



'08 MAYORS' ACTION FORUM ON POVERTY

NATIONAL ACTION AGENDA ON POVERTY FOR THE NEXT PRESIDENT OF THE UNITED STATES

Los Angeles
September 23-24, 2008

Manuel A. (Manny) Diaz
Mayor of Miami
President
The U.S. Conference of Mayors

usmayors.org



THE UNITED STATES CONFERENCE OF MAYORS



**THE UNITED STATES
CONFERENCE OF MAYORS**

Manuel A. (Manny) Diaz

Mayor of Miami
President

Greg Nickels

Mayor of Seattle
Vice President

Elizabeth B. Kautz

Mayor of Burnsville
Second Vice President

Tom Cochran

CEO and Executive Director



Printed on Recycled Paper. 100% Recycled, 50% Post-Consumer Waste, Processed Chlorine Free. FSC-certified.

DO YOUR PART! PLEASE RECYCLE!



THE UNITED STATES CONFERENCE OF MAYORS

1620 EYE STREET, NORTHWEST
WASHINGTON, D.C. 20006
TELEPHONE (202) 293-7330
FAX (202) 293-2352
TDD (202) 293-9445
URL: www.usmayors.org/uscm

October 4, 2008

An Open Letter to the Next President of the United States

The most serious poverty problems plaguing America's cities today are national problems which require national solutions.

Mayors from cities across the nation met in Los Angeles September 23 and 24 to develop an action agenda on poverty to present to the next President of the United States. This meeting was the third of five '08 Mayors' Action Forums which I am convening between early August and early October to define for our next President the partnership that must exist between the next Administration and our cities if we expect to successfully reduce crime, rebuild our aging infrastructure, lift families out of poverty, rejuvenate the arts and tourism, and preserve our environment.

As Mayors, we serve as the CEOs of the nation's metropolitan areas—the engines that drive our national economy. As CEOs, Mayors understand all too well that our nation cannot remain globally competitive if our schools are inadequate; if our children don't have enough to eat; if adults who are willing and able to work can't find jobs that will help them support their families; and if basic needs, including housing, utilities and healthcare, are priced out of reach. A critical and significant national investment in the development of our children and working families is the surest way—perhaps the only way—to effectively secure this nation's future and competitiveness in the global economy. The national security agenda must be redefined to take into account the domestic agenda.

The Los Angeles meeting culminated two years of work by the mayors on this national action agenda on poverty. This agenda provides the next President with specific recommendations and actionable strategies for a new and stronger relationship with the nation's cities—a federal-local partnership to assure the development of adequate anti-poverty strategies and common sense ways in which federal and local authorities can work together to secure a brighter future for our children. Because implementing most of these recommendations would require the adoption of new legislation, it also proposes important executive and administrative actions on poverty that the next President could take immediately upon assuming office.

We in particular appreciate the time and effort devoted by the members Conference of Mayors Task Force on Poverty, Work and Opportunity, chaired by Los Angeles Mayor Antonio Villaraigosa, which in June 2007 finalized a set of policy recommendations, which helped shape the meeting in Los Angeles. Their efforts and those of the mayors who attended the meeting Los Angeles September 23 and 24 have produced an agenda in which Washington's responsibility to support anti-poverty efforts is clear.

We look forward to working with you during your transition and following your inauguration to further develop and implement these recommendations. With your help, we can establish a working relationship that will begin to restore the values, principles, and sense of purpose that Washington has lost.

Sincerely,

A handwritten signature in black ink, appearing to read "Manuel A. Diaz", with a long, sweeping flourish extending to the right.

Manuel A. (Manny) Diaz
Mayor of Miami
President

FOREWORD

When he was inaugurated President of The U.S. Conference of Mayors at our 76th Annual Meeting, Miami Mayor Manuel A. (Manny) Diaz declared that “Washington has lost its values, lost its principles, lost its sense of purpose. They no longer invest in our cities; it no longer invests in our people.” Mayor Diaz strongly believes that national problems demand national investment and that the next President of the United States must understand why “an investment in America’s cities is an investment in America’s future.”

