and foundations have taken an active role in supporting NCPC. Through significant contributions totaling $50,000 or more, these partners have made it their business to help all of North Carolina's children.

$1 Million +	Program
W.K. Kellogg Foundation	System-wide Capacity Building
$500,000 +	
W.K. Kellogg Foundation	Ready Schools Project
$200,000 +	
Blue Cross and Blue Shield of North Carolina Foundation	Nutrition and Physical Activity Self-Assessment for Child Care Project
$100,000	
Z. Smith Reynolds Foundation	Strengthening Early Childhood Systems
W.K. Kellogg Foundation	Technical Assistance (Alternative Finance)
$50,000	
Kate B. Reynolds Charitable Trust	Assuring Better Child Health and Development Program

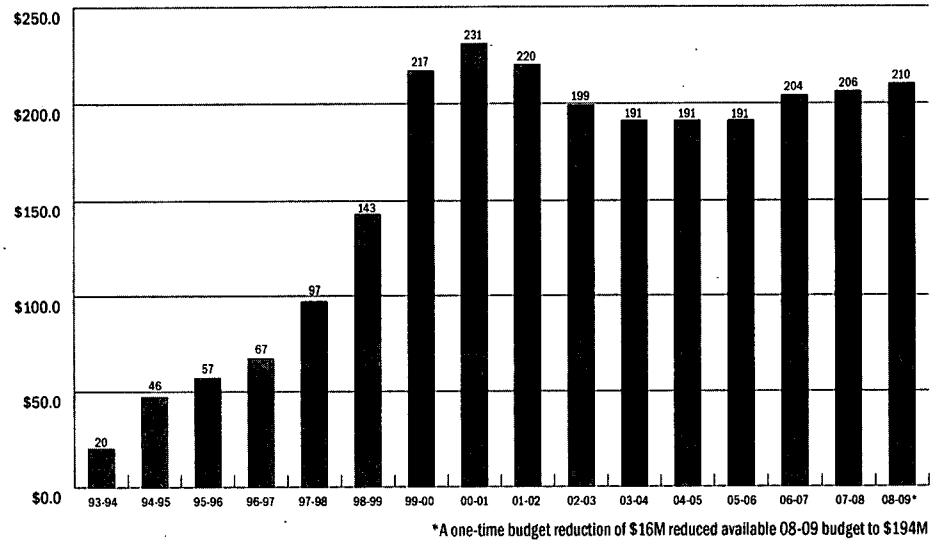
Financial, sponsorship and in-kind contributions from state employees, companies, foundations and friends listed here have made contributions between $1,000 and $10,000.

$10,000 - $49,000	$1,000 - $9,999
Ashley O. Thrift Endowment	Kaplan Early Learning Company
Be Active North Carolina	
Cemala Foundation	
Discount School Supply	
GlaxoSmithKline	

FINANCIAL SUMMARY

Smart Start Appropriation History
Fiscal Years 1993-1994 through 2008-2009

(Rounded to millions)

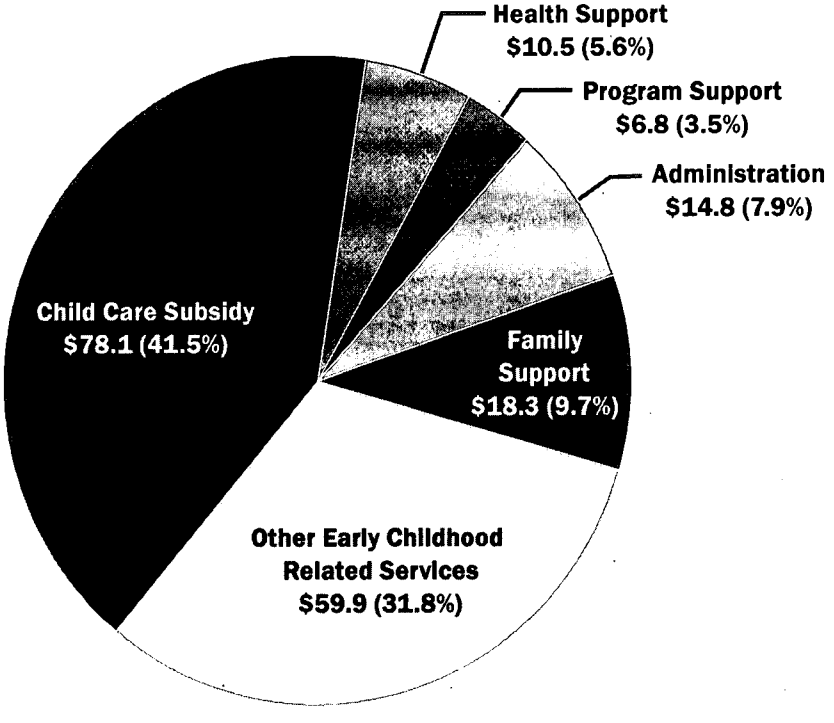


*A one-time budget reduction of $16M reduced available 08-09 budget to $194M

Appropriations

While Smart Start receives significant funding from the state, it is not nearly enough to serve the early care and education needs of our children. Because of Smart Start's fiscal management and accountability, the organization has been able to successfully secure private funding. Still, as Dr. Stephen Jackson of the N.C. Budget & Tax Center contends, a dollar spent today can save many more dollars down the road in welfare, health, and justice-related expenditures. When North Carolina leaders invest in our children, they are investing in our state's future success.

Fiscal Year 2008-09
Total Local Partnership Expenditures:
$188.4 million



Expenditures

The North Carolina
Partnership for Children, Inc.

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DEMOCRACY

A JOURNAL OF IDEAS

NO. 15 DEMOCRACYJOURNAL.ORG WINTER 2010

That Old College Lie

KEVIN CAREY

Forget the *U.S. News* and most other rankings. They fail to address a fundamental question: How well do colleges and universities teach? Information that would answer this question exists. But many schools, coasting on reputation and research, don't want the public to see it. They even employ the most powerful lobby in Washington that you've never heard of to make sure things stay that way. It's time for a movement to make sure things don't. PAGE 8

The Lion at Rest

THOMAS OLIPHANT

In life, while amassing the most consequential record in Senate history, Edward Kennedy rarely spoke about the deep forces that motivated him. But in death, he has left

Out of the Rubble

AMY WILENTZ

Do we create more caring communities in the wake of natural catastrophes? Depends on what "we" you mean. PAGE 75

The Next War on Poverty

PETER EDELMAN

Conventional wisdom aside, some '60s-era inner-city programs have been a success. Now it's time for Obama to launch phase two. PAGE 21

The Courage of Our Contradictions

WILLIAM GALSTON

A new liberalism must reflect not only on our permanent beliefs, but also on many Americans' reservations about them. PAGE 59

And More...

JOHN A. NAGL
on Pat Tillman's Heroism

MATTHEW COOPER

USA $7 · CAN $9

The Next War on Poverty

Conventional wisdom aside, some '60s-era inner-city programs have been a success. Now it's time for Obama to launch phase two.

One evening in early 1966, Senator Robert F. Kennedy met with leaders in New York's predominantly African American neighborhood of Bedford-Stuyvesant. The mood was one of urgency. The Watts area of Los Angeles had erupted in violence the previous summer and dozens had died. Those in attendance were worried about what would happen if nothing was done to reduce the high levels of joblessness and poverty in their own community. They challenged Kennedy to help them.

Just a few weeks earlier, in January, Kennedy had given three speeches laying out his suggestions for responding to the civil unrest in Watts and elsewhere. He had spoken out strongly right after the riots, but now he wanted to follow up with specific proposals. He had denounced the violence, but he also believed the poverty in America's inner cities raised profound questions of economic injustice—as the major civil rights challenge facing the nation after the historic steps to dismantle American apartheid. I was one of his legislative assistants,

PETER EDELMAN *is a professor at the Georgetown University Law Center.*

and I helped draft the three speeches.

The trilogy of speeches had two major themes: how to accomplish racial and economic desegregation throughout metropolitan areas and how to revitalize neighborhoods of concentrated poverty in inner cities. As to the latter, Kennedy laid out an idea that had been recommended to him by my colleague Adam Walinsky. Outside funding and investment, both public and private, would support economic development and upgrading housing and community facilities. But the visionary thought was that jobs could be created by engaging local people in improving their own housing and other amenities, hiring them to help reconstruct their own community.

That evening in Brooklyn, Kennedy saw an opportunity to put his idea to the test. He outlined the plan and, getting a positive reaction from his audience and others with whom he spoke subsequently, he decided to proceed. In the following months he flew to New York two or even three times a month to work on bringing the project to life. There was extensive community wrangling as people pushed to get a piece of the action, and there were protracted negotiations with Mayor John Lindsay, Governor Nelson Rockefeller, and key business and financial leaders over what outside actors should do to help.

When the dust finally settled, the result was the Bedford-Stuyvesant Restoration Corporation. Led by Franklin Thomas, who later headed the Ford Foundation, it did not feature Walinsky's idealistic image of sweat equity rebuilding the neighborhood, but it nonetheless reflected a most ambitious idea: an inside-outside partnership that would revitalize a deeply troubled place. Equally important, Kennedy and his senior colleague from the state, Republican Senator Jacob Javits, succeeded in amending the Economic Opportunity Act—the War on Poverty legislation—to authorize federal funding for initiatives like Bed-Stuy. These funds, distinctive in that they could be used flexibly for a multiplicity of purposes in a revitalizing neighborhood, seeded dozens of similar endeavors around the country during the decade or so that they were available.

With the addition of significant funding from the Ford Foundation and other sources, the result today is more than 2,000 community development corporations, or CDCs, as well as numerous other inner-city development organizations and outside entities that help finance their activities. Organizations like the Local Initiatives Support Corporation, the Enterprise Foundation, NeighborWorks America, and their many individual local counterparts have made a tangible and important difference in building and rehabilitating housing for low-inc[redacted] people and doing some economic development in low-income neighborhoods as well.

The problem, though, is that the sum of all this is not nearly enough. Kennedy and his colleagues never intended these to be panaceas; rather, they were to be cogs in a larger social-policy apparatus that would revitalize the inner city. And yet not long after Kennedy's death, the nation began a long turning away from the sort of promising, nascent social policy initiatives he championed. He would be shocked to see how little meaningful attention we have paid to the inner city.

We have learned a lot since Bed-Stuy was formed, but the vexing question of concentrated urban poverty is still with us; if anything it's much worse. It is past time to make progress in unraveling the tangle of problems that enmeshes the people of the inner cities. These are the quintessential places where race and poverty intersect, with terrible results. Forty-two percent of African American poor lived in inner cities in 1990, and half of those who live in these impacted neighborhoods are African American. (Another quarter are Latino.) These are places of unmitigated human tragedy: streets turned into battlefields, staggering AIDS rates, astonishingly few youth graduating from high school, prisons filled with the young men of the area, large numbers of women raising children by themselves—the list goes on. But somehow we do not add it all together. It is an astounding moral catastrophe.

In the meantime, the realities of the inner city have changed. Since Kennedy's time, we have seen the massive loss of higher-paying jobs that hurt all lower-income people badly and inner-city residents catastrophically, the flight of higher-income people from the inner city, and the conservative drift in our politics, the further decline in inner-city educational quality, the arrival of gentrification, crack cocaine, and the AIDS epidemic. Some of these facts are the behavioral consequences of the resulting concentrated poverty. Some reflect failures of strategy and policy in the design and implementation of the efforts that have been undertaken.

We now have a president who has worked on these issues, and it is reasonable to hope for change. What's needed, then, is an assessment of what went wrong and what looks promising today. Only in that way can we figure out what to do next (assuming we can muster the political will). As Kennedy was wont to say, we can do better.

Neighborhood Revitalization Strategies: A Brief History

The racial segregation of the inner city did not occur by accident. Pervasive discrimination constrained the housing choices of new arrivals from the South, and the ghettoization process w[redacted]inforced by urban renewal policies a[redacted] public housing location decisions. Unemployment, always higher for African

Americans, rose further with the return of veterans reclaiming their position in the labor market. The civil unrest of the 1960s and the enactment of the Fair Housing Act of 1968 sent many in the growing black middle class to the suburbs, intensifying the concentrated poverty of the inner city. The 1970s brought an acceleration in the national process of deindustrialization, hurting all lower-income workers but hitting the inner city the hardest. When we did consider the inner city in the 1970s and 1980s, we did so punitively, beginning our national spree of incarceration and intensifying the rising backlash against welfare.

Thus the promising Bed-Stuy program came of age at a time when national attitudes were not exactly conducive to such efforts, and when the magnified effects in the inner city of the problems in the national economy made the task far harder and perhaps insuperable. There were also issues with the CDC movement itself. It encompassed some strange bedfellows with very differing motives. Many of the neighborhood people who joined to form CDCs were enthralled with the black-power and community-control ideas that had swept through their community. They were happy to accept outside resources and get outside employers to locate plants and stores in the neighborhood, but they believed that, thereby empowered, they could create what would essentially be a self-contained economy and polity within the four corners of their immediate environs. Their economy would contain its own engines and, living together in a same-race community, they would be a cohesive and effective force in municipal politics.

Bobby Kennedy would be shocked to see how little meaningful attention we have paid to the inner city.

The idea that enough jobs could be attracted to the inner city or close-by locations was unrealistic. A centerpiece of the Bed-Stuy strategy was an IBM plant located there by RFK's friend Tom Watson, the company's CEO. The ease with which IBM's cooperation was obtained led to an assumption that others of similar magnitude would follow. They did not. Yet the notion that an economic revival could be accomplished within the borders of the neighborhood continued to hold sway. (I do not mean to ignore the importance of efforts in some places to attract retailers that sell goods at nationally advertised prices, along with other successful neighborhood-based economic development strategies.)

Few neighborhood revitalization initiatives responded to the reality that in most cities the jobs were increasingly located in the suburbs, largely inaccessible to inner-city residents in the absence of specific initiatives to get them there. The mismatch was not merely spatial. Would-be workers also needed to be better educated and trained, and antidiscrimination laws needed to be rigorously enforced. These shortfalls, coupled with negative attitudes toward "the man," diminished employment outcomes in places only a bus or subway ride away.

The lethal cocktail of a national economy unkind to all of those with incomes below the national median, the consequent intensification of inner-city poverty, and the weak or counterproductive public policy responses to both problems meant that neighborhood revitalization efforts, flawed as they may have been, also operated, in effect, with both hands tied behind their backs. The 25-plus years from the election of Richard Nixon until the mid-1990s constituted a perfect storm for inner-city residents and those who tried to improve the neighborhoods in which they lived.

A Modest Parting of the Clouds

The last decade and a half, however, has complicated the story, as well as opened up an opportunity for new approaches. The main reason is the economy. A hot economy is still the most powerful anti-poverty weapon around, and the second half of the 1990s saw real income growth for those in the bottom half for the first time in over two decades. The 2000 Census revealed a decrease in the number of urban census tracts with poverty rates of more than 40 percent, although most of the areas that dropped out of the 40 percent-plus category still had poverty populations above 30 percent. (The 2010 Census will almost surely reflect a reversal of the trend.)

But growth wasn't the only positive development. New thinking about remedies for concentrated urban poverty began to affect public policy and civic action. Fueled by federal funding to deconcentrate public housing, a new generation of developers produced mixed-income housing in low-income neighborhoods. The Harlem Children's Zone and other innovative school ventures offered significant new educational opportunities in such areas. And new schemes were undertaken to help inner-city residents get and keep jobs in the regional economy.

That some good, or arguable good, has happened in inner cities sets the present apart from the decades of the perfect storm. Some inner-city neighborhoods do look different, even as their lower-income residents or former residents are still stuck at the socioeconomic bottom. Four key trends frame the policy challenges of the present moment: [redacted]trification, public housing deconcentra[redacted], education reform, and a focus on jobs in the regional economy.

GENTRIFICATION

One key trend in the recent urban history, with major exceptions like Detroit, is that people have rediscovered the central city as an attractive place to live. Young singles and couples, especially before their children are of school age, and baby boomers with empty nests, have voted with their feet (at least until the current recession set in) to settle in or return to central-city locations.

This is desirable, but things get more complicated when those moving in come to neighborhoods that are predominantly poor, which has happened in many cities. Mainly in low-income neighborhoods that are easily accessible to downtown, have a sound housing stock, and are adjacent to higher-income areas, radical change has occurred almost overnight. Too often, this has occurred at the expense of the existing residents, who have found themselves pushed out by skyrocketing rents and property taxes. In other words, gentrification is neither an unalloyed good or bad, but rather an urban reality that policymakers have a responsibility to manage so as to minimize displacement and preserve existing social fabrics.

HOUSING: THE HOPE VI EXPERIENCE

A related trend is the demolition of inner-city public housing that has occurred in many cities, and the accompanying dispersal of its residents. This has occurred under HOPE VI, the Homeownership and Opportunities for People Everywhere Act, enacted in 1992. In the field of public housing HOPE VI has had a major impact, significantly denting the national inventory of public housing and forcefully relocating tenants in large numbers (although in most localities it has not had much of an effect on the overall level of inner-city poverty). The federal Department of Housing and Urban Development (HUD) made a cumulative total of 246 public-housing revitalization grants under HOPE VI through the end of 2008, resulting in the demolition of 96,226 public housing units and the relocation of 70,000-plus households. A total of 111,059 new and rehabilitated units were developed, including 52,951 units of public housing. The total public-housing stock decreased by a net of 165,000 between 1995 and 2008, or 12 percent of the beginning total of 1.33 million units. On the other hand, there are some four million poor people living in high-poverty urban neighborhoods, and something like 250,000 people have been relocated (assuming all of the demolished public housing was in high-poverty neighborhoods), so the relocation affects only a little more than 6 percent of the inner-city poor.

How should we think about HOPE VI? Opinions are divided, even on the left. Bru[redacted]atz, a former senior HUD official and highly respected housing and urban policy expert, says, "HOPE VI is one of the most successful urban

redevelopment initiatives of the past half-century." On the other hand, Sheila Crowley, the president and CEO of the National Low-Income Housing Coalition, calls it "a case study in how badly a government program can run amok."

Crowley and others point out that the country lost 12 percent of its public-housing inventory at a time when the supply of affordable housing was steadily shrinking and urban rents were going through the roof. Many low-income people were moved, whether they wanted to or not. And the demolished housing was replaced by mixed-income developments with far fewer units for low-income people than the projects they replaced. By contrast, HOPE VI's adherents stress the awfulness of the projects that were demolished, Cabrini-Green in Chicago being a prime example. They also extol the fairly long list of examples of mixed-income developments that are not only successful in and of themselves, but in some cases have brought about decreases in poverty rates in their surrounding neighborhoods.

The core of the difference is a fierce argument between those who see HOPE VI as destroying communities, however troubled they may be, and those who see it as helping people escape the ravages of concentrated poverty. The former see the involuntary relocation of people as no different from the much-maligned urban renewal policies of half a century ago. The latter see the relocation efforts as pathways to a better life and also, to the extent that it can be achieved, as avenues to racial desegregation as well. Who is right? The public housing that was torn down was in large part either inherently unlivable or had become so. But, at least in hindsight, it does appear that a larger investment in support services would have helped people find more suitable housing and adjust more satisfactorily to their new surroundings. And we should not make hasty judgments. It may take a generation or more to see the real outcomes of the changes.

EDUCATION AND THE HARLEM CHILDREN'S ZONE

The Harlem Children's Zone is emblematic of a growing strategy to address inner-city education issues holistically, and to make it a centerpiece of neighborhood revitalization efforts. Indeed, few neighborhood revitalization initiatives before the 1990s encompassed efforts to improve neighborhood schools. There were individual alternative schools here and there, but no systemic efforts to improve all the schools of a troubled area.

Geoffrey Canada, the founder of the Harlem Children's Zone, came to his wall-to-wall children's initiative [redacted]ough years of trial and error. Early on, h[redacted] work was mainly focused on the o[redacted]-school hours. That work became connect[redacted] to the schools through using school buildings for after-school activities as part

of New York City's Beacon Schools program. As that effort progressed, Canada realized that there could be resonance in expanding things horizontally to more parts of Harlem and vertically to encompass a broader age range, including dual-generation programs that would reach young parents and their children simultaneously. The final insight was that everything he was doing would be for naught if the schools the children attended were failing to teach them satisfactorily.

The heart of the Harlem Children's Zone is the organization's charter schools. A recent evaluation praises the multi-dimensional design of the Zone's work but concludes that the key to lasting success is the schools: For young people, the way out is a good education that leads them to college or into the labor market. It may seem obvious now, but it has taken a long time for people to get the point. Why now? One reason is the advent of charter schools, which have made it possible to establish significant numbers of independent public schools in low-income neighborhoods. Before that, the public schools were typically part of monolithic city-wide systems that were virtually impervious to change impelled from the ground up.

JOBS IN THE REGIONAL ECONOMY

In the mid-nineties, the Annie E. Casey Foundation began a program to stimulate attention on getting inner-city residents hired for jobs throughout the regional economies of local areas. The endeavor began with five sites and has proliferated to the point where there is now a National Fund for Workforce Solutions that involves some 200 foundations and supports organizations in 21 sites around the country. In general, the local efforts are sector-specific workforce partnerships that involve relationships among groups of employers and some unions in such areas as health care, technology, and construction, entities that do the necessary training, and community-based organizations that identify prospects and offer needed mentoring and support in the course of the training, placement, and employment process.

All of these trends have implications that go beyond issues of concentrated poverty, and they imply a variety of new strategies. But the guiding dictum must be choice: to live and work and learn throughout the region or to remain in a revitalized inner city.

Where Do We Go From Here?

Researchers, practitioners, policymakers, and, most importantly, residents are still arguing vociferously over the right direction for inner-city policy-making. Nonetheless, there is an emerging view among a considerable number (which includes me) that the best approach is a pragmatic and holistic one: Inner-

city revitalization is vital, but it must be an integrated part of a larger regional development strategy. In other words, it must be a matter of both/and—both doing everything possible to give people the possibility of living wherever they want in the metropolitan area while finding jobs throughout the region, and to improve the livability of the neighborhoods where they live now. The key idea is that people should have real choices—and creating real choices means pursuing multiple policies and strategies. All are vital.

Choice is controversial in more ways than one. To create residential choice throughout the region requires a new intensity in enforcing laws that prohibit all forms of relevant discrimination. Minorities moving to the suburbs still find themselves steered to same-race or same-ethnicity neighborhoods. Discrimination in the credit market is rampant, with creditworthy minorities still being pushed regularly into subprime loans. And minorities encounter school-district line-drawing policies in the suburbs that result in same-race and same-ethnicity schools. If we are to make serious progress in offering minorities real choices about where they will reside, the challenge to the Obama departments of Justice, HUD, and Education is huge.

People in the inner city should have real choices—and that means pursuing multiple policies and strategies.

Controversy of a different kind attends the question of making it possible for people to remain where they are in the inner city. These are likely to remain same-race neighborhoods. I for one do not believe in consciously perpetuating racial segregation, even if it is technically not state-mandated segregation. But so long as strong steps are taken to help people improve their personal economic situation and to improve the neighborhood around them as well, I would find the fact that the neighborhood remains a predominantly one-race or one-ethnicity community acceptable, even though not ideal.

To begin with, in order for there to be real choice, housing policy must offer viable options of where to live that extend throughout the metropolitan area. In addition to the need for far more robust enforcement of antidiscrimination law, this means a ramped-up housing-supply policy in the realms of both public housing and affordable housing. And it means an increased investment in housing-choice vouchers, enriched with social services so people can use them effectively in the suburbs as well as in the city.

There is serious debate over the efficacy of policies to de-concentrate inner-city poverty. Studies of past efforts have shown mixed results. Notwithstanding, central-city minorities have for decades been finding their way to what are now

of first refusal to buy apartment buildings that landlords or developers want to convert to condominiums. Homeowners must be given circuit-breaker property tax relief, to avert the need to sell because the property tax has become unaffordable. Inclusionary zoning must require developers creating new multiple dwellings to make a fraction available on an affordable basis. Housing production trust funds must use their resources strategically to see that affordable units are built or created by rehabilitation in changing neighborhoods.

For more isolated neighborhoods with much persistent and intergenerational poverty, it will be more difficult to attract new residents with higher incomes. But even in such neighborhoods, middle-income people, probably of the same race or ethnicity as those already there, could be enticed in better economic times by the lower prices of attractive new housing in a low-income neighborhood. Of course the neighborhood also has to be safe, have good schools, and offer parks and recreation and other amenities.

If we are going to make progress in the immediate future, the first essential step is for the administration to plan and act on the premise that change for neighborhoods of concentrated poverty involves changing everything and involving every department and agency with responsibility for one or another aspect of the task. We have tried over the years to wrap our change efforts into overarching strategies that essentially let the other responsible agencies off the hook. This was true of Lyndon Johnson's Model Cities and Bill Clinton's Empowerment Zones. So the task needs to be broken down into parts. No one program can do everything that has to be done. The education people have to pay attention to making the schools work. The transit people need to design their next generation of systems not just for suburban commuters entering the city but also for city residents headed to the suburbs. Housing policy needs to be regional and neighborhood-based at the same time. Energy policy needs to build "smart grids" in the inner city as well as elsewhere. Environmental protection doesn't stop at the inner-city neighborhood line.

I believe the Obama Administration gets this, although it is too early to see concrete outcomes and there have already been some missed opportunities in the spending under the President's recovery act. The proposals for Choice Neighborhoods and Promise Neighborhoods go in the right direction, but observers point out that transportation funding decisions under the Recovery Act have tended to build more roads to the exurbs than to create transit options for inner-city people to reach jobs in the suburbs, and little effort has been forthcoming to help inner-city residents purchase or rent foreclosed properties that are being sold for bargain-basement prices. And the massive deficits we confront now will be a barrier to adequate funding for further steps.

Nonetheless, it is heartening that we have a president who understands the issues and has taken to heart the importance of getting all members of the Administration to communicate with one another and begin taking appropriate action within their areas of responsibility.

Fundamentally, we need to act on what we have learned. There is no such thing as a neighborhood revitalization policy that can occur in isolation. For the twenty-first century, we must attack urban concentrated policy with strategies that are regional in scope as well as beneficial to people where they live now. Robert Kennedy had it right in the broad strokes if not in the exact details in his trilogy of speeches in 1966. We know far more about the details now. What we need to do is act.

mixed-race and mixed-ethnicity inner-ring suburbs. The results are far from perfect, partly because of the policy failures mentioned above. But it makes sense that lower-income people can also succeed and provide better lives for their children in new surroundings if we take the measures necessary to encourage, subsidize, and otherwise facilitate their choices.

Obama has proposed an effort he calls Choice Neighborhoods, which would connect HOPE VI to what HUD Secretary Shaun Donovan terms "the geography of opportunity" by promoting linkages to work incentives and work supports, transportation planning, intensive school reform, and early-childhood innovations. This is a move in the right direction, even as it also reveals the complexity of the challenge.

The full challenge is much broader. Choice Neighborhoods relates only to HOPE VI. The Administration needs to think strategically about a broader approach to housing choice throughout metropolitan regions. I have no doubt about Administration officials' understanding and commitment to these ideas. The issues are ones of politics and funding. The reality will in any case be change that occurs incrementally.

The other side of the coin is the constellation of issues relating to those who would choose to remain in the inner city. I see five areas of action here.

One key aim has to be a general strategy of pursuing a living income for everyone, derived as much as possible from work. While this applies to people wherever they live, it has a special resonance for those who want to stay in the inner city. Raising their incomes will make a major difference in the quality of life in the neighborhood. Policies such as the minimum wage, health coverage, affordable child care, excellent public education, help with the cost of housing, and a decent safety net are important for the whole society, but they have a particular relevance to breaking the back of concentrated poverty. Almost all of them have been absent from the list of national domestic priorities in recent years, but all of them deserve to be at the top.

A second element is to do everything possible to help inner-city residents get and keep jobs in the regional economy. This means developing sector-specific partnerships among employers, schools, colleges, and community-based organizations to get people of all ages to work in occupations and careers where jobs are projected to be most available in the coming years. And it means special attention to transportation, whether by mass transit or by car, to enable inner-city residents to get to and from their jobs wherever they are located. This may sound obvious, but it is still not a serious priority.

The jobs that experts call "middle-skilled" offer great promise in coming years as baby boomers retire, as does the wave green jobs coming to the fore. If

these opportunities are to reach everyone who should have the chance to partake of them, particular mechanisms need to be in place to make that happen. The pathways should have initial on-ramps in high schools and community colleges, and also through nonprofit organizations like YouthBuild that reach young people who are already disconnected from school and work and offer them the education, training, and personal development support to help them get into the job market or to pursue further education.

The third key is livable neighborhoods. Streets should be well-lit, parks and playgrounds conveniently located and attractive, and law enforcement effective and fair. The same kind of retail stores, cinemas, parks, playgrounds, and other amenities that people in every other neighborhood have should be available to people in low-income neighborhoods. Quality health and child-care facilities should be physically accessible.

A fourth is that the schools of the neighborhood should be of high quality, and that school quality should be a part of an overall urban and antipoverty strategy, rather than siloed off by itself. Efforts like the Harlem Children's Zone should be undertaken around the country. School systems and educational innovators should make inner cities a particular site for establishment of innovative and high-quality schools, with charter schools being an especially useful approach to improving educational opportunities for the children of high-poverty neighborhoods. Locating magnet schools in or near low-income neighborhoods is a strategy to attract a mix of income and racial backgrounds, to the benefit of all. Improving schools and improving neighborhoods go hand in hand.

Obama pledged during his campaign to take the Harlem Children's Zone nationwide with an initiative he calls Promise Neighborhoods. To that end, he included funding for 20 planning grants in his budget for the coming year. Promise Neighborhoods represents an understanding, too long in coming, that any strategy to address concentrated poverty from a place-based perspective must have as an integral part an emphasis on the education of the neighborhood's children. At the same time, it is important to understand that the Promise Neighborhoods idea offers new departures in a limited number of places. The Administration's strategy to improve education for all children in high-poverty areas—a high priority—is in fact the action with greater implications for broad-scale change.

Fifth, very important but not without risk to current residents who wish to stay, are efforts to attract higher-income people to the neighborhood. Gentrification should be promoted, not impeded. This would raise the median income of the area, over and above lifting the incomes of people already residing there. However, anti-displacement policies are essential. Tenants must be given rights

Action for Children North Carolina

Working to make North Carolina the best place to be and raise a child

Addressing Child Poverty: Today and for the Future

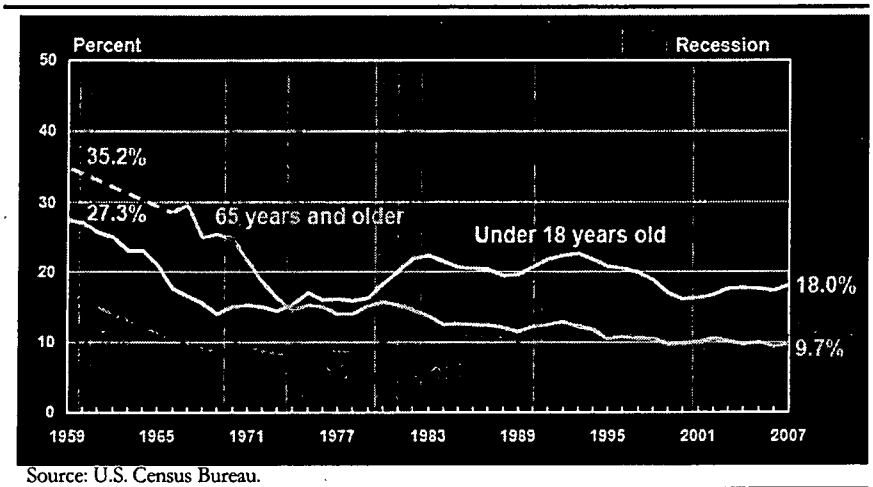
March 2, 2010

Presentation to the Subcommittee on State Programs of the N.C. Commission on Economic Recovery and Poverty Reduction

Action for Children

The **MISSION** of Action for Children North Carolina is to advocate for child well-being by educating and engaging all people across the state to ensure that our children are healthy, safe, well-educated and have every opportunity for success.

Poverty does not have to persist.



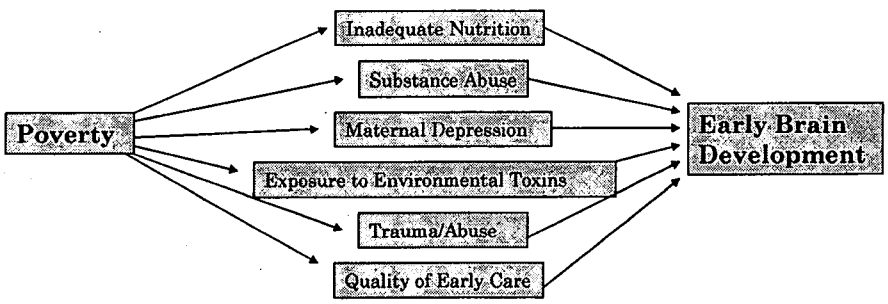
Source: U.S. Census Bureau.

Action for Children North Carolina

Working to make North Carolina the best place to be and raise a child

Child poverty limits economic success for children and their communities.

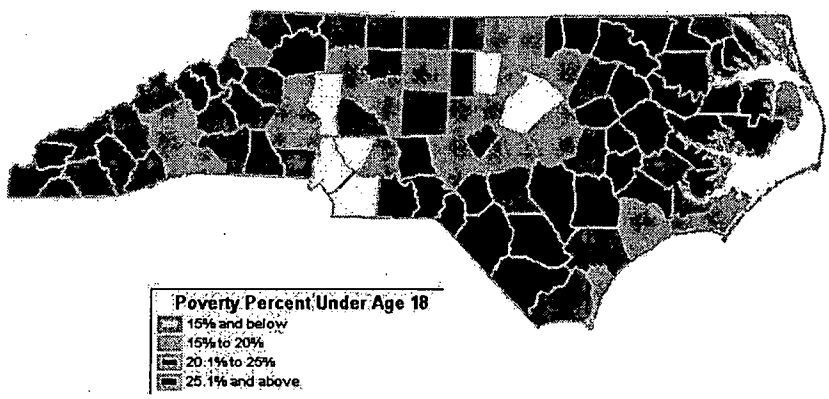
The Impact of Poverty on Brain Development: Multiple Pathways



Action for Children North Carolina

Working to make North Carolina the best place to be and raise a child

Child Poverty by County, 2008



Action for Children North Carolina

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Child Poverty and the Economic Transformation in N.C.

	2003	2007	% Change
Children in extreme poverty with at least one parent working full time	2,440 1.2%	10,791 6.0%	342.3%
Children in poverty with at least one parent working full time	60,766 15.9%	102,620 24.3%	68.9%
Children in low-income with at least one parent working full time	400,307 43.7%	432,508 46.7%	8.0%

Source: American Community Survey, PUMS Data, 2003 and 2007. Analysis by Population Reference Bureau.

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Child Poverty and the Current Economic Crisis

- Nearly 40,000 children directly impacted by the foreclosure crisis
- More than 150,000 children newly pushed into poverty
- More than 300,000 children have parents who are unemployed

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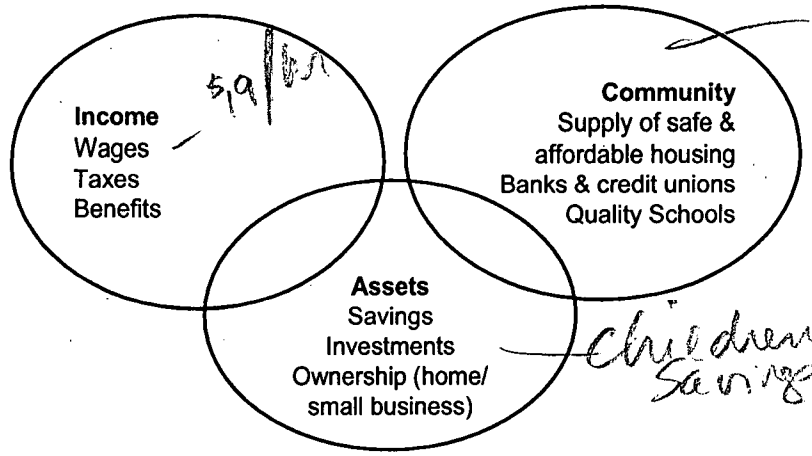
An Integrated Approach to Poverty



Action for Children North Carolina

Working to make North Carolina the best place to be and raise a child

Support Work

- Increase the EITC to at least 15% of the federal credit

In 2008, an estimated 845,000 working families would benefit from the state EITC.

Action for Children North Carolina

Working to make North Carolina the best place to be and raise a child

Cover all Children

- Fully fund N.C. Health Choice

Premiums increased **5.3 times** greater than median earnings in North Carolina.

Action for Children North Carolina

Working to make North Carolina the best place to be and raise a child

Invest in Services & Communities

- Fully fund the child care subsidy program so that all children on the waiting list are served.
- Fully fund the Housing Trust Fund.

?

$1 billion

waiting list
$350 / number / mo

Action for Children North Carolina

Working to make North Carolina the best place to be and raise a child

child + dependent tax credit refundable

Build Assets for the Future

- Promise Neighborhoods:
  - Serving a neighborhood at scale
  - Creating a pipeline of services from birth to college
  - Holding stakeholders accountable for outcomes

30 counties w/o waiting list

Action for Children North Carolina

Working to make North Carolina the best place to be and raise a child

Thank You.

For more information:

Barb Bradley

President & CEO

Action for Children N.C.

barb@ncchild.org

919-834-6623 ext. 224

Action for Children North Carolina

Working to make North Carolina the best place to be and raise a child

Lifting Up What Works®
PolicyLink

PolicyLink is a national research and action institute advancing economic and social equity by Lifting Up What Works®

- *PolicyLink Center for Health and Place*
  - Improving the Built Environment
  - Improving Access to Healthy Food
  - Addressing the Needs Of Boys and Men of Color
  - *Creating Promise Neighborhoods*
- PolicyLink Center for Infrastructure Equity
- Leadership And Civic Engagement
- Federal Policy Agenda

CREATING PROMISE NEIGHBORHOODS

KEEP ME INFORMED

The unprecedented scale and success of the Harlem Children's Zone (HCZ) in closing the achievement gap has elicited curiosity around the world. People want to know: what is the "secret ingredient" that is producing results where decades of social programs have failed.

The "secret" though, has been in plain sight for years, operating in more-affluent communities: supporting children from the womb through college, doing whatever it takes to overcome any barrier to a child's successful development. Many community stakeholders and policymakers have already started examining the HCZ children's anti-poverty model. The HCZ Practitioners Institute was established to aid organizations and locales in adapting the model. Hundreds of practitioners have attended the Practitioner's Institute and brought lessons learned back to their communities and their own initiatives.

HCZ's success highlights the need for any federal effort aimed at eradicating child poverty to be multifaceted. Five core principles, applied in a strategic, coordinated way, are necessary to maximize opportunities for children to achieve such success:

1. Serve an entire neighborhood comprehensively and at scale.
2. Create a comprehensive pipeline of support.
3. Build community among residents, institutions, and stakeholders, who help to create the environment necessary for children's healthy development.
4. Evaluate program outcomes and create a feedback loop that cycles data back to management for use in improving and refining program offerings.
5. Cultivate a culture of success rooted in passion, accountability, leadership, and teamwork.

For the last two years, HCZ and PolicyLink have been partnering to develop a policy framework for a federal Promise Neighborhoods program, based on the HCZ core principles. *(Email promiseneighborhoods@policylink.org to receive updates on this program.)* A memo -- Promise Neighborhoods: Recommendations for a National Children's Anti-Poverty Program Inspired by the Harlem Children's Zone -- was submitted to the Administration during Obama's transition into the White House in December 2009. In addition a large national conference was developed due to the efforts by PolicyLink and other partners.

HCZ and PolicyLink sponsored Changing the Odds: Learning from the Harlem Children's Zone® Model, a two-day conference in November 2009, where more than 1,000 leaders from nonprofit, community, government, and philanthropic organizations participated. Participants focused on how to transform their communities by replicating the innovative HCZ model. The conference addressed issues critical for those developing a local initiative: strategic planning, creating collaborations, evaluating programs, fundraising, engaging the community, and developing a pipeline of best practice programs. The HCZ white paper, Whatever It Takes, is available for more details on the model.

Two documents have been produced by PolicyLink and partners to help direct this process; the first is *Focusing on Results in Promise Neighborhoods: Recommendations for the Federal Initiative*, a discussion paper jointly authored by HCZ, PolicyLink, and the Center for the Study of Social Policy, with contributions by Child Trends. The paper will be useful to any community-based, community change effort. It describes how a focus on results would contribute to the Promise Neighborhoods Initiative, from the planning, design, startup activities and program implementation through the evaluation of the individual sites. We welcome your feedback and comments.

The second document, *Outcomes and Indicators for Children An Analysis to Inform Discussions about Promise Neighborhoods* was produced by Child Trends and is a companion piece to the *Focusing on Results* paper. It is a synthesis of research about the factors contributing to children's healthy development, academic success, and college graduation. It also contains a literature review and a list of references that supports the research.

With President Barack Obama calling for 20 Promise Neighborhoods based on the HCZ model, people in the field have become more eager than ever apply and implement this framework in their own communities. The President's FY 2011 budget in the Department of Education has proposed $210 million in funding for the Promise Neighborhoods program added to the $10 million already allotted for planning grants in FY2010.

Please email promiseneighborhoods@policylink.org to be placed on our mailing list and receive updates on the federal Promise Neighborhoods initiative.

CONTACT POLICYLINK | SITE MAP

SPOTLIGHT: TOOLS & RESOURCES

NEW REPORT: ***Healthy Food, Healthy Communities: Promising Strategies to Improve Access to Fresh, Healthy Food and Transform Communities***

A Healthy Food Financing Initiative: An Innovative Approach to Improve Health and Spark Economic Development - fact sheet (02.19.10)

TAKE ACTION: Sign On to Support A Healthy Food Financing Initiative

Healthy Food For All: Building Equitable and Sustainable Food Systems in Detroit and Oakland - publication

Press Release: New Stimulus Funds will make Black & Latino Communities Healthier

Designed for Disease: The Link Between Local Food Environments and Obesity and Diabetes

"Strengthening What Works: Critical Provisions for Prevention and Public Health in Health Reform Legislation" (download pdf)

"Recommendations for the Prevention and Wellness Funds:" *A Memo Prepared for President Obama's Administration* (download pdf)

Promoting Healthy Public Policy through Community-Based Participatory Research

Growing Greener Cities, see book chapter by Victor Rubin, PolicyLink V.P. of Research

MARCH 2, 2010

GROCERY STORE AND SUPERMARKET DEVELOPMENT AND ACCESS

- Low-income rural and urban areas are less likely to have convenient supermarkets. An analysis of 21 major U.S. metropolitan areas found there were 30 percent fewer supermarkets in low-income areas than in higher-income areas.

- A lack of neighborhood supermarkets means that residents must shop at local convenience and corner stores.

- Prices at such markets can exceed those at chain supermarkets by as much as 48 percent, and smaller stores are also unlikely to offer the variety of healthy products carried by major supermarkets. Diets that rely on food from convenience stores often include more unhealthy foods that contribute to obesity.

- Low-income consumers are less likely to own cars, further limiting access to food stores outside of their neighborhoods.

- There is a direct correlation between supermarket access and diet-related diseases, such as obesity.

- Access to a nearby supermarket is one of the strongest predictors of whether people will eat a healthy diet rich fruits and vegetables.

- The addition of just one supermarket is associated with a 32 percent increase in fruits and vegetable intake.

- The economic reality of doing business in an urban environment is part of the reason behind the supermarket decline.

- Grocers traditionally make profit margins of only 1 to 2 percent. Concurrently, skyrocketing rent prices have outstripped the stores' incomes.

- Costs associated with inner-city store operation, such as rent, labor, and insurance are higher than in suburban locations. In addition, the cost of catering to the tastes and cultures of smaller minority populations can raise the marginal cost for leading supermarket chains in comparison to suburbs.

- Often public agencies do not believe its within their mission to advocate for supermarkets, although they advocate for housing or other retail entities.

- Successful initiatives were characterized by activities to assess market demand, to identify multiple sites, to assemble incentives and other development assistance, and to recruit multiple chains

- Successful initiatives involved political leadership, at the highest level, in collaboration with effective community-based, non-profit organizations.

Pennsylvania Fresh Food Financing Initiative

- Public Private Partnership between state government and private partners

- In Pennsylvania, where the program started, this effort has resulted in the creation of the nation's first statewide supermarket financing program, the Fresh Food Financing Initiative (FFFI).

- Since the creation of the Pennsylvania FFFI, The Trust has demonstrated that its unique approach to policy advocacy for supermarket development can be successfully modeled in other states.

- Since 2004
    - Invested $30 million, which has leveraged $165 million in total investment
    - 78 projects have provided more than 400,000 citizens healthier food
    - Created or preserved 4,860 jobs
    - 1.5 million square feet of retail

- In October 2009, the Food Trust received a major three-year grant from the Robert Wood Johnson Foundation (RWJF) to expand its Supermarket Campaign to eight states where the incidence of childhood obesity is high and access to healthy food is limited.

- This multi-state program will be modeled after the Trust's Supermarket Campaigns in Pennsylvania, **Louisiana**, **Illinois**, **New Jersey**, **New York** and the soon to be implemented campaign in **Colorado**.

    - In New York, the work of The Food Trust and its partners led to the creation last year of the Healthy Food/Healthy Communities Initiative to increase the number of healthy food markets in underserved communities, with $10 million committed in the state's fiscal 2010 budget.

    - In Illinois, The Trust's policy work with local partners culminated in the new Illinois Fresh Food Fund, a program modeled after the PA FFFI.

    - In addition, the City of New Orleans has prioritized increasing fresh food access in the strategic rebuilding of the city and created a $7 million funding program to increase supermarkets and other fresh food retail in underserved areas.

    - In each state, the effort received the public support of the Governor and led to a public private partnership that was co-chaired by the CEO of a Supermarket Chain and the Chairperson of the United Way (or comparable organization).

    - A set of recommendations—common to all five efforts—is attached.

- Through the grant, The Food Trust will scale up the initiative by identifying local partners in target states and providing them with training, program resources, and technical assistance to replicate the agency's unique approach to promoting supermarket development in underserved areas.

- The Trust will collaborate with several key partners to provide technical assistance in other states, including The Reinvestment Fund, an organizing partner of the FFFI.

- This multi-state initiative aims to create long-term solutions for increasing access to affordable, nutritious food and reducing the burden of obesity and other diet-related diseases, while also creating jobs that will improve the economic health of underserved communities.

President's FY 2011 Proposed Budget

- President's Proposed FY 2011 budget calls for more than $400million in investments and in new and expanded supermarkets, farmers markets, and other food stores.

    - Split between USDA, DHHS, Treasury
    - Includes $250 million in New Market Tax Credit Allocations to spur private investment in underserved communities.

FRESH FOOD FINANCING INITIATIVE

RECOMMENDATIONS

Recommendation #1: State and local economic development programs and public incentives should be targeted to the supermarket industry to maximize their impact on supermarket site location decisions.

Recommendation #2: The State should develop a business financing program to support local supermarket development, renovation, and expansion projects.

Recommendation #3: Local governments should give priority to assembling land for supermarket and grocery store development.

Recommendation #4: State and local government should reduce unnecessary regulatory barriers to supermarket and grocery store investment.

Recommendation #5: State and local governments should streamline the development process to make opening a supermarket more efficient and provide assistance to operators to negotiate the approval process.

Recommendation #6: Local governments should give priority to assembling land for supermarket development and make city- and state-owned property available to the industry. Governments should identify targeted areas for investment and promote them to real estate developers and the supermarket industry.

Recommendation #7: City, state, and regional transportation agencies should develop transportation services for shoppers without convenient access to a full-service supermarket.

Recommendation #8: State and local governments should employ up-to-date and data-driven market information that highlights unmet market demand for food to the supermarket industry and real estate developers.

Recommendation #9: The State and local government should promote green supermarket development and renovation by providing incentives for energy-efficient equipment and systems, and environmentally sustainable building materials.

Recommendation #10: The State should require that all projects receiving assistance through a state financing program be encouraged to carry products from farms within 300 miles of their location.

Recommendation #11: State and local government and regional organizations, in partnership with groups such as local workforce investment boards and community colleges, should target new and expand existing training programs to ensure there is a quality workforce for supermarket and grocery store retailing.

ATTENDANCE

Subcommittee on Persistent Poverty

(Name of Committee)

DATES	01-05-2010	2-2-2010	3-2-2010												
Rep. William A. Current, Sr., Chair	✓	✓	✓												
Sen. Doug Berger	✓	X	✓												
Dr. Zeno Edwards	X	X	X												
Secretary Linda Hayes, DJJDP	✓	X	X												
Ms. Jean Reaves	✓	✓	X												
Ms. Maria Spaulding, DHHS	✓	X	✓												
Dr. Al Wentzy	✓	✓	✓												
Ms. Phyllis West, DPI	✓	✓	✓												
Staff															
Bill Gilkerson	✓	✓	✓												
Committee Assistant															
Wendy Miller	✓	✓	✓												

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Victor McAllister	c/o SENATOR DOUG BERGER Fathers of North Carolina
Dennis Arthur	UNC - CHAPEL HILL
Sarah Krishnaraj	UNC center for civil Rights
Bill Rowe	NC Justice Center
Chris Kukla	CCR
Julia Leggett	The Arc of NC

Exhibit 2

HOUSE PAGES

NAME OF COMMITTEE Persistent Poverty DATE 3/2/10

1. Name: _____

   County: _____

   Sponsor: _____

2. Name: _____

   County: _____

   Sponsor: _____

3. Name: _____

   County: _____

   Sponsor: _____

4. Name: _____

   County: _____

   Sponsor: _____

5. Name: _____

   County: _____

   Sponsor: _____

SGT-AT-ARM

1. Name: MARVIN LEE
2. Name: John Brandon
3. Name: Leslie Wright
4. Name: CHESTER White

MINUTES

PERSISTENT POVERTY SUBCOMMITTEE
FOR
LEGISLATIVE STUDY COMMISSION ON
POVERTY REDUCTION AND ECONOMIC RECOVERY

Tuesday, March 2, 2010
10:30 a.m.

The Persistent Poverty Subcommittee met in Room 415 of the Legislative Office Building on Tuesday, March 2, 2010. Chairman William A. Current, Sr. presided and called the meeting to order at 10:33 a.m. Chairman Current stated that he was excited about the meeting and appreciated everyone attending. He thanked the Sergeant-at-arms, as well as Bill Gilkeson and Wendy Miller. Chairman Current asked for any corrections to the minutes, from the February 2, 2010, meeting and upon hearing none stated that the minutes would stand approved as read. He reminded eligible members to fill out their reimbursement forms.

Members present: Representative William A. Current, Sr., Chair; Senator Doug Berger; Ms. Maria Spaulding, DHHS; Ms. Phyllis West, Department of Public Instruction; and Dr. Al Wentzy. Staff present: Bill Gilkeson, Research Attorney, and Wendy Miller, Committee Clerk.

The Agenda (Exhibit 1) and the Visitor's Registration (Exhibit 2) are attached hereto and incorporated into the minutes.

Chairman Current introduced Dr. Dennis K. Orthner, a Professor in the School of Social Work and the Department of Public Policy and Associate Director of the Jordan Institute for Families at the University of North Carolina at Chapel Hill. Dr. Orthner is a research design and human services evaluation specialist. His writing and research has focused on children, youth and family programs and services, welfare and poverty, public education, military families, and community human services planning and assessment.

Dr. Orthner's presentation was entitled: "Strong Couples-Strong Children: Changing the Picture of Poverty", (Exhibit 3). He thanked everyone for inviting him and stated that he spent the last 30 years primarily focusing on issues of at-risk families and poverty. Dr. Orthner added that he was going to present the highlights of some of the things he learned over this period in time; focusing on issues of the family structure. He stated that the family is typically a mother, father and children; however, when we talk about family programs today we are primarily talking about mothers and children. Dr. Orthner further stated that North Carolina virtually does nothing to help couples stay together. He added that existing North Carolina programs only provide services for mothers and children and do not provide services to help strengthen the couple relationship or to engage the father. Dr. Orthner stated that our policies actually drive the father away as opposed to helping him stay in the relationship and suggested we focus on couples. He further stated that there is unfortunately in America and North Carolina a racial gap in education in terms of students but just as big as the racial gap is the gender gap. Dr. Orthner stated that very

few males are finishing school and furthering their educations and that North Carolina needs to change that trajectory. He stated that this is the major reason we have the poverty problem that we have today. Dr. Orthner added that everything else we do is fixing the symptoms, but getting to the cause means we have to get down to something which is really fundamental. He suggested that we need mentor support for men and fathers, fatherhood programs that work, parenting programs for men, and supporting services for men. Dr. Orthner stressed that it is better to use existing programs and improve them than to build a new structure.

Dr. Orthner ended his presentation with the following statements: "Dads who have a relationship with their children will provide. Dads who do not have a relationship with their children, will not provide. The key issue is that we have to get fathers more involved."

Chairman Current thanked Dr. Orthner for his presentation and introduced Sarah Krishnaraj, an attorney for the UNC Center for Civil Rights. Ms. Krishnaraj's presentation was entitled, "Reforming NC's Annexation Laws to Combat Persistent Poverty", (Exhibit 4). She stated that she works with approximately 30 low-income communities that are located on the fringes of cities and towns but have not been incorporated into those towns. According to Ms. Krishnaraj this process is called "excluded communities" or "underbounding", which is a phenomenon where cities are expanding or growing, usually through annexation, but do so in a way that excludes certain communities. She further stated that this creates a lack of resources for these communities, which sees annexation as a possibility of helping with their poverty situation, and that they want to be annexed. Ms. Krishnaraj shared with the members that the way the current statues are written these communities do not meet the requirements and this prevents certain areas from being annexed. She added that our current annexation laws don't take into account these types of communities and require them to have 100% participation. Ms. Krishnaraj finished her presentation by stating that the UNC Center for Civil Rights would love to help draft language for legislation that specifically addresses this situation in these communities.

Chairman Current thanked Ms. Kirshnaraj for sharing her presentation and invited Dr. Orthner to join Ms. Kirshnaraj for questions from the subcommittee members. Chairman Current started the discussion with a question as to what part Dr. Orthner thought academia played in the unintended consequences we are seeing in the break down of marriages. The example he gave was that when he attended college he had to have his date back at a certain hour and that now students are allowed to sleep together in colleges.

Dr. Orthner responded that he, too, remembered when colleges had stricter rules. He asked the subcommittee members to consider what the morays, value structures, and expectations are that set up this kind of trajectory in our high schools and elementary schools. Dr. Orthner further stated that Oklahoma is doing something about culture recognizing we have to change expectations.

Senator Berger stated that he wanted to hear some concrete proposals for legislation that the General Assembly could do. He asked if there were any North Carolina laws that needed changing and if there was anything tried in other states that we could do.

Dr. Orthner stated that he was not a lawyer and, therefore, would not know the correct language to be used in new legislation. However, he did think there were some things that North Carolina could change that would not be costly. The example Dr. Orthner gave was that the Nurse Family Partnership that gives assistance for unmarried mothers include fathers in their program. He further stated that public programs primarily focus on mothers and children but could easily include fathers and that he would be glad to explore this for the subcommittee.

Dr. Orthner stated that we have to go back and revisit our current programs and figure out how to use our existing structures when possible as opposed to inventing new structures which is expensive.

After much discussion from members, guest speakers and visitors, Senator Berger suggested that at least one or two proposals be submitted to the group as a whole and moved that the committee consider the following:

1. Adopt the proposal with regard to annexation statues be changed where it takes 100% if a community wants to be annexed.
2. Make a recommendation that DPI and HHS coordinate together to develop and require that parenting classes be provided.
3. Recommendation to set up scholarship programs to encourage more men to teach in elementary schools.

Dr. Wentzy seconded Senator Berger's motion of adoption of zoning and hopes we make the following recommendations to propose DPI include parenting classes in their curriculum. He feels that parenting is one of the most important aspects in teaching life skills.

Chairman Current asked members to look in their folders at the recommendations that were submitted by some of the subcommittee members and let it be known what they felt needed to be included in the final report to the full committee.

Senator Berger stated that he supports lifting the cap on Charter Schools if certain requirements are met. He stated that the General Assembly has a bill to increase Charter Schools by five and that it passed the House; however, the bill is sitting in the Senate. Senator Berger felt a recommendation from this committee may help and further stated that he would be comfortable in lifting the cap for Charter Schools if they provide free and reduced lunches and provide alternative transportation for at-risk kids.

Chairman Current stated that anything that could be done to get parents involved such as Charter Schools would be good. He further stated that in the subcommittee's effort to make sure that they are not leaving anyone out they should not prohibit the opportunity for success whether it be an all-black Charter School, an all-white Charter School or whatever it might be.

Senator Berger stated that if a requirement for free or reduced lunch was included then it would show a desire to help at-risk student. He further stated that the subcommittee could propose lifting the cap on Charter Schools for the State of North Carolina and new Charter Schools approved and they shall be required to participate and/or provide free or reduced lunch programs.

After discussion by members regarding how the wording of the recommendation concerning Charter Schools should be written, Chairman Current asked if it would suite the subcommittee members if Senator Berger drafted a proposal for this recommendation and send to Bill Gilkeson and the rest of the members.

Everyone agreed and Senator Berger stated that he would prepare the recommendation.

Dr. Orthner added that one of the things that will attract males to staying in school is parent education with fatherhood included. He stated that boys like to know what they are learning will apply in real life and that it keeps kids engaged. Dr. Orthner stated that in regards to the three R's (Rigor, Relevance, and Relationships) we are not teaching relevance. He added that there would be no cost to implementing this into courses that are already being taught.

Julia Leggett with the NC Groups With Disabilities stated that the groups she represents would be very supportive of middle grade students with disabilities be included in this recommendation.

Chairman Current stated that in regards to the results of our present education system, he feels the Department of Public Instruction needs to bend and look at new ways to fix the problem with the same amount of money.

Members discussed a list of recommendations. Senator Berger made a motion that the following four recommendations be adopted for proposals to be sent to the full committee:

1. The NC Tarheel Challenge second location.
2. The cap on Charter Schools be lifted with the requirement that all new Charter Schools have a yet to be determined percentage of children that qualify for free and reduced lunches.
3. Direct the Department of Public Instruction to develop a parenting curriculum with special recognition of fatherhood to be taught in middle school health classes.

Chairman Current asked if marriage could be added. He stated that his community is having a drive in this area.

Dr. Wentzy suggested that co-parenting be used instead of fatherhood.

Senator Berger stated that he would be more comfortable using co-parenting instead of fatherhood.

