



# Innovating to End Urban Poverty

## UPDATING THE WAR ON POVERTY FOR A SUBURBAN AGE

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At the fiftieth anniversary of the War on Poverty, both the magnitude and location of poverty in the United States have shifted dramatically. The number of poor people in the U.S. grew from 27 million in 1970 to 47 million in 2012, and they are no longer concentrated in inner cities or remote rural areas. By 2012, 3 million more poor lived around America's largest cities than in them. Seven million more poor lived in suburbs than in rural areas.

The growth and suburbanization of poverty calls for a reexamination of the strategies commonly used to fight it, many of which are place-based tactics.

Place still matters in anti-poverty policy. It plays a role in the delivery of most things that help people emerge from poverty—education, jobs, health care, and transportation. But the suburbs offer a different playing field for combating poverty. Against a backdrop of fiscal austerity and with 50 years of experience to draw upon, how should the new geography of poverty inform our efforts to fight it?

### SUBURBAN POVERTY

Traditional strategies for fighting poverty face unique challenges in suburbs.

- Many place-focused policies today attempt to upgrade the physical and economic environments of neighborhoods through

regulations, tax credits and development grants. But the challenges facing poor suburbs often cover larger geographic areas, rendering highly localized neighborhood investments ineffective.

- Traditional service-delivery mechanisms often work better in areas with higher density where a brick and mortar approach can be used. And the methods used to allocate funds for those services—mental health, substance abuse treatment, job training, Head Start, and child care services—still skew toward inner cities. For example, there are many more poor individuals living in Cleveland's suburbs than in the central city, but the city is home to more than a dozen federal consolidated health centers, versus none in the suburbs.
- Suburbs typically have little history of dealing

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with poverty's challenges and therefore little institutional capacity to administer solutions. Also, many suburbs face severe budget constraints, causing some to use federal resources to provide basic services rather than to strategically revitalize poor neighborhoods.

### SOLUTIONS

In fiscal year 2012 the federal government spent roughly \$82 billion on anti-poverty efforts, but those resources were spread among 10 federal agencies and more than 80 programs. There's little to suggest that new federal money will become available any time soon for place-focused anti-poverty programs, and simply redeploying the same fragmented resources from inner cities to suburbs won't serve the cause of either place. Instead, existing resources should be deployed more strategically at all levels of government, and the private and philanthropic sector must be more thoroughly engaged.

*One strategy* is to make place less relevant in anti-poverty programs. Policymakers should consider, for example:

- Invest in people-based programs, such as the Earned Income Tax Credit, that have demonstrated positive outcomes regardless of location.
- Streamline systems meant to help working low-income families. Through the Work Support Strategies Initiative, a collection of states strive to overhaul eligibility and enrollment systems to minimize place-based barriers to participation in state- and county-administered programs such as food assistance, child care and health insurance subsidies.

- Extend school choice programs beyond central cities.
- Enhance labor mobility via private transportation subsidies. Milwaukee's Ways to Work, for example, finances affordable auto loans for low-income families in areas where public transportation is nonexistent or inadequate.

A *second strategy* is to make place-based programs more relevant to suburban areas. Toward that end, policymakers should:

- Identify through specific metrics and explicitly favor service providers that have achieved large-scale success. Reward them, in part, by modifying reporting requirements that can otherwise discourage offering service over a broader area.
- Promote collaboration among existing providers across jurisdictional lines by altering regulations. Lift restrictions such as the one preventing Community Development Block Grant funds from being used by organizations working collaboratively between city and suburb. Federal policymakers should conduct a top-to-bottom review of anti-poverty programs to identify barriers to local collaborations.
- Provide enterprise-level investment. Most anti-poverty policies and philanthropic investments come with restrictions that make it difficult to spread successful programs to surrounding areas or to respond quickly to changing market conditions. Patient capital should be invested in high-performing organizations, giving them time to refine their programs and focus on outcomes.

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These are modest but meaningful steps that should be used to supplement even bolder action.

One bold federal-state-local response would be to provide competitive funding in the form of a Metropolitan Opportunity Challenge, which would provide funding to scaled intermediaries focused on achieving long-run positive outcomes for families and communities. Possible components include:

- A competitive grant program for states that would link funding to critical reforms easing access to work supports for low-income individuals and families and encourage collaboration between states and metro areas.
- Tailored strategies capitalizing on the economic assets of lower-income communities (e.g., locating affordable housing near good schools or coordinating workforce strategies with early learning centers to help more adults prepare for in-demand careers).
- Encourage greater collaboration among suburban jurisdictions and between cities and suburbs to foster the economic fundamentals that allow local businesses to expand and attract new inward investment.
- Encourage states and regions to align existing place-focused resources behind proposed

Challenge strategies.

- Grow stronger networks of intermediaries and supporting institutions with regional and sub-regional scales. This will help to attract high-performing organizations to regions with limited existing capacity. A model for this is how the Department of Education's Investing in Innovation program has helped spread high-performing charter schools to new markets.

To truly make a difference, the Challenge would have to be funded at a multibillion-dollar level. While this might seem politically untenable, existing federal agencies could provide \$3.5 billion to fund the Challenge by reallocating just 5 percent of existing resources.

## CONCLUSION

We've learned a great deal over the last five decades about how to combat poverty. Now best practices must be modified and expanded to battle a growing problem in new locations. Fortunately, innovation in our nation's metropolitan areas already points the way toward more efficient, effective, and far-reaching models for addressing the new relationship between poverty and place.

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