Addressing the National Press Club at a luncheon in Washington on August 4, Mayor Diaz announced the launch of a series of national forums on crime, infrastructure, poverty, arts and tourism, and the environment he to be held in Philadelphia, New York City, Los Angeles, Chicago, and Miami. The third of these, the forum on poverty, convened in Los Angeles September 23 and 24. Mayors and others expressed the strong sense that it is within this nation’s the heightened self interest to consider the plight of the poor. This theme was the focus of the daylong working session to develop an anti-poverty agenda for presentation to the next President.

In Los Angeles, there was a fundamental consensus on the challenges facing cities’ anti-poverty efforts:

- We need a comprehensive national plan to eliminate poverty, and a coordinated and systematic response by the next Administration to coordinate efforts within a variety of federal agencies to address this problem.
- The current tool for measuring the poverty threshold is four decades old and inadequately represents poverty in this country. The measurement must not be static but changing and revised periodically. Mayors cannot begin to address today’s problems with yesterday’s tools. The poverty measurement must be adjusted to reflect the cost of food, clothing, shelter, utilities and medical expenses as well as measure of income to include noncash benefits.
- Mayors, as CEOs of our cities, need to be vested with greater authority to decide how available federal workforce dollars are best spent in their communities. The current state-to-local, “trickle down” system is antiquated and does not reward innovation and best practices in local workforce models that are redefining the ways in which people are connected to skills and training.
- Expanding and streamlining the benefits of programs such as the Earned Income Tax Credit and the Child Tax Credit is a critical step in helping to lift working families out of poverty.
- The potential impact of the current “bailout” proposals being considered in Congress including the \$700 billion bailout of several financial institutions is as yet unknown; certainly the effect on our already struggling social programs—our tattered public safety net for children and families—could be devastating.
- Begin a bold new re-investment initiative in this country’s most prized resource – its people.

The above recommendations, which are outlined in the following national action agenda, are direct responses to the nation’s poverty problems –responses in which the federal government has a critical role to play. We are indebted to all of the mayors who participated in our Los Angeles Action Forum on Poverty, especially our host Los Angeles Mayor Antonio Villaraigosa.



Tom Cochran
CEO and Executive Director
The U.S. Conference of Mayors

AMERICAN INVESTMENTS

Ending poverty, especially child poverty, requires an active partnership between cities and the federal government to reweave the fabric of the national safety net. A successful national anti-poverty initiative requires a multifaceted comprehensive approach that includes tax credits, investments in childcare and early education; increased access to financial services; and economic supports for working families. It is time for a significant paradigm shift in federal policy, one that empowers mayors and other local leaders to set priorities in their areas with greater accountability for specific outcomes.

A growing and resilient middle class is the foundation of a prosperous city. Good schools, a strong economy which provides well-paying jobs, responsive city services, and safe and supporting neighborhoods are more likely to exist, or are more easily attainable, in cities which have a large or growing middle class. Poverty and the socioeconomic fragmentation it creates are inextricably linked to the ability of the U.S. to remain economically competitive. In 2005, 37 million Americans – 12.6 percent of the population – lived in poverty. Within this poverty population are 7.7 million families and 13 million children. Sixteen million Americans, including six million children, are living in extreme poverty. This means that more than one in 20 people and one in 10 children live below 50 percent of the federal poverty level. According to a recent Children's Defense report there are more children living in poverty today than there were 38 years ago even though the current value of the national wealth available per person is more than twice what it was at time. All this while the share of non-defense spending on children has declined by 10% in just five years and federal investment in successful program like the Community Development Block Grant and Head Start are continually facing cut-backs and threats of elimination.

Mayors believe that a comprehensive and multifaceted approach to policy making will have the greatest effect on eliminating poverty in this country. The mayors urge the next President to commit resources and invest in the nation's people through these actions:

- The Earned Income Tax Credit is the most successful antipoverty program and has lifted nearly 5 million people out of poverty each year. The mayors recommend tripling the tax benefit, reducing the EITC eligibility age to 21, expanding benefits to childless adults and simplifying the application process by making the credit automatic. In other words, the Internal Revenue Service must automatically generate the credit for all who qualify for it.
- Double funding for the Community Development Block Grant (CDBG) to \$8 billion. For 34 years the CDBG program has served as a vital resource for cities, counties and states, helping them meet their individual, unique community development, affordable housing, and economic development needs. No other federal-local government program has been as successful. By doubling funding for the CDBG formula to \$8 billion, mayors can continue to address the critical affordable housing and neighborhood revitalization needs of their cities.
- Increased funding for Section 8 housing voucher program and restoration of HOPE VI program for severely distressed housing developments. HOPE VI funding has been reduced from \$875 million to \$100 million over the last seven years. These are critical investment opportunities in our nation's public and affordable housing programs.