4. The zoning proposal.

Dr. Wentzy seconded the motion.

The motion passed unanimously.

Chairman Current stated that it had been an honor to work with everyone. The meeting was adjourned at 12:40 a.m.

Respectfully submitted,

Representative William A. Current, Sr. Presiding Chair	Wendy Miller Committee Assistant

Attachments:

Agenda (Exhibit 1)
Visitor's Registration (Exhibit 2)
"Strong Couples-Strong Children: Changing the Picture of Poverty", (Exhibit 3)
"Reforming NC's Annexation Laws to Combat Persistent Poverty", (Exhibit 4)

Representative Current's Recommendations
To The
Persistent Poverty Subcommittee

1. Establish necessary legislation for an additional Tarheel ChalleNGe Academy to be located in the western part of the state.

2. Support legislation that would raise the cap on Charter Schools and other alternative schools which would appeal to at-risk students.

3. Promote policies in state government which would strengthen family structure, parenting skills, and responsibility for caring and rearing of offspring.

   As an example: Support the definition of the Marriage Amendment.

4. Support volunteer mentoring and encourage all efforts to motivate and teach children in poverty to take advantage of the opportunities available to succeed in life.

5. Decrease incentives to unmarried females who have more than one out-of-wedlock child.

Dr. Al Wentzy

RECOMMENDATION FOR STUDY COMMISSION ON POVERTY REDUCTION & ECONOMIC RECOVERY, SUBCOMMITTEE ON PERSISTENT POVERTY

RECOMMENDATION:

Recommend supporting our NC National Guard in the replicated expansion of the highly successful NC Tarheel ChalleNGe Academy with an additional Academy that annually graduates 500 high school dropouts, facilitates high school equivalency and redirects a segment of our dropouts to become productive members of society.

FACTS: (Source: NC National Guard Presentation & Poverty and High School Dropout Presentation by Dr. Jenni Owen, Duke University – January 2010):

- NC Dept. of Public Instruction reports average of 23K students drop out of high school/year (2008 data) and nationally, Dr. Owen reports a loss of $3 trillion over the next ten years. The propensity for high school drop outs is higher for those in poverty and to remain impoverished, but regardless of income level, high school dropouts reflect higher indices leading to unemployment, delinquency, criminal activity, substance abuse, reduced wages, eligibility for public assistance programs, loss of taxation and a general reduction in the well being of our state.
- Our NC National Guard participates in a US National Guard Bureau Program under the US Department of Defense, whereby the federal government contributes 60% for the cost of operating our single NC Tarheel ChalleNGe Academy in Salemburg, NC and NC contributes 40% (indication is that the US Congress recently voted to increase the cost share to 75% federal and 25% state, however the passage/approval was not funded).
- Our NC National Guard successfully teaches life skills and 7 of 10 graduate with a GED.
- The belief is that state cost will be ameliorated through federal offset contributions, as well as reduced involvement in the consequences of students dropping out of high school.
- The NC National Guard has a plan to expand to Badin, NC, in Stanly County, with a goal of serving 500/year.
- The national program application expansion process takes about two-years and they require supportive documentation from the NC General Assembly in gaining an additional Tarheel ChalleNGe Academy in NC – this Commission could make such a recommendation and statement of support.
- Other specific criteria for expansion via implementation and operational issues can be obtained from our NC National Guard.

Jean Reaves' Recommendations
To The
Persistent Poverty Subcommittee

Please accept the following thoughts for consideration and discussion at our Tues March 2 meeting:

1. Support expansion of TarHeel Challenge Program through the NCNG. This is a successful program with a strong track record to addressing dropout prevention figures. I would further recommend that any approved expansion would be directed specifically to young people in our target counties.

   As is so often the case the process of getting this approved requires at least two years therefore we need to move on this possibility as soon as possible.

2. Address State CHIP Healthcare Program to our NCNG and Reserve Unit as a part of the already established Yellow Ribbon Program and other briefing processes that inform personnel and their families of resources.

3. In light of information shared with us from Duke University professor we have to establish better methods of identifying truly at risk students and then really addressing their risk factors.

4. Look at Lauden County VA, only 150 miles north of us, and a rural county of similar demographics as many of our counties. This county learned that "the arts", introduced at a young age, are an important part for exciting and encouraging learning and therefore addressing drop out rates.

   This county also learned two additional things: 1) internet is a part of competition in the 21st century, 2) tourism is a real industry that can bring jobs and industry to your rural community.

5. When you are looking at reasons for and overcoming Persistent Poverty you must look at the basic Psy 101 and Maslows Theory---one must supply basic securities and necessities before one can move to any other conversation.

I sincerely hope these thoughts are helpful and can be some part of our upcoming discussion.

Jean Reaves
252-673-6495

Phyllis West's Recommendations
To the
Persistent Poverty Subcommittee

Here are my recommendations:

1. Do not eliminate/reduce support school employees such as graduation coaches, guidance counselors, social workers, school health nurses.

   Rationale: These individuals address issues for ensuring students are mentally and physically ready to learn.

2. Appoint a commission that addresses dropouts with the membership coming from education, health, and justice.

   Rationale: Students that dropout of school typically have negative encounters in all three areas.

3. Support with state funds entities such as Community in Schools who use research-based strategies to keep students in school.

   Rationale: All state funds used for the dropout programs should be frequently assessed to ensure there are good or promising outcomes for students and their families.

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DENNIS K. ORTHNER, Ph.D.

Profile

Dr. Dennis K. Orthner is a Professor in the School of Social Work and the Department of Public Policy and Associate Director of the Jordan Institute for Families at the University of North Carolina at Chapel Hill. He is a research design and human services evaluation specialist. His writing and research has focused on children, youth and family programs and services, welfare and poverty, public education, military families, and community human services planning and assessment.

Personal Data

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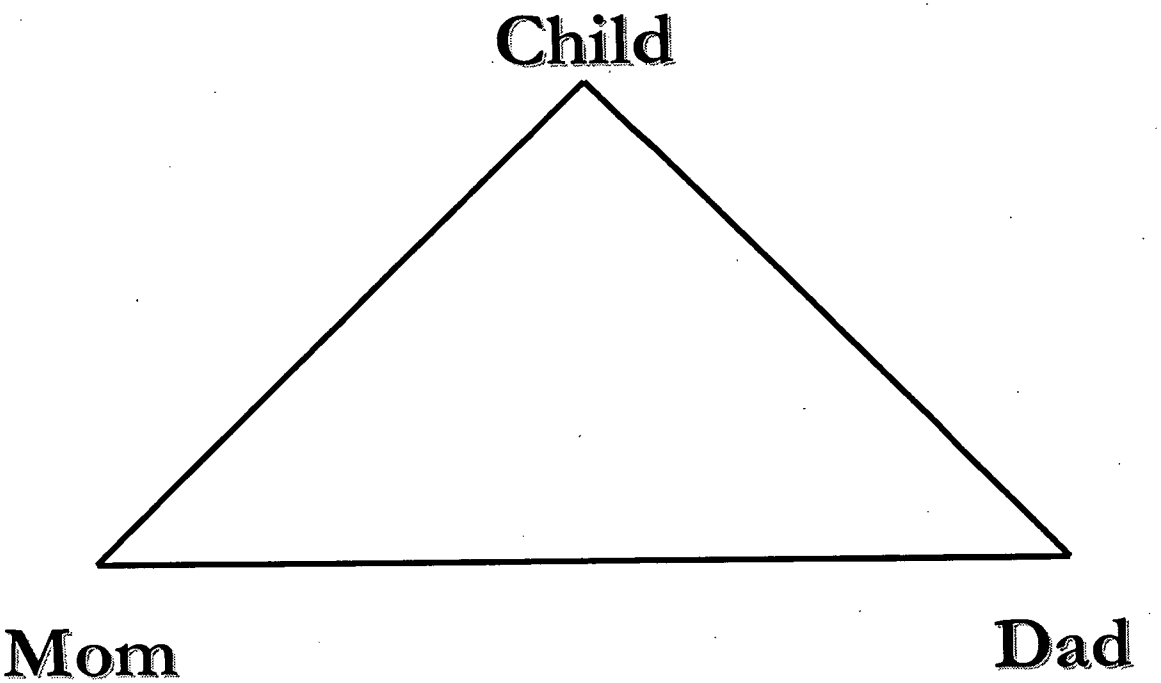
Strong Couples-Strong Children: Changing the Picture of Poverty

Dennis K. Orthner, Ph.D.
Jordan Institute for Families
University of North Carolina at Chapel Hill
March 2, 2010

Submitted to the Sub-Committee on Persistent Poverty
of the NC General Assembly Study Commission on
Poverty Reduction and Economic Recovery

The Family Triangle: A Reminder



Couples & Children Today: Current Realities

- 40% of children born to unmarried parents
  - 25% White
  - 48% Hispanic
  - 70% African-American
- Half of children with married parents experience divorce
- Multi-partner fertility (Fragile Families)*
  - 60% of unmarried parents (either or both) have a child from another relationship (24% if married)

*Charles, 2009

Low-Income Couples: Current Realities

- Rapid decline in couple and co-parenting relationships
  - 100% together at conception
  - 82% romantically involved at birth
    - 49% living together
    - 60% say they want to marry each other (55% of moms)
  - 49% romantically involved one year later
  - 39% still romantically involved 5 years later
    - 18% living together
    - 16% married

From Fragile Families longitudinal research, 2007

Few Unwed Parents Achieve Their Aspirations for Marriage

- Less than 10% marry one year after their child's birth (16% in 5 years)
- Without marriage, most unwed relationships unravel in a short time
- Fathers less likely to be involved with children once couple has split up
- No assistance currently provided to help unwed parents sustain and strengthen relationships

Challenges Facing Unmarried Parents

- Barriers to carrying out their plans
  - Lower education, employment
  - Complex family relationships
  - Distrust of opposite sex in some groups
  - High economic bar for marriage
  - May have personal challenges that affect relationships

The Costs of Not Strengthening Low-Income Couples

- Continuation of current trends
- Majority of children living at some time in a one-parent home
- High reliance on government assistance
- Increased marginalization of men
- Continued decline in assumption of marriage or stable couple relationships

Benefits of Strengthening Couples: Poverty Reduction

- Effectiveness of 5 factors in reducing poverty rate:
  - Full-time work - 42%
  - Marriage (to 1970 rate) - 27%
  - Education (to HS) - 15%
  - Reduce family size (to 1970) - 13%
  - Double case welfare - 8%

Haskins and Sawhill, 2009

Divorce: A Second Route to Poverty

- Current divorce statistics:
  - First marriage divorce rate 42%
  - Second and later marriages rate 50% +
  - 10 year divorce rate for low income 44% (vs 23%)
  - % of divorces with children 61%
  - % of divorced children in poverty 10%
  - Median decline in women's HH income - 27% (vs +10%)
  - % of divorced women with consistent child support 25%

Benefits of Strengthening Couples: Reduced Family Violence

- Risks of child-abuse increase 400-500% when non-biological father in the household*
- Sexual predators often target children in single-parent families*
- Data from Fragile Families indicates most couples are highly supportive of each other and conflict levels quite low

*Wilson 2002

Benefits of Strengthening Couples: Stronger Children

- Married and cohabiting dads more likely to*:
  - Feed, read to and play with their children
- Father engagement and love** (compared to mothers'):
  - Equally predicts social, emotional, and cognitive development
  - Equally predicts happiness, well-being, and social and academic success
  - Better predicts delinquency and conduct problems, substance abuse, and overall mental health and well-being

*Carlson & McLanahan, 2001

**Rohner & Veneziano, 2001

Benefits of Strengthening Couples: Stronger Children

- Children from two-parent biological families demonstrate better behavioral, educational and developmental outcomes compared to children from one-parent families including:
  - Higher socioeconomic achievement***
  - Better psychological well-being*
  - Higher rates of high school & college completion***
  - Less teenage childbearing**
  - Less idleness in young adulthood**

*Amato & Booth, 1997

**McLanahan & Sandefur, 1994

***Orthner et al, 2009

A Possible Policy Agenda

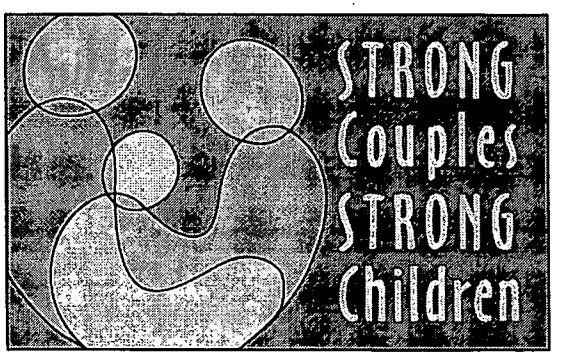
1) Help low-income couples stay together, if it is in the best interests of their child/ren
2) Strengthen men's capacity to be better partners, parents and providers
3) Improve transition support to low-income women and children when divorce happens
4) Strengthen supportive services to men responsible for child support orders

1) Low-income Couples Support

- Start early, before or during pregnancy if possible
- Focus on couples, not just mothers or fathers
- Take a comprehensive approach to family skills
- Provide wrap-around services for family support and men's job training and employment
- Relax rules that limit father involvement in the home
- Funding: TANF and new federal innovation $$

The Strong-Couples, Strong-Children Program in Durham

- Relationship and parent skills education, information, and support
- Family support services for both parents
- Family coordinators for each couple
- Public health, Cooperative Extension, DSS, UNC-CH School of Social Work



The Strong-Couples, Strong-Children Program in Durham

2) Strengthen Relationship Skills of Men

- Expand support to finish high school and get job training or finish college
- Expand mentor supports for men and fathers
- Strengthen and expand fatherhood programs
- Provide partner and parenting skills programs
- Promote access to the full range of supportive services

3) Transition Support after Divorce (for lower income)

- Develop program for court referrals to transition assistance case management (voluntary)
- Offer eligibility determination for public assistance
- Provide career counseling and employment support
- Expand child care benefits
- Create Individual Development Accounts (IDAs)

4) Supportive Services to Non-Custodial Fathers

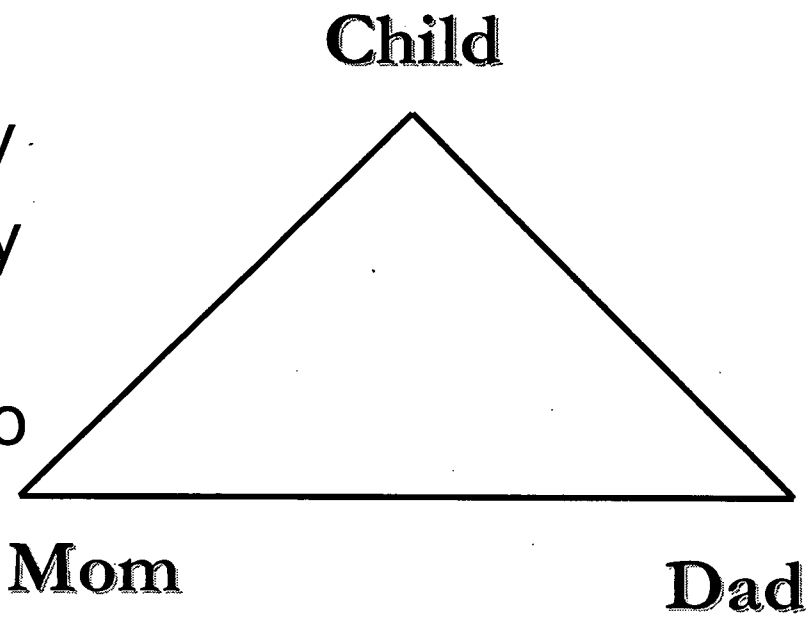
- Acknowledge that child support enforcement has limited effectiveness for low-income men
- Provide skills training and employment assistance to low-income fathers
- Promote father-child involvement as reward for child support payments (if safe for children)
- Address multi-partner fertility problem among men

Putting It All Together

- Building a strong foundation for reducing adult and child poverty

The Time is Now

- Refocus our low-income programs on the whole family
- Actively include dads in family support
- Build couple development into programs
- Recognize that stronger couples lead to stronger kids... and communities!



Sarah Krishnaraj

Postdoctoral Research Fellow

Fellow Sarah Krishnaraj is a three-time graduate of the University of North Carolina at Chapel Hill. After completing her undergraduate degree, Sarah earned a Master of Social Work in 2003 and a law degree in 2008. Prior to entering law school, Sarah worked as a research assistant to Sen. Ellie Kinnaird in the NC General Assembly and served as an Americorps VISTA with Progressive Redevelopment, Inc., an affordable housing developer in Atlanta, GA. During law school, Sarah pursued a variety of public interest and ***pro bono*** activities including working with Legal Aid of North Carolina and the Durham County Attorney's Office. Following her second year of law school, Sarah received the Hank Tersango Public Interest Scholarship to pursue an internship with the National Women's Law Center. While at NWLC, Sarah worked in the Family Economic Security division helping to craft legislation and public policies to assist economically vulnerable women. Sarah joined the Center in November 2008 and focuses on community inclusion and economic development issues.

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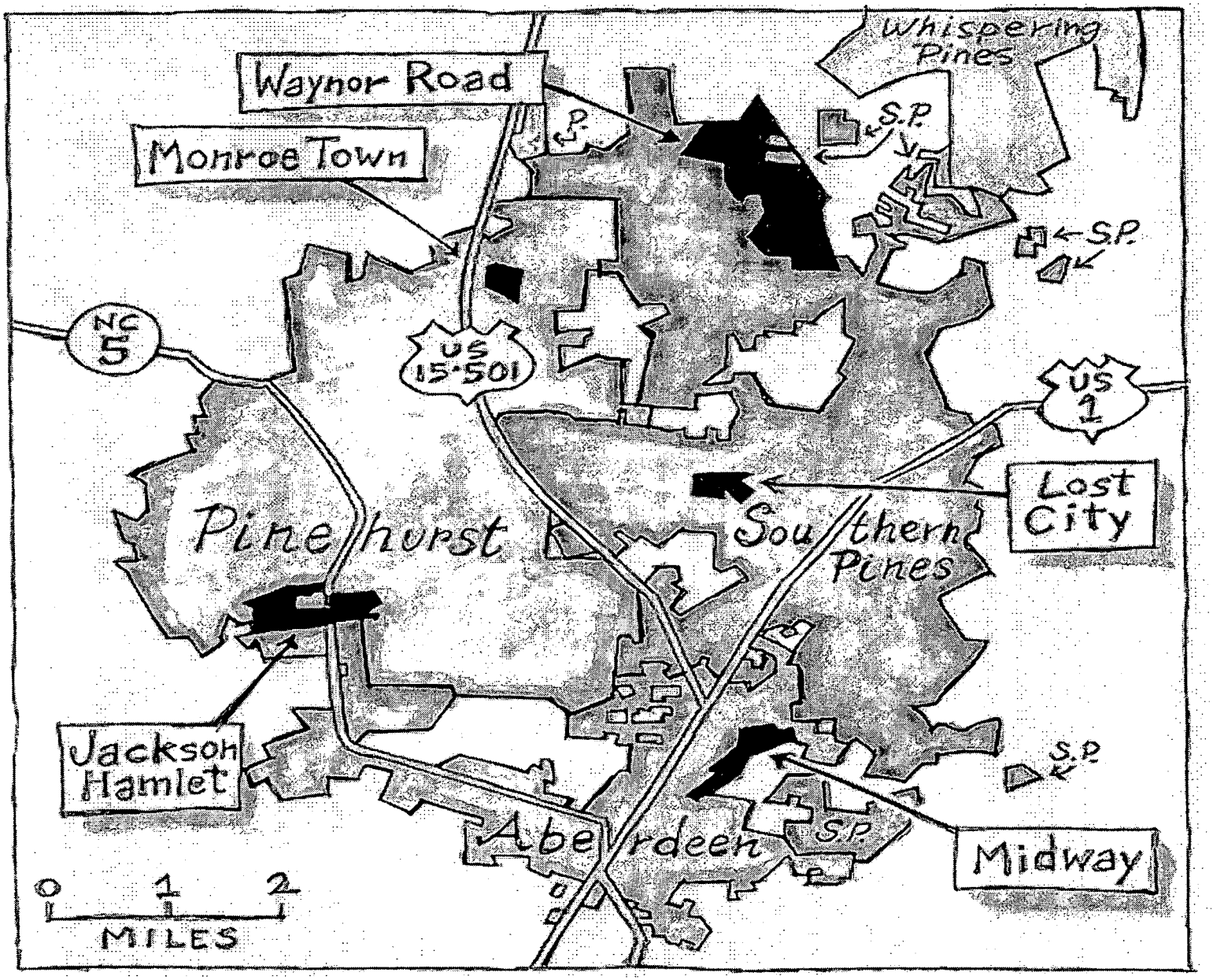
sarah_krishnaraj@unc.edu

Reforming NC's Annexation Laws to Combat Persistent Poverty

Sarah Krishnaraj, Fellow
UNC Center for Civil Rights


Whispering Pines
Waynor Road
Monroe Town
S.P.
S.P.
S.P.
NC 5
US 15-501
US 1
Lost City
Pinehurst
Southern Pines
Jackson Hamlet
Aberdeen
S.P.
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Midway
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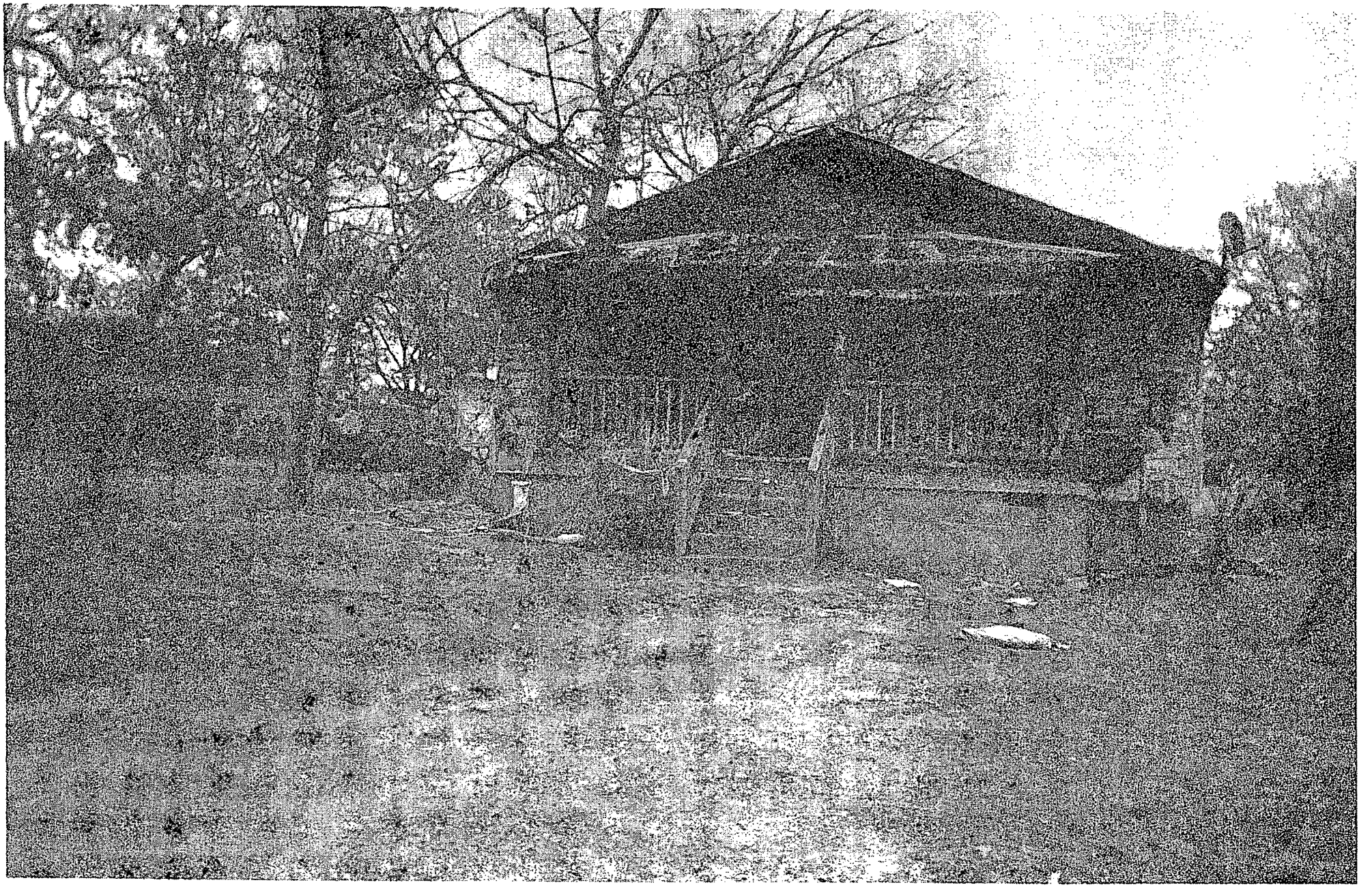
MILES



ATTENDANCE

SUBCOMMITTEE ON STATE PROGRAMS

(Name of Committee)

DATES MEMBERS	1/5/10	2/2/10	3/2/10	3/31/10											
Representative Angela R. Bryant -Chair	X	X	X	X											
Senator Edward Jones	X	X	X	X											
Mr. Joe Crocker	X	X	X	X											
Mr. Manfred Emmrich	X	X	X	X											
Mrs. Tina Morris-Anderson	X	X	X	X											
Ms. Johanna Reese	X	X	X	X											
FISCAL RESEARCH STAFF															
Melanie Bush	X	X	X	X											
COMMITTEE ASSISTANT															
Karon Hardy	X	X	X	X											

POVERTY REDUCTION AND ECONOMIC RECOVERY
SUBCOMMITTEE ON STATE PROGRAMS

AGENDA
Room 425, Legislative Office Building

MARCH 31, 2010

I. WELCOME AND INTRODUCTIONS

II. DISCUSSION OF ISSUES AND RECOMMENDATIONS

III. FINALIZATION OF RECOMMENDATIONS

IV. APPROVAL OF MINUTES

POVERTY REDUCTION AND ECONOMIC RECOVERY
SUBCOMMITTEE ON STATE PROGRAMS

PROPOSED RECOMMENDATIONS

I. HEALTH CARE

Presentations from Bill Rowe, NC Justice Center; Dr. Craigan Gray, Division of Medical Assistance; Emila Sutton, NC Assets Alliance

- Raise the enrollment cap for Health Choice to maximize the federal allotment*
- Explore federal incentives through the Children's Health Insurance Reauthorization Act (CHIPRA) to expand eligibility and ease administrative burdens for Health Choice
- Ensure full funding of Medicaid so that federal matching dollars are not left on the table*
- Explore the extent of medical debt in NC and consider policies to address the situation.
- Examine existing healthcare system in North Carolina and continue to provide the greatest number of people with the greatest amount of services

II. HOUSING

Presentations from Bob Kucab, NC Housing Finance Agency; Bill Rowe, NC Justice Center; Emila Sutton, NC Assets Alliance

- Increase funding for the NC Housing Trust Fund to $50 million/year*
- Examine feasibility of new policies to aid low-income utility consumers and promote access to utility services (e.g. expanded shut-off protections, rate discounts for low-income customers, and annexation reform)
- Explore possibility of extending new private home mortgage foreclosure protections to public (tax) foreclosures

III. INCOME AND ASSETS

Presentations from Tina Morris-Anderson, NC Department of Labor; Bill Rowe, NC Justice Center; Emila Sutton, NC Assets Alliance

- Additional State funding for IDAs*
- Continued use of CDBG and TANF funds for IDAs
- Raise the NC EITC to 10% of the federal credit—roughly $75 to $80 million*

IV. WORK SUPPORTS

Presentation from Sherry Bradsher, Division of Social Services

- Enhance transportation services in rural areas*
- Create opportunities for work experience through subsidized employment using ARRA Temporary Assistance for Needy Families (TANF) funds
- Enhance work skills through training opportunities such as the 12 and 6 Program through community colleges*
- Increase TANF kinship care payment – child only payment is very low*
- Increase payment rate for Work First tied to meeting the work and personal responsibility requirements of the program*
- Explore supporting efforts to maximize participation in federal programs, including Food and Nutrition Services, Supplemental Nutrition for Women, Infants, and Children (WIC), weatherization programs, TANF, Medicaid, etc. through community outreach and

utilization of efforts such as the NC Benefits Bank as well as ensuring that the policy makers and implementers, consumers and advocates at the state and local levels understand the interconnection of the benefits from these programs

V. CHILD EDUCATION AND CHILD CARE

Presentations from Ron Byrd, Division of Child Development; Susan Totty, NC Partnership for Children; Barbara Bradley, Action for Children

- Extend the current 30 to 60 day job search policy up to 6 months when child care subsidy recipients experience a loss of employment*
- Provide child care subsidy applicants upfront job search up to 6 months that lost employment on or after October 1, 2008*
- Provide job search child care subsidy benefits for recipients who completed school and are entering the job market*
- Extend the 24-month post-secondary education time limit for child care subsidy to 36 months for recipients who lost employment since October 1, 2008, or otherwise need additional training to enhance marketable skills for job placement and who have depleted the 24-month allowable time for education*
- Support investments to increase and maintain high-quality, early learning programs*

VI. FRESH FOOD RETAIL IN UNDERSERVED COMMUNITIES

Presentation from Lee Dixon, Fiscal Research Division, NCGA

- Continue to analyze the impact of the lack of fresh food retail in underserved communities, with a focus on developing policies and recommendations that:
  - Target State economic development programs and public incentives to supermarket industry to maximize their impact on supermarket site location decisions
  - Develop a business financing program to support local supermarket development, renovation, and expansion projects
  - Prioritize assembling land at the local level for supermarket and grocery store development
  - Reduce unnecessary regulatory barriers to supermarket and grocery store investment and stream line the development process
  - Increase/prioritize transportation services to supermarkets
  - Develop up-to-date and data-driven market information on unmet market demand for food in underserved areas
  - Promote green supermarket development and renovation through incentives for energy-efficient equipment and systems and environmentally sustainable building materials

VII. PERMANENT POVERTY REDUCTION AND ECONOMIC RECOVERY COMMITTEE

- Establish a permanent, non-standing, interim committee on Poverty Reduction and Economic Recovery*

VIII. TARGET FOR POVERTY REDUCTION

- Direct the permanent committee to study a reasonable target and timeline for poverty reduction, including alternative measures for poverty

IX. EXISTING STATE PROGRAM INVENTORY AND HISTORY OF POVERTY REDUCTION EFFORTS

- Direct the Program Evaluation Division of the North Carolina General Assembly to compile an inventory of State programs aimed at reducing or alleviating the condition of poverty, their outcomes and effectiveness and a history of State efforts to reduce poverty.

* Denotes recommendations that may require additional appropriations

MINUTES

SUBCOMMITTEE ON POVERTY REDUCTION AND ECONOMIC RECOVERY ON STATE PROGRAMS

Tuesday, March 31, 2010
1:30 A. M.
Room 425, Legislative Office Building

The Legislative Subcommittee on State Programs met on Tuesday, March 31, 2010 at 1:35a.m. in Room 425, at the Legislative Office Building. The following members were present: Sub-committee Chair, Representative Angela Bryant, Subcommittee member and Committee Chair, Senator Edward Jones, and Public members Joe Crocker, Manfred Emmrich, Tina Morris-Anderson and Johanna Reese. Committee staff, Melanie Bush and Committee Assistant Karon Hardy were also in attendance. The Agenda and the Proposed Recommendations ***(Attachment 1)*** and the Visitor Registration ***(Attachment 2)*** are attached hereto and incorporated into the minutes.

Representative Angela Bryant, presiding chair, opened the meeting with introductions and welcomed everyone. The Committee members introduced themselves. Representative Bryant recognized the Sergeant-at-Arms and Legislative Assistant, Karon Hardy and Staff member Melanie Bush.

Representative Bryant welcomed Melanie Bush to the podium to review the Proposed Recommendations with the Committee. She and Representative Bryant covered the following areas: ***(Attachments 1, 3, 4, and 5)*.**

I. Health Care
II. Housing
III. Income and Assets
IV. Work Supports
V. Child Education and Child Care
VI. Fresh Food Retail in Underserved Communities
VII. Permanent Poverty Reduction and Economic Recovery Committee
VIII. Target for Poverty Reduction
IX. Existing State Program Inventory and History of Poverty Reduction Efforts

Representative Bryant asked if Ms. Bush to explain how Children's Health Insurance Program Reauthorization Act, (CHIPRA) works and the incentives of CHIPRA?

Ms. Bush presented and explained item I. Healthcare. "North Carolina has a system in place that would streamline eligibility for the Medicaid program and the CHIPRA program. CHIPRA is gives states grants to improve their technology and to improve

their application process. Which could be something that North Carolina would apply for," she said.

Representative Bryant further asked about ensuring full funding for Medicaid. She had heard that we are over budget by $500 million.

Ms. Bush shared that in the current fiscal year Medicaid is over budgeted by $250 million and next year it is projected that Medicaid will need an additional $500 million just to maintain current operations.

Representative Bryant wanted to know if the Committee was asking the General Assembly to find the $250 million or if cuts will be made, because any cuts that are made in what is currently being spent reduces the federal match. "Why is the state in a deficit" she asked.

Melanie stated there are a number of reasons why we are experiencing a deficit:

1. The current economic downturn. A lot more folks than projected are getting on Medicaid, because they are losing their jobs and finding themselves eligible for Medicaid.
2. There are also more people using more services in Medicaid.

Representative Bryant asked if the money that is over budget is State dollars that have already been obligated for people who are eligible. That doesn't even count the federal money that will match it."

Melanie replied, "That is correct."

Representative Bryant asked, "If we keep all of our programs the same the estimate that we will run over?

Melanie added, "That we will need an additional $500 million next year."

Representative Bryant opened the floor for questions and comments from the Committee.

Mr. Emmrich asked if the $500 million was over and above the $250 million.

Melanie responded, "Yes. In the current fiscal year the way the budget is set up the governor is responsible for filling that $250 million shortfall in the current year. She has done so by holding back about 5% of state budget and she will be able to address that shortfall in the current fiscal year. Next year going forward we take up the budget in the short session, we will have to address the fact that we have a $500 million shortfall.

Senator Jones wanted to know how the healthcare bill that has been passed affects what we're doing here?

Melanie stated, "It will certainly help but a lot of the reforms are a couple of years out. Fiscal Research, Research and Bill Drafting staff are going to have a meeting to figure out everything that is in this healthcare bill. But the things that will affect state government are changes that would be made to the state health plan, i.e. covering children until the age of 26 and no more discrimination on pre-existing conditions starting with children. Medicaid will be expanded to include everyone in the state regardless of their disability or their age, or the fact that they have children or not, below 133% the poverty level starting in 2014."

Representative Bryant asked, "If that was mandated and if the state would still have some options on what services they provide?"

Ms. Bush, replied, "That's correct and there will be 100% federal financing of the expansion population from 2014 -2016. Then it phases down to 95% and 93% by 2020. It will be at 90% federal financing, which is still a pretty good deal for state in terms of getting 90% for every dollar paid for but it does cover a lot more folks. We are trying to figure out how many that will be."

Representative Bryant stated that the Committee doesn't have to worry much going forward, but that doesn't help next year.

Mr. Crocker asked what was the state match for Medicaid?

Ms. Bush stated that it depends on the year, it changes every year of course. Normally it is about a 65/35 match for North Carolina based on poverty and the whole formula they use to determine the match. But right now we are under the ARRA law which is the American Reinvestment Recovery Act and that's a rather enhanced match for Medicaid so it is more like 75/25. The federal government is paying 75 cents for every dollar.

Mr. Crocker asked a follow-up question about the $250 million shortfall.

Ms. Bush said, "The $250 million short fall is a combination of more enrollment, more consumption, and the fact that many of the present reductions that we made last year haven't been realized. That is because the budget reduction hasn't received federal approval. Federal approval has been a slow process, and we didn't count on that. Also, some of the cuts weren't good cuts. There is really no money there for them and some of them are delayed because of technological reasons. Next year the $500 million shortfall is really based on the $250 million needed to just maintain current services plus the growth in the program, plus delays in implementing certain cuts again. Its actually about $475 million"

Representative Bryant asked Louisa Warren, North Carolina Justice Center, to speak to what would be involved in raising the enrollment cap for Health Choice, which is outlined in bullet 1? (Raise the Enrollment Cap). ***(Attachments 1 & 3).***

Ms. Warren said, "This is very connected to maximizing CHIPRA Federal Funds. CHIPRA is when the federal government reauthorized our children's state insurance programs. They created incentives for states to streamline their eligibility and created availability of these incentives. The state did 5 out of 7 of their numbered incentives. There is money on the table that North Carolina can be drawing down while simultaneously responding to the economic downturn and seeking to provide more access to health insurance for low-income. The chart lays out currently an estimated 120,000 children in North Carolina who are eligible for Medicaid or Health Choice but not enrolled. One reason is because we have a CAP for the number of children that can be enrolled in our Health Choice program. Every year the Legislature sets that cap, it provides the funding for a maximum amount of children who can be enrolled in the program. It is not based on the number that are eligible, it is based on a cap. There are a number of states who have taken steps to increase the enrollment of their children in the health insurance programs, recognizing that it is a small state investment to make. She referenced ***(Attachment 3)***, to further explain what the state could draw down to assist with her request to raise the health care cap. Because of the economic downturn parents have lost their jobs and have lost health coverage themselves and for their dependents. Health Choice stepped in to be a program that provides at least at a minimum access to affordable healthcare for children. We realize that money is tight which is why we are suggesting that you raise the enrollment cap.

Representative Bryant asked what is currently being spent?

Ms. Warren wasn't sure.

Mr. Crocker asked what the current cap was?

Ms. Bush said, "The current cap is 6% per growth year, so there about 37,000 kids on Health Choice. But that is just an estimate."

Ms. Warren stated, "That in this last budget that was passed in the last session it was budgeted for 6% enrollment growth for this current fiscal year and 3% for fiscal year 2010-2011."

Representative Bryant asked Ms. Warren what were they recommending in lieu of that?

Ms. Warren replied, "To raise the Health Choice cap to a higher percentage and ensure additional number of children." They did not have a percentage figure because it is based on need.

Mr. Crocker told Ms. Warren that $15 million is the result of how much money is needed if the cap is raised, but he wanted to know what is the actual percentage at 3% if the cap was raised?

Ms. Warren offered to ask the Health Expert in her agency for that information.

Mr. Crocker followed up with a question about the 31,578. "Is this the estimated number of new children that would be eligible if the cap was raised," he asked.

Ms. Warren said, "Yes."

Representative Bryant asked if there was a connection between these incentives and raising the cap? "If they give us these grants to streamline the program, are they expected is included in those, that those grants are a requirement that we raise the cap to a certain level or does it have to be uncapped or what?

"The connection is that all of the different federal policy options for becoming eligible for these CHIPRA Incentive grants are options that would streamline enrollment and expand eligibility standards. These options would basically result in more kids becoming enrolled in Health Choice whether it is because of outreach or because the eligibility standards were shifted about. So we can't actually implement many of these policy options that are out there until we lift the cap," said Ms. Warren.

Representative Bryant asked is there an amount that you would need to raise the cap to make the incentive worthwhile?

Ms. Warren said they had been working with people in Washington, DC to put good numbers on this. What expenditures that the state can make in order to get those federal dollars, we haven't gotten that yet. I will check with fiscal research on that.

Representative Bryant asked if there were any questions or discussion from the Committee on recommendations in terms of Health Choice and CHIPRA Incentives?

She asked if anyone knew of the relative burden of medical debt for children's expenses versus adults and if there was any data available outlining this as a result of Mr. Croker's question on bullets 4 and 5, (the extent of medical debt in NC and examine existing healthcare in NC).

Ms. Warren responded that she was aware of there being data but she did not know the details of it. She offered to find out.

Mr. Crocker stated that the Committee wants the Healthcare but wasn't really sure how to proceed.

Representative Bryant suggested that the Committee consider raising it to an efficient extent to take advantage of the incentives. What that is has to be determined.

Senator Jones added, "Anything that will cost money should be made a last priority."

Representative Bryant asked if the Committee could put it in a lower priority category? She added that there will be a category based on the sensitivity to the needs of

Appropriations. It is established that it is an important priority and that it won't have to be revisited.

Mr. Emmrich suggested that the Committee focus on things that they can recommend that do not cost direct dollars.

Ms. Bush suggested that the Committee request a fiscal note and get the actual number at that time.

Representative Bryant asked the Committee what position would they like to take on the 3rd bullet (funding for Medicaid).

She suggested to make every effort to maintain the current Medicaid funding although there would have to be some cuts.

Senator Jones asked if we needed to find the $500 million anyway?

Representative Bryant acknowledged Ms. Sharnese Ransome, Department of Health and Human Services (DHHS), for comments. "In the current year we have $250 million dollar hole. In the 2010-2011 certified budget many of those cuts continue into that year, recognizing that there are monies that may or may not go away. We know that Congress is not planning at this time to take up the issue of a continuation of the recovery money until later in the year. Put all the money items on the table as you consider these items, keep in mind that dollars are already limited in the department therefore, they are equally as limited for you in the General Assembly," she said.

"Is there another approach that we want to think about recommending there, than bullet number 5 (examine existing healthcare and continue to provide the greatest number of people), in light of the cuts," Representative Bryant asked.

Mr. Croker asked, "Are you saying that you want to reduce something by $250 million in order to help make up that hole."

Ms. Ransome clarified for the Committee. "Each year they have to reforecast the Medicaid program expenditures simply because it is an entitlement when North Carolina chooses to participate in the Medicaid program. So the $250 million hole unfortunately will have to be paid no matter what. So we will reforecast so next year they will take into consideration those expenditures so you can be assured in the 2010-2011 budget that those cuts continue. We have to look at every option available to us to try to meet the budget based on what we know lies ahead for the state with the 2010-2011 budget."

Ms. Bush agreed and said that is what the Committee is talking about – the $500 million plus the $250 plus an additional amount of money that we think we will need just to maintain current services next year.

Mr. Crocker agreed to hold the line for this item.

Ms. Bush suggested to combined bullets 3 and 5 (ensure full funding of Medicaid and examine existing healthcare system In NC) and mention that when considering cuts to the Medicaid program, attempt to serve the greatest number of people.

Ms. Morris-Anderson was recognized for a question. "Is it safe to assume that the state has leverage with the existing state funds that it has to access federal dollars?" she said.

Mr. Crocker asked a question about bullet number 5 (examine existing healthcare system in NC) – the definition of healthcare. "What all is included in that, is that medical, what is the extent of healthcare coverage?"

Ms. Bush replied, "The Medicaid program is mental health, long term care, acute care the whole gamet. But healthcare in North Carolina, the way it reads, is much broader than Medicaid. But the General Assembly does not have a lot of control."

Representative Bryant said that this last bullet can include everything from expanding community based care, long term care etc., but it depends on the money that's available.

Mr. Emmrich was recognized for a comment. "I think we are saying two things, to examine the existing healthcare system and to continue to provide to the greatest number possible. You can word it as 'attempt to provide to the greatest number' as opposed to 'continue.'"

Representative Bryant said that it may be important to keep the 5th bullet, (examine existing healthcare system in NC) since it is broader but add language in bullet 3 (that talks about when to cut). She went on to ask Ms. Bush to expound on bullet number 4, (explore the extent of medical debt in NC).

Ms. Bush said that presenters who have spoke to the Committee in general, spoke about how medical debt is the leading cost of bankruptcy in the United States. She thought the suggestion was to look at the extent of that problem and if there is anything at the State level that can be done to address folks who are in bankruptcy for this reason.

Representative Bryant stated that it is a matter of finding out who could study it because that shouldn't cost any money. She and Mr. Crocker would like to know the adult/children ratio in this. The Committee agreed to this bullet.

Ms. Warren added, "Increasingly in hospitals the credit card companies are offered as a financial mechanism for payment. The hospital would offer a low-payment plan that would adjust in six months and then the interest rate would go up 30-50%."

Representative Bryant suggested that this language be added to explore issues of involvement of third parties and predatory lending. Mr. Crocker agreed and stated, "This is not the case for all hospitals, there are plans that don't have any interest rate cost, and I

think it is, discounted to what they collect verses what the actual bill is. The hospital Association may be a source of information on this issue or the Institute of Medicine."

Ms. Bush covered item number II. - Housing ***(Attachments 1 & 4)***.

Representative asked what was the current funding that the NC Housing Trust Fund has in the budget? She was directed to Attachment 4, page 2. She recommended to the Committee to hold this one above the line to protect the current funding of $10 million and below the line to increase the funding to $50 million. The Committee agreed to this recommendation.

Representative Bryant solicited thoughts on the 2nd bullet (examine feasibility of new policies to aid low-income utility consumers). Senator Jones and Mr. Emmrich agreed to examining feasibility of new policies to aid low-income utility consumers and promote access to utility services.

They also agreed to examine bullet 3 which is to examine public tax foreclosures.

Ms. Bush presented item number III. Income and Assets. ***(Attachments 1 & 5)***.

Representative Bryant asked Ms. Morris-Anderson if she gave any information on the history of the request for additional state funding for IDAs' request in the past.

Ms. Morris-Anderson stated an additional amount is not being re-requested. In terms of short session purposes I think we're fine.

Representative Bryant asked if they had money in the budget for the 2010 budget at $600,000?

"We do not," replied Ms. Morris-Anderson or at least that has not being requested by the Department of Labor.

Representative Bryant suggested that it be determined whether there is money in the 2010-2011 budget and recommend that money be added if there isn't any. The Committee agreed.

Ms. Ransome asked Ms. Morris-Anderson about their access to TANF funds and suggested ascertaining if counties can use their TANF funds for IDAs.

Representative Bryant asked Ms. Morris-Anderson to look into the plan. She will look at the latest copy that she has. Some years back there were funds specifically set aside to use for IDAs' and those funds no longer exist because of budgeting issues.

Senator Jones asked if this is the time to put people into a house?

Ms. Morris-Anderson explained that her organization screens very carefully and they don't push people into buying a house. The organization is realistic enough to tell a person whether they think it is feasible in a reasonable amount of time or not. So they do have an option to do education depending on the funding source or to do small business, because they are living in an apartment and dealing with other bills, but because of what they are currently working on they may be able to build a business that they have been working on that year.

Mr. Crocker would like to see IDAs' continue.

Mr. Crocker said they only funded 2 programs this year totaling $120,000 - $50,000 for one program and $70,000 for another. "We have been doing IDA's from CDBG for the last 2 years through one of our housing development programs. These are non-competitive."

Representative Bryant asked Ms. Morris-Anderson to get adequate information so that the Committee can explore adequate funding for the IDA program? The Committee agreed with this request.

For the NC EITC, Representative Bryant suggested that the Committee recommend an increase 2 or 3% because if some other tax increases or some other kind of revenue packages come on the table they need to have this on the line to counter balance.

Senator Jones asked how much in dollars would a person get if the NC EITC was raised to 5%, for a person who made bare minimum.

Ms. Warren said, "If the EITC was at 3.5% of the federal income tax credit, the average return one would get from North Carolina is $200-$300 on top of the federal earned income tax credit. Low income working families around 200% of the federal poverty level would get about $2400.00, the average amount the are getting from the total state earned income tax credit as well the federal earned income tax credit.

Senator Jones, asked if $200.00 would bring a person out of poverty.

Ms. Warren said, "One way to look at it is the different set of policies that help low-income working families bridge the gaps between what they make and what they actually need to make to pay all their bills." The federal EITC and state refundable tax credit they can pay off their car, mortgage payment or put in their savings account with that $2400.00.

Representative Bryant asked the Committee if they wanted to maintain 5% as well as look at any opportunity for percentage increase with 10% being a goal? The Committee agreed to do so.

Ms. Morris-Anderson added, "When people have IDA accounts, what goes into it must be earned income but they are allowed to put one time deposit in there from their EITC refund. So that is one way to get them to their goal that they may have.

The next item discussed was number IV - Work Supports ***(Attachments 1 & 6).*** Representative Bryant started with bullet 6, (explore supporting efforts to maximize participation in federal programs, including food and nutrition services). It was suggested by the presenters that if the Committee could recommend maximize some of the benefits that come into the state, because the number you have enrolling determines the number you could get funding for to another. "Can we get an agreement that it is important to explore, then I could ask the Staff to look for specific recommendations on that or whether that is something we need to depress legislation, direct to help make that happen or who would need to be involved in making that happen," she asked. Senator Jones and the rest of the Committee supported that suggestion.

She then went back to the 1st bullet, (enhance transportation services in rural areas). We need advice on what can be done and to whom to enhance the opportunity for transportation to work, community colleges and to the grocery stores in rural areas.

Roz Savitt, NC Child Care Coalition suggested that the Committee ask someone with the Department of Transportation.

Ms. Bush suggested that the Committee direct the General Assembly to make this a priority.

Senator Jones agreed with every part except the food. He suggested that there be a partnership established with businesses and corporations to have a partnership with the State. He said, "The companies needs to subsidize this transportation with the State."

Representative Bryant agreed with Senator Jones. But felt that someone needed to work on it. The issue is who and how would that person would get paid. Mr. Crocker supports some efforts to do this.

Ms. Ransome suggested that there may be a combination of other Committees working with the local government's and the DOT to see what kinds of funds and infrastructure they can help build and draw down for rural transportation.

Representative Bryant said that it is being done for people going to the doctor, people with disabilities and the elderly have an option. But a lot of that is funded by Medicaid. The Committee agreed to leave the enhance transportation services in rural areas as a need to explore.

Ms. Bush's recommendation for bullet 2, (to continue every opportunity to use the ARRA TANF monies for work experience). The Committee agreed.

Mr. Emmrich reminded the Committee that those funds will run out September 30th, but the US House of Representatives has passed a law that would extend that for a year.

Ms. Bush's recommendation for bullet 3, (enhance work skills through training opportunities such as the 12 and 6 program through community colleges).

Representative Bryant asked if the kinship care payment involved new funds or redistribution of existing funds?

Roz Savitt, NC Childcare Coalition was recognized by Representative Bryant to comment on bullet 4, (increase TANF Kinship care payment). She had a concern and that is the TANF money is a limited block grant money. "You can't get more unless Congress appropriates more. So if you do this, something that is being funded now is going to be reduced. We don't have any problem with increase funding for this but does it mean that there will be less money for childcare subsidy," she asked.

Representative Bryant suggested that it go below the line and if and when there is an increase in TANF funding or another available funding source consider increasing the kinship care payment. She stated that this is her suggestion and not that of the Committee.

Ms. Ransome was recognized for a comment on the TANF funds. You have a block grant for x number of dollars and supplemental payments. When you increase that payment you will put other things out of proportion. You wouldn't want to just look at kinship care, because the whole issue is the payment itself. So if you do this you need to focus on increasing payment for a living wage. Kindship Care is a Child Only payment.

Representative Bryant asked for clarification on the difference in a Child Only and Kinship Care.

Ms. Ransome explained that it is a TANF block grant payment that is paid on behalf of a child only – no adult is in this grant.

Ms. Simpson and Ms. Ransome helped to explain the difference. Kinship care is for a grandparent, aunt, or uncle. The grandparent can be included and receive assistance for a child only. They would receive $181.00 a month for one child and their income would not be counted. If it is a parent their income and resource have to be included, they would receive $236.00 a month. The payment is based on the number of people in the assistance.

What is recommended is an increase across the board under Work First, therefore bullet 4, (increase TANF Kinship care payment) is now deleted.

Ms. Bush presented item V, Child Education and Child Care. ***(Attachment 1).***

Representative Bryant asked Committee would they want to maintain the current investments for the early learning programs and childcare subsidy. The Committee agreed that they want to maintain that support. "The first four bullets, (continue whatever exist and expand where possible). "All of these other items would be expansion items for which there have to be additional appropriations of State and federal money," stated Representative Bryant.

Ms. Savitt was recognized for a comment on the other bullets. It looks like this is the special provision in the current budget funded through the ARRA money. We took 15 million dollars out of child care subsidy of State money to be allowed to do this. I don't know how much of this is being implemented.

Representative added, "So we can get information on what the current status is now and what the status of the special provision is and we surely will support continuing whatever exist?" The Committee agreed.

Mr. Emmrich was recognized for a comment. "All the top four bullets (under item V) were about childcare its just different eligibility of childcare. We need to continue what we're doing as long as it doesn't cost more money," he said.

Representative Bryant asked if the Committee could agree that they would be interested in studying the access to Fresh Food Retail in Underserved Communities – item VI? Everyone agreed.

Representative Bryant suggested that the Committee take some time on items VII, VIII and IX. In regards to item VII she felt that the Committee should ask the Legislature to establish a long standing permanent committee on Poverty Reduction and Economic Recovery. This should be moved to the top of the list. The Committee agreed.

Ms. Bush informed the Committee that this study will end when the report is submitted to the short session.

Representative Bryant explained item VIII - Target for Poverty Reduction. ***(Attachment 1).*** In the case of other states a target was created to eliminate poverty by a certain date or reduce it by a percentage. This recommendation is that the permanent Committee study and set a reasonable target and timeline for poverty reduction including alternative measures. First determine a measure and how to track it and set a certain timeline. Everyone agreed with this recommendation.

Representative Bryant explained item IX, Existing State Program Inventory and History of Poverty Reduction Efforts ***(Attachment 1).*** The recommendation was to ask the Program Evaluation Division to do this one because it was more than this Committee could do***).*** Everyone agreed with this recommendation.

Mr. Crocker stated that he needed to talk with Mr. Friday about this earlier on. He agreed to still speak with him.

Representative Bryant asked Ms. Reese if she could get any information and background on how to enhance transportation in rural areas as it relates to work, community college and to food with the existing funding.

Ms. Reese said, "That the public transit division does look at technical support and planning and grant support for rural areas in helping with transit. They have van pools for the rural areas. But she would be happy to get more information."

Ms. Bush said that the next steps would be to submit these recommendations to the full Committee on April 6th for consideration. There will be revisions to the final report that will be issued from the Poverty Reduction Committee and that could or could not be entered into a bill of its own or broken up into several different bills.

Representative asked that the last few items be drafted into a bill, the standing committee, the targets and the program inventory.

Ms. Bush recommended waiting to see what other committees have because these same recommendations could be combined into one.

Representative Bryant wanted someone to start reviewing these so that the Committee would not be scrambling at the last minute.

Representative Angela Bryant, asked for a motion to adopt the March 2nd minutes. ***(Attachment 6).*** Senator Jones made a motion to approve the minutes. Mr. Emmrich second. The motion carried.

There being no further business, the meeting was adjourned at 3:20pm.

Respectfully submitted by:

Representative Angela Bryant
Chair

Karon Hardy
Committee Assistant

Attachments:

Agenda *(Exhibit 1)*
Visitor Registration (*Exhibit 2)*
Results of Raising the Enrollment Cap in NC Health Choice in NC *(Exhibit 3*)
NC Housing Finance Agency *(Exhibit 4)*
NC Department of Labor *(Exhibit 5)*
March 2, Minutes *(Exhibit 6)*

Attachment 2

HOUSE PAGES

NAME OF COMMITTEE Poverty Reduction & Economic Recovery Sub Stage Program DATE March 31, 10

1. Name: _____

   County: _____

   Sponsor: _____

2. Name: _____

   County: _____

   Sponsor: _____

3. Name: _____

   County: _____

   Sponsor: _____

4. Name: _____

   County: _____

   Sponsor: _____

5. Name: _____

   County: _____

   Sponsor: _____

	HOUSE	SGT-AT-ARM	SENATE
1. Name:	Toussaint Avent		Stan Johnson
2. Name:	Bob Rosso		Curtis Pound
3. Name:			Wade Anders
4. Name:			

PLEASE COMPLETE ENTIRE FORM

VISITOR REGISTRATION SHEET – SUBCOMMITTEE ON STATE PROGRAMS **MARCH 31, 2010**

NAME/ ORGANIZATION	ADDRESS	CITY	ZIP	AREA CODE HOME PHONE	AREA CODE WORK PHONE	EMAIL
Dean Simpson	1101 Redleaf Ct.	Raleigh	27609	919-878-1626	919-334-4034	dean.simpson@dhhs.nc.gov
DSS Louisa Warren	Po Box 28068	Raleigh	27601	—	919-856-2183	louisa@ncjustice.org
NC Justice Ctr Roz Savitt						
NC Child Care Coalition						
Margaret Mattrox NC Housing Finance Agcy	3508 Bush St	Raleigh	27609	919-787-5731	919 877-5606	mamattrox@nchfa.com
Alex Bidot NC Housing Coalition	118 St Mary's St	Raleigh	27605	919-881-0707		abidot@nchousing.org
Brian Balfour Civitas		Raleigh				
Shawne Parsons DHHS						

NC Justice Center

NC Justice Center's Health Access Coalition
www.nchac.org
919-856-2568

RESULTS OF RAISING THE ENROLLMENT CAP IN NC HEALTH CHOICE IN NORTH CAROLINA

Estimated number of NC children who currently qualify for Medicaid or Health Choice but are not enrolled.	119,000[1]
Estimated per capita annual cost to insure a child under Health Choice	$1900[2]
Additional NC funding recommendation for raising Health Choice cap	**$15,000,000**
Matching federal dollars drawn down to NC	$45,000,000
Estimated number of new children enrolled as a result of the additional funding	**31,578**
Estimated amount of business activity created because of the additional spending for children's health insurance	$57,600,000[3]
Estimated number of new jobs created because of the additional spending for children's health insurance	**540[4]**
Estimated salaries and wages generated because of the additional spending for children's health insurance	$21,000,000[5]

[1] North Carolina Institute of Medicine Comprehensive Child Health Plan 2005. See www.nciom.org.
[2] Based on DMA's cost for insuring a SCHIP child in 2008 and adjusted upward. See http://www.dhhs.state.nc.us/dma/2008report/2008tables.pdf; http://www.statehealthfacts.org/profileind.jsp?ind=183&cat=4&rgn=35
[3] FamiliesUSA Medicaid Economic Calculator. See http://www.familiesusa.org/issues/medicaid/other/medicaid-calculator/medicaid-calculator/medicaid-calculator.html?state=North_Carolina
[4] *Ibid.*
[5] *Ibid.*

NORTH CAROLINA
HOUSING
FINANCE
AGENCY

March 1, 2010

The Honorable Angela Bryant
Chair, Study Commission on Poverty Reduction,
Subcommittee on State Programs
300 N. Salisbury Street, Room 542
Raleigh, NC 27603-5925

A self-supporting
public agency

A. Robert Kucab
Executive Director

PO Box 28066
Raleigh, NC
27611-8066

3508 Bush Street
Raleigh, NC
27609-7509

TEL. 919-877-5700
FAX. 919-877-5701
www.nchfa.com

Dear Representative Bryant,

Thank you so much for your leadership supporting the Housing Trust Fund. I hope this packet will provide the information you requested at the last subcommittee meeting. You will find enclosed:

1. One-page summary of Housing Trust Fund.
2. Spreadsheet showing the Housing Trust Fund's investments in 2009 by county.
3. Map showing the financing the Trust Fund has provided, per 100 households, in each county, from its creation in 1987 through 2009. We're proud of this: It shows that most rural and low-wealth counties are receiving a larger share of Trust Fund dollars than urban counties, in proportion to the number of households they have.
4. Spreadsheet showing the dollar amounts of Trust Fund financing, per 100 households, in each county, 1987 – 2009.
5. Note describing the Trust Fund's income targeting and indicating various provisions to ensure equitable funding in rural and high poverty counties.
6. A list of Trust Fund investments in the 15 focus counties Commission on Poverty Reduction, 1987–2009, including dollars, units, and recent local partners.
7. For the Individual Development Account (IDA) Program, a list of counties where IDA home buyers have purchased homes, including the number of units and amount of assistance.
8. A map showing the location and concentration of IDA homeowners by county.