POVERTY

Ending poverty, especially child poverty, requires an active partnership between cities and the federal government. The problems surrounding reducing poverty are inextricably linked and require a multifaceted approach to breaking the cycle of poverty. Where you find one entrenched problem, you likely will find another. Poor housing opportunities are related to poor education opportunities. Poor schools contribute to poor employment opportunities. A dead-end, low wage job makes it impossible for families to build assets and financial security. It is time for a significant paradigm shift in federal policy, one that empowers mayors and other local leaders to set priorities in their areas with greater accountability for specific outcomes.

The nation's official poverty rate in 2007 was 12.5 percent, unchanged from 2006. About 37.3 million people, including 13.3 million children, and nearly one in every 10 families were living in poverty in 2007. Nearly one in four African Americans and well over one in five Hispanics were below the poverty line. An increase in the poverty rate for noncitizens in 2007 – to 21.3 percent, from 19 percent the previous year – produced a rise in the rate for the foreign-born population overall. More than four million households headed by females with no husband present were below the poverty line – a poverty rate of 28.3 percent. Of the more than 140 million Americans employed in 2006, 8.7 million, or 6.2 percent, were living in poverty – evidence that work, even full-time work, can fail to lift workers out of poverty. (Overlaying all of this is the need to replace the current, outdated measure of poverty with one that more accurately assesses expenditures and income and produces a more accurate poverty rate.)

The nation's dropout crisis is a particularly troubling aspect of the poverty problem. Every school day, nearly 7,000 students drop out. This means that up to 1.2 million students annually will not graduate from high school with their peers. Only about 58 percent of Hispanic students and 53 percent of African-American students will graduate on time with a regular diploma. Unless high schools find a way to graduate students at higher rates, more than 12 million students will drop out over the course of the next decade, resulting in a loss to the nation's economy of \$3 trillion. Mayors recommend that:

- Create a cabinet-rank position to direct, coordinate and promote poverty reduction programs – with special emphasis on universal pre-K education across federal executive agencies and departments (details on page 8).
- Funding for universal pre-K and other early childhood programs be increased to reach all eligible participants. Mayors recognize that student achievement is inextricably linked to early childhood education, health and nutrition, social service supports, and parental involvement.
- Mayors call for universal healthcare for children and families -- a comprehensive health insurance benefits package that will provide quality medical, dental, and mental health services for all people.
- The federal government greatly expands financial literacy programs to meet a critical need in this particularly difficult economic climate. The current turmoil in the housing and credit markets underscores the growing need for local financial literacy strategies to educate city residents, at every stage of life, about financial issues.
- A significant portion of revenues from federally imposed fines, penalties and fees on financial institutions be used to fund local financial education programs and initiatives.

COMPETITIVE WORKFORCE

A large segment of the population in local communities is not prepared to meet the rapidly changing demands of the 21st century workplace, due to inadequate education, low skill levels and other barriers of poverty. Eleven million Americans are unable to read a bus schedule or fill out a job application. The largest growing segment of our youth labor force is largely minority and immigrant youth, and they are largely located in metro regions with high concentrations of poverty.

The nation's unemployment rate rose to 6.1 percent in August, a reflection of a deeply distressed economy in which job opportunities are dwindling amid continuing turmoil in the housing, credit, and financial sectors. Employment continues to fall in construction, manufacturing, financial services, and several other service-providing industries. A substantial number of those who lost jobs in 2007 are having serious difficulty finding new ones: Almost one in every five unemployed workers has been out of work for six months or longer. Effective and meaningful job training programs and income support for jobless workers, coupled with job search assistance, are needed now more than ever.