I will provide Melanie Bush with a copy for each commission member. Please let me know if you need anything else, or if I can help in any way.

Sincerely,

Margaret Matrone
Director of Government Relations and Communications

cc: Ms. Melanie Bush, Fiscal Research

N. C. Housing Trust Fund: Summary

23 Years of Results and Accountability

Housing Construction	21,900 homes
Construction Jobs	12,400
Local & State Revenues	$101,800

Leveraging

Every state $1 produces $4 of housing

All appropriated dollars go into bricks and mortar—creating housing and jobs.

On average, every $1 million you appropriate produces 100 homes and 80 jobs.

Flexibility

The Housing Trust Fund

- Finances needs from homeless shelters to homeownership
- Provides the state's only funding for accessibility modifications and repairs that enable poor, elderly homeowners to live independently at home
- Finances supportive housing for people with disabilities
- Reaches households with extremely low incomes—$10,000 and less
- Benefits all 100 counties

112 business and nonprofit organizations support increasing the Trust Fund— from the N.C. Home Builders Association to United Way, the N.C. Council of Churches, AARP and NAACP.

Please protect the Housing Trust Fund's current funding of $10 million. Help it grow if you can!

North Carolina Housing Finance Agency

Housing Trust Fund Production, 2009

Focus Counties of Commission on Poverty Reduction are highlighted in yellow

				Units by Activity					
County	Units	Financing	Estimated Value of Housing	Displacement Prevention	Urgent Repair	Supportive Housing	First-Time Home Buyers	Affordable Apartments	Rental Preservation
Alamance	20	$102,910	$109,760	6	14				
Alexander	12	$689,382	$674,382	6		6			
Anson	16	$85,000	$86,947	2	14				
Ashe	3	$9,900	$11,670	3					
Avery	5	$11,364	$12,603	5					
Beaufort	17	$83,771	$83,771	3	14				
Bertie	115	$186,391	$193,891	15	100				
Bladen	17	$45,776	$46,468	17					
Brunswick	22	$76,980	$76,980	2	20				
Buncombe	59	$648,223	$1,123,321	29	25	5			
Burke	3	$4,695	$4,695	3					
Cabarrus	5	$16,742	$110,705	4			1		
Caldwell	3	$6,422	$6,422	3					
Camden	1	$1,150	$1,150	1					
Carteret	43	$160,408	$160,408	5	38				
Caswell	14	$75,000	$75,000		14				
Catawba	123	$1,324,460	$9,118,817	5	34			84	
Chatham	17	$75,000	$75,000		17				
Cherokee	42	$156,999	$157,199	2	40				
Clay	2	$5,160	$5,160	2					
Cleveland	24	$94,588	$101,786	6	18				
Columbus	44	$184,243	$186,543	8	36				
Craven	81	$717,170	$8,760,844	5				76	
Cumberland	42	$107,187	$231,935	11	30		1		
Currituck	2	$5,025	$5,025	2					
Dare	1	$3,497	$3,497	1					

Note: Commission on Poverty Reduction focus counties are highlighted in yellow.

N.C. Housing Finance Agency, Feb. 26, 2009

				Units by Activity					
County	Units	Financing	Estimated Value of Housing	Displacement Prevention	Urgent Repair	Supportive Housing	First-Time Home Buyers	Affordable Apartments	Rental Preservation
Davidson	29	$89,805	$90,795	4	25				
Davie	2	$5,475	$5,475	2					
Duplin	20	$409,584	$414,438	10					10
Durham	54	$229,994	$1,027,560	6	40		8		
Edgecombe	4	$13,622	$14,122	4					
Forsyth	31	$165,107	$727,572	11	14		6		
Franklin	13	$52,720	$147,045	5	7		1		
Gaston	20	$532,885	$1,179,075	14		6			
Gates	5	$16,530	$16,530	5					
Graham	2	$4,098	$4,098	2					
Granville	15	$59,204	$164,539	4	10		1		
Greene	6	$12,833	$17,233	6					
Guilford	26	$139,265	$479,774	6	15		5		
Halifax	11	$41,159	$64,809	11					
Harnett	22	$107,757	$111,297	2	20				
Haywood	40	$216,500	$213,000		40				
Henderson	4	$11,890	$11,890	4					
Hertford	5	$11,790	$11,790	5					
Hoke	25	$90,783	$90,783	7	18				
Hyde	5	$13,431	$13,431	5					
Iredell	4	$4,396	$4,396	4					
Jackson	12	$506,412	$940,412	3		9			
Johnston	8	$37,238	$266,963	6			2		
Jones	2	$3,548	$3,548	2					
Lee	20	$105,000	$83,798	1	19				
Lenoir	6	$16,790	$20,515	6					
Lincoln	4	$7,329	$7,329	4					
Macon	3	$7,908	$7,908	3					
Madison	32	$89,668	$89,848	7	25				
Martin	3	$7,900	$7,900	3					
McDowell	3	$10,605	$10,605	3					

Note: Commission on Poverty Reduction focus counties are highlighted in yellow.

N.C. Housing Finance Agency, Feb. 26, 2009

				Units by Activity					
County	Units	Financing	Estimated Value of Housing	Displacement Prevention	Urgent Repair	Supportive Housing	First-Time Home Buyers	Affordable Apartments	Rental Preservation
Mecklenburg	288	$4,409,064	$20,924,050	17		14	20	165	72
Mitchell	6	$15,281	$17,881	6					
Montgomery	35	$165,045	$165,689	5	30				
Moore	2	$6,100	$9,100	2					
Nash	16	$82,254	$82,254	2	14				
New Hanover	75	$2,331,549	$2,774,182	7	15	16			37
Northampton	5	$22,640	$26,180	5					
Onslow	17	$39,000	$43,517	17					
Orange	1	$1,275	$1,275	1					
Pamlico	16	$77,450	$77,450	2	14				
Pasquotank	6	$11,242	$11,242	6					
Pender	10	$217,419	$399,445	7		3			
Perquimans	3	$6,148	$6,148	3					
Person	5	$94,238	$94,238	4		1			
Pitt	26	$91,931	$91,931	10	16				
Polk	1	$4,920	$4,920	1					
Randolph	1	$76,699	$76,699	1		0			
Richmond	35	$168,390	$174,495	5	30				
Robeson	62	$1,122,237	$1,911,292	17	29	16			
Rockingham	3	$6,650	$11,650	3					
Rowan	6	$30,734	$127,270	5			1		
Rutherford	6	$21,055	$27,732	6					
Sampson	12	$31,385	$40,035	12					
Scotland	15	$73,500	$89,492	3	12				
Stanly	21	$99,397	$102,607	7	14				
Stokes	1	$5,000	$5,900	1					
Surry	27	$670,698	$1,719,714	1		26			
Swain	2	$6,800	$6,800	2					
Transylvania	18	$75,000	$75,000		18				
Tyrrell	3	$6,920	$6,920	3					
Union	11	$47,564	$465,404	8			3		

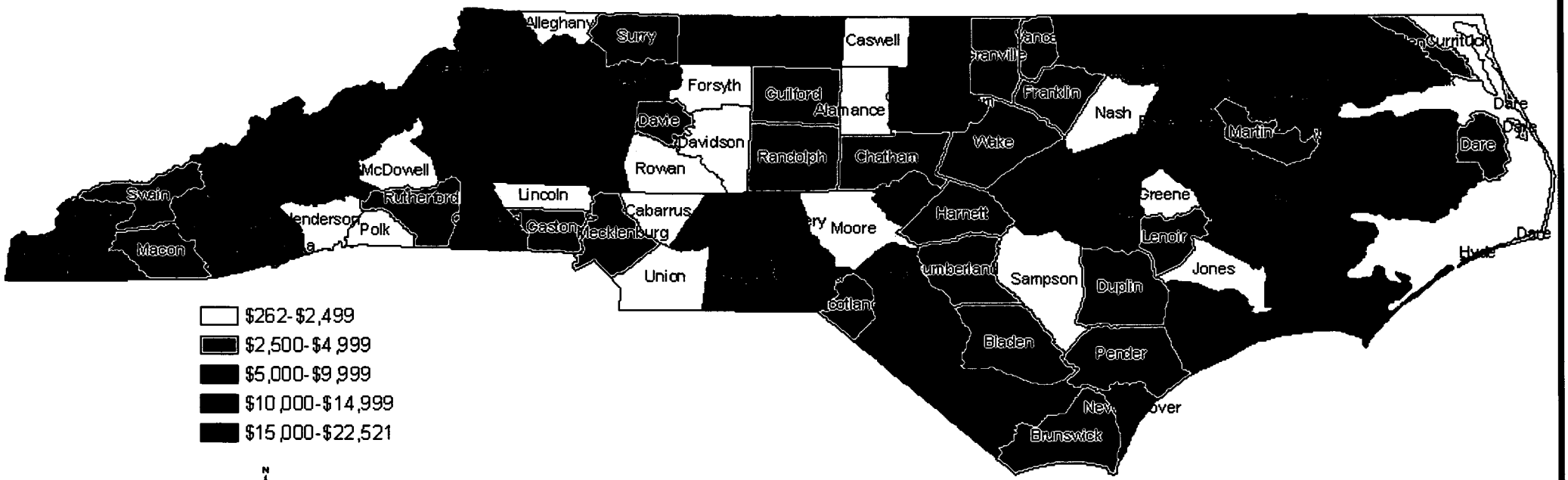
Note: Commission on Poverty Reduction focus counties are highlighted in yellow.
N.C. Housing Finance Agency, Feb. 26, 2009

				Units by Activity					
County	Units	Financing	Estimated Value of Housing	Displacement Prevention	Urgent Repair	Supportive Housing	First-Time Home Buyers	Affordable Apartments	Rental Preservation
Vance	24	$87,380	$95,480	12	12				
Wake	67	$297,179	$2,617,113	17	30		20		
Warren	10	$39,879	$39,879	2	8				
Washington	2	$4,155	$4,155	2					
Watauga	4	$516,549	$521,919	4					
Wayne	7	$23,911	$27,737	7					
Wilkes	26	$85,280	$94,723	8	18				
Wilson	66	$210,148	$3,623,064	2	15		1	48	
Yadkin	1	$5,000	$5,990	1					
Yancey	7	$20,544	$23,258	7					
	2118	$19,206,279	$64,296,287	532	922	102	70	373	119

Note: Commission on Poverty Reduction focus counties are highlighted in yellow.
N.C. Housing Finance Agency, Feb. 26, 2009

Housing Trust Fund Financing per 100 Households

1987-2009



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North Carolina Housing Finance Agency

Housing Trust Fund Cumulative Financing Per 100 Households

1987 - 2009

Rank	County	Cumulative HTF Financing Per 100 Households
1	Yancey	$22,521.38
2	Richmond	$22,176.48
3	Haywood	$18,806.05
4	Clay	$18,623.82
5	Mitchell	$17,389.61
6	Chowan	$16,316.81
7	Lee	$16,149.56
8	Wilson	$15,692.94
9	Transylvania	$14,626.71
10	Beaufort	$14,201.97
11	Edgecombe	$14,032.96
12	Cleveland	$12,944.95
13	Anson	$12,729.68
14	Halifax	$12,711.55
15	Hoke	$12,150.92
16	Graham	$11,950.46
17	Watauga	$11,783.48
18	Cherokee	$11,515.58
19	Bertie	$10,714.60
20	Jackson	$10,708.98
21	Wayne	$10,297.18
22	Yadkin	$10,030.00
23	Iredell	$9,371.64
24	Pitt	$9,305.15
25	Carteret	$9,273.52
26	Hyde	$9,140.03
27	Pasquotank	$9,031.32
28	Ashe	$9,023.64
29	Washington	$8,980.98
30	Robeson	$8,744.54
31	Catawba	$8,588.18
32	New Hanover	$8,372.80
33	Warren	$8,266.81
34	Alexander	$8,091.11
35	Hertford	$7,762.65
36	Buncombe	$7,623.93
37	Perquimans	$7,508.58
38	Durham	$7,007.94
39	Avery	$6,804.86

Commission on Poverty Reduction focus counties are highlighted in yellow.

N.C. Housing Finance Agency Feb. 26, 2009

Rank	County	Cumulative HTF Financing Per 100 Households
40	Montgomery	$6,798.25
41	Columbus	$6,712.69
42	Tyrrell	$6,477.80
43	Rockingham	$6,387.78
44	Craven	$6,231.61
45	Gates	$6,214.76
46	Wilkes	$6,198.43
47	Johnston	$6,171.36
48	Orange	$6,117.89
49	Pamlico	$5,986.96
50	Burke	$5,944.27
51	Stokes	$5,808.07
52	Onslow	$5,621.81
53	Caldwell	$5,618.90
54	Northampton	$5,433.77
55	Madison	$5,309.31
56	Person	$5,247.96
57	Stanly	$5,057.12
58	Granville	$4,845.89
59	Gaston	$4,800.74
60	Cumberland	$4,614.17
61	Dare	$4,319.31
62	Rutherford	$4,316.92
63	Surry	$4,214.89
64	Macon	$4,205.71
65	Davie	$4,191.35
66	Scotland	$4,174.07
67	Wake	$4,162.85
68	Lenoir	$4,158.59
69	Chatham	$4,013.50
70	Bladen	$3,984.94
71	Duplin	$3,818.24
72	Harnett	$3,717.50
73	Swain	$3,588.18
74	Camden	$3,461.41
75	Vance	$3,361.89
76	Martin	$3,326.09
77	Mecklenburg	$3,259.16
78	Randolph	$3,007.57
79	Franklin	$2,878.11
80	Brunswick	$2,805.38
81	Guilford	$2,616.46
82	Pender	$2,533.38
83	Forsyth	$2,401.76
84	Jones	$2,395.04

Commission on Poverty Reduction focus counties are highlighted in yellow.

N.C. Housing Finance Agency Feb. 26, 2009

Rank	County	Cumulative HTF Financing Per 100 Households
85	Cabarrus	$2,350.35
86	Alamance	$2,338.04
87	Lincoln	$1,697.61
88	Polk	$1,640.61
89	Rowan	$1,635.82
90	Greene	$1,604.31
91	Davidson	$1,562.72
92	Union	$1,506.68
93	Caswell	$1,129.01
94	Nash	$1,126.92
95	Alleghany	$1,102.96
96	Moore	$914.28
97	McDowell	$876.40
98	Henderson	$872.04
99	Sampson	$852.62
100	Currituck	$262.33

N.C. Housing Trust Fund: Income Targeting and Provisions that Ensure Funding in Rural Counties

In addition to meeting and exceeding the statutory income targeting requirements, Trust Fund programs use various methods to ensure that the funds are invested equitably across counties, with a preference for rural and low-wealth areas.

Over its lifetime, the Trust Fund has invested proportionally more in rural counties, adjusting for population, as is illustrated in the accompanying map, "Housing Trust Fund Financing per 100 Households, 1987 – 2009." The 22 counties with the most Trust Fund financing per 100 households are: Anson, Beaufort, Bertie, Cherokee, Chowan, Clay, Cleveland, Edgecombe, Graham, Halifax, Haywood, Hoke, Jackson, Lee, Mitchell, Richmond, Transylvania, Watauga, Wayne, Wilson, Yadkin, Yancey.

Income Targeting

The Trust Fund's statute targets North Carolina households with extremely low incomes.

- 30% of Trust Fund households must be at or below 30% of area median income (AMI)\
- 60% must not exceed 50% of AMI
- 100% must not exceed 80% of AMI.

In practice, the Trust Fund achieves deeper income targeting than the statute requires.
In 2009, 58% of Trust Fund households had incomes below 30% of AMI and 87% had incomes below 50%. In rural **counties**, 30% of AMI in 2009 was $10,750 for a one-person household, and $15,400 for a four-person household.

Program Provisions

Trust Fund programs encourage investments in less populous, poorer counties.

For example:

- *Rehab funds (Urgent Repair, Single Family Rehab)* are awarded competitively, with extra points given for projects in areas with distressed housing.

- *The Supportive Housing Development Program*, which finances housing for persons with special needs, requires a smaller match for projects in less populous areas.

- *The Displacement Prevention Program* is offered statewide in partnership with the N.C. Division of Vocational Rehabilitation's Independent Living Centers, making funds available to assist disabled homeowners who need accessibility modifications, even in areas without a strong local housing provider.

- *The Self-Help Housing* and *New Homes Loan Pools* provide funds on a first-come, first-served basis. Membership is limited to local governments and nonprofit organizations, such as Habitat for Humanity and CDCs, promoting home ownership at incomes and locations unlikely to be served by private developers.

Housing Trust Fund Production, 15 High-Poverty Counties, 1987 - 2009

County	Units	Investment	Value of Housing	Recent Partners (last 5 years)
Alleghany	10	$50,747	$50,747	Allaghany County (rehab, 2006)
Avery	119	$443,745	$821,165	Boone Housing Authority; NC Dept. of Vocational Rehabilitation Independent Living Center, Northwestern Retgonal Housing Authority, Avery Habitat for Humanity
Bladen	93	$512,981	$889,533	Cape Fear Regional CDC, Wilmington Area Rebuilding Ministry, NC Dept. of Vocational Rehabilitation Independent Living Center, Bladen County Habitat for Humanity
Columbus	155	$1,430,138	$4,036,201	Columbus County, Four County Community Services, Town of Fairmont, NC Dept. of Vocational Rehabilitation Independent Living Center, North Carolina Indian Housing Authority
Edgecombe	323	$2,864,409	$8,453,199	Edgecombe County, City of Rocky Mount, Tarboro Housing Limited Partnership, NC Dept. of Vocational Rehabilitation Independent Living Center, Edgecombe County Dept. of Social Services (IDAs), Tarboro / Edgecombe Habitat for Humanity, Rocky Mount Area Habitat for Humanity
Graham	113	$403,328	$698,161	Four Square Community Action, NC Dept. of Vocational Rehabilitation Independent Living Center, Hinton Rural Life Center
Halifax	437	$2,813,575	$6,077,151	Choanoke Area Developmnent Association (CADA), NC Dept. of Vocational Rehabilitation Independent Living Center, Halifax-Northampton Habitat for Humanity
Hoke	268	$1,382,046	$5,168,408	Senior Services of Hoke County, NC Dept. of Vocational Rehabilitation Independent Living Center, Hoke County
Northampton	164	$471,563	$1,139,645	Choanoke Area Development Association (CADA), NC Dept. of Vocational Rehabilitation Independent Living Center, Halifax-Northampton Habitat for Humanity

Robeson	554	$3,815,070	$8,267,969	City of Lumberton, Town of Fairmont, Town of Maxton, Lumbee Regional Development Association, NC Dept. of Vocational Rehabilitation Independent Living Center. The Asbury Homes, Robeson Health Care Corporation, North Carolina Indian Housing Authority
Scotland	52	$559,617	$904,444	Four County Community Services, Opportunity Inc, Domestic Violence and Rape Crisis Center of Scotland County, Town of Maxton, NC Dept. of Vocational Rehabilitation Independent Living Center, Habitat for Humanity of Scotland County
Tyrrell	19	$100,082	$316,007	Albemarle Commission, Tyrrell County, NC Dept. of Vocational Rehabilitation Independent Living Center
Warren	147	$637,785	$1,956,198	Franklin-Vance-Warren Opportunity, Haliwa Sapoini Tribe, Pendergraph Management, NC Dept. of Vocational Rehabilitation Independent Living Center
Watauga	201	$1,950,401	$7,248,935	Boone Housing Authority, Hospitality House of the Boone Area, NC Dept. of Vocational Rehabilitation Independent Living Center, Watauga County Habitat for Humanity
Yancey	191	$1,683,923	$6,677,925	Boone Housing Authority, Burnsville Housing Limited Partnership, NC Dept. of Vocational Rehabilitation Independent Living Center, Mitchell-Yancey Habitat for Humanity
	2846	$19,119,410	$52,705,688	

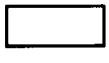
North Carolina Housing Finance Agency

Individual Development Account Program

Matching Funds and Loans

2003 -2009

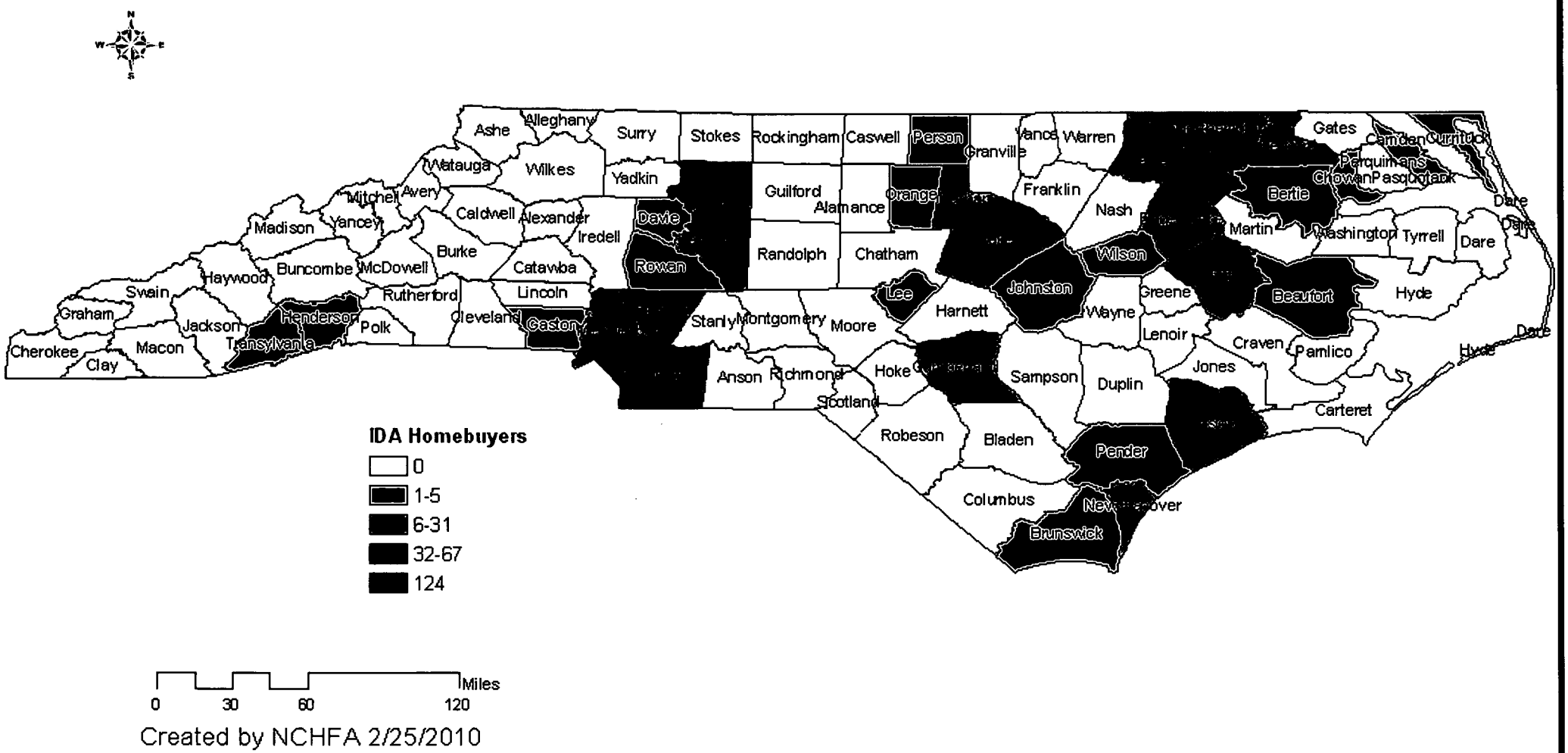
County	Units	Financing Provided
Brunswick	1	$1,000
Chowan	1	$22,000
Currituck	1	$1,000
Gaston	1	$21,000
Henderson	1	$10,600
Orange	1	$20,000
Pender	1	$1,000
Person	1	$1,000
Transylvania	1	$10,000
Davie	2	$22,000
Johnston	2	$40,074
Lee	2	$2,000
Rowan	2	$39,500
Bertie	3	$52,000
Wilson	3	$65,000
Beaufort	5	$63,999
Pasquotank	5	$26,000
Hertford	6	$107,388
Mecklenburg	7	$129,329
Northampton	8	$120,000
Pitt	8	$148,800
Durham	9	$49,000
Edgecombe	10	$149,500
New Hanover	11	$73,500
Davidson	12	$104,631
Cumberland	13	$161,800
Wake	13	$174,100
Onslow	16	$196,144
Cabarrus	32	$387,400
Halifax	32	$549,300
Union	67	$1,342,992
Forsyth	124	$1,904,103
	401	**$5,996,160**



Poverty Reduction Commission focus counties

Individual Development Account Loans

2003-2009



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CHERIE K. BERRY
COMMISSIONER

TINA MORRIS-ANDERSON
DIRECTOR
RESEARCH AND POLICY DIVISION

MEMORANDUM

TO: Representative Angela Bryant, Chair
Subcommittee on State Programs
Legislative Study Commission on Poverty Reduction and Economic Recovery

FROM: Tina Morris-Anderson TMA

DATE: March 31, 2010

SUBJECT: Information re NCDOL Individual Development Account (IDA) Programs

As follow-up to my presentation delivered to the Subcommittee on State Programs, I am providing the following supplemental information:

1. I have provided a map indicating the counties in the state that are currently being served by IDA programs that are funded by the NC Department of Labor, and a list containing contact information for each program. At this time, we are unable to generate data regarding IDA account activity by county due to a lag in local program data entry into our online system. Our staff is working with the federal Office of Community Services (DHHS) and local IDA programs to make the online reporting system more responsive to our reporting needs as a state government grantee. I have also provided a list of our Assets for Independence (AFI) sub-grantees and the number of IDAs that have been allotted to each program. To date, there are approximately 31 IDA programs operating in the state of North Carolina; 23 of these programs are funded by the NC Department of Labor.

2. Counselors within each program verify participant employment at the time of enrollment, and meet regularly with each participant to monitor individual program progress.

3. Between 2006 and 2009, 17 IDA participants reached their financial goals, which utilized $34,000 in IDA account match funds (matching $1,000 for each participant).

4. At this time, there is no legislation regarding IDAs that is being drafted. While the expansion of IDAs throughout the state of North Carolina is a part of the broader agenda of the North Carolina Assets Alliance, it is unlikely that the Alliance will request additional funding in the upcoming session.

5. I have included a copy of the NC Department of Commerce press release announcing the latest CDBG IDA awards in Catawba and Columbus Counties.

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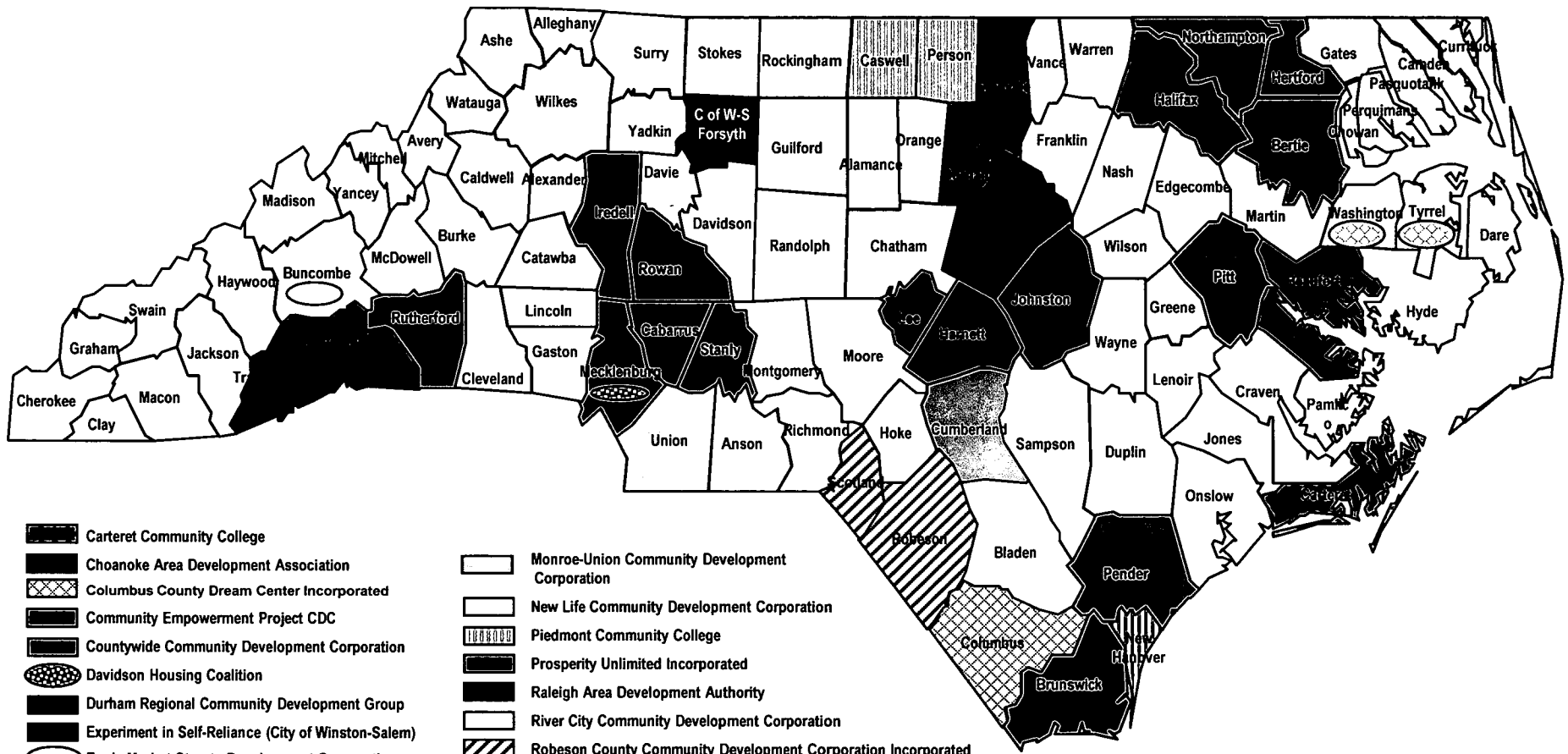
NCDOL IDA PROGRAM SITES



- Carteret Community College
- Choanoke Area Development Association
- Columbus County Dream Center Incorporated
- Community Empowerment Project CDC
- Countywide Community Development Corporation
- Davidson Housing Coalition
- Durham Regional Community Development Group
- Experiment in Self-Reliance (City of Winston-Salem)
- Eagle Market Streets Development Corporation
- Housing Auth City of Asheville and EMS
- Housing Auth City of Greenville and Greenville Housing Development Corporation
- Housing Auth City of Wilmington
- Johnston-Lee-Harnett Community Action Incorporated
- Kingdom Community Development Corporation
- Monroe-Union Community Development Corporation
- New Life Community Development Corporation
- Piedmont Community College
- Prosperity Unlimited Incorporated
- Raleigh Area Development Authority
- River City Community Development Corporation
- Robeson County Community Development Corporation Incorporated
- Tyrrell County Community Development Corporation
- Washington Housing Incorporated
- Western Carolina Community Action Incorporated
- Wilson Community Improvement Association Incorporated

February 13, 2010

PHONE CD	GRANT SITE PRACTITIONERS	FINANCIAL INSTITUTIONS HOSTING SAVINGS ACCOUNTS	NCDOL - IDA CONTRACTING SITES PRACTITIONERS CONTACT INFORMATION COUNTY SERVED	CONTACT PERSON	PROGRAM AFI[2]	FED ID # / SS#	TELEPHONE	FAX NUMBER	E-MAIL ADDRESS
1	CARTERET COMMUNITY COLLEGE	SOUND BANK	CARTERET	PERRY HARKER	BETSY DECAMPO	56-0894932	(252) 222-6116	(252) 222-6124	decampob@carteret.edu
2		RBC	BERTIE, HALIFAX, HERTFORD & NORTH HAMPTON	SALLY SURFACE	BRENDA GREENE	56-0841757	(252) 539-4155	(252) 539-2048	bgreene@nc-cada.org
3	COLUMBUS COUNTY DREAM CENTER, INC	BB&t , RBC AND WACCAMAW	COLUMBUS	CAROL CALDWELL	EVELYN TROY	56-1945072	(910) 642-0633	(910) 642-0712	ccdream@embarqmail.com
4	COMMUNITY EMPOWERMENT PROJECT CDC	RUTHERFORD COUNTY BANK	RUTHERFORD	STANLEY McIntyre	STANLEY McENTIRE	56-1944835	(828) 247-4142	(828) 247-4146	smcentire@ceponline.org
5	SOUTHWEST COMMUNITY DEVELOPMENT CORPORATION	WACCAMAW BANK AND REGELWOOD CREDIT UNION	BRUNSWICK AND PENDER	SABRINA MALLOY	SABRINA MALLOY	56-2265363	(910) 383-1724	(910) 253-4670	slmcwcdc@aol.com
6	DAVIDSON HOUSING COALITION	FIRST LEGACY COMMUNITY CREDIT UNION	MECKLENBURG	MARCIA WEBSTER	ROBIN BROWN	56-2057448	(704) 892-4486	(704) 892-4197	robin@davidsonhousing.org
7	DURHAM REGIONAL COMMUNITY DEVELOPMENT GROUP	SELF HELP CREDIT UNION AND GENERATIONS COMMUNITY CREDIT UNION	DURHAM AND GRANVILLE	GLYNDOLA BEASLEY	VIVIAN TIMLIC	90-0097044	(919) 688-3381	(919) 680-2281	glyndola@aol.com
8	EXPERIMENT IN SELF-RELIANCE	BANK OF AMERICA	(CITY OF WINSTON-SALEM) FORSYTH	DANNY HAIRE	BARBARA JOHNSON	56-6060100	(336) 722-9400 X 404	(336) 748-8312	danny.haire@eisr.org
9	EAGLE MARKET STREETS DEVELOPMENT CORP.	HOME TRUST BANK	BUNCOMBE	CATHERINE MITCHELL	STEPHANIE TWITTY	58-2140995	(828) 281-1227 C (828) 216-2389 ST (828) 258-1227	(828)281-1401	cmitchell@haca.org
10	HOUSING AUTHORITY OF THE CITY OF ASHEVILLE	HOME TRUST BANK	BUNCOMBE	CATHERINE MITCHELL	TERRIE WILLIAMS	56-6003041	(828) 258-1222 C (828) 216-2389 TW (828) 239-3580	(828) 254-2276	cmitchell@haca.org
11	HOUSING AUTHORITY CITY OF GREENVILLE AND GREENVILLE HOUSING DEVELOPMENT CORPORATION	FIRST SOUTH BANK	PITT	BEVERLY HINES	BEVERLY HINES	56-1355293 HAG 58-2075935 GHDC	(252) 329-4053	(252) 329-4026	beverly@ghanc.net
12	HOUSING AUTHORITY CITY OF WILMINGTON	FIRST CITIZENS	NEW HANOVER	ALICE JONES	ALICE JONES	56-6000566	(910) 341-7700 X264	(910) 341-7799	alice.jones@wha.net
13	JOHNSTON-LEE-HARNETT COMMUNITY ACTION	BANK OF FOUR OAKS	JOHNSTON	DELLA GULLATT	DELLA GULLATT	56-0859623	(919) 934-2145	(919) 934-6231	dsgee44@yahoo.com
14	JOHNSTON-LEE-HARNETT COMMUNITY ACTION	RBC CENTURA	LEE	LINDA WARE	LINDA WARE	56-0859623	(919) 776-0746	(919) 774-1867	linda_ann24@hotmail.com
15	JOHNSTON-LEE-HARNETT COMMUNITY ACTION	RBC CENTURA	HARNETT	PAMELA STARKS	PAMELA STARKS	56-0859623	(910) 814-8360	(910) 814-8362	pstarks@earthlink.net
16	KINGDOM CDC	BB&T, CAPITOL BANK AND FORT SILL NAT'L BANK	CUMBERLAND	ELSIE GILMORE	ELSIE GILMORE	56-2191690	(910) 484-2722	(910) 484-5630	elgilmore@worldnet.att.net
17	MONROE -UNION CDC	FIRST CITIZENS	UNION	DEBORAH MINGO	DEBORAH MINGO	58-1911786	(704) 283-8804	(704) 292-1037	imuccdc@carolina.rr.com
18	NEW LIFE COMMUNITY DEVELOPMENT CORPORATION	GATEWAY BANK AND SOUTHERN BANK	MARTIN, TYRRELL AND WASHINGTON	LATASHA McNAIR	LATASHA McNAIR	56-2183433	(252) 791-0095	(252) 793-9407	lmcnair@earthlink.net

PHONE CD	GRANT SITE PRACTITIONERS	FINANCIAL INSTITUTIONS HOSTING SAVINGS ACCOUNTS	NCDOL - IDA CONTRACTING SITES PRACTITIONERS CONTACT INFORMATION COUNTY SERVED	CONTACT PERSON	PROGRAM AFI[2]	FED ID # / SS#	TELEPHONE	FAX NUMBER	E-MAIL ADDRESS
19	PIEDMONT COMMUNITY COLLEGE	ROXBORO SAVINGS BANK	PERSON , CASWELL	RANDALL REYNOLDS	TRACEY BRANDON	56-0990351	(336) 599-0032	(336) 599-0189	reynoldsr@piedmont.cc.nc.us
20	PROSPERITY UNLIMITED, INC	FIRST LEGACY COMMITMENT CREDIT UNION	CABARRUS, IREDELL, MECKLENBURG, ROWAN, AND STANLEY	LOUISE MACK	KERRIE ROSEMAN	58-2108838	(704) 933-7405	(704) 938-7431	lmack@prodigy.net
21	RALEIGH AREA DEVELOPMENT AUTHORITY	MECHANICS AND FARMERS BANK	WAKE	WALLACE GREENE	JAMES STROUD OR VERMELLE WILSON	30-0218536	(919) 807-8400	(919) 664-5274	james.stroud@rada-nc.com
22	RIVER CITY COMMUNITY DEVELOPMENT CORPORATION	STATE EMPLOYEES CREDIT UNION AND GATE WAY/HAMPTON RHODES	CAMDEN, CHOWAN, CURRITUCK, DARE, GATES, PASQUOTANK, PERQUIMANS, AND WASHINGTON	LENOIR JARVIS-MACKEY	LENOIR JARVIS-MACKEY	56-1709321	(252) 331-2925	(252) 331-1425	ljarvismackey@rivercitycdc.org
23	ROBESON COUNTY COMMUNITY DEVELOPMENT CORPORATION INCORPORATED	FIRST BANK	ROBESON, SCOTLAND	GAYLE FERNANDEZ	GAYLE FERNANDEZ	35-2211074	(910) 608-7400	(910) 422-3435	robesoncountycdc@bellsouth.net
24	TYRRELL COUNTY COMMUNITY DEVELOPMENT CORPORATION	THE EAST CAROLINA BANK	TYRRELL & WASHINGTON	MAVIS HILL	MAVIS HILL	56-1806350	(252) 796-1991	(252) 796-0319	mchill64@gmail.com
25		FIRST SOUTH BANK, COOPERATIVE BANK, METROPOLITAN COMMUNITY CREDIT UNION & SOUTHERN BANK	BEAUFORT	GINA AMAXOPULOS	GINA AMOXOPOLUS	58-2320952	(252) 974-1810	(252) 946-8700	housingcounsel@yahoo.com
26		FIRST CITIZENS & RBC CENTURA	HENDERSON, TRANSYLVANIA, AND POLK	PAT MALINAK	MARYANN FESTA	56-0846319	(828) 693-1711	(828) 697-4977	p.malinak@wcca.net
27	WILSON COMMUNITY IMPROVEMENT ASSOCIATION INC	WACHOVIA & BB&T	WILSON	BARBARA BLACKSTON	KASHUNDA BARNES	56-1053307	(252) 243-4855	(252) 243-2945	bblackstonwcia@earthlink.net

NCDOL AFI SUB-GRANTEES IDA ALLOCATIONS
(AFI-III, AFI-IV and AVI-V)

Organization	County (ies) Served	Number AFI-III IDAs	Number AFI- IV IDAs	Number AFI- V IDAs	TOTAL Number IDAs
Asheville Housing Authority/(EMS)	Buncombe	10 H/M	N/A	N/A	10
Carteret Community College	Carteret	N/A	N/A	10 M	10
Choanoke Area Development Association	Bertie, Halifax, Northampton, Hertford	N/A	N/A	5 M/E	5
Columbus County Dream Center, Inc.	Columbus	N/A	N/A	6 H	6
Community Empowerment Project CDC	Rutherford	N/A	N/A	5 M	5
Countywide CDC	Brunswick	10 H/M/E	12 H	N/A	22
Davidson Housing Coalition	Town of Davidson	N/A	N/A	8 H	8
Eagle Market Streets	City of Asheville	N/A	N/A	7 M/E	7
Greenville Housing	Pitt	10 H/M/E	20 H	N/A	30
Johnston-Lee-Harnett CA	Johnston, Lee, Harnett	N/A	10 H	N/A	10
Kingdom CDC	Cumberland	N/A	25 H	N/A	25
New Life CDC	Washington, Martin, Tyrrell	10 H	12 H	N/A	22
Piedmont Community College	Caswell, Person,	5 H/M	N/A	N/A	5
Prosperity Unlimited	Cabarrus, Rowan, Mecklenburg, Iredell, Stanly	N/A	50 H	10 M/E	60
Raleigh Area Development Authority	Wake	N/A	N/A	8 H	8
River City CDC	Pasquotank, Dare, Chowan, Camden, Currituck, Gates, Perquimans, Tyrrell, Washington	N/A	N/A	6 H	6
Robeson County CDC	Robeson, Scotland	N/A	20 H	6 M	26

Tyrrell County CDC	Tyrrell, Washington	N/A	N/A	8	8
Washington Housing	Beaufort & Sec. 8 in Hyde, Pitt, Tyrrell, Washington, Bertie and Martin	10 H	20 H	N/A	30
Western Carolina CA	Henderson, Transylvania, Polk	10 H/M/E	10 H	N/A	20
Wilmington HA	New Hanover	N/A	20 H	N/A	20
WCIA	Wilson	10 H	10 H	N/A	20

H = Homeownership IDA
M= Micro-enterprise IDA
E = Education IDA

Assets for Independence (AFI) Grants

AFI-III – scheduled to close in 2011
AFI-IV – scheduled to close in 2013
AFI-V – scheduled to close in 2014

All three grants have option of a 1-year extension.

Beverly Eaves Perdue, Governor

J. Keith Crisco, Secretary

North Carolina Department of Commerce

Release: IMMEDIATE	Contact: Deborah Barnes
Date: March 22, 2010	Phone: 919-733-5082

CDBG FUNDS TO HELP FIRST-TIME HOEMBUYERS IN COLUMBUS COUNTY AND GREATER HICKORY METRO AREA

RALEIGH – Commerce Secretary Keith Crisco announced today that two North Carolina counties have been awarded Community Development Block Grants to provide down-payment assistance and financial literacy training for first-time homebuyers.

Catawba County will receive $70,000 and Columbus County will receive $50,000 from the CDBG Individual Development Account program, which assists community organizations in funding financial literacy education and matching low-income participants' contributions to savings accounts dedicated to the purchase of first homes.

"These grants not only will help improve the quality of life for hard-working families in these two areas, but will benefit the entire state," said Crisco. "Home ownership instills a sense of pride and accomplishment that in turn build stronger neighborhoods and communities, which benefits everyone."

Catawba County will partner with Western Piedmont Council of Governments to establish 30 Individual Development Accounts for down-payment assistance. The accounts will provide savings matches of up to $1,000 each during the three-year grant period. Unifour HOME Consortium, a joint venture of 28 local government units in Alexander, Burke, Caldwell and Catawba counties, will contribute an additional $150,000. The program is available to residents of the Greater Hickory Metro Area, which includes all five counties in the consortium.

Columbus County will partner with Columbus County DREAM Center Inc. to establish 20 Individual Development Accounts for savings matches of up to $1,000 each. Three banks, Waccamaw Bank, Royal Bank of Canada and Branch Banking and Trust, will provide an additional $50,000. The program will be available to Columbus County residents.

CDBG funding is allocated to the state from the U.S. Department of Housing and Urban Development for community improvements in low to moderate-income areas. The N.C. Department of Commerce's Division of Community Assistance administers the program.

Communities seeking more information about the CDBG award program can visit the Department of Commerce's Division of Community Assistance on the web at www.nccommerce.com/en/CommunityServices

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MINUTES

SUBCOMMITTEE ON POVERTY REDUCTION AND ECONOMIC RECOVERY ON STATE PROGRAMS

Tuesday, March 2, 2010
9:30 A. M.
Room 425, Legislative Office Building

The Legislative Subcommittee on State Programs met on Tuesday, March 2, 2010 at 9:37a.m. in Room 425, at the Legislative Office Building. The following members were present: Sub-committee Chair, Representative Angela Bryant, Subcommittee member and Committee Chair, Senator Edward Jones, and Public members Joe Crocker, Manfred Emmrich, Tina Morris-Anderson and Johanna Reese. Committee staff, Melanie Bush and Committee Assistant Karon Hardy were also in attendance. The Agenda and the Proposed Recommendations ***(Attachment 1)*** and the Visitor Registration ***(Attachment 2)*** are attached hereto and incorporated into the minutes.

Representative Angela Bryant, presiding chair, opened the meeting with introductions and welcomed everyone. The Committee members introduced themselves. Representative Bryant recognized the Sergeant-at-Arms and her Legislative Assistant, Karon Hardy, Staff member, Melanie Bush and Public member, Mac Legerton from Lumberton.

Representative Angela Bryant, asked for a motion to adopt the January and February minutes. ***(Attachment 3 & 4).*** Senator Jones made a motion to approve the minutes. Mr. Emmrich second. The motion carried.

Representative Bryant recognized Sherry Bradsher, Director for the Division of Social Services, in Health and Human Services. Ms. Bradsher gave a presentation on the Work First program. This program supports individuals who need work or training opportunities available to them so that they will no longer be reliant or dependent on the "old" Aid to Families with Dependent Children (AFDC) program. ***(Attachment 5).***

Senator Jones wanted to know what was the old AFDC program?

The old AFDC program is the "Aid To Families with Dependent Children." It was an entitlement program funded with federal funds. From the federal perspective they provided cash assistance to families but not any employment support to families. When the AFDC programs went away at the federal level and the block grants were awarded to the state, states had the opportunity to design their own program. It had to include certain aspects of what the federal government required but there was a lot of flexibility to design programs the way they wanted it in order to meet the needs of their constituency. In North Carolina we used a good portion of our funding to continue to provide checks to those who had no resources available to them to support their families. We built an

employment services program so that we could offer job skills, training, and family support such as childcare and transportation to enable them to move from welfare to work.

Senator Jones asked how much would a mother with 1 or 2 children receive, per month?

Ms. Bradsher deferred the question to Ms. Dean Simpson, Chief Director, Economic Family Services Division of Social Services. "The actual cash payment for a mother with two children, would be $272.00 per month. With that they would receive Medicaid for all three. They may also qualify for food and nutrition services."

Senator Jones asked how much would that total for a month?

Ms. Simpson said, "Medicaid would depend on what they used it for, so that amount would cover any medical, doctor visits and hospital. With the food and nutrition and looking at the income of course, and depending on what the rent and utilities would be, probably around $400.00 for a family of three."

Senator Jones asked if the rent and utilities would come from the $272.00?

Ms. Simpson replied, "That is correct. A lot of the subsidized housing is based on zero down where they don't have to pay any rent. We found a lot of families also live with other family members."

Senator Jones wanted to know what would be the amount for each additional child?

Ms. Simpson said, "It is based on a percentage that would add on $297.00 - $298.00. It would go up to $18.00 or less, about $20.00 per additional child.

Senator Jones said, "We think these people are getting a lot of money and that is not the case, sometimes standing on the street corner doing drugs is a little more profitable than money that is coming in."

Ms. Simpson interjected, "But you receive a host of services that go along with that. It could be childcare, employment services, etc. If there are mental health or substance abuse issues, there would possibly be services for that."

Ms. Bradsher added, "The Work First payment is the only payment in the area of Social Services programs where there is any flexibility as to what those dollars go for or provide your family with. Other than that the services or support you receive are restrictive to certain services or certain programs. For example, you cannot use your food and nutrition services benefit for anything other than to buy food. You can't use your childcare for anything other than to pay for or reimburse your childcare provider. You can't use any of your low income energy crisis money for anything other than your heating and cooling bill. So the Work First check is the only resource that gives you any flexibility or latitude as an individual person trying to support their family - to buy diapers, put gas in your car to look for work, for utilities, or pay rent."

She expounded on the success of Work First. "Our caseload has gone down significantly. Most households only have one or two children. The myth that a female, head of

household, has more children to receive benefits is totally untrue. Work First has not moved families out of poverty because people can't leave Work First without needing some continued support from social services programs. ***(Attachment 5).***

Mr. Joe Crocker asked, "Do we have what definition of poverty that we're using for the sake of this Committee and its work?"

Representative Bryant replied, "No, other than using what people present. They have each indicated what definition of poverty applies to their program, so we can find out which definition applies for Work First, in terms of qualifications."

Ms. Bradsher said, "If one has any resources, or a part-time 20 hour a week job at minimum wage you are likely to not qualify for Work First because the income criteria for the qualifications are so low. One of the reasons you have not seen sharp increases in the Work First case load, due to the economic downturn, is that you can lose a minimum wage job, you can seek unemployment insurance and that insurance if granted to you is enough to keep you from Work First.

Representative Bryant asked, "Is there an income criteria that you could give us for income and assets?"

Ms. Dean responded, "For assets its $3,000 and for income using the example that Senator Jones gave us with a mother and two children. Her income cannot be over $544.00 per month, in order to qualify for Work First. With food and nutrition that has to be 130% of the poverty level. That is based on household size."

Senator Jones said, "A person who is in prison, that has been taking care of by the state they have medical, food and everything else. Would that be a person in poverty. What is the difference?"

Representative Bryant said question would be taken up later.

Ms. Bradsher continued with her presentation: "The real benefit of being a participant in Work First is not the cash assistance that we provide but the Medicaid benefit that the children receive, the eligibility for the childcare and the employment supports that leads to work. A large part of the block grant is used to support employment in Work First. We have been successful in working with the family and helping them achieve work."

Representative Bryant asked what does "68% of the total caseload is child only cases mean?"

The child only cases are cases where we have a grandparent, aunt or mothers or fathers who may be disabled and unable to work, carrying for a dependent and need some assistance. They are not required to participant in the work activity as the Work First activity participants are," said Ms. Bradsher.

Representative Bryant follows up with: "How do they leave the program then, do they stay on for a set amount of time, how do you determine when they end."

Ms. Bradsher said, "There are no time limits for the child only cases. These are grandparents or aunts who were not responsible for kids but for whatever reason have found themselves in a caregiver role and need ongoing support to be able to provide care. There are definitions on who constitutes a relative. Many of the grandparents who are carrying for children are living on very restrictive incomes sometimes just their social security benefits or other small retirement pensions and in order for those children to be cared for by those relatives they need some kind of ongoing support.

Mr. Emmrich asked, "Do you give the money only for the children or do the adults also get some."

Ms. Bradsher said, "It is only for the children, for one child it is $181.00." Individuals being served through Work First have more barriers to employment today. They have barriers around mental health issues and substance abuse. This has affected being able to move individuals from Work First to work. ***(Attachment 5 pg. 4).*** Many individuals were ready to go to work and employers were anxious to have them. Employers are not so anxious today because of the past histories and experiences that the individual had that they could bring into the workforce. We try to combat that by asking employers to take a chance on the person because they have been through classes and training, and we subsidize the employment with the employer. There are currently 5 counties (Burke, Cumberland, Orange, Robeson Sampson) providing subsidies for Work First. When the recovery dollars became available to expand the initiatives around subsidized employment, 22 counties have signed up, by the end of March there may be 24.

Representative Bryant asked if individuals have to specifically apply for the recovery dollars or would the recovery dollars automatically be made available to the counties through a block grant?"

Ms. Bradsher said, "North Carolina automatically qualifies for a certain amount of funding from the federal government but you have to spend money to draw down this money. We approached all 100 counties to see if they were interested in developing a program in their community. We submitted those plans to the federal government. Twenty two counties submitted their plans to us, we submitted those to the federal government and all 22 were approved. Out of the 22 counties it is projected that about 900 people will find employment through this program."

Representative Bryant requested a list of those counties.

Ms. Bradsher continued, "We can give you a list. We think that number may go down a little because the approval process at the federal level took a little longer than expected. We missed some golden opportunities during the November - December holiday sale. They were banking on being that temporary help and our approval process didn't align with that. So meeting the 900 goal may be difficult."

Mr. Crocker asked how long is the period of time that the employees need assistance?

"It is defined by the counties and their plans and what they thought was appropriate based on conversations they had with who was employing. But we know that the subsidize employment should not be less than six months but not exceed beyond 12 -18 months

either. You subsidize at a higher rate initially and then transition that over a period of time. The employer begins to own its responsibility to pay the wages for the individual. But if we can help that person maintain employment for 6 months then the likelihood of them losing that job diminishes greatly. It takes about 6 months for the individual to work out their issues – returning to the Work First, Transportation, etc," Ms. Bradsher said.

Mr. Crocker asked, "What rates do these employees get and what is the allocation for each employee?"

"It is based on the wage that they will earn in that particular job and what the county wrote in their plan in terms of how much subsidy. What the federal government allows is 80% subsidized employment and 20% match. For these counties that is what was approved in the plan. For the 5 counties there may be some differences. Most of these counties are doing 50/50. This is separate project from the recovery project.

Our people need reliable transportation which is a huge barrier in rural areas.

Representative Bryant asked what was MOE?"

"Maintenance of Efforts. The state is required to put a certain amount of state dollars into its program to draw down federal funds. It shows your commitment to the programs and services that you're offering," Ms. Bradsher.

Representative asked what is 12 and 6?

"Twelve and six is the Governor's initiative that is being run out of the community colleges where she has identified 12 careers where there are jobs readily available and she is supporting individuals in getting those certifications or credentials in 6 months so that hopefully enter the workforce."

Mr. Crocker added it is a program that has worked through our Work Force development efforts at Commerce – JOBS NOW.

Mr. Rob Thompson, Covenant with North Carolina's Children asked, "Under Work First for child only how does that interact with fostering and adoption assistance?"

Ms. Bradsher replied, "If you're a child being cared for by a grandparent, aunt or uncle that payment is less than what one would receive in foster care or as adoption assistance. The children that are being served in the child only case are not necessarily child welfare cases."

Representative asked Mr. Thompson for clarification of his question – are you asking can you receive both?"

"Yes," he said.

Ms. Bradsher said, "If you were a foster care child you would be receiving the foster care payment if your caregiver is licensed to provide foster care. We offer that opportunity to all of our relatives. If you choose not to be licensed then they are eligible for the child only payment. You would not receive both at the same time."

Mr. Glen Osborne, North Carolina Association of County Directors of Social Services, recommended that the Committee strongly look at the payment rate under the Work First program. We would recommend you increase the payment rates that would be tied to meeting the requirements for at least the first three to six months, as well as, an increase in the childcare only payment, in regards to kinship. Lastly, in the childcare subsidy, the County Directors of Social Services Association has some recommendations that we would like to put forth to the Committee, just look at consolidation at More At Four and Smart Start efforts. We would like to request a lot more emphasis be placed on helping our families who are on the childcare waiting list to receive the quality childcare that they need to make work pay. Childcare subsidy is a key ingredient in order for public assistance to work. It is one of the best poverty reduction programs that we have in the state."

Representative Bryant asked Mr. Osborne to provide that information to the staff.

Mr. Emmrich was recognized for a comment. "Those ARA dollars will run out, but we have 22 counties that won't have any resources unless Congress acts. Please keep this in mind."

Ms. Bradsher responded, "There is federal legislation that would allow for an increase for the subsidized employment component, which is one of the reasons why we are trying to invest in that and to possibly do away with the match requirement, 80/20, and fund subsidized employment 100%.

Mr. Crocker was recognized: "Do y'all ever talk about the goals of what each one of those programs are?

Ms. Bradsher said, "We absolutely do, we're coordinating with regards to how we utilize our TANF dollars and how community service's block grant dollars get allocated. We are also working on a plan that would support and allow us to expand subsidized employment by looking at a relationship between Commerce and Employment Security Commission and our agency because we know who the individuals are and you all know where the jobs and employers are.

Ms. Roz Savitt, North Carolina Child Care Coalition, was recognized to give comments: "We have developed a system that has provided childcare at a higher quality that you would not find anywhere and especially for low-income children. The Child Care Coaliton has seen the recommendations of the DSS Director's Association, we have major, major concerns with many aspects of their proposal, and I would be happy to provide our response to their proposal to the Committee."

Next on the agenda, Representative Bryant welcomed Mr. Ron Byrd, Director of the Subsidy Program, and Division of Child Development to the podium. Mr. Byrd explained that they put in place some expanded eligibility policies as a result of the current economic crisis. ***(Attachment 6).***

> **Child Care Subsidy Expanded Eligibility Policy** If the caregiver lost their job, they would be provided childcare for six months of job search. They would also provide applicants with upfront job search for up to 6 months if they lost

employment on or after October 1, 2008. Students who have completed school would be provided job search and the 24 month post-secondary education time limit is increased to 36 months for recipients who lost employment since October 1, 2008, or otherwise need additional training to enhance marketable skills for job placement and who have depleted the 24-month allowable time for education. There has been 1251 children served through the extended benefits to support those seeking employment and 50 children served through extended benefits to support education and training needs.

2. **Subsidized Child Care Policy to Support TANF Self Sufficiency Goals** - the current policy encourages the county departments of Social Services' child care staff to prioritize Work First recipients that receive child care assistance to either support education or employment or employment activity. North Carolina has received $157.8 million from the Temporary Assistance for Needy Families (TANF) Block Grant.

Market Rates Impact Quality Child Care Services – The Division of Child Development in collaboration and partnership with many stakeholders such as More at Four, Resource and Referral agencies, North Carolina Partnership for Children and the local partnerships work together to build a stable, professional childcare workforce to provide high quality services statewide. Staff turn over in the child care field occurs as staff increases their education levels and seek compensation that reflects their commitment to career development and the ability to provide higher quality care. The last time a Market Rate increase was implemented in North Carolina was October 1, 2007. He stated, "The childcare waiting list continues to be a concern. When funding become available and the waiting list starts to decline because new funds have come in and families are starting to be served off of the waiting list, the waiting list comes back up because the word is out that the local Department of Social Services (DSS) has funds to provide additional childcare services. So the waiting list only reflects those families that come into the local DSS to present themselves with a need. Families are being served off the front of the list and the number is still growing on the back end. The waiting list is a reflection of a need. The charts show the poverty reduction and economic recovery process in motion. The largest population is serving the low-income work families which are 81.3%. This increases the tax basis. The second largest people served are those being educated."

Representative Bryant asked if it was documented why people come and apply?

Mr. Byrd said, "Yes." The waiting list is a statewide number but each county has their own separate waiting list. Every county screens the families, determines the need and the level."

Representative Bryant wanted to know if it was possible to get information on the reason these particular 35,000 people have signed up.

Mr. Byrd stated, "It is not captured at the state level but all of the county local DSSs' do capture that. It would take a survey of all the county partners."

Representative Bryant wanted to know if the market rate was built in to the reimbursement amount per child?

"Childcare providers are a private entity. It is a free market system that we have. The childcare provider will set their rates based on their area, locale, what the market will sustain them to be able to receive and able to pay their staff and for the buildings. So they set their private pay rates and the market rates study is done every two years. We go out and find out what those private rates are and then we do a 75th percentile of the private paying rates in all the counties. So that's the market rate. What that does is if a child is served by a particular provider, this provider may charge more than the market rate, and we in the division through subsidy, pay the lowest of the two - the private pay rate or the market rate. If they charge above the market rate we still only pay the market," said Mr. Byrd.

Representative Bryant asked, "So where does the 75th percentile come in, is that the market rate?"

Mr. Byrd replied, "Of all the private pay rates collected then the market rate is set at the 75th percentile."

"Is that by Federal Regulations?" asked Representative Bryant.

"Yes, it is," replied Mr. Byrd. "Also the providers that are charging less than the market rate that is the private pay rate – we pay that. The provider has the option to accept that or to accept that charge and the parent pat the deficit, which becomes a struggle for the parent in that early stage and while they are trying to pay that deficit."

Mr. Crocker asked, "If the payment goes directly to the provider or does it go through the reimbursement for the child if they are on this program?"

Mr. Byrd replied, "It is paid directly to the provider. The child has to go into the local DSS and become eligible and go through the process. They are given a voucher to attend whatever childcare services they choose and once they chose, the provider turns in the attendance for that child based on the fact they have a voucher and an attendance report. That provider will be paid at the end of the month for that service."

Senator Jones asked how one becomes eligible.

Mr. Byrd said, "In North Carolina the conduit to allow the children to connect to childcare services is through the local DSS. They have a need, they are working and can't afford childcare. The eligibility process includes looking at the income and need, and if they are under the level then they will receive the services if funds are available. Otherwise, they would go on the waiting list.

Representative Bryant asked if the range for eligibility was the same regardless of what program the applicant comes from and if Work First Development does their own childcare assistance?

Mr. Byrd said, "Yes, there is a different range for different entities based on whatever the conditions are in that county and the Smart Start funds that are running through us or through their own subsidy system. They can expand those eligibility criteria to serve additional families with Smart Start because that is state funds.

Representative Bryant wanted to know if there was any kind of minimum eligibility at the state level?

Mr. Bryd said, "No families are served based on the 75 percent of the state median income. A chart is created that shows what families will be eligible, i.e. a family of one would be a mom and one.

Representative Bryant recognized Roz Savitt for a comment. Ms. Savitt stated a number of years ago the number was at 75 percent of all families receiving childcare subsidy had a gross family income of $25,000 or less.

Next on the agenda was Sue Totty, Director of State and National Support, NC Partnership for Children. Ms. Totty presented on the work that Smart Start is doing and how it is impacting poverty reduction and economic development and stimulus. ***(Attachment 7).*** Ms. Totty begin with an introduction of her new Senior Director of Policy and Programs, Susan Perry-Manning.

She explained that Smart Start is the "hub" of services for families of young children-ensuring every child has all they need for healthy growth and development. Seventy-seven partnerships use public and private funds to serve all 100 counties. In 2001, thirty percent of the children that were low-income received subsidies in 4 and 5 star day care centers. Five-star is the highest quality of childcare in the state. In 2009, seventy-three percent of children are in 4 and 5 star centers. Studies show that high-quality early care and education reduces poverty. Smart Start looks at making sure that children who receive subsidy are in high quality care that supports children's development and brain development. She further stated that Smart Start since FY 2000-2001 has put an average of 46% - almost $750 million – of its funding into the subsidy system. Smart Start subsidy does the following:

- Ensures children are in higher-quality care
- Extends child care to more families for longer periods of time
- Pays for parents in school to receive subsidy for longer periods of time
- Provides care for children whose parents are seeking employment
- …reduces the stress on families by:

Enhancing the long term employment of parents and improving the financial well-being of parents.

She explained how early childhood is an economic stimulus:

- In North Carolina, the child care industry generates $1.77 billion annually and provides more than 47,000 jobs.
- It benefits all industries in the state by enabling parents to work productively outside of the home.
- For every new dollar invested in early childhood education, the average economic benefit is almost $2.00.

- For every new job created in early childhood education, the average economic impact is 1.5 jobs.

Their recommendation is to increase the investment to maintain and grow high quality childcare especially for children who come from low-income families. The subsidy funds should be used in a manner consistent with the federal Childcare Bureau's goals: child-focused, family and fair to providers. You have to have the rates to support the childcare centers to not only maintain, but increase the quality. Many childcare providers are living in poverty themselves, the average pay rate across the state is less than $10.00 an hour. If you look at the difference in what teachers in the school system are paid, I think you would note there is a large differential. The last would be that we expand the State Children's Health Insurance Program, because health care is a vital component for young children.

Representative Bryant opened the floor for questions and comments.

Representative Garland Pierce asked about a conflict between Smart Start and private partners in Roberson County.

Ms. Totty responded, "I believe some of the conflict occurred with reductions in smart start funding. The local partnership in your county has had to reduce some of the programs and services that they provide for the childcare providers, . so childcare providers, that in some cases, may have had enhanced payments have had their funding reduced. Local partnerships and their boards of directors have had to make real tough decisions as the money has been reduced, the money to the programming, I think."

Representative Bryant asked, "Did we not in the budget provide some flexibility for the Partnerships to decide on certain areas for reductions... it seems like the issue was how to get it done and where to make the cuts?"

Ms. Totty said, "There is flexibility within what the legislative guidelines are. Every partnership has to put in at least 30% in the subsidy. In particular this year to meet some of our goals for the ARRA Funding the partnership had to put in more. They got 70% that includes the subsidy that they got to put in as childcare- related."
Senator Jones was recognized for a question. He asked if there was anything out there now that would supplant Smart Start if Smart Start was cut?

Ms. Totty replied, "Smart Start is about early childcare... I think what I would look at as a citizen in this state is where are our investments for early childhood and I don't care if you put it under the Smart Start line or if you put it under whatever line. But if we don't make the investment in young children, we're going see the next cycle of poverty being even far greater, because we got the economic impacts. We are about convening and collaboration in looking at creative solutions for issues regarding young children."

Ms. Barbara Bradley, President and CEO for Action for Children, was next on the agenda. Ms. Bradley presented on poverty reduction over the long term. ***(Attachment 8).*** She stated that her recommendations do not reflect the economic crisis that we're in in terms of state budget but she felt that it was important to look at poverty reduction over the long term. "Public policy is really a good solution for poverty reduction. Some of the

greatest reduction for the elderly's poverty rate in our country has happened when we made enhancement to both Social Security and Medicare. Poverty creates toxic stress. The buildup of toxic stress actually influences the architecture of a young child's brain. The toxic stress reduces the positive outcome for that child over time. She referred to maps on child poverty that can be viewed on their website www.nchild.org. This will show what child poverty looks like by county.

She advised the committee to think about some of the public policy remedies to reduce poverty, and think about it in broad terms:

1. Income support:
    a. Which includes the living wage, the minimum wage which to be a living wage in the County of Wake which would be $19.00 per hour. We need to index our minimum and do more with the minimum wage.
    b. Taxes – a state income tax credit has been implemented at the National level to lift children out of poverty.
    c. Benefits – Health Insurance, an Urban Institute study of insurance in North Carolina has stated that within the next 10 years premiums will increase from 54% to 77%. Childcare subsidies fall under this category of income support.

2. Assets: Action for children is looking at Asset creation and Wealth creation.
    a. Savings - At birth children are given a small amount of money (small savings account), which grows over a period of 18 years. It can be used to purchase a first home, higher education, or to start up a small business. The UK is doing this. Durham Partnership for Children is putting this in place. The Lenoir county public schools is looking at 3rd graders to put something like this in place. Taking a look at how to familiarize people with banking is key for the Legislature and get the unbank banked and also to provide financial literacy and knowledge to the children of this state. Last session the Legislators approved formation of a financial literacy council to look at best practices to educate kids in k-12 about financial literacy. Some of the data showed that high schoolers are failing financial literacy and the mandate right now is for 5 hours only at the high school level.
    b. Community In some of our communities, there is no familiarity with banking, checking, and investments. This includes job training, food deserts and making our communities livable so that businesses will want to relocate there, stay there and employ those individuals in small communities.

Another recommendation that they would make is an increase in the EITC to at least 15%, also an expansion of North Carolina Health Choice. If they had a choice and we didn't have the state budget crisis, they would allow everyone up to 300% of the federal poverty line to enroll in Health Choice and those over 300% to buy into Heath Choice at the full premium cost. They would like to fully fund the child care subsidy and fully fund the Housing Trust Fund. They want to build assets for the future –which means looking at communities long term. Ms. Bradley also recommended to the Committee to

take a look at the child and dependent tax credit to make it refundable and establishing a refundable state – child and dependent care tax credit in the state of North Carolina and refundable child tax credit in the state of North Carolina.

Representative Bryant opened the floor for comments. There were none. She then introduced Lee Dixon, to review the issue of "Fresh Food Retail In Underserved Communities", Principal Fiscal Analyst, Fiscal Research Division.

Mr. Dixon presented on grocery stores and supermarket development and access. He shared information on the impacts of the lack of supermarkets in low-income areas, Pennsylvania and other states' situations as it relates to Fresh Food markets, and the President's 2011 Proposed budget plans. ***(Attachment 9).*** He stated that low income world and urban areas are less likely to have convenient supermarkets. An analysis of 21 major metropolitan areas found that there were 30% fewer supermarkets than in higher income areas. A lack of neighborhood supermarkets means that residents must shop at local convenience and corner stores. He stated that the 11 recommendations that are outlined in **Attachment 9** were common to the Recommendations that the Food Trust worked out with Colorado, Illinois, New York, and New Jersey.

Representative Bryant asked if there were any entities in North Carolina that have taken a lead in this food justice arena as it relates to supermarkets and the access to fresh foods?"

Mr. Dixon stated, "That he is not aware of any lead entities at this point. He offered to ask some sources at UNC in the Health and Behavior Health program."

Representative Bryant suggested that if this is the case during the interim then the goal should be in the short run to get this listed on the agenda, and to later dedicate a couple of meetings to this to bring in some key possible players to help generate some energy and leadership around this initiative.

Louisa Warren, North Carolina Justice Center was recognized for a suggestion. "There is an innovative program in Goldsboro that is working to build access to healthy and affordable foods and that might be a model. It is called the Wayne Food Initiative. Also, a sustainable local food advisory council, was appointed by the General Assembly, and made up of Legislators and agricultural experts, who already knows a lot about those components. They might be a better allied to start conversations about this issue," she said.

Mr. Dixon stated that one of the recommendations would be to provide investment money to a supermarket to locate in a low-income area in return for providing them the investment dollars. One of the states got a commitment that they would stock it with food grown within 300 miles of that store. So that would certainly work in with the local food council.

Ms. Warren stated that there was research founded on this issue in Goldsboro. There is a local agricultural research station that realized that there isn't a lot of access to grocery stores so they allowed local farms and farmer's market to provide access to fresh foods from the farms in that community. They would be real examples to bring in for future conversation.

Representative Bryant gave an example of how food is displayed in stores in her community in comparison with stores in other areas. She asked Mr. Dixon if he was aware of any efforts or initiatives or policy framework that would prevent "food discrimination."

Mr. Dixon stated that he did not know of any. But suggested that leadership from the state level would be needed to find out why a particular store is not providing the fruit. Would it be because they did not have money for refrigeration to keep the fresh fruits in stock as opposed to a store or chain that has more money?

Mr. Emmrich was recognized for a question. "Where there is a community and no supermarket and you want one there to be stable, what do you do? Do you buy the land, build a building, what do you do to make that an ongoing profitable enterprise."

"I think through various tax incentives. There may be vacant property that has been sitting for a long time. Tax incentives might get companies to move there, with tax incentives you have to come up with money. At the same time, if you could locate a retail store you are providing a service for the citizens and at the same time that might draw other retailers to cluster around it. Then you have economic development," said Mr. Dixon.

Ms. Roz Savitt was recognized by Representative Bryant for a comment regarding the childcare subsidy program. "Families that receive childcare subsidy and don't get a total free subsidy have to take 8, 9, or 10% of their gross family income that is part of being eligible to get that subsidy and it is based on family size which means families themselves pay into the system as well."

Representative Bryant asked the Committee for proposed recommendations to carry to the full Committee. She reviewed the charge for the Committee, the proposed recommendations and solicited for short and long term goals? ***(Attachment 1)***.

Senator Jones wanted to know where the Committee was going to start first?

Representative Bryant asked Melanie Bush about the possibility of becoming a permanent committee?

Ms. Bush explained that the Committee would recommend during short session to become a permanent committee.

Representative Bryant asked the committee if they wanted to set a poverty target themselves or recommend that the permanent committee take the lead in setting a target for reducing poverty.

Ms. Bush shared with the Committee that Representative Bryant and Bill Rowe, NC Justice Center, had been having regarding poverty targets. It could be something that the permanent Committee considers. A lot of people argue that the federal poverty limit is not necessarily what we want to be shooting for alleviating. Whether you want to set a target or not, some states have, I think you mentioned Minnesota, is going to eliminate 100% of poverty in 12 years. Given our current economic reality, what is a realistic look?

Representative Bryant wanted to know how would that criteria be set, would it be one number that we're looking at or some set of numbers. She asked the Committee to think about it. She asked the experts to think about it and make recommendations to the Committee. She also wanted to know if they have seen good rubrics in other states and programs.

Representative Bryant told the Committee that at the next meeting they would need to make final decisions on recommendations, so that the staff can pull it together to take it to the first full Committee meeting on April 6th.

Ms. Morris-Anderson asked, "If the Committee is able to produce a type of inventory of what's going on in North Carolina in terms of state programs?"

Representative Bryant responded that we started out with that plan as a focus and then when we looked at what people were wanting to tell us and we made a list. We were clear that we couldn't get that done between now and May. So the inventory needs to be done and needs to be a longer term goal. Maybe it can be done in late summer and the fall before wrapping up in January before we sunset. The other thing is how to get that done and who can do that for us. We think it is beyond what our Legislative staff can do in any kind of thorough way.

Mr. Emmrich said, "Everyone who made a presentation said that 'we are great but we need more money to be better'. We are talking about a state budget deficit. Maybe as we look at these we should look at recommendations that don't cost money."

Representative Bryant agreed and stated that maybe we can look at where we need to hold the line, maybe just to fight just to hold the line on some of the funding this year.

Ms. Johanna Reese commented on increasing enrollment in the health programs for children and that the Earned Income Tax Credit keeps coming up.
Representative Bryant said, "It is important to have the EITC on the list, so that if someone gets to battling over that it is important to have it on the list."

The floor was opened up for comments from the audience. Ms. Bradsher suggested that the committee inventory the federal programs that support the citizens because there are a number of outreach opportunities, i.e. the community nutrition services program, that have been working very hard on outreach effort for several years to increase the number of eligible participants in that particular program. For every dollar of food and nutrition services made to come into our state it rolls over nine times economically in our local community, and when we increase the number of people receiving food nutrition services, we automatically increase the number of children who are eligible for free and reduced lunch and we automatically increase our Title 1 opportunity to draw down federal dollars for our education assistance. This is all inter-related and inter-connected in a way that it makes sense to look at not just what we're doing at the state but what opportunities are we missing at the federal level. There are projections out that North Carolina could be missing out on as much as $9 billion in federal dollars for which our citizens are entitled but we are not yet drawing them down because they have not established eligibility for SSI and SSD or they are not receiving their food nutrition

services benefits yet. So I believe there are opportunities there that would allow us some flexibility to look at not cutting some state programs if we were drawing down federal dollars where we could. I talked with someone on the phone in January and it was the first opportunity he had to send someone in his family to college and he made sure he paid that tuition for his daughter. I wish he hadn't because he was three months behind on his mortgage and I probably could have helped him with a pell grant and some other opportunities but it was too late. The crisis that he had right then was something that we couldn't help with.

Representative Bryant asked Ms. Bradsher to send her comment and website address to Staff.

She also asked the Committee what they would like to see happen at the next meeting to help them with the discussion and decision-making that has to take place.

Ms. Reese stated that she would like to see which one of the recommendations can be done at the least cost.

Ms. Morris-Anderson would like to hear from the Legislators what is realistic and what is not because they know what their challenges are.

Representative Bryant said that this is a good time to push policy issues when you don't have a lot of new money, where change in a requirement will not cost a lot of money. It is always important to be ready on what programs to hold the line on. Lastly, look at which expansion items would be a priority.

Representative Bryant asked Senator Jones to share what would help him to be prepared to fight for programs in the Senate. Senator Jones said, "To make sure people who are administering these services on a local level, make sure that people are aware of all the programs that are out there now. There were a lot of things that I did not know until we had these meetings. Everyone has their own expertise and they should have classes on what everyone has. So when these people come in they will know there is something else there for them that they can possibly seek out. This doesn't cost a lot of money to educate the individuals that are seeking these services. If someone needs heating why not tell them while they are there. Some people in poverty can't read and write. When they come in all they ask for is the basics but maybe you can help them with something a little more complex if that's what your job title is."

Representative Bryant asked Ms. Bradsher if there was a provision passed where you had to inform people of every federal service they were eligible for?

Ms. Bradsher said, "It is not that broad. Our programs are so complex and administratively driven in terms of who is eligible and what all the criteria are that it makes it difficult at the local level. Even if a person wants to make those referrals and engage beyond just a program they are responsible for it makes it difficult to do that because of the administrative responsibilities that goes along with that --let alone the fact that there are 10-15 other people waiting to see you in the lobby."

Representative Bryant asked Ms. Bradsher if the requirements exist and what they were?

Ms. Bradsher replied, "There are some requirements that are specific in some program areas but they are few and far between. We have done a little bit of work in our state to deem people eligible or create some automatic eligibility tied to certain programs, i.e. being eligible for food and nutrition services you're automatically eligible for free and reduced lunch. To be eligible for food and nutrition services will automatically make you eligible for the low-energy assistance checks in January. Just a lot more work can be done in areas like that where I think you can reduce your administrative cost and have opportunities to reinvest dollars."

Representative Bryant asked Ms. Bradsher if she knew of any areas where there were cross-eligibilities that could help expedite and eliminate any administrative work that would help us?

Ms. Emila Sutton with IDA and Asset Building Collaborative of North Carolina was recognized for a comment. "We recommended support for the Benefit Bank which is now being implemented in certain parts of the state. It is a benefit screening tool where you would put in some of the tax information and when you do their tax return alert them to EITC eligibility, Work First, Food stamps, energy assistance and things like that," she said.

Representative Bryant asked Ms. Sutton if there were any existing proposals on the benefit bank with cost attached and what could be done that you could get to our Staff member and at least have that for us next time.

Ms. Sutton, explained that there would be no cost to the organization. It can be implemented in the community through institutions all over the state: churches, community centers, and childcare centers. There would be associated startup cost requested from the state. The amount as yet to be determined.

There being no further business, the meeting was adjourned at 12:34pm.

Respectfully submitted by:

Rep Angela Bryant

Representative Angela Bryant
Chair

Karon Hardy

Karon Hardy
Committee Assistant

Attachments:

Agenda *(Exhibit 1)*
Visitor Registration (*Exhibit 2)*
January Minutes *(Exhibit 3*)
February Minutes *(Exhibit 4)*
Division of Social Services *(Exhibit 5)*
Division of Subsidy Program *(Exhibit 6)*
NC Partnership for Children *(Exhibit 7)*
Action for Children *(Exhibit 8)*
Fiscal Research Division *(Exhibit 9)*

Legislative Study Commission on Poverty Reduction and Economic Recovery

AGENDA

11 am
April 6, 2010
Room 643
Legislative Office Building

Call to Order
Sen. Edward Jones, presiding.

Remarks by Co-Chairs
Sen. Jones and Rep. Garland Pierce.

Approval of Minutes

Reports of Subcommittee Recommendations
Subcommittee Chairs or their Designees

Discussion of Recommendations by Members of the Commission.

Directions to Staff about Contents of the Commission's Final Report.

- Final Report will be approved by the Commission at its meeting on April 29.
- Final Report must be submitted to the General Assembly by May 1.

Adjournment

MINUTES

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTIOIN AND ECONOMIC RECOVERY

Tuesday, April 6, 2010
11:00 a.m.

The Legislative Study Commission on Poverty Reduction and Economic Recovery met in Room 643 of the Legislative Office Building on Thursday, April 6, 2010. Chairman Edward Jones presided and called the meeting to order at 11:10 a.m. Chairman Jones welcomed the members, staff, sergeant-at-arms, and visitors. Co-Chair Pierce was recognized for comments. He did not have any comments.

Chairs present: Representative Garland E. Pierce. Members: Senator Don W. East, Senator Steve Goss, Senator Floyd McKissick, Senator William A. Current, Sr., Representative, Representative Bryan R. Holloway, Representative Earl Jones, Representative James H. Langdon, Jr., Representative Nick Mackey, and Representative Randy Stewart. Public members: Mr. Joe Dickens, Dr. Zeno L. Edwards, Jr., Reverend Mac Legerton, Mr. Norman Mebane, Ms. Patricia S. Peterson, Ms. Jean Reaves, and Dr. Al Wentzy. Ex Officio members or designees: Ms. Phyllis West, Department of Public Instruction, Ms. Tina Morris-Anderson, Department of Labor, Mr. Manfred Emmrich, Department of Employment Security, Ms. Johanna Reeves, Department of Transportation, Ms. Gloria Nance-Sims, Department of Commerce, and Mr. Ed Pope, Department of Juvenile Justice. A Visitor's Registration list and presentations are attached and filed as a record to the minutes.

Chairman Jones asked for a motion for the minutes from February 2, 2010 meeting. Senator McKissick made a motion to approve the minutes. It was second for approval of the minutes.

Chairman Jones called for the subcommittee chairs to present their recommendations. Senator McKissick, chair of the Subcommittee on Tax Issues was recognized. The recommendations from this subcommittee are listed below:

- Requiring Tax Incidence Report – Encouraging Tax Incident Reports on revenue bills raising more than $20 million have an impact statement on effect on the poor.
- Encouraging the Expansion of the State Earned Income Tax Credit (EITC) - Expand the State's EITC when fiscally possible.
- Encouraging the United States Congress to make Permanent Certain Tax Benefit Enhancements - Urge Congress to extend or make permanent federal tax programs which assist low income families, such as the Earned Income Tax Credit (EITC), Child Tax Credit (CTC), and American Opportunity Tax Credit (AOTC).

The recommendations for the Subcommittee on Tax Issues are filed as **Attachment 1**.

Chairman Jones asked Representative Jones, chair of the Subcommittee on Jobs to provide their recommendations. Representative Jones provided seven recommendations for consideration. They were:

- Health Care Jobs – Restore Sate Medicaid cuts to bring back 40,000 jobs.

- Construction Jobs – Establish three Regional Housing Councils.
- Broadband – Expand Broadband Internet access across the State.
- Child Care Jobs – Invest in more child care jobs.
- Restore Funding for NCCS Prison Education Programs – Restore Prison Education Funds.
- Work Opportunity Tax Credit – Employer tax credit for hiring hard to place workers.
- Special Emphasis on Robeson County – Study employment best practices in Robeson County.

Representative Jones said the final point specified Robeson County because of the population diversity there. **See Attachment 2** for recommendations from the Subcommittee on Jobs.

Chairman Jones called on Mr. Emmrich to present the recommendations for the Subcommittee on State Programs during the absence of Representative Bryant, chair of the Subcommittee. The following recommendations were given:

- Permanent Poverty Reduction and Economic Recovery Committee
  - Establish a permanent, non-standing, interim committee on Poverty Reduction and Economic Recovery.
- Target for Poverty Reduction
  - Direct the permanent committee to study and set a reasonable target and timeline for poverty reduction.
- Existing State Program Inventory and History of Poverty Reduction Efforts
  - Direct the Program Evaluation Division of the North Carolina General Assembly to compile an inventory of State programs aimed at reducing or alleviating the condition of poverty, their outcomes, effectiveness, and history of State efforts to reduce poverty.
- Health care issues:
  - Raise cap on Health Choice when possible.
  - Explore federal incentives for Health Choice.
  - Maintain current Medicaid level.
  - Assess medical debt in North Carolina and ways to handle such debt.
  - Examine health care service in North Carolina to provide the greatest number of people with the greatest amount of service.
- Housing issues:
  - Maintain the $10 million on the Housing Trust Fund and add to it when possible.
  - Examine feasibility of new utility policies to aid low-income customers.
  - Explore possibility of extending new foreclosure policies.
- Income and Assets:
  - Adequately fund individual development accounts.
  - Maintain the existing level of the EITC
- Work Supports:
  - Improve transportation services in rural areas.
  - Seek work experience through use of AARP funds.
  - Continue to work with the 12 and 6 program with community college.
  - Increase Work First payments if funds are available.
  - Increase education and outreach to take full advantage of available federal programs.

    - Educate agency leaders and enlighten policy makers of the interconnection of these programs.
- Child Education and Child Care:
    - Extend job search time for child care recipients.
    - Extend other benefit time frames for job loss recipients and for those just entering the job market after completing school.
    - Maintain and increase investments for high quality learning programs.
- Fresh Food Retail in Underserved Communities:
    - Continue to study the availability of fresh fruits and vegetable to focus on policies regarding economic development relative to new supermarket locations and to develop a program to help local supermarkets renovate and expand. To enhance transportation access for supermarkets and other possible means to expand the access to fresh fruits and vegetables to local poverty areas.

The recommendations for the Subcommittee on State Programs are filed as **Attachment 3**.

Chairman Jones called on Representative Current, chair of the Subcommittee on Persistent Poverty to present his subcommittee's recommendations. Representative Current thanked the members of his subcommittee and said they began with a historical review from the War of Poverty and moved forward. The review was given by Dr. John L. Saxon. Dr. Jennie Owen spoke to the subcommittee about dropout relation to poverty. Major Robert N. Carver of the North Carolina National Guard spoke about the Tarheel ChalleNGe Program. Dr. Dennis K. Orthner spoke to the subcommittee about the strength of the family as a part of combating poverty. Ms. Sarah Krishnaraj from the UNC Center for Civil Rights discussed annexation laws. The subcommittee recommended the following four recommendations:

- Establish a new Tarheel ChalleNGe site in Badin, North Carolina.
- Include parenthood training in the middle school curriculum.
- Lift the cap on charter schools in North Carolina.
- Amend annexation laws to avoid negative impact of such laws on disadvantaged communities.

Representative Current said they would like to submit the above recommendations to the Commission for their final report. The recommendations from the Subcommittee on Persistent Poverty are filed as **Attachment 4**.

Chairman Jones recognized Mr. Bill Rowe from the North Carolina Justice Center along with the UNC School of Law Center for Civil Rights. Mr. Rowe requested that the Commission consider the annexation laws and how those laws impact low income families. He also sited two other points for consideration. One was the "doughnut hole" problem when a town surrounds a community and want to annex that community, and the community can't meet requirements of use and density. He also proposed that those communities wishing to be annexed be considered as available for community development block grants for water and sewer. Chairman Jones asked Representative Current to replace the subcommittee's recommendation (#4) with Mr. Rowe's suggestion. Chairman Jones wanted to hear Representative Current's response. Representative Current said he felt comfortable with including these suggestions regarding annexation as part of the subcommittee's recommendations. Mr. Rowe's recommendation is filed as **Attachment 5** to the minutes.

Discussion of Recommendations by Members of the Commission

Chairman Jones recognized Dr. Wentzy. At Dr. Wentzy's recommendation, the subject of financial literacy was added to the second proposal to coincide with the addition of parenthood training to the middle school curriculum. Representative Current was in agreement and Chairman Jones said the item should be added to #2, Financial Literacy Training.

Chairman Jones recognized Ms. Reaves. Ms. Reaves mentioned the document that was distributed from the Arc of North Carolina. She felt it did not require any specific changes in wording and the goals contained were recognized by the organization. She also noted the goals in the document paralleled closely with those of the Commission.

Directions to Staff about Contents of the Commission's Final Report

Chairman Jones recognized Mr. Gilkeson. Mr. Gilkeson outlined the procedure recommendations for the Commission for framing the final work of the group. He said the staff will review the recommendations and ascertain which items would need specific legislation to be included with the Commission's final report.

Chairman Jones called on Representative Jones. Representative Jones requested information regarding the success of charter schools which offer free and reduced priced lunches. Representative Current said the Department of Public Instruction (DPI) should be able to provide that information. Chairman Jones said the information would be requested so the research could be done.

Chairman Jones moved to item #3 from the Subcommittee on Persistent Poverty. Senator East was recognized by Chairman Jones. During a discussion regarding EITC, Senator East said he was in agreement with the majority of the comments, but felt this was a way to perpetuate poverty, the earned income. Representative Jones commented that the income tax credit was for people who were eligible and working, which would be the working poor. It is not for people who are not working. Representative Jones asked staff to clarify. Ms. Bush clarified that a person had to be working to receive the tax credit.

Discussion of Recommendations by Members of the Committee

Chairman Jones opened the discussion to proceed through the various subcommittees and members to determine where legislation might be needed.

Subcommittee on Tax Issues – Mr. Gilkeson said this subcommittee has draft bills to cover their recommendations. No problems noted. The Commission voted to accept the proposals from this subcommittee as part of the final report.

Subcommittee on Jobs – There was several of the recommendations pertaining to issues contained in the Subcommittee on State Programs recommendations with the latter language being more direct. Staff was asked to meld these together where possible. The Jobs recommendations concerning broadband expansion was considered redundant due to a committee which is studying the issue on a statewide basis. The Commission endorsed the recommendations.

Subcommittee on Persistent Poverty – The Commission endorsed the recommendations for a new Tarheel ChalleNGe site in Badin and annexation law amendments. The middle school curriculum and charter school cap segments will be discussed at the final meeting.

Subcommittees on State Programs – The recommendations submitted by this subcommittee were endorsed by the Commission.

Chairman Jones made a motion for all the recommendations discussed to go forward with them. The motion was second by Ms. Reaves.

Chairman Jones recognized Mr. Gilkeson. Mr. Gilkeson said the draft report would be prepared for the next meeting and the additional information concerning charter schools and middle schools curriculum would be included in a fashion that the Commission could use to add, delete or modify. The report will contain findings, recommendations, and draft legislation where necessary. Mr. Gilkeson said a rough draft of the report would be made available to the members prior to the next meeting. He also pointed out to the members the feedback about the report, the need or desire for specific legislation.

Directions to Staff about Contents of the Commission's Final Report

The Final Report will be approved by the Commission at the April 29th meeting.
The Final Report must be submitted to the General Assembly by May 1st.

Chairman Jones recognized Representative Current. Representative Current requested a draft copy of the Final Report for members to review if it's not a burden on Staff. Chairman Jones said a report would be sent to members. Reverend Legerton wanted to know if the Commission would have draft bills before the next meeting. Mr. Gilkeson said they would try to prepare bill drafts before the next meeting.

The next meeting will be April 29th at 10 a.m.

There being no further business, the Chairman adjourned the meeting at 12:28 p.m.

Respectfully submitted,

Senator Edward Jones
Presiding Co-Chair

Mildred Alston
Committee Assistant

DRAFT

MINUTES

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTIOIN AND ECONOMIC RECOVERY

Tuesday, February 2, 2010
11:00 a.m.

The Legislative Study Commission on Poverty Reduction and Economic Recovery met in Room 643 of the Legislative Office Building on Tuesday, February 2, 2010. Chairman Garland E. Pierce presided and called the meeting to order at 11:02 a.m. Chairman Pierce welcomed the members, staff, sergeant-at-arms, and visitors.

Chairs present: Senator Edward Jones. Members: Senator Doug Berger, Senator Don W. East, Senator Floyd McKissick, Senator Joe Sam Queen, Representative Angela R. Bryant, Representative William A. Current, Sr., Representative Bryan R. Holloway, Representative Earl Jones, Representative James H. Langdon, Jr., Representative Nick Mackey, and Representative Randy Stewart. Public members: Reverend Mac Legerton, Mr. Norman Mebane, Ms. Jean Reaves, and Dr. Al Wentzy. Ex Officio members or designees: Ms. Phyllis West (Superintendent June Atkinson), Department of Public Instruction, Mrs. Tina Morris-Anderson (Commissioner Cherie Killian Berry), Department of Labor, Mr. Manfred Emmrich (Chairman Lynn Holmes), Department of Employment Security, Ms. Johanna Reeves (Secretary Eugene Conti), Department of Transportation, Mr. Ed Pope (Secretary Linda Hayes), Department of Juvenile Justice. A Visitor's Registration list and presentations are attached and filed as a record to the minutes.

Chairman Pierce welcomed and thanked the members, staff, sergeant-at-arms, and assistances for their work on the Commission. He also thanked the members for braving the weather from various locations to attend the meeting. He felt the subcommittees had some good policy issues for the members to deal with as they move forward with the Commission. Chairman Pierce recognized Co-Chair Senator Jones for comments. Senator Jones did not have any comments.

The first item on the agenda was the minutes from January 5. The minutes were second and approved. Chairman Pierce called for reports from the subcommittee chairs.

Senator McKissick was recognized by Chairman Pierce. Senator McKissick, chair of the Subcommittee on Tax Issues stated that the committee received a report from the North Carolina Justice Center dealing with tax incident analysis. This concept was adopted by the states of Maine, Minnesota and Texas. A report is completed every one or two years to look at the impact that legislation might have had on persons in different income levels from the lowest at 20% to the highest income population at 20%. Senator McKissick felt the committee was looking at the low wealth income individuals. They compared it to fiscal notes that are now prepared for bills that affect the state's financial picture. He felt they would probably recommend this analysis to the full committee at the proper time. The members also discussed federal tax issues to see what impact it would have on lower moderate income individuals. The committee may offer a resolution for the full Commission to consider.

Chairman Pierce called on Representative Bryant. Representative Bryant is the chair of the State Programs Subcommittee. This subcommittee focused on health insurance, Medicaid, children insurance, and housing. The Housing Trust Fund made a presentation to the committee. They discussed incoming assets by way of the Individual Development Accounts. They discussed how to move forward, where to focus to be most effective when advocating for poverty programs, and work support programs when short session begins. These programs will be discussed at their next meeting. They will also look at the inventory of agencies and ways to view assets for success as it relates to poverty reduction. They discussed nutritious foods, low income persons, and what can be done to assist them.

Chairman Pierce recognized Representative Jones. Representative Jones is the chair for the Subcommittee on Jobs. Representative Jones said they heard from Ms. Willa Dickens, associate vice president of the Workforce Development, Ms. Stephanie Deese, director of the Workforce Initiatives, and Ms. Barbara Boyce, director of the Continuing Education to speak about the Community College JobsNow Program. They also heard from Dr. Sandra Williams with the Central Office of Community College and Dr. Deborah Lamb, president of Edgecombe Community College. The members discussed the stimulus package, prioritized jobs that yield a good income, and in great demand. There was $79 million for North Carolina in the stimulus funds to assist with training, education and preparing for the workforce. Edgecombe Community College served 15,000 individuals in the entire system. They are now serving an estimate of 27,000 throughout the state. They discussed identifying persons who are displaced and assist with placing them in jobs in the Community College System. They also discussed manufacturing firms and businesses such as nursing and education. They do not want to exclude any areas, so they plan to identify specific targeted areas with the most chronic poverty situation.

Representative Jones said they plan to have the Department of Correction present at their next meeting. Chairman Pierce said Speaker Hackney approved the Ex-Offender Re-entry Committee, which will have some valuable information that can be shared with the committee. Senator Jones stated they discussed ex-offenders dealing with housing and jobs in their meeting. Senator Jones said the corrections information would be helpful and wanted to know how they could assist persons at the bottom level of poverty to get back into society. Representative Jones said some community action programs have ex-offender components dealing with temporary housing and counseling. He suggested looking at the federal government program, which were tax credits for businesses who hired ex-offenders. He also suggested considering a state tax credit similar to the federal program.

Chairman Pierce recognized Senator Queen. Senator Queen complimented Representative Jones on his report and the Community College program. He said this program was referred to as "12 and 6," the 12 career paths in 6 months. He said the number of career paths had expanded to match local employment needs. There are 45 career paths spread over 57 community colleges. Representative Jones responded to Chairman Pierce's question. Representative Jones said there is a link between students in the training and re-training programs and potential employers; sometimes with job openings before the student completes the training course.

Chairman Pierce recognized Representative Current. Representative Current is the chair of the Subcommittee on Persistent Poverty. He stated that his group would meet at 1 p.m. in room 415 of the Legislative Office Building. Representative Current stated that their meeting would focus on dropout issues and how it relates to the persistent poverty. They will have Dr. Jenny Owen from Duke University and Major Robert Carver from the Tarheel ChalleNGe to discuss the program. Dr. Owen is an expert on dropouts. Major Carver will focus on quasi-military approach on dropouts or would be dropouts. Participants in this program often serve as pages during Legislative sessions. Representative Current extended an invitation to the Commission members.

Chairman Pierce wanted to poll the Commission for the public hearing on March 9 and March 11. He stated that Senator Jones would hold his public hearing for Halifax County on March 9 and his would be in Robeson County on March 11, at Robeson Community College, located on Highway 95. Chairman Pierce counted 8 attending the Halifax County public hearing and 7 or 8 attending the Robeson County public hearing. The time will be forthcoming for staff and others attending. The full Commission meeting on March 2 was cancelled. The schedule will be as follows:

- The subcommittees will meet on March 2.
- The public hearing for Halifax County will be on March 9.
- The public hearing for Robeson County will be on March 11.
- The subcommittees should make their final recommendations on April 6.
- The final meeting will be April 22.
- Correction, the final meeting will be April 27.

Chairman Pierce called on Mr. Dan Gerlach, president of the Golden LEAF Foundation to present his overview of the North Carolina's Partner in Long-Term Economic Advancement. Mr. Gerlach stated that the purpose of the Foundation is to make grants and support organizations that promote the social welfare of North Carolina's citizens and to receive and distribute funds to lessen the economic impact of changes in the tobacco economy. The Foundation assists tobacco-dependent, economically distressed, and rural communities as they adapt to changing economic conditions and as they make a transition to more diversified economic bases. He also shared information regarding organizations eligibility to receive grants from the Foundation, government entities and 501(c)(3) tax-exempt organizations that serve the people of North Carolina. He commented on information regarding community assistance initiative, 61 grant awards, and special initiatives from the Foundation. **See Attachment 1** for additional information regarding Mr. Gerlach's presentation.

Chairman Pierce recognized Representative Jones for a question. Representative Jones questioned the Foundation's role in finding an alternative crop for tobacco and the money for bio-tech and genetic research. Mr. Gerlach stated that there was no real single crop alternative for tobacco. However, the Foundation has played a major role in development of the wine industry in the upper Yadkin Valley. The sweet potato production has increased in the state and there is a significant growth in the marketing of North Carolina products, such as strawberries and blueberries. He mentioned the new bio-tech programs at North Carolina Central University and North Carolina State University in terms of research.

Chairman Pierce called on Representative Bryant. Representative Bryant asked Mr. Gerlach if he had any recommendations or advice for short or long term poverty elimination and economic recovery. Mr. Gerlach said the Foundation was willing to listen and offer suggestions to those in poverty. He felt it was important to realize the work, build economic opportunities with a positive attitude for the people whether small or large, trust, and help reduce stress in their lives. Representative Bryant wanted to know the status of the Foundation's one-to-one initiative. Mr. Gerlach said the Foundation would recommend offering opportunities for local people to present their goals and ideas to the Commission.

Chairman Pierce recognized Senator Queen for a comment. Senator Queen was appreciative of the Community Initiative which had brought the Foundation staff to counties in his district. Those counties, he said, did not have the infrastructure to prepare grant applications and the move to bring the grant maker to the people of significant assistance. Senator Queen supports a partnership with the utility companies and smart meters as a way to bring broad band expansion at the time of meter installation. Mr. Gerlach said that all projects take time to get the entire process completed and the public's input cannot be hurried. The Foundation can help provide stimulus funds at the tune of 70 cents federal money for 30 cents local money.

Chairman Pierce recognized Dr. Wentzy. Dr. Wentzy asked if the Foundation considered supporting the North Carolina Housing Finance Agency. Mr. Gerlach said the Foundation has done some work with the Agency in the past and he felt there was some ways to partner with them in terms of housing. Some of the Foundation funding is used for training in green jobs leading to housing construction.

Chairman Pierce called on Ms. Reaves. Ms. Reaves asked about job development around the State's military base locations. Mr. Gerlach said there had been $4.5 million in grants for aerospace job training funds for the area from Wayne County through New Bern County. The Foundation has worked with projects in Guilford and Pasquotank counties. There is some possibility of working with military base procurement to purchase North Carolina agricultural products. The Foundation has created a single entity for small businesses to examine ways to seek and procure military contracts. The Foundation has worked with a project for the eastern part of the state to seek information about what the Navy wants for basing squadrons of the F-35 fighters. Mr. Gerlach said the location was either New Bern or Beaufort, SC.

Representative Current was recognized by Chairman Pierce for a question. Representative Current wanted to know if the half million dollars in Engelhard Clinic was a brick and mortar deal. Mr. Gerlach said the Engelhard Clinic plan was a little of both, it was brick, mortar, and equipment.

Chairman Pierce recognized Ms. Emila Sutton, Policy and Program Association for the IDA and Asset Building Collaborative of North Carolina to give her presenttion. Ms. Sutton was representing the North Carolina Alliance, along with Ms. Lucy Gorham from MDC, Inc. and North Carolina Assets Alliance for her presentation. Ms. Sutton said the North Carolina Assets Alliance educates the public and policymakers about asset-based strategies that promote economic security and prosperity for all North Carolinians. They have over 40 organizations

and agencies that are members of the Alliance working on economic security issues. The Assets work to develop a common framework that can tie diverse asset building policy pieces together. They provide efforts for visibility on a local, statewide, and national level. They strengthen their mutual efforts for new or expanded asset building policies and program initiatives they implement. Their research shows that Assets can make a difference between getting by and getting ahead. It also showed a need to address asset inequality, which is a greater need than income inequality, in order to address poverty long-term for children. Other parts of the report showed that household of color own 7 cents for every $1 owned by white households. There was also an increase in family assets that low income young people will graduate from high school. Ms. Sutton asked Ms. Gorham to come and present the remaining section of the presentation.

Chairman Pierce recognized Ms. Gorham. Ms. Gorham said they support the priorities that the Commission received from the Justice Center and the UNC Center on Poverty, Work and Opportunity. The Asset policy recommendations were to:

1. Remove enrollment cap for critical Health Choice Children's Health Insurance Program.
2. Establish Tax Incidence Analysis.
3. Increase funding for North Carolina Housing Trust Fund.
4. Raise North Carolina Earned Income Tax Credit (EITC) to 10% of federal credit.
5. Provide outreach fund on EITC and other Benefits.

Ms. Gorham said the work and income supports are underutilized. She noted that 7.2% of households eligible for EITC, SNAP, health insurance, and child care subsidies claim all four. There is $39 billion in work supports unclaimed by Americans annually and MDC/UNC study indicates over $1 billion unclaimed every year in North Carolina. She stated that the Benefit Bank is free-to-use, no fees or changes. It is confidential, internet-based, counselor-assisted program, simplifies and centralizes the process of applying for public benefits and tax credits, and connects communities to resources. She provided additional Asset policy recommendations:

6. Increased funding for state Individual Development Account (IDA).
7. Add split refund form to state tax return form for encourage savings.

Ms. Gorham said the Alliance is willing to work with the Commission and suggested they sign up for the Assets Newsletter, Action Alerts, their Report, Fact Sheets, and CFED Scorecard. Their website address is: www.ncassets.org. For additional information see **Attachment 2**, the North Carolina Assets Alliance and **Attachment 3**, A Prosperity Grid for North Carolina.

Chairman Pierce recognized Representative Bryant. Representative Bryant requested a list of the Alliance Membership. Ms. Gorhman referred Representative Bryant to the list in back of the handout, but indicated she would provide the requested information.

Senator Queen was recognized by Chairman Pierce. Senator Queen said the Alliance represents a good strategy because economic development does not mean building companies only, but building family assets. He suggested since 75% of Americans build most of their

wealth through home equity, examining the market for financing homes that build value for low income families would build assets, too.

Representative Stewart was recognized by Chairman Pierce. Representative Stewart wanted to know about the federal refund split and any feedback information on how effective this has been on the federal level. Ms. Gorham recommended #7 (Add a split refund form to the state tax return form to encourage savings during tax time). She said this was the first time the split had been made to allow savings bonds. This is fairly new and people were not using it, but as they become familiar with it, they will use it. A pilot program at some tax preparation sites did show increased interest. The Alliance proposal was that recipients could put their money into any type of account.

Chairman Pierce recognized Representative Stewart. Representative Stewart wanted to know how the savings would be designated instead of the federal level and primarily in savings bonds if this was done at the state level. Ms. Gorham's response was they can put it in any account. It does not have any particular dedicated uses.

Chairman Pierce noted that since the full Commission would not meet on March 2, the subcommittees would be able to have extended sessions.

There being no further business, the Chairman adjourned the meeting at 12:40 p.m.

Respectfully submitted,

Representative Garland E. Pierce	Mildred Alston
Presiding Co-Chair	Committee Assistant

ATTENDANCE

POVERTY REDUCTION AND ECONOMIC RECOVERY LEGISLATIVE STUDY COMMISSION

(Name of Committee)

DATES MEMBERS	4/6/2010														
Senator Edward Jones, Co-Chair	√														
Representative Garland E. Pierce Co-Chair	√														
Senator Doug Berger	X														
Senator Don W. East	√														
Senator Steve Goss	√														
Senator Floyd McKissick, Jr.	√														
Senator Joe Sam Queen	X														
Representative Angela R. Bryant	X														
Representative William A. Current, Sr.	√														
Representative Bryan R. Holloway	√														
Representative Earl Jones	√														
Representative James H. Langdon, Jr.	√														
Representative Nick Mackey	√														
Representative Randy Stewart	√														
Public Commission Members															
Mr. Joe Dickens, Edgecombe Co.	X														
Dr. Zeno L. Edwards, Jr. Beaufort Co.	√														
Reverend Mac Legerton, Robeson Co.	√														
Mr. Norman Mebane, Bertie Co.	√														
Ms. Patricia S. Peterson, Duplin Co.	X														
Ms. Jean Reaves, Halifax Co.	√														
Dr. Al Wentzy, Northampton Co.	√														

Ex Officio Members															
Superintendent June Atkinson Department of Public Instruction Designee: Phyllis West	√														
Secretary Lanier Cansler Dept. of Health and Human Services Designee: Maria Spaulding	X														
Commissioner Cherie Killian Berry Department of Labor Designee: Tina Morris-Anderson	√														
Secretary Keith Crisco Department of Commerce Designee: Joseph "Joe" Crocker	√														
Chairman Moses Carey, Jr. Department of Employment Security Designee: Manfred Emmrich	√														
Secretary Linda Hayes Department of Juvenile Justice Designee: Ed Pope	√														
Secretary Eugene Conti Department of Transportation Designee: Johanna Reese	√														
Commission Staff															
Bill Gilkeson, Research Division	√														
Melanie Bush, Fiscal Research	√														
Kristine Leggett, Fiscal Research	√														
Dan Ettefagh, Bill Drafting	√														
Irma Avent-Hurst Committee Assistant	√														
Mildred Alston Committee Assistant	√														

E = Excused Absence

NORTH CAROLINA GENERAL ASSEMBLY

STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

April 5, 2010

MEMORANDUM

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

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

There will be a **FULL** Legislative Study Commission on Poverty Reduction and Economic Recovery on:

DAY:	Tuesday
DATE:	April 6, 2010
TIME:	11:00 a.m.
LOCATION:	Room 643, Legislative Office Building

The Subcommittees will NOT meet on April 6, 2010.

Please advise Irma Avent-Hurst, Committee Assistant by phone (919-715-3032) or e-mail (Edward.Jones@ncleg.net) or Mildred Alston, Committee Assistant by phone (919-733-5803) or e-mail (Piercela@ncleg.net) if you will be unable to attend or have questions.

Senate Sgt At Arms	House
Leslie Wright	Tom Wilder
Ernie Sherrid	FRANK PREVO
Ron Spann	MARTHA PARRISH

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — April 6, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ken Melton	K. M. A
[illegible]	NCDHHS
Mildred Spearman	NCDOC
Sherry Pellerton	NCDOC
Allison Jourdan	NCDOC
Carlton Jaynes	NCDOC
Margaret Rathore	NCHFA
Bill Rowe	NC Justice Center
Lisa Nelson	Senator Queen's LA
Sarah Krishnaraj	UNC Ctr for Civil Rts

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — April 6, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John Goodman	NC Chamber
W. Gardner Crafton	Personal Interest
Dean Simpson	DHHS
Tom Novinc	NC ABC Comm.
Roz Sasser	NC Child Care Coalition
Brian Balfour	Civitas
S Wilson	DHHS
Emila Sutton	IDA + Asset Bldg Collaborative
Carley Ruff	NC Housing Coalition
Yolanda Burwell	NC Rural Center
Helen McLean	NC Justice Center

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — April 6, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Lockhart Taylor	NC-ESC
Anthony Nixon	NCACC

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — April 6, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Patsi Jones	APPCNC/LLPP

Recommendations
of the
Subcommittee on Tax Issues
to the
Legislative Study Commission
on
Poverty Reduction and Economic Development

The Subcommittee on Tax Issues recommends:

1. Requiring Tax Incidence Reports. Under current law, the Department of Revenue is required to prepare and publish certain reports. A tax incidence report would mandate conducting periodic studies of the incidence of the overall state tax system and, upon certain conditions being met, an analysis of the distributional impact of proposed tax legislation. The conditions are that (1) the fiscal impact of the proposed change would be greater than $20 million and (2) a request for the report comes from a chair of a finance committee. (See attached draft and summary.)

2. Encouraging the expansion of the State Earned Income Tax Credit (EITC). The State EITC functions to offset the impact of federal payroll taxes and to lift low-income working families above the poverty level. In years where there is fiscal availability, the General Assembly is encouraged to expand the EITC. (See attached draft.)

3. Encouraging the Congress of the United States to make permanent certain tax benefit enhancements. The federal government, during the recent fiscal downturn, temporarily expanded certain tax benefits, including the federal EITC, the child tax credit, and the American opportunity tax credit. These enhancements to some of the largest and most effective federal anti-poverty programs, are set to expire 2011. Congress, as a whole, and North Carolina's delegation of federal legislative representatives, specifically, are encouraged to make these temporary enhancements permanent through legislative action. (See attached draft.)

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

U D

BILL DRAFT 2009-MCz-231 [v.1] (02/12)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
2/12/2010 12:57:02 PM

Short Title: Poverty Reduction: Tax Incidence Reports. (Public)

Sponsors: .

Referred to:

A BILL TO BE ENTITLED

AN ACT TO REQUIRE CERTAIN TAX INCIDENCE REPORTS BY THE DEPARTMENT OF REVENUE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-256(a) is amended by adding the following subdivision to read:

"(a) Publications. – The Secretary shall prepare and publish the following:

...

(2a) By March 1 of each odd-numbered year, a report on the overall incidence of the income tax, sales and excise taxes, and property tax. In addition, the Secretary shall prepare for a finance committee, within 15 days of a request of a chair of the committee, an impact analysis report of a bill to change the tax system that would increase, decrease, or redistribute tax by more than twenty million dollars ($20,000,000). In a report required by this subdivision, the report shall present information on the distribution of the tax burden for the overall income distribution, using a systemwide incidence measure that appropriately measures equality and inequality, and by income classes broken down by quintiles. A report required by this subdivision shall use the broadest measure of economic income for which reliable data is available.

..."

SECTION 2. This act becomes effective January 1, 2011.

DRAFT:
Poverty Reduction: Tax Incidence Reports

BILL ANALYSIS

Committee:	Poverty Reduction and Economic Recovery - Subcommittee on Tax Issues	**Date:**	March 1, 2010
Introduced by:		**Summary by:**	Dan Ettefagh Committee Counsel
Version:	2009-MCz-231		

SUMMARY: This bill would require two additional reporting requirements by the Department of Revenue: a tax incidence report and impact analysis reports.

CURRENT LAW: Under current law, the Department of Revenue is required to prepare and publish certain reports as required under G.S. 105-256.

BILL ANALYSIS: This bill would add two additional reports to those the Department must prepare and publish. The first of these reports is an incidence report, which would be due March 1 of each odd-numbered year. The incidence report would cover income tax, sales tax, excise taxes, and property tax.

The second report would be an impact analysis report for certain bills proposing changes to the State taxes if (1) requested by a chair of a finance committee and (2) the fiscal impact of the proposed change would be greater than $20 million. The report would be due within 15 days of a request from a finance committee chair.

Both of the reports required by this bill would have the following requirements:

- The report must present information on the distribution of the tax burden for the overall income distribution, using a system measure appropriate for determining equality.
- The report must be broken down by quintiles.
- The report must use the broadest measure of economic income for which reliable data is available.

EFFECTIVE DATE: This bill would become effective January 1, 2011.

BACKGROUND: Three other states, Maine, Minnesota, and Texas, require tax incidence reporting with a $20 million threshold for triggering an impact analysis report. Two of the three states have the state revenue department make both reports, while Texas has a Legislative Budget Board prepare the impact analysis report.

2009-MCz-231-SMMC

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

U D

BILL DRAFT 2009-MCz-236 [v.2] (02/19)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
3/1/2010 3:49:22 PM

Sponsors:

Referred to:

A LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY RESOLUTION URGING THE CONGRESS OF THE UNITED STATES TO MAKE CERTAIN TEMPORARY FEDERAL TAX CREDIT CHANGES PERMANENT.

Whereas, the current economic recession disproportionately affects low- and moderate-income working families and low-wage workers; and

Whereas, the American Recovery and Reinvestment Act expanded certain tax credits in 2009, thereby benefitting hundreds of thousands of North Carolina's low- and moderate-income families; and

Whereas, the expanded tax benefits included enhancements to the earned income tax credit, the child tax credit, and the American opportunity tax credit; and

Whereas, Congress enacted the earned income tax credit in 1975 and, through various expansions, lifted approximately 6.6 million Americans, including 3.3 million children, out of poverty in 2009; and

Whereas, more than 825,000 North Carolina families benefit from the federal earned income tax credit; and

Whereas, Congress created the child tax credit in 1997 to help families meet the costs of raising children and expanded the credit in 2009 to reach many low-income working families; and

Whereas, the earned income tax credit and the child tax credit offer low- and moderate-wealth individuals and parents an incentive to seek work and higher wages and are the largest and most effective federal anti-poverty programs, collectively reducing the overall poverty rate by twenty percent (20%) and the child poverty rate by thirty-three percent (33%) in 2009; and

Whereas, the American opportunity tax credit was expanded by Congress to provide education benefits for the first time to 3.8 million low- and moderate-income college students and is one of the best long-term investments to expand the skills of unemployed workers and to enable low- and moderate-income prospective students to enroll in college; and

Whereas, these enhanced tax credits are scheduled to expire in 2011 without Congressional action, thereby reducing or eliminating the credit for millions of low- or moderate-wealth children, individuals, and families at a time of increased financial hardship; Now, therefore,

Be it resolved by the Legislative Study Commission on Poverty Reduction and Economic Recovery:

SECTION 1. The Legislative Study Commission on Poverty Reduction and Economic Recovery urges the members of the Congress of the United States from North Carolina to support the introduction and passage of legislation making the enhancements to the earned income tax credit, the child tax credit, and the American opportunity tax credit permanent.

SECTION 2. The Legislative Study Commission on Poverty Reduction and Economic Recovery urges Congress to pass the legislation making the enhancement of the tax credits permanent.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

U D

BILL DRAFT 2009-MCz-235 [v.4] (02/19)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
3/1/2010 3:49:43 PM

Sponsors:

Referred to:

A LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY RESOLUTION ENCOURAGING THE LEGISLATURE TO INCREASE THE STATE EARNED INCOME TAX CREDIT AS FISCAL AVAILABILITY ALLOWS.

Whereas, the federal earned income tax credit was created in 1975 to lessen the impact of federal payroll taxes that fall disproportionately on low-income workers, to supplement low- and moderate-income families' incomes, and to lift working families above the poverty level; and

Whereas, the federal earned income tax credit, being available only to those families with earnings from work, has helped to raise labor force participation levels; and

Whereas, the federal earned income tax credit now benefits more than twenty-four million people with almost fifty billion dollars ($50,000,000,000) in credits nationwide and more than 825,000 households in this State; and

Whereas, the federal earned income tax credit annually lifts over five million Americans above the poverty line each year; and

Whereas, most earned income tax credit recipients have one or more children under 18 living at home and earn under thirty-five thousand dollars ($35,000) annually; and

Whereas, this State acknowledged the important economic benefits and incentives for low- and moderate-income families by enacting in 2007 a State earned income tax credit; and

Whereas, this State expanded the State earned income tax credit in 2008 by increasing the calculation for the maximum credit amount; and

Whereas, the current economic downturn has increasingly made it difficult for low- and moderate- income families to continue to meet the expenses for basic needs for survival; and

Whereas, this increased difficulty makes both the federal and State earned income tax credits more necessary and of greater assistance; Now, therefore,

Be it resolved by the Tax Subcommittee of the Legislative Study Commission on Poverty Reduction and Economic Recovery:

SECTION 1. The Tax Subcommittee of the Legislative Study Commission on Poverty Reduction and Economic Recovery encourages the members of the full Commission to express its support of the State earned income tax credit.