In this new era of global competition, America's economic health depends on the availability of a skilled workforce with the knowledge and ability to adapt to an ever-changing economy. Mayors believe that a sustained commitment to local workforce development programs that produce measurable results is crucial to ensuring our continued competitiveness in the 21st century global economy. Mayors recommend:

- Timely reauthorization of the Workforce Investment Act and full funding of its programs to ensure a significant investment in lifelong learning for every American. This workforce development structure must be business-driven to ensure that individuals are properly prepared to succeed in the jobs that are available in each local economy. Mayors understand that, as cities focus on the link between economic and workforce development, training must be informed by employer needs.
- The workforce system partner with education agencies to implement multiple pathways to the world of work and careers in high school, so that we can prepare students for first jobs in high-skill, high-wage careers, and increase their opportunities for further education.
- A new summer youth employment initiative be developed that provides program funding directly to cities and urban counties. Well-organized summer jobs programs bring both immediate and long-term benefits to teen workers, their communities, and the business sector.

HOUSING

While the number of low- and moderate-income families in the U.S., spending more than half their income on housing has increased in recent years, housing assistance as a share of federal discretionary outlays has decreased. Harvard's Joint Center for Housing Studies reports that, from 2001 to 2005, when the number of households with severe burdens rose by more than 20 percent, "the share of renter households receiving assistance barely budged."

The current crises in the nation's housing and credit markets have only added to the problems faced by these families, and have intensified the need for the federal government to increase its support for existing programs that ease the housing burden for low-income renters and homeowners alike. The Joint Center also reports "the metropolitan areas at the greatest risk of widespread foreclosures are those with ailing economies, high shares of sub prime and so-called affordable loans, and large oversupplies of housing. Unfortunately, the majority of large metropolitan areas now fall into at least one of these three categories."

At the end of 2006 the Center for Responsible Lending projected that one in five sub prime mortgages originated during the previous two years would end in foreclosure. Current reports suggest that three to four million families holding high-interest sub prime loans could lose their homes to foreclosure. The Mortgage Bankers Association reports that all loans in foreclosure doubled to almost one million in 2007 and, within this number, foreclosure rates on adjustable sub prime mortgages were more than five times higher than those on adjustable prime loans.

Mayors are concerned about the economic distress of families caught up in the mortgage crisis, the deterioration of neighborhoods riddled with vacant houses, and the impact this situation is having on city tax bases. To attack one of the greatest contributors to the crisis, they are calling for comprehensive federal legislative and regulatory policies to combat predatory abuses in the mortgage lending market. Mayors recommend that:

- The CDBG formula funding should be doubled to \$8 billion to address needed projects and activities that have been deferred due to past cuts in CDBG funding, and to continue to build on the proven record of this program.
- HOPE VI be restored to a funding level that returns the program to an effective national tool for public housing development because of the severity of the current need for adequate public housing in cities. The HOPE VI program for severely distressed public housing provides grants for major rehabilitation, new construction, demolition, site acquisition and community and supportive programs for residents.
- Full funding of Section 8 be implemented in an effort to close the gap between those receiving assistance and those needing it. The Housing Choice Voucher Program--Section 8 -- provides rental subsidies to low-income renters and assistance to help low-income families. Using HUD data, the Center on Budget and Policy Priorities calculated that the voucher program was assisting 1.95 million households in the first quarter of 2007. A recent HUD analysis showed that 6.5 million low-income renter households not receiving assistance had severe housing problems.

EXECUTIVE ORDERS AND ADMINISTRATIVE ACTIONS

Many of the actions called for in this plan will require legislation. However, many actions, which the next President of the United States can take, would have an immediate impact on poverty in cities

Mayors call upon the next Administration to:

- Create a cabinet-level position to direct, coordinate and promote poverty reduction programs across federal executive agencies and departments with special emphasis on universal pre-K education and universal health care. Responsibilities of this position includes:
 - Developing a new federal poverty measure based on the research recommendations of the National Academy of Sciences which calls for the measure to account for the effect of tax liabilities and credits along with cash value of in-kind benefits such as Food Stamps and housing subsidies.
 - Ensuring that the poor and economically challenged are fully accounted for in the Census to guarantee the success of anti-poverty programs.
 - Increasing community-wide awareness and utilization of existing tax credits and programs that benefit the working poor, including Food Stamps, and housing tax credits, and increase opportunities for financial literacy education and asset building.
- Appoint key policy-makers to departmental and agency positions with expertise on local poverty issues who can help develop a comprehensive national antipoverty strategy.



THE UNITED STATES CONFERENCE OF MAYORS

Tom Cochran

Tom Cochran, CEO and Executive Director

1620 Eye Street, NW
Washington, DC 20006
Tel: 202.293.7330
Fax: 202.293.2352
usmayors.org