SECTION 2. The Tax Subcommittee of the Legislative Study Commission on Poverty Reduction and Economic Recovery urges the members of the General Assembly to

continue to study the goals and benefits of the State earned income tax credit and to expand the credit as fiscal availability allows to insure that the credit meaningfully continues to assist low- and moderate-income workers economically.

Joint Legislative Study Commission on Poverty Reduction and Economic Recovery

Subcommittee on Jobs

Subcommittee Recommendations

April 6, 2010

1. **Health Care Jobs**: Restore the state cuts to Medicaid, bringing back 40,000 jobs.

2. **Construction Jobs**: Establish three regional housing councils to promote the accelerated rebound of the construction sector and assist in home equity opportunities for first-time home buyers.

3. **Broadband**: Continue to expand broadband internet access across the State. Broadband access promotes entrepreneurship and business development, especially in traditionally under-served rural areas.

4. **Child Care Jobs**: Invest in more child care, eliminating waiting lines. Quality child care is key to developing job opportunities for the poor and giving poor children a quality start.

5. **Restore Funding for NCCCS Prison Education Programs:** Funds for NCCCS Prison Education Programs were made nonrecurring in the 2009 Budget, and the program was subject to Continuation Review. Funding for this program should be restored.

6. **Work Opportunity Tax Credit:** The Work Opportunity Tax Credit provides incentives to employers to hire hard-to-employ populations. ESC should continue to work to market this program and educate employers about it.

7. **Special Emphasis on Robeson County:** Robeson County is one of the State's poorest counties. It also has one of the most diverse populations. Programs to alleviate poverty should be pilot tested in Robeson County to determine their efficacy and to find best practices that can then be applied to the rest of the State.

POVERTY REDUCTION AND ECONOMIC RECOVERY SUBCOMMITTEE ON STATE PROGRAMS

PROPOSED RECOMMENDATIONS

I. PERMANENT POVERTY REDUCTION AND ECONOMIC RECOVERY COMMITTEE

- Establish a permanent, non-standing, interim committee on Poverty Reduction and Economic Recovery

II. TARGET FOR POVERTY REDUCTION

- Direct the permanent committee to study and set a reasonable target and timeline for poverty reduction, including alternative measures for poverty

III. EXISTING STATE PROGRAM INVENTORY AND HISTORY OF POVERTY REDUCTION EFFORTS

- Direct the Program Evaluation Division of the North Carolina General Assembly to compile an inventory of State programs aimed at reducing or alleviating the condition of poverty, their outcomes and effectiveness and a history of State efforts to reduce poverty.

IV. HEALTH CARE

- Dependent upon available resources, raise the enrollment cap for Health Choice to maximize the federal allotment
- Explore federal incentives through the Children's Health Insurance Program Reauthorization Act (CHIPRA) to expand eligibility and ease administrative burdens for Health Choice, which may require raising the enrollment cap
- Maintain current funding of Medicaid so that federal matching dollars are not left on the table
- Explore the extent of medical debt in NC, including debt caused by child illness and predatory lending practices conducted by credit card companies or other credit entities handling debt for hospitals or any other health providers in North Carolina, and consider policies to address the undesirable consequences for poverty reduction.
- Examine existing healthcare system in North Carolina with the goal of continuing to provide the greatest number of people with the greatest amount of services

V. HOUSING

- Maintain existing $10 million in funding for the NC Housing Trust fund, and dependent on available resources, consider increasing funding for the NC Housing Trust Fund
- Examine feasibility of new policies to aid low-income utility consumers and to promote access to utility services (e.g. expanded shut-off protections, rate discounts for low-income customers, and annexation reform)

- Explore possibility of extending new private home mortgage foreclosure protections to public (tax) foreclosures

VI. INCOME AND ASSETS

- Explore adequate funding for Individual Development Accounts (IDAs)
- Maintain existing funding for the NC Earned Income Tax Credit (EITC) at 5% of the federal credit and explore opportunities for increasing the refundable percentage

VII. WORK SUPPORTS

- Explore improving transportation services in rural areas
- Continue to create opportunities for work experience through subsidized employment using ARRA Temporary Assistance for Needy Families (TANF) funds
- Continue to enhance work skills through training opportunities such as the 12 and 6 Program through community colleges
- Dependent upon available resources, increase payment rate for Work First tied to meeting the work and personal responsibility requirements of the program
- Explore supporting efforts to maximize participation in federal programs, including Food and Nutrition Services, Supplemental Nutrition for Women, Infants, and Children (WIC), weatherization programs, TANF, Medicaid, etc. through community outreach and utilization of efforts such as the NC Benefits Bank.
- In addition, enact the necessary policies or provisions to ensure that the public, policy makers, advocates and agency leaders understand and make explicit the interconnection of these funding programs in terms of the impact that maximizing participation in one program can have on automatically triggering eligible funds to the state for other programs.

VIII. CHILD EDUCATION AND CHILD CARE

- To the extent that federal ARRA funds are available, continue to:
    - Extend the current 30 to 60 day job search policy up to 6 months when child care subsidy recipients experience a loss of employment
    - Provide child care subsidy applicants upfront job search up to 6 months that lost employment on or after October 1, 2008
    - Provide job search child care subsidy benefits for recipients who completed school and are entering the job market
    - Extend the 24-month post-secondary education time limit for child care subsidy to 36 months for recipients who lost employment since October 1, 2008, or otherwise need additional training to enhance marketable skills for job placement and who have depleted the 24-month allowable time for education
- Maintain and support investments to increase and maintain high-quality, early learning programs

IX. FRESH FOOD RETAIL IN UNDERSERVED COMMUNITIES

- Continue to analyze the impact of the lack of fresh food retail in underserved communities, with a focus on developing policies and recommendations that:
    - Target State economic development programs and public incentives to supermarket industry to maximize their impact on supermarket site location decisions
    - Develop a business financing program to support local supermarket development, renovation, and expansion projects
    - Prioritize assembling land at the local level for supermarket and grocery store development
    - Reduce unnecessary regulatory barriers to supermarket and grocery store investment and stream line the development process
    - Increase/prioritize transportation services to supermarkets
    - Develop up-to-date and data-driven market information on unmet market demand for food in underserved areas
    - Promote green supermarket development and renovation through incentives for energy-efficient equipment and systems and environmentally sustainable building materials

Recommendations
of the
Subcommittee on Persistent Poverty
to the
Legislative Study Commission
on
Poverty Reduction and Economic Development

The Subcommittee on Persistent Poverty recommends:

1. Opening a second N.C. Tarheel ChalleNGe Academy. The Tarheel ChalleNGe Academy is a federal/state program administered by the N.C. National Guard to work with high-risk youth. The National Guard now has one Academy in Salemburg, in eastern North Carolina. It has plans for a second in Badin in the Piedmont. The purpose is to expand a successful effort to remediate the consequences of high school dropouts.

2. Including parenthood training in North Carolina's middle-school curriculum. This training should emphasize fatherhood as well as motherhood. The purpose is to increase parenting skills and encourage the maintenance of homes with both parents, which correlate with more successful child-rearing.

3. Lifting the cap on charter schools in North Carolina. This should be done with a specified minimum within the school for students eligible for free and reduced-price lunches. The purpose is to increase access to quality education for children in poverty.

4. Amending the annexation laws to reduce the request threshold for voluntary annexation for lower-wealth neighborhoods. The threshold should be dropped from the current 100% of property owners in the case of neighborhoods where more than 50% of residents meet a poverty threshold. The purpose is to address the problem of "underbounding," in which municipalities annex but leave gaps and donut holes for low-wealth areas, contributing to deterioration.

NC Justice Center

Opportunity and prosperity for all

To: Members of Poverty Reduction and Economic Recovery Study Commission
From: Bill Rowe
Re: Proposed Amendments to NC's Annexation Laws
Date: April 5, 2010

The NC Justice Center along with the UNC School of Law Center for Civil Rights requests that the Study Commission make the following recommendation to the NC General Assembly for the 2010 Short Session:

1. Amend NC's annexation laws to address the specific challenges faced by low wealth communities, thereby making annexation a viable economic development tool for these areas. Recommendations include: (1) Reducing the signature requirement for voluntary annexation for communities in which 50% or more of the residents live below the poverty threshold; (2) permit the involuntary annexation of "donut holes" without regard to the statutory use and density requirements; and (3) give priority consideration to publicly funded (CDBG) projects located in areas annexed by municipalities to provide water and sewer services to low-income residents.

The purpose is to address the problem of "underbounding" in which municipalities annex but leave gaps and donut holes for low-wealth areas, contributing to deterioration.

Contact Info: Bill Rowe, bill@ncjustice.org; (919) 856-2177

Documenting Poverty, Economic Distress and Challenge in North Carolina

A Report for the Z. Smith Reynolds Foundation

Submitted by the Center on Poverty, Work and Opportunity

University of North Carolina at Chapel Hill

January 15, 2010

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INTRODUCTION AND PRELIMINARY CONCLUSIONS[1]

By any measure, North Carolina's modern economic and educational history is one of the strongest success stories of the New South. At the turn of the last century, we had the "highest illiteracy rate in the South" and one of the highest in the nation.[2] We spent 21 percent of the national average, per pupil, on education[3]—roughly fifty cents per pupil, per capita (the national average was $2.84)—"tying Alabama as the lowest in the South."[4] In 1915, for every dollar spent on education for a black child in Carolina, "$3.22 was spent on a white child."[5] The average length of the school term, for all students, was 70.8 days—again lowest in the South (the national average was 144.6 days).[6] C. Vann Woodard could accurately write, in *Origins of the New South*, that "Starting from further behind than almost any other state, North Carolina began her [educational] movement earlier" and emerged as the most prominent example of the South's "great educational awakening."[7]

The poverty that so frequently accompanies educational deficiency marked our development as well. Economic studies indicate that heading into the twentieth century, North Carolina was "the least productive state" in the nation, with a productivity level less than 25 percent of that in states like California and New York.[8] In the 1920s, North Carolina ranked forty-first in per capita income.[9] Rural poverty was particularly pronounced: only 0.9 percent of farming families could boast running water and only 9 percent had telephones.[10] As late as the early 1960s, approximately one-third of North Carolinians lived below then-developing federal poverty standards.[11]

Dramatically altered public and private investments and policies, massive migration, opened channels of equality and participation, potent commitments to educational attainment and industrial development, changed national commercial patterns, and other sanguine economic and social transformations over the course of a half-century have led North Carolinians to leave the disparaging "Rip Van Winkle State" moniker far behind. In recent decades, the state has been one of the fastest growing in the nation. Poverty, though still troubling, has been markedly reduced—now at least approaching national averages. Changes in educational accomplishment, at both K-12 and higher education levels, have been among the most impressive in the country. And the state can claim metropolitan and intellectual centers that are the envy of much of the world.

Still, North Carolina's unfolding prosperity has proved uneven. As one respected commentator put it:

> While the metropolitan areas fretted over how to handle booming growth, many rural areas were worried about survival. One could still find more mobile homes across the state than in most other places in America, including Alabama and Arkansas. Although poverty had been sharply reduced ... more than 35 percent of North Carolinians, or 1.1 million families, still earned less than the amount needed to achieve a basic standard of living at the end of the century.[12]

Since 2000, dramatic changes in the economic landscape have posed additional challenges. Massive "plant closures, worker dislocations and the virtual disintegration of some of our most cherished industries, have made it much tougher to maintain the progress we made during the 1990s."[13] And these dilemmas appeared even before the historic recession of 2008-2009. Since its onset, North Carolinians have lost their jobs, their homes, their health care coverage, and

essential portions of their wealth at extraordinary rates. Accordingly, present challenges of privation, inequality, indignity, inadequate development and opportunity are both immense and defining.

This study, broadly speaking, explores economic distress, challenge, progress and opportunity in North Carolina. It employs decennial U.S. Census data; American Community Survey estimates; state-captured economic, health and educational measures; urban and rural demographic and wealth studies; and a variety of other reports and resources to draw its portraits and preliminary conclusions. It explores changes, particularly over the last three decades, in growth and demography, education, poverty, employment, housing and community development.

These data reveal that North Carolina has experienced significant, even dramatic, growth in the last two decades. Our population is becoming increasingly urban, though we remain more rural than most states. Like many of our counterparts, we also have growing numbers of persons of color.

Poverty remains higher than national averages. It thwarts overarching goals of both human dignity and community economic development. It is skewed by race, by geography and region, by level of educational attainment, by gender, by family structure, and by age.

Our inquiry also reveals that traditionally-employed county-wide measures of poverty often mask deep levels of severe urban poverty affecting large numbers of North Carolinians. Many of our rural communities are plagued by chronic and persistent patterns of economic distress. But the state's poorest census tracts are more likely to be located in large metropolitan areas that are, otherwise, on average, more prosperous. These communities have generally higher poverty, child poverty, and unemployment rates, and lower high school graduation, average income, and home ownership rates, than their rural counterparts.

It is also the case that economic downturn and dislocation do not strike all communities in North Carolina equally. Some segments of the state have suffered acutely from changes wrought by globalization and wage competition from abroad. Others have seen disproportionate negative impacts from the recession and commercial retractions of recent months.

Anti-poverty and economic development strategies then, unsurprisingly, call for both people-based and place-based initiatives. Impressive progress has been made in educational attainment; though it, too, is marked by disparities in race and locale. Poverty rates remain highest in single-parent, female-headed households.

Place-based economic strategies should be multifaceted, reflecting divergent challenges. Programs and policies should provide special focus on economic distress in: 1) chronically poor, largely rural, Tier One counties; 2) highly-distressed areas of generally more prosperous urban centers; and 3) communities experiencing the situational poverty and unemployment resulting from dramatic economic change and dislocation.

GROWTH AND DEMOGRAPHIC CHANGE

North Carolina in recent years has been shaped by a remarkable and transformative surge in population. In 1980, the Tar Heel State was home to fewer than 6 million people.[14] It was predominantly rural,[15] characterized by a landscape of small towns often dominated by traditional manufacturing industries (textiles, furniture) and agriculture. Racially, it was defined in stark black and white terms. With the exception of a small Native American population, no other racial groups were present in substantial numbers.[16]

Components of NC Population Change, 2000 to 2008

Population 4/1/00	[illegible]	
Natural Increase	412,906	
Births	[illegible]	
Deaths	602,159	35.2%
Net Migration	760,195	
Net Domestic	591,283	64.8%
Net International	168,912	
Population 7/1/08	9,222,414	

Source: U.S. Census Bureau, Population Division, Population Change and Estimated Components of Population Change: April 1, 2000 to July 1, 2008 (NST-EST2008-alldata)

Figure 1. Change in N.C. Population, 2000-2008

By 2000, North Carolina's population surpassed the 8 million mark, an increase of 27 percent from 1980. Sixty percent of the population lived in urban areas.[17] Nine years later, the state had gained an additional 1.3 million residents.[18] By 2030, North Carolina is predicted to have a population exceeding 13 million—an increase of over 50 percent from 2000—making it the seventh most populated state in the country.[19]

	Migration to and from North Carolina					
	2004 to 2005			2007 to 2008		
	to NC fr...	fr NC to...	Net	to NC fr...	fr NC to...	Net
Domestic Mig.	235,799	180,317	55,482	274,996	194,009	80,987
International Mig.	10,313	8,005	2,308	10,163	6,248	3,915
Total Migration	246,112	188,322	57,790	285,159	200,257	84,902
FL	23,376	20,673	2,703	33,934	18,130	15,804
VA	24,256	19,690	4,566	27,494	19,915	7,579
SC	18,169	20,600	(2,431)	19,274	24,210	(4,936)
NY	22,206	7,788	14,418	25,636	9,666	15,970
GA	14,159	13,679	480	15,024	14,229	795
CA	13,662	8,524	5,138	14,291	9,632	4,659
TX	10,696	10,249	447	11,682	12,351	(669)
PA	9,750	6,032	3,718	11,416	6,322	5,094
MD	8,508	5,417	3,091	10,741	5,238	5,503
OH	8,117	5,110	3,007	10,016	5,644	4,372
NJ	10,080	3,398	6,682	12,409	3,774	8,635
TN	5,992	7,114	(1,122)	6,714	7,467	(753)
IL	4,962	3,543	1,419	5,095	3,774	1,321
MI	4,823	2,832	1,991	7,805	2,817	4,988
MA	5,194	2,048	3,146	6,203	2,630	3,573
All other states	51,849	43,620	8,229	57,262	48,210	9,052

Figure 2. N.C. In- and Out-Migration

Carolina's growth has been significantly migration-driven. From 2000 to 2008, almost 65 percent of the population increase resulted from net migration to the state (591,283 domestic and 168,912 international). The largest numbers of domestic entrants came from six states: Florida, Virginia, South Carolina, New York, Georgia and California. (Figure 2.)

This growth, while impressive, has not occurred uniformly. Instead, it has been concentrated in metropolitan counties and near the coast.[20] So, while Raleigh, Charlotte and other urban centers experienced rapid population gains, a number of rural counties—especially in the northeast—have seen net population losses.[21] (Figure 3.)

As a result of these changes, a significantly higher percentage of North Carolinians live in urban settings now than several decades ago: 45.4 percent in 1970; 60.2 percent in 2000. (Figure 4.) According to the 2000 Census, 4.8 million North Carolinians lived in areas considered urban and 3.2 million resided in rural communities.[22] Still, we remain less urban than most American states: North Carolina ranks fortieth in percentage of population living in urban areas.[23]

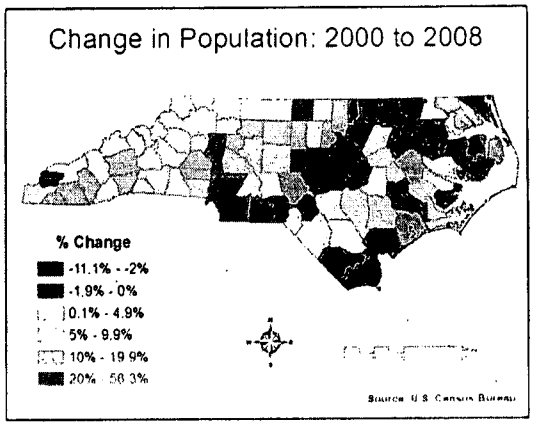


Figure 3. N.C. Population Change, 2000-2008

An examination of the growth in North Carolina's major metropolitan centers pointedly shows the alteration of the state's landscape. Our metro areas are not densely compact urban areas, surrounded by suburbs, as in the Northeast and Midwest. More frequently, they meld city and suburb, presenting economic and social dynamics that cross traditional political domains.

A revealing study by the University of North Carolina's Program on Public Life explores population trends in the state's three dominant metropolitan areas—the Triangle, the Triad and Charlotte—by examining our five most populous counties and their eight adjacent "commuter" counties (where large percentages of residents work in the neighboring county). The share of North Carolinians living and working in these major metropolitan centers has grown significantly in the past four decades. The percentage of the state's jobs created in these urban arenas has risen markedly as well, while more of North Carolina's poorest also live in these metropolitan communities. (Figure 5.)

North Carolina's growth has also brought greater racial and ethnic diversity. In 1980, whites constituted 76 percent of the population; African Americans 22 percent; and Native Americans 1 percent. Hispanics—an ethnic classification not yet employed by the Census Bureau—represented less than 1 percent of the population.[24]

Figure 4. Rate of Urbanization, N.C. and U.S., 1970-2000

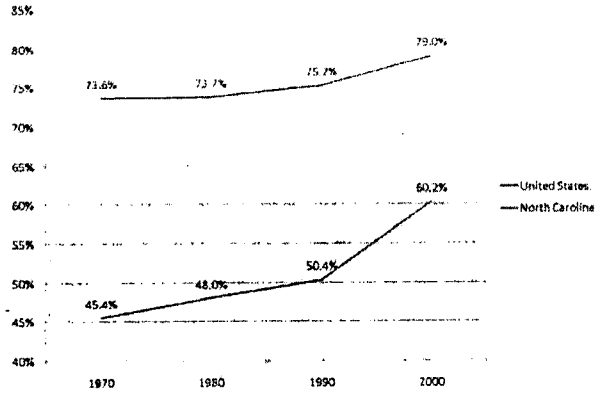
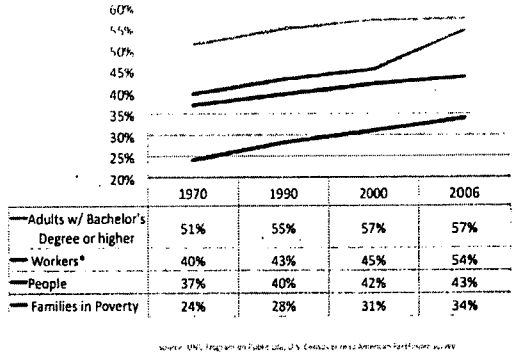


Figure 5. N.C. City-State Metros, 1970-2006



	1970	1990	2000	2006
Adults w/ Bachelor's Degree or higher	51%	55%	57%	57%
Workers*	40%	43%	45%	54%
People	37%	40%	42%	43%
Families in Poverty	24%	28%	31%	34%

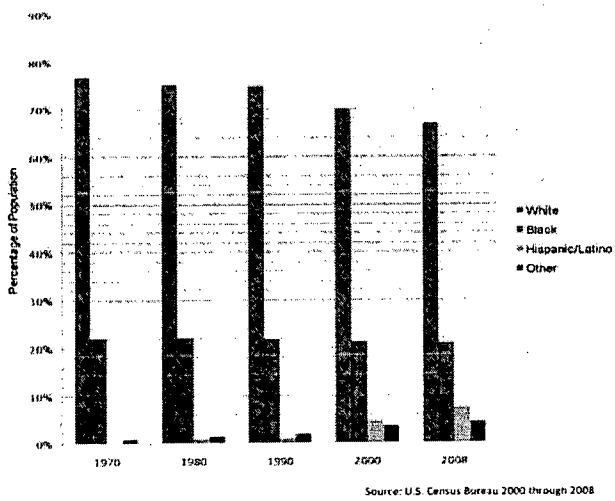


Figure 6. N.C. Population by Race and Ethnicity, 1970-2008

Twenty-eight years later, the state's racial configuration had changed vividly. Although direct comparison with the 1980 Census figures is difficult due to changes in classification, the trends are clear. By 2008, non-Hispanic whites constituted 67 percent of the population. The number of African Americans in North Carolina had increased by a robust 45 percent, and while the percentage of African Americans relative to the overall population diminished slightly, it was still the eighth highest in the U.S. (including D.C.). (Figure 7.) The Native American population, though it remained small compared to the whole, had grown 49 percent.[25]

The African American population remains highest, on a percentage basis, in an array of counties in the northeastern and eastern part of the state, including Halifax, Northampton, Bertie, Gates, Hertford, Tyrell, Washington, Anson, Robeson, Scotland and Hoke. Still, the largest numbers of African Americans, in absolute terms, live in urban centers. The five counties with the most African Americans—Mecklenburg, Wake, Guilford, Cumberland and Durham—contain over one-third of North Carolina's total black population.[26]

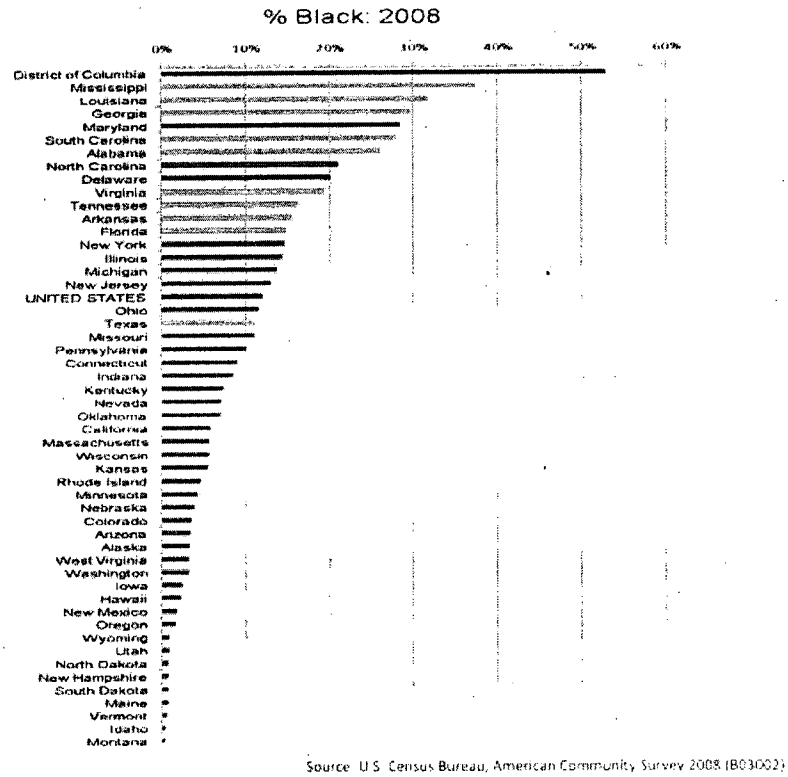
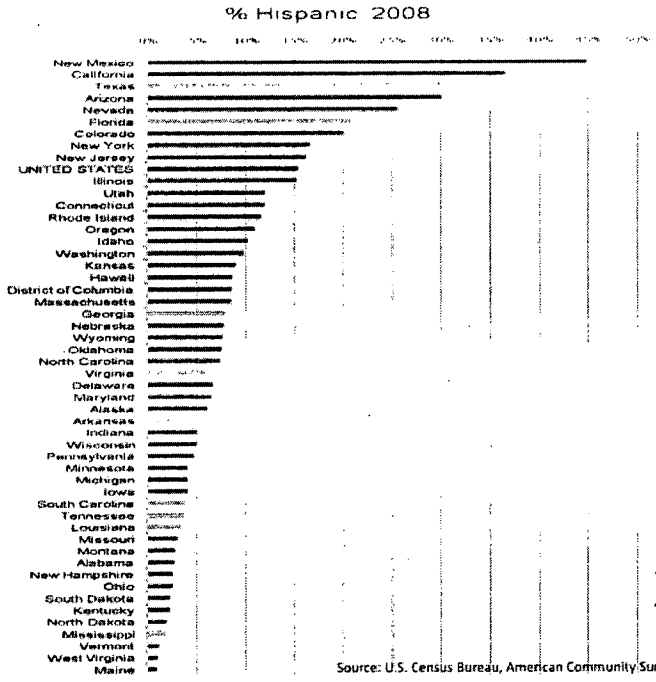


Figure 7. Percent Black by State, 2008

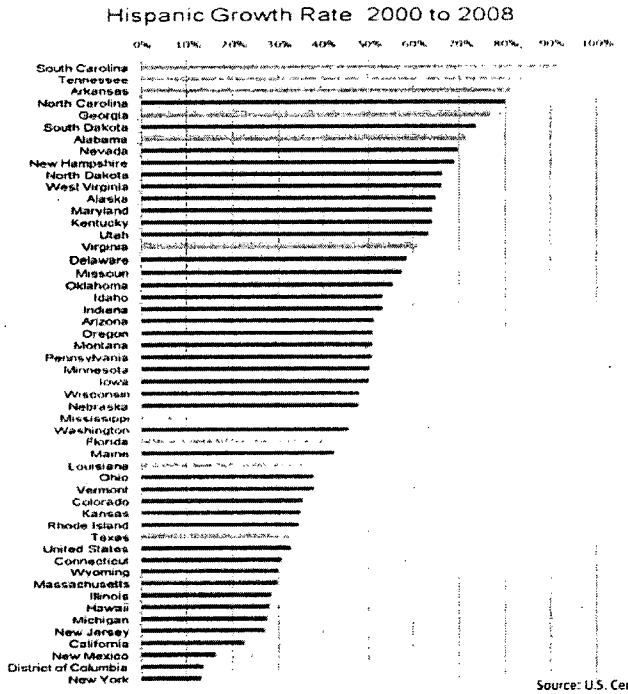
It comes as no surprise that the burgeoning Hispanic population reflects the most significant population change, leaping from under 57,000 in 1980 to almost 700,000 in 2008—an increase of over 1000 percent.[27]



Source: U.S. Census Bureau, American Community Survey 2008 (B03002)

Figure 8. Percent Hispanic by State, 2008

Nonetheless, Hispanics in North Carolina make up a smaller proportion of the population than in many other states. North Carolina ranks only twenty-fifth in the country as a whole, up from fortieth in 1980. (Figure 8.) But between 2000 and 2008, the state posted the fourth highest growth rate in the United States, averaging roughly ten percent per year. (Figure 9.)



Source: U.S. Census Bureau 2000, 2008

Figure 9. Hispanic Growth Rate by State, 2000-2008

Again, on a percentage basis, higher proportions of Hispanics reside in less densely populated counties— Duplin, Sampson, Johnston, Wilson, Greene, Onslow, Surry, Yadkin, Alamance, Chatham, Montgomery and others. (Figure 10.)

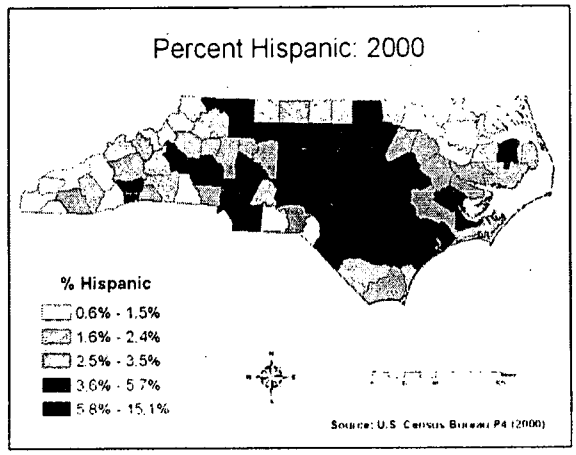


Figure 10. Percent Hispanic by County, 2000

Still, North Carolina's Hispanic population is predominantly urban. More than 40 percent of Hispanics live in just six urban counties: Mecklenburg, Wake, Cumberland, Forsyth, Durham and Guilford counties.[28]

Finally, it should be added that for all North Carolinians, household and family structures have become more diverse in the past four decades. In 1970, 72.7 percent of North Carolina households were married-couple families. By 2008, only 49.4 percent of households were such families. (Figure 11.) These figures track national trends very closely, with households in the United States and North Carolina getting smaller and more varied. More than a quarter of all North Carolina households consist of one person living alone. And fewer than half of all households, here and nationally, are married-couple families.

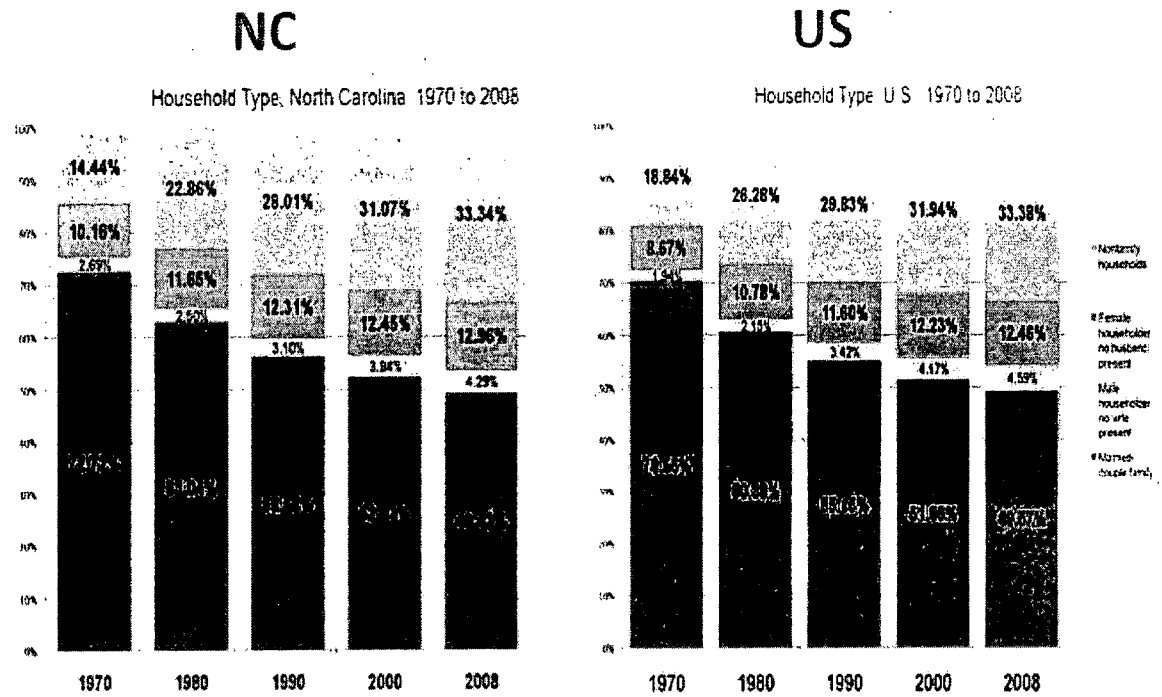


Figure 11. Household Composition, N.C. and U.S., 1970-2008

Source: U.S Census Bureau

EDUCATION

If recent decades have brought significant growth to North Carolina, they have resulted in notable progress in education as well. As indicated in the introduction, we began the last century near the rear of the pack. Tar Heel investment in, and commitment to, K-12 public educational development, was historically weak—even for the South. Committed policy changes and significantly improved levels of support over a period of decades made a substantial difference.

U.S. Census data reveal that in 1970, North Carolina ranked forty-eighth among the states in percentage of residents having graduated from high school. Only Kentucky and South Carolina placed lower. By 2008, though still failing to reach the national average, North Carolina had moved up to thirty-eighth. (Figure 12.) The state's five-year high school graduation rate climbed to 71.8 percent, 1.6 percent under the national average.[29] (Two southern states—Virginia and Florida—managed to outperform the national average.) The overall change in completed high school education levels from 1970 to 2008 represents the second greatest relative increase in the nation. (Figure 13.)

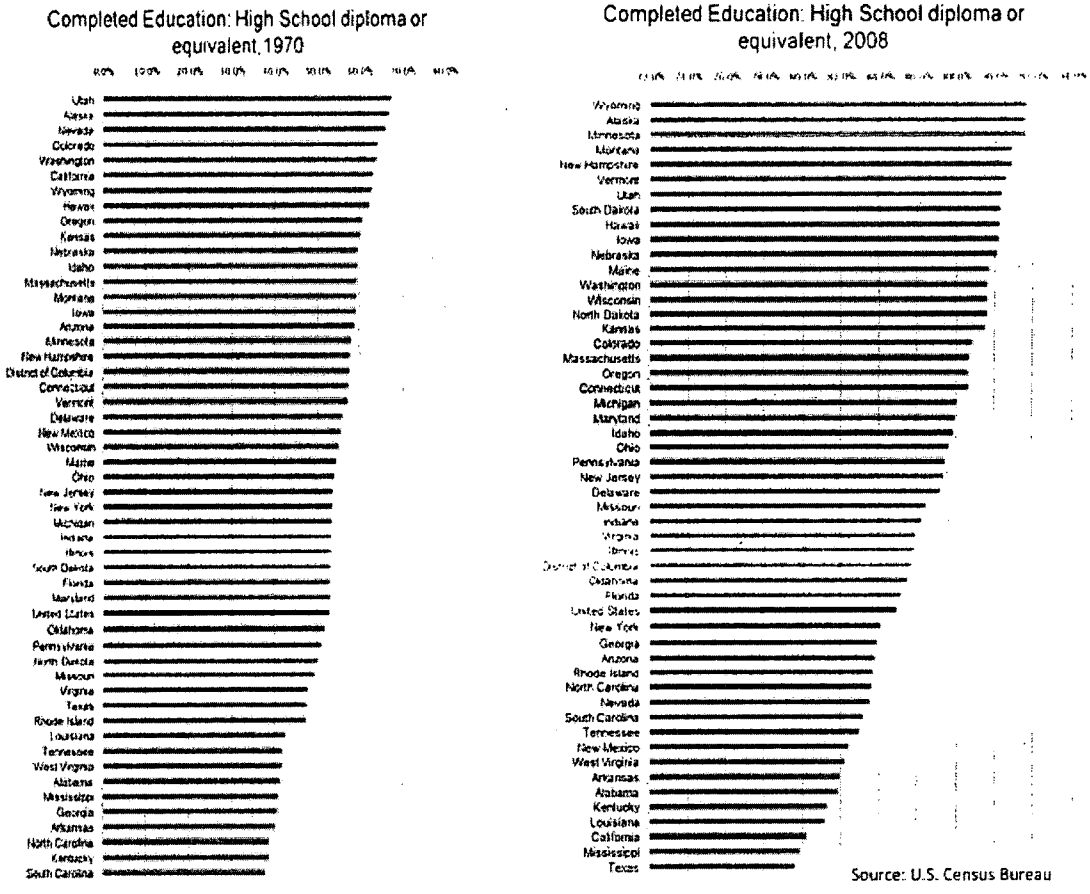


Figure 12. Percent with High School Diploma or Equivalent by State, 1970 and 2008

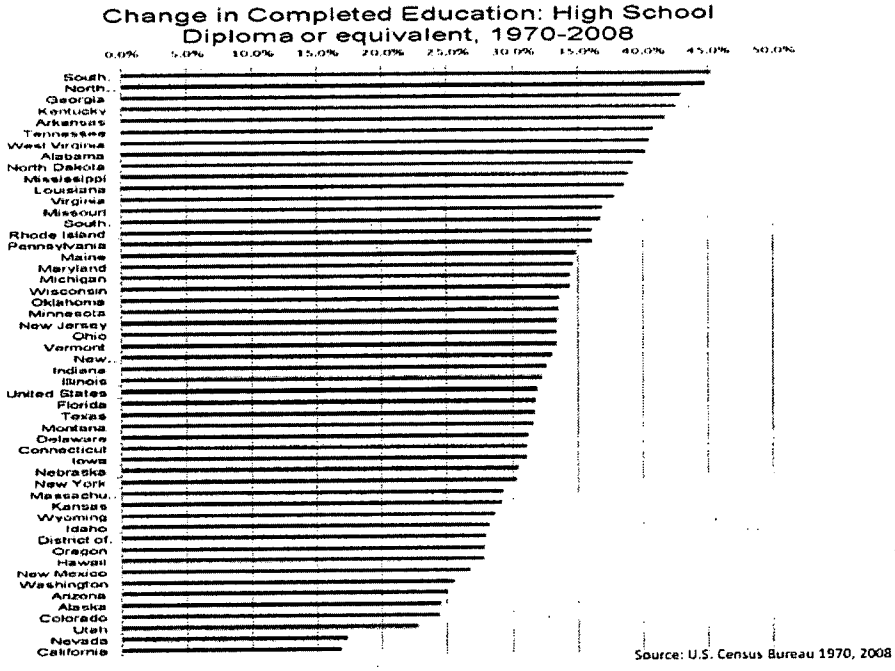


Figure 13. Change in High School Completion Rate by State, 1970-2008

Similar, though less dramatic, results appear in comparisons of the percentage of residents having achieved a bachelor's degree or better. In 1970, we ranked forty-first. Almost four decades later, North Carolina placed twenty-sixth, again achieving one of the stronger rates of comparative positive change in the nation. (Figure 14.)

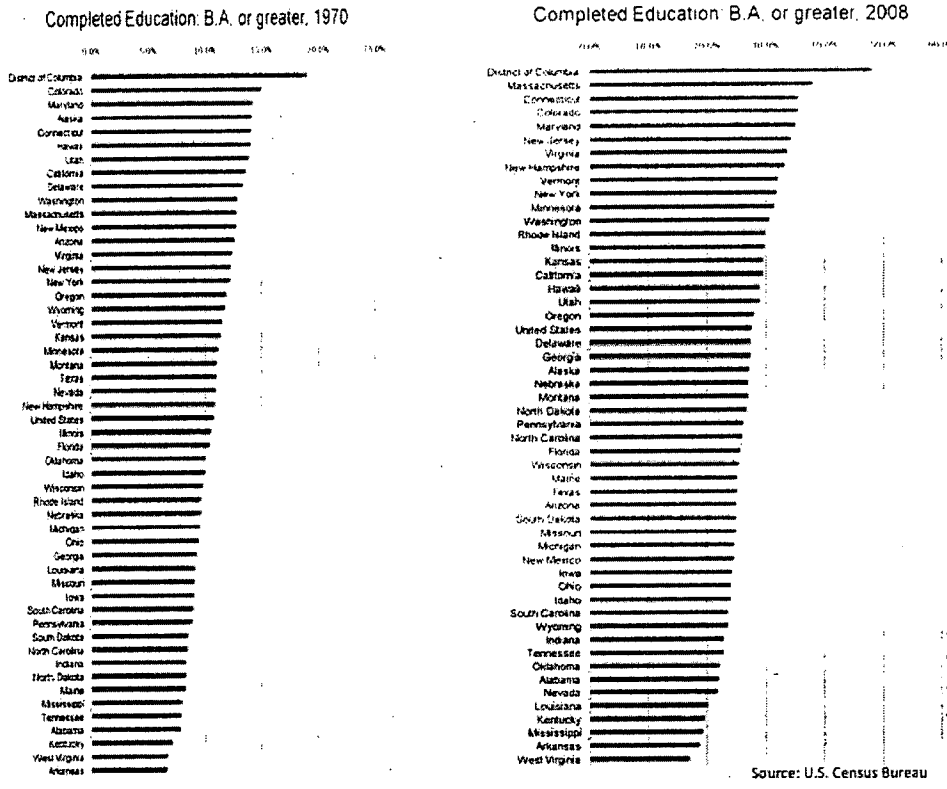


Figure 14. B.A. Completion Rate by State, 1970 and 2008

Still, as with growth and economic development, progress across the state has proven uneven. Mecklenburg, Union, Wake, Orange, Durham, Buncombe, Guilford and Forsyth counties, for example, post graduation rates significantly greater than state averages. Robeson, Duplin, Vance, Warren, Halifax, Northampton, Hertford, Bertie and Tyrell, on the other hand, fare more poorly. (Figure 15.) In some instances, distinctions in graduation rates by county amount to twenty points or more.[30] Counties with higher percentages of residents with a college degree fall along similar divides, as do measures of what the U.S. Census refers to as "idle youth"—civilian 16 to 19 year olds neither in school nor in the labor force.[31]

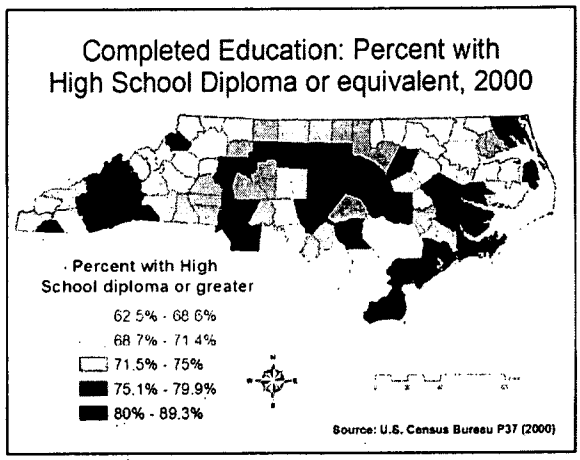


Figure 15. High School Diploma or Equivalent by County, 2000

Even more troubling, educational attainment in North Carolina remains plagued by racial disparity. Slightly over 87 percent of white North Carolinians have graduated from high school, while (an improved) 79.3 percent of African Americans and only 51.7 percent of Hispanics have a diploma. Though almost 30 percent of white Tar Heels have a college degree, only 16 percent of blacks and 12.8 percent of Hispanics do. And the numbers of all three fronts—for both high school and college education—fall at least modestly below national averages. (Figure 16.)

The North Carolina of the twenty-first century is a far cry from the educationally-underdeveloped commonwealth of previous generations. Still, in an information-based, technological age, Carolina's K-12 public education system has far to go to compete at the highest national and global levels. And educational disparities—based on race, on poverty, on locale—mar both economic opportunity and aspirations of equal human dignity.

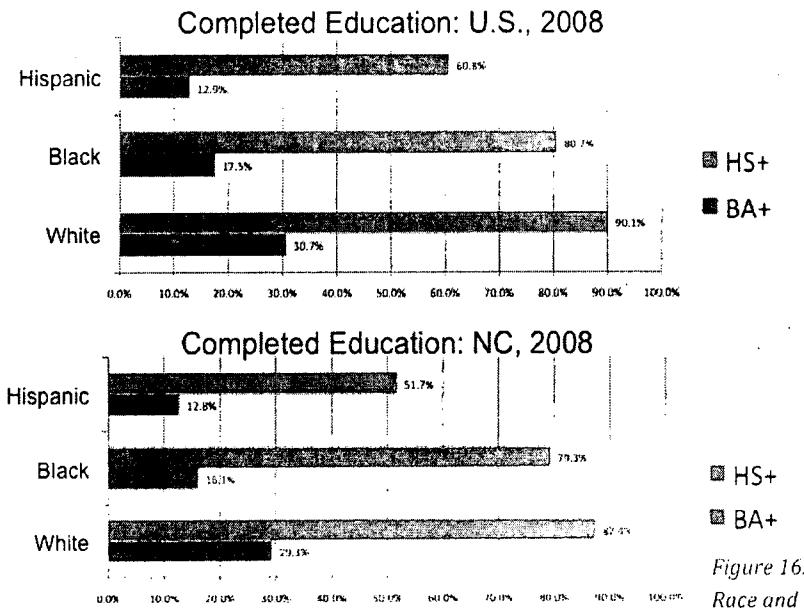


Figure 16. Completed Education by Race and Ethnicity, U.S. and N.C., 2008

POVERTY AND ECONOMIC DISTRESS

North Carolina, thanks to both altered policies and bolstered economic prospects, no longer experiences on a statewide basis the dramatic levels of poverty seen through most of the twentieth century. Examined across the board, rates of distress have significantly diminished in recent years. Nonetheless, some counties, and some communities within counties, still face poverty levels resembling the dismal rates of earlier decades.

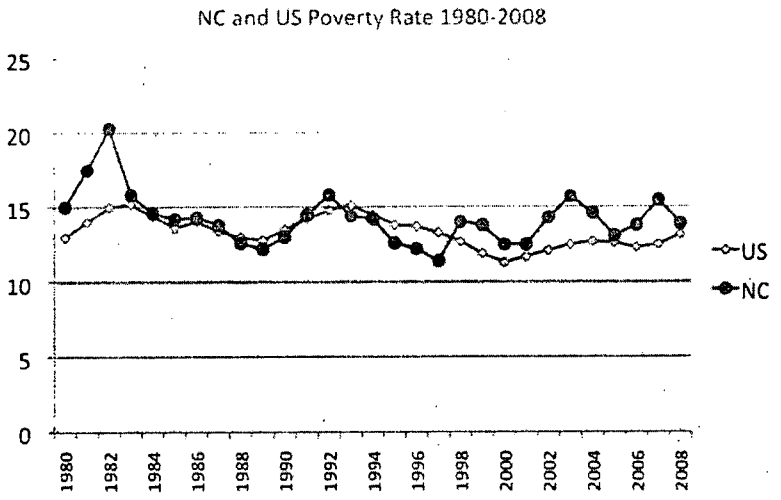


Figure 17. N.C. and U.S. Poverty Rate, 1980-2008

The relative prosperity experienced in the last twenty-five years has not resulted in uniform and widespread economic security. More than one in seven North Carolinians (14.6 percent) live below the federal poverty standard, roughly $22,000 per annum for a family of four. This represents the sixteenth highest poverty rate in the nation, the rate for the country as a whole being 13.2 percent.[32] (The South overall remains the poorest region of the nation.) Correspondingly, the state's median annual income is the fourteenth lowest in the country.[33]

Poverty, of course, carries with it a cascade of interwoven ills: differences in educational opportunity,[34] food insecurity,[35] neighborhood safety, access to transportation, personal well-being and longevity, environmental health, public and informational infrastructure and the like. Over 42 percent of North Carolinians pay more than 30 percent of household income for rent.[36] The 2008 report of the North Carolina Equal Access to Justice Commission, drafted before the potent recent recession, found that 740,000 "North Carolina households—including working families, the elderly, and the disabled—lack affordable safe housing." At least 80 percent of the legal needs of the poor and near poor are unmet.[37] Over fifteen percent of North Carolinians had no health care coverage before the impacts of the 2008-2009 recession were felt. Now it is likely over 20 percent.[38]

Poverty, in North Carolina and across the nation, is skewed by age: the youngest among us appearing to be the most vulnerable. One in five Tar Heel children lives in poverty, a poverty rate above the still deplorable national average.[39] The Annie E. Casey Foundation's annual KIDS COUNT report for 2009 ranks North Carolina as the fourteenth worst state for children after comparing poverty rates, health care coverage and other factors.[40] And the National Center for Children in Poverty finds that of North Carolina's almost 1.3 million children, 43 percent live in "low income" families.[41]

Poverty in North Carolina is skewed by race. Nationally, 9.2 percent of non-Hispanic whites and

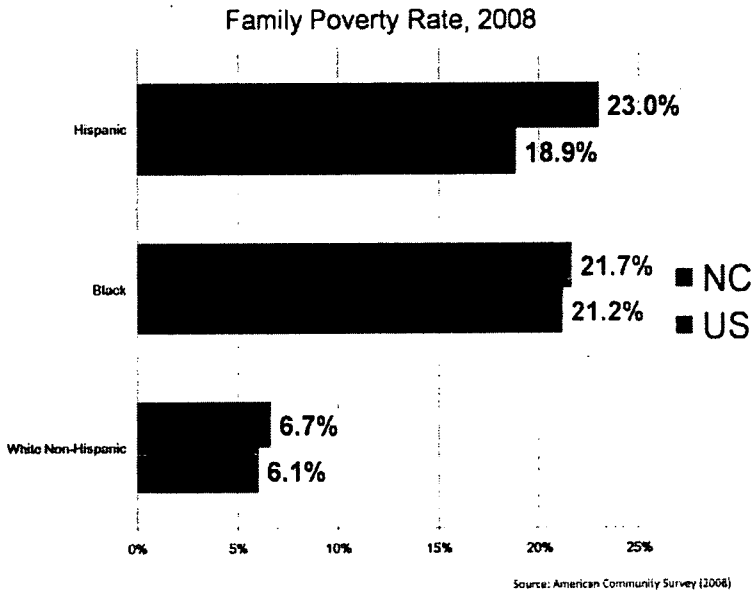


Figure 18. U.S. and N.C. Family Poverty Rate by Race and Ethnicity, 2008

24.7 percent of African Americans live in poverty.[42] In North Carolina, 9.8 percent of non-Hispanic whites live below the poverty threshold and 25.1 percent of blacks.[43] Our state family poverty rate, calculated in the American Community Survey, indicates 23 percent of Hispanics, 21.7 percent of black, and 20.9 percent of Native American families live in poverty, but "only" 6.7 percent of white families.[44] (Figure 18.)

Poverty is skewed, as well, by family or household structure. The highest rates of poverty appear in female-headed households with no husband present. (Figure 19.) North Carolina's poverty rate for such households is the fourteenth highest in the country.[45]

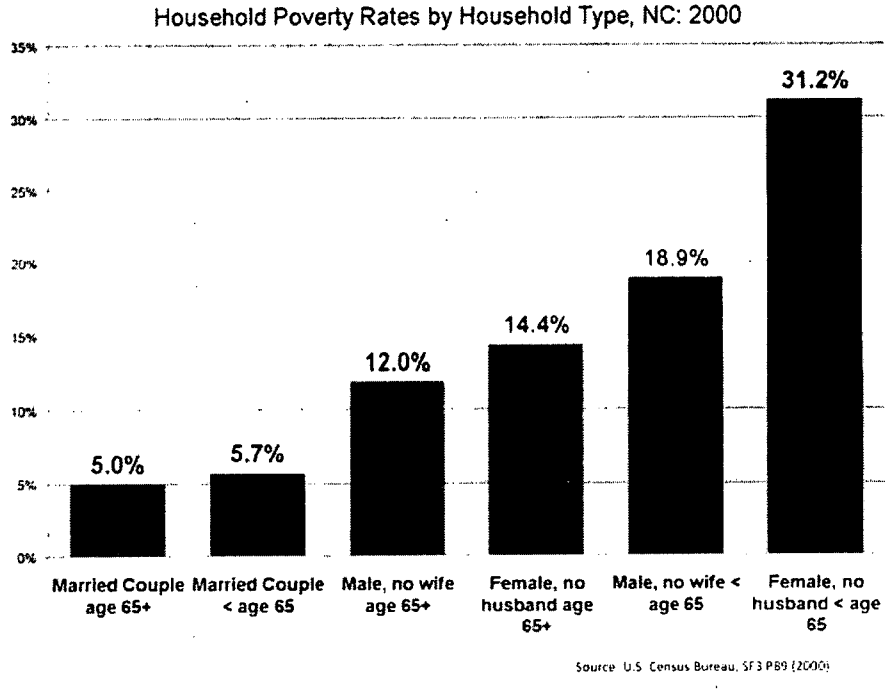


Figure 19. Percent in Poverty by Household Type, 2000

Poverty in North Carolina, finally, is strongly skewed by geography, or region of the state. Although some principally urban and suburban counties—Wake, Mecklenburg, Union, Cabarrus, Chatham, Guilford and others—report relatively low household poverty rates; other counties, most pointedly in the eastern and far western parts of the state—Robeson, Columbus, Bladen, Scotland, Vance, Warren, Halifax, Northampton, Bertie, Martin, Pitt, Edgecombe and Tyrell, for example—experience persistent and troubling poverty rates. (Figure 20.)

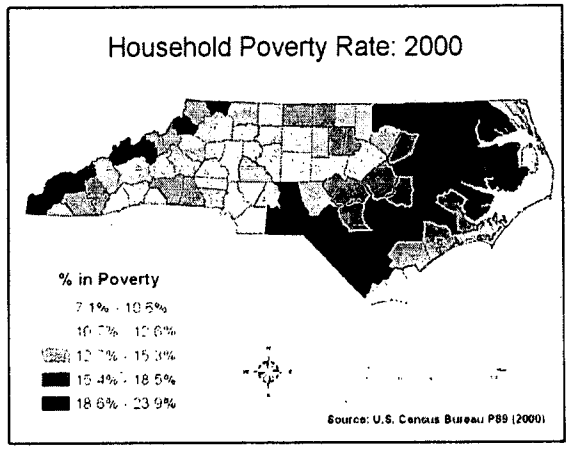


Figure 20. Household Poverty Rate by County, 2000

Extreme poverty—at or below 50 percent of the federal poverty level—is widespread in North Carolina as well and vividly pinpoints pockets of deeply entrenched deprivation. Seven of our counties register extreme poverty in double digits (Hoke, Lenoir, Pitt, Richmond, Robeson, Scotland, Watauga); another five have nine percent or higher (Bladen, Cleveland, Edgecombe, Hertford, Martin). Nevertheless, in absolute terms, far greater numbers of persons live in extreme poverty in Buncombe, Cumberland, Durham, Forsyth, Gaston, Guilford, Mecklenburg, New Hanover and Wake.[46] (Figures 21 and 22.)

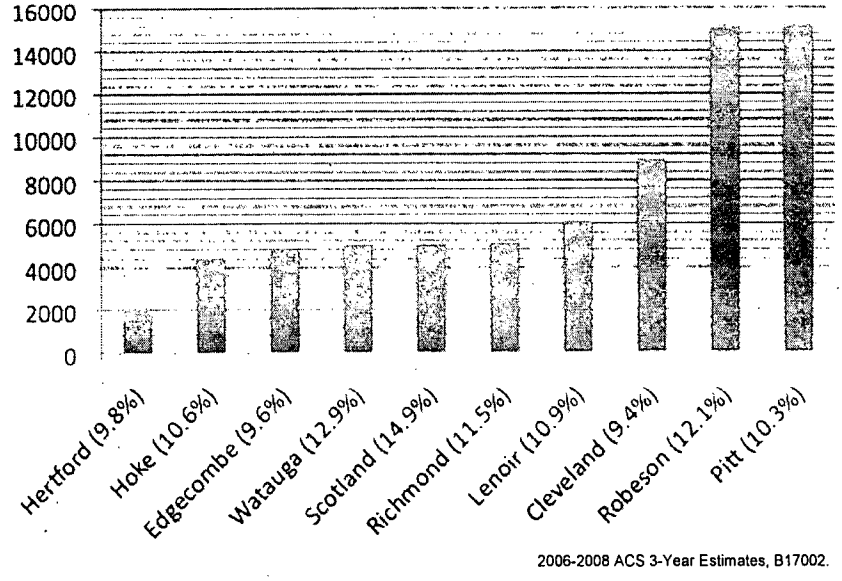


Figure 21. Number of People in Extreme Poverty in N.C. Counties with Highest Rates of Extreme Poverty (percentages represent extreme poverty rate)

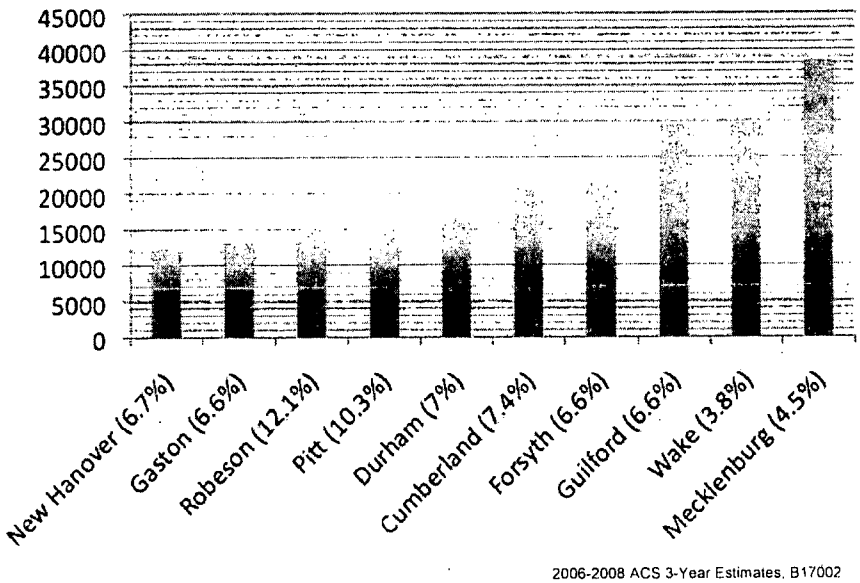


Figure 22. Number of People in Extreme Poverty in Counties with Highest Numbers of Extreme Poverty (percentages represent extreme poverty rate)

North Carolina's median household net worth is 63 percent of the national average. In addition, the median net worth of the state's minority households is but a fraction of that of whites: $6,694 to $95,538.[47] For every $1.00 owned by white households, households of color own just 14 cents. Almost half—47.8 percent—of North Carolina's minority households are classified as asset poor (owning insufficient net worth to subsist at the poverty level for three months without income).[48]

It is also likely that the federal poverty threshold is an inadequate measure of hardship. "Living income" calculations attempt to remedy some of the perceived flaws in the federal poverty guidelines by incorporating local costs of living and a wider range of contemporary household expenses in order to determine income levels sufficient to meet a basic, no-frills budget. According to the North Carolina Justice Center, in 2008 a family with two adults and two children must earn $42,841 annually to afford the actual costs of essential expenses—an amount at 209 percent of the federal poverty level.[49] By way of comparison, over one-third of North Carolinians lived below 200 percent of the federal poverty level in 2008.[50] (For more information on living income by county, please see Appendix A.)

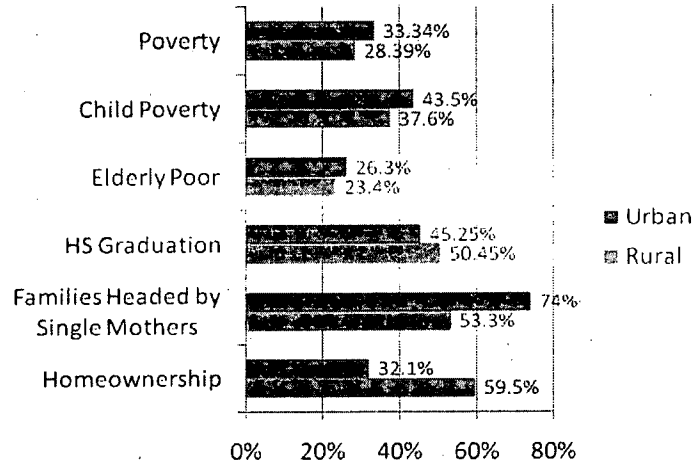
A SECOND LOOK AT HIGHLY-DISTRESSED RURAL AND URBAN COMMUNITIES

Understandably, North Carolina's stoutest poverty challenges have been principally regarded as rural phenomena. Tier One, largely rural counties have experienced, and continue to experience, chronic levels of often-debilitating economic distress. Per capita income is higher in urban counties.[51] The poverty rate is higher, on average, in rural counties.[52] The unemployment rate has historically been higher in rural counties.[53] It is easy to conclude that North Carolina is a state of booming, relatively wealthy metropolitan cities and poor, struggling rural communities.

It seems clear, though, that this vision, dependent as it is on county-wide poverty averages, masks deep pockets of poverty in many of North Carolina's otherwise prosperous metropolitan centers. Poverty is a crucial rural concern in this state. It is a dramatic urban problem as well.

The State of North Carolina's Urban Distressed Communities, by Allen Serkin and Stephen Whitlow, makes the point in convincing terms.[54] The study examined North Carolina's 147 "distressed" census tracts, using the challenging definitions of distress employed by the Appalachian Regional Commission.[55] Eighty-six of these distressed tracts appear in urban areas, 61 in rural. The identified tracts reflect roughly equal populations of people living below the poverty line: 75,947 in the urban tracts, 78,798 in the rural ones.[56]

Comparing the two groupings, the study concludes that the urban tracts contain higher poverty rates for all ages, lower per capita incomes, higher unemployment rates, higher percentages of racial minorities, higher rates of families with children headed by single women, lower graduation rates, and lower rates of home ownership. (Figure 23.) The study concludes that urban distressed residents are worse off than their rural counterparts. Observe the authors, "Rural distress in North Carolina is marked by its breadth. . . . Urban distress, however, is marked by its depth."[57]



Source: *The State of North Carolina Urban Distressed Communities*; U.S. Census Bureau, 2000 Census

Figure 23. Measures of Economic Distress in "Distressed" Census Tracts

The Serkin and Whitlow study hardly makes the case that urban poverty is more debilitating, broadly speaking, than its rural counterpart. It does demonstrate that a focus on county-wide poverty figures hides very deep and marginalizing pockets of poverty, affecting large numbers of North Carolinians, within the relatively close confines of major urban centers. (Figure 24.)

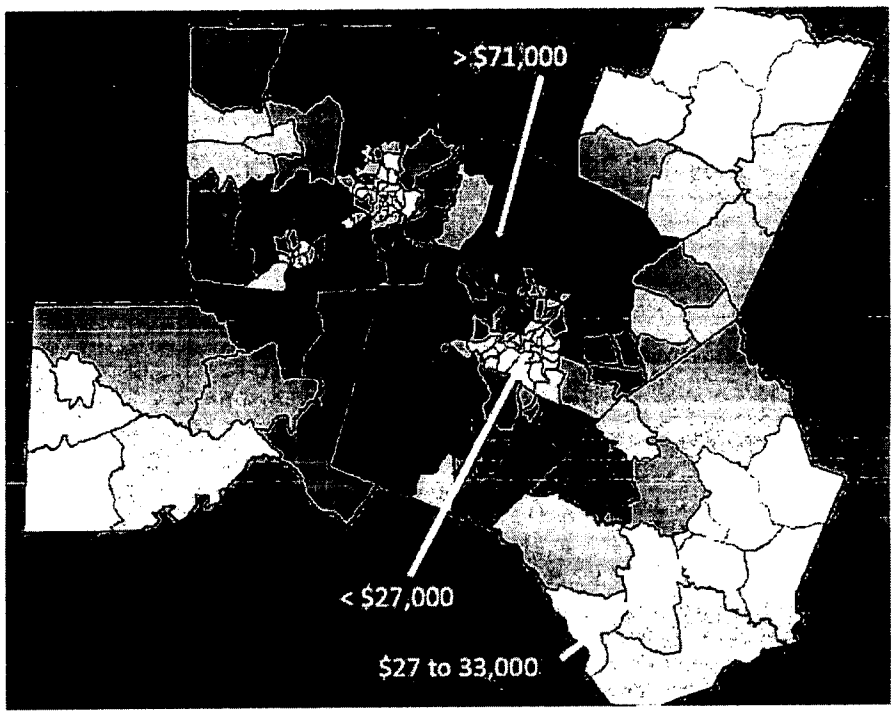


Figure 24. Median Household Income by Census Tract, Wake and Surrounding Counties

THE RECESSION AND ECONOMIC DISLOCATION IN NORTH CAROLINA

This report, by assignment, examines economic distress, challenge and opportunity in North Carolina over the past three decades. It is not meant to be a snapshot of present circumstance. Given the importance of census data to such an inquiry, most statistics reported here necessarily concentrate on the period from 1980 through 2008. As a result, they miss the full force of the massive recession currently plaguing North Carolina and the nation. Still, it seems nonresponsive, or at least incomplete, to fail to explore some of the data revealing the present recessionary impact in North Carolina. The unfolding patterns indicate the intensity of the state's economic challenges. They also reveal an important additional aspect of poverty in North Carolina: its links to economic dislocation and broad national and international changes in economic circumstance.

The graph below tracks the unemployment rate since 2007 for North Carolina and the nation. From April, 2008 to February, 2009 (a ten-month period), the state unemployment rate rose from 5 percent to 11.2 percent. This represents one of the most rapidly rising unemployment rates in the nation. It is accompanied, as noted earlier, by perhaps the greatest rise in uninsured rates in America.

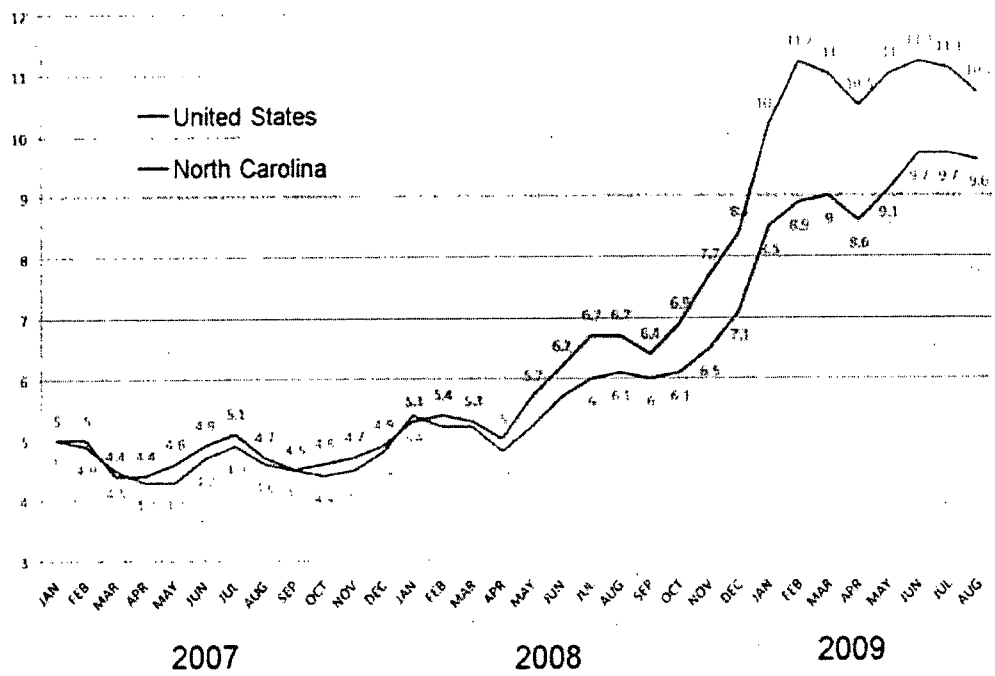


Figure 25. U.S. and N.C. Monthly Unemployment Rate

But even this economic slide, of course, is not felt uniformly across the state. Persistent pockets of high unemployment, for example, in the Catawba Valley of western North Carolina have created acute suffering. The Hickory-Lenoir-Morganton area unemployment rate, already high at 7.9 percent in September, 2008, rose to over 15 percent in the spring of 2009, dipped to 14.1 percent in September, and then crept up incrementally through the remainder of the year. Throughout 2009, the Hickory region had the highest rate of unemployment per month of all North Carolina's Metropolitan Statistical Areas.[58]

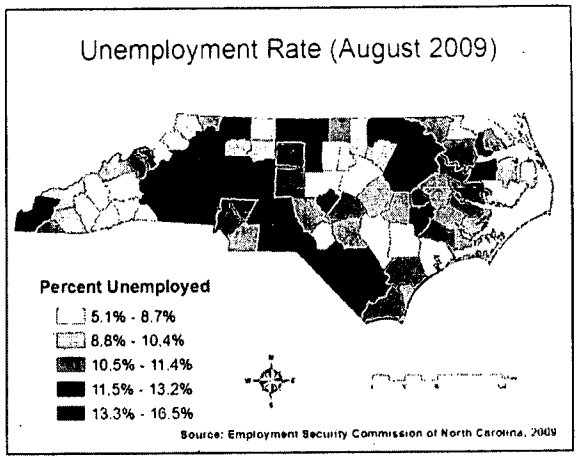


Figure 26. N.C. Unemployment Rate by County, August 2009

Increases in economic distress, resulting from both global market changes and the national recession, have, as a result, expanded regionally. In other words, even with improved educational systems and bolstered family structures, some regions of North Carolina will continue to face daunting economic challenges.

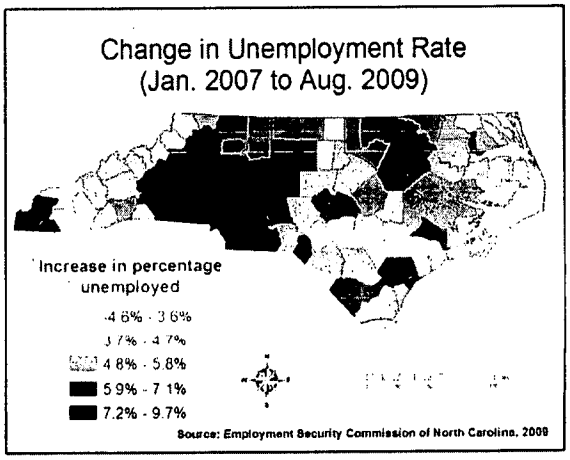


Figure 27. Change in Unemployment Rate by County, 2007-2009

A NOTE ON HOUSING

Although shielded from the worst of the foreclosure crisis,[59] North Carolina has been hit by a substantial number of filings in the past decade. Foreclosures ticked up considerably in the early 2000s (more than doubling between 2000 and 2003, from 20,841 to 44,338) and, after leveling briefly in 2004 and 2005, they have risen steadily every year since.[60]

At the end of 2009, the North Carolina Administrative Office of the Courts reported 63,341 foreclosures, a 17 percent increase from 2008.[61] Fueled by the recession and the state's persistently high unemployment, the number of homeowners on the verge of losing their homes to foreclosure more than doubled in 2009 compared to the previous year, with little sign of abatement. The Center for Responsible Lending estimates that 135,544 foreclosures will occur between 2009 and 2012.[62]

Mecklenburg, Guilford, Forsyth and Wake and their surrounding counties are the state's foreclosure hotspots. Mecklenburg alone accounted for 20 percent of the state's foreclosures in 2009.[63] A troubling new pattern of foreclosure starts has recently emerged, however, in far western and eastern North Carolina. While the numbers are still comparatively small, counties like Alleghany, Cherokee, Graham, Jackson, Madison and Yancey in the mountains and Brunswick, Carteret, Chowan, Hyde and Pasquotank on the coast, have seen the number of foreclosure starts increase by more than 100 percent between the three month period of October through December 2008 and the same three months in 2009.[64]

Foreclosures destabilize lives and neighborhoods, and drain wealth from homeowners, renters, communities and the state. In addition to lost equity, each foreclosure creates a ripple effect that causes a decline in the value of neighboring houses and weakens the local tax base. One credible study suggests that between 2009 and 2112, 2,227,064 homes in North Carolina will experience foreclosure-related devaluations equaling $5,184.4 million.[65]

North Carolina's growth has translated into higher housing costs—since 2000, median rent is up 27 percent, median home value is up 34 percent—while income has stagnated in the same period.[66] Over 740,000 North Carolina households lack affordable housing.[67] To be able to afford the state's monthly fair market value rent for a two-bedroom apartment, a worker would need to earn $13.33 per hour, 40 hours per week, 52 weeks a year.[68]

Recent Census Bureau data, while incomplete, suggest that over two in five renters pay more than 30 percent of their household income in rent; over one in five pays 50 percent or more.[69] Additionally, almost one-third of homeowners with a mortgage pay monthly housing costs greater than 30 percent of their income, with 11 percent spending more than half their income on housing.[70] Over 14,000 occupied homes in North Carolina lack complete indoor plumbing,[71] over 18,000 lack complete kitchen facilities,[72] almost 10,000 have no source of heat,[73] and 179,139 (5 percent) have no telephone service.[74]

CONCLUSION

North Carolina has experienced dramatic change, impressive growth, and notable economic and educational development in the past three decades, becoming one of the most accomplished and most promising states in the nation. Growth has been significantly driven by domestic migration. The state's population has become increasingly urban, though it remains more rural than most of the country. Like most of the country, North Carolina also has growing numbers of racial minorities.

Despite much progress, poverty remains a daunting challenge—a challenge heightened by race, by region, by age, by sex and by family structure. An array of predominantly rural counties, particularly in both the eastern and western regions of the state, suffers from high and persistent poverty levels. Traditionally-employed, county-wide measures of poverty also mask deep levels of severe urban poverty that affect large numbers of North Carolinians in otherwise relatively prosperous metropolitan areas. These communities can have even higher poverty, child poverty, and unemployment rates, and lower high school graduation, average income, and home ownership rates, than their rural counterparts.

The recent massive recession, and the economic dislocations that preceded it, have had especially harsh impacts on specific regions of the state.

Anti-poverty and economic development strategies require, therefore, both people-based and place-based initiatives. Impressive progress has been made in educational attainment, though it is also marked by disparities in race and locale.

Place-based economic strategies should provide special focus on economic distress in: 1) chronically-poor, largely rural counties; 2) highly-distressed areas of generally more prosperous urban centers; and 3) communities experiencing the situational poverty and unemployment resulting from dramatic economic change and dislocation.

ENDNOTES

[1] This report was written, principally, by Gene Nichol and Heather Hunt of the Center on Poverty, Work and Opportunity at the University of North Carolina for the Z. Smith Reynolds Foundation. Much guidance in its formulation, however, was received from an advisory committee setting the outline and direction for the research project all faculty members, from a variety of disciplines, at the University of North Carolina: Ferrel Guillory, Jesse White, Paul Voss, Peter Leousis, Daniel Gitterman, Mai Nguyen and Jonathan Morgan. Paul Voss and Jon Breece worked extensively with U.S. Census materials and developed many of the graphics herein. Special thanks, as well, to Mary Fant Donnan of Z. Smith Reynolds for setting course of the effort.

[2] ROB CHRISTENSEN, THE PARADOX OF TAR HEEL POLITICS: THE PERSONALITIES, ELECTIONS, AND EVENTS THAT SHAPED MODERN NORTH CAROLINA 8 (UNC Press, 2008).

[3] *Id.* at 305.

[4] CHRISTENSEN, *supra* note 2, at 42.

[5] CHRISTENSEN, *supra* note 2, at 45.

[6] CHRISTENSEN, *supra* note 2, at 42.

[7] C. VANN WOODWARD, ORIGINS OF THE NEW SOUTH, 1877-1913 400-401 (LA. State U. Press, 1951).

[8] Kris James Mitchener & Ian W. McLean, *The Productivity of U.S. States Since 1880* 2 (Nat'l Bureau of Econ. Research, Working Paper No. 9445, 2003) *available at* www.nber.org/papers/w9445 (last visited Jan. 31, 2010).

[9] CHRISTENSEN, *supra* note 2, at 64.

[10] CHRISTENSEN, *supra* note 2, at 111.

[11] *See*, Robert R. Korstad & James L. Leloudis, *Citizen Soldiers: The North Carolina Volunteers and the War on Poverty*, 62 Law & Contemp. Probs., 177, 178 (1999) *available at* www.law.duke.edu/shell/cite.pl?62+Law+&+Contemp.+Probs.+177+(Autumn+1999) (noting that in 1961, 37 percent of North Carolina's residents had incomes below the federal poverty line). The N.C. Rural Economic and Development Center estimates that in 1960 roughly 1.8 million of 4.5 million people in North Carolina were poor, www.ncruralcenter.org/databank/trendpage_Poverty.asp.

[12] CHRISTENSEN, *supra* note 2, at 306.

[13] N.C. PROGRESS BD., NORTH CAROLINA 20/20 UPDATE REPORT 4 (2005).

[14] U.S. CENSUS BUREAU, 1980 CENSUS, Chapter A, 4, www2.census.gov/prod2/decennial/documents/1980a_ncABC-01.pdf.

[15] *Id.* (Defining "urban" as "comprising all territory, population, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas." Any place that is not urban is by definition rural).

[16] U.S. CENSUS BUREAU, 1980 CENSUS, Chapter C, Table 59, 33, http://www2.census.gov/prod2/decennial/documents/1980a_ncABC-05.pdf.

[17] U.S. CENSUS BUREAU, 2000 CENSUS, Summary File 1, Urban and Rural.

[18] U.S. CENSUS BUREAU, JULY 2009 POPULATION ESTIMATE (2009).

[19] U.S. CENSUS BUREAU, U.S. POPULATION PROJECTIONS, Table 1: Ranking of Census 2000 and Projected 2030 State Population and Change: 2000 to 2030. *But see*, WILLIAM H. FREY, BROOKINGS INSTITUTION, A ROLLERCOASTER DECADE FOR MIGRATION (2009) (Noting that the current recession has slowed, or in some cases reversed, migration to Sun Belt states, casting some doubt on earlier prognostications. Nevertheless, while migration to North Carolina decreased in absolute number terms for 2008-09 compared to previous years, it was the second most popular destination state for domestic migrants).

[20] U.S. CENSUS BUREAU, U.S. CENSUS BUREAU NEWS, MARCH 19, 2009 *available at* www.census.gov/Press-Release/www/releases/archives/population/013426.html (last visited Feb. 2, 2010).
(listing eleven counties in N.C. among the 100 fastest-growing counties in the U.S. between 2007 and 2008—Union, Wake, Brunswick, Johnston, Cabarrus, Chatham, Franklin, Pender, Harnett, Mecklenburg and Hoke).

[21] N.C. Off. of State Budget & Mgmt., *2008 Certified County Population Estimates*, www.osbm.state.nc.us/ncosbm/facts_and_figures/socioeconomic_data/population_estimates/demog/countygrowth_cert_2008.html (last updated Sept. 8, 2009).

[22] U.S. CENSUS BUREAU, *supra*, note 17.

[23] N.C. OFF. OF STATE BUDGET & MGMT., HOW NORTH CAROLINA RANKS 3 (2009) *available at* http://data.osbm.state.nc.us/staterank/state_rankings.pdf.

[24] U.S. CENSUS BUREAU, *supra*, note 16.

[25] U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, B03002. Hispanic or Latino Origin by Race.

[26] U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, B02001. Race.
[27] U.S. CENSUS BUREAU, 2008 AMERICAN COMMUNITY SURVEY 1-YEAR ESTIMATES, B03002. Hispanic or Latino Origin by Race: North Carolina.
[28] *Id.*
[29] N.C. St. Bd. of Educ., Dep't of Pub. Instruction, *Facts and Figures 2008-09*, www.ncpublicschools.org/docs/fbs/resources/data/factsfigures/2008-09figures.pdf (last visited Feb. 2, 2010).
[30] Annie E. Casey Foundation, KIDS COUNT Data Ctr., *Cohort Graduation Rate, 2007,* http://datacenter.kidscount.org/data/bystate/Map.aspx?state=NC&ind=2269 (showing, for example, 44 North Carolina school systems have a graduation rate exceeding Martin County's by 20 or more percentage points) (last visited Jan. 31, 2010).
[31] U.S. CENSUS BUREAU, 2000 CENSUS, Summary File 3, P38. Armed Forces Status by School Enrollment by Educational Attainment by Employment Status for the Population 16 to 19 Years and 2008 AMERICAN COMMUNITY SURVEY 1-YEAR ESTIMATES, B14005. Sex by School Enrollment by Educational Attainment by Employment Status for the Population 16 to 19 Years (ranking North Carolina twelfth highest among states in "idle youth" and reflecting higher rates in Robeson, Bladen, Hoke, Warren, Vance, Granville and Wilson counties).
[32] U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, S1703. Selected Characteristics of People at Specified Levels of Poverty in the Past 12 Months.
[33] U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, B19013. Median Household Income in the Past 12 Months (in 2008 Inflation-Adjusted Dollars).
[34] *See, e.g.*, Leandro v. State, 488 S.E.2d 249 (N.C. 1997).
[35] *See*, MARK NORD, ET AL., U.S. DEPARTMENT OF AGRICULTURE, ECONOMIC RESEARCH SERVICE, HOUSEHOLD FOOD INSECURITY IN THE UNITED STATES, 2008, 20 (2009) (indicating that 13.7 percent of North Carolinians are "food insecure"—experiencing hunger in a land, and a state, of plenty).
[36] U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, B25070. Gross Rent as Percentage of Household Income in the Past 12 Months.
[37] N.C. EQUAL ACCESS TO JUSTICE COMM'N, THE INITIAL REPORT OF THE N.C. EQUAL ACCESS TO JUSTICE COMMISSION, EXECUTIVE SUMMARY 7, 8 (2008).
[38] N.C. Inst. of Med., *Motion Chart of State Uninsured Rates: 1999-2009*, www.nciom.org/uninsuredstates.html (showing that in March 2009, the rate of growth of uninsured persons in North Carolina is the highest in the U.S.) (last visited Feb. 2, 2010). *See also*, CECIL G. SHEPS CTR. FOR HEALTH SERVS. RESEARCH and N.C. INST. OF MED., UPDATING UNINSURED ESTIMATES FOR CURRENT ECONOMIC CONDITIONS: STATE SPECIFIC ESTIMATES 5 (2009).
[39] U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, S1703. Selected Characteristics of People at Specified Levels of Poverty in the Past 12 Months.
[40] Annie E. Casey Foundation, KIDS COUNT Data Center, *Children in Poverty (Percent)*, http://datacenter.kidscount.org/data/acrossstates/Rankings.aspx?loct=2&by=v&order=a&ind=43&dtm=322&tf=35 (last visited Feb. 2, 2010).
[41] Nat'l Ctr. for Children in Poverty, *50-State Demographics Wizard*, www.nccp.org/tools/demographics/ (select "North Carolina" and "Income Level," click "Create Table") (defining "low income" as less than twice the federal poverty threshold) (last visited Jan. 31, 2010).
[42] U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, S1703. Selected Characteristics of People at Specified Levels of Poverty in the Past 12 Months.
[43] *Id.*
[44] U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, S1702. Poverty Status in the Past 12 Months of Families.
[45] U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, B17017. Poverty Status in the Past 12 Months by Household Type by Age of Householder.
[46] U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, B17002. Ratio of Income to Poverty Level in the Past 12 Months.
[47] Corp. for Enterprise Dev. (CFED), *2009-2010 Asset and Opportunity Scorecard, Net Worth by Race*, http://scorecard.cfed.org/financial.php?page=net_worth_by_race (last visited Feb. 2, 2010). *See also*, CFED, *Asset and Opportunity Scorecard, Net Worth*, http://scorecard.cfed.org/financial.php?page=net_worth (defining "net worth" as "the sum of assets attributable to any individual age 15 years and older in a household less any liabilities.") (last visited Feb. 2, 2010).

[48] Corp. for Enterprise Dev. (CFED), *2009-2010 Asset and Opportunity Scorecard, Asset Poverty Rate*, http://scorecard.cfed.org/financial.php?page=asset_poverty_rate (last visited Feb. 2, 2010).
[49] The living income formula usually calculates the cost of housing, food, childcare, health care, transportation, other necessities and taxes, but excludes work supports and other subsidies. It does not include any margin for the occasional splurge (dining out, movies or entertainment, cable) nor does it allow for accumulation of savings. *See*, JOHN QUINTERNO, ET AL., N.C. JUSTICE CTR., MAKING ENDS MEET ON LOW WAGES: THE 2008 NORTH CAROLINA LIVING INCOME STANDARD (2008).
[50] U.S. CENSUS BUREAU, 2008 AMERICAN COMMUNITY SURVEY 1-YEAR ESTIMATES, B17002. Ratio of Income to Poverty Level in the Past 12 Months.
[51] U.S. CENSUS BUREAU, 2000 CENSUS, Summary File 3, P82. Per Capita Income in 1999 (Dollars).
[52] U.S. CENSUS BUREAU, 2000 CENSUS, Summary File 3, QT-P34. Poverty Status in 1999 of Individuals.
[53] U.S. CENSUS BUREAU, 2000 CENSUS, Summary File 3, QT-P24. Employment Status by Sex.
[54] ALLEN SERKIN & STEPHEN WHITLOW, CTR. FOR URB. AND REGIONAL STUD., U. OF NORTH CAROLINA AT CHAPEL HILL, THE STATE OF NORTH CAROLINA URBAN DISTRESSED COMMUNITIES (2005).
[55] *Id.* at 4. The three criteria for distressed tracts are: 1) an unemployment rate greater than or equal to 150% of the North Carolina average unemployment rate; 2) per capita income less than or equal to 67% of the North Carolina average per capita income; and 3) Poverty rate greater than or equal to 150% of the North Carolina average poverty rate.
[56] SERKIN & WHITLOW, *supra* note 54, at 16 and 18.
[57] SERKIN & WHITLOW, *supra* note 54, at 22.
[58] Bur. of Labor Statistics, U.S. Dep't of Labor, *Local Area Unemployment Statistics*, September 2008 and September 2009, http://data.bls.gov/cgi-bin/dsrv?la (select "North Carolina," "Metropolitan areas," "Hickory-Lenoir-Morganton, NC Metropolitan Statistical Area," and "unemployment rate"; choose "not seasonally adjusted," and "retrieve data") (last visited Feb. 2, 2010) and the Employment Security Commission of North Carolina, *Civilian Labor Force Estimates for N.C. Metropolitan Statistical Areas, 2009*, http://eslmi40.esc.state.nc.us/ThematicLAUS/clfasp/CLFAASY.asp (select "Metropolitan Statistical Areas" and "2009"; click "View Data") (last visited Feb. 2, 2010).
[59] Gary Robertson, *NC Foreclosure Filings Up by 17 Percent in 2009,* ASSOCIATED PRESS, Jan. 5, 2010, http://abcnews.go.com/Business/wireStory?id=9485373 (showing that an average of 1 out of 65 homes is in foreclosure in the U.S.; in N.C. that number is 1 in 180) (last visited Feb. 2, 2010).
[60] N.C. Administrative Office of the Courts, *N.C. Foreclosure Help*, www.ncforeclosurehelp.org/Research.aspx (last visited Jan. 31, 2010).
[61] *Id.*
[62] CTR. FOR RESPONSIBLE LENDING, THE FINANCIAL CRISIS IN NORTH CAROLINA AND THE NEED FOR A CONSUMER FINANCIAL PROTECTION AGENCY: SEPTEMBER 2009 ESTIMATES AND PROJECTIONS 1 (2009).
[63] N.C. Administrative Office of the Courts, *N.C. Foreclosure Help, supra* note 60.
[64] N.C. Administrative Office of the Courts, *N.C. Foreclosure Starts Hotspots*, www.ncforeclosurehelp.org/global/docs/AOCReportingHotspots.pdf (follow the "NC Foreclosure Data" link) (last visited Jan. 31, 2010).
[65] CTR. FOR RESPONSIBLE LENDING, *supra* note 62.
[66] For a comparison of housing costs, *see*, U.S. CENSUS BUREAU, 2000 CENSUS, Historical Census of Housing Tables: Home Values, www.census.gov/hhes/www/housing/census/historic/values.html; U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, B25077. Median Value (Dollars) Owner-Occupied Housing Units. For a comparison of median household income, *see*, U.S. CENSUS BUREAU, 2000 CENSUS, P53. Median Household Income in 1999 (Dollars); U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, B19013. Median Household Income in the Past 12 Months (in 2008 Inflation-Adjusted Dollars).
[67] N.C. Housing Coalition, *Addressing the Affordable Housing Crisis*, www.nchousing.org/advocacy-1/advocacy-campaign/addressing_the_need (last visited Jan. 31, 2010) (describing the federal housing policy definition of affordability as housing-related expenses equal to no more than 30 percent of a renter's or homeowner's gross income).
[68] NAT'L LOW INCOME HOUSING COALITION, OUT OF REACH 2009: PERSISTENT PROBLEMS, NEW CHALLENGES FOR RENTERS (2009) (*State Summary Table, available at* www.nlihc.org/oor/oor2009/statesummary.pdf) (last visited Jan. 31, 2010).
[69] U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, B25070. Gross Rent as Percentage of Household Income in the Past 12 Months.

[70] U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, B25091. Mortgage Status by Selected Monthly Owner Costs as a Percentage of Household Income in the Past 12 Months.
[71] U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, B25048. Plumbing Facilities for Occupied Housing Units.
[72] U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, B25052. Kitchen Facilities for Occupied Housing Units.
[73] U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, B25040. House Heating Fuel (Showing that thirty-six of the eighty-one counties tallied had over 100 occupied housing units that did not have an identifiable source of heat. Mecklenburg (673), Wake (572), Cumberland (410), Davidson (374) and Forsyth (332) had the highest number of unheated housing units).
[74] U.S. CENSUS BUREAU, 2006-2008 AMERICAN COMMUNITY SURVEY 3-YEAR ESTIMATES, C25043. Tenure by Telephone Service Available.

APPENDIX A

County	Annual Living Income (1 Adult, 1 Child)	Living Income as Percent of Poverty	Low Income Population	Percent of Low Income Pop.
Alamance	31,343	219.3%	53,781	38.1%
Alexander	26,873	188%	12,155	33.6%
Anson	24,074	168.5%	10,082	43.7%
Ashe	25,404	177.8%	10,824	43.3%
Beaufort	27,335	191.3%	18,497	41%
Bladen	25,471	178.2%	15,282	48.7%
Brunswick	32,106	224.7%	32,829	33.6%
Buncombe	28,616	200.2%	75,119	34.3%
Burke	26,653	186.5%	36,618	42.3%
Cabarrus	33,817	236.6%	44,893	28%
Caldwell	26,873	188%	28,277	36.3%
Carteret	29,380	205.6%	18,247	29.2%
Caswell	27,723	194%	8,709	39.8%
Catawba	26,873	188%	51,279	33.6%
Chatham	35,794	250.5%	18,197	30.2%
Cherokee	24,258	169.7%	10,617	41.1%
Cleveland	30,266	211.8%	38,877	41%
Columbus	26,561	185.9%	23,156	43.3%
Craven	29,184	204.2%	31,360	35%
Cumberland	28,382	198.6%	108,767	37.3%
Currituck	34,989	244.8%	5,215	21.9%
Dare	34,343	240.3%	7,975	24%
Davidson	27,446	192.1%	52,306	34%
Davie	29,082	203.5%	10,735	26.9%
Duplin	25,757	180.2%	27,178	52.4%
Durham	35,555	248.8%	80,074	32.9%
Edgecombe	28,746	201.1%	24,862	49.4%
Forsyth	30,495	213.4%	107,468	32.8%
Franklin	34,981	244.8%	19,220	34.8%
Gaston	32,540	227.7%	67,582	34%
Granville	29,205	204.4%	16,353	31.5%
Greene	26,299	184%	6,861	36.8%
Guilford	32,601	228.1%	146,444	32.6%
Halifax	26,835	187.8%	27,728	51.8%
Harnett	27,944	195.5%	42,363	40.4%
Haywood	26,434	185%	20,628	37.4%
Henderson	28,616	200.2%	29,662	30.1%
Hertford	26,666	186.6%	10,683	49.8%
Hoke	27,682	193.7%	16,316	39.5%
Iredell	30,823	215.7%	43,911	29.4%
Jackson	29,343	205.3%	11,976	37.5%
Johnston	34,537	241.7%	51,129	32.9%
Lee	29,513	206.5%	22,257	39.1%

County	Annual Living Income (1 Adult, 1 Child)	Living Income as Percent of Poverty	Low Income Population	Percent of Low Income Pop.
Lenoir	27,450	192.1%	27,186	48.8%
Lincoln	29,556	206.8%	25,394	35.2%
McDowell	29,145	203.9%	17,217	40.5%
Macon	28,142	196.9%	11,720	38%
Madison	29,642	207.4%	7,033	36.4%
Martin	26,050	182.3%	10,693	46%
Mecklenburg	34,141	238.9%	228,785	27%
Montgomery	27,447	192.1%	12,493	47.5%
Moore	29,657	207.5%	25,564	30.8%
Nash	28,746	201.1%	30,959	34.1%
New Hanover	33,498	234.4%	55,124	29.8%
Northampton	26,835	187.8%	11,241	55.5%
Onslow	27,201	190.3%	51,228	37.4%
Orange	36,868	258%	35,236	30.5%
Pasquotank	31,068	217.4%	13,313	35%
Pender	28,080	196.5%	16,461	34%
Person	26,684	186.7%	12,931	35.7%
Pitt	27,688	193.7%	62,352	42.5%
Randolph	31,165	218.1%	51,812	37.6%
Richmond	26,898	188.2%	22,755	51.1%
Robeson	27,597	193.1%	68,365	54.6%
Rockingham	26,206	183.4%	36,255	39.9%
Rowan	30,762	215.3%	46,600	35.2%
Rutherford	29,257	204.7%	26,153	42.7%
Sampson	25,756	180.2%	29,374	46.8%
Scotland	28,831	201.7%	18,000	52.7%
Stanly	28,519	199.6%	19,171	33.7%
Stokes	$29,082	203.5%	15,902	35.1%
Surry	$25,811	180.6%	29,282	40.9%
Transylvania	$27,413	191.8%	10,847	36.6%
Union	$33,834	236.8%	45,883	25.4%
Vance	$27,496	192.4%	21,246	49.9%
Wake	$38,699	270.8%	177,694	22%
Watauga	$32,670	228.6%	16,048	41%
Wayne	$26,872	188%	45,928	42.2%
Wilkes	$26,705	186.9%	28,329	43.1%
Wilson	$29,776	208.4%	33,126	44.5%
Yadkin	$28,806	201.6%	14,104	37.8%

Source: American Community Survey 3-Year Estimates and NC Justice Center, *Making Ends Meet on Low Wages.*

Legislative Study Commission on Poverty Reduction and Economic Recovery

AGENDA

10 am
April 29, 2010
Room 643
Legislative Office Building

Call to Order
Rep. Garland Pierce, presiding.

Remarks by Co-Chairs
Rep. Pierce and Sen. Edward Jones.

Approval of Minutes

Presentation of Draft of Final Report

Report on Parenting and Personal Finance Education and Charter Schools
Dr. Elissa Brown, Director of Secondary Projects
Department of Public Instruction

Discussion of and Decision about Final Report by Members of the Commission.

Adjournment

MINUTES

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTIOIN AND ECONOMIC RECOVERY

Tuesday, April 29, 2010
10:00 a.m.

The Legislative Study Commission on Poverty Reduction and Economic Recovery met in Room 643 of the Legislative Office Building on Thursday, April 29, 2010. Chairman Garland E. Pierce presided and called the meeting to order at 10:05 a.m. Chairman Pierce welcomed the members, staff, sergeant-at-arms, and visitors. Co-Chair Pierce recognized Co-Chair Jones for comments. Co-Chair Jones said there had been some concern that there had not been discussion of the issues raised at the public meetings in Halifax and Robeson Counties. He told the members they could bring up those issues today for discussion.
Dr. Wentzy said he had attended both public hearings and to his mind all the issues had been addressed. Representative Pierce said there was one recommendation from the Robeson County meeting that might not have been included.

Chair present: Senator Edward Jones. Members: Senator Don W. East, Senator Steve Goss, Senator Floyd McKissick, Senator Joe Sam queen, Representative Angela R. Bryant, Representative William A. Current, Sr., Representative Bryan R. Holloway, Representative Earl Jones, Representative Nick Mackey, and Representative Randy Stewart. Public members: Dr. Zeno L. Edwards, Jr., Ms. Jean Reaves, and Dr. Al Wentzy. Ex Officio members or designees: Ms. Phyllis West, Department of Public Instruction, Ms. Maria Spaulding, Department of Health and Human Services, Mr. Joseph "Joe" Crocker, Department of Employment Security, Secretary Linda Hayes, Department of Juvenile Justice. A Visitor's Registration list and presentations are attached and filed as a record to the minutes.

Chairman Pierce asked for a motion to approve the minutes from April 6, 2010. The motion was made a second by Ms. Reaves. The minutes were approved.

Staff Attorney Bill Gilkeson was invited to review the draft of the Commission's report. The report had been e-mailed to the members prior to the day's meeting. Mr. Gilkeson said there were 21 findings and recommendations and ten bills. (Pages 19 and FF. All page numbers refer to the draft version of the report.) He said that not all the findings and recommendations had draft bills attached.
The findings and recommendations were organized by subcommittee. During the preliminary review, Representative Bryant said she wanted a bill which would require the Legislative Program Evaluation Division perform an inventory of state programs dealing with the alleviation of poverty, including an evaluation of the effectiveness and a history of efforts the State had undertaken to combat poverty. Mr. Gilkeson said he had no problem with that recommendation being drafted into a bill. Ms. Reaves asked if that recommendation would be a bill to create a study of the issues. Mr. Gilkeson said it could be called a study bill. *(See Section: State Programs.)*

Tax Issues

The Commission finding notes that Maine, Minnesota and Texas have laws that examine how tax structure affects taxpayers and how proposed tax changes would affect the citizens. The affect breakdown follows statistical methods.
The recommendation is for tax incidence reports from the Department of Revenue be made by March 1 of odd number years. This would cover income tax, sales tax, excise and property taxes. There would be an impact analysis for bills which propose to change taxes if the impact is over $20 million, if or a request comes from the chair of a finance committee.
The proposed legislation is on page 26

The Commission finds the Earned Income Tax Credit serves to boost low-income families and therefore there is a recommendation to expand the EITC in years when there is fiscal availability.
That proposed legislation is on page 27

The Commission took note of federal tax credits being used to combat poverty as part of the recovery program. To that end, the Commission recommends that Congress extend these tax advantages beyond the current 2011 expiration.
The draft bill for this is on page 29

Jobs

The Commission finds that restoring Medicaid cuts would restore 40,000 jobs in the health care industry. and recommends those cuts be restored.

Further the Commission found that establishing regional housing councils could promote home construction and assist first-time home buyers.
The draft bill to create three housing councils in the state, directed by the Department of Commerce is on page 33.

The Commission finds that quality child care is a key to job opportunities for the poor and to providing poor children a better start in life. The Commission recommends the General Assembly invest more in child care.

The Commission finds that the Prison Education Program through the Community College System helps many offenders prepare to re-enter society with job training. Money for the program was non-recurring in the 2009 budget and subject to review.
Draft bills seeking to restore the funds from the Prison Education Program with $32,899.715 in appropriations are pages 34 and 35

The Commission supports the Work Opportunity Tax to provide incentives to employers to hire hard to place employees, although the program is underutilized.
A draft bill to direct the Employment Security System to promote the Tax and provide better education to prospective employers is on page 36

The Commission recognizes the depth of poverty in Robeson County and therefore recommends that programs to combat poverty be field tested in that county.

State Programs

The Commission seeks systematic information about State actions to combat poverty, and therefore recommends such a study of current and past efforts be done by the Legislative Program Evaluation Division.

The Commission learned that several segments of the health care system in North Carolina could be changed to help problems of poverty, and recommended:

1 Health Choice enrollment caps be raised, when fiscally allowable, to increase federal allotments.

2 Exploring federal incentives through the Children's Health Insurance Program Reauthorization.

3 Explore medical debt in the State, including lending practices affecting such debt

4 Examine the health care system to continue providing the greatest amount of services to the greatest number of people.

The Commission believes addressing housing needs would have an impact in combating poverty, and therefore, recommends:

1 Maintaining the $10 million in the Housing Trust Fund and consider increasing that funding.

2 The State should examine possible new policies to aid low-income utility customers.

3 The State should explore extending protection from new private mortgage foreclosures.

The Commission finds that Individual Development Accounts show promise as a means to expanding income and therefore makes the following recommendations:

1 Explore improving rural transportation

2 Continue creating work experience opportunities through TANF and ARRA funds

3 Continue to support the 12 and 6 program with the Community Colleges.

4 If possible increase funding for Work First

5 Explore ways to maximize federal funds available to the state for various assistance programs

6 Develop policies within all parties so the connection between all such programs is well-understood.

The Commission seeks to help parents in poverty who have children by recommending the following:

1 Continue extension for the 30 to 60 day job search policy up to 6 months when child care subsidy recipients lose their job

2 Provide child care subsidy applicants an upfront 6 month search period for jobs lost after October 1, 2008.

3 Continue job search child care subsidy benefits for those just completing school or just entering the job market.

4 Extend post secondary education limit for child care subsidy to 36 months

5 Continue support for and increase investment in high quality early learning programs.

To support the finding that the State can play a role in the marketing of fresh food in underserved areas, the Commission recommends:

1 Seek to maximize economic development programs and incentives to supermarkets

2 Seek to develop financing programs to support local supermarket development.
3 Prioritize local land efforts for grocery and supermarkets
4 Reduce local restrictions which may hamper supermarket development
5 Seek to improve transportation to supermarkets
6 Help develop market data on supermarket demand in underserved areas.
7 Promote green supermarket construction and development

Persistent Poverty

The Commission finds that the North Carolina National Guard's Tarheel ChalleNGe Academy has been successful in preventing dropouts at the location in Salemburg. The Commission supports the National Guard's plan to open an additional academy in Badin. Dr. Wentzy said he would like this support to be expressed in a bill. He also said that the National Guard was expecting an early decision on federal funds for the new site, and he wanted the support from the Commission to recognize that expectation, realizing that a match of state funds is necessary. Representative Current agreed it should bear the credibility of the Commission. The draft bill of support will be added to the final report without mention of a specific amount of state funds

The Commission finds the State should do more to teach personal finance and parenting skills in middle school, and further recommends that DHHS and DPI should develop ways to provide this in the curriculum. Mr. Gilkeson said that there is a General Statute which already includes much of the issues, the Commission wishes stressed. Therefore, the language was to be added to that existing statute.

The Commission finds that charter schools if enrollment includes low income students can be a way to break the cycle of poverty. The Commission proposes legislation to lift the cap on charter schools. There are two alternative draft bills to accomplish this, beginning on page 42. The cap would be raised to allow six new charter schools per year, with criteria to require students who qualify for free and reduced price lunches at these new schools. Currently no charter school is required to provide any lunch.
Representative Bryant asked what the connection was between lifting the cap on charter schools and reducing poverty. She agreed with the premise of requiring charter schools to provide free and reduced priced lunches and admit students who qualified for those programs. She said that charter schools might admit those students, but it did not mean those students would be maintained as students at the charter schools. She said that in some instances after charter schools get the average daily membership count, a lot of the charter students wind up back in public schools. Mr. Gilkeson said that President Obama's education program referred favorably to charter schools. He said he believed that Senator Doug Berger had made this request. Representative Current, chair of the Persistent Poverty subcommittee, said that a lot of requests for charter schools came from poverty areas. He said that of the two charter schools in his county (Gaston), one was in a low-wealth area. He said with the requirement that the free and reduced price lunch qualified students; the bill should note that those students should apply for admissions. He said a major point in charter schools was that students applied, they were not assigned. He said charter schools would help counties save money on construction of new schools.
Representative Bryant said she was in favor of charter schools as long the schools kept the students they enrolled.
Ms. Reaves said she would like to see some language that referred to the 15 target counties of the Commission's charge when speaking of raising the charter school cap. She said that might give

assurance that the lunch program criteria would be met. She said the whole thrust of the Commission was the 15 target counties. She said the agreement was reached that education was a basic part of raising people out of poverty. She said she didn't want to see a great number of applications for new charter schools from Wake, or Mecklenburg or Guilford Counties, etc. and end up with being forced to approve some of those.
Co-Chair Pierce said the key word would be making those counties a "priority".
Senator Queen said that as a member of the Blue Ribbon Charter School Evaluation Committee, that group found that charter schools were not a "panacea, but there are some very good, very effective charter schools." He said the good charter schools should be encouraged and the failing charter schools should be closed, which would open up availability for new schools within the present cap. He said the Blue Ribbon Committee did recommend raising the cap to six per year with particular attention paid to areas where LEAs were failing to offer options to students in those areas. Mr. Gilkeson said the Department of Public Instruction would be making a report on the charter school evaluation.
Representative Mackey asked if the legislation meant that there would an unlimited number of charter schools over time. Mr. Gilkeson said it would an additional six per year. Representative Mackey said the way he read the draft that it would be unlimited over time and that concerned him. Mr. Gilkeson said the current law was that up to five charter schools would allow per each LEA per year. The draft says that six would be allowed statewide. Representative Mackey said the bill strikes the maximum cap of 100 charter schools. Senator Queen described it as a "soft cap"-and the DPI division could only handle about six new charter schools per year. And he said that as charter schools closed new schools could take those slots, so that it was not a case of six, on six, on six piling up.
Mr. Crocker asked why the emphasis on reducing poverty was being aimed in the charter schools since efforts in the public schools would have a broader reach.
Representative Holloway said it sounded to him as if there would six opening each year and six closing each year and there would never be over 100 charter schools in the state. He said that North Carolina had lost out on a lot of federal money because the cap on charter schools had not been raised. He said that he felt charter schools were treated unfairly and held up to tougher standards than the public schools.
Ms. Reaves said the discussion leading to the finding never cited charter schools as the answer to the problem, but that they did give some parents an option. She agreed that the schools that needed to be closed should be closed. She said North Carolina needs to be receptive to the educational option that charter schools offer.
Representative Bryant said charter schools took a lot of average daily membership funds away from public schools. She said that makes a poor public school district poorer.

The Commission finds that current municipal annexation practices may leave gaps and holes to exclude low-wealth areas.
There is a proposed bill beginning on page 48 which would do the following:

1 Reduce voluntary annexation petition requirements for low-wealth areas
2 Permit involuntary annexation of "doughnut hole" regardless of density and use laws
3 Give priorities to CDBG projects in annexed areas for water and sewer service to low-income residents.

The Commission has a draft bill for this on page 48.
The Commission finds the problems of poverty need to be comprehensive and ongoing; therefore there is a recommendation for there to be a permanent commission on poverty reduction with targets and guidelines for such reduction.

There is a draft bill to accomplish this on page 53.
Representative Jones said there should be a standing committee rather than a panel which meets in the interim for Legislative Sessions. Representative Bryant said there has been discussion earlier about such an action, but there seemed to a problem of logistics and staffing. Representative Jones said he believed the problems mentioned by Representative Bryant were a pre-text because the leadership did not want to create a standing committee. He said poverty reduction would continue to be a priority in and not out of Session.
Senator Queen said the major budget areas of education, health care and correction are all affected by poverty. He said it was critical that the study of poverty reduction continue.
Co-Chair Pierce asked Representative Jones to clarify what he would want to happen.
Representative Jones said there is no coordination. He moved that a standing committee for the House and Senate be created to target poverty reduction and economic recovery. The motion carried. Mr. Gilkeson said the language would be added to the draft bill on page 53 that would direct the House and Senate to add such a standing committee in the 2011 Session.

The Commission passed three amending motions from Representative Bryant:

1. Recommendation 13 concerning Individual Development Accounts added language to continue the use of TANF and CDBG funds for IDAs.
2. Recommendation 10 concerning the Legislative Program Evaluation Division review of poverty efforts would be drafted into a bill
3. Recommendation 9 adds Halifax County as a pilot site.

Ms. Reaves said in Recommendation 11, in reference to children's health insurance, she had been working with some National Guardsmen who had been declared totally disabled after returning from active duty. However, that disability had been termed as a temporary rating requiring them to be re-evaluated in a couple of years. During that time the families are not eligible for VA insurance. She said she wanted it known that the programs mentioned in the recommendation exist and are available. A motion passed to include language that would address Ms. Reaves concern.

Co-Chair Pierce spoke of an idea that was expressed at the Robeson County hearing that envisioned regional anti-poverty councils. Dr. Wentzy said he believed the ongoing approach of the Commission would address that.

Presentation

Ms. West told the Commission that she had gathered material concerning parent/personal finance education to provide the members with what was part of the existing curricula to see if that would need to be strengthened or would provide the direction Commission sought. Tracy Greggs, Chief For K-12 Social Studies at the Department of Public Instruction said that financial literacy was addressed in the North Carolina schools. (Attachment to be provided.)
Senator Queen asked if the programs are adapted for exceptional children. Ms. Greggs said the programs are so adapted.
Ms. Reaves asked if the programs had been in place long enough to measure results. Ms. Greggs said the programs were new and data was available except anecdotally.
Dr. Wentzy praised the efforts by DPI and noted that financial literacy was a major emphasis of Senator Kay Hagan, and further that the Governor had established a financial literacy council. On his motion the Commission voted that Recommendation 18 be modified so that DHHS and DPI be encouraged to continue the efforts concerning financial literacy education. The language was to be included in the draft bill.

Representative Current said the Subcommittee had discussed the issue and wondered if the Recommendation had been inundated. Dr. Wentzy said his motion was to clarify that the impression left in the original Recommendation that there was no financial literacy education going on, when indeed such education was going on as was noted in the presentation.
Ms. West called attention to the curriculum in middle and high school levels. The course in middle school devotes 15% of the study to parenting skills. At the high school level, there was a course in t he 9th and 10th grades which devoted 10% of the study to parenting. At the 10th through the 12th grades which devotes 30% of the course to parent hood and child care issues. She said there were also courses which were aimed toward students who were interested in occupations in child care and related fields.
Ms. West said the study was happening and was a good program, her question was did the Commission consider it to be adequate. Representative Current noted that the courses were electives. He said if the courses were made mandatory and then there was testing to see what was being learned that it would solve a lot of the problems before they happened. Representative Jones said adding the word "enhance" could also be added to move into other areas, which could include making such courses mandatory. Mr.Gilkeson said adding language or modification to the recommendation was fine, but he wanted to know the Commission's position on the draft bill. Representative Bryant said the challenge is to make sure that the emphasis on fatherhood, motherhood and parenthood is included in what the students had to take.
Ms. Reaves said the bill deals only with the middle school. She said she thought there should be some way to make it carry into high school. She said some of the instruction needed to be mandatory, because as electives there was no guarantee the information was being received.
Mr. Gilkeson asked again what the Commission wanted to be done with the bill. There seemed to be consensus that eliminating the phrase "middle school" would make the draft more general. Senator McKissick raised the issue of how much it would cost to make such courses mandatory. Representative Bryant said the framework should remain and tht details could be worked out later.

Co-Chair Pierce moved the discussion to Charter Schools. Ms. Jean Kruft, Consultant for the Office of Charter Schools at DPI said there are 96 charter schools operating in the state. Three will open in the next school year: one in Lake Lure, another Henderson and Mountain Island. One application is being reviewed and evaluated.
She said the State Board of Education has in place an evaluation plan for charter school to make sure they are meeting the guidelines for student growth. She said the ABCs program allowed the measuring of such growth.
The charter school legislation that is in place seeks to improve learning and expand opportunities for all students with special emphasis on students identified as at risk or gifted students. Current law allows any student who qualifies for admission to a public school can be admitted to a charter school.
Dr. Edwards asked if there were any problems with public school funds being passed on to charter schools. She said there had been some litigation along those lines, but it had to do with local funds from county commissioners, at the state level DPI did not get into that. Dr. Edwards also asked about charter school students in activities with other public schools. She said that in some areas there were arrangements made to allow charter students to participate on public school athletic teams. In some areas charter school students paid a fee to ride public school busses.
Senator Jones asked if charter school teachers are on the same pay scale as public school teachers and did they have the same qualifications. She said charter schools set their own pay scale. In grades K-5, 75% of the teachers must be licensed to teach in North Carolina, in the higher grades,

50% must be licensed. In answer to another question from Senator Jones, she said there were some charter schools at the very top and some that were at the bottom comparing all schools. Representative Bryant asked about incentives used to enroll students in charter schools prior to the ADM set date, then there are various dismissals from the charters and the students are returned to the regular public schools. Ms. Kruft said she was not sure how prevalent such a practice might be. She said once a student left a charter schools after the 20-day ADM measure point, state funds did not revert to the public school system. Representative Bryant asked for any information that might be available to track changes between charter and regular public school enrollments.

Representative Current asked if there was data on the bricks and mortar school system savings because charter schools must provide their own location. Ms. Kruft said that data was not collected at DPI since that was a local school activity. In reference to another question from Representative Current, she said there was no data which would show whether a potential drop-out had been prevented from being a drop-out due to changing to a charter school. She said there was anecdotal information of certain student's stories, but there was no way to predict whether or not a student might have dropped out. She also said she had no data comparing parental involvement between charter schools and public schools.

Representative Jones asked the criteria for closing a charter school. He referred specifically to a school in Greensboro which was closed after there was an embezzlement of school funds. She said she worked with the people on the board of directors of that school in trying to work out the issues. However, after the embezzlement, the school was not stable financially and did have to close. She said the criteria are set out in the law establishing charter schools and include: academic standards, business practice standards, adherence to the school's charter, etc.

Co-Chair Pierce asked if there were questions specifically relating to the specific issue of raising the cap on the number of charter schools.

Ms. Reaves asked what the graduation rate between charter schools versus traditional schools, and make a broader option by raising the cap.

Ms. Kruft said she did not have a graduation rate comparison at hand, but only about 20% of the charter schools have high schools.

Ms. Reaves moved that the bill for raising the cap on charter schools include some reference to the Commission's 15 target counties. Co-Chair Pierce asked Ms. Kruft for the DPI thoughts on that matter. She said the bill could ask that the counties be considered as a priority, but there was no control over where charter applications might originate.

Representative Jones said it was fine to target the counties, but it is difficult to make decisions since neither the Commission, nor DPI has the information to see what sort of impact comparison.

The motion from Ms. Reaves to include "target county" language passed.

Mr. Crocker asked about possible language changes or interpretation as it relates to the Department of Commerce. Mr. Gilkeson said anyone on staff would be happy to talk about it.

Representative Bryant moved that the Commission approve the Legislative Draft Proposal, Version B raise the charter schools cap. (Page42) She said that would set the cap at 106 charter schools. She said she was uncomfortable to have six new charter schools per year indefinitely.

Representative Current said he objected to the requirement that the new charter schools to accept a minimum number of students eligible for free or reduced price lunches. Representative Bryant's motion carried.

Senator Queen asked his recommendation to expand broad band access be included and made such a motion. The motion passed.

Representative Bryan's motion passed, allowing the co-chairs and staff resolve necessary language conformities so as to reflect the will of the commission. That will include the ability to create regional commissions, to seek ways to reduce poverty and promote economic recovery, based on the model of this Commission .Representative Current asked if voting in favor of the Commission's report prevented him from voting against certain provisions. Mr. Gilkeson said," If you're endorsing the report, you're endorsing the report. People can make of it what they will." The Commission voted to adopt the report.

There being no further business, the Chairman adjourned the meeting at 12:22 p.m.

Respectfully submitted,

Representative Garland E. Pierce
Presiding Co-Chair

Ted Harrison
Acting Committee Assistant

ATTENDANCE

POVERTY REDUCTION AND ECONOMIC RECOVERY LEGISLATIVE STUDY COMMISSION

(Name of Committee)

DATES MEMBERS	4/29/2010														
Senator Edward Jones, Co-Chair	√														
Representative Garland E. Pierce Co-Chair	√														
Senator Doug Berger	X														
Senator Don W. East	√														
Senator Steve Goss	√														
Senator Floyd McKissick, Jr.	√														
Senator Joe Sam Queen	√														
Representative Angela R. Bryant	√														
Representative William A. Current, Sr.	√														
Representative Bryan R. Holloway	√														
Representative Earl Jones	√														
Representative James H. Langdon, Jr.	X														
Representative Nick Mackey	√														
Representative Randy Stewart	√														
Public Commission Members															
Mr. Joe Dickens, Edgecombe Co.	X														
Dr. Zeno L. Edwards, Jr. Beaufort Co.	√														
Reverend Mac Legerton, Robeson Co.	X														
Mr. Norman Mebane, Bertie Co.	X														
Ms. Patricia S. Peterson, Duplin Co.	X														
Ms. Jean Reaves, Halifax Co.	√														
Dr. Al Wentzy, Northampton Co.	√														

Ex Officio Members															
Superintendent June Atkinson Department of Public Instruction Designee: Phyllis West	√														
Secretary Lanier Cansler Dept. of Health and Human Services Designee: Maria Spaulding	√														
Commissioner Cherie Killian Berry Department of Labor Designee: Tina Morris-Anderson	X														
Secretary Keith Crisco Department of Commerce Designee: Joseph "Joe" Crocker	√														
Chairman Moses Carey, Jr. Department of Employment Security Designee: Manfred Emmrich	X														
Secretary Linda Hayes Department of Juvenile Justice Designee: Ed Pope	√														
Secretary Eugene Conti Department of Transportation Designee: Johanna Reese	X														
Commission Staff															
Bill Gilkeson, Research Division	√														
Melanie Bush, Fiscal Research	√														
Kristine Leggett, Fiscal Research	√														
Dan Ettefagh, Bill Drafting	√														
Irma Avent-Hurst Committee Assistant	√														
Mildred Alston Committee Assistant	√														

E = Excused Absence

DRAFT

MINUTES

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTIOIN AND ECONOMIC RECOVERY

Tuesday, April 6, 2010
11:00 a.m.

The Legislative Study Commission on Poverty Reduction and Economic Recovery met in Room 643 of the Legislative Office Building on Tuesday, April 6, 2010. Chairman Edward Jones presided and called the meeting to order at 11:10 a.m. Chairman Jones welcomed the members, staff, sergeant-at-arms, and visitors. Co-Chair Pierce was recognized for comments. He did not have any comments.

Chairs present: Representative Garland E. Pierce. Members: Senator Don W. East, Senator Steve Goss, Senator Floyd McKissick, Representative William A. Current, Sr., Representative Bryan R. Holloway, Representative Earl Jones, Representative James H. Langdon, Jr., Representative Nick Mackey, and Representative Randy Stewart. Public members: Mr. Joe Dickens, Dr. Zeno L. Edwards, Jr., Reverend Mac Legerton, Mr. Norman Mebane, Ms. Patricia S. Peterson, Ms. Jean Reaves, and Dr. Al Wentzy. Ex Officio members or designees: Ms. Phyllis West, Department of Public Instruction, Mrs. Tina Morris-Anderson, Department of Labor, Mr. Manfred Emmrich, Department of Employment Security, Ms. Johanna Reeves, Department of Transportation, Ms. Gloria Nance-Sims, Department of Commerce, and Mr. Ed Pope, Department of Juvenile Justice. A Visitor's Registration list and presentations are attached and filed as a record to the minutes.

Chairman Jones asked for a motion for the minutes from February 2, 2010 meeting. Senator McKissick made a motion to approve the minutes. It was second for approval of the minutes.

Chairman Jones called for the subcommittee chairs to present their recommendations. Senator McKissick, chair of the Subcommittee on Tax Issues was recognized. The recommendations from this subcommittee are listed below:

- Requiring Tax Incidence Report – Encouraging Tax Incident Reports on revenue bills raising more than $20 million have an impact statement on effect on the poor.
- Encouraging the Expansion of the State Earned Income Tax Credit (EITC) - Expand the State's EITC when fiscally possible.
- Encouraging the United States Congress to make Permanent Certain Tax Benefit Enhancements - Urge Congress to extend or make permanent federal tax programs which assist low income families, such as the Earned Income Tax Credit (EITC), Child Tax Credit (CTC), and American Opportunity Tax Credit (AOTC).

The recommendations for the Subcommittee on Tax Issues are filed as **Attachment 1**.

Chairman Jones asked Representative Jones, chair of the Subcommittee on Jobs to provide their recommendations. Representative Jones provided seven recommendations for consideration.

They were:

- Health Care Jobs – Restore Sate Medicaid cuts to bring back 40,000 jobs.
- Construction Jobs – Establish three Regional Housing Councils.
- Broadband – Expand Broadband Internet access across the State.
- Child Care Jobs – Invest in more child care jobs.
- Restore Funding for NCCS Prison Education Programs – Restore Prison Education Funds.
- Work Opportunity Tax Credit – Employer tax credit for hiring hard to place workers.
- Special Emphasis on Robeson County – Study employment best practices in Robeson County.

Representative Jones said the final point specified Robeson County because of the population diversity there. **See Attachment 2** for recommendations from the Subcommittee on Jobs.

Chairman Jones called on Mr. Emmrich to present the recommendations for the Subcommittee on State Programs during the absence of Representative Bryant, chair of the Subcommittee. The following recommendations were given:

- Permanent Poverty Reduction and Economic Recovery Committee
  - Establish a permanent, non-standing, interim committee on Poverty Reduction and Economic Recovery.
- Target for Poverty Reduction
  - Direct the permanent committee to study and set a reasonable target and timeline for poverty reduction.
- Existing State Program Inventory and History of Poverty Reduction Efforts
  - Direct the Program Evaluation Division of the North Carolina General Assembly to compile an inventory of State programs aimed at reducing or alleviating the condition of poverty, their outcomes, effectiveness, and history of State efforts to reduce poverty.
- Health care issues:
  - Raise cap on Health Choice when possible.
  - Explore federal incentives for Health Choice.
  - Maintain current Medicaid level.
  - Assess medical debt in North Carolina and ways to handle such debt.
  - Examine health care service in North Carolina to provide the greatest number of people with the greatest amount of service.
- Housing issues:
  - Maintain the $10 million on the Housing Trust Fund and add to it when possible.
  - Examine feasibility of new utility policies to aid low-income customers.
  - Explore possibility of extending new foreclosure policies.
- Income and Assets:
  - Adequately fund individual development accounts.
  - Maintain the existing level of the EITC
- Work Supports:
  - Improve transportation services in rural areas.
  - Seek work experience through use of AARP funds.
  - Continue to work with the 12 and 6 program with community college.

    - Increase Work First payments if funds are available.
    - Increase education and outreach to take full advantage of available federal programs.
    - Educate agency leaders and enlighten policy makers of the interconnection of these programs.
- Child Education and Child Care:
    - Extend job search time for child care recipients.
    - Extend other benefit time frames for job loss recipients and for those just entering the job market after completing school.
    - Maintain and increase investments for high quality learning programs.
- Fresh Food Retail in Underserved Communities:
    - Continue to study the availability of fresh fruits and vegetable to focus on policies regarding economic development relative to new supermarket locations and to develop a program to help local supermarkets renovate and expand. To enhance transportation access for supermarkets and other possible means to expand the access to fresh fruits and vegetables to local poverty areas.

The recommendations for the Subcommittee on State Programs are filed as **Attachment 3**.

Chairman Jones called on Representative Current, chair of the Subcommittee on Persistent Poverty to present his subcommittee's recommendations. Representative Current thanked the members of his subcommittee and said they began with a historical review from the War of Poverty and moved forward. The review was given by Dr. John Saxon. Dr. Jennie Owen spoke to the subcommittee about dropout relation to poverty. Major Robert Carver of the North Carolina National Guard spoke about the Tarheel ChalleNGe Program. Dr. Dennis Ortner spoke to the subcommittee about the strength of the family as a part of combating poverty. Ms. Sarah Krishnaraj from the UNC Center for Civil Rights discussed annexation laws. The subcommittee recommended the following four recommendations:

- Establish a new Tarheel ChalleNGe site in Badin, North Carolina.
- Include parenthood training in the middle school curriculum.
- Lift the cap on charter schools in North Carolina.
- Amend annexation laws to avoid negative impact of such laws on disadvantaged communities.

Representative Current said they would like to submit the above recommendations to the Commission for their final report. The recommendations from the Subcommittee on Persistent Poverty are filed as **Attachment 4**.

Chairman Jones recognized Mr. Bill Rowe from the North Carolina Justice Center along with the UNC School of Law Center for Civil Rights. Mr. Rowe requested that the Commission consider the annexation laws and how those laws impact low income families. He also sited two other points for consideration. One was the "doughnut hole" problem when a town surrounds a community and want to annex that community, and the community can't meet requirements of use and density. He also proposed that those communities wishing to be annexed be considered as available for community development block grants for water and sewer. Chairman Jones asked Representative Current to replace the subcommittee's recommendation (#4) with Mr. Rowe's suggestion. Chairman Jones wanted to hear Representative Current's response. Representative Current said he felt comfortable with including these suggestions regarding annexation as part of

the subcommittee's recommendations. Mr. Rowe's recommendation is filed as **Attachment 5** to the minutes.

Discussion of Recommendations by Members of the Commission

Chairman Jones recognized Dr. Wentzy. At Dr. Wentzy's recommendation, the subject of financial literacy was added to the second proposal to coincide with the addition of parenthood training to the middle school curriculum. Representative Current was in agreement and Chairman Jones said the item should be added to #2, Financial Literacy Training.

Chairman Jones recognized Ms. Reaves. Ms. Reaves mentioned the document that was distributed from the Arc of North Carolina. She felt it did not require any specific changes in wording and the goals contained were recognized by the organization. She also noted the goals in the document paralleled closely with those of the Commission.

Directions to Staff about Contents of the Commission's Final Report

Chairman Jones recognized Mr. Gilkeson. Mr. Gilkeson outlined the procedure recommendations for the Commission for framing the final work of the group. He said the staff will review the recommendations and ascertain which items would need specific legislation to be included with the Commission's final report.

Chairman Jones called on Representative Jones. Representative Jones requested information regarding the success of charter schools which offer free and reduced priced lunches. Representative Current said the Department of Public Instruction (DPI) should be able to provide that information. Chairman Jones said the information would be requested so the research could be done.

Chairman Jones moved to item #3 from the Subcommittee on Persistent Poverty. Senator East was recognized by Chairman Jones. During a discussion regarding EITC, Senator East said he was in agreement with the majority of the comments, but felt this was a way to perpetuate poverty, the earned income. Representative Jones commented that the income tax credit was for people who were eligible and working, which would be the working poor. It is not for people who are not working. Representative Jones asked staff to clarify. Ms. Bush clarified that a person had to be working to receive the tax credit.

Discussion of Recommendations by Members of the Committee

Chairman Jones opened the discussion to proceed through the various subcommittees and members to determine where legislation might be needed.

Subcommittee on Tax Issues – Mr. Gilkeson said this subcommittee has draft bills to cover their recommendations. No problems noted. The Commission voted to accept the proposals from this subcommittee as part of the final report.

Subcommittee on Jobs – There was several of the recommendations pertaining to issues contained in the Subcommittee on State Programs recommendations with the latter language being more direct. Staff was asked to meld these together where possible. The Jobs recommendations

concerning broadband expansion was considered redundant due to a committee which is studying the issue on a statewide basis. The Commission endorsed the recommendations.

Subcommittee on Persistent Poverty – The Commission endorsed the recommendations for a new Tarheel ChalleNGe site in Badin and annexation law amendments. The middle school curriculum and charter school cap segments will be discussed at the final meeting.

Subcommittees on State Programs – The recommendations submitted by this subcommittee were endorsed by the Commission.

Chairman Jones made a motion for all the recommendations discussed to go forward with them. The motion was second by Ms. Reaves.

Chairman Jones recognized Mr. Gilkeson. Mr. Gilkeson said the draft report would be prepared for the next meeting and the additional information concerning charter schools and middle schools curriculum would be included in a fashion that the Commission could use to add, delete or modify. The report will contain findings, recommendations, and draft legislation where necessary. Mr. Gilkeson said a rough draft of the report would be made available to the members prior to the next meeting. He also pointed out to the members the feedback about the report, the need or desire for specific legislation.

Directions to Staff about Contents of the Commission's Final Report

The Final Report will be approved by the Commission at the April 29th meeting.
The Final Report must be submitted to the General Assembly by May 1st.

Chairman Jones recognized Representative Current. Representative Current requested a draft copy of the Final Report for members to review if it's not a burden on Staff. Chairman Jones said a report would be sent to members. Reverend Legerton wanted to know if the Commission would have draft bills before the next meeting. Mr. Gilkeson said they would try to prepare bill drafts before the next meeting.

The next meeting will be April 29th at 10 a.m.

There being no further business, the Chairman adjourned the meeting at 12:28 p.m.

Respectfully submitted,

Senator Edward Jones
Presiding Co-Chair

Mildred Alston
Committee Assistant

NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

March 3, 2010

NEW DATE, TIME AND LOCATION

MEMORANDUM

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

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

There will be a FULL Legislative Study Commission on Poverty Reduction and Economic Recovery on:

DAY:	Thursday
DATE:	April 29, 2010
TIME:	10:00 a.m.
LOCATION:	Room 643, Legislative Office Building

Please release the date of Tuesday, April 27th and replace it with Thursday, April 29th.

Please advise Irma Avent-Hurst, Committee Assistant by phone (919-715-3032) or e-mail (Edward.Jones@ncleg.net) or Mildred Alston, Committee Assistant by phone (919-733-5803) or e-mail (Piercela@ncleg.net) if you will be unable to attend or have questions.

HOUSE PAGES

NAME OF COMMITTEE Comm. on Poverty Reduction - Econ. DATE 4-29-10

1. Name: _____

   County: _____

   Sponsor: _____

2. Name: _____

   County: _____

   Sponsor: _____

3. Name: _____

   County: _____

   Sponsor: _____

4. Name: _____

   County: _____

   Sponsor: _____

5. Name: _____

   County: _____

   Sponsor: _____

SGT-AT-ARM

SENATE

1. Name: Reggie Sills ① Ronald Spann
2. Name: Kenneth Burroughs ② Ernie Sherrell
3. Name: Judy Turner ③ Charles Phillips
4. Name: _____

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — April 29, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Roz Sawitt	NC Child Care Coalition
Edward Toler	NC Tarheel Challenge Academy
Daniel Amburn	ElectriCities of N.C.
Donna Gallagher	IDA & Asset Building Collaborative of NC
Brian Balfour	Civitas
Jean Krutt	office of Charter Schools - DPI
Carley Ruff	NC Housing Coalition
Yolanda Burwell	NC Rural Center
[signature]	NC DPI
Chris Minard	NC State Bd of Ed
Lao Rubert	Child Justice Policy Center

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — April 29, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Annette Deatrick	Governor's Office
Amy Hobbs	McGuireWoods
Robert T. Wilson	SOS

VISITOR REGISTRATION SHEET

LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY — April 29, 2010

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sarah Krishnaraj	UNC Center for Civil Rights
Margaret Mafrone	NCHFA
Mitch Kokai	John Locke Foundation
Bill Rowe	NC Justice Center
Jennifer Willis	NCCCS
Sara Adams	The Arc of NC
Ken Melton	K.M.A.

JOINT LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY

DRAFT

REPORT TO THE
2010 SESSION OF THE
2009 GENERAL ASSEMBLY
OF NORTH CAROLINA

DRAFT

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May 11, 2010

TO THE MEMBERS OF THE 2009 GENERAL ASSEMBLY

The Joint Legislative Study Commission on Poverty Reduction and Economic Recovery herewith submits to you for your consideration its report pursuant to S.L. 2008-181.

Respectfully submitted,

Senator Edward Jones Representative Garland Pierce

Co-Chairs
Joint Legislative Study Commission on Poverty Reduction and Economic Recovery

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(Revised 3-10-10)

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DRAFT

SESSION LAW 2008-181
HOUSE BILL 2431

AN ACT TO PROVIDE FOR STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION, STATUTORY OVERSIGHT COMMITTEES AND COMMISSIONS, AND OTHER AGENCIES, COMMITTEES, AND COMMISSIONS.

The General Assembly of North Carolina enacts:

PART I. TITLE

SECTION 1. This act shall be known as "The Studies Act of 2008."

• • •

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.

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PART L. OUT-OF-STATE TRAVEL

SECTION 50.1. For legislative studies authorized by this act, out-of-state travel must be authorized by the President Pro Tempore of the Senate or the Speaker of the House of Representatives, as appropriate.

PART LI. BILL AND RESOLUTION REFERENCES

SECTION 51.1. The listing of the original bill or resolution in this act is for reference purposes only and shall not be deemed to have incorporated by reference any of the substantive provisions contained in the original bill or resolution.

PART LII. EFFECTIVE DATE AND APPLICABILITY

SECTION 52.1. Except as otherwise specifically provided, this act is effective when it becomes law. If a study is authorized both in this act and in the Current Operations and Capital Improvements Appropriations Act of 2008, the study shall be implemented in accordance with the Current Operations and Capital Improvements Appropriations Act of 2008 as ratified.

In the General Assembly read three times and ratified this the 18th day of July, 2008.

s/ Marc Basnight
President Pro Tempore of the Senate

s/ Joe Hackney
Speaker of the House of Representatives

s/ Michael F. Easley
Governor

Approved 3:09 p.m. this 4th day of August, 2008

DRAFT

COMMITTEE PROCEEDINGS

The full Joint Legislative Study Commission on Poverty Reduction and Economic Recovery met nine times from December 16, 2008, until April 29, 2010. In addition, the Commission held two public hearings, and its four subcommittees each met at least twice. The committee heard presentations from the following:

December 19, 2008:

- Gene Nichol, Director of the University of North Carolina's Center on Poverty, Work, and Opportunity, addressed poverty from a national perspective.
- Dr. Jesse White, Director of the UNC Office of Economic and Business Development, addressed Poverty from a regional perspective.
- Three speakers addressed poverty in North Carolina. Anne Bacon, Senior Director of Workforce Development for the N.C. Rural Economic Development Center, gave an overview. Yolanda Burwell, Senior Fellow at the N.C. Rural Economic Development Center, addressed N.C. poverty from a rural perspective. Ted Abernathy, Executive Director of the Southern Growth Policies Board, addressed it from an urban perspective.

January 16, 2009:

- Joe Hackney, Speaker of the N.C. House of Representatives and then President of the National Conference of State Legislatures, addressed poverty from a national perspective, as well as the prospects for federal stimulus money.
- The relevant programs of the Department of Health and Human Services were presented by John Price, Director of Rural Health and Community Care, and by Sherry Bradsher, Director of the Division of Social Services.
- Tax credits provided through the Department of Revenue were presented by Nancy Pomeranz, Director of the Personal Tax Division, and by David Baker, Director of the Property Tax Division.
- The work of the Housing Finance Agency was presented by Bob Kucab, its Executive Director.
- The state of the workforce was addressed by Roger Shackleford, Executive Director of Workforce Development in the Department of Commerce.
- Job training in the Community College System was described by Dr. Saundra Williams, its Senior Vice President and Chief of Technology and Workforce Development.
- The thoughts of the N.C. Community Action Association were represented by its Executive Director, Sharon C. Goodson.
- The thoughts of the N.C. Justice Center were represented by its General Counsel, Bill Rowe.
- The Rev. Mac Legerton, a member of the Commission, presented a proposal about best practices of fighting poverty.

September 29, 2009:

- Dempsey Benton, the Governor's Director of Economic Recovery and Investment, gave a report on the economic stimulus package.

- The N.C. Justice Center presented ideas for action by the Commission. Representing the Center were Melinda Lawrence, its Executive Director, and Meg Gray and Elaine Mejia of its Budget and Tax Center.
- Martha Taylor with the North Carolina Dental Hygienists Association was recognized and she clarified the Association's position on several issues.
- William Potter representing the North Carolina Dental Society described how the dental hygienist's exam had been kept artificially low by the Board at the request of the Dental Society for a variety of reasons.
- Patrick L. Boyd, President of Carolina Eye Prosthetics, Inc., addressed the Committee and distributed several handouts. He discussed a proposal to allow accredited ocular proceedings to be eligible for Medicaid reimbursements.

October 27, 2009:

- Bill Rowe, Counsel for the N.C. Justice Center, and Gene Nichol of the UNC Center on Poverty, Work, and Opportunity, presented specific proposals for the Commission's consideration.
- Poverty from a rural perspective was again addressed by Billy Ray Hall, President of the N.C. Rural Economic Development Center.
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December 1, 2009:

- Commission staff reviewed the Commission's charge.
- The Commission decided upon four subcommittees, Tax Issues, Jobs, State Programs, and Persistent Poverty.

January 5, 2010:

- Subcommittee chairs, having met before the full Commission meeting, had the opportunity to make any reports.

February 2, 2010:

- Subcommittee chairs, having met before the full Commission meeting, had the opportunity to make any reports.
- Dan Gerlach, President of the Golden Leaf Foundation, described its relevant work.
- Emila Sutton of the N.C. Assets Alliance, made a presentation representing her organization.

April 6, 2010:

- The four subcommittees presented their recommendations to the full Commission.
- The full Commission gave directions to the staff as to which of the subcommittee recommendations to include as recommendations of the full Commission in the draft final report, which was to be presented at the April 29 meeting.

April 29, 2010:

Public Hearings of the Commission:

- Lumberton hearing, held at Robeson Community College on March 11. people signed up to address the Commission.
- Roanoke Rapids hearing, held at Halifax Community College on March 16. people signed up to address the Commission.

Subcommittee Work:

Each of the four subcommittees met at least three times to delve into its assigned topic and work out recommendations to the full Commission.

The Subcommittee on Tax Issues, chaired by Sen. Floyd McKissick Jr., heard the following:

- Dan Ettefagh, staff counsel, provided background on the Earned Income Tax Credit and on tax-incidence reporting legislation.
- Meg Gray Wiehe of the N.C. Budget and Tax Center spoke in favor making making permanent certain temporary federal enhancements to tax credits. Those enhancements were included in Congress's stimulus package.

The Subcommittee on Jobs, chaired by Rep. Earl Jones, heard the following:

- A report on the state of North Carolina's workforce from Roger Shackleford, Executive Director of Workforce Development in the Department of Commerce.
- Reports on the Community College System's JobsNOW Program, from Willa Dickens, Stephanie Deese, and Barbara Boyce of the Community College System.
- Reports from officials of Edgecombe Community College and Vance-Granville Community College about the JobsNOW programs on their campuses.
- Reports on Work Opportunity Tax Credits from Virginia Terrell and James Korth of the Employment Security Commission.
- Reports on the hiring of ex-offenders from Allison Jourdan and Carlton Joyner of the Department of Correction.
- A report on other hard-to-employ populations from Anita Abrams of Wake County JobLink.

The Subcommittee on State Programs, chaired by Rep. Angela Bryant, heard the following reports:

- On anti-poverty measures and commissions in other states.
- On healthcare from Dr. Craigan Gray, Director of the Division of Medical Assistance in the Department of Health and Human Services.
- On housing from Bob Kucab, Executive Director of the N.C. Housing Finance Agency.
- On income and asset development from Tina Morris-Anderson, Director of Research and Policy in the Department of Labor.
- On work supports from Sherry Bradsher, Director of the Division of Social Services (DHHS).
- On child education and child care from Ron Byrd of the Division of Child Development (DHHS), Sue Totty of the N.C. Partnership of Children, and Barbara Bradley of Action for Children.
- On fresh food retail in underserved communities from Lee Dixon of the Fiscal Research Division.

The Subcommittee on Persistent Poverty, chaired by Rep. Bill Current, heard the following:

- A report on past efforts to address the problem of poverty and their effects from John Saxon, Professor of Public Law and Government at the UNC School of Government.
- A report on dropouts and delinquency from Jenni Owen, Director of Policy Initiatives at the Center for Child and Family Policy at Duke University.
- A report on the N.C. Tarheel ChalleNGe Academy from Major Robert Carver of the N.C. National Guard.
- A report on couples and poverty from Dennis Orthner, Associate Director of the Jordan Institute for Families at UNC-Chapel Hill.
- A report on annexation and poverty from Sarah Krishnaraj of the UNC Center for Civil Rights.

Materials from reports made to the full Commission and its subcommittees, as well as minutes of the meetings, are available in the Legislative Library.

DRAFT

FINDINGS AND RECOMMENDATIONS

The Joint Legislative Study Commission on Poverty Reduction and Economic Recovery gathered information on a broad range of issues relevant to poverty in North Carolina. Acutely aware of the difficult economic times and their effects both on the victims of poverty and on the capacity of the State of North Carolina to respond, the Commission attempted to focus on four areas of concern and identify feasible courses of action to recommend to the 2010 Session of the General Assembly. Those four areas are reflected in the four subcommittees into which the Commission organized itself. They are Tax Issues, Jobs, State Programs, and Persistent Poverty. In those areas, the Commission makes the following findings and recommendation:

TAX ISSUES

FINDING 1: The Commission finds that under current law, the N.C. Department of Revenue is required to prepare and publish certain reports. Three states (Maine, Minnesota, and Texas) have enacted laws that examine (1) how the tax structure affects taxpayers and (2) how proposed tax changes would affect taxpayers, usually broken down by deciles or quintiles.

RECOMMENDATION 1: The Commission recommends that the General Assembly add two reporting requirements for the Department of Revenue:

1. An incidence report. It would be due March 1 of each odd-numbered year. It would cover income tax, sales tax, excise tax, and property tax.
2. An impact analysis report for certain bills proposing changes to the State taxes if the fiscal impact of the proposed change would be greater than $20 million and if a request for the report comes from a chair of a finance committee.

(See Legislative Proposal I.)

FINDING 2: The Commission finds that the State Earned Income Tax Credit (EITC) functions to offset the impact of payroll taxes and to lift low-income working families above the poverty level. Most EITC recipients have one or more children under 18 living at home and earn under $35,000 annually.

RECOMMENDATION 2: The Commission recommends that, in years where there is fiscal availability, the General Assembly should expand the EITC. (See Legislative Proposal II.)

FINDING 3: The Commission finds that the federal government, during the recent fiscal downturn, temporarily expanded certain tax benefits, including the federal EITC, the child tax credit, and the American opportunity tax credit. These enhancements, which include the largest and most effective federal anti-poverty programs, are set to expire 2011.

RECOMMENDATION 3: The Commission recommends that Congress, as a whole, and North Carolina's delegation of federal legislative representatives, specifically, be encouraged to make these temporary enhancements permanent through legislative action. (See Draft Proposal III.)

JOBS

FINDING 4: The Commission finds that if cuts to Medicaid were restored, some 40,000 jobs in the health care industry could be brought back to the State.

RECOMMENDATION 4: The Commission recommends that the General Assembly restore the cuts that have been made to Medicaid.

FINDING 5: The Commission finds that the establishment of regional housing councils would promote the accelerated rebound of the construction sector and assist in home equity opportunities for first-time home buyers.

RECOMMENDATION 5: The Commission recommends that the General Assembly direct the establishment of three regional housing councils, one in the East, one in the Piedmont, and one in the West. (See Legislative Proposal IV.)

FINDING 6: The Commission finds that quality child care is key to developing job opportunities for the poor and to giving poor children a quality start in life.

RECOMMENDATION 6: The Commission recommends that the General Assembly invest in more child care, eliminating waiting lines.

FINDING 7: The Commission finds that the Prison Education Program in the N.C. Community College system prepares many offenders to successfully reintegrate into society through employment. However, funds for the Prison Education Programs were made nonrecurring in the 2009 Budget, and the program was subject to Continuation Review.

RECOMMENDATION 7: The Committee recommends that the General Assembly restore funding for the Prisoner Education Program in the N.C. Community College System. (See Legislative Proposal V.)

FINDING 8: The Commission finds that the Work Opportunity Tax Credit provides incentives to employers to hire hard-to-employ populations. However, the Commission finds that the program is underutilized and that many employers mistakenly believe the process is difficult and not worth the effort.

RECOMMENDATION 8: The Commission recommends that the Employment Security Commission continue to work to market the Work Opportunity Tax Credit and educate employers about it. (See Legislative Proposal VI.)

FINDING 9: The Commission finds that Robeson County is one of the State's poorest counties. It also has one of the most diverse populations.

RECOMMENDATION 9: The Commission recommends that programs to alleviate poverty should be pilot tested in Robeson County to determine their efficacy and to find best practices that can then be applied to the rest of the State.

STATE PROGRAMS

FINDING 10: The Commission finds that there is a need for systematic information about the efforts of the State, present and past, against poverty.

RECOMMENDATION 10: The Commission recommends that the Program Evaluation Division of the General Assembly be directed to do all of the following:

- an inventory of State programs that are aimed are reducing or alleviating the condition of poverty,

- an evaluation of the outcomes and effectiveness of those programs,
- and a history of State efforts to reduce poverty.

FINDING 11: The Commission finds that the health care system of North Carolina needs attention in several ways that will address the problems of poverty.

RECOMMENDATION 11: The Commission recommends the following:

- That, depending upon available resources, the General Assembly raise the enrollment cap for Health Choice to maximize the federal allotment.
- That the State explore federal incentives through the Children's Health Insurance Program Reauthorization Act (CHIPRA) to expand eligibility and ease administrative burdens for Health Choice, which may require raising the enrollment cap.
- That the State explore the extent of medical debt in North Carolina, including debt caused by child illness and predatory lending practices conducted by credit card companies or other credit entities handling debt for hospitals or any other health providers in North Carolina, and consider policies to address the undesirable consequences for poverty reduction.
- That the State, in general, examine the existing healthcare system in North Carolina with the goal of continuing to provide the greatest number of people with the greatest amount of services.

FINDING 12: The Commission finds that the State's approach to housing needs attention in several ways that will address the problems of poverty.

RECOMMENDATION 12: The Commission recommends the following:

- That the General Assembly maintain the existing $10 million in funding for the N.C. Housing Trust fund, and dependent on available resources, consider increasing funding for the N.C. Housing Trust Fund.
- That the State examine the feasibility of new policies to aid low-income utility consumers and to promote access to utility services (e.g. expanded shut-off protections and rate discounts for low-income customers).
- That the State explore the possibility of extending new private home mortgage foreclosure protections to public (tax) foreclosures.

FINDING 13: The Commission finds that Individual Development Accounts (IDAs) show promise as a means of expanding income.

RECOMMENDATION 13: The Commission recommends that the State explore adequate funding for IDAs.

FINDING 14: The Commission finds that the State can take several actions, general and specific, to support poor people who are working or trying to work.

RECOMMENDATION 14: The Commission recommends the following:

- That the State explore improving transportation services in rural areas
- That the State continue to create opportunities for work experience through subsidized employment using American Recovery and Reinvestment Act (ARRA) Temporary Assistance for Needy Families (TANF) funds.
- That the State continue to enhance work skills through training opportunities such as the 12 and 6 Program through community colleges.

- That the General Assembly, depending upon available resources, increase payment rate for Work First tied to meeting the work and personal responsibility requirements of the program.
- That the State explore supporting efforts to maximize participation in federal programs, including Food and Nutrition Services, Supplemental Nutrition for Women, Infants, and Children (WIC), weatherization programs, TANF, Medicaid, etc. through community outreach and utilization of efforts such as the NC Benefits Bank.
- That, in addition, the General Assembly and other appropriate agencies of State government enact or adopt the necessary policies or provisions to ensure that the public, policy makers, advocates and agency leaders understand and make explicit the interconnection of these funding programs in terms of the impact that maximizing participation in one program can have on automatically triggering eligible funds to the state for other programs.

FINDING 15: The Commission finds that parents in poverty who have children need special support for themselves and their children.

RECOMMENDATION 15: The Commission recommends that the General Assembly, the extent that funds are available,:

- Continue to extend the current 30 to 60 day job search policy up to 6 months when child care subsidy recipients experience a loss of employment.
- Continue to provide child care subsidy applicants upfront job search up to 6 months that lost employment on or after October 1, 2008.
- Continue to provide job search child care subsidy benefits for recipients who completed school and are entering the job market.
- Continue to extend the 24-month post-secondary education time limit for child care subsidy to 36 months for recipients who lost employment since October 1, 2008, or otherwise need additional training to enhance marketable skills for job placement and who have depleted the 24-month allowable time for education.
- Maintain and support investments to increase and maintain high-quality, early learning programs

FINDING 16: The Commission finds that the State can have a role in encouraging the provision of fresh food in underserved communities.

RECOMMENDATION 16: The Commission recommends that the State continue to analyze the impact of the lack of fresh food retail in underserved communities, with a focus on developing policies and recommendations that do the following:

- Target State economic development programs and public incentives to the supermarket industry to maximize their impact on supermarket site location decisions.
- Develop a business financing program to support local supermarket development, renovation, and expansion projects.
- Prioritize assembling land at the local level for supermarket and grocery store development.
- Reduce unnecessary regulatory barriers to supermarket and grocery store investment and streamline the development process.
- Increase/prioritize transportation services to supermarkets.
- Develop up-to-date and data-driven market information on unmet market demand for food in underserved areas.
- Promote green supermarket development and renovation through incentives for energy-efficient equipment and systems and environmentally sustainable building materials.

PERSISTENT POVERTY

FINDING 17: The Commission finds that the N.C. National Guard's Tarheel ChalleNGe Academy is a federal/State program in Salemburg in Eastern North Carolina that has been successful in remediating the consequences of high school dropouts, but that the effort should be expanded to provide access to people in other parts of the State.

RECOMMENDATION 17: The Commission recommends that the State should assist the National Guard in opening a second Tarheel ChalleNGe Academy in Badin in the Piedmont.

FINDING 18: The Commission finds that the State does not do enough to teach personal finance and parenting skills for both mother and father and to encourage the maintenance of homes with both parents, which correlate with more successful child-rearing.

RECOMMENDATION 18: The Commission recommends that the Departments of Health and Human Services and Public Instruction be directed to include personal finance and parenthood training in North Carolina's middle-school curriculum. This training should emphasize fatherhood as well as motherhood. (See Legislative Proposal VIII)

FINDING 19: The Commission finds that charter schools, if inclusive of low-income students, can be a force to lift children from the cycle of poverty.

RECOMMENDATION 19: The Commission recommends that the General Assembly lift the existing cap on charter schools. This should be done with a specified minimum within the school for students eligible for free and reduced-price lunches. (See Legislative Proposal VIII, Alternatives A and B.)

FINDING 20: The Commission finds that current municipal annexation practices are too often characterized by "underbounding," in which municipalities annex but leave gaps and donut holes for low-wealth areas, contributing to deterioration.

RECOMMENDATION 20: The Commission recommends that the laws on annexation be amended to do the following:

- Reduce the signature requirement for voluntary annexation for communities in which 50% or more of the residents live below the poverty threshold.
- Permit the involuntary annexation of "donut holes" without regard to the statutory use and density requirements.
- Give priority consideration to publicly funded Community Development Block Grant (CDBG) projects located in areas annexed by municipalities to provide water and sewer services to low-income residents.

(See Legislative Proposal IX.)

In addition to the findings and recommendations in the subject areas of the subcommittees, the Commission has a final general finding and recommendation.

FINDING 21: The Commission finds that the attempt to address the problems of poverty needs to be comprehensive and ongoing, and should include a target and timeline for reduction of poverty.

RECOMMENDATION 21: The Commission recommends the following:

- That the General Assembly establish a permanent statutory commission on poverty reduction and economic recovery.
- That the permanent commission be given, among other things, the task of setting a reasonable target and timeline for poverty reduction, including alternative measures for poverty.

(See Legislative Proposal X.)

DRAFT

LEGISLATIVE PROPOSAL I

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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BILL DRAFT 2009-MCz-231 [v.1] (02/12)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
2/12/2010 12:57:02 PM

Short Title: Poverty Reduction: Tax Incidence Reports. (Public)

Sponsors: .

Referred to:

A BILL TO BE ENTITLED

AN ACT TO REQUIRE CERTAIN TAX INCIDENCE REPORTS BY THE DEPARTMENT OF REVENUE, AS RECOMMENDED BY THE JOINT LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY..

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-256(a) is amended by adding the following subdivision to read:

"(a) Publications. – The Secretary shall prepare and publish the following:

...

(2a) By March 1 of each odd-numbered year, a report on the overall incidence of the income tax, sales and excise taxes, and property tax. In addition, the Secretary shall prepare for a finance committee, within 15 days of a request of a chair of the committee, an impact analysis report of a bill to change the tax system that would increase, decrease, or redistribute tax by more than twenty million dollars ($20,000,000). In a report required by this subdivision, the report shall present information on the distribution of the tax burden for the overall income distribution, using a systemwide incidence measure that appropriately measures equality and inequality, and by income classes broken down by quintiles. A report required by this subdivision shall use the broadest measure of economic income for which reliable data is available.

..."

SECTION 2. This act becomes effective January 1, 2011.

LEGISLATIVE PROPOSAL I:
Poverty Reduction: Tax Incidence Reports

BILL ANALYSIS

Committee:	Poverty Reduction and Economic Recovery - Subcommittee on Tax Issues	**Date:**	March 1, 2010
Introduced by:		**Summary by:**	Dan Ettefagh
Version:	2009-MCz-231		Committee Counsel

SUMMARY: ***This bill would require two additional reporting requirements by the Department of Revenue: a tax incidence report and impact analysis reports.***

CURRENT LAW: Under current law, the Department of Revenue is required to prepare and publish certain reports as required under G.S. 105-256.

BILL ANALYSIS: This bill would add two additional reports to those the Department must prepare and publish. The first of these reports is an incidence report, which would be due March 1 of each odd-numbered year. The incidence report would cover income tax, sales tax, excise taxes, and property tax.

The second report would be an impact analysis report for certain bills proposing changes to the State taxes (1) requested by a chair of a finance committee and (2) the fiscal impact of the proposed change would be greater than $20 million. The report would be due within 15 days of a request from a finance committee chair.

Both of the reports required by this bill would have the following requirements:

- The report must present information on the distribution of the tax burden for the overall income distribution, using a system measure appropriate for determining equality.
- The report must be broken down by quintiles.
- The report must use the broadest measure of economic income for which reliable data is available.

EFFECTIVE DATE: This bill would become effective January 1, 2011.

BACKGROUND: Three other states, Maine, Minnesota, and Texas, require tax incidence reporting with a $20 million threshold for triggering an impact analysis report. Two of the three states have the state revenue department make both reports, while Texas has a Legislative Budget Board prepare the impact analysis report.

2009-MCz-231-SMMC

LEGISLATIVE PROPOSAL II

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

U **D**

BILL DRAFT 2009-MCz-235 [v.4] (02/19)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
3/1/2010 3:49:43 PM

Sponsors:

Referred to:

A LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY RESOLUTION ENCOURAGING THE LEGISLATURE TO INCREASE THE STATE EARNED INCOME TAX CREDIT AS FISCAL AVAILABILITY ALLOWS, AS RECOMMENDED BY THE JOINT LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY.

Whereas, the federal earned income tax credit was created in 1975 to lessen the impact of federal payroll taxes that fall disproportionately on low-income workers, to supplement low- and moderate-income families' incomes, and to lift working families above the poverty level; and

Whereas, the federal earned income tax credit, being available only to those families with earnings from work, has helped to raise labor force participation levels; and

Whereas, the federal earned income tax credit now benefits more than twenty-four million people with almost fifty billion dollars ($50,000,000,000) in credits nationwide and more than 825,000 households in this State; and

Whereas, the federal earned income tax credit annually lifts over five million Americans above the poverty line each year; and

Whereas, most earned income tax credit recipients have one or more children under 18 living at home and earn under thirty-five thousand dollars ($35,000) annually; and

Whereas, this State acknowledged the important economic benefits and incentives for low- and moderate-income families by enacting in 2007 a State earned income tax credit; and

Whereas, this State expanded the State earned income tax credit in 2008 by increasing the calculation for the maximum credit amount; and

Whereas, the current economic downturn has increasingly made it difficult for low- and moderate- income families to continue to meet the expenses for basic needs for survival; and

Whereas, this increased difficulty makes both the federal and State earned income tax credits more necessary and of greater assistance; Now, therefore,

Be it resolved by the Legislative Study Commission on Poverty Reduction and Economic Recovery:

SECTION 1. The Legislative Study Commission on Poverty Reduction and Economic Recovery encourages the members of the full Commission to express its support of the State earned income tax credit.

SECTION 2. The Legislative Study Commission on Poverty Reduction and Economic Recovery urges the members of the General Assembly to continue to study the goals and benefits of the State earned income tax credit and to expand the credit as fiscal availability allows to insure that the credit meaningfully continues to assist low- and moderate-income workers economically.

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LEGISLATIVE PROPOSAL III

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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BILL DRAFT 2009-MCz-236 [v.2] (02/19)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
3/1/2010 3:49:22 PM

Sponsors:

Referred to:

A JOINT RESOLUTION URGING THE CONGRESS OF THE UNITED STATES TO MAKE CERTAIN TEMPORARY FEDERAL TAX CREDIT CHANGES PERMANENT, AS RECOMMENDED BY THE JOINT LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY.

Whereas, the current economic recession disproportionately affects low- and moderate-income working families and low-wage workers; and

Whereas, the American Recovery and Reinvestment Act expanded certain tax credits in 2009, thereby benefitting hundreds of thousands of North Carolina's low- and moderate-income families; and

Whereas, the expanded tax benefits included enhancements to the earned income tax credit, the child tax credit, and the American opportunity tax credit; and

Whereas, Congress enacted the earned income tax credit in 1975 and, through various expansions, lifted approximately 6.6 million Americans, including 3.3 million children, out of poverty in 2009; and

Whereas, more than 825,000 North Carolina families benefit from the federal earned income tax credit; and

Whereas, Congress created the child tax credit in 1997 to help families meet the costs of raising children and expanded the credit in 2009 to reach many low-income working families; and

Whereas, the earned income tax credit and the child tax credit offer low- and moderate-wealth individuals and parents an incentive to seek work and higher wages and are the largest and most effective federal anti-poverty programs, collectively reducing the overall poverty rate by twenty percent (20%) and the child poverty rate by thirty-three percent (33%) in 2009; and

Whereas, the American opportunity tax credit was expanded by Congress to provide education benefits for the first time to 3.8 million low- and moderate-income college students and is one of the best long-term investments to expand the skills of unemployed workers and to enable low- and moderate-income prospective students to enroll in college; and

Whereas, these enhanced tax credits are scheduled to expire in 2011 without Congressional action, thereby reducing or eliminating the credit for millions of low- or moderate-wealth children, individuals, and families at a time of increased financial hardship; Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

SECTION 1. The General Assembly of North Carolina urges the members of the Congress of the United States from North Carolina to support the introduction and passage of legislation making the enhancements to the earned income tax credit, the child tax credit, and the American opportunity tax credit permanent.

SECTION 2. The General Assembly of North Carolina urges Congress to pass the legislation making the enhancement of the tax credits permanent.

SECTION 3. This resolution is effective upon ratification.

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LEGISLATIVE PROPOSAL IV

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

U D

BILL DRAFT 2009-RRz-70 [v.5] (04/15)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
4/23/2010 3:39:07 PM

Short Title: Regional Economic Recovery Housing Alliances. (Public)

Sponsors:

Referred to:

A BILL TO BE ENTITLED

AN ACT TO DIRECT THE DEPARTMENT OF COMMERCE TO WORK WITH LOCAL GOVERNMENTS AND REGIONAL COUNCILS OF GOVERNMENT TO CONVENE AND ORGANIZE REGIONAL ECONOMIC RECOVERY HOUSING ALLIANCES, AS RECOMMENDED BY THE JOINT LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY.

The General Assembly of North Carolina enacts:

SECTION 1. The Department of Commerce shall work with local governments through the regional councils of government to establish Regional Economic Recovery Housing Alliances in each of the three geographic regions of the State, mountains, central and coastal. The Department of Commerce shall assist the regional councils of governments in identifying activities that will help local governments develop and manage housing-related economic stimulus projects, thereby increasing economic activity, stimulating investment, and improving job retention and economic growth. The regional councils shall convene and organize regional housing recovery alliances, bringing together stakeholders including local governments, homebuilders, real estate professionals, community oriented banks, mortgage lenders, local economic developers, nonprofit community development organizations, housing counseling agencies, chambers of commerce, and major employers.

The councils of government shall use available funds to make pilot grants to an eligible local government in each of the three geographic regions, based on the presentation of a proposed work plan, to carry out the work plan, consistent with the purposes of this act.

SECTION 2.(a) The Regional Economic Recovery Housing Alliances created in accordance with Section 1 of this act shall mobilize housing related economic stimulus efforts at a regional level tailored to market conditions and the needs of local governments in the region. The Alliances may pursue any of the following purposes:

(1) Organize projects and financing that will put homebuilders, crews, and trades people back to work building and renovating homes.

(2) Keep families that are facing foreclosure in their homes.

(3) Prepare families for equity building homeownership.

(4) Assemble financing for economic development projects, including affordable housing projects, from federal, State and other sources.

(5). Promote construction projects that will meet regional needs and foster sound, sensible growth.

SECTION 2.(b) The Regional Economic Recovery Housing Alliances shall build on work currently under way in many regions through the federal EDA, HOME, CDBG, and Weatherization programs, as well as programs of the North Carolina Housing Finance Agency, Department of Environment and Natural Resources, the North Carolina Rural Economic Development Center, and the Department of Commerce in order to leverage the use of public investments.

SECTION 3. This act is effective when it becomes law.

DRAFT

LEGISLATIVE PROPOSAL IV:
Regional Economic Recovery Housing Alliances.

2009-2010 General Assembly

Committee:		**Date:**	April 22, 2010
Introduced by:		**Prepared by:**	William R. Gilkeson
Analysis of:	2009-RRz-70		Committee Counsel

SUMMARY: ***This Legislative Proposal would direct the Department of Commerce to work with regional councils of government to establish Regional Economic Recovery Housing Alliances in each of the State's 3 major regions.***

BILL ANALYSIS: This Legislative Proposal would direct the Department of Commerce to work with regional councils of government to establish Regional Economic Recovery Housing Alliances in each of the State's three regions, mountains, Piedmont, and coastal.

The regional councils of government would be directed to use available funds to make pilot grants to a local government in each of the regions to carry out a work plan consistent with the purposes of the act.

The Regional Economic Recovery House Alliances would be directed to mobilize housing-related economic stimulus efforts at a regional level tailored to market conditions and needs of local governments in the region. They could pursue any of the following purposes:

(1) Organize projects and financing that will put homebuilders, crews, and trades people back to work building and renovating homes.
(2) Keep families that are facing foreclosure in their homes.
(3) Prepare families for equity building homeownership.
(4) Assemble financing for economic development projects, including affordable housing projects, from federal, State and other sources.
(5). Promote construction projects that will meet regional needs and foster sound, sensible growth.

They would be directed to build on the work already under way through other programs and agencies, which are listed in the bill.

EFFECTIVE DATE: When it becomes law.

2009-RRz-70-SMRR-178 v2

LEGISLATIVE PROPOSAL V

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

U D

BILL DRAFT 2009-RRz-68 [v.1] (04/05)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
4/20/2010 4:42:27 PM

Short Title: Restore Prison Education Funds. (Public)

Sponsors: .

Referred to:

A BILL TO BE ENTITLED

AN ACT TO RESTORE FUNDING TO THE PRISON EDUCATION PROGRAM IN THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM, AS RECOMMENDED BY THE JOINT LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated to the Community College System the sum of thirty-two million eight hundred ninety-nine thousand seven hundred fifteen dollars ($32,899,715) for the 2010-11 fiscal year to provide educational programs for inmates in the custody of the Department of Correction.

SECTION 2. This act becomes effective July 1, 2010.

LEGISLATIVE PROPOSAL V:
Restore Prison Education Funds.

2009-2010 General Assembly

Committee:		**Date:**	April 22, 2010
Introduced by:		**Prepared by:**	William R. Gilkeson
Analysis of:	2009-RRz-68		Committee Counsel

SUMMARY: ***This Legislative Proposal would restore funding for the Prison Education Program in the N.C. Community College System.***

CURRENT LAW: In the 2009-2010 budget, the roughly $32.9 million recurring appropriation for the Prison Education Program in the N.C. Community College System was replaced with non-recurring funds. Restoration of recurring funding was made subject to the findings of a continuation review of the effectiveness of the program.

BILL ANALYSIS: The Legislative Proposal would appropriate $32,899,715 to the Community College System for the 2010-2011 fiscal year to provide educational programs for inmates in the custody of the Department of Correction..

EFFECTIVE DATE: July 1, 2010.

2009-RRz-68-SMRR-177 v1

DRAFT

LEGISLATIVE PROPOSAL VI

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

U D

BILL DRAFT 2009-RRz-69 [v.1] (04/05)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
4/20/2010 4:45:37 PM

Short Title: Promote Work Oppy. Tax Credit. (Public)

Sponsors:

Referred to:

A BILL TO BE ENTITLED

AN ACT TO DIRECT THE EMPLOYMENT SECURITY COMMISSION TO PROMOTE THE WORK OPPORTUNITY TAX CREDIT AND EDUCATE EMPLOYERS ABOUT IT, AS RECOMMENDED BY THE JOINT LEGISLATIVE COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY.

The General Assembly of North Carolina enacts:

SECTION 1. The Employment Security Commission shall promote the Work Opportunity Tax Credit as provided by G.S. 105-129.16G and educate employers about it.

SECTION 2. This act is effective when it becomes law.

DRAFT

LEGISLATIVE PROPOSAL VI:
Promote Work Oppy. Tax Credit.

2009-2010 General Assembly

Committee:		**Date:**	April 23, 2010
Introduced by:		**Prepared by:**	William R. Gilkeson
Analysis of:	2009-RRz-69		Committee Counsel

SUMMARY: ***This Legislative Proposal would require the Employment Security Commission to promote the Work Opportunity Tax Credit and educate employers about it.***

CURRENT LAW: North Carolina, under GS 105-129.16G, provides a State income tax credit to a taxpayer who is allowed a Work Opportunity tax credit (WOTC) under the Internal Revenue Code. The amount of the credit is equal to 6% of the amount of credit allowed under the Code. The credit may be claimed against the franchise tax or the income tax. The taxpayer must elect the tax against which a credit will be claimed when filing the return; the election is binding. The credit allowed may not exceed 50% of the tax against which it is claimed. Any unused portion of the credit may be carried forward for five years. The carryforwards must be claimed against the same tax.

The federal WOTC is designed to help move people from welfare into gainful employment and obtain on-the-job experience.

The new employee must belong to one of the following nine target groups:

- A member of a family that is receiving or recently received Temporary Assistance to Needy Families (TANF) for at least 18 consecutive months ending on the hiring date.
- A member of a family that is receiving or recently received TANF benefits for any 9-month period during the 18-month period ending on the hiring date.
- An 18 to 39 year old member of a family that is receiving or recently received food stamps.
- An 18 to 24 year old resident of one of the federally designated Empowerment Zones (EZ), Enterprise Communities (EC), or Renewal Communities (RC).
- A 16 to 17 year old EZ/EC/RC resident hired between May 1 and September 15 as a Summer Youth Employee.
- A veteran who is a member of a family that is receiving or recently received food stamps.
- A Vocational Rehabilitation Referral who completed or is completing rehabilitation services from a State certified agency, an Employment Network, or the U.S. Department of Veterans Affairs.
- An ex-felon who has been convicted of a felony and has a hiring date which is not more than one year after the last date on which he was so convicted or released from prison.
- A recipient of Supplemental Security Income benefits.

DRAFT

The State credit was enacted in 2007 with an expiration date of 2008. In 2008 the General Assembly extended the sunset to 2012 and provided that the State credit would be for "positions located in this State."

BILL ANALYSIS: The Legislative Proposal would require the Employment Security Commission to promote the Work Opportunity Tax Credit and educate employers about it.

EFFECTIVE DATE: When it becomes law.

2009-RRz-69-SMRR-181 v1

DRAFT

LEGISLATIVE PROPOSAL VII

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

U D

BILL DRAFT 2009-RRz-71 [v.1] (04/05)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
4/22/2010 7:33:12 PM

Short Title: Parenthood/Financial Education. (Public)

Sponsors: .

Referred to:

A BILL TO BE ENTITLED

AN ACT TO REQUIRE THE INCLUSION OF PERSONAL FINANCE AND PARENTHOOD TRAINING IN NORTH CAROLINA'S MIDDLE-SCHOOL CURRICULUM, AS RECOMMENDED BY THE JOINT LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-81(e1)(1) reads as rewritten:

"(1) A comprehensive school health education program shall be developed and taught to pupils of the public schools of this State from kindergarten through ninth grade. This program includes age-appropriate instruction in the following subject areas, regardless of whether this instruction is described as, or incorporated into a description of, "family life education", "family health education", "health education", "family living", "health", "healthful living curriculum", or "self-esteem":

a. Mental and emotional health;
b. Drug and alcohol abuse prevention;
c. Nutrition;
d. Dental health;
e. Environmental health;
f. Family ~~living;~~ living, which in the middle schools shall include training for parenthood, both fathers and mothers;

g. Consumer ~~health;~~health; which in the middle schools shall include training in personal finance.

h. Disease control;

i. Growth and development;

j. First aid and emergency care, including the teaching of cardiopulmonary resuscitation (CPR) and the Heimlich maneuver by using hands-on training with mannequins so that students become proficient in order to pass a test approved by the American Heart Association, or American Red Cross;

k. Preventing sexually transmitted diseases, including HIV/AIDS, and other communicable diseases;

l. Reproductive health and safety education; and

m. Bicycle safety.

As used in this subsection, "HIV/AIDS" means Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome."

SECTION 2. The Department of Public Instruction and the Department of Health and Human Services shall cooperate in the development of curricula to implement Section 1 of this act.

SECTION 3. This act is effective when it becomes law. Section 1 of this act shall be implemented by the beginning of the 2012-2013 school year.

LEGISLATIVE PROPOSAL VII: Parenthood/Financial Education.

2009-2010 General Assembly

Committee:		**Date:**	April 23, 2010
Introduced by:		**Prepared by:**	William R. Gilkeson
Analysis of:	2009-RRz-71		Committee Counsel

SUMMARY: This Legislative Proposal would require the inclusion in the middle school curriculum training in personal finance and parenthood.

CURRENT LAW: Currently, G.S. 115C-81 requires that a comprehensive school health education program shall be developed and taught to pupils of the public schools from kindergarten through ninth grade. It is required to be age appropriate, and it must include "family living" and "consumer health." But there is no specific mention of either personal finance or parenthood.

BILL ANALYSIS: The Legislative Proposal would specifically require that personal finance and parenthood be taught in middle schools. Middle-school training in parenthood, including both mothers and fathers, would be made a specific part of the "family living" requirement. Middle-school training in personal finance would be made a specific part of the "consumer health" requirement.

The Department of Public Instruction and the Department of Health and Human Services would be required to cooperate in the development of the new parts of the curriculum.

EFFECTIVE DATE: When it becomes law. The new curriculum would be required to be in place by the beginning of the 2012-2013 school year.

2009-RRz-71-SMRR-180 v2

LEGISLATIVE PROPOSAL VIII – Alternative A

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

U **D**

BILL DRAFT 2009-RRz-62 [v.3] (04/05)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
4/21/2010 12:08:04 PM

Short Title: Lift Charter Cap/Lunch Requirements. (Public)

Sponsors:

Referred to:

A BILL TO BE ENTITLED

AN ACT TO RAISE THE CAP ON THE NUMBER OF CHARTER SCHOOLS BY UP TO SIX NEW CHARTER SCHOOLS PER YEAR; TO REQUIRE NEW CHARTER SCHOOLS TO PROVIDE A FREE AND REDUCED PRICE LUNCH PROGRAM; AND TO REQUIRE EACH NEW CHARTER SCHOOL TO ACCEPT A MINIMUM NUMBER OF STUDENTS ELIGIBLE FOR THE FREE AND REDUCED PRICE LUNCH PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-238.29D(b) reads as rewritten:

"(b) The State Board shall authorize no more than five charter schools per year in one local school administrative ~~unit.~~ unit and up to six new charter schools per year statewide. The State Board shall give priority to new applications for schools that focus on expanded learning experiences for students (i) who are identified as at risk of academic failure or (ii) who are low income and qualify for free and reduced price lunch programs. ~~The State Board shall authorize no more than 100 charter schools statewide.~~ If more than five charter schools in one local school administrative unit or more than ~~100~~ six new charter schools per year statewide meet the standards for final approval, the State Board shall give priority to applications that are most likely to further State education policies and to strengthen the educational program offered in the local school administrative units in which they are located."

SECTION 2. Part 6A of Article 16 of Chapter 115C of the General Statutes is amended by adding the following new section to read:

""**§ 115C-238.29L. Additional requirements for certain charter schools.**

In addition to all of the other charter school requirements in Part 6A of Article 16 of this Chapter, any charter school that opens on or after July 1, 2012 shall meet all of the following additional requirements:

(1) The charter school shall accept a minimum number of students who are eligible for free and reduced price lunch programs. The minimum shall be determined according to criteria set by the State Board of Education.

(2) Admission policies and procedures shall include a description of how the school will comply with subdivision (1) of this section.

(3) During each period of enrollment, the charter school shall enroll an eligible student who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, students shall be accepted by lot, except for students required to be granted admission under subdivision (1) of this section. Once enrolled, students are not required to reapply in subsequent enrollment periods.

(4) The charter school shall participate in the National School Lunch Program established by the federal government. At the request of the charter school and if the local board of the local school administrative unit in which the charter school is located operates a free and reduced price lunch program, that local board may contract with the charter school to provide lunch. A local board may charge the charter school a reasonable charge that is sufficient to cover the cost of providing this lunch program."

SECTION 3. This act becomes effective when it becomes law and shall apply to all charter schools that open after July 1, 2012.

LEGISLATIVE PROPOSAL VIII – Alt. A: Lift Charter Cap/Lunch Requirements.

2009-2010 General Assembly

Committee:		**Date:**	April 20, 2010
Introduced by:		**Prepared by:**	William R. Gilkeson
Analysis of:	2009-RRz-62		Committee Counsel

DRAFT

SUMMARY: ***This Legislative Proposal would raise the cap on the number of charter schools by up to 6 new charter schools statewide per year. It would require any charter school that opens after July 1, 2012, to provide a free and reduced lunch program and to accept a minimum number of students eligible for that program.***

CURRENT LAW: Currently, the State Board of Education may authorize no more than five charter schools per year in each local school administrative unit.

To be authorized as a public charter school, a school must complete an application with a mission statement, but charter schools are not required to offer a free and reduced lunch program or even to have eating facilities at all.

BILL ANALYSIS: Section 1 of the proposal would allow the State Board to authorize six additional charter schools per year statewide beyond the current cap. The State Board would be required to give priority to new applications for schools that focus on expanded learning experiences for students who are identified as at risk for academic failure or who are low income and qualify for free and reduced lunch programs.

Section 2 of the proposal would add the following requirements for any charter school that opens on or after July 1, 2012:

1. To accept a minimum number of students who are eligible for free and reduced lunch program. The minimum is to be determined according to criteria set by the State Board.
2. To have admission policies and procedures that spell out how it will comply with the first requirement.
3. To follow a random enrollment procedure set forth in the bill.
4. To participate in the National School Lunch Program. The local school board may contract with the charter school to provide lunch, but is not required to accommodate the charter school in this way.

EFFECTIVE DATE: The provisions of the bill would apply only to schools that open after July 1, 2012.

LEGISLATIVE PROPOSAL VIII – Alternative B

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

U **D**

BILL DRAFT 2009-RRz-61 [v.4] (04/05)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
4/21/2010 12:05:30 PM

Short Title: Lift Charter Cap/Lunch Requirements. (Public)

Sponsors: .

Referred to:

A BILL TO BE ENTITLED

AN ACT TO RAISE THE CAP ON THE NUMBER OF CHARTER SCHOOLS BY UP TO SIX NEW CHARTER SCHOOLS PER YEAR; TO REQUIRE CHARTER SCHOOLS TO PROVIDE A FREE AND REDUCED LUNCH PRICE PROGRAM; AND TO REQUIRE EACH CHARTER SCHOOL TO ACCEPT A MINIMUM NUMBER OF STUDENTS ELIGIBLE FOR THE FREE AND REDUCED PRICE LUNCH PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-238.29D(b) reads as rewritten:

"(b) The State Board shall authorize no more than five charter schools per year in one local school administrative ~~unit.~~ unit and up to six new charter schools per year statewide. The State Board shall give priority to new applications for schools that focus on expanded learning experiences for students (i) who are identified as at risk of academic failure or (ii) who are low income and qualify for free and reduced price lunch programs. ~~The State Board shall authorize no more than 100 charter schools statewide.~~ If more than five charter schools in one local school administrative unit or more than ~~100~~ six new charter schools per year statewide meet the standards for final approval, the State Board shall give priority to applications that are most likely to further State education policies and to strengthen the educational program offered in the local school administrative units in which they are located."

SECTION 2. G.S. 115C-238.29B (b)(4) reads as rewritten:

"(b) The application shall contain at least the following information:

...

(4) Admission policies and ~~procedures.~~ procedures, including a description of how the school will comply with G.S. 115C-238.29F (g)(5a)."

SECTION 3. (a) G.S. 115C-238.29F (g) is amended by adding a new subdivision to read:

"(5a) A charter school shall accept a minimum number of students who are eligible for free and reduced price lunch programs. The minimum shall be determined according to criteria set by the State Board of Education."

SECTION 3. (b) G.S. 115C-238.29F (g)(6) reads as rewritten:

"(g) Admission Requirements. –

...

(6) During each period of enrollment, the charter school shall enroll an eligible student who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, students shall be accepted by ~~lot.~~ lot, except for students required to be granted admission under subdivision (5a) of this subsection. Once enrolled, students are not required to reapply in subsequent enrollment periods.

SECTION 3. (c) G.S. 115C-238.29F is amended by adding a new subsection to read:

"(l) Lunch Program – The charter school shall participate in the National School Lunch Program established by the federal government. At the request of the charter school and if the local board of the local school administrative unit in which the charter school is located operates a free and reduced lunch program, that local board may contract with the charter school to provide lunch. A local board may charge the charter school a reasonable charge that is sufficient to cover the cost of providing this lunch program."

SECTION 4. This act becomes effective when it becomes law. All charter schools shall comply with Section 3 by the beginning of the 2012-2013 school year.

LEGISLATIVE PROPOSAL VIII – Alt. B: Lift Charter Cap/Lunch Requirements.

2009-2010 General Assembly

Committee:		**Date:**	April 21, 2010
Introduced by:		**Prepared by:**	William R. Gilkeson
Analysis of:	2009-RRz-61		Committee Counsel

SUMMARY: This Legislative Proposal would raise the cap on the number of charter schools by up to 6 new charter schools statewide per year. It would require all charter schools, beginning with the 2012-2013 school year, to provide a free and reduced lunch program and to accept a minimum number of students eligible for that program.

CURRENT LAW: Currently, the State Board of Education may authorize no more than five charter schools per year in each local school administrative unit.

To be authorized as a public charter school, a school must complete an application with a mission statement, but charter schools are not required to offer a free and reduced lunch program or even to have eating facilities at all.

BILL ANALYSIS: Section 1 of the proposal would allow the State Board to authorize six additional charter schools per year statewide beyond the current cap. The State Board would be required to give priority to new applications for schools that focus on expanded learning experiences for students who are identified as at risk for academic failure or who are low income and qualify for free and reduced lunch programs.

Section 2 of the proposal would require applicants for recognition as a charter school to state how they will comply with the school lunch requirements of Section 3.

Section 3 of the proposal would add the following requirements for all charter schools by the beginning of the 2012-2013 school year:

5. To accept a minimum number of students who are eligible for free and reduced lunch program. The minimum is to be determined according to criteria set by the State Board.
6. To have admission policies and procedures that spell out how it will comply with the first requirement.
7. To follow a random enrollment procedure set forth in the bill.
8. To participate in the National School Lunch Program. The local school board may contract with the charter school to provide lunch, but is not required to accommodate the charter school in this way.

EFFECTIVE DATE: When it becomes law. All charter schools would have to comply with the lunch requirements of Section 3 by the beginning of the 2012-2013 school year..

2009-RR-61-SMRR-176 v1

LEGISLATIVE PROPOSAL IX

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

U D

BILL DRAFT 2009-RRz-58 [v.3] (04/13)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
4/21/2010 5:55:56 PM

Short Title: Annexing Low-Income Areas. (Public)

Sponsors: .

Referred to:

A BILL TO BE ENTITLED

AN ACT TO AMEND REQUIREMENTS FOR VOLUNTARY AND INVOLUNTARY ANNEXATION AS THEY RELATE TO LOW-INCOME COMMUNITIES, AS RECOMMENDED BY THE JOINT LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 160A-31 reads as rewritten:

"**§ 160A-31. Annexation by petition.**

(a) The governing board of any municipality may annex by ordinance any area contiguous to its boundaries upon presentation to the governing board of a petition signed by the owners of all the real property located within such area. The petition shall be signed by each owner of real property in the area and shall contain the address of each such owner.

(b) The petition shall be prepared in substantially the following form:

DATE:

To the _____ (name of governing board) of the (City or Town) of _____

1. We the undersigned owners of real property respectfully request that the area described in paragraph 2 below be annexed to the (City or Town) of_____

2. The area to be annexed is contiguous to the (City or Town) of _____ and the boundaries of such territory are as follows:

(b1) Notwithstanding the provisions of subsections (a) and (b) of this section, if fifty percent (50%) or more of the households in an area petitioning for annexation pursuant to this section have incomes that are two hundred percent (200%) or less than the most recently published United States Census Bureau poverty thresholds, the governing board of any municipality shall annex by ordinance any area one-eighth of the aggregate external boundaries of which are contiguous to its boundaries upon presentation to the governing board of a petition signed by the owners of at least seventy-five percent (75%) of the parcels of real property in that area.

(b2) The petition under subsection (b1) of this section shall be prepared in substantially the following form:

DATE:

To the _____ (name of governing board) of the (City or Town) of _____:

1. We the undersigned owners of real property believe that the area described in paragraph 2 below meets the requirements of G.S. 160A-31(b1) and respectfully request that the area described in paragraph 2 below be annexed to the (City or Town) of _____.
2. The area to be annexed is contiguous to the (City or Town) of _____ and the boundaries of such territory are as follows:

(c) Upon receipt of the petition, the municipal governing board shall cause the clerk of the municipality to investigate the sufficiency thereof and to certify the result of his investigation. Upon receipt of the certification, the municipal governing board shall fix a date for a public hearing on the question of annexation, and shall cause notice of the public hearing to be published once in a newspaper having general circulation in the municipality at least 10 days prior to the date of the public hearing; provided, if there be no such paper, the governing board shall have notices posted in three or more public places within the area to be annexed and three or more public places within the municipality.

(d) At the public hearing all persons owning property in the area to be annexed who allege an error in the petition shall be given an opportunity to be heard, as well as residents of the municipality who question the necessity for annexation. The governing board shall then determine whether the petition meets the requirements of this section. Upon a finding that the petition meets the requirements of this section, the governing board shall have authority to pass an ordinance annexing the territory described in the petition. The governing board shall have authority to make the annexing ordinance effective immediately or on any specified date within six months from the date of passage of the ordinance.

(e) From and after the effective date of the annexation ordinance, the territory and its citizens and property shall be subject to all debts, laws, ordinances and regulations in force in such municipality and shall be entitled to the same privileges and benefits as other parts of such municipality. Real and personal property in the newly annexed territory on the January 1 immediately preceding the beginning of the fiscal year in which the annexation becomes effective is subject to municipal taxes as provided in G.S. 160A-58.10. If the effective date of annexation falls between June 1 and June 30, and the effective date of the privilege license tax ordinance of

the annexing municipality is June 1, then businesses in the area to be annexed shall be liable for taxes imposed in such ordinance from and after the effective date of annexation.

(f) For purposes of this section, an area shall be deemed "contiguous" if, at the time the petition is submitted, such area either abuts directly on the municipal boundary or is separated from the municipal boundary by a street or street right-of-way, a creek or river, or the right-of-way of a railroad or other public service corporation, lands owned by the municipality or some other political subdivision, or lands owned by the State of North Carolina. In describing the area to be annexed in the annexation ordinance, the municipal governing board may include within the description any territory described in this subsection which separates the municipal boundary from the area petitioning for annexation.

(g) The governing board may initiate annexation of contiguous property owned by the municipality by adopting a resolution stating its intent to annex the property, in lieu of filing a petition. The resolution shall contain an adequate description of the property, state that the property is contiguous to the municipal boundaries and fix a date for a public hearing on the question of annexation. Notice of the public hearing shall be published as provided in subsection (c) of this section. The governing board may hold the public hearing and adopt the annexation ordinance as provided in subsection (d) of this section.

(h) A city council which receives a petition for annexation under this section may by ordinance require that the petitioners file a signed statement declaring whether or not vested rights with respect to the properties subject to the petition have been established under G.S. 160A-385.1 or G.S. 153A-344.1. If the statement declares that such rights have been established, the city may require petitioners to provide proof of such rights. A statement which declares that no vested rights have been established under G.S. 160A-385.1 or G.S. 153A-344.1 shall be binding on the landowner and any such vested right shall be terminated."

(i) For purposes of determining whether the percentage of households in the area petitioning for annexation meets the poverty thresholds under subsections (b1) of this section, the petitioners shall submit to the municipal governing board any reasonable evidence that demonstrates the area in fact meets the income requirements of that subsection. The evidence presented may include data from the most recent federal decennial census, other official census documents, signed affidavits by at least one adult resident of the household attesting to the household size and income level, or any other documentation verifying the incomes for a majority of the households within the petitioning area. Petitioners may select to submit name, address, and social security number to the clerk, who shall in turn submit the information to the Department of Revenue. Such information shall be kept confidential and is not a public record. The Department shall provide the municipality with a summary report of income for households in the petitioning area. Information for the report shall be gleaned from income tax returns, but the report submitted to the municipality shall not identify individuals or households."

SECTION 2.(a) G.S. 160A-36(a) reads as rewritten:

"(a) A municipal governing board may extend the municipal corporate limits to include any area which meets the general standards of subsection (b), and which meets the requirements of subsection ~~(c).~~(c), or that is completely surrounded by the municipality's primary corporate limits."

SECTION 2.(b) G.S. 160A-48(a) reads as rewritten:

"(a) A municipal governing board may extend the municipal corporate limits to include any area that complies with all of the following:

(1) ~~Which meets the~~ The area meets the general standards of subsection ~~(b), and~~(b) of this section.

(2) Every part of ~~which~~ the area ~~meets the requirements of either subsection (c) or subsection (d).~~complies with all of the following:

a. Meets the requirements of subsection (c) of this section.

b. Meets the requirements of subsection (d) of this section.

c. Is completely surrounded by the municipality's primary corporate limits."

SECTION 3. G.S. 143B-437.04(a) reads as rewritten:

"(a) The Department of Commerce shall adopt guidelines for the awarding of Community Development Block Grants to ensure that:

(1) No local match is required for grants awarded for projects located in counties that have one of the 25 highest rankings under G.S. 143B-437.08 or counties that have a population of less than 50,000 and more than nineteen percent (19%) of its population below the federal poverty level according to the most recent federal decennial census.

(2) To the extent practicable, priority consideration for grants is given to projects located in counties that have met the conditions of subdivision (a)(1) of this section or in urban progress zones that have met the conditions of subsection (b) of this section.

(3) Priority consideration is given to projects located in areas annexed by a municipality under Article 4A of Chapter 160A of the General Statutes in order to provide water or sewer services to low-income residents."

SECTION 4. This act becomes effective October 1, 2010, and applies to annexations for which a resolution of intent has been adopted under Part 2 or Part 3 of Article 4A of Chapter 160A of the General Statutes on or after that date and to annexation for which a petition has been received under Part 1 or Part 4 of Article 4A of Chapter 160A of the General Statutes on or after that date.

LEGISLATIVE PROPOSAL IX:
Annexing Low-Income Areas.

2009-2010 General Assembly

Committee: **Date:** April 13, 2010
Introduced by: **Prepared by:** William R. Gilkeson
Analysis of: 2009-RR-58 Committee Counsel

SUMMARY: Legislative Proposal would make changes to the law concerning annexation of low-wealth areas. It would affect both voluntary and involuntary annexation.

CURRENT LAW: Currently, to be eligible for voluntary annexation, an area must present a petition signed by "each owner of real property in the area." G.S. 160A-31(a).

To be eligible for involuntary annexation, an area must comply with a list of use and density requirements that are listed in G.S. 160A-36 and 160A-48.

The State Department of Commerce is required to adopt guidelines for the awarding of Community Development Block Grants (CDBGs), which make federal money available for water and sewer and other basic services. G.S. 143B-437.04.

BILL ANALYSIS: This Legislative Proposal makes three changes to current law:

1. Carves out an exception in the voluntary annexation laws to the rule that all property owners must sign the petition. The exception would be for areas in which 50% or more of the households have incomes that are 200% or less than the most recently published U.S. Census poverty thresholds, and the area has one-eighth of its aggregate external boundaries are contiguous to the city's boundaries. For such areas, the petition would have to be signed by no less than 75% of the owners of the real property parcels. ***Section 1.***
2. Exempts from the statutory use and density requirements any area that is completely surrounded by the municipality's corporate limits. ***Section 2.***
3. Gives priority for CDBGs any annexed area to provide water and sewer to low-income residents. ***Section 3.***

EFFECTIVE DATE: Effective October 1, 2010, and applies to petitions filed and resolutions of intent adopted on or after that date.

LEGISLATIVE PROPOSAL X

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

U **D**

BILL DRAFT 2009-RRz-59 [v.2] (04/05)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
4/21/2010 5:54:14 PM

Short Title: Permanent Poverty Study. (Public)

Sponsors: .

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE JOINT LEGISLATIVE COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY, AS RECOMMENDED BY THE JOINT LEGISLATIVE STUDY COMMISSION ON POVERTY REDUCTION AND ECONOMIC RECOVERY.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 120 of the General Statutes is amended by adding a new article to read:

" Article 12Q.

Joint Legislative Commission on Poverty Reduction and Economic Recovery.

"**§ 120-70.150. Creation and membership of Joint Legislative Commission on Poverty Reduction and Economic Recovery.**

(a) Findings and Establishment of Commission. – 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 Joint Legislative Poverty Reduction and Economic Recovery Commission.

(b) Voting Members. – 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.

Terms on the Commission are for two years and begin on January 15 of each odd-numbered year, except the terms of the initial members, which begin on appointment and end on January 15 of the next odd-numbered year. Members who are members of the General Assembly may complete a term of service on the Commission even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Commission.

A member continues to serve until his or her successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment.

(c) Nonvoting Members. – 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.

(d) 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) Identify a reasonable target and timeline for poverty reduction, including alternative measures for poverty.
(5) Study any other matter pertinent to poverty reduction and economic recovery in North Carolina.

(e) Administrative Matters. -- 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.

(f) Reports. -- The Commission may make interim reports to the General Assembly on matters for which it may report to a regular session of the General Assembly. A report to the General Assembly may contain any legislation needed to implement a recommendation of the Commission."

SECTION 2. This act is effective when it becomes law.

DRAFT

LEGISLATIVE PROPOSAL X:
Permanent Poverty Study.

2009-2010 General Assembly

Committee:		**Date:**	April 14, 2010
Introduced by:		**Prepared by:**	William R. Gilkeson
Analysis of:	2009-RR-59		Committee Counsel

SUMMARY: ***This Legislative Proposal would create a permanent, statutory Joint Legislative Commission on Poverty Reduction and Economic Recovery.***

CURRENT LAW: The 2007 General Assembly created the Joint Legislative Study Commission on Poverty Reduction and Economic Recovery, and set it to expire by the convening of the 2010 Short Session. That session convenes May 11, 2009.

BILL ANALYSIS: This Legislative Proposal would take the Joint Legislative Study Commission on Poverty Reduction and Economic Recovery and, using roughly the same membership pattern and duties, make the Commission a permanent statutory body.

The 20 voting members would be appointed half by the Speaker of the House and half by the President Pro Tem of the Senate, and there would be executive branch ex officio nonvoting members. Members would have 2-year terms.

The charge would be the same as the Study Commission, with one addition. As recommended by the Study Commission's State Programs subcommittee, the permanent Commission would be charged with identifying a reasonable target and timeline for poverty reduction, including alternative measures for poverty.

EFFECTIVE DATE: When it becomes law.

2009-RR-59-SMRR-174 v1

DRAFT

DRAFT

Recommendation to the Legislative Study Commission on Poverty Reduction and Economic Recovery

My name is Sallie McLean. I am a staff member at the Center for Community Action. I serve in the position of Service Coordinator for the Women's Economic Equity Project. I work with unemployed and underemployed women in Robeson County every day. I assist them with career coaching and financial aid so that they can attend the community college and university to enter and advance their careers in the fields of health care and education.

We have made great strides in building partnerships and structures to address the loss of jobs here in Robeson County and Southeastern N.C. We have a 5-county, Southeast Entrepreneurship Alliance to assist entrepreneurs in finding the support that they need to be successful in their new and expanding businesses. We have a 22-county Southeastern NC Food System Program that is developing the infrastructure and new markets for local and regional food production. In Robeson County, we also have a countywide Tourism Association. These are but a few.

In the next few years, our Center for Community Action will assist in creating more local and regional structures and programs to create more job opportunities and assist people in moving out of poverty. On the regional level, we need to establish a Regional Commission on Poverty Reduction and Economic Recovery, similar to the Commission that you have created within the Legislature. Our Center proposes that the Legislature take the model of your Commission and, with a small amount of resources, form

regional commissions on poverty reduction and economic recovery in the high poverty regions of N.C.

We need to come together and first identify all the resources that we have within our counties and region to assist persons and families in moving out of poverty. We also need to come together and identify the specific barriers and challenges that we face in reducing poverty and creating jobs in our particular regions. Then, together, we need to identify solutions that we can implement, many without additional funding, where we can work more closely together to serve our people. Finally, we need to identify what external resources we need and where can access them.

Thank you so much for coming to Southeastern N.C. and to Robeson County for this public hearing. We look forward to working with you and supporting our families and communities in setting and reaching their goals to create sustainable livelihoods for all people.

FINANCIAL LITERACY IN THE PUBLIC SCHOOLS CAREER-TECHNICAL EDUCATION CURRICULUM

Student Participation

Grade	Topics	Vehicles	Number of Students Reached
7-8	• Understand principles of business. • Understand economics and economic systems. • Understand the concept of entrepreneurship. • Understand business activities and careers. • Understand appropriate business procedures. • Understand requirements for seeking, gaining, and maintaining employment.	6208 Exploring Business Technologies	80,184 (2008-09)
7-8	• Analyze ways to manage personal and material resources to achieve goals. • Outline elements of effective management. • Apply the management process. • Utilize decision-making strategies.	7018 Exploring Life Skills	44,157
9-12	• Understand economic activities of individuals and families. • Understand economic challenges of individuals and families. • Understand lifestyle goals, education and career choices, and job search procedures. • Understand financial services and forms used in independent living. • Understand consumer rights, responsibilities, and information. • Understand shopping options and practices for meeting consumer needs. • Understand ways to protect personal and family resources. • Apply procedures for managing personal finances.	7086 Personal Finance	1,674 as a pilot course in selected areas 2008-09. 2010-11 will be first full year of implementation.
9-12	• Understand the role of business in the global economy. • Understand business organization and management. • Understand marketing and buying behavior. • Understand business financial management. • Understand business credit and risk management.	6200/6600 Principles of Business and Finance	23,100
9-12	• Identify the costs associated with owning and operating a small business. • Discuss sources used in financing a small business. • Develop the financial records used in a small business. • Explain the use of sales projections.	6235/6615 Small Business Entrepreneurship	11,862

	• Explain factors that affect pricing. • Explain pricing policies and strategies that help businesses meet pricing objectives. • Calculate the selling price of merchandise and services. • Identify business risks. • Explain methods of dealing with business risk.		
9-12	• Understand consumer and business buying behavior. • Apply procedures used to complete the consumer and business buying decision process. • Understand market segmentation, targeting, and positioning and the impact on buying behavior. • Exemplify the concepts that determine price. • Understand how to set a price for a product or service.	6626 Strategic Marketing	841
9-12	• Identify sources of income and types of spending. • Record factors that influence spending. • Explore ways to manage money. • Identify available resources. • Explore ways to manage resources.	7015 Teen Living	22,368
9-12	• Interpret sales contracts and warranties within the rights and laws of consumers. • Compare the legal rights of acquisition, transferal, and renting/leasing of property. • Critique rights and duties associated with domestic relations laws. • Exemplify the nature, theory, and different types of insurance. • Critique features and legal issues of health care options, disability, retirement planning, and will requirements. • Compare sources, types, and issues of credit and bankruptcy.	6215 Business Law	8,345
9-12	• Explain the different types of business budgets and how they are used. • Analyze data shown on financial statements. • Evaluate ways to minimize and manage business risks.	6225 Business Management and Applications	1,049
9-12	• Recognize types of budgets and their use in achieving efficient business operation. • Compare records used in business. • Understand the foundations of pricing. • Implement pricing objectives, policies, and strategies.	6622 Marketing Management	1,473

9-12	• Understand the accounting equation, debits and credits. • Understand double-entry accounting journal entries. • Apply procedures to prepare financial statements for a sole proprietorship. • Apply accounting procedures to prepare adjusting entries, closing entries, and financial statements for a merchandising business. • Apply procedures to reconcile a bank statement and prepare related journal entries. • Apply procedures to maintain a petty cash fund and prepare related journal entries. • Apply procedures to complete payroll records and prepare related journal entries.	6311 Computerized Accounting I	3,086
9-12	• Prepare end-of-fiscal period financial statements from a worksheet. • Journalize and post transactions resulting from reconciliation of a bank statement. • Compute wages using different methods (hourly, salary, and commission), complete a payroll register, and prepare an employee earnings record. • Journalize and post transactions relating to payroll. • Complete appropriate forms relating to payroll (W2, W3, W4, 941, 940, 1040). • Compute and journalize property taxes. • Explain and compare the behavior of fixed, variable, and mixed costs. • Create cash budgets for revenue and expenditures.	6312 Computerized Accounting II	680

Total Number of Students Reached: 198,819

Teacher Programs

Grade	Programs Available	Vehicles	Number of Teachers Participating
6-12	Annual CTE Summer Conference	• Program area updates • Strategic Professional Development Targeting Low Performing Objectives for Courses	Approximately 3,000
6-12	New Teacher Programs	• Professional Development on Program Management and Implementation	Varies by year and need

FINANCIAL LITERACY IN THE PUBLIC SCHOOLS
SOCIAL STUDIES CURRICULUM

Student Participation

Grade	Personal Financial Literacy	Vehicles	Number of Students Reached
K	Development of personal finance "clarifying objective" in the proposed Social Studies Essential Standards	Basic Social Studies class	2008-2009 *Statistical Profile* 117,833
1	Development of personal finance "clarifying objective" in the proposed Social Studies Essential Standards	Basic Social Studies class	2008-2009 *Statistical Profile* 118,440
2	Development of personal finance "clarifying objective" in the proposed Social Studies Essential Standards	Basic Social Studies class	2008-2009 *Statistical Profile* 118,829
3	Development of personal finance "clarifying objective" in the proposed Social Studies Essential Standards	Basic Social Studies class	2008-2009 *Statistical Profile* 117,960
4	Development of personal finance "clarifying objective" in the proposed Social Studies Essential Standards	Basic Social Studies class	2008-2009 *Statistical Profile* 113,939
5	Development of personal finance "clarifying objective" in the proposed Social Studies Essential Standards	Basic Social Studies class	2008-2009 *Statistical Profile* 111,632
6	Development of personal finance "clarifying objective" in the proposed Social Studies Essential Standards (as appropriate)	Basic Social Studies class	2008-2009 *Statistical Profile* 111,387
7	Development of personal finance "clarifying objective" in the proposed Social Studies Essential Standards (as appropriate)	Basic Social Studies class	2008-2009 *Statistical Profile* 109,449
8	Development of personal finance "clarifying objective" in the proposed Social Studies Essential Standards	Basic Social Studies class	2008-2009 *Statistical Profile* 110,667
9	Development of personal finance "clarifying objective" in the proposed Social Studies Essential Standards	World History	2008-2009 *Statistical Profile* 132,170
10	Development of personal finance "clarifying objective" in the proposed Social Studies Essential Standards	Civics and Economics	2008-2009 *Statistical Profile* 111,674
11	Development of personal finance "clarifying objective" in the proposed Social Studies Essential Standards	U. S. History	2008-2009 *Statistical Profile* 98,768
12			

Total Number of Students Reached: Approximately 1,372,748

FINANCIAL LITERACY IN THE PUBLIC SCHOOLS
SOCIAL STUDIES CURRICULUM

Student Participation

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Total Number of Students Reached: Approximately 1,372,748

North Carolina Department of Public Instruction
Child Nutrition Services Section
Charter Schools that participate in the Child Nutrition Program

Unit	ADM	Red App	Free App	% Free & Reduced
01B - River Mill Academy	561	82	96	31.73%
01C - Clover Garden	473	63	93	32.98%
06B - Crossnore Academy	82	0	76	92.68%
20A - The Learning Center	138	34	60	68.12%
32A - Maureen Joy Charter	269	42	190	86.25%
32B - Healthy Start Academy	321	34	237	84.42%
32C - Carter Community Charter	181	17	144	88.95%
32H - Research Triangle Charter	626	62	204	42.49%
34B - Quality Education Academy	358	35	240	76.82%
34C - Downtown Middle	296	25	194	73.99%
34D - C G Woodson Sch of Challenge	420	23	372	94.05%
34F - Forsyth Academies	631	104	294	63.07%
34G - Arts Based Elementary	285	27	56	29.12%
36A - Gaston Community Action d/b/a Highland Charter	70	3	66	98.57%
41C - Guilford Preparatory	267	30	196	84.64%
49D - Success Institute Charter	94	6	77	88.30%
53A - Provisions Academy	89	4	69	82.02%
54A - Children's Village Academy	130	7	116	94.62%
54B - Kinston Charter Academy	330	18	268	86.67%
60B - Sugar Creek Charter	572	76	421	86.89%
60C - Kennedy Charter	361	33	235	74.24%
60G - Queen's Grant Community	718	43	49	12.81%
60L - KIPP Charlotte	176	20	97	66.48%
64A - Rocky Mount Preparatory	876	181	349	60.50%
66A - Gaston College Preparatory	615	104	285	63.25%
68A - Orange Charter	177	7	29	20.34%
69A - Arapahoe Charter School	351	56	120	50.14%
73A - Bethel Hill Charter	369	34	87	32.79%
78A - CIS Academy	101	15	73	87.13%
92M - PreEminent Charter	503	75	245	63.62%
92Q - Hope Elementary	97	14	75	91.75%
93A - Haliwa-Saponi Tribal School	131	8	81	67.94%
96C - Dillard Academy	144	8	135	99.31%
97D - Bridges Charter School	151	17	81	64.90%
98A - Sallie B Howard School	758	40	635	89.05%

FINANCIAL LITERACY IN THE PUBLIC SCHOOLS
SOCIAL STUDIES CURRICULUM

Student Participation

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Total Number of Students Reached: Approximately 1,372,748

Parenting Instruction in NC Public Schools
Legislative Study Committee on Poverty and Economic Development

Course	Grade Level	% of Course	Primary Concepts	Sample Objectives
Exploring Life Skills 7018	7-8	8%	Development of children	° Summarize characteristics of children at developmental stages. ° Plan developmentally appropriate activities for children.
		7%	Guidelines for child care	° Examine nutritional needs of children. ° Determine safety procedures for child care.
Course Total		15%		
Teen Living 7015	9-10	4%	Supporting and monitoring growth	° Identify the ages, states, and tasks of child development. ° Plan age-appropriate activities for children.
		6%	Responsible caregiving	° Identify characteristics of responsible caregiving. ° Evaluate positive guidance techniques ° Practice safety and first-aid procedures.
Course Total		10%		
Personal Finance 7086	9-12	20%	Economic activities and challenges of individuals and families	° Understand responsible earning, spending, saving, and borrowing. ° Understand financial goal-setting and decision-making for individuals and families. ° Classify typical lifestyles, incomes, needs, and expenses at various stages of the life cycle. ° Understand threats to personal and family financial security.
		8%	Financial planning	° Understand personal financial planning. ° Apply procedures to manage personal income and expenditures.
Course Total		28%		
Parenting and Child Development 7065	10-12	13%	The parenthood decision	° Understand readiness characteristics and factors that should be considered before becoming a parent. ° Understand teen sexuality, teen pregnancy, and responsible decisions about abstinence versus sexual activity. ° Understand family planning issues.
		17%	Child care issues	° Understand factors to consider when selecting child care programs. ° Understand ways to provide a safe, secure environment for children. ° Exemplify parenting styles and methods for guiding children and handling inappropriate behavior. ° Classify careers requiring knowledge of child development /care.
Course Total		30%		
Early Childhood Education I	11-12	This is a two-credit course with 270-360 hours of instruction, half spent in classroom work and half as interns in an authentic early childhood setting. Emphasis is on working with children in education and care roles; however, students gain in-depth knowledge and skills that help prepare them to be effective parents. Units of study include personal/professional growth, working with children, child development from birth to age twelve, and the field of early childhood education.		
Early Childhood Education II	12	This two-credit course is the completer course for the Early Childhood sequence. Units of study include planning and managing programs, working with special needs and groups, developmentally appropriate practice, and career development and professionalism.		

LEA	LEA Name	Indian (%)	Asian (%)	Hispanic (%)	Black (%)	White (%)	Poverty	Allotted ADM
010	**Alamance County**	**0.31%**	**1.35%**	**17.28%**	**26.60%**	**54.46%**	**15.59%**	**22,762**
01B	River Mill Charter	1.48%	1.11%	0.92%	21.03%	75.46%	6.64%	633
01C	Clover Garden CS	0.00%	0.00%	0.62%	9.34%	90.04%	8.10%	506
01D	New Century Charter	0.00%	0.00%	1.27%	8.86%	89.87%	8.08%	99
060	**Avery County**	**0.31%**	**0.49%**	**5.92%**	**1.68%**	**91.61%**	**20.42%**	**2,241**
06A	Grandfather Academy	2.44%	0.00%	2.44%	12.20%	82.93%	51.43%	35
06B	Crossnore Academy	1.41%	0.00%	4.23%	16.90%	77.46%	49.41%	85
070	**Beaufort County**	**0.10%**	**0.28%**	**9.46%**	**38.10%**	**52.06%**	**26.20%**	**7,196**
07A	Washington Montessori	0.00%	0.37%	5.17%	16.61%	77.86%	7.32%	287
100	**Brunswick County**	**0.81%**	**0.52%**	**7.76%**	**22.61%**	**68.29%**	**20.72%**	**11,904**
10A	Charter Day School	2.28%	0.40%	2.95%	14.23%	80.13%	17.74%	789
110	**Buncombe County**	**0.42%**	**1.36%**	**8.52%**	**10.47%**	**79.22%**	**15.85%**	**25,769**
111	**Asheville City**	**0.29%**	**1.74%**	**5.00%**	**40.69%**	**52.27%**	**29.54%**	**3,724**
11A	Evergreen Community	1.04%	2.08%	1.82%	7.55%	87.50%	10.00%	390
11B	ArtSpace CS	0.58%	1.16%	1.73%	5.78%	90.75%	8.82%	374
11K	F Delany New Sch for Children	0.00%	2.74%	2.74%	19.18%	75.34%	11.19%	143
120	**Burke County**	**0.25%**	**7.48%**	**6.39%**	**9.91%**	**75.97%**	**17.67%**	**14,150**
12A	New Dimensions School	0.00%	0.00%	12.50%	13.75%	73.75%	12.16%	74
130	**Cabarrus County**	**0.35%**	**1.95%**	**11.23%**	**20.92%**	**65.56%**	**10.48%**	**28,558**
132	Kannapolis City	0.14%	1.52%	21.34%	32.63%	44.38%	24.25%	5,136
13A	Carolina International School	0.00%	8.66%	3.42%	27.11%	60.82%	0.00%	496
160	**Carteret County**	**0.31%**	**1.18%**	**3.52%**	**11.42%**	**83.56%**	**18.43%**	**8,276**
16A	Cape Lookout Marine	0.87%	0.00%	1.74%	22.61%	74.78%	17.31%	104
16B	Tiller School	0.00%	0.75%	0.00%	8.27%	90.98%	2.38%	168
190	**Chatham County**	**0.18%**	**0.74%**	**23.79%**	**18.88%**	**56.40%**	**14.40%**	**7,853**
19A	Chatham Charter	0.00%	0.00%	2.00%	35.33%	62.67%	4.38%	297
19B	Woods Charter	0.61%	1.63%	2.03%	7.72%	88.01%	0.00%	386

LEA Demographics (FY2009)

LEA	LEA Name	Indian (%)	Asian (%)	Hispanic (%)	Black (%)	White (%)	Poverty*	Allotted ADM
200	**Cherokee County**	**1.43%**	**0.64%**	**2.46%**	**3.72%**	**91.75%**	**23.40%**	**3,656**
20A	The Learning Center	1.34%	2.01%	4.03%	5.37%	87.25%	20.86%	139
240	**Columbus County**	**6.02%**	**0.15%**	**6.46%**	**36.29%**	**51.09%**	**30.80%**	**6,890**
241	**Whiteville City**	1.22%	0.57%	4.79%	46.81%	46.61%	37.82%	2,555
24A	Columbus Charter	0.78%	0.39%	0.39%	11.37%	87.06%	14.57%	151
260	**Cumberland County**	**1.94%**	**1.94%**	**7.23%**	**52.12%**	**36.78%**	**24.64%**	**52,790**
26B	Alpha Academy	1.41%	0.47%	3.76%	76.06%	18.31%	23.50%	200
320	**Durham County**	**0.21%**	**2.68%**	**18.29%**	**56.99%**	**21.84%**	**18.01%**	**32,873**
32A	Maureen Joy Charter	0.00%	0.71%	4.95%	93.99%	0.35%	31.82%	264
32B	Healthy Start Academy	0.00%	0.00%	3.11%	96.61%	0.28%	32.10%	377
32C	Carter Community Charter	0.00%	0.00%	4.23%	95.77%	0.00%	37.87%	169
32D	Kestrel Heights CS	0.21%	5.77%	10.26%	45.73%	38.03%	1.36%	441
32H	Research Triangle Charter Academy	0.74%	0.59%	3.71%	87.24%	7.72%	11.08%	641
32K	Central Park School	0.00%	2.15%	2.51%	32.97%	62.37%	3.31%	272
32L	Voyager Academy	0.46%	1.37%	1.82%	16.86%	79.50%	1.42%	352
340	**Forsyth County**	**0.22%**	**1.91%**	**17.09%**	**35.55%**	**45.23%**	**19.16%**	**51,785**
34B	Quality Education Academy	0.00%	0.00%	19.17%	80.83%	0.00%	39.85%	271
34C	Downtown Middle	0.31%	0.00%	5.88%	83.90%	9.91%	0.28	355
34D	C G Woodson	0.00%	0.00%	32.44%	67.33%	0.22%	36.20%	489
34F	Forsyth Academy	0.15%	0.74%	15.92%	57.44%	25.74%	26.78%	676
34G	Arts Based Elementary	0.34%	1.38%	2.76%	31.38%	64.14%	8.90%	281
350	**Franklin County**	**0.38%**	**0.48%**	**11.30%**	**35.55%**	**52.28%**	**18.72%**	**8,624**
35A	Crosscreek Charter	0.00%	0.70%	2.11%	15.49%	81.69%	7.24%	152
360	**Gaston County**	**0.21%**	**1.44%**	**7.53%**	**22.64%**	**68.18%**	**15.96%**	**32,523**
36A	Highland Charter	0.00%	0.00%	1.47%	94.12%	4.41%	43.28%	67
36B	Piedmont Community CS	0.50%	1.50%	3.63%	20.88%	73.50%	8.00%	850
410	**Guilford County**	**0.49%**	**5.31%**	**8.90%**	**45.81%**	**39.49%**	**19.89%**	**72,219**
41B	Greensboro Academy	0.00%	3.19%	0.69%	6.51%	89.61%	1.51%	728
41C	Guilford Preparatory Academy	0.36%	0.00%	0.73%	96.72%	2.19%	27.39%	303

LEA	LEA Name	Indian (%)	Asian (%)	Hispanic (%)	Black (%)	White (%)	Poverty	Allotted ADM
41D	Phoenix Academy Inc	0.34%	9.25%	3.08%	35.27%	52.05%	1.05%	286
450	**Henderson County**	**0.35%**	**1.37%**	**15.71%**	**8.56%**	**74.02%**	**18.16%**	**13,196**
45A	The Mountain Community School	0.00%	0.00%	4.17%	2.98%	92.86%	0.00%	162
490	**Iredell County**	**0.18%**	**2.55%**	**8.97%**	**16.90%**	**71.39%**	**14.14%**	**21,895**
491	Mooresville City	0.19%	1.85%	5.72%	17.89%	74.35%	0.12	5,641
49B	American Renaissance MS	0.20%	0.20%	2.39%	13.12%	84.10%	7.47%	509
49D	Success Institute	0.00%	0.00%	0.00%	94.62%	5.38%	37.25%	102
49E	Pine Lake Preparatory	0.46%	2.05%	1.67%	3.57%	92.24%	2.80%	286
500	**Jackson County**	**10.38%**	**1.05%**	**5.77%**	**2.40%**	**80.40%**	**22.31%**	**3,775**
50A	Summit Charter	0.00%	1.20%	6.02%	0.60%	92.17%	0.00%	164
510	**Johnston County**	**0.46%**	**0.66%**	**15.59%**	**21.42%**	**61.87%**	**14.99%**	**31,513**
51A	Neuse Charter	0.00%	0.95%	0.47%	26.54%	72.04%	3.15%	222
530	**Lee County**	**0.62%**	**0.91%**	**25.93%**	**26.61%**	**45.93%**	**19.91%**	**9,645**
53A	Provisions Academy	1.33%	2.67%	14.67%	57.33%	24.00%	0.00%	105
540	**Lenoir County Public**	**0.22%**	**0.56%**	**7.89%**	**49.43%**	**41.90%**	**25.72%**	**9,634**
54A	Children's Village	0.00%	0.00%	0.73%	97.81%	1.46%	44.12%	102
54B	Kinston Charter Academy	0.00%	0.00%	6.61%	93.10%	0.29%	32.42%	364
550	**Lincoln County**	**0.33%**	**0.58%**	**9.36%**	**9.50%**	**80.24%**	**15.84%**	**12,355**
55A	Lincoln Charter	0.39%	0.68%	1.95%	4.96%	92.02%	0.00%	1,009
600	**Mecklenburg County**	**0.53%**	**4.66%**	**15.52%**	**45.57%**	**33.72%**	**15.84%**	**135,585**
60A	Community Charter	1.35%	0.68%	4.05%	60.14%	33.78%	18.93%	169
60B	Sugar Creek Charter	0.00%	0.99%	3.97%	95.03%	0.00%	29.83%	647
60C	Kennedy Charter	0.68%	0.34%	0.68%	96.25%	2.05%	37.66%	308
60D	Lake Norman Charter	0.09%	2.65%	1.90%	8.72%	86.64%	0.21%	953
60F	Metrolina Regional	0.41%	34.29%	3.27%	9.39%	52.65%	0.84%	239
60G	Queen's Grant Community School	0.21%	1.71%	1.07%	9.94%	87.07%	2.42%	909
60H	Crossroads Charter HS	0.00%	0.82%	1.23%	96.72%	1.23%	31.89%	254
60I	Children's Community School	0.15%	1.76%	1.62%	7.78%	88.69%	0.00%	657

LEA	LEA Name	Indian (%)	Asian (%)	Hispanic (%)	Black (%)	White (%)	Poverty	Allotted ADM
60J	Socrates Academy	0.00%	2.52%	3.24%	8.63%	85.61%	0.03	241
60K	Charlotte Secondary	0.00%	0.75%	2.24%	44.78%	52.24%	12.79%	86
60L	KIPP: Charlotte	0.00%	0.00%	3.30%	96.15%	0.55%	22.22%	108
630	**Moore County**	**1.04%**	**1.12%**	**8.71%**	**22.23%**	**66.91%**	**18.21%**	**12,332**
63A	The Academy of Moore County	10.63%	0.63%	3.75%	40.63%	44.38%	6.55%	168
63B	Sandhills Theatre Arts	1.13%	0.38%	0.75%	50.75%	46.99%	22.12%	312
640	**Nash County**	**0.57%**	**1.27%**	**7.38%**	**54.95%**	**35.82%**	**26.12%**	**17,754**
64A	Rocky Mount Preparatory	2.15%	0.65%	2.69%	59.78%	34.73%	19.21%	1,036
650	**New Hanover County**	**0.43%**	**1.50%**	**6.09%**	**28.28%**	**63.70%**	**16.27%**	**24,056**
65A	Cape Fear Center for Inquiry	0.00%	2.19%	2.19%	12.60%	83.01%	6.95%	374
65B	Wilmington Preparatory	0.00%	0.00%	0.00%	70.18%	29.82%	40.51%	79
660	**Northampton County**	**0.12%**	**0.39%**	**1.67%**	**80.37%**	**17.46%**	**33.75%**	**2,728**
66A	Gaston College Preparatory	0.63%	0.16%	0.48%	87.48%	11.25%	20.25%	652
680	**Orange County**	**0.34%**	**1.00%**	**9.24%**	**20.98%**	**68.44%**	**9.26%**	**7,030**
681	Chapel Hill-Carrboro City	0.15%	13.47%	10.39%	19.98%	56.02%	11.27%	11,666
68A	Orange Charter	0.00%	2.29%	2.29%	20.57%	74.86%	7.22%	180
68N	PACE Academy	0.95%	0.00%	10.48%	48.57%	40.00%	9.68%	124
690	**Pamlico County**	**0.28%**	**0.70%**	**2.58%**	**29.62%**	**66.83%**	**23.29%**	**1,500**
69A	Arapahoe CS	3.24%	0.88%	9.44%	6.19%	80.24%	16.38%	348
730	**Person County**	**0.62%**	**0.41%**	**5.67%**	**38.47%**	**54.82%**	**16.71%**	**5,574**
73A	Bethel Hill Charter	1.09%	0.00%	1.63%	14.17%	83.11%	8.24%	376
73B	Roxboro Community	0.24%	0.71%	0.24%	16.31%	82.51%	1.27%	316
780	**Robeson County**	**43.65%**	**0.56%**	**8.57%**	**29.96%**	**17.25%**	**39.59%**	**23,867**
78A	CIS Academy	91.43%	0.00%	0.95%	4.76%	2.86%	38.89%	108
790	**Rockingham County**	**0.40%**	**0.53%**	**7.37%**	**26.52%**	**65.18%**	**18.26%**	**14,332**
79A	Bethany Community MS	0.00%	1.11%	2.22%	15.00%	81.67%	5.26%	171

LEA	LEA Name	Indian (%)	Asian (%)	Hispanic (%)	Black (%)	White (%)	Poverty	Allotted ADM
810	**Rutherford County**	**0.04%**	**0.63%**	**4.59%**	**17.16%**	**77.57%**	**22.89%**	**9,666**
81A	Thomas Jefferson Classical Academy	0.00%	0.42%	1.69%	11.01%	86.88%	1.38%	941
830	**Scotland County**	**13.92%**	**1.42%**	**1.21%**	**48.95%**	**34.50%**	**31.65%**	**6,772**
83B	Laurinburg Homework Center	NA	NA	NA	NA	NA	33.70%	92
840	**Stanly County**	**0.28%**	**3.81%**	**5.15%**	**16.74%**	**74.03%**	**18.60%**	**9,524**
84B	Gray Stone Day School	0.71%	1.42%	0.71%	3.20%	93.95%	0.00%	275
860	**Surry County**	**0.10%**	**0.42%**	**15.76%**	**5.46%**	**78.25%**	**21.11%**	**8,730**
861	Elkin City	0.00%	0.33%	15.79%	6.41%	77.47%	19.93%	1,259
862	Mount Airy City	0.12%	2.69%	11.01%	16.64%	69.54%	28.03%	1,671
86T	Millennium Charter Academy	0.00%	0.44%	1.31%	6.10%	92.16%	3.88%	464
870	**Swain County**	**24.21%**	**0.73%**	**2.83%**	**1.21%**	**71.02%**	**26.29%**	**1,891**
87A	Mountain Discovery Charter	6.62%	1.99%	0.00%	9.93%	81.46%	9.88%	162
880	**Transylvania County**	**0.40%**	**0.88%**	**2.92%**	**9.99%**	**85.81%**	**19.98%**	**3,782**
88A	Brevard Academy	0.00%	2.63%	1.32%	8.55%	87.50%	11.63%	172
900	**Union County**	**0.26%**	**1.53%**	**11.84%**	**17.01%**	**69.37%**	**11.27%**	**39,409**
90A	Union Academy	0.20%	0.60%	3.02%	10.58%	85.58%	5.05%	991
910	**Vance County**	**0.05%**	**0.43%**	**9.06%**	**66.59%**	**23.87%**	**29.45%**	**7,669**
91A	Vance Charter School	0.42%	2.29%	1.04%	8.94%	87.32%	2.38%	462
920	**Wake County**	**0.28%**	**5.78%**	**11.54%**	**30.64%**	**51.76%**	**11.31%**	**139,574**
92B	Exploris	0.00%	2.06%	2.06%	10.31%	85.57%	0.00%	196
92D	Magellan Charter	0.00%	3.02%	1.76%	7.04%	88.19%	0.00%	437
92E	Sterling Montessori Academy	0.19%	19.62%	4.23%	21.15%	54.81%	2.00%	551
92F	Franklin Academy	0.33%	1.65%	2.48%	7.26%	88.28%	0.00%	1,220
92G	East Wake Academy	0.64%	0.85%	4.25%	12.22%	82.04%	2.03%	934
92K	Raleigh Charter High School	0.57%	9.32%	1.52%	11.22%	77.38%	0.00%	536
92L	Torchlight Academy	0.00%	0.00%	11.11%	88.89%	0.00%	35.69%	353
92M	PreEminent Charter	0.00%	0.00%	0.63%	97.48%	1.89%	29.58%	578
92N	Quest Academy	0.00%	3.85%	0.00%	3.08%	93.08%	0.00%	136

LEA	LEA Name	Indian (%)	Asian (%)	Hispanic (%)	Black (%)	White (%)	Poverty	Allotted ADM
92P	Community Partners Charter HS	0.00%	0.00%	2.22%	21.11%	76.67%	2.65%	113
92Q	Hope Elementary	0.00%	0.00%	0.00%	100.00%	0.00%	36.28%	113
92R	Casa Esperanza Montessori	0.87%	1.16%	17.73%	27.33%	52.91%	3.54%	339
930	**Warren County**	**5.39%**	**0.26%**	**4.11%**	**72.97%**	**17.26%**	**32.53%**	**2,707**
93A	Haliwa-Saponi Tribal	91.67%	0.00%	0.00%	7.58%	0.76%	27.81%	151
950	**Watauga County**	**0.02%**	**1.14%**	**3.86%**	**3.41%**	**91.57%**	**14.57%**	**4,520**
95A	Two Rivers Community School	0.00%	2.00%	1.33%	4.67%	92.00%	3.61%	166
960	**Wayne County**	**0.17%**	**1.06%**	**11.84%**	**42.38%**	**44.55%**	**23.25%**	**19,362**
96C	Dillard Academy	0.00%	0.00%	1.37%	96.58%	2.05%	44.52%	146
970	**Wilkes County**	**0.11%**	**0.65%**	**8.55%**	**6.85%**	**83.84%**	**19.74%**	**10,136**
97D	Bridges Charter School	0.00%	0.00%	3.25%	10.39%	86.36%	24.36%	156
980	**Wilson County**	**0.21%**	**1.31%**	**10.55%**	**50.25%**	**37.68%**	**26.49%**	**12,665**
98A	Sallie B Howard	0.38%	0.51%	34.26%	63.45%	1.40%	40.80%	777

Notes

1) Based on Grade Race Sex Report FY2009, Allotted ADM FY2009 and US Census Bureau's 2005 poverty estimates.

Charter School Name	County	LEA ID	07-08 Grades	07-08 Enrollment	Provides Transportation? (1=yes)	# Vans for to/from transportation	# School Buses for to/from transportation	#ActivityBuses	Total Vehicles	
Alpha Academy	Cumberland	26B	K-8	182	1	0	0	1	1	
American Renaissance School	Iredell	49B	K-8	509	0	0	0	0	0	
Arapahoe Charter School	Pamlico	69A	K-8	347	1	0	11	0	11	
Arts Based Elementary	Forsyth	34G	K-5	281	0	0	0	1	1	
ArtSpace Charter School	Buncombe	11B	K-8	346	0	0	0	0	0	
Bethany Community Middle School	Rockingham	79A	6-8	155	1	0	5	0	5	
Bethel Hill Charter School	Person	73A	K-6	373	1	1	1	0	2	
Brevard Academy	Transylvania	88A	K-8	172		0	0	0	0	
Bridges	Wilkes	97D	K-8	156	1	5	1	1	7	
Cape Fear Center for Inquiry	New Hanover	65A	K-8	355	0	0	0	0	0	
Cape Lookout Marine Science High School	Carteret	16A	9-12	194	0	0	0	0	0	
Carolina International School	Cabarrus	13A	K-10	451	0	0	0	0	0	
Carter Community School	Durham	32C	K-8	167	1	0	5	1	6	
Casa Esperanza Montessori	Wake	92R	K-6	308	0	0	0	0	0	
Charlotte Secondary School	Mecklenburg	60K	6	78	0	0	0	1	1	
Charter Day School	Brunswick	10A	K-8	744	0	0	0	0	0	
Chatham Charter School	Chatham	19A	K-8	287	1	0	1	1	2	
CIS Academy	Robeson	78A	6-8	107	1	1	1	4	6	
Clover Garden	Alamance	01C	K-12	464	1	0	0	0	0	
Columbus Charter School	Columbus	24N	K-3	137	0	0	0	0	0	
Community School of Davidson	Mecklenburg	60I	K-6	597	0	0	0	1	1	
Crosscreek Charter	Franklin	35A	K-8	152	0	0	0	0	0	
Crossnore Academy	Avery	06B	K-12	85	0	0	0	0	0	
Crossroads Charter High	Mecklenburg	60H	9-12	239	0	0	0	0	0	
Dillard Academy	Wayne	96C	K-4	133	1	4	0	4	8	
East Wake Academy	Wake	92G	K-12	857	0	0	0	0	0	

ATTACHMENT 4

Charter School Name	County	LEA ID	07-08 Grades	07-08 Enrollment	Provides Transportation? (1=yes)	# Vans for to/from transportation	# School Buses for to/from transportation	# Activity Buses	Total Vehicles	
Endeavor Charter School	Wake	92S	K-8	378	0	0	1	0	1	
Evergreen Community Charter School	Buncombe	11A	K-8	381	0	0	0	0	0	
Exploris Middle School	Wake	92B	6-8	188	0	0	0	0	0	
Forsyth Academies	Forsyth	34F	K-8	676	0	0	0	0	0	
Francine Delany New School for Children	Buncombe	11K	K-8	146	0	0	0	0	0	
Gaston College Preparatory	Northampton	66A	5-12	593	1	0	16	0	16	
Grandfather Academy	Avery	06A	5-12	35	0	0	0	0	0	
Gray Stone Day School	Stanly	84B	9-12	258	0	0	0	2	2	
Greensboro Academy	Guilford	41B	K-8	719	0	0	0	0	0	
Guilford Prep Academy	Guilford	41C	K-8	275	0	0	0	0	0	
Haliwa-Saponi Tribal	Warren	93A	K-12	151	1	0	4	1	5	
Healthy Start Academy Charter Elementary School	Durham	32B	K-8	405	0	0	5	0	5	
Highland Charter Public School	Gaston	36A	K-3	67	1	0	2	0	2	
Hope Elementary School	Wake	92Q	K-5	113	1	0	1	0	1	
Kennedy School	Mecklenburg	60C	6-12	280	1	0	4	0	4	
Kestrel Heights School	Durham	32D	6-12	470	1	0	3	0	3	
Kinston Charter Acad	Lenoir	54B	K-8	331	1	0	11	1	12	
KIPP: Charlotte	Mecklenburg	60L	5-6	98	1	0	15	0	15	
Lake Norman Charter School	Mecklenburg	60D	5-8	1042	0	0	0	0	0	
Learning Center	Cherokee	20A	K-8	126	0	0	0	0	0	
Lincoln Charter School-Denver K-12	Lincoln	55A	K-12		1	0	5	0	5	
Lincoln Charter School-Lincolnton K-8	Lincoln	55A	K-12		0	0	0	0	0	
Magellan Charter School	Wake	92D	3-8	397	0	0	0	0	0	
Maureen Joy Charter School	Durham	32A	K-8	257	4	0	4	0	4	
Metrolina Regional Scholars' Academy	Mecklenburg	60F	K-8	217	1	0	2	0	2	

Charter School Name	County	LEA ID	07-08 Grades	07-08 Enrollment	Provides Transportation? (1=yes)	# Vans for to/from transportation	# School Buses for to/from transportation	# Activity Buses	Total Vehicles	
Millennium Charter Academy	Surry	86A	K-8	422	0	0	0	1	1	
Mountain Discovery Charter	Swain	87A	K-8	158	1	0	2	0	2	
Neuse Charter School	Johnston	51A	K-5	202	0	0	0	0	0	
Orange Charter School	Orange	68A	K-8	180	1	0	2	0	2	
PACE Academy	Orange	68N	9-12	114	0	0	0	0	0	
Phoenix Academy	Guilford	41D	K-5	286	0	0	0	0	0	
Piedmont Community School	Gaston	36B	K-12	773	0	0	0	0	0	
Pine Lake Preparatory	Iredell	49E	K-11	260	0	0	0	0	0	
PreEminent Charter School	Wake	92M	K-8	552	0	0	0	0	0	
Provisions Academy	Lee	53A	6-12	85	1	0	4	0	4	
Quality Education Academy	Forsyth	34B	K-10	246	1	1	2	0	3	
Queen's Grant Community Schools	Mecklenburg	60G	K-10	826	0	0	0	0	0	
Quest Academy	Wake	92N	K-8	135	0	0	0	0	0	
Raleigh Charter High School	Wake	92K	9-12	528	0	0	0	0	0	
Research Triangle CharterAcademy	Durham	32H	K-8	641	0	1	0	0	1	
River Mill Academy	Alamance	01B	K-12	575	1	0	6	0	6	
Rocky Mount Prep. School	Nash	64A	K-12	914	1	0	22	0	22	
Roxboro Community School	Person	73B	7-11	419	1	0	12	0	12	
Sallie B. Howard School	Wilson	98A	K-8	731	0	0	0	0	0	
Sandhills Theatre Arts Renaissance School (STARS)	Moore	63B	K-8	286	0	0	0	0	0	
Socrates Academy	Mecklenburg	60J	K-3	219	0	0	0	0	0	
Southern Wake Academy	Wake	92P	9-12	103	0	0	0	0	0	
Sterling Montessori Academy	Wake	92E	K-8	519	0	0	0	0	0	
Success Institute	Iredell	49D	K-8	99	1	0	1	0	1	
Sugar Creek Charter School	Mecklenburg	60B	K-8	606	0	0	0	2	2	
Summit Charter School	Jackson	50A	K-8	164	0	0	0	0	0	

Charter School Name	County	LEA ID	07-08 Grades	07-08 Enrollment	Provides Transportation? (1=yes)	# Vans for to/from transportation	# School Buses for to/from transportation	#Activity Buses	Total Vehicles	
The Academy of Moore County	Moore	63A	K-8	165	1	3	2	0	5	
The Carter G. Woodson School of Challenge	Forsyth	34D	K-12	450	1	0	4	0	4	
The Central Park School for Children	Durham	32K	K-5	272	0	0	0	0	0	
The Children's Village Academy	Lenoir	54A	K-6	137	1	2	3	0	5	
The Community Charter School	Mecklenburg	60A	K-5	156	0	0	0	0	0	
The Downtown Middle School	Forsyth	34C	5-8	355	1	0	3	0	3	
The Franklin Academy	Wake	92F	K-12	1,203	0	0	0	0	0	
The Hawbridge School	Alamance	01D	9-12	78	0	0	0	0	0	
The Mountain Community School	Henderson	45A	K-8	168	0	0	0	0	0	
The New Dimensions School	Burke	12A	K-5	74	0	0	0	0	0	
The Woods Charter School	Chatham	19B	1-12	487	1	0	4	0	4	
Thomas Jefferson Classical Academy	Rutherford	81A	K-12	906	1	0	8	4	12	
Tiller School	Carteret	16B	K-5	153	0	0	0	1	1	
Torchlight Academy	Wake	92L	K-5	328	1	4	10	0	14	
TRIAD Math & Science	Guilford	41F	K-7		0	0	0	0	0	
Two Rivers Community School	Watauga	95A	K-8	151	0	0	0	0	0	
Union Academy	Union	90A	K-11	956	0	0	0	0	0	
Vance Charter School	Vance	91A	K-12	420	0	0	0	0	0	
Voyager Academy	Durham	32L	4-8	320	0	0	0	0	0	
Washington Montessori	Beaufort	07A	K-8	267	0	0	0	0	0	
Wilmington Preparatory Academy	New Hanover	65B	K-4	94	1	2	0	0	2	
			TOTALS:	32662	40	24	183	27	